



AS SEB Pank Group

Interim Report of Quarter I 2020

Introduction - general information

1. Credit institution

| | |
|-------------------|---|
| Company name | AS SEB Pank |
| Address | Tornimäe Str. 2, Tallinn 15010, Estonia |
| Registered in | Republic of Estonia |
| Registry date | 08/12/1995 |
| Registry code | 10004252 (Estonian Commercial Register) |
| Phone | +372 6 655 100 |
| Fax | +372 6 655 102 |
| SWIFT | EEUHEE2X |
| e-mail | info@seb.ee |
| Internet homepage | http://www.seb.ee |

2. Auditor

| | |
|--------------------|---|
| Audit company | Ernst & Young Baltic AS |
| Registry code | 10877299 (Estonian Commercial Register) |
| Address | Rävala 4, 10143 Tallinn, Estonia |
| Reporting date | 31/03/2020 |
| Reporting period | 1 January 2020 - 31 March 2020 |
| Reporting currency | Euro (EUR), millions |

3. General information

The 100% owner of AS SEB Pank is the publicly traded parent company Skandinaviska Enskilda Banken AB (publ), which is the parent company of SEB Group, a Nordic provider of financial services with a long history. SEB Group is a leading Nordic financial services group. SEB Group has around 15,000 employees.

SEB is the bank of choice for large corporations and financial institutions in Sweden and holds a forefront position in providing corporate services in Norway, Denmark, Finland and the United Kingdom. SEB provides universal banking services in Sweden, Estonia, Latvia and Lithuania. In Germany, the operations have a strong focus on corporate and investment banking based on a full-service offering to corporations, institutional customers and internationally operating real estate investors. SEB is well positioned to serve corporate customers from the Nordic countries, the United Kingdom and Germany around the globe, with offices in international financial centres such as New York and London, in Asia via offices in Shanghai, Beijing, Hong Kong and Singapore. AS SEB Pank is an Estonian financial group belonging to SEB Group, which provides services to private persons, companies, and the public sector.

4. Basis for preparation

Skandinaviska Enskilda Banken AB (publ), the parent company of AS SEB Pank, publishes interim reports for SEB Group on web page www.sebgroup.com/jir. The present AS SEB Pank Group interim report is not audited.

The sudden economic slowdown did not yet significantly affect the first quarter results of SEB Eesti

A sudden economic slowdown

In addition to public health, the economy has also been hit hard by the coronavirus and its depth and extent will only become apparent in the following quarters. Alongside other banks, SEB has developed a plan on how to contribute to helping the economy back on its feet. The key component of this solution is the bank's ability to reduce the fixed expenses of individuals and companies in the form of grace periods and to provide new financing in the coming quarters. SEB is strongly capitalised and can offer its customers grace periods in the best possible way, as well as finance new projects. Supporting clients with the profits of the previous year

In March, SEB decided not to pay dividends on the profit of the previous year and to use the 100 million euros to further support both its clients and the economy as a whole in these difficult times. To date, we have provided grace periods to more than 1,600 private and 400 business clients, in the total value of more than 450 million euros. The principal instalments of the loans are postponed, as needed, for up to six months, and in the case of home loans, for up to a year.

The emergency situation has brought about a digital leap

The emergency situation has led to a digital leap – 85% of issues that were so far dealt with in branch offices are now handled via the phone or Internet. The video conference solution we developed a while ago has proved to be very useful: in the last month, its use has increased tenfold. We are currently helping business clients with creating e-shops by offering a comprehensive and simple e-payment solution. We have also simplified payment solutions for private clients – the payment limit of contactless payments is 50 euros during the emergency situation and you can now use the mobile bank to make name payments to customers of other banks as well, i.e. instead of the account number, you now only need to know the phone number of the recipient.

The first quarter still showed stable growth

The impact of the sudden economic slowdown is not yet visible in the first quarter results of SEB. Due to the increase of reserves for possible credit losses, the bank's year-on-year profit for the first quarter decreased by 7.3%. Within a year, clients' deposits increased by 9.8%, from 4.3 billion euros to 4.7 billion euros. Meanwhile, clients' loans increased by 8.9%, from 5.3 billion euros to 5.8 billion euros. The growth of the deposits was driven by households, while businesses and households contributed equally to the growth of loans.

SEB Estonia ended the first quarter of 2020 with a profit of 22.3 million euros. In 2019, SEB ended the first quarter with a profit of 24.1 million euros. In the first quarter. The bank increased its reserves for credit losses by 1.3 million euros in the first quarter of 2020 (during the same period in 2019, the bank reduced the reserves by 0.4 million euros).

