

AS SEB Pank Group

Interim Report of Quarter IV 2018



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	AS PricewaterhouseCoopers
Registry code	10142876 (Estonian Commercial Register)
Address	Pärnu Str. 15, 10141 Tallinn, Estonia
Reporting date	31.12.2018
Reporting period	01.01.2018 - 31.12.2018
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/ir. The present AS SEB Pank Group interim report is not audited.

Consolidated financial statements

1. Consolidated income statement

(millions of EUR)

	2018		2017	
	12 months	QIV	12 months	QIV
<i>Interest and similar income</i>	108.8	28.5	99.8	25.8
<i>Interest expenses and similar charges</i>	-9.1	-2.4	-9.5	-2.1
Net interest income	99.7	26.1	90.3	23.7
<i>Fee and commission income</i>	67.6	17.3	64.0	16.7
<i>Fee and commission expense</i>	-19.1	-4.9	-16.3	-4.2
Net fee and commission income	48.5	12.4	47.7	12.5
Net financial income	5.8	0.9	6.0	1.8
Gains less losses from investment securities	1.2	0.7	0.3	-0.4
Income from dividends	0.0	0.0	0.1	0.1
Share of profit of associates	0.3	0.0	0.2	0.0
Other income	0.7	0.2	1.3	0.2
Net other income	2.2	0.9	1.9	-0.1
Total income	156.2	40.3	145.9	37.9
Personnel expenses	-39.7	-10.6	-38.0	-9.6
Depreciation, amortisation and impairment of tangible and intangible assets	-3.5	-1.1	-4.4	-1.6
Other expenses	-14.3	-4.2	-15.7	-3.0
Total expenses	-57.5	-15.9	-58.1	-14.2
Profit before expected credit losses	98.7	24.4	87.8	23.7
Expected credit losses*	-0.9	-0.7	-	-
Impairment losses on loans and advances**	-	-	5.0	4.8
Profit before income tax	97.8	23.7	92.8	28.5
Income tax	-34.1	-16.6	-7.5	0.0
Net profit	63.7	7.1	85.3	28.5
Profit attributable to the sole equity holder	63.7	7.1	85.3	28.5

* Based on IFRS 9 expected loss model

** Based on IAS 39 incurred loss model

2. Consolidated statement of comprehensive income

(millions of EUR)

	2018		2017	
	12 months	QIV	12 months	QIV
Net profit	63.7	7.1	85.3	28.5
Other comprehensive income				
Items that may subsequently be reclassified to the income statement:				
Revaluation of available-for-sale financial assets	0.0	0.0	0.7	0.3
Total other comprehensive income	0.0	0.0	0.7	0.3
Total comprehensive income	63.7	7.1	86.0	28.8
Sole equity holder of the parent entity (total)	63.7	7.1	86.0	28.8
- Total comprehensive income from continued operations	63.7	7.1	86.0	28.8

3. Consolidated statement of financial position

(millions of EUR)

	31.12.2018	01.01.2018	31.12.2017
ASSETS			
Cash and balances with central bank	1 156,9	1 051,2	1 051,2
Loans to credit institutions	80,4	172,3	172,3
Loans to the public	5 165,6	4 748,1	4 751,0
Debt securities	109,7	89,2	89,2
Derivatives	6,6	23,5	23,5
Equity instruments	9,9	7,4	7,4
Investments in associates	1,4	1,0	1,0
Intangible assets	4,9	3,9	3,9
Property, plant equipment	9,8	9,7	9,7
Other non-financial assets	13,0	15,0	15,0
Total assets	6 558,2	6 121,3	6 124,2
LIABILITIES AND EQUITY			
Liabilities			
Deposits from central banks and credit institutions	1 022,0	1 214,5	1 214,5
Deposits and borrowings from the public	4 399,9	3 747,2	3 747,2
Derivatives	6,2	23,2	23,2
Current income tax liabilities	10,5	0,0	0,0
Provisions	5,8	0,3	0,0
Other financial liabilities	66,0	78,7	78,7
Other non-financial liabilities	14,2	18,1	18,1
Total liabilities	5 524,6	5 082,0	5 081,7
Equity			
Share capital	42,5	42,5	42,5
Share premium	86,3	86,3	86,3
Other reserves	19,4	19,4	19,4
Retained earnings	885,4	891,1	894,3
Total equity	1 033,6	1 039,3	1 042,5
TOTAL LIABILITIES AND EQUITY	6 558,2	6 121,3	6 124,2

4. Consolidated cash flow statement

(millions of EUR)

	2018	2017
	12 months	12 months
Cash flow from operating activities	91.3	7.1
Cash flow from investment activities	-5.8	-3.1
Cash flow from financing activities	-70.0	-30.0
Net change in cash and cash equivalents	15.5	-26.0
Cash and cash equivalents at the beginning of year	1 244.9	1 270.9
Net change in cash and cash equivalents	15.5	-26.0
Cash and cash equivalents at the end of period	1 260.4	1 244.9

