AS SEB banka

Capital Adequacy and Risk Management Report (Pillar 3)

2022

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Basis for the report

This report is prepared in accordance with the requirements of the Capital Requirements Directive (CRD) and the Capital Requirements Regulation No 575/2013 (CRR) Titles II and III of Part Eight and the European Banking Authority's (EBA) implementing technical standards (ITS) with regard to public disclosures by institutions (EU Regulation No 2021/637 of 15 March 2021). In addition to this, disclosures according to the EBA Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis are included in this report.

AS SEB banka (the "Bank"), LEI code 549300YW95G1VBBGGV07, is a subsidiary of the consolidated group of Skandinaviska Enskilda Banken AB (the "SEB Group") that is registered in Sweden. AS SEB banka Group (the "Group") consists of fully owned subsidiary SIA "SEB līzings". The Bank is categorized as large institution other than Global Systemically Important Institution (G-SII), that is non-listed, and a large subsidiary of EU parent institution. According to Article 13 of CRR, information specified in articles 437, 438, 440, 442, 450, 451, 451a and 453 of CRR shall be disclosed for the large subsidiaries of EU parent institutions as well as the key metrics referred to in Article 447 (as required according to Article 433a of CRR).

On 01 January 2022 the Bank sold 100% of the shares of its subsidiaries IP AS SEB Investment Management and AS SEB atklātais pensiju fonds to SEB Life and Pension Baltic SE, until then both subsidiaries were included in the Group.

The report is based on the Group's consolidated situation as of 31 December 2022. The Group forms the basis for consolidation for prudential purposes, which requires the Group to prepare consolidated accounts for the group entities engaged in financial service activities without consolidation of the entities involved in other activities. To comply with this requirement, the Bank has fully consolidated its subsidiary SIA "SEB līzings". The Group in Pillar 3 Report is the same as in Annual Report. The information in this report is not required to be and has not been subject to external audit examination.

Together with the Annual Report, this report provides information on the Group's material risks as part of the Pillar 3 framework, including details on the Group's risk profile and business volumes by customer categories and risk classes, which form the basis for the calculation of the capital requirement. The Pillar 3 report complements the Annual Report with additional information and is intended to be read in conjunction with the Annual Report, in particular the Notes to the Consolidated Financial Statements, including financial risk management section within it, where the Group's risk and capital management policies and practices are described. Reference is also made to SEB Group's Annual Report and Capital Adequacy and Risk Management Report (Pillar 3), which describes SEB Group's risk and capital management, including internal ratings systems, internal measurement approaches and principles for calculating own funds and capital adequacy. SEB Group's Pillar 3 report is available in English and is published on SEB Group's webpage www.sebgroup.com.

This report is produced in accordance with the Group's disclosure policy and internal processes, systems and controls for financial and regulatory reporting.

The report has been approved by the Management Board of AS SEB banka (the "Management Board") on 21 March 2023 and signed on their behalf by:

Member of the Management Board, Chief Financial Officer
Jeļena Cīrule

and

Member of the Management Board, Chief Risk Officer
Kārlis Danēvičs

This report was published on 31 March 2023 and updated on 20 October 2023 with adjusted values of the gross carrying amount in the EU CQ5 table and adjusted value of the accumulated impairment in the EU CR1, EU CQ1, EU CQ4, EU CQ5 tables.

Document is signed electronically with a safe electronic signature and contains a time stamp.

Table 1. EU KM1 – Key metrics

EUR m		31 Dec 2022	30 Jun 2022	31 Dec 2021
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	408.0	406.5	405.6
2	Tier 1 capital	408.0	406.5	405.6
3	Total capital	412.9	411.8	410.7
Risk-weighted exposure amounts				
4	Total risk exposure amount	2,045.9	1,942.9	1,833.8
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	19.94%	20.92%	22.12%
6	Tier 1 ratio (%)	19.94%	20.92%	22.12%
7	Total capital ratio (%)	20.18%	21.20%	22.40%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)				
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.05%	2.00%	2.00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.0115	0.0113	0.0113
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.0154	0.0150	0.0150
EU 7d	Total SREP own funds requirements (%)	10.05%	10.00%	10.00%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)			
9	Institution specific countercyclical capital buffer (%)	0.00%	0.00%	0.00%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)			
EU 10a	Other Systemically Important Institution buffer (%)	1.50%	1.50%	1.50%
11	Combined buffer requirement (%)	4.00%	4.00%	4.00%
EU 11a	Overall capital requirements (%)	14.05%	14.00%	14.00%
12	CET1 available after meeting the total SREP own funds requirements (%)	10.13%	11.20%	12.40%
Leverage ratio				
13	Total exposure measure	5,742.7	5,309.3	4,920.5
14	Leverage ratio (%)	7.10%	7.66%	8.24%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)				
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)			
EU 14b	of which: to be made up of CET1 capital (percentage points)			
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)				
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%
Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	850.1	724.6	748.0
EU 16a	Cash outflows - Total weighted value	666.0	619.5	597.7
EU 16b	Cash inflows - Total weighted value	448.7	651.5	526.7
16	Total net cash outflows (adjusted value)	351.5	183.8	175.5
17	Liquidity coverage ratio (%)	301.58%	414.37%	449.83%
Net Stable Funding Ratio				
18	Total available stable funding	3,854.3	3,609.6	3,585.6
19	Total required stable funding	3.102.2	3,024.4	2,200.1
20	NSFR ratio (%)	124.25%	119.35%	162.98%

Credit risk quality

Impairment process in the Group is described in the Annual Report Note 1.8. – Expected credit loss. The definitions of past due: if an obligor has not paid an amount of principal, interest or fee at the date it was due, this shall be recognised as a payment obligation past due. An overdraft exposure shall be considered as past due if the counterparty has breached an advised limit or been advised of a limit smaller than the amount outstanding.

The Group applies a definition of default for accounting purposes that is consistent with how it is defined in the capital requirements regulation (Article 178 of Regulation (EU) No 575/2013), which includes financial assets past due more than 90 days. All financial assets in Stage 3 are considered credit impaired.

Following supervisory approval, a revised definition of default has been in use since November 2021 to meet the latest regulatory expectations.

Past-due exposures (more than 90 days) that are not considered to be impaired do not meet the materiality criteria for transferring to Stage 3.

Table 2. EU CR1 – Performing and non-performing exposures and related provisions

EUR m		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**						**Accumulated partial write-off**	**Collateral and financial guarantees received**	
		Performing exposures			**Non-performing exposures**			**Performing exposures – accumulated impairment and provisions**			**Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**				**On performing exposures**	**On non-performing exposures**
31 Dec 2022			**Of which stage 1**	**Of which stage 2**		**Of which stage 2**	**Of which stage 3**		**Of which stage 1**	**Of which stage 2**		**Of which stage 2**	**Of which stage 3**			
005	Cash balances at central banks and other demand deposits	1,019.3	1,019.3					-0.1	-0.1							
010	Loans and advances	4,006.8	3,840.3	166.5	22.4	1.7	20.7	-13.5	-7.4	-6.1	-9.1	-0.1	-9.0	0.1	2,766.9	1.2
020	*Central banks*	*7.0*	*7.0*					*0.0*	*0.0*							
030	*General governments*	*143.4*	*143.4*					*0.0*	*0.0*						*97.1*	
040	*Credit institutions*	*807.4*	*8074*					*0.0*	*0.0*						*0.0*	
050	*Other financial corporations*	*33.8*	*30.6*	*3.2*				*-0.1*	*-0.1*	*0.0*					*33.6*	
060	*Non-financial corporations*	*1,831.3*	*1,726.4*	*104.9*	*8.9*	*0.1*	*8.8*	*-8.1*	*-4.2*	*-3.9*	*-4.2*	*0.0*	*-4.2*		*1,512.8*	*0.6*
070	*of which: SMEs*	*768.8*	*717.9*	*50.9*	*8.6*	*0.1*	*8.5*	*-2.9*	*-1.9*	*-1.0*	*-4.1*	*0.0*	*-4.1*		*742.0*	*0.5*
080	*Households*	*1,183.9*	*1,125.5*	*58.4*	*13.5*	*1.6*	*11.9*	*-5.3*	*-3.1*	*-2.2*	*-4.9*	*-0.1*	*-4.8*	*0.1*	*1,123.4*	*0.6*
090	Debt securities	344.4														
100	*Central banks*															
110	*General governments*	*344.4*														
120	*Credit institutions*															
130	*Other financial corporations*															
140	*Non-financial corporations*															
150	Off-balance-sheet exposures	777.7	752.5	25.2	0.5	0.0	0.5	2.5	1.5	1.0	0.1	0.0	0.1		357.0	0.2
160	*Central banks*	*0.1*	*0.1*					*0.0*	*0.0*							
170	*General governments*	*17.0*	*17.0*					*0.0*	*0.0*						*0.2*	
180	*Credit institutions*	*34.3*	*34.2*	*0.1*				*0.0*	*0.0*	*0.0*					*28.5*	
190	*Other financial corporations*	*18.5*	*18.5*	*0.0*				*0.0*	*0.0*	*0.0*					*11.5*	
200	*Non-financial corporations*	*619.5*	*603.7*	*15.8*	*0.3*	*0.0*	*0.3*	*1.9*	*1.1*	*0.8*	*0.1*	*0.0*	*0.1*		*264.0*	
210	*Households*	*88.3*	*79.0*	*9.3*	*0.2*	*0.0*	*0.2*	*0.6*	*0.4*	*0.2*	*0.0*	*0.0*	*0.0*		*52.8*	*0.2*
220	**Total**	**6,148.2**	**5,612.2**	**191.7**	**22.8**	**1.7**	**21.1**	**-16.1**	**-9.0**	**-7.1**	**-9.2**	**-0.1**	**-9.1**	**0.1**	**3,123.9**	**1.3**

>>Table 2. EU CR1 – Performing and non-performing exposures and related provisions (continued)

EUR m		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
31 Dec 2021			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits															
010	Loans and advances	3,002.6	2,825.6	177.0	28.5	1.7	26.8	-13.5	-6.7	-6.8	-11.6	-0.1	-11.5		2,597.1	16.2
020	*Central banks*	*0.0*	*0.0*													
030	*General governments*	*141.5*	*141.5*					*0.0*	*0.0*						*94.2*	
040	*Credit institutions*	*2.2*	*2.2*					*0.0*	*0.0*						*0.0*	
050	*Other financial corporations*	*39.8*	*36.4*	*3.4*				*-0.3*	*-0.2*	*-0.1*					*39.3*	
060	*Non-financial corporations*	*1,690.3*	*1,580.6*	*109.7*	*11.0*	*0.1*	*10.9*	*-8.5*	*-4.1*	*-4.4*	*-5.1*	*0.0*	*-5.1*		*1,392.4*	*5.8*
070	*of which: SMEs*	*797.7*	*747.3*	*50.4*	*10.7*	*0.1*	*10.6*	*-3.3*	*-2.0*	*-1.3*	*-5.1*	*0.0*	*-5.1*		*776.7*	*5.7*
080	*Households*	*1,128.8*	*1,064.9*	*63.9*	*17.5*	*1.6*	*15.9*	*-4.7*	*-2.4*	*-2.3*	*-6.5*	*-0.1*	*-6.4*		*1,071.2*	*10.4*
090	Debt securities	421.0														
100	*Central banks*															
110	*General governments*	*421.0*														
120	*Credit institutions*															
130	*Other financial corporations*															
140	*Non-financial corporations*															
150	Off-balance-sheet exposures	786.0	757.7	28.3	0.3		0.3	3.4	2.0	1.4					379.2	0.3
160	*Central banks*	*0.1*	*0.1*					*0.0*	*0.0*							
170	*General governments*	*7.9*	*7.9*					*0.0*	*0.0*						*1.4*	
180	*Credit institutions*	*59.4*	*59.3*	*0.1*				*0.0*	*0.0*	*0.0*					*27.3*	
190	*Other financial corporations*	*13.1*	*13.1*	*0.0*				*0.0*	*0.0*	*0.0*					*6.2*	
200	*Non-financial corporations*	*617.3*	*598.5*	*18.8*				*2.9*	*1.7*	*1.2*					*293.1*	*0.0*
210	*Households*	*88.2*	*78.8*	*9.4*	*0.3*		*0.3*	*0.5*	*0.3*	*0.2*					*51.2*	*0.3*
220	**Total**	**4,209.6**	**3,583.3**	**205.3**	**28.8**	**1.7**	**27.1**	**-16.9**	**-8.7**	**-8.2**	**-11.6**	**-0.1**	**-11.5**		**2,976.3**	**16.5**

