



AS SEB Pank Group

Interim Report of Quarter III 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	30/09/2020
Reporting period	1 January 2020 - 30 September 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.

Estonian economy has handled well the first phase of the crisis

At the end of Q3, the growth of SEB's loan portfolio was 5.4% and deposit growth 9.1% year-on-year. Compared to yoy, the loan growth has been almost twice as slow, while the deposit growth has remained on the same level. Fast response together with grace periods provided in the initial phase of the corona crisis gave enterprises and households some room to breathe and thanks to that the loan service ability of clients has been preserved on a good level. The clients applied for the grace period in a responsible manner and for today, most of the grace periods have expired. SEB will continue to issue grace periods with no service fee and change in the interest rate until the end of the year. All in all, the Estonian economy has handled the first phase of the corona crisis well, which is also evidenced by the fact that the recession remained by half smaller than feared.

The corporate loan portfolio grew by 3.7%, while their deposits grew by 13.7%. A lot of companies have put on hold their new business projects due to an overall uncertainty and have been rather dealing with reorganising their business. There is fierce competition between the banks for financing loan projects. In other words, we can see that there is currently more money than strong projects in which to invest.

The private loan portfolio grew by 5.3%, while the deposits grew by 11.3%. The financial position of households has remained strong and only a few per cent of private clients needed a grace period. By the end of Q3, the home loan and lease volumes had regained their pre-crisis level, which give us a reason to assume that the last quarter of the year may be active. This provided that Estonia is able to successfully overcome the second wave of the corona crisis.

Nine months profit 66.9 million

The operating income of SEB for the first nine months amounted to EUR 130.2 million, being by EUR 1.5 million more compared to yoy. The operating expenses of SEB for nine months amounted to EUR 45.7 million, being by EUR 1 million more compared to yoy.

SEB entities in Estonia ended the first nine months of 2020 with a profit of EUR 66.9 million. Last year, SEB's profit for nine months was EUR 76.6 million. The reason for a decrease in profit was the fact that the bank had increased the potential loan allowances within EUR 8.4 million this year. In the same period of 2019, the bank decreased the loan allowances within EUR 2.8 million. In nine months of 2020, EUR 9.2 million in corporate tax has been levied on SEB's financial results.

Consolidated financial statements

1. Consolidated income statement
(millions of EUR)

	2020		2019	
	9 months	Q III	9 months	Q III
Net interest income	87.6	29.4	83.4	29.2
Net fee and commission income	35.3	12.0	37.8	12.7
Net financial income	4.1	1.3	3.2	1.3
Gains less losses from investment securities	2.6	2.0	4.1	0.6
Profit and loss from investments in associates	0.2	0.2	0.0	0.0
Other operating income	0.4	0.0	0.2	0.0
Net other income	3.2	2.3	4.3	0.6
Total operating income	130.2	45.0	128.7	43.8
Personnel expenses	-31.8	-10.6	-31.5	-10.4
Depreciation, amortization and impairment of tangible and intangible assets	-6.4	-2.5	-5.5	-1.9
Other expenses	-7.5	-2.1	-7.8	-2.5
Total operating expenses	-45.7	-15.2	-44.8	-14.8
Profit before credit losses	84.5	29.7	83.9	29.0
Net expected credit losses	-8.4	-0.2	2.8	0.4
Profit before income tax	76.1	29.5	86.7	29.4
Income tax expense	-9.2	-3.5	-10.1	-3.4
Net profit for the year	66.9	26.0	76.6	26.0

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

	2020		2019	
	9 months	Q III	9 months	Q III
Net profit for the year	66.9	26.0	76.6	26.0
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	66.9	26.0	76.6	26.0

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

	30/09/2020	31/12/2019
Assets		
Cash and balances with central bank	497.9	844.1
Loans to credit institutions	412.7	66.0
Loans to the public	5,864.0	5,706.9
Debt securities	245.3	159.2
Derivatives	6.7	6.1
Equity instruments	14.8	13.4
Investments in associates	1.5	1.4
Intangible assets	5.4	5.1
Property, plant and equipment	10.8	10.6
Right of use assets	17.9	20.4
Other financial assets	8.6	11.1
Other non-financial assets	17.5	19.4
Total assets	7,103.1	6,863.7
Liabilities and equity		
Liabilities		
Deposits from central banks and credit institutions	1,027.3	1,212.3
Deposits and borrowings from the public	4,808.6	4,446.1
Derivatives	8.3	7.8
Current income tax liabilities	3.4	6.9
Provisions	3.8	3.3
Other financial liabilities	99.5	104.1
Other non-financial liabilities	15.3	13.6
Total liabilities	5,966.1	5,794.1
Equity		
Share capital	42.5	42.5
Share premium	86.3	86.3
Other reserves	19.4	19.4
Retained earnings	988.8	921.4
Total equity	1,137.0	1,069.6
Total liabilities and equity	7,103.1	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	0.4	0.4
Net profit	0.0	0.0	0.0	76.6	76.6
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	76.6	76.6
Final balance at 30/09/2019	42.5	86.3	19.4	897.4	1,045.6
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	0.5	0.5
Net profit	0.0	0.0	0.0	66.9	66.9
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	66.9	66.9
Final balance at 30/09/2020	42.5	86.3	19.4	988.8	1,137.0

5. Consolidated cash flow statement
(millions of EUR)

	2020 9 months	2019 9 months
Cash flow from operating activities	103.3	-257.0
Cash flow from investment activities	-12.7	-7.1
Cash flow from financing activities	-3.6	-63.0
Net change in cash and cash equivalents	87.0	-327.1
Cash and cash equivalents at the beginning of year	850.0	1,260.4
Net change in cash and cash equivalents	87.0	-327.1
Cash and cash equivalents at the end of period	937.0	933.3

Note 1

Accounting principles

The interim report condensed financial statements of AS SEB Pank Group for Quarter III 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 III 2020 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2019.