5. Changes in consolidated shareholders' equity

(millions of EUR)

	Share capital	Share premium	Reserves	Retained profit	Total shareholders' equity
Year beginning at 01.01.2017	42.5	86.3	20.3	836.8	985.9
Dividend paid	0.0	0.0	0.0	-30.0	-30.0
Other	0.0	0.0	0.0	0.6	0.6
Net profit	0.0	0.0	0.0	85.3	85.3
Other comprehensive income:					
Net change in available-for-sale financial assets	0.0	0.0	0.7	0.0	0.7
Total other comprehensive income	0.0	0.0	0.7	0.0	0.7
Total comprehensive income	0.0	0.0	0.7	85.3	86.0
Final balance at 31.12.2017	42.5	86.3	21.0	892.7	1 042.5
Balance at 31.12.2017	42.5	86.3	19.4	894.3	1 042.5
Effect of applying IFRS9 *	0.0	0.0	0.0	-3.2	-3.2
Restated balance at 01.01.2018	42.5	86.3	19.4	891.1	1 039.3
Dividend paid	0.0	0.0	0.0	-70.0	-70.0
Other	0.0	0.0	0.0	0.6	0.6
Net profit	0.0	0.0	0.0	63.7	63.7
Total comprehensive income	0.0	0.0	0.0	63.7	63.7
Final balance at 31.12.2018	42.5	86.3	19.4	885.4	1 033.6

Note 1

Accounting principles

The interim report condensed financial statements of AS SEB Pank Group for Quarter IV 2018 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 2017, prepared in conformity with International Financial Reporting Standards (IFRS).

As of 1 January 2018 there are significant changes to the accounting principles from the application of IFRS 9 Financial Instruments and of IFRS 15 Revenue from Contracts with Customers. The transition tables has been created to explain the changes to Group`s financial statements as of 1 January 2018. These changes primarily cover the new presentation of balance sheet to better reflect the new requirements under IFRS 9 Financial Instruments and the effects of transition from IAS 39 to IFRS 9 as per 1 January 2018. Group does not have transition effect of IFRS 15 on financial statements.

Additional information about Group`s adoption of IFRS 9 and IFRS 15 is described in the Annual Report 2017 note 1.21 "New International Financial Reporting Standards, amendments to published standards and interpretations by the International Financial Reporting Interpretations Committee" on page 42-44.

In all other material aspects, the Group`s accounting principles, used in the interim report of AS SEB Pank Group for Quarter IV 2018 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2017.

Transition disclosure

1. Change in presentation of financial position

(millions of EUR)

Financial position (balance sheet)	Closing balance	Change in presentation	New presentation of closing balance	Financial position - new structure
	31.12.2017		31.12.2017	
ASSETS				ASSETS
Cash	41,3	-41,3	-	
Balances with central bank	1 009,9	41,3	1 051,2	Cash and balances with central bank
Loans and advances to credit institutions	172,2	0,1	172,3	Loans to credit institutions
Loans and advances to customers	4 734,1	16,9	4 751,0	Loans to the public
Financial assets held for trading	23,6	-23,6	-	
Financial assets designated at fair value through profit or loss at inception	89,2	-89,2	-	
Available-for-sale financial assets	7,3	-7,3	-	
	0,0	89,2	89,2	Debt securities
	0,0	7,4	7,4	Equity instruments
	0,0	23,5	23,5	Derivatives
Investments in associates	1,0	0,0	1,0	Investments in associates
Intangible assets	3,9	0,0	3,9	Intangible assets
Property, plant equipment	9,7	0,0	9,7	Property, plant equipment
Accruals and prepaid expenses	15,0	0,0	15,0	Other non-financial assets
Other assets *	17,0	-17,0	-	
TOTAL ASSETS	6 124,2	41,3	6 124,2	TOTAL ASSETS
LIABILITIES AND SHAREHOLDERS EQUITY				LIABILITIES AND EQUITY
				Deposits from central banks and credit institutions
Due to credit institutions	1 214,5	0,0	1 214,5	institutions
Due to customers	3 747,2	0,0	3 747,2	Deposits and borrowings from the public
Other Liabilities	78,7	0,0	78,7	Other financial liabilities
Financial liabilities at fair value through profit or loss	23,2	0,0	23,2	Derivatives
Provisions	0,0	0,0	0,0	Provisions
Accrued expenses and prepayments	18,1	0,0	18,1	Other non-financial liabilities
Total Liabilities	5 081,7	0,0	5 081,7	Total Liabilities
Share capital	42,5	0,0	42,5	Share capital
Share premium	86,3	0,0	86,3	Share premium
Other reserves	21,0	-1,6	19,4	Other reserves
Retained earnings	892,7	1,6	894,3	Retained earnings
Total shareholder's equity	1 042,5	0,0	1 042,5	Total equity
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	6 124,2	0,0	6 124,2	TOTAL LIABILITIES AND EQUITY

