



Capital Adequacy and Risk Management information 2013

The Capital Adequacy and Risk Management information refers to the public disclosure in accordance with the Capital Requirements Directive (CRD), which implements the Basel II framework in the European Union; in Estonia the regime is in effect since 2007.

The requirements of the new CRD will be effective in Estonia after adoption of necessary changes in local legislation in 2014. The Capital Requirements Regulation (CRR), which is applicable since 1 January 2014, implements the Basel III framework. The impact of Basel III on banks includes higher capital requirements and higher quality and consistency of capital, as well as the introduction of a non-risk based leverage ratio and new requirements for liquidity and funding for next years.

AS SEB Pank belongs to the consolidation group of Skandinaviska Enskilda Banken AB (publ.) that is registered in another Member State Sweden. AS SEB Pank uses the same risk management strategy and rules of procedure as the parent company of the consolidation group including the same internal ratings system, internal measurement approaches and the principles of calculating own funds and capital adequacy.

The parent company Skandinaviska Enskilda Banken AB (publ) discloses Pillar 3 information for the whole SEB Group. The SEB Group's Capital Adequacy and Risk Management report (Pillar 3) 2013 is published on SEB webpage www.seb.se.

SEB applies the Internal Ratings-Based (IRB) approach for reporting of banking, corporate, household mortgage and certain retail portfolios in Sweden, Germany and the Baltic states – corresponding to 85 per cent of total credit Risk-Weighted Assets (RWA). Remaining portfolios are reported according to the Standardised approach. SEB will gradually continue to roll-out the IRB approach to the vast majority of all operations.

SEB has been approved by supervisors to report operational risk according to the Advanced Measurement Approach (AMA) since 2008.

AS SEB Pank Annual Report 2013 (published on webpage www.seb.ee) provides information on the AS SEB Pank consolidation group's risk profile, the aggregate amount and composition of the capital requirements, the aggregate amount and composition of the own funds, which form the basis for the calculation of the capital adequacy ratio (please see on page 37 „Risk policy and structure“, on page 64 „Capital management“ as well the other Notes to Consolidated Financial Statements).