Consolidated financial statements

1. Consolidated income statement
(millions of EUR)

| | 2020 | 2019 |
|---|----------|----------|
| | 3 months | 3 months |
| Net interest income | 29,7 | 26,7 |
| Net fee and commission income | 12,0 | 12,2 |
| Net financial income | 1,4 | 1,3 |
| Gains less losses from investment securities | -2,0 | 1,8 |
| Profit and loss from investments in associates | 0,0 | 0,0 |
| Other operating income | 0,3 | 0,1 |
| Net other income | -1,7 | 1,9 |
| Total operating income | 41,4 | 42,1 |
| Personnel expenses | -10,8 | -10,7 |
| Depreciation, amortization and impairment of tangible and intangible assets | -1,9 | -1,8 |
| Other expenses | -2,0 | -2,7 |
| Total operating expenses | -14,7 | -15,2 |
| Profit before credit losses | 26,7 | 26,9 |
| Net expected credit losses | -1,3 | 0,4 |
| Profit before income tax | 25,4 | 27,3 |
| Income tax expense | -3,1 | -3,2 |
| Net profit for the year | 22,3 | 24,1 |

2. Consolidated statement of comprehensive income
(millions of EUR)

| | 2020 | 2019 |
|---|----------|----------|
| | 3 months | 3 months |
| Net profit for the year | 22,3 | 24,1 |
| Other comprehensive income for the year | - | - |
| Total comprehensive income for the year | 22,3 | 24,1 |

3. Consolidated statement of financial position
(millions of EUR)

| | 31.03.2020 | 31.12.2019 |
|---|----------------|----------------|
| Assets | | |
| Cash and balances with central bank | 512,1 | 844,1 |
| Loans to credit institutions | 670,9 | 66,0 |
| Loans to the public | 5 840,2 | 5 706,9 |
| Debt securities | 94,1 | 159,2 |
| Derivatives | 6,6 | 6,1 |
| Equity instruments | 11,8 | 13,4 |
| Investments in associates | 1,4 | 1,4 |
| Intangible assets | 5,6 | 5,1 |
| Property, plant and equipment | 11,9 | 10,6 |
| Right of use assets | 19,5 | 20,4 |
| Other financial assets | 27,5 | 11,1 |
| Other non-financial assets | 24,2 | 19,4 |
| Total assets | 7 225,8 | 6 863,7 |
| Liabilities and equity | | |
| Liabilities | | |
| Deposits from central banks and credit institutions | 1 255,6 | 1 212,3 |
| Deposits and borrowings from the public | 4 743,7 | 4 446,1 |
| Derivatives | 8,0 | 7,8 |
| Current income tax liabilities | 2,9 | 6,9 |
| Provisions | 2,7 | 3,3 |
| Other financial liabilities | 102,9 | 104,1 |
| Other non-financial liabilities | 17,9 | 13,6 |
| Total liabilities | 6 133,7 | 5 794,1 |
| Equity | | |
| Share capital | 42,5 | 42,5 |
| Share premium | 86,3 | 86,3 |
| Other reserves | 19,4 | 19,4 |
| Retained earnings | 943,9 | 921,4 |
| Total equity | 1 092,1 | 1 069,6 |
| Total liabilities and equity | 7 225,8 | 6 863,7 |

4. Changes in consolidated shareholders' equity
(millions of EUR)

| | Share capital | Share premium | Reserves | Retained profit | Total shareholders' equity |
|---|---------------|---------------|----------|-----------------|----------------------------|
| Year beginning at 01.01.2019 | 42,5 | 86,3 | 19,4 | 883,4 | 1 031,6 |
| Dividend paid | 0,0 | 0,0 | 0,0 | -63,0 | -63,0 |
| Other | 0,0 | 0,0 | 0,0 | 0,2 | 0,2 |
| Net profit | 0,0 | 0,0 | 0,0 | 24,1 | 24,1 |
| Other comprehensive income: | | | | | |
| Net change in available-for-sale financial assets | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Total other comprehensive income | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Total comprehensive income | 0,0 | 0,0 | 0,0 | 24,1 | 24,1 |
| Final balance at 31/03/2019 | 42,5 | 86,3 | 19,4 | 844,7 | 992,9 |
| Year beginning at 01.01.2020 | 42,5 | 86,3 | 19,4 | 921,4 | 1 069,6 |
| Dividend paid | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Other | 0,0 | 0,0 | 0,0 | 0,2 | 0,2 |
| Net profit | 0,0 | 0,0 | 0,0 | 22,3 | 22,3 |
| Other comprehensive income: | | | | | |
| Net change in available-for-sale financial assets | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Total other comprehensive income | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Total comprehensive income | 0,0 | 0,0 | 0,0 | 22,3 | 22,3 |
| Final balance at 31.03.2020 | 42,5 | 86,3 | 19,4 | 943,9 | 1 092,1 |

5. Consolidated cash flow statement
(millions of EUR)

| | 2020 3 months | 2019 3 months |
|--|------------------|------------------|
| Cash flow from operating activities | 220,6 | -242,3 |
| Cash flow from investment activities | 61,0 | -36,0 |
| Cash flow from financing activities | -1,2 | -63,0 |
| Net change in cash and cash equivalents | 280,4 | -341,3 |
| Cash and cash equivalents at the beginning of year | 850,0 | 1 150,6 |
| Net change in cash and cash equivalents | 280,4 | -341,3 |
| Cash and cash equivalents at the end of period | 1 130,4 | 809,3 |

Note 1

Accounting principles

The interim report condensed financial statements of AS SEB Pank Group for Quarter I 2020 has been prepared in conformity with International Accounting Standard IAS 34 "Interim Financial Reporting" and the disclosure requirement established by the Credit Institutions Act. These condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019, prepared in conformity with International Financial Reporting Standards (IFRS).

The Group's accounting principles, used in the interim report of AS SEB Pank Group for Quarter I 2020 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2019.