



AS SEB Pank Group

Interim Report of Quarter I 2021

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	31/03/2021
Reporting period	1 January 2021- 31 March 2021
Reporting currency	Euro (EUR), millions

3. General information

The 100 per cent 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 first quarter was characterised by tighter restrictions to control the coronavirus situation. The economy has generally coped well with the restrictions, unemployment has remained lower than expected, and the range of sectors under pressure has not expanded.

The restrictions increased savings

More than 305 million euros have been added to the bank accounts of SEB's private clients during the year. About half of this amount is estimated to be additional savings that have accumulated due to the crisis. Of SEB's private clients, 36–50-year-olds have been able to increase their savings the most over the year – by 15.2 per cent – and young people aged 18–25 have increased their savings the least – by 6.5 per cent. Thus, the growth of deposits is broad-based and over a long period of time, all age groups will benefit. Companies also increased their deposits. In total, deposits in SEB increased by almost 625 million euros or 13.2 percent during the year.

As consumption opportunities are limited, private clients are discovering investing. A recent survey conducted by SEB shows that 40 percent of the population have not invested their money. At the same time, most of those who are not currently making investments could save between 20 and 100 euros per month for it without having a significant impact on their normal consumption patterns.

One in four people could start investing

Although there has been a lot of talk at the beginning of the year about the growth of real estate prices and the market, as well as of the loan business, the field of investment is actually the one making a significant breakthrough. In the first quarter, we have been actively working on solutions that make investing easier and more convenient for clients. We think that one in four of our clients could start investing in the near future and we want to be the most competitive bank in the market for a beginner as well as an experienced investor. To this end, we reduced foreign securities transaction fees for the second time this year and eliminated transaction fees from our investment funds. This allows our clients to start investing in small amounts as often as they wish. In addition, the current fees of our funds are almost half as low as before.

We are also working on innovations in counselling as in addition to low fees, clients also need help to make the right decisions. We are coming up with a solution in the near future that will help our clients find the most suitable solution among the various investment opportunities. In addition to the above, the clients of SEB already have the opportunity to open a pension investment account in order to start investing the assets of the second pension pillar in the autumn.

The high-quality loan portfolio increased the profit of SEB by 16.6 percent

Compared to the first quarter of the previous year, the revenue of the bank increased by 3.3 percent and expenses decreased by 5.5 percent. Close cooperation with our clients and supporting them during difficult moments through grace periods and additional liquidity has kept the quality of the loan portfolio good and therefore, the bank reduced the reserves for possible loan losses by 0.5 million euros in the first quarter. Revenue growth, increased efficiency, and a high-quality loan portfolio meant that the first-quarter profit of the bank was 16.6 percent higher than in the first quarter of last year.

The Estonian branch of SEB ended the first quarter of 2021 with a profit of 25.9 million euros. In 2020, SEB ended the first quarter with a profit of 22.2 million euros. In the first quarter, the operating profit of SEB was 42.7 million euros (41.4 million euros in the first quarter of 2020) and the operating expenses amounted to 14.0 million euros (14.8 million euros in the first quarter of 2020). The bank reduced its reserves for credit losses by 0.5 million euros in the first quarter of 2021 (during the same period in 2020, the bank increased the reserves by 1.3 million euros).

1. Consolidated income statement
(millions of EUR)

	2021	2020
	3 months	3 months
Net interest income	29.1	29.7
Net fee and commission income	11.3	12.0
Net financial income	2.3	1.4
Gains less losses from investment securities	0.0	-2.0
Profit and loss from investments in associates	0.0	0.0
Other operating income	0.0	0.3
Net other income	0.0	-1.7
Total operating income	42.7	41.4
Personnel expenses	-10.2	-10.8
Depreciation, amortization and impairment of tangible and intangible assets	-2.0	-1.9
Other expenses	-1.8	-2.0
Total operating expenses	-14.0	-14.7
Profit before credit losses	28.7	26.7
Net expected credit losses	0.5	-1.3
Profit before income tax	29.2	25.4
Income tax expense	-3.3	-3.1
Net profit for the year	25.9	22.3

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

	2021	2020
	3 months	3 months
Net profit for the year	25.9	22.3
Other comprehensive income for the year	-	-
Total comprehensive income for the year	25.9	22.3

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

	31/03/2021	31/12/2020
Assets		
Cash and balances with central bank	497.3	493.2
Loans to credit institutions	772.9	766.0
Loans to the public	5,916.6	5,908.0
Debt securities	245.5	227.1
Derivatives	6.8	6.6
Equity instruments	9.9	9.7
Investments in associates	1.4	1.3
Intangible assets	5.1	5.0
Property, plant and equipment	10.9	10.6
Right of use assets	18.0	18.0
Other financial assets	5.4	28.2
Other non-financial assets	17.8	16.5
Total assets	7,507.6	7,490.2
Liabilities and equity		
Liabilities		
Deposits from central banks and credit institutions	926.4	1,002.7
Deposits and borrowings from the public	5,371.2	5,273.8
Derivatives	7.7	7.9
Current income tax liabilities	3.2	9.0
Deferred income tax liabilities	5.3	5.3
Provisions	3.4	4.5
Other financial liabilities	98.8	108.8
Other non-financial liabilities	94.8	30.5
Total liabilities	6,510.8	6,442.5
Equity		
Share capital	42.5	42.5
Share premium	86.3	86.3
Other reserves	19.4	19.4
Retained earnings	848.6	899.5
Total equity	996.8	1,047.7
Total liabilities and equity	7,507.6	7,490.2

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

	Share capital	Share premium	Reserves	Retained profit	Total sharehold ers' equity
Balance at 01 January 2020	42.5	86.3	19.4	921.4	1,069.6
Net profit for the year	-	-	-	22.3	22.3
Total comprehensive income for the period	-	-	-	22.3	22.3
Dividends	-	-	-	-	-
Other**	-	-	-	0.2	0.2
Balance at 31 March 2020	42.5	86.3	19.4	943.9	1,092.1
Balance at 01 January 2021	42.5	86.3	19.4	899.5	1,047.7
Net profit for the year	-	-	-	25.9	25.9
Total comprehensive income for the period	-	-	-	25.9	25.9
Dividends	-	-	-	-77.0	-77.0
Other**	-	-	-	0.2	0.2
Balance at 31 March 2021	42.5	86.3	19.4	848.6	996.8

** Long Term Incentive programmes

5. Consolidated cash flow statement
(millions of EUR)

	2021 3 months	2020 3 months
Cash flow from operating activities	153.3	220.6
Cash flow from investment activities	-21.0	61.0
Cash flow from financing activities	-1.1	-1.2
Net change in cash and cash equivalents	131.2	280.4
Cash and cash equivalents at the beginning of year	1,082.0	850.0
Net change in cash and cash equivalents	131.2	280.4
Cash and cash equivalents at the end of period	1,213.2	1,130.4

Note 1

Accounting principles

The interim report condensed financial statements of AS SEB Pank Group for Quarter I 2021 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 2020, 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 2021 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2020.