

AS SEB Pank

Interim report of Quarter I



2022

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	https://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	31/03/2022
Reporting period	1 January 2022- 31 March 2022
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 is a bank with a unique customer base and market position, it serves customers in home markets and through international network across the globe. SEB holds a forefront position in providing corporate services in Scandinavia and the United Kingdom. SEB provides universal banking services in Sweden and the Baltics. 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. In 2021, SEB decided to broaden the corporate banking business in Europe to include the Netherlands, Austria, and Switzerland. SEB is well positioned to serve corporate customers around the globe, with offices in several international financial centers. SEB's international network is also highly instrumental in offering global financial institutions access to investment opportunities in Nordic assets – an area in which SEB is the leader.

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/ir. The present AS SEB Pank consolidated interim report is not audited.

Overview

The pandemic that affected economic life for two years was replaced in the first quarter by the war in Ukraine, which will leave its mark on the decisions of businesses and private persons for a long time to come. The war in Europe is adding momentum to already rapid inflation, and so Estonia can expect as much as a double-digit price increase percentage this year, which will undoubtedly have a negative impact on the livelihoods of both households and businesses.

The economic environment has also been changed by the fact that trade relations with Russia and Belarus are coming to an end due to sanctions and restrictions. This mainly affects sectors importing raw materials from these countries, such as construction, agriculture, and the timber industry. The countries at war account for only 2 per cent of Estonia's exports, while their share of imports is 10 per cent. However, Estonia's economy as a whole stands on broad-based foundations and the loss of trade with Russia will not have drastic consequences for Estonia.

Several new solutions to increase environmental sustainability

In addition to assisting war refugees and the swift implementation of sanctions, SEB continued to invest in the development of its products and services. The focus was on environmental friendliness and promoting customer convenience. Small and medium-sized enterprises can now take favourable loans to buy solar panels and electric car chargers. Private persons are able to get a loan for an energy-efficient home at significantly better terms than before. SEB pension funds now include a green fund, which means that customers can invest their long-term money in solutions that contribute to a more sustainable world. It was also heartening that our nearly 400,000 private and business clients were able to start using Apple Pay. We continued to invest in launching new solutions in the first quarter, to make it easier for customers to open accounts, invest, and become more environmentally friendly.

Customer activity increased in several areas

The first quarter of the year was characterised by the activity of customers in fixing interest rates. Despite the challenging economic environment, customers have also been active in consuming other services, from card payments to loan products, which increased the bank's revenues by 6.3 per cent. Investments in new solutions and staff increased the bank's costs by 9.7 per cent compared to the first quarter of last year. The bank's profit grew by 5 per cent. Deposit growth has decelerated, but still reached 12.1 per cent in the first quarter. Loan growth was 4.2 per cent.

SEB Pank Group (the Group) finished Q1 2022 with a profit of EUR 27.2 million (EUR 25.9 million in Q1 2021). The operating profit of the Group amounted to EUR 46.1 million (EUR 43.4 million in Q1 2021) and its operating costs to EUR 15.4 million (EUR 14.0 million in Q1 2021). The Group decreased net expected credit losses by EUR 0.7 million (decreased by EUR 0.5 million in Q1 2021). Imposed levies to resolution fund was EUR 0.5 million (EUR 0.6 million in Q1 2021). Income tax was EUR 3.7 million (EUR 3.3 million in Q1 2021).

Consolidated financial statements

1. Consolidated income statement

(millions of EUR)

	2022	2021
	3 months	3 months*
Net interest income	29.9	29.7
Net fee and commission income	12.7	11.3
Net financial income	3.1	2.3
Profit and loss from investments in associates	0.1	0.0
Other operating income	0.3	0.0
Net other income	0.4	0.0
Total operating income	46.1	43.3
Personnel expenses	-11.4	-10.2
Depreciation, amortization and impairment of tangible and intangible, right-of-use assets and investment property	-1.9	-2.0
Other expenses	-2.1	-1.8
Total operating expenses	-15.4	-14.0
Profit before credit losses and imposed levies	30.7	29.3
Net expected credit losses	0.7	0.5
Imposed levies: resolution fee	-0.5	-0.6
Profit before income tax	30.9	29.2
Income tax expense	-3.7	-3.3
Net profit for the year	27.2	25.9

*restated comparative data (Note 1)

2. Consolidated statement of comprehensive income

(millions of EUR)