Table 3. EU CR1-A – Maturity of exposures

EUR m		a	b	c	d	e	f
		Net exposure value					
31 Dec 2022		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	525.2	582.3	2,388.4	1,286.2		4,782.1
2	Debt securities		97.8	180.3	66.2		344.3
3	**Total**	**525.2**	**680.1**	**2,568.7**	**1,352.2**		**5,126.4**

EUR m		a	b	c	d	e	f
		Net exposure value					
31 Dec 2021		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	517.7	454.7	1,606.5	1,210.1		3,789.0
2	Debt securities		169.7	219.6	31.8		421.1
3	**Total**	**517.7**	**624.4**	**1,826.1**	**1,241.9**		**4,210.1**

Table 4. EU CQ1 – Credit quality of forborne exposures

EUR m		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		**Collateral received and financial guarantees received on forborne exposures**	
		Performing forborne	**Non-performing forborne**			**On performing forborne exposures**	**On non-performing forborne exposures**		**Of which collateral and financial guarantees received on non-performing exposures with forbearance measures**
31 Dec 2022				**Of which defaulted**	**Of which impaired**				
005	Cash balances at central banks and other demand deposits								
010	Loans and advances	91.8	14.2	13.2	13.3	-3.6	-5.9	95.7	8.1
020	*Central banks*								
030	*General governments*								
040	*Credit institutions*								
050	*Other financial corporations*								
060	*Non-financial corporations*	*74.6*	*8.1*	*8.1*	*8.1*	*-3.2*	*-3.8*	*75.6*	*4.2*
070	*Households*	*17.2*	*6.1*	*5.1*	*5.2*	*-0.4*	*-2.1*	*20.1*	*3.9*
080	Debt Securities								
090	Loan commitments given	7.0	0.0			0.5	0.0	6.5	0.0
100	**Total**	**98.8**	**14.2**	**13.2**	**13.3**	**-4.1**	**-5.9**	**102.2**	**8.1**

EUR m		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		**Collateral received and financial guarantees received on forborne exposures**	
		Performing forborne	**Non-performing forborne**			**On performing forborne exposures**	**On non-performing forborne exposures**		**Of which collateral and financial guarantees received on non-performing exposures with forbearance measures**
31 Dec 2021				**Of which defaulted**	**Of which impaired**				
005	Cash balances at central banks and other demand deposits								
010	Loans and advances	93.2	17.0	15.6	15.7	-4.3	-6.8	98.1	10.0
020	*Central banks*								
030	*General governments*								
040	*Credit institutions*								
050	*Other financial corporations*								
060	*Non-financial corporations*	*73.7*	*9.0*	*8.9*	*8.9*	*-3.7*	*-3.9*	*75.2*	*5.1*
070	*Households*	*19.5*	*8.0*	*6.7*	*6.8*	*-0.6*	*-2.9*	*22.9*	*4.9*
080	Debt Securities								
090	Loan commitments given	10.0				0.8		9.2	
100	**Total**	**103.2**	**17.0**	**15.6**	**15.7**	**-5.1**	**-6.8**	**107.3**	**10.0**

COMMENT

Forborne credit exposures are exposures where the contractual terms have been amended in favour of the customer due to financial difficulties. Forbearance measures range from amortisation holidays (the most common measure) to refinancing with new terms and debt forgiveness.

Table 5. EU CQ3 – Credit quality of performing and non-performing exposures by past due days

EUR m		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			**Non-performing exposures**								
31 Dec 2022			**Not past due or past due ≤ 30 days**	**Past due > 30 days ≤ 90 days**		**Unlikely to pay that are not past due or are past due ≤ 90 days**	**Past due > 90 days ≤ 180 days**	**Past due > 180 days ≤ 1 year**	**Past due > 1 year ≤ 2 years**	**Past due > 2 years ≤ 5 years**	**Past due > 5 years ≤ 7 years**	**Past due > 7 years**	**Of which defaulted**
005	Cash balances at central banks and other demand deposits	1,019.3	1,019.3										
010	Loans and advances	4,006.9	4,004.4	2.5	22.4	11.4	0.8	1.1	0.6	3.8	4.7		20.1
020	*Central banks*	*7.0*	*7.0*										
030	*General governments*	*143.4*	*143.4*										
040	*Credit institutions*	*807.4*	*807.4*										
050	*Other financial corporations*	*33.8*	*33.8*										
060	*Non-financial corporations*	*1,831.4*	*1,831.3*	*0.1*	*8.9*	*5.7*	*0.0*	*0.1*	*0.0*	*2.4*	*0.7*		*8.8*
070	*of which: SMEs*	*768.8*	*768.7*	*0.1*	*8.6*	*5.7*	*0.0*	*0.1*	*0.0*	*2.4*	*0.4*		*8.6*
080	*Households*	*1,183.9*	*1,181.5*	*2.4*	*13.5*	*5.7*	*0.8*	*1.0*	*0.6*	*1.4*	*4.0*		*11.3*
090	Debt securities	344.4	344.4										
100	*Central banks*												
110	*General governments*	*344.4*	*344.4*										
120	*Credit institutions*												
130	*Other financial corporations*												
140	*Non-financial corporations*												
150	Off-balance-sheet exposures	777.7			0.5								0.1
160	*Central banks*	*0.1*											
170	*General governments*	*17.0*											
180	*Credit institutions*	*34.3*											
190	*Other financial corporations*	*18.5*											
200	*Non-financial corporations*	*619.5*			*0.3*								*0.0*
210	*Households*	*88.3*			*0.2*								*0.1*
220	**Total**	**6,148.3**	**5,368.1**	**2.5**	**22.8**	**11.4**	**0.8**	**1.1**	**0.6**	**3.8**	**4.6**		**20.2**

>>Table 5. EU CQ3 – Credit quality of performing and non-performing exposures by past due days (continued)

EUR m		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			**Non-performing exposures**								
31 Dec 2021			**Not past due or past due ≤ 30 days**	**Past due > 30 days ≤ 90 days**		**Unlikely to pay that are not past due or are past due ≤ 90 days**	**Past due > 90 days ≤ 180 days**	**Past due > 180 days ≤ 1 year**	**Past due > 1 year ≤ 2 years**	**Past due > 2 years ≤ 5 years**	**Past due > 5 years ≤ 7 years**	**Past due > 7 years**	**Of which defaulted**
005	Cash balances at central banks and other demand deposits												
010	Loans and advances	3,002.6	3,000.8	1.8	28.5	15.3	1.0	0.6	3.3	2.6	5.7		26.5
020	*Central banks*	*0.0*	*0.0*										
030	*General governments*	*141.5*	*141.5*										
040	*Credit institutions*	*2.2*	*2.2*										
050	*Other financial corporations*	*39.8*	*39.8*										
060	*Non-financial corporations*	*1,690.3*	*1,690.3*	*0.0*	*11.0*	*7.3*	*0.0*	*0.0*	*2.4*	*0.7*	*0.6*		*10.8*
070	*of which: SMEs*	*797.7*	*797.7*		*10.7*	*7.3*	*0.0*	*0.0*	*2.4*	*0.5*	*0.5*		*10.6*
080	*Households*	*1,128.8*	*1,127.0*	*1.8*	*17.5*	*8.0*	*1.0*	*0.6*	*0.9*	*1.9*	*5.1*		*15.7*
090	Debt securities	421.0	421.0										
100	*Central banks*												
110	*General governments*	*421.0*	*421.0*										
120	*Credit institutions*												
130	*Other financial corporations*												
140	*Non-financial corporations*												
150	Off-balance-sheet exposures	786.0			0.3								0.3
160	*Central banks*	*0.1*											
170	*General governments*	*7.9*											
180	*Credit institutions*	*59.4*											
190	*Other financial corporations*	*13.1*											
200	*Non-financial corporations*	*617.3*			*0.0*								*0.0*
210	*Households*	*88.2*			*0.3*								*0.3*
220	**Total**	**4,209.6**	**3,421.8**	**1.8**	**28.8**	**15.3**	**1.0**	**0.6**	**3.3**	**2.6**	**5.7**		**26.8**

Table 6. EU CQ4 – Quality of non-performing exposures by geography

EUR m		a	b	c	d	e	f	g
		Gross carrying/nominal amount				**Accumulated impairment**	**Provisions on off-balance-sheet commitments and financial guarantees given**	**Accumulated negative changes in fair value due to credit risk on non-performing exposures**
			Of which non-performing		**Of which subject to impairment**			
31 Dec 2022				**Of which defaulted**				
010	**On-balance-sheet exposures**	**4,373.6**		**20.1**		**-22.7**		
020	Latvia	3,259.3		19.7		-22.1		
030	Lithuania	170.5		0.0		0.0		
040	Estonia	109.0		0.0		-0.3		
050	Germany	1.0		0.0		0.0		
060	Sweden	801.7		0.0		0.0		
070	Other countries	32.1		0.4		-0.3		
080	**Off-balance-sheet exposures**	**778.2**		**0.1**			**2.6**	
090	Latvia	670.7		0.1			2.3	
100	Lithuania	67.3					0.0	
110	Estonia	1.0					0.1	
120	Germany	16.9					0.0	
130	Sweden	5.5					0.0	
140	Other countries	16.8					0.2	
150	**Total**	**5,151.8**		**20.2**		**-22.7**	**2.6**	

EUR m		a	b	c	d	e	f	g
		Gross carrying/nominal amount				**Accumulated impairment**	**Provisions on off-balance-sheet commitments and financial guarantees given**	**Accumulated negative changes in fair value due to credit risk on non-performing exposures**
			Of which non-performing		**Of which subject to impairment**			
31 Dec 2021				**Of which defaulted**				
010	**On-balance-sheet exposures**	**3,452.2**		**26.6**		**-25.1**		
020	Latvia	3,209.5		25.9		-24.6		
030	Lithuania	170.5		0.0		0.0		
040	Estonia	56.2		0.0		-0.1		
050	Germany	1.1		0.0		0.0		
060	Sweden	3.5		0.0		0.0		
070	Other countries	11.3		0.6		-0.3		
080	**Off-balance-sheet exposures**	**786.3**		**0.3**			**3.4**	
090	Latvia	707.8		0.27			3.1	
100	Lithuania	14.5					0.0	
110	Estonia	0.5					0.2	
120	Germany	12.3					0.0	
130	Sweden	31.2					0.0	
140	Other countries	20.1		0.0			0.0	
150	**Total**	**4,238.5**		**26.8**		**-25.1**	**3.4**	

COMMENT
The Group's NPE ratio is below 5 per cent. According to the CRR, the columns "of which non-performing" and "of which subject to impairment" in EU CQ4 are applicable to institutions with a threshold ratio on non-performing loans and advances (NPE ratio) of 5 per cent or above.

