

AS SEB Pank Group

Interim Report of Quarter I 2014



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Statement of the Management Board

Interim Report of Quarter I 2014 consists of the following parts and reports:

- Introduction – general information
- Management Report
- Consolidated Financial Statements
- Notes

The financial and other additional information published in the Interim Report of Quarter I 2014 is true and complete. Consolidated financial statements give a true and fair view of the actual financial position, results of operations and cash flows of the Group.

Consolidated financial statements have been compiled in accordance with the International Accounting Standard IAS 34 “Interim financial reporting” and in conformity with the requirements of Eesti Pank for publishing information. AS SEB Pank and subsidiaries of the consolidated group are assumed to be going concern.

Consolidated financial statements for the Quarter I 2014 are not audited.

Riho Unt
Chairman of the Management Board

I. 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 | 31.03.2014 |
| Reporting period | 01.01.2014 - 31.03.2014 |
| Reporting currency | Euro (EUR), millions |

II. Management Report

1. Credit institution's group as defined in Credit Institutions Law

1.1. Consolidated group

| Company name | Registry code | Reg. date | Address | Activity | Holding*** (%) | At an acquisition cost (EURmio) |
|------------------------------|---------------|-----------|---------------------------|---|----------------|---------------------------------|
| AS SEB Liising | 10281767 | 03.10.97 | Tallinn, Tornimäe 2 | Leasing | 100.0% | 1.8 |
| AS Rentacar* | 10303546 | 20.10.97 | Haapsalu, Karja 27 | Leasing | 100.0% | 0.0 |
| AS SEB Varahaldus | 10035169 | 22.05.96 | Tallinn, Tornimäe 2 | Asset management | 100.0% | 2.7 |
| AS Sertifitseerimiskeskus** | 10747013 | 27.03.01 | Tallinn, Pärnu mnt 141 | Data communication | 25.0% | 1.0 |
| Tieto Estonia Services OÜ ** | 11065244 | 30.08.04 | Tallinn, Tammsaare tee 47 | Information processing and network management | 20.0% | 0.0 |

5.5

All enterprises are registered in Estonian Commercial Register.

Parent company of the Group is AS SEB Pank, its activity is banking (information on page 3).

* Consolidated subsidiary of AS SEB Liising

** Associates

*** For all investments the percentage of holding equals to both, the holding from the number of shares as well as from the number of votes.

The “consolidated group” in the meaning of Credit Institutions Law in Estonia and the “Group” for IFRS consolidation purposes are identical.

Non-profit association SEB Heategevusfond is an association, not belonging to the consolidation group, registered on 06.01.2006. The founders of the association are AS SEB Pank and AS SEB Elu- ja Pensionikindlustus. The association is aimed at raising and distributing funds for charitable cause to organisations, dealing with children, who have been deprived of parental care. Upon dissolution of the association, the assets remaining after satisfaction of the claims of creditors shall be transferred to a non-profit association or foundation with similar objectives, entered to the list of associations subject to income tax incentive of the Government of the Estonian Republic, or a legal person in public law, state or local government.

Non-profit association Spordiklubi United is an association, not belonging to the consolidation group, which started from September 2008. The association is founded by AS SEB Pank. The association is aimed at organising on hobby and competition level sport events and organising promotions for advertising of own and supporter’s activities. Upon dissolution of the association, the assets shall be transferred to a non-profit association, foundation or other persons filling the objectives by articles in public interests.

1.2. Changes in the consolidated group during the accounting period and plans for year 2014

No such events or trends have occurred by the time of publishing the report, which would affect the strategy of the group in 2014.

2. Highlights

At the beginning of the year, business activity decreased compared to the end of last year, which is typical for the first quarter. Although customer activity increased in March, the direct and indirect effects of the cool-down of the Russian economy have not yet had an impact on the Estonian economy. **This year may be a year of adjustments, during which sectorial developments might differ to a significant degree.** The transportation and storage sectors as well as construction and agriculture remain under pressure. Retail trade, the driving sector of economy, is likely to continue its growth but its prospects have also weakened.