* Loans related advances

2. Financial position - reconciliation upon transition IAS 39 to IFRS 9

(millions of EUR)

Financial position -new structure	New presentation of closing balance	Change in ECL allowances	Opening balance
	<u>31.12.2017</u>		<u>1.01.2018</u>
ASSETS			
Cash and balances with central bank	1 051,2	0,0	1 051,2
Loans to credit institutions	172,3	0,0	172,3
Loans to the public	4 751,0	-2,9	4 748,1
Debt securities	89,2	0,0	89,2
Equity instruments	7,4	0,0	7,4
Derivatives	23,5	0,0	23,5
Investments in associates	1,0	0,0	1,0
Intangible assets	3,9	0,0	3,9
Property, plant equipment	9,7	0,0	9,7
Other non-financial assets	15,0	0,0	15,0
TOTAL ASSETS	6 124,2	-2,9	6 121,3
LIABILITIES AND EQUITY			
Deposits from central banks and credit institutions	1 214,5	0,0	1 214,5
Deposits and borrowings from the public	3 747,2	0,0	3 747,2
Other financial liabilities	78,7	0,0	78,7
Derivatives	23,2	0,0	23,2
Provisions	0,0	0,3	0,3
Other non-financial liabilities	18,1	0,0	18,1
Total Liabilities	5 081,7	0,0	5 081,7
Share capital	42,5	0,0	42,5
Share premium	86,3	0,0	86,3
Other reserves	19,4	0,0	19,4
Retained earnings	894,3	-3,2	891,1
Total equity	1 042,5	-2,9	1 039,3
TOTAL LIABILITIES AND EQUITY	6 124,2	-2,9	6 121,3

3. Overview of changes to measurement categories on transition to IFRS 9

(millions of EUR)

ASSETS	Closing balance as of 31 December 2017 under IAS 39 accounting categories						Opening balance as of 1 January 2018 under IFRS 9 accounting categories				
	HFT ¹⁾	FVO ²⁾	AFS ³⁾	LaR ⁴⁾	Other ⁸⁾	Total	FVHFT ⁵⁾	VMPL ⁶⁾	AmC ⁷⁾	Other ⁸⁾	Total
Cash and balances with central bank	-	-	-	1 051,2	-	1 051,2	-	-	1 051,2	-	1 051,2
Loans to credit institutions	-	-	-	172,3	-	172,3	-	-	172,3	-	172,3
Loans to the public	-	-	-	4 751,0	-	4 751,0	-	-	4 748,1	-	4 748,1
Debt securities	-	89,2	0,00	-	-	89,2	-	89,2	-	-	89,2
Equity instruments	-	-	7,4	-	-	7,4	-	7,4	-	-	7,4
Derivatives	23,5	-	-	-	-	23,5	23,5	-	-	-	23,5
Investments in associates	-	-	-	1,0	-	1,0	-	-	1,0	-	1,0
Intangible assets	-	-	-	-	3,9	3,9	-	-	-	3,9	3,9
Property, plant equipment	-	-	-	-	9,7	9,7	-	-	-	9,7	9,7
Other non-financial assets	-	-	-	-	15,0	15,0	-	-	-	15,0	15,0
TOTAL ASSETS	23,5	89,2	7,4	5976	28,6	6124,2	23,5	96,6	5973	28,6	6121,3

LIABILITIES AND EQUITY	HFT ¹⁾	FVO ²⁾		AmC ⁷⁾	Other ⁸⁾	Total	FVHFT ⁵⁾		AmC ⁷⁾	Other ⁸⁾	Total
Deposits from central banks and credit institutions	-	-	-	1 214,5	-	1 214,5	-	-	1 214,5	-	1 214,5
Deposits and borrowings from the public	-	-	-	3 747,2	-	3 747,2	-	-	3 747,2	-	3 747,2
Other financial liabilities	-	-	-	78,7	-	78,7	-	-	78,7	-	78,7
Derivatives	23,2	-	-	-	-	23,2	23,2	-	-	-	23,2
Provisions	-	-	-	-	0,0	0,0	-	-	-	0,3	0,3
Other non-financial liabilities	-	-	-	-	18,1	18,1	-	-	-	18,1	18,1
Equity	-	-	-	-	1 042,5	1 042,5	-	-	-	1 039,3	1 039,3
TOTAL LIABILITIES AND EQUITY	23,2	0,0	0,0	5040,4	1060,6	6124,2	23,2	0,0	5040,4	1057,7	6121,3

¹⁾HFT – Financial assets held for trading

²⁾FVO – Financial assets designated at fair value through profit or loss at inception

³⁾AFS – Available for sale financial assets

⁴⁾LaR - Loans and receivables

⁵⁾FVHFT - Financial assets held for trading at fair value through profit or loss

⁶⁾VMPL – Non-trading financial assets mandatorily at fair value through profit or loss

⁷⁾AmC – Financial assets at amortized cost

⁸⁾Refers to non-financial assets