Table 7. EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry

EUR m		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
31 Dec 2022				Of which defaulted			
010	Agriculture, forestry and fishing	274.0		0.2		-1.1	
020	Mining and quarrying	3.5				0.0	
030	Manufacturing	164.9		0.6		-3.3	
040	Electricity, gas, steam and air conditioning supply	244.4		2.9		-2.9	
050	Water supply	19.4				0.0	
060	Construction	34.6		0.2		-0.3	
070	Wholesale and retail trade	304.6		0.1		-1.5	
080	Transport and storage	102.8		4.1		-1.4	
090	Accommodation and food service activities	16.7				-0.3	
100	Information and communication	44.6				-0.1	
110	Financial and insurance activities	7.3				0.0	
120	Real estate activities	551.3		0.5		-1.1	
130	Professional, scientific and technical activities	10.9				-0.1	
140	Administrative and support service activities	46.5		0.2		-0.2	
150	Public administration and defense, compulsory social security						
160	Education	1.5				0.0	
170	Human health services and social work activities	7.6		0.0		0.0	
180	Arts, entertainment and recreation	1.7				0.0	
190	Other services	3.9		0.0		0.0	
200	**Total**	**1,840.2**		**8.8**		**-12.3**	

EUR m		a	b	c	d	E	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
31 Dec 2021				Of which defaulted			
010	Agriculture, forestry and fishing	226.5		0.2		-1.0	
020	Mining and quarrying	4.0				0.0	
030	Manufacturing	161.3		0.8		-3.5	
040	Electricity, gas, steam and air conditioning supply	273.1		3.2		-3.3	
050	Water supply	15.5				0.0	
060	Construction	26.0		0.5		-0.5	
070	Wholesale and retail trade	237.0		0.2		-1.3	
080	Transport and storage	121.1		4.7		-1.4	
090	Accommodation and food service activities	18.4				-0.5	
100	Information and communication	14.0				0.0	
110	Financial and insurance activities	0.0				0.0	
120	Real estate activities	497.1		1.0		-1.5	
130	Professional, scientific and technical activities	9.2				-0.1	
140	Administrative and support service activities	43.8		0.2		-0.3	
150	Public administration and defense, compulsory social security						
160	Education	0.8				0.0	
170	Human health services and social work activities	14.0		0.0		-0.1	
180	Arts, entertainment and recreation	1.7				0.0	
190	Other services	37.8		0.0		0.0	
200	**Total**	**1,701.3**		**10.8**		**-13.6**	

COMMENT
The Group's NPE ratio is below 5 per cent. According to the CRR, the columns "of which non-performing" and "of which subject to impairment" in EU CQ5 are applicable to institutions with a threshold ratio on non-performing loans and advances (NPE ratio) of 5 per cent or above.

Table 8. EU CQ7 – Collateral obtained by taking possession and execution processes

EUR m		a	b	a	b
		31 Dec 2022		31 Dec 2021	
		Collateral obtained by taking possession		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)				
020	Other than PP&E			0.0	
030	*Residential immovable property*			*0.0*	
040	*Commercial Immovable property*				
050	*Movable property (auto, shipping, etc.)*				
060	*Equity and debt instruments*				
070	*Other collateral*				
080	**Total**			**0.0**	

Table 9. Information on loans and advances subject to legislative and non-legislative moratoria

EUR m		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non-performing				Performing			Non-performing			
31 Dec 2022				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
1	**Loans and advances subject to moratorium**															
2	of which: Households															
3	*of which: Collateralised by residential immovable property*															
4	of which: Non-financial corporations															
5	*of which: Small and Medium-sized Enterprises*															
6	*of which: Collateralised by commercial immovable property*															

COMMENT
Moratoria was one of the measures, applied by credit institutions as a response to the outbreak of the COVID-19 pandemic to support corporates and private individuals. In Latvia moratoria for corporate and private customers were applied till 31 of December 2020. In respect to this, the Group had no exposure subject to moratoria as at 31 December 2022.

>>Table 9. Information on loans and advances subject to legislative and non-legislative moratoria (continued)

EUR m		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non-performing				Performing			Non-performing			
30 Jun 2022				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
1	**Loans and advances subject to moratorium**															
2	of which: Households															
3	*of which: Collateralised by residential immovable property*															
4	of which: Non-financial corporations															
5	*of which: Small and Medium-sized Enterprises*															
6	*of which: Collateralised by commercial immovable property*															

Table 10. Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

EUR m		a	b	c	d	e	f	g	h	i
		Number of obligors	Gross carrying amount							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
31 Dec 2022						<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	1,300	58.9							
2	Loans and advances subject to moratorium (granted)	1,300	58.9	1.6	58.9					
3	of which: Households		31.9	1.6	31.9					
4	*of which: Collateralised by residential immovable property*		*29.8*		*29.8*					
5	of which: Non-financial corporations		27.0		27.0					
6	*of which: Small and Medium-sized Enterprises*		*26.1*		*26.1*					
7	*of which: Collateralised by commercial immovable property*		*24.3*		*24.3*					

EUR m		a	b	c	d	e	f	g	h	i
		Number of obligors	Gross carrying amount							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
30 Jun 2022						<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	1,300	62.8							
2	Loans and advances subject to moratorium (granted)	1,300	62.8	1.7	62.8					
3	of which: Households		34.5	1.7	34.5					
4	*of which: Collateralised by residential immovable property*		*31.5*	*0.0*	*31.5*					
5	of which: Non-financial corporations		28.3		28.3					
6	*of which: Small and Medium-sized Enterprises*		*27.2*		*27.2*					
7	*of which: Collateralised by commercial immovable property*		*24.9*		*24.9*					

Table 11. Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

EUR m		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
31 Dec 2022			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	Newly originated loans and advances subject to public guarantee schemes				
2	of which: Households				
3	*of which: Collateralised by residential immovable property*				
4	of which: Non-financial corporations				
5	*of which: Small and Medium-sized Enterprises*				
6	*of which: Collateralised by commercial immovable property*				

EUR m		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
30 Jun 2022			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	Newly originated loans and advances subject to public guarantee schemes				
2	of which: Households				
3	*of which: Collateralised by residential immovable property*				
4	of which: Non-financial corporations				
5	*of which: Small and Medium-sized Enterprises*				
6	*of which: Collateralised by commercial immovable property*				

Credit risk mitigation

Depending on the creditworthiness of the customer, as well as the nature and complexity of the transaction, funded and unfunded credit protection can be used to a varying extent to mitigate the credit risk. In the selection of a particular credit risk mitigation technique, consideration is given to its suitability for the product and customer in question, its legal enforceability, and on the experience and capacity to manage and control the particular technique. The most important credit risk mitigation techniques are pledges and guarantees. The most common types of pledges are real estate, floating charges and financial securities.

For non-retail customers, credit risk is commonly mitigated through the use of restrictive covenants in the credit agreements, including negative pledges. Independent and professional credit analysis is particularly important for this customer segment. A credit analysis function provides independent analysis and credit opinions to business units throughout the bank where relevant as well as to the credit committees. Financial and non-financial covenants are set and monitored on regular basis and reported to the credit committee within 30 days in case of material breach.

Collateral values are reviewed on a regular basis, e.g. through manual monitoring by internal evaluators, annual in-house indexation, or full revaluation by internal/external evaluators. The general rule is that the value of the collateral shall be calculated on the basis of the estimated market value of the asset. The market value shall be documented by an independent external valuation or, when applicable, by a well justified internal estimate.

The main guarantors are state, municipalities and credit institutions whose creditworthiness is assessed by the same methods and the frequency as the same customer group borrower's creditworthiness.

The general control process for various credit risk mitigation techniques includes credit review and approval requirements, specific credit product policies and credit risk monitoring and control. The value of both the exposure and the mitigating collateral are monitored on a regular basis. The frequency depends on the type of counterparty, the structure of the transaction and the type of collateral.

The most common collateral is the real estate and from exposures secured by collateral, the commercial real estate made 44%, residential real estate 49% and other collateral types (floating charges, financial collaterals, etc.) 7%.

The Group does not use on- and off-balance sheet netting and does not use balance sheet netting as credit risk mitigation technique to net mutual claims between the Group and its counterparty.

Table 12. EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

EUR m		a	b	c	d	e
31 Dec 2022		**Unsecured carrying amount**	**Secured carrying amount**	**Of which secured by collateral**	**Of which secured by financial guarantees**	**Of which secured by credit derivatives**
1	Loans and advances	2,246.2	2,779.5	2,536.1	243.4	
2	Debt securities	344.4	0.0	0.0	0.0	
3	**Total**	**2,590.6**	**2,779.5**	**2,536.1**	**243.4**	
4	*of which: non-performing exposures*	*9.7*	*12.6*	*11.5*	*1.2*	
EU-5	*of which: defaulted*	*9.4*	*10.7*			

EUR m		a	b	c	d	e
31 Dec 2021		**Unsecured carrying amount**	**Secured carrying amount**	**Of which secured by collateral**	**Of which secured by financial guarantees**	**Of which secured by credit derivatives**
1	Loans and advances	1,460.1	2,613.3	2,334.6	278.7	
2	Debt securities	421.0	0.0	0.0	0.0	
3	**Total**	**1,881.1**	**2,613.3**	**2,334.6**	**278.7**	
4	*of which: non-performing exposures*	*12.4*	*16.1*	*14.5*	*1.6*	
EU-5	*of which: defaulted*	*12.2*	*14.4*			

COMMENT
Loans and advances include cash balances at central banks and other demand deposits.

Table 13. EU CR4 – Standardised approach – Credit risk exposure and CRM effects

EUR m		a	b	c	d	e	f
		Exposures before CCF and before CRM		**Exposures post CCF and post CRM**		**RWAs and RWAs density**	
31 Dec 2022		**On-balance-sheet exposures**	**Off-balance-sheet exposures**	**On-balance-sheet exposures**	**Off-balance-sheet exposures**	**RWAs**	**RWAs density (%)**
1	Central governments or central banks	1,432.2	13.2	1,475.1	9.3	0.0	0.00%
2	Regional government or local authorities	62.8	3.9	67.6	2.0	13.9	20.00%
3	Public sector entities	0.0	0.0	17.8	2.3	10.0	49.61%
7	Corporates	2.3	0.0	2.3	0.0	2.3	100.00%
8	Retail	155.0	10.6	112.2	0.6	77.7	68.84%
9	Secured by mortgages on immovable property	0.0	0.0	0.0	0.0	0.0	35.00%
10	Exposures in default	0.8	0.1	0.6	0.0	0.6	105.67%
16	Other items	68.0	0.0	67.9	0.0	22.9	33.67%
17	**TOTAL**	**1,721.1**	**27.8**	**1,743.5**	**14.2**	**127.3**	**7.24%**

>>Table 13. EU CR4 – Standardised approach – Credit risk exposure and CRM effects (continued)

EUR m		a	b	c	d	e	f
		Exposures before CCF and before CRM		**Exposures post CCF and post CRM**		**RWAs and RWAs density**	
31 Dec 2021		**On-balance-sheet exposures**	**Off-balance-sheet exposures**	**On-balance-sheet exposures**	**Off-balance-sheet exposures**	**RWAs**	**RWAs density (%)**
1	Central governments or central banks	1,413.7	5.4	1,463.2	9.1	0.0	0.00%
2	Regional government or local authorities	67.6	2.6	73.2	1.4	14.9	20.00%
3	Public sector entities	0.0	0.0	18.6	1.6	10.1	50.00%
7	Corporates	3.2	0.0	3.2	0.0	3.2	98.72%
8	Retail	180.3	18.2	130.8	2.8	92.5	69.24%
9	Secured by mortgages on immovable property	0.0	0.0	0.0	0.0	0.0	35.00%
10	Exposures in default	0.8	0.1	0.6	0.0	0.6	103.44%
16	Other items	58.4	0.0	58.4	0.0	21.9	37.51%
17	**TOTAL**	**1,724.1**	**26.3**	**1,748.0**	**14.8**	**143.2**	**8.12%**

