

AS SEB Pank



Interim report of Quarter III

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	30/09/2022
Reporting period	1 January 2022- 30 September 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.

The revenues of the Estonian unit of SEB for nine months increased by 7.3 per cent compared to last year, while expenses were eight per cent higher. The loan and leasing portfolio of SEB increased by 7.8 per cent compared to the same time last year. The high-quality loan portfolio and customer activity ensured that the nine-month profit of SEB was 6.8 per cent higher than at the same time last year.

The economic environment is cooling, but companies are strong

SEB recently conducted a survey among the CFOs of large companies, which showed that general confidence has decreased to the level of 2016–2017. Despite the lower level of confidence, 39 per cent of financial managers of large Estonian companies rate the business conditions of next year as good or very good. A total of 56 per cent of the respondents rate the current financial situation of their company to be good or very good. In contrast, 12 per cent of the respondents rate the current financial situation of their company to be bad. Last year, they accounted for six per cent of the respondents. SEB supports both those who want to invest in the current economic environment and those who need support to survive these difficult times.

Private savings decreased

While the savings of our private customers grew by double-digit numbers during the last few years, in the third quarter of this year, the deposit portfolio of private individuals shrank by 0.7 per cent compared to the previous quarter. The decrease in deposits is not only due to the increase in the cost of living, but also to higher consumption. According to the statistics of SEB, in 2022, people spent on travel as much as before the pandemic, and even a third more was spent on eating in restaurants this summer than in, for example, 2019. The rise in the cost of living and the desire to maintain one's standard of living have already started to reduce the savings of families, but the autumn and winter months with higher fixed costs are still ahead.

SEB earned a profit of 80.8 million in nine months

SEB Pank Grupp (Group) ended the first nine months of 2022 with a profit of 80.8 million euros, compared to 75.7 million euros at the same time last year. In nine months, the operating income of the Group reached 140.6 million euros (131.1 million euros in the same period of 2021) and operating expenses 48.0 million euros (44.5 million euros in the same period of 2021). The bank reduced its reserves for loan losses by 0.7 million euros in the first nine months of 2022 (during the same period in 2021, the bank increased the reserves by 0.5 million euros). Income tax was calculated at 10.8 million euros in the first nine months of 2022 (9.7 million euros in the same period in 2021).

Consolidated financial statements**1. Consolidated income statement**

(millions of EUR)

	2022		2021	
	9 months	Q III	9 months*	Q III*
Net interest income	96.3	36.2	87.8	29.5
Net fee and commission income	38.7	12.8	36.8	13.0
Net financial income	4.3	2.3	6.4	1.7
Dividends	0.0	0.0	0.0	0.0
Profit and loss from investments in associates	0.3	0.1	0.4	0.4
Other operating income	1.0	0.4	-0.3	-0.3
Net other income	1.3	0.5	0.1	0.1
Total operating income	140.6	51.8	131.1	44.3
Personnel expenses	-36.6	-12.6	-32.8	-11.2
Depreciation, amortization and impairment of tangible and intangible, right-of-use assets and investment property	-5.5	-1.8	-5.8	-1.9
Other expenses	-5.9	-1.9	-5.9	-2.5
Total operating expenses	-48.0	-16.3	-44.5	-15.6
Profit before credit losses and imposed levies	92.6	35.5	86.6	28.7
Net expected credit losses	0.7	1.1	0.5	0.0
Imposed levies: resolution fee	-1.7	-0.6	-1.7	-0.5
Profit before income tax	91.6	36.0	85.4	28.2
Income tax expense	-10.8	-4.3	-9.7	-3.2
Net profit for the year	80.8	31.7	75.7	25.0

*restated comparative data (Note 1)

2. Consolidated statement of comprehensive income

(millions of EUR)

	2022	2022	2021	2021
	9 months	Q III	9 months	Q III
Net profit for the year	80.8	31.7	75.7	25.0
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	80.8	31.7	75.7	25.0

3. Consolidated statement of financial position

(millions of EUR)

