



AS SEB Pank Group

Interim Report of Quarter IV 2019

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
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	31/12/2019
Reporting period	1 January 2019 - 31 December 2019
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, provider of financial services. SEB Group is a leading Nordic financial services group. As a relationship bank, SEB in Sweden and the Baltic countries offers financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany, the bank's operations have a strong focus on corporate and investment banking based on a full-service offered corporate and institutional customers. Bank has presence in about 20 countries worldwide.

AS SEB Pank Group 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.

Consolidated financial statements1. Consolidated income statement
(millions of EUR)

	2019		2018	
	12 months	QIV	12 months	QIV
Net interest income	112.4	29.0	99.7	26.1
Net fee and commission income	50.7	12.9	48.5	12.4
Net financial income	5.4	2.2	5.8	0.9
Gains less losses from investment securities	4.7	0.6	1.2	0.7
Profit and loss from investments in associates	0.0	0.0	0.3	0.0
Other operating income	0.4	0.3	0.7	0.2
Net other income	5.1	0.9	2.2	0.9
Total operating income	173.6	45.0	156.2	40.3
Personnel expenses	-42.0	-10.5	-39.7	-10.6
Depreciation, amortization and impairment of tangible and intangible and right-of-use assets	-7.4	-1.9	-3.5	-1.1
Other expenses	-10.5	-2.8	-14.3	-4.2
Total operating expenses	-59.9	-15.2	-57.5	-15.9
Profit before credit losses	113.7	29.8	98.7	24.4
Net expected credit losses	3.8	1.0	-0.9	-0.7
Profit before income tax	117.5	30.8	97.8	23.7
Income tax expense	-17.1	-7.0	-34.1	-16.6
Net profit for the year	100.4	23.8	63.7	7.1
Profit attributable to the sole equity holder	100.4	23.8	63.7	7.1

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

	2019		2018	
	12 months	QIV	12 months	QIV
Net profit for the year	100.4	23.8	63.7	7.1
Total other comprehensive income	-	-	-	-
Total comprehensive income for the year	100.4	23.8	63.7	7.1
Sole equity holder of the parent entity (total)	100.4	23.8	63.7	7.1
Total comprehensive income from continued operations	100.4	23.8	63.7	7.1

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

	<u>31/12/2019</u>	<u>31/12/2018</u>
Assets		
Cash and balances with central bank	844.1	1 156.9
Loans to credit institutions	66.0	80.4
Loans to the public	5 706.9	5 153.3
Debt securities	159.2	109.7
Derivatives	6.1	6.6
Equity instruments	13.4	9.9
Investments in associates	1.4	1.4
Intangible assets	5.1	4.9
Property, plant and equipment	10.6	9.8
Right of use assets	20.4	-
Other financial assets	11.1	12.3
Other non-financial assets	19.4	13.0
Total assets	6 863.7	6 558.2
Liabilities and equity		
Liabilities		
Deposits from central banks and credit institutions	1 212.3	1 022.0
Deposits and borrowings from the public	4 446.1	4 399.9
Derivatives	7.8	6.2
Current income tax liabilities	6.9	10.5
Provisions	3.3	5.8
Other financial liabilities	104.1	66.0
Other non-financial liabilities	13.6	14.2
Total liabilities	5 794.1	5 524.6
Equity		
Share capital	42.5	42.5
Share premium	86.3	86.3
Other reserves	19.4	19.4
Retained earnings	921.4	885.4
Total equity	1 069.6	1 033.6
Total liabilities and equity	6 863.7	6 558.2

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

	Share capital	Share premium	Reserves	Retained profit	Total shareholders' equity
Balance at 31 December 2017	42.5	86.3	21.0	892.7	1 042.5
Effect of applying IFRS9 *	-	-	-1.6	-1.6	-3.2
Balance at 1 January 2018	42.5	86.3	19.4	891.1	1 039.3
Net profit	-	-	-	63.7	63.7
Total comprehensive income	-	-	-	63.7	63.7
Dividends	-	-	-	-70.0	-70.0
Other	-	-	-	0.6	0.6
Balance at 30 September 2018	42.5	86.3	19.4	885.4	1 033.6
Balance at 31 December 2018	42.5	86.3	19.4	885.4	1 033.6
Effect of applying IFRS16 **	-	-	-	-2.0	-2.0
Balance at 1 January 2019	42.5	86.3	19.4	883.4	1 031.6
Net profit	-	-	-	100.4	100.4
Total comprehensive income	-	-	-	100.4	100.4
Dividends	-	-	-	-63.0	-63.0
Other	-	-	-	0.6	0.6
Balance at 30 September 2019	42.5	86.3	19.4	921.4	1 069.6