Table 14. EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques

EUR m		a	b	a	b
		31 Dec 2022		**31 Dec 2021**	
		Pre-credit derivatives risk weighted exposure amount	**Actual risk weighted exposure amount**	**Pre-credit derivatives risk weighted exposure amount**	**Actual risk weighted exposure amount**
1	**Exposures under F-IRB**	**1,542.0**	**1,542.0**	**1,309.2**	**1,309.2**
2	Central governments and central banks				
3	Institutions	205.9	205.9	66.0	66.0
4	Corporates	1,336.1	1,336.1	1,243.2	1,243.2
4.1	*of which: Corporates - SMEs*	*379.2*	*379.2*	*406.8*	*406.8*
4.2	*of which: Corporates - Specialised lending*	*0.5*	*0.5*	*1.6*	*1.6*
5	**Exposures under A-IRB**	**241.7**	**241.7**	**247.5**	**247.5**
6	Central governments and central banks				
7	Institutions				
8	Corporates				
8.1	*of which: Corporates - SMEs*				
8.2	*of which: Corporates - Specialised lending*				
9	Retail	241.7	241.7	247.5	247.5
9.1	*of which: Retail – SMEs - Secured by immovable property collateral*	*10.6*	*10.6*	*13.1*	*13.1*
9.2	*of which: Retail – non-SMEs - Secured by immovable property collateral*	*157.2*	*157.2*	*167.7*	*167.7*
9.3	*of which: Retail – Qualifying revolving*				
9.4	*of which: Retail – SMEs - Other*	*17.3*	*17.3*	*11.1*	*11.1*
9.5	*of which: Retail – Non-SMEs- Other*	*56.6*	*56.6*	*55.5*	*55.5*
10	**TOTAL (including F-IRB exposures and A-IRB exposures)**	**1,783.7**	**1,783.7**	**1,556.7**	**1,556.7**

COMMENT
The Group has not used credit derivatives for credit risk mitigation. That is why there is no effect on RWA due to this.

Table 15. EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

EUR m		a	b	c	d	e	f	g	h	i	j	k	l	m	n
31 Dec 2022			Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
A-IRB		Total exposures	Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
1	Central governments and central banks														
2	Institutions														
3	Corporates														
3.1	*of which: Corporates – SMEs*														
3.2	*of which: Corporates – Specialised lending*														
3.3	*of which: Corporates – Other*														
4	Retail	1,226.7	0.24%	87.04%	86.20%	0.31%	0.52%					4.35%		241.7	241.7
4.1	*of which: Retail – Immovable property SMEs*	*63.5*	*0.07%*	*98.50%*	*97.96%*	*0.31%*	*0.23%*					*1.36%*		*10.6*	*10.6*
4.2	*of which: Retail – Immovable property non-SMEs*	*1,039.2*	*0.4%*	*95.11%*	*95.09%*	*0.00%*	*0.02%*					*4.28%*		*157.2*	*157.2*
4.3	*of which: Retail – Qualifying revolving*														
4.4	*of which: Retail – Other SMEs*	*40.4*	*2.78%*	*29.87%*	*6.06%*	*9.01%*	*14.80%*					*18.03%*		*17.3*	*17.3*
4.5	*of which: Retail – Other non-SMEs*	*83.6*	*1.57%*	*5.65%*	*5.57%*	*0.00%*	*0.07%*					*0.91%*		*56.6*	*56.6*
5	**Total**	**1,226.7**	**0.24%**	**87.04%**	**86.20%**	**0.31%**	**0.52%**					**4.35%**		**241.7**	**241.7**
F_IRB															
1	Central governments and central banks														
2	Institutions	978.3	0.00%	0.07%	0.07%	0.00%	0.00%					0.00%		178.3	205.9
3	Corporates	2,043.9	0.09%	50.30%	43.82%	0.00%	6.47%					11.44%		1,374.5	1,336.0
3.1	*of which: Corporates – SMEs*	*619.6*	*0.11%*	*78.66%*	*65.45%*	*0.00%*	*13.21%*					*8.46%*		*385.7*	*379.2*
3.2	*of which: Corporates – Specialised lending*	*1.0*	*7.00%*	*6.31%*	*6.31%*	*0.00%*	*0.00%*					*0.00%*		*0.5*	*0.5*
3.3	*of which: Corporates – Other*	*1,423.3*	*0.08%*	*37.98%*	*34.43%*	*0.00%*	*3.54%*					*12.75%*		*988.3*	*956.3*
4	**Total**	**3,022.2**	**0.06%**	**34.04%**	**29.66%**	**0.00%**	**4.38%**					**7.74%**		**1,552.8**	**1,541.9**

>>Table 15. EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques (continued)

EUR m		a	b	c	d	e	f	g	h	i	j	k	l	m	n
31 Dec 2021			**Credit risk Mitigation techniques**											**Credit risk Mitigation methods in the calculation of RWEAs**	
			Funded credit Protection (FCP)									**Unfunded credit Protection (UFCP)**			
A-IRB		**Total exposures**	**Part of exposures covered by Financial Collaterals (%)**	**Part of exposures covered by Other eligible collaterals (%)**	**Part of exposures covered by Immovable property Collaterals (%)**	**Part of exposures covered by Receivables (%)**	**Part of exposures covered by Other physical collateral (%)**	**Part of exposures covered by Other funded credit protection (%)**	**Part of exposures covered by Cash on deposit (%)**	**Part of exposures covered by Life insurance policies (%)**	**Part of exposures covered by Instruments held by a third party (%)**	**Part of exposures covered by Guarantees (%)**	**Part of exposures covered by Credit Derivatives (%)**	**RWEA without substitution effects (reduction effects only)**	**RWEA with substitution effects (both reduction and substitution effects)**
1	Central governments and central banks														
2	Institutions														
3	Corporates														
3.1	*of which: Corporates – SMEs*														
3.2	*of which: Corporates – Specialised lending*														
3.3	*of which: Corporates – Other*														
4	Retail	1,165.0	0.28%	87.42%	86.71%	0.29%	0.41%					3.95%		247.5	247.5
4.1	*of which: Retail – Immovable property SMEs*	*66.6*	*0.05%*	*98.14%*	*97.72%*	*0.19%*	*0.22%*					*1.78%*		*13.1*	*13.1*
4.2	*of which: Retail – Immovable property non-SMEs*	*987.8*	*0.05%*	*94.66%*	*94.63%*	*0.00%*	*0.03%*					*4.02%*		*167.7*	*167.7*
4.3	*of which: Retail – Qualifying revolving*													*0.0*	*0.0*
4.4	*of which: Retail – Other SMEs*	*26.8*	*3.86%*	*40.67%*	*12.65%*	*12.19%*	*15.83%*					*15.72%*		*11.1*	*11.1*
4.5	*of which: Retail – Other non-SMEs*	*83.7*	*2.01%*	*8.41%*	*8.24%*	*0.00%*	*0.17%*					*1.10%*		*55.5*	*55.5*
5	**Total**	**1,165.0**	**0.28%**	**87.42%**	**86.71%**	**0.29%**	**0.41%**					**3.95%**		**247.5**	**247.5**
F_IRB															
1	Central governments and central banks														
2	Institutions	310.5	0.00%	0.62%	0.62%	0.00%	0.00%					0.00%		36.6	66.0
3	Corporates	1,880.5	0.26%	53.51%	48.19%	0.00%	5.32%					12.33%		1,283.7	1,243.2
3.1	*of which: Corporates – SMEs*	*660.6*	*0.21%*	*81.03%*	*72.60%*	*0.00%*	*8.42%*					*8.06%*		414.3	*406.8*
3.2	*of which: Corporates – Specialised lending*	*2.3*	*7.35%*	*74.44%*	*74.44%*	*0.00%*	*0.00%*					*0.00%*		*1.6*	*1.6*
3.3	*of which: Corporates – Other*	*1,217.5*	*0.27%*	*38.55%*	*34.89%*	*0.00%*	*3.65%*					*14.67%*		867.8	*834.8*
4	**Total**	**2,191.0**	**0.22%**	**46.02%**	**41.45%**	**0.00%**	**4.57%**					**10.58%**		**1,320.3**	**1,309.2**

Liquidity risk

Risk management

Liquidity risk is the risk that the Group is unable to refinance its existing assets or is unable to meet the demand for additional liquidity. Liquidity risk also entails the risk that the Group is forced to borrow at unfavourable rates or is forced to sell assets at a loss in order to meet its payment commitments.

A key objective of the Liquidity and Funding Strategy is that stable funding (typically equity, deposits from the public and wholesale funding with remaining maturity above one year) shall exceed more illiquid banking book assets (typically household lending and other lending to the public) as limited and targeted through internal and external structural liquidity risk metrics. Bond portfolio shall be funded partly via the surplus of stable funding over illiquid banking book assets and partly via short-term wholesale funding. Other assets and derivatives are considered matched from a liquidity management point of view. The Group always has a sound structural liquidity position, a balanced wholesale funding dependence and sufficient liquid reserves to be able to meet potential net cash outflows in a stressed scenario.

The Supervisory Board has established a comprehensive framework for managing the Group's liquidity requirements and risks in the short- and long-term. The aim of the Group's liquidity risk management is to ensure that the Group has a controlled liquidity risk situation, with adequate volumes of liquid assets to meet its liquidity requirements in all foreseeable circumstances, without incurring substantial cost.

The liquidity risk is managed through the risk tolerances and management alert levels set by the Management Board. The treasury function has the overall responsibility for liquidity management and funding. Risk department measures limit utilisation based on different market conditions and liquidity stress tests on a daily basis. The liquidity risk position is reported at least on a quarterly basis to the Risk Oversight Committee, Assets and Liability Committee (ALCO), the Management Board and the Risk Committee of the Supervisory Council.

The Group, as a party of SEB Group, acts in accordance with SEB Group mission and vision. The Group follows SEB Group governance and decision-making principles, as far they are in line with laws of the Republic of Latvia, articles of association of the Bank and Bank's regulatory documents.

A centralised approach to liquidity management is carried out throughout the SEB Group to ensure a cost and operationally efficient liquidity management on a day-to-day basis. The same principle applies to the short-term and long-term funding activities of the SEB Group. SEB Group Treasury has the overall responsibility for both the SEB Group's funding activities in the international capital markets as well as providing subsidiaries with funding. Intraday liquidity management for the Bank is performed by the Treasury.

As far as technically possible the Bank holds nostro accounts with SEB Group. The nostro balances for the Bank are based on real time information from systems that can generate external transactions. This information also enables intraday liquidity forecasting for next days.

SEB Group is monitoring and managing liquidity and funding risk from a number of perspectives. The main perspectives can be characterized as structural liquidity risk, wholesale funding dependence and stressed survival horizon or resilience to short-term severe stress. It should be noted that wholesale funding dependence can be considered a sub-component of structural liquidity risk or stressed survival horizon.

In SEB Group, the structural liquidity is covered by the Core Gap Ratio, which is an internally defined measurement (thus taking an economic perspective). From a normative perspective, the structural liquidity risk is measured by the Basel Committee's Net Stable Funding Ratio (NSFR), i.e., a ratio between stable funding and illiquid assets. The Core Gap Ratio and NSFR are conceptually equivalent. Ratios above 100% indicates that the Group is funded with a sufficient amount of stable liabilities relative to the amount of illiquid assets.

Short-term liquidity risk captures the sensitivity of the Group's balance sheet structure to short-term funding disturbances, e.g., when wholesale funding is difficult to prolong due to a bank-specific or general market stress, or when deposits leave the Bank in an even more stressed scenario. In the normative perspective, it is measured by the liquidity coverage ratio (LCR), as the ratio between liquid assets and net cash outflows in a 30-days stressed scenario. In the economic perspective, it is measured by the stressed survival horizon (SSH), as the period of time during which the accumulated net cash flows stay positive in a stressed scenario.