	2022	2021
	3 months	3 months
Net profit for the year	27.2	25.9
Other comprehensive income for the year	-	-
Total comprehensive income for the year	27.2	25.9

3. Consolidated statement of financial position

(millions of EUR)

	31/03/2022	31/12/2021
Assets		
Cash and balances with central bank	839.0	1,339.0
Loans to credit institutions	409.5	231.2
Loans to the public	6,164.1	6,040.4
Debt securities	186.1	227.1
Derivatives	12.8	6.1
Equity instruments	4.6	4.7
Investments in associates	1.8	1.7
Intangible assets	4.6	4.7
Property, plant and equipment	10.3	9.9
Right of use assets	16.9	16.6
Investment property	2.4	2.4
Other assets	21.8	40.1
Prepaid expenses and accrued income	17.6	16.0
Total assets	7,691.5	7,939.9
Liabilities and equity		
Liabilities		
Deposits from central banks and credit institutions	496.9	914.0
Deposits and borrowings from the public	6,022.5	5,790.7
Derivatives	10.8	5.0
Current income tax liabilities	3.5	5.0
Deferred income tax liabilities	2.1	2.1
Provisions	3.8	6.2
Other liabilities	134.7	136.1
Accrued expenses and prepaid income	18.1	10.0
Total liabilities	6,692.4	6,869.1
Equity		
Share capital	42.5	42.5
Share premium	86.3	86.3
Other reserves	19.4	19.4
Retained earnings	850.9	922.6
Total equity	999.1	1,070.8
Total liabilities and equity	7,691.5	7,939.9

4. Changes in consolidated shareholders' equity

(millions of EUR)

	Share capital	Share premium	Reserves	Retained profit	Total shareholders' equity
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 (1.16 euros per share)	-	-	-	-77.0	-77.0
Other*	-	-	-	0.2	0.2
Balance at 31 March 2021	42.5	86.3	19.4	848.6	996.8
Balance at 01 January 2022	42.5	86.3	19.4	922.6	1,070.8
Net profit for the year	-	-	-	27.2	27.2
Total comprehensive income for the period	-	-	-	27.2	27.2
Dividends (1.49 euros per share)	-	-	-	-99.0	-99.0
Other*	-	-	-	0.1	0.1
Balance at 31 March 2022	42.5	86.3	19.4	850.9	999.1

* Long Term Incentive programmes

5. Consolidated cash flow statement

(millions of EUR)

	2022 3 months	2021 3 months
Cash flow from operating activities	-262.1	158.8
Cash flow from investment activities	39.9	-21.0
Cash flow from financing activities	-100.2	-1.1
Net change in cash and cash equivalents	-322.4	136.7
Cash and cash equivalents at the beginning of year	1,511.1	1,082.0
Net foreign exchange difference	-2.4	-5.5
Net change in cash and cash equivalents	-322.4	136.7
Cash and cash equivalents at the end of period	1,186.3	1,213.2

Note 1

Accounting principles

The interim report condensed financial statements of SEB Pank Group for Quarter I 2022 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 2021, prepared in conformity with International Financial Reporting Standards (IFRS).

The accounting principles, used in the interim report of SEB Pank Group for Quarter I 2022 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2021 apart from the change in presentation of the income statement. The calculated fees to the Single Resolution Fund have been deducted from the interest expenses and they are shown in the income statement in a separate line "Imposed levies: resolution fee". Comparative information for the year 2021 is restated accordingly.

Change in presentation of the income statement

(millions of EUR)

	Presented	Restatement	Restated
	2021	2021	2021
	3 months	3 months	3 months
Net interest income	29.1	0.6	29.7
Net fee and commission income	11.3	-	11.3
Net financial income	2.3	-	2.3
Profit and loss from investments in associates	0.0	-	0.0
Other operating income	0.0	-	0.0
Net other income	0.0	-	0.0
Total operating income	42.7	0.6	43.3
Personnel expenses	-10.2	-	-10.2
Depreciation, amortization and impairment of tangible and intangible, right-of-use assets and investment property	-2.0	-	-2.0
Other expenses	-1.8	-	-1.8
Total operating expenses	-14.0	-	-14.0
Profit before credit losses and imposed levies	28.7	0.6	29.3
Net expected credit losses	0.5	-	0.5
Imposed levies: resolution fee	-	-0.6	-0.6
Profit before income tax	29.2	0.0	29.2
Income tax expense	-3.3	-	-3.3
Net profit for the year	25.9	0.0	25.9