*IFRS 9 Financial instruments is applied from 1 January 2018

**IFRS 16 Leases agreements are applied from 1 January 2019

5. Consolidated cash flow statement
(millions of EUR)

	2019 12 months	2018* 12 months
Cash flow from operating activities	-178.8	91.3
Cash flow from investment activities	-58.8	-26.3
Cash flow from financing activities	-63.0	-70.0
Net change in cash and cash equivalents	-300.6	-5.0
Cash and cash equivalents at the beginning of year	1 150.6	1 155.6
Net change in cash and cash equivalents	-300.6	-5.0
Cash and cash equivalents at the end of period	850.0	1 150.6

*2018 information is updated due to accounting policy changes (Note 1)

Cash and cash equivalents includes:

	31/12/2019	31/12/2018
Cash on hand	37.8	35.9
Balances with the central bank without mandatory reserve	753.2	1 076.8
Liquid deposits in other credit institutions	59.0	37.9
	850.0	1 150.6

Note 1

Accounting principles

The interim report condensed financial statements of AS SEB Pank Group for Quarter IV 2019 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 2018, prepared in conformity with International Financial Reporting Standards (IFRS).

As of 1 January 2019 there are changes to the accounting principles from the application of IFRS 16 "Leases". Additional information about Group's adoption of IFRS 16 is described in the Annual Report 2018 note 1.24.2. "New Accounting Pronouncements" on page 40.

Transition impact of IFRS 16 on assets, liabilities and equity
(millions of EUR)

	Closing balance 31 December 2018	IFRS 16 transition	Opening balance 1 January 2019
Assets			
Right of use assets	0.0	21.7	21.7
Other non-financial assets ¹⁾	13.0	4.2	17.2
Net impact on total assets		<u>25.9</u>	
Liabilities			
Provisions	5.8	-2.4	3.4
Other financial liabilities ²⁾	66.0	30.3	96.3
Net impact on total liabilities		<u>27.9</u>	
Total equity ³⁾	<u>1 033.6</u>	-2.0	<u>1 031.6</u>
Net impact on total liabilities and equity		<u>25.9</u>	

¹⁾ Increase on non-financial assets comes from finance lease receivables

²⁾ Increase on other financial liabilities comes from lease liabilities

³⁾ Decrease on total equity comes from retained earnings

Bridge showing the transition from IAS 17 to IFRS 16 accounting for leases
(millions of EUR)

Future minimum payments for operational leases per 31 December 2018	31.5
<u>Discounting</u>	<u>-0.9</u>
<u>Present value for lease liabilities previously classified as operating leases applying IAS 17</u>	<u>30.6</u>
Short-term leases expensed on a straight-line basis over the lease term	-0.2
<u>Leases for which the underlying assets is of low-value expensed on a straight-line basis</u>	<u>-0.1</u>
<u>Lease liabilities as of 1 January 2019 applying IFRS16</u>	<u>30.3</u>

The change was made in presentation of cash flow statement. "Liquidity securities", which were presented in Consolidated and Bank's standalone statements of cash flows under "Cash and cash equivalents", are excluded from that row. Comparable data of 2018 are adjusted respectively.

Accounting policy change impact on cash flow
(millions of EUR)

	Closing 2018	Change of accounting principals	Updated 2018
Cash flow operating activities	91.3	-	91.3
Cash flow from investment activities	-5.8	-20.5	-26.3
Cash flow from financing activities	-70.0	-	-70.0
Net charge in cash and cash equivalents	15.5	-20.5	-5.0
Cash and cash equivalents at the beginning of year	1 155.6	-89.3	1 155.6
Net change on cash and cash equivalents	104.8	-20.5	-5.0
Cash and cash equivalents the end of period	1 260.4	-109.8	1 150.6
	Closing 2018	Change of accounting principals	Updated 2018
Cash and cash equivalents includes:			
Cash on hand	35.9	-	35.9
Balances with the central bank without mandatory reserve	1 076.8	-	1 076.8
Demand deposits with credit institutions	37.9	-	37.9
Liquidity securities	109.8	-109.8	-
	1 260.4	-109.8	1 150.6

In all other material aspects, the Group's accounting principles, used in the interim report of AS SEB Pank Group for Quarter IV 2019 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2018.