The Bank's wholesale funding dependence monitoring is primarily performed through the core loan to deposit ratio. The metric captures to what extent loans are funded with customer deposits, and conversely to what extent the Bank is dependent on external funding from the Parent bank to finance its loan book.

For the purpose of mitigation and hedging liquidity risk policies, strategies and liquidity risk management processes determine a high enough liquidity buffer (including high-quality ECB eligible government bonds) in all significant currencies to ensure that the Group is ready to withstand even stressed market situations.

Liquidity Contingency plan focuses on the management of an emergency situation, "Red Alert", when the survival of the Group or its operations is threatened and on management in situations of milder stress, "Yellow Alert" and "Orange Alert". The management of liquidity during normal circumstances, "Green zone", is covered in the Liquidity and Pledge Policy. Management in the "Green zone" includes monitoring of liquidity compared to the overall liquidity limits. An unwanted deterioration of liquidity towards these limits or a violation of the overall liquidity limits constitutes a warning signal to be considered for a possible decision to enter Yellow, Orange or Red Alert. Plan describes decision mandates, trigger events and appropriate actions for Red Alert, Orange Alert and Yellow Alert. The plan covers both events that may cause disturbances to the economy or the financial markets as a whole, and those that are unique to the Group.

The liquidity situation shall furthermore be analysed using different stress scenarios. Stress testing is a useful tool in identifying sources of potential liquidity strain and to ensure that the Bank's liquidity risk stays within the Group's liquidity risk tolerance. At a minimum, three different fundamental types of stress scenarios shall be performed; a SEB Group idiosyncratic stress test, a systemic market-wide stress test and a combination of the two. As a complement to those predefined stressed scenarios, ad-hoc scenarios shall be analysed and reported when appropriate.

To ensure that the liquidity risk management systems put in place are adequate with regard to the Group's profile and strategy, management body is responsible to approve Liquidity risk management framework, Rules for asset and liability management committee, Internal liquidity adequacy assessment process instruction, Funding and limit setting instruction for SEB Group entities, Liquidity contingency plan and Internal funds transfer pricing policy. During the liquidity adequacy assessment process (ILAAP), Liquidity Adequacy Statement is also approved, where the Management Board provides its assessment/declaration of the Group's liquidity adequacy. Its valuation is based on the Group's business plan, ILAAP results, and the continuous work related to financial planning.

The Bank's Supervisory Council has approved Risk tolerance statements, amongst which is also a concise statement for liquidity risk. Risk tolerance is defined as the level of risk that is acceptable to the Group. The Group is always expected to have a sound structural liquidity position, a balanced wholesale funding dependence and sufficient liquid reserves to meet potential net cash outflows in a stressed scenario. The statements represent a long-term view of the boundaries within which the Council expects SEB Group to operate. In addition, there are implemented risk tolerance measures that translate the statements into measurable boundaries. There are specific tolerance measures set for both - short term stress metrics and structural liquidity risk metrics. There is also a particular metric for funding dependence on SEB Group funding.

Table 16. EU LIQ1 – Quantitative information of LCR

EUR m		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	**Quarter ending on**	**31 Dec 2022**	**30 Sep 2022**	**30 Jun 2022**	**31 Mar 2022**	**31 Dec 2022**	**30 Sep 2022**	**30 Jun 2022**	**31 Mar 2022**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA), after application of haircut in line with Article 9 of Regulation (EU) 2015/61					**850.1**	**771.5**	**724.6**	**746.6**
Cash - Outflows									
2	Retail deposits and deposits from small business customers, of which:	2,602.9	2,569.1	2,526.0	2,472.1	165.7	163.9	161.2	157.8
3	*Stable deposits*	2,109.0	2,079.4	2,045.4	2,004.0	105.4	104.0	102.3	100.2
4	*Less stable deposits*	493.9	489.7	480.6	468.1	60.2	59.9	58.9	57.6
5	*Unsecured wholesale funding*	1,488.3	1,438.8	1,401.0	1,370.4	391.1	379.5	366.3	358.2
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	1,114.9	1,082.2	1,060.5	1,041.7	231.9	224.3	219.5	215.7
7	*Non-operational deposits (all counterparties)*	373.4	356.6	340.5	328.8	159.2	155.1	146.8	142.5
8	*Unsecured debt*								
9	*Secured wholesale funding*								
10	*Additional requirements*	557.4	547.9	536.8	543.9	79.9	77.4	75.5	75.2
11	*Outflows related to derivative exposures and other collateral requirements*	33.9	32.8	31.6	30.2	33.9	32.8	31.6	30.2
12	*Outflows related to loss of funding on debt products*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	*Credit and liquidity facilities*	523.5	515.2	505.2	513.8	46.0	44.7	43.9	45.0
14	Other contractual funding obligations	18.1	12	5.2	5.4	18.0	11.9	5.1	5.2
15	Other contingent funding obligations	226.5	232.6	228.2	221.4	11.3	11.6	11.4	11.1
16	**TOTAL CASH OUTFLOWS**					**666.0**	**644.2**	**619.5**	**607.4**
Cash - Inflows									
17	Secured lending (e.g. reverse repos)	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.3
18	Inflows from fully performing exposures	462.0	581.9	663.8	623.8	437.4	560.2	642.2	603.4
19	Other cash inflows	11.3	11.3	9.2	10.5	11.3	11.3	9.2	10.5
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	**TOTAL CASH INFLOWS**	**473.3**	**593.2**	**673.1**	**634.7**	**448.7**	**571.5**	**651.5**	**614.1**
EU-20a	*Fully exempt inflows*								
EU-20b	*Inflows subject to 90% cap*								
EU-20c	*Inflows subject to 75% cap*	*473.3*	*593.2*	*673.1*	*634.7*	*448.7*	*571.5*	*651.5*	*614.1*
TOTAL ADJUSTED VALUE									
EU-21	**LIQUIDITY BUFFER**					**850.1**	**771.5**	**724.6**	**746.6**
22	**TOTAL NET CASH OUTFLOWS**					**351.5**	**259.2**	**183.8**	**178.0**
23	**LIQUIDITY COVERAGE RATIO**					**301.58%**	**348.13%**	**414.37%**	**441.75%**

Qualitative information on liquidity coverage ratio (LCR)

During 2022, LCR ratio decreased mostly due to the more efficient cash balance between outstanding amounts in the nostro accounts and Target2 system, and due to the more efficient structural liquidity. Group's high quality liquid assets consist of cash both in Target 2 system (balance with Central Bank) and nostro accounts, and highly liquid, fixed income securities issued by central governments as well.

Taking into account that the liquidity reserve/buffer are kept both in SEB Group nostro accounts and Target2 system, LCR ratio may also fluctuate due to the changes in the balance between amounts in nostro accounts (in LCR treated as inflows) and amount in Target 2 account (in LCR treated as buffer). During the year 2022, LCR ratio has declined from 293% to 195%, irrespective of strong and improving Group's liquidity position.

The Group has a well-diversified funding structure. All funding consists of equity, retail and corporate deposits, and wholesale funding from SEB AB Group.

At the end of the 2022 liquidity buffer reached EUR 1,337m. About 70% of the buffer consist of reserves in the European Central bank, and about 25% are highly liquid, ECB eligible, central government bonds.

During 2022 there were no significant derivative exposures with potential collateral calls.

There are no currency mismatches in the LCR.

There are no other items relevant to Group's liquidity profile, that are not captured in the LCR calculation.

Table 17. EU LIQ2 – Net Stable Funding Ratio

EUR m		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
31 Dec 2022		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	**Capital items and instruments**	**411.1**	**4.9**			**411.1**
2	*Own funds*	*411.1*	*4.9*			*411.1*
3	*Other capital instruments*					
4	**Retail deposits**		**2,708.2**			**2,547.1**
5	*Stable deposits*		*2,194.9*			*2,085.1*
6	*Less stable deposits*		*513.3*			*462.0*
7	**Wholesale funding:**		**2,175.5**	**12.6**	**39.1**	**884.0**
8	*Operational deposits*		*1,144.1*			*572.1*
9	*Other wholesale funding*		*1,031.4*	*12.6*	*39.1*	*311.9*
10	Interdependent liabilities					
11	**Other liabilities:**	**11.9**	**7.5**		**12.1**	**12.1**
12	*NSFR derivative liabilities*	*11.9*				
13	*All other liabilities and capital instruments not included in the above categories*		*7.5*		*12.1*	*12.1*
14	**Total available stable funding (ASF)**					**3,854.3**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	**Performing loans and securities:**		**542.5**	**391.2**	**3,060.2**	**2,969.1**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*					
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*29.1*	*32.0*	*801.3*	*820.2*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*436.4*	*332.2*	*1,324.8*	*2,143.8*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*					*633.3*
22	*Performing residential mortgages, of which:*		*25.3*	*27.0*	*934.1*	
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*25.3*	*27.0*	*934.1*	
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		*51.7*			*5.2*
25	**Interdependent assets**					
26	**Other assets:**		**119.8**	**1.0**	**23.0**	**87.2**
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*NSFR derivative assets*		*38.0*			*38.0*
30	*NSFR derivative liabilities before deduction of variation margin posted*					
31	*All other assets not included in the above categories*		*81.8*	*1.0*	*23.0*	*49.2*
32	**Off-balance sheet items**		**170.0**	**226.3**	**381.9**	**45.9**
33	**Total RSF**					**3,102.2**
34	**Net Stable Funding Ratio (%)**					**124.25%**

>>Table 17. EU LIQ2 – Net Stable Funding Ratio in accordance with Article 451a(3) CRR (continued)

EUR m		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
30 Sep 2022		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	**Capital items and instruments**	**411.1**	**5.7**			**411.1**
2	*Own funds*	*411.1*	*5.7*			*411.1*
3	*Other capital instruments*					
4	**Retail deposits**		**2,606.4**			**2,451.1**
5	*Stable deposits*		*2,106.6*			*2,001.3*
6	*Less stable deposits*		*499.8*			*449.8*
7	**Wholesale funding:**		**2,018.7**	**1.3**	**13.6**	**766.7**
8	*Operational deposits*		*1,122.2*			*561.1*
9	*Other wholesale funding*		*896.5*	*1.3*	*13.6*	*205.6*
10	Interdependent liabilities					
11	**Other liabilities:**	**9.7**	**5.4**	**0.9**	**10.0**	**10.3**
12	*NSFR derivative liabilities*	*9.7*				
13	*All other liabilities and capital instruments not included in the above categories*		*5.4*	*0.9*	*10.0*	*10.3*
14	**Total available stable funding (ASF)**					**3,639.2**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	**Performing loans and securities:**		**456.2**	**428.2**	**3,091.6**	**2,960.4**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*					
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*77.4*	*0.3*	*844.1*	*852.0*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*299.3*	*399.8*	*1,328.9*	*2,103.1*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*					*624.0*
22	*Performing residential mortgages, of which:*		*25.8*	*28.1*	*918.6*	
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*25.8*	*28.1*	*918.6*	
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		*53.7*			*5.4*
25	**Interdependent assets**					
26	**Other assets:**		**107.3**	**4.5**	**27.5**	**88.3**
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*NSFR derivative assets*		*38.1*			*38.1*
30	*NSFR derivative liabilities before deduction of variation margin posted*					
31	*All other assets not included in the above categories*		*69.2*	*4.5*	*27.5*	*50.2*
32	**Off-balance sheet items**		**191.2**	**188.5**	**385.0**	**43.8**
33	**Total RSF**					**3,092.6**
34	**Net Stable Funding Ratio (%)**					**117.67%**

>>Table 17. EU LIQ2 – Net Stable Funding Ratio in accordance with Article 451a(3) CRR (continued)