Assets	30/09/2022	31/12/2021
Cash and balances with central bank	749.4	1,339.0
Loans to credit institutions	495.1	231.2
Loans to the public	6,464.4	6,040.4
Debt securities	246.0	227.1
Derivatives	43.4	6.1
Equity instruments	4.5	4.7
Investments in associates	2.0	1.7
Intangible assets	5.8	4.7
Property, plant and equipment	10.1	9.9
Right of use assets	14.3	16.6
Investment property	0.0	2.4
Other assets	116.0	40.1
Prepaid expenses and accrued income	45.8	16.0
Total assets	8,196.8	7,939.9
Liabilities and equity		
Liabilities		
Deposits from central banks and credit institutions	731.8	914.0
Deposits and borrowings from the public	6,146.8	5,790.7
Derivatives	29.1	5.0
Current income tax liabilities	4.1	5.0
Deferred income tax liabilities	2.1	2.1
Provisions	5.3	6.2
Other liabilities	210.0	136.1
Accrued expenses and prepaid income	14.5	10.0
Total liabilities	7,143.7	6,869.1
Equity		
Share capital	42.5	42.5
Share premium	86.3	86.3
Other reserves	19.4	19.4
Retained earnings	904.9	922.6
Total equity	1,053.1	1,070.8
Total liabilities and equity	8,196.8	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	-	-	-	75.7	75.7
Total comprehensive income for the period	-	-	-	75.7	75.7
Dividends (1.16 euros per share)	-	-	-	-77.0	-77.0
Other*	-	-	-	0.4	0.4
Balance at 30 September 2021	42.5	86.3	19.4	898.6	1,046.8
Balance at 01 January 2022	42.5	86.3	19.4	922.6	1,070.8
Net profit for the year	-	-	-	80.8	80.8
Total comprehensive income for the period	-	-	-	80.8	80.8
Dividends (1.49 euros per share)	-	-	-	-99.0	-99.0
Other*	-	-	-	0.5	0.5
Balance at 30 September 2022	42.5	86.3	19.4	904.9	1,053.1

* Long Term Incentive programmes

5. Consolidated cash flow statement

(millions of EUR)

	2022 9 months	2021 9 months
Cash flow from operating activities	-194.0	20.4
Cash flow from investment activities	-20.4	5.3
Cash flow from financing activities	-102.6	-80.6
Net change in cash and cash equivalents	-317.0	-54.9
Cash and cash equivalents at the beginning of year	1,511.1	1,082.0
Net foreign exchange difference	-11.3	-5.3
Net change in cash and cash equivalents	-317.0	-54.9
Cash and cash equivalents at the end of period	1,182.8	1,021.8

Note 1

Accounting principles

The interim report condensed financial statements of SEB Pank Group for Quarter III 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 III 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 9 months	Q III	2021 9 months	Q III	2021 9 months	Q III
Net interest income	86.1	29.0	1.7	0.5	87.8	29.5
Net fee and commission income	36.8	13.0	-	-	36.8	13.0
Net financial income	6.4	1.7	-	-	6.4	1.7
Profit and loss from investments in associates	0.4	0.4	-	-	0.4	0.4
Other operating income	-0.3	-0.3	-	-	-0.3	-0.3
Net other income	0.1	0.1	-	-	0.1	0.1
Total operating income	129.4	43.8	1.7	0.5	131.1	44.3
Personnel expenses	-32.8	-11.2	-	-	-32.8	-11.2
Depreciation, amortization and impairment of tangible and intangible, right-of-use assets and investment property	-5.8	-1.9	-	-	-5.8	-1.9
Other expenses	-5.9	-2.5	-	-	-5.9	-2.5
Total operating expenses	-44.5	-15.6	-	-	-44.5	-15.6
Profit before credit losses and imposed levies	84.9	28.2	1.7	0.5	86.6	28.7
Net expected credit losses	0.5	0.0	-	-	0.5	0.0
Imposed levies: resolution fee	-	-	-1.7	-0.5	-1.7	-0.5
Profit before income tax	85.4	28.2	0.0	0.0	85.4	28.2
Income tax expense	-9.7	-3.2	-	-	-9.7	-3.2
Net profit for the year	75.7	25.0	0.0	0.0	75.7	25.0