EUR m		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
30 Jun 2022		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	**Capital items and instruments**	**411.1**	**5.4**			**411.1**
2	*Own funds*	*411.1*	*5.4*			*411.1*
3	*Other capital instruments*					
4	**Retail deposits**		**2,599.2**			**2,445.0**
5	*Stable deposits*		*2,114.3*			*2,008.5*
6	*Less stable deposits*		*484.9*			*436.5*
7	**Wholesale funding:**		**1,875.9**	**1,183.1**	**51.3**	**740.4**
8	*Operational deposits*		*1,091.7*			*545.8*
9	*Other wholesale funding*		*784.2*	*1,183.1*	*51.3*	*194.6*
10	Interdependent liabilities					
11	**Other liabilities:**	**4.6**	**5.4**	**0.6**	**12.7**	**13.0**
12	*NSFR derivative liabilities*	*4.6*				
13	*All other liabilities and capital instruments not included in the above categories*		*5.4*	*0.6*	*12.7*	*13.0*
14	**Total available stable funding (ASF)**					**3,609.6**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	**Performing loans and securities:**		**765.9**	**434.7**	**3,003.4**	**2,902.5**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*					
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*432.3*	*428.3*	*811.4*	*854.9*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*259.3*	*406.3*	*1,290.5*	*2,042.8*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*					*613.1*
22	*Performing residential mortgages, of which:*		*26.2*	*28.1*	*901.5*	
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*26.2*	*28.1*	*901.5*	
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		*48.1*			*4.8*
25	**Interdependent assets**					
26	**Other assets:**		**92.1**	**5.0**	**29.8**	**80.4**
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*NSFR derivative assets*		*27.0*			*27.0*
30	*NSFR derivative liabilities before deduction of variation margin posted*					
31	*All other assets not included in the above categories*		*65.1*	*5.0*	*29.8*	*53.4*
32	**Off-balance sheet items**		**248.9**	**160.8**	**295.9**	**41.5**
33	**Total RSF**					**3,024.4**
34	**Net Stable Funding Ratio (%)**					**119.35%**

>>Table 17. EU LIQ2 – Net Stable Funding Ratio in accordance with Article 451a(3) CRR (continued)

EUR m		a	b	c	d	e
		Unweighted value by residual maturity				**Weighted value**
31 Mar 2022		**No maturity**	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	
Available stable funding (ASF) Items						
1	**Capital items and instruments**	**411.1**	**5.3**			**411.1**
2	*Own funds*	*411.1*	*5.3*			*411.1*
3	*Other capital instruments*					
4	**Retail deposits**		**2,571.9**			**2,419.1**
5	*Stable deposits*		*2,088.5*			*1,984.0*
6	*Less stable deposits*		*483.4*			*435.1*
7	**Wholesale funding:**		**1,442.5**	**1,206.3**	**105.3**	**804.6**
8	*Operational deposits*		*1,087.8*			*543.9*
9	*Other wholesale funding*		*354.8*	*1,206.3*	*105.3*	*260.7*
10	Interdependent liabilities					
11	**Other liabilities:**	**7.8**	**6.4**	**0.8**	**11.8**	**11.6**
12	*NSFR derivative liabilities*	*7.8*				
13	*All other liabilities and capital instruments not included in the above categories*		*6.4*	*0.8*	*11.8*	*11.6*
14	**Total available stable funding (ASF)**					**3,646.5**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	**Performing loans and securities:**		**1,192.7**	**378.4**	**2,214.9**	**2,145.3**
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*					
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*817.8*	*38.8*	*6.6*	*107.8*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*300.8*	*311.5*	*1,320.4*	*2,032.7*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*					*604.1*
22	*Performing residential mortgages, of which:*		*25.9*	*28.1*	*887.9*	
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*25.9*	*28.1*	*887.9*	
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		*48.2*			*4.8*
25	**Interdependent assets**					
26	**Other assets:**		**81.9**	**1.1**	**32.4**	**68.7**
27	*Physical traded commodities*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*NSFR derivative assets*		*11.6*			*11.6*
30	*NSFR derivative liabilities before deduction of variation margin posted*					
31	*All other assets not included in the above categories*		*70.3*	*1.1*	*32.4*	*57.1*
32	**Off-balance sheet items**		**173.8**	**217.20**	**360.7**	**44.1**
33	**Total RSF**					**2,258.1**
34	**Net Stable Funding Ratio (%)**					**161.49%**

Internal Capital adequacy assessment process

The Group's capital management seeks to balance shareholder's demand for return with the financial stability requirements of regulators and with the equity to conduct the business of the Group.

The Group's Capital Policy defines how capital management should support business goals.

The Chief Financial Officer is responsible for the process for assessing the capital requirements in relation to the Group's risk profile, and for proposing a strategy for maintaining the capital levels. This process, the internal capital adequacy assessment process (ICAAP), is integrated with the Group's business planning and is part of the internal governance framework, internal control systems and SEB Group's ICAAP.

The ICAAP shall be annually approved by the Bank Management Board and the Supervisory Council of the Bank. The ICAAP is revised on a yearly basis, the framework shall be maintained by the Bank's Regulatory Affairs Office in coordination with Treasury, Risk Oversight and SEB Group Financial Management.

In case of material negative deviations from expected and actual capitalisation developments or foreseen significant adverse changes in capital projections, the Treasury may also update the foreseen significant adverse changes in capital projections, the Treasury may also update the Capital Plan between yearly ICAAP report submissions. Ad-hoc updates of the Capital Plan may also be requested by ALCO if needed.

In the Capital Plan, Group considers internal views on material risks and their development as well as risk measurement models, risk governance and risk mitigants. It is forward looking and is linked to the overall business planning and establishes a strategy for maintaining appropriate capital levels. Together with continuous monitoring and reporting of the capital adequacy, this ensures that the relationship between shareholders' equity, economic capital and regulatory requirements are managed so that the survival of the Group is not jeopardised. The Capital Plan is stress tested for potential down-turns in the macroeconomic environment, strategic risk factors identified in the business planning, and other relevant scenarios. The capital plan is established annually and updated if needed during the year. SEB Group's capital is managed centrally, pursuant to an internal framework in accordance with local requirements as regards statutory and internal capital.

The ICAAP is used as input to the regulatory supervisors to annually assess Group in accordance with the parameters of the Supervisory Review and Evaluation Process (SREP), including the bank's capital adequacy, risk measurement models and risk governance, among other things. The European Central Bank concluded in its latest SREP that the level and composition of own funds held by the Bank, with respect tom its financial situation and risk profile, are assessed as being adequate.

Own funds and capital requirements

Table 18. EU OV1 – Overview of total risk exposure amounts

EUR m		a	b	c
		Total risk exposure amounts (TREA)		Total own funds requirements
		31 Dec 2022	31 Dec 2021	31 Dec2022
1	Credit risk (excluding CCR)	1,911.0	1,668.0	152.9
2	*of which: the standardised approach*	*127.3*	*135.9*	*10.2*
3	*of which: the Foundation IRB (F-IRB) approach*	*1,542.0*	*1,279.9*	*123.4*
4	*of which: slotting approach*			
EU 4a	*of which: equities under the simple risk weighted approach*			
5	*of which: the Advanced IRB (A-IRB) approach*	*241.7*	*252.2*	*19.3*
6	Counterparty credit risk - CCR	14.8	11.2	1.2
7	*of which: the standardised approach*	*14.8*	*11.2*	*1.2*
8	*of which: internal model method (IMM)*			
EU 8a	*of which: exposures to a CCP*			
EU 8b	*of which: credit valuation adjustment - CVA*	*0.0*		*0.0*
9	*of which: other CCR*			
15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)			
20	Position, foreign exchange and commodities risks (Market risk)	9.9	2.3	0.8
21	*of which: the standardised approach*	*9.9*	*2.3*	*0.8*
22	*of which: IMA*			
EU 22a	Large exposures			
23	Operational risk	110.2	129.2	8.8
EU 23a	*of which: basic indicator approach*			
EU 23b	*of which: standardised approach*			
EU 23c	*of which: advanced measurement approach*	*110.2*	*129.2*	*8.8*
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
29	**Total**	**2,045.9**	**1,810.7**	**163.7**

Table 19. EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

EUR m		a
		Risk weighted exposure amount
1	**Risk weighted exposure amount as at the end of the previous reporting period: 31 Dec 2021**	**1,556.7**
2	Asset size (+/-)	45.6
3	Asset quality (+/-)	180.4
4	Model updates (+/-)	
5	Methodology and policy (+/-)	
6	Acquisitions and disposals (+/-)	
7	Foreign exchange movements (+/-)	1.1
8	Other (+/-)	
9	**Risk weighted exposure amount as at the end of the reporting period: 31 Dec 2022**	**1,783.7**

Table 20. EU CC1 – Composition of regulatory own funds

EUR m		a	a	b
		31 Dec 2022	**31 Dec 2021**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	150.4	150.4	
	of which: share capital	145.3	145.3	(c)
	of which: share premium	5.1	5.1	(d)
	of which: Instrument type			
2	Retained earnings	260.4	260.0	(f)
3	Accumulated other comprehensive income and other reserves	0.3	0.3	(e)
EU-3a	Funds for general banking risk			
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1			
5	Minority interests (amount allowed in consolidated CET1)			
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0.0	0.0	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**411.1**	**410.7**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	-0.3	0.0	
8	Intangible assets (net of related tax liability) (negative amount)	-2.9	-5.1	(a)
9	Not applicable			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)			
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value			
12	Negative amounts resulting from the calculation of expected loss amounts	0.0	0.0	
13	Any increase in equity that results from securitised assets (negative amount)			
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing			
15	Defined-benefit pension fund assets (negative amount)			
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)			
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)			
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			
20	Not applicable			
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative			
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)			
EU-20c	of which: securitisation positions (negative amount)			
EU-20d	of which: free deliveries (negative amount)			
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38-(3) CRR are met) (negative amount)			
22	Amount exceeding the 17,65% threshold (negative amount)			
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities			
24	Not applicable			
25	of which: deferred tax assets arising from temporary differences			
EU-25a	Losses for the current financial year (negative amount)			
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)			
26	Not applicable			
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)			
27a	Other regulatory adjustments			
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-3.2**	**-5.1**	
29	**Common Equity Tier 1 (CET1) capital**	**407.9**	**405.6**	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts			
31	of which: classified as equity under applicable accounting standards			

>>Table 20. EU CC1– Composition of regulatory own funds (continued)

EUR m		a	a	b
		31 Dec 2022	**31 Dec 2021**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
32	of which: classified as liabilities under applicable accounting standards			
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1			
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1			
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1			
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties			
35	of which: instruments issued by subsidiaries subject to phase out			
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**			
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)			
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)			
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)			
41	Not applicable			
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)			
42a	Other regulatory adjustments to AT1 capital			
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**			
44	**Additional Tier 1 (AT1) capital**			
45	**Tier 1 capital (T1 = CET1 + AT1)**	**407.9**	**405.6**	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts			
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR			
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2			
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2			
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties			
49	of which: instruments issued by subsidiaries subject to phase out			
50	Credit risk adjustments	4.9	5.1	
51	**Tier 2 (T2) capital before regulatory adjustments**	**4.9**	**5.1**	
Tier 2 (T2) capital: regulatory adjustments				
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)			
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)			
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			
54a	Not applicable			
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)			
56	Not applicable			
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)			
EU-56b	Other regulatory adjustments to T2 capital			
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0.0**	**0.0**	
58	**Tier 2 (T2) capital**	**4.9**	**5.1**	
59	**Total capital (TC = T1 + T2)**	**412.8**	**410.7**	
60	**Total Risk exposure amount**	**2,045.9**	**1,833.8**	

>>Table 20. EU CC1– Composition of regulatory own funds (continued)

EUR m		a	a	b
		31 Dec 2022	**31 Dec 2021**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
Capital ratios and requirements including buffers				
61	Common Equity Tier 1 capital	19.94%	22.12%	
62	Tier 1 capital	19.94%	22.12%	
63	Total capital	20.18%	22.40%	
64	Institution CET1 overall capital requirements	9.65%	9.63%	
65	of which: capital conservation buffer requirement	2.50%	2.50%	
66	of which: countercyclical capital buffer requirement			
67	of which: systemic risk buffer requirement			
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	1.50%	1.50%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.15%	1.13%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**10.13%**	**12.40%**	
National minima (if different from Basel III)				
69	Not applicable			
70	Not applicable			
71	Not applicable			
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)			
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)			
74	Not applicable			
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)			
Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	1.6	1.8	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	4.9	5.1	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	10.8	9.4	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements			
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)			
82	Current cap on AT1 instruments subject to phase out arrangements			
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)			
84	Current cap on T2 instruments subject to phase out arrangements			
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)			

Table 21. EU CC2 – reconciliation of regulatory own funds to balance sheet in the audited financial statements

EUR m		a	c
		Balance sheet as in published financial statements	Reference
31 Dec 2022		**As at period end**	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash and balances with central bank	1,039.1	
2	Loans to credit institutions	833.4	
3	Loans to the public	3,181.9	
4	Debt securities	344.4	
5	Derivatives	38.0	
6	Equity instruments	-	
7	Intangible assets	3.5	(a)
8	*of which: the prudent value of software assets*	*-0.7*	
9	Property, plant and equipment	6.2	
10	Right of use assets	6.6	
11	Investment property	-	
12	Other assets	11.8	
13	Prepaid expenses and accrued income	7.9	
14	**Total assets**	**5,472.8**	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Deposits from central banks and credit institutions	455.8	
2	Deposits and borrowings from the public	4,427.7	
3	Derivatives	11.9	
4	Deferred income tax liabilities	2.4	
5	Provisions	5.3	
6	Other liabilities	52.3	
7	Accrued expenses and prepaid income	11.5	
8	**Total liabilities**	**4,966.9**	
Shareholders' Equity			
1	Share capital	145.3	(c)
2	Share premium	5.1	(d)
3	Other reserves	0.6	
4	*of which: funds for general banking risk*	*0.3*	(e)
5	Retained earnings	354.9	
7	*of which: previous years retained earnings*	*260.4*	(f)
8	*of which: net profit of current year*	*94.5*	
9	**Total shareholders' equity**	**505.9**	
10	**Total liabilities and shareholders' equity**	**5,472.8**	

COMMENT
The Group's scope of accounting consolidation and its scope of prudential consolidation are exactly the same. There are no differences between the respective scopes and methods for consolidation.
The difference between regulatory own funds and equity in published financial statements is due to estimated dividend deducted from regulatory own funds.

Table 22. EU CCA – Main features of regulatory own funds instruments and eligible liabilities instruments

31 Dec 2022		a Qualitative or quantitative information
1	Issuer	*AS SEB banka*
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	reg.No 40003151743
2a	Public or private placement	Public
3	Governing law(s) of the instrument	The Commercial Law of the Republic of Latvia
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A
	Regulatory treatment	
4	Current treatment taking into account, where applicable, transitional CRR rules	Common equity Tier1 capital
5	Post-transitional CRR rules	Common equity Tier1 capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Shares
8	Amount recognised in regulatory capital or eligible liabilities (currency in million, as of most recent reporting date)	EUR 145 283
9	Nominal amount of instrument	103 774 one category shares with equal voting rights
EU-9a	Issue price	the nominal value of all shares of the Bank is EUR 1.40
EU-9b	Redemption price	N/A
10	Accounting classification	Shareholder's own funds
11	Original date of issuance	28.09.1993.
12	Perpetual or dated	Perpetual
13	Original maturity date	Perpetual
14	Issuer call subject to prior supervisory approval	NO
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	NO
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	NO
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	NO
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	1
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	NO
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	SEB Group (sebgroup.com)

N/A inserted if the question in not applicable

Table 23. EU CCyB1– Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

EUR m		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
31 Dec 2022		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Breakdown by country:													
1	Latvia	183.5	3,116.7				3,300.2	129.4			129.4	1,617.4	96.12%	
2	Estonia	0.0	78.2				78.2	3.2			3.2	39.5	2.35%	
3	Lithuania	0.0	47.8				47.8	1.1			1.1	13.6	0.81%	
4	Germany	0.0	12.4				12.4	0.4			0.4	5.4	0.32%	
5	United Kingdom	0.1	4.1				4.1	0.2			0.2	2.3	0.14%	
6	Other	0.0	14.7				14.7	0.4			0.4	4.5	0.27%	
7	**Total**	**183.6**	**3,273.9**				**3,457.4**	**134.7**			**134.7**	**1,682.7**	**100.00%**	

Table 24. EU CCyB2 – Amount of institution-specific countercyclical capital buffer

EUR m		a	a
		31 Dec 2022	**31 Dec 2021**
1	Total risk exposure amount	2,045.9	1,833.8
2	Institution specific countercyclical capital buffer rate	0.03%	0.00%
3	Institution specific countercyclical capital buffer requirement	0.6	0.0

Leverage ratio

Group's capital plan covers the strategic planning horizon and projects economic and legal capital requirements, as well as available capital resources and relevant ratios including risk-based and non-risk-based metrics such as the leverage ratio. It is forward-looking, taking into account current and planned business volumes.

Leverage ratio is considered in the capital and risk management and planning. The leverage ratio is calculated on a quarterly basis and is one of the Group's recovery indicators.

In 2022 leverage ratio slightly decreased from 8.24% to 7.10%, well above of Regulatory requirement of 3.00%.

Table 25. EU LR1 – LR Sum: Summary reconciliation of accounting assets and leverage ratio exposures

EUR m		a	a
		Applicable amount	
		31 Dec 2022	31 Dec 2021
1	Total assets as per published financial statements	5,472.8	4,543.7
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	0.0	0.0
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)		
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))		
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)		
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting		
7	Adjustment for eligible cash pooling transactions	-98.9	-26.7
8	Adjustment for derivative financial instruments	12.7	10.1
9	Adjustment for securities financing transactions (SFTs)		
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	359.1	398.4
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	0.0	0.0
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)		
12	Other adjustments	-3.2	-5.0
13	**Total exposure measure**	**5,742.7**	**4,920.5**

Table 26. EU LR2 – LR Com: Leverage ratio common disclosure

EUR m		a	a
		CRR leverage ratio exposures	
		31 Dec 2022	31 Dec 2021
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	5,335.9	4,510.6
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	-3.2	-5.1
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	5,332.8	4,505.5
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	38.1	6.6
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	12.7	10.0
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	Total derivatives exposures	50.8	16.6
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets		
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	Total securities financing transaction exposures		
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	778.2	786.3
20	(Adjustments for conversion to credit equivalent amounts)	-419.0	-387.9
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		
22	Off-balance sheet exposures	359.1	398.4
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	(Total exempted exposures)	0.0	0.0
Capital and total exposure measure			
23	Tier 1 capital	408.0	405.6
24	Total exposure measure	5,742.7	4,920.5
Leverage ratio			
25	Leverage ratio (%)	7.10%	8.24%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	7.10%	8.24%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	7.10%	8.24%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	of which: to be made up of CET1 capital		
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure		

>>Table 26. EU LR2 – LR Com: Leverage ratio common disclosure (continued)

EUR m		a	a
		CRR leverage ratio exposures	
		31 Dec 2022	31 Dec 2021
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable		
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5,742.7	4,920.5
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5,742.7	4,920.5
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.10%	8.24%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.10%	8.24%

Table 27. EU LR3 – LR Spl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

EUR m		a	a
		CRR leverage ratio exposures	
		31 Dec 2022	31 Dec 2021
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	5,335.9	4,539.0
EU-2	Trading book exposures		
EU-3	Banking book exposures, of which:	5,335.9	4,539.0
EU-4	Covered bonds		
EU-5	Exposures treated as sovereigns	1,560.5	1,554.7
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns		
EU-7	Institutions	959.1	258.3
EU-8	Secured by mortgages of immovable properties	1,939.3	1,895.2
EU-9	Retail exposures	180.8	189.6
EU-10	Corporates	614.8	561.7
EU-11	Exposures in default	10.9	14.5
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	70.6	65.0

Remuneration

SEB Group's remuneration principles, governance- and remuneration structures are laidout in the Remuneration Policy. The Remuneration policy is adopted each year by the Supervisory Council, based on a proposal by the Remuneration and Human Resource committee (RemCo). The proposal is preceded by a risk analysis involving relevant control functions. The risk analysis is also reviewed and approved by the Risk Oversight Committee (ROC). RemCo is furthermore responsible for following up and evaluating the adopted remuneration and incentive programmes as well as to yearly receive a review of the SEB Group's adherence to the Remuneration Policy, performed by an internal control function.

->*For further information about the SEB Group's remuneration structure and systems, including description of the governance model relating to remuneration as well as the responsibility of RemCo, please refer to the Annual report.*

Remuneration Policy

The remuneration policy is applicable to all employees of the Group.

The Group's remuneration policy is based on and implements the Remuneration Policy of the SEB Group adopted by the SEB Group Board of Directors taking local legal requirements and the activities of the Group and all entities into account.

The Remuneration policy stipulates that remuneration shall be aligned with the Group's strategy, goals, values and long-term interests and ensure that conflicts of interest are avoided. It shall build value for both SEB Group and the shareholders while promoting the customers' best interest, encouraging high performance and risk-taking aligned with the level of risk tolerance set by the Board of Directors, and sound and responsible behaviour based on SEB Group values. These objectives apply to all staff, including staff that has a material impact on the bank's risk profile (Identified staff).

Senior managers, other key employees and employees in certain business units are offered individual variable remuneration. The Group utilises both deferred and non-deferred as well as collective- and individual variable remuneration models. Variable remuneration is a means to drive and reward performance and behaviours to create long-term shareholder value, it is also an essential way of securing flexibility in the remuneration cost. Equity-based remuneration is a mean to attract and retain employees with key competence. It also provides an incentive for employees to be shareholders of SEB Group which promotes long-term commitment that is aligned with the shareholders' interests.

In 2022, the Group's Remuneration policy was updated to reflect regulatory requirements relating to Sustainability risks and regulatory changes relating to Identified staff. For the latter part relating to the criteria for identification based on EU 2021/923 and the changes relating to payment of variable remuneration to Identified staff

For Identified staff, the remuneration policy stipulates a maximum level of variable remuneration that may not exceed 100 per cent of the fixed remuneration.

The Group's remuneration policy sets out the different categories of Identified staff. The categorization is based on the risk analysis of the remuneration structures prepared by the control functions. The following categories are used to determine which positions are Identified staff:

1. Members of Supervisory Council
2. Senior Management
3. Heads of Material Business Areas/Units
4. Responsible persons within Group Control Functions
5. Heads of Legal department and support functions
6. Employees with mandate to take decisions that materially affect the risk position of the Bank
7. Members of New Product Approval Committees

Furthermore the Group's remuneration policy stipulates that Control functions should be remunerated independently of the business they oversee. This is achieved by ensuring that final determinations of remuneration for employees within Control functions are not made in the business units they oversee. As a general rule, employees within the Control function may not participate in individual variable remuneration programmes.

For all staff, including Identified staff, guaranteed variable remuneration shall be awarded and paid in line with the remuneration structure and provisions of the applicable unit and position and is limited to the first performance year of employment.

Redundancy payments shall follow the requirements in local labour law and/or collective bargaining agreements, as applicable, and shall mirror the employee's performance, employment period and cannot reward failure or misconduct. Any variable remuneration paid in connection to the termination of employment shall reflect the employee's performance and shall not promote excessive risk-taking.

The variable remuneration models are adapted to applicable regulations in terms of maximum ratio in relation to fixed remuneration and with regards to deferral and malus provisions, i.e. reclaim of deferred not yet paid out variable remuneration. The Bank has decided not to use individual performance based short term variable remuneration models ("STI").

The Bank continuously follows up and secures that the variable remuneration models do not put the employees in conflict of interest with its customers, promote appropriate code of conduct behaviour and do not incentivise excessive risk taking. The Group's control functions shall support this follow up.

SEB Group utilises individual position and performance-based variable remuneration to support a performance culture and attract, retain and reward key talents. The ambition is to mainly use equity-based long-term variable remuneration ("LTI") and that all substantial allotment of variable remuneration shall, to the extent possible due to local market conditions, always be fully allotted in LTI equity.

Individual variable remuneration is determined based on SEB Group's, the relevant business area's/business unit's/team's and the individual's performance. SEB Group's and the relevant business area's/business unit's/team's performance is measured using specific targets and key indicators defined in the respective business plans. The specific targets vary between years and are a combination of financial- and non-financial targets such as customer satisfaction or targets relating to sustainability. Individual performance is evaluated according to an appropriate balance between quantitative and qualitative, including financial- and non-financial, measures within SEB Group's target areas derived from the applicable business. The criteria are evaluated in different ways. On SEB Group and divisional/unit level the financial result in terms of Operating cost, Operating profit, Return on Equity (RoE), Return on Business Equity (RoBE) and the risk-adjusted result are followed up. The non-financial targets include ESG targets and criteria relating to compliance with external and internal regulations and policies. Ultimately, the determination is based on an overall assessment with a balanced, non-formulaic but stringent and strongly governed approach to the final allocation.

SEB Group always apply deferrals on individual variable remuneration above certain thresholds for both Identified staff and non-identified staff. The deferral levels for Identified staff are aligned with the relevant regulations were at least 40 per cent of the total variable remuneration shall be deferred and subject to risk adjustment and malus conditions. For senior management and employees receiving high level of variable remuneration the deferral level shall be at least 60 per cent.

In addition, at least 50 per cent of the total variable remuneration, i.e. both the deferred and non-deferred variable remuneration, shall be allocated in SEB Group shares or equivalent equity-based instruments or, were relevant, in fund units of the funds managed. All equity allotments, i.e. both the deferred and non-deferred part, shall have a one-year mandatory holding period. Equity deferrals will be allotted in form of long-term based ("LTI") programmes and paid out according to its programme structure and terms and conditions. The length of Equity deferrals (may be paid pro-rata) subject to risk adjustment before pay-out is at least four years for Identified staff and for senior management at least five years.

Deferred variable remuneration is subject to ex post risk adjustment. SEB Group applies certain criteria for risk adjustments at Group, Division/Business Area/Business Unit and individual levels respectively, that includes restatement of SEB Group's financial statements, significant failure of risk management that negatively impacts the financial result or compliance breaches.

Table 28. EU REM1 – Remuneration awarded for the financial year

EUR m			a	b	c	d
31 Dec 2022			**MB Supervisory function**	**MB Management function**	**Other senior management**	**Other identified staff**
1	**Fixed remuneration**	Number of identified staff	3	9	6	43
2		Total fixed remuneration	0.1	1.2	0.4	2.5
3		of which: cash-based	0.1	1.2	0.4	2.5
4		(Not applicable in the EU)				
EU-4a		of which: shares or equivalent ownership interests				
5		of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		of which: other instruments				
6		(Not applicable in the EU)				
7		of which: other forms				
8		(Not applicable in the EU)				
9	**Variable remuneration**	Number of identified staff		6	6	10
10		Total variable remuneration		0.1	0.1	0.1
11		of which: cash-based				
12		of which: deferred				
EU-13a		of which: shares or equivalent ownership interests		0.1	0.1	0.1
EU-14a		of which: deferred		0.1	0.1	0.1
EU-13b		of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		of which: deferred				
EU-14x		of which: other instruments				
EU-14y		of which: deferred				
15		of which: other forms				
16		of which: deferred				
17	**Total remuneration (2 + 10)**		**0.1**	**1.3**	**0.5**	**2.6**

EUR m			a	b	c	d
31 Dec 2021			**MB Supervisory function**	**MB Management function**	**Other senior management**	**Other identified staff**
1	**Fixed remuneration**	Number of identified staff	3	10	11	34
2		Total fixed remuneration	0.0	1.2	0.7	1.9
3		of which: cash-based	0.0	1.2	0.7	1.9
4		(Not applicable in the EU)				
EU-4a		of which: shares or equivalent ownership interests				
5		of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		of which: other instruments				
6		(Not applicable in the EU)				
7		of which: other forms				
8		(Not applicable in the EU)				
9	**Variable remuneration**	Number of identified staff		5	9	8
10		Total variable remuneration		0.1	0.1	0.1
11		of which: cash-based				
12		of which: deferred				
EU-13a		of which: shares or equivalent ownership interests				
EU-14a		of which: deferred		0.1	0.1	0.1
EU-13b		of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		of which: deferred				
EU-14x		of which: other instruments				
EU-14y		of which: deferred				
15		of which: other forms				
16		of which: deferred				
17	**Total remuneration (2 + 10)**		**0.0**	**1.3**	**0.8**	**2.0**

Table 29. EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

EUR m		a	b	c	d
31 Dec 2022		**MB Supervisory function**	**MB Management function**	**Other senior management**	**Other identified staff**
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff				
2	Guaranteed variable remuneration awards -Total amount				
3	of which: guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff				
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff				
7	Severance payments awarded during the financial year - Total amount				
8	of which: paid during the financial year				
9	of which: deferred				
10	of which: severance payments paid during the financial year, that are not taken into account in the bonus cap				
11	of which: highest payment that has been awarded to a single person				

EUR m		a	b	c	d
31 Dec 2021		**MB Supervisory function**	**MB Management function**	**Other senior management**	**Other identified staff**
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff				
2	Guaranteed variable remuneration awards -Total amount				
3	of which: guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff				
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff		1		1
7	Severance payments awarded during the financial year - Total amount		0.1		0.0
8	of which: paid during the financial year		0.1		0.0
9	of which: deferred				
10	of which: severance payments paid during the financial year, that are not taken into account in the bonus cap				
11	of which: highest payment that has been awarded to a single person		0.1		0.0

Table 30. EU REM3 – Deferred remuneration

	EUR m	a	b	c	d	e	f	EU - g	EU - h
	Deferred and retained remuneration **31 Dec 2022**	**Total amount of deferred remuneration awarded for previous performance periods**	**Of which due to vest in the financial year**	**Of which vesting in subsequent financial years**	**Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year**	**Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years**	**Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)**	**Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year**	**Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods**
1	MB Supervisory function								
2	*Cash-based*								
3	*Shares or equivalent ownership interests*								
4	*Share-linked instruments or equivalent non-cash instruments*								
5	*Other instruments*								
6	*Other forms*								
7	MB Management function								
8	*Cash-based*								
9	*Shares or equivalent ownership interests*	*0.3*	*0.0*	*0.3*				*0.0*	*0.0*
10	*Share-linked instruments or equivalent non-cash instruments*								
11	*Other instruments*								
12	*Other forms*								
13	Other senior management								
14	*Cash-based*								
15	*Shares or equivalent ownership interests*	*0.4*	*0.1*	*0.3*				*0.1*	*0.1*
16	*Share-linked instruments or equivalent non-cash instruments*								
17	*Other instruments*								
18	*Other forms*								
19	Other identified staff								
20	*Cash-based*								
21	*Shares or equivalent ownership interests*	*0.1*	*0.0*	*0.1*				*0.0*	*0.0*
22	*Share-linked instruments or equivalent non-cash instruments*								
23	*Other instruments*								
24	*Other forms*								
25	**Total amount**	**0.8**	**0.1**	**0.7**				**0.1**	**0.1**

>> Table 30. EU REM3 – Deferred remuneration

	EUR m	a	b	c	d	e	f	EU - g	EU - h
	Deferred and retained remuneration	**Total amount of deferred remuneration awarded for previous performance periods**	**Of which due to vest in the financial year**	**Of which vesting in subsequent financial years**	**Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year**	**Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years**	**Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)**	**Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year**	**Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods**
	31 Dec 2021								
1	MB Supervisory function								
2	*Cash-based*								
3	*Shares or equivalent ownership interests*								
4	*Share-linked instruments or equivalent non-cash instruments*								
5	*Other instruments*								
6	*Other forms*								
7	MB Management function								
8	*Cash-based*								
9	*Shares or equivalent ownership interests*	*3.0*	*0.1*	*2.9*				*0.0*	*0.0*
10	*Share-linked instruments or equivalent non-cash instruments*								
11	*Other instruments*								
12	*Other forms*								
13	Other senior management								
14	*Cash-based*								
15	*Shares or equivalent ownership interests*	*0.9*	*0.1*	*0.8*				*0.0*	*0.0*
16	*Share-linked instruments or equivalent non-cash instruments*								
17	*Other instruments*								
18	*Other forms*								
19	Other identified staff								
20	*Cash-based*								
21	*Shares or equivalent ownership interests*	*0.8*	*0.0*	*0.7*				*0.0*	*0.0*
22	*Share-linked instruments or equivalent non-cash instruments*								
23	*Other instruments*								
24	*Other forms*								
25	**Total amount**	**4.6**	**0.2**	**4.4**				***0.0***	***0.0***

Table 31. EU REM4 – Remuneration of 1 million EUR or more per year

EUR m		a	a
		31 Dec 2022	31 Dec 2021
		Identified staff that are high earners as set out in Article 450(i) CRR	**Identified staff that are high earners as set out in Article 450(i) CRR**
1	1 000 000 to below 1 500 000		
2	1 500 000 to below 2 000 000		
3	2 000 000 to below 2 500 000		

Table 32. EU REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

EUR m		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			**Business areas**						
31 Dec 2022		**MB Supervisory function**	**MB Management function**	**Total MB**	**Investment banking**	**Retail banking**	**Asset management**	**Corporate functions**	**Independent internal control functions**	**All other**	**Total**
1	**Total number of identified staff**										**61**
2	*of which: members of the MB*	*3*	*9*	*12*							
3	*of which: other senior management*				*1*	*4*				*1*	
4	*of which: other identified staff*					*6*		*22*	*15*		
5	**Total remuneration of identified staff**	**0.1**	**1.3**	**1.4**	**0.1**	**0.8**		**1.3**	**0.8**	**0.1**	
6	*of which: variable remuneration*	*0.0*	*0.1*	*0.1*	*0.0*	*0.1*		*0.0*	*0.0*	*0.0*	
7	*of which: fixed remuneration*	*0.1*	*1.2*	*1.3*	*0.1*	*0.7*		*1.3*	*0.8*	*0.1*	

EUR m		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			**Business areas**						
31 Dec 2021		**MB Supervisory function**	**MB Management function**	**Total MB**	**Investment banking**	**Retail banking**	**Asset management**	**Corporate functions**	**Independent internal control functions**	**All other**	**Total**
1	**Total number of identified staff**										**58**
2	*of which: members of the MB*	*3*	*10*	*13*							
3	*of which: other senior management*					*5*		*1*	*3*		
4	*of which: other identified staff*					*7*	*2*	*13*	*10*	*4*	
5	**Total remuneration of identified staff**	**0.0**	**1.3**	**1.3**	**0.0**	**0.7**	**0.1**	**0.9**	**0.8**	**0.2**	
6	*of which: variable remuneration*	*0.0*	*0.1*	*0.1*	*0.0*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	
7	*of which: fixed remuneration*	*0.0*	*1.2*	*1.2*	*0.0*	*0.7*	*0.1*	*0.9*	*0.8*	*0.2*	