The financial position of enterprises is strong – according to a recent survey by SEB, 88% of large enterprises considered their financial situation to be good or very good at the beginning of the year. **Enterprises are thus well prepared for the potential economic adjustment.**

Companies directly dependent on the Russian market have already taken steps to find alternative markets or suppliers for their goods. **It is a pleasure to see that a large number of entrepreneurs have started to actively address efforts to improve competitiveness.** This year, we can therefore expect targeted investments and more active implementation of innovations across the economy. Availability of credit is currently not a problem – this was also confirmed by a survey among CFOs at the beginning of the year, according to which 71% of representatives of Estonian companies found that the banks' attitude towards providing loans to companies has been either positive or very positive.

The triumph of innovation in business is an area of desired contribution to SEB. In order to bring science and business closer together, SEB founded the **VEGA Fund** at the beginning of the year. To bring entrepreneurs closer to innovation, the bank conducted a special **Innovation Lab training course** for aspiring small businesses in March.

The eurozone countries switched to an integrated payment system in February. This was a challenge of sorts for the entrepreneurs and the banks of the countries in question in how they can manage to implement the innovations. Estonia's transition to the new system was extremely successful. Large companies managed to complete their development projects in time and their clients are now using e-invoice solutions for automatic payments. **Estonia managed to be in the forefront of the development of the e-invoice, skipping several stages still lying ahead for Old Europe.**

As a result of the wage growth of last year, private individuals have started to consume more and this is reflected not only in retail but also in real estate market indicators. The rapid increase in real estate prices may slow down in SEBs estimation, as the period of economic adjustment may see an increase in unemployment and a decrease in confidence. Private individuals are not as prepared for the economic adjustment as enterprises are, which is why it is important to maintain financial discipline. **This year, SEB places emphasis on advising clients and sharing financial knowledge.**

The more than 877 200 customers of SEB Pank Group are served by 1085 employees. The customers are served through many different channels such as 28 branch offices, 255 on-line post offices, 257 ATMs, 8214 POS-terminals. There are more than 536 300 debit and credit cards in use. In addition, 77% of our customers use our SEB Internet Bank and SEB Internet Bank for Business services.

3. Capital adequacy

(millions of EUR)

| CAPITAL BASE | 31.03.14 | 31.12.13 |
|---|-----------------|-----------------|
| OWN FUNDS | 776.7 | 780.2 |
| 1. TIER 1 CAPITAL | 773.2 | 774.2 |
| 1.1. COMMON EQUITY TIER 1 CAPITAL | 773.2 | 774.2 |
| 1.1.1. Capital instruments eligible as CET1 Capital | 128.8 | 128.8 |
| Paid up capital instruments | 42.5 | 42.5 |
| Share premium | 86.3 | 86.3 |
| 1.1.2. Retained earnings | 626.0 | 627.0 |
| 1.1.3. Other reserves | 19.4 | 19.4 |
| 1.1.4. (-) Intangible assets | -1.0 | -0.9 |
| 1.1.5. CET1 capital deductions | 0.0 | -0.1 |
| 2. TIER 2 CAPITAL | 3.5 | 6.0 |
| IRB Excess of provisions over expected losses eligible | 3.5 | 5.8 |
| Other adjustments to Tier 2 Capital | 0.0 | 0.2 |
| RISK WEIGHTED ASSETS (RWA) | 31.03.14 | 31.12.13 |
| TOTAL RISK EXPOSURE AMOUNT | 3,344.5 | 3,303.0 |
| 1. RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND | 1,961.7 | 2,028.2 |
| 1.1. Standardised approach (SA) | 207.0 | 273.6 |
| Regional governments or local authorities | 0.0 | 62.5 |
| Public sector entities | 0.8 | 1.7 |
| Retail | 170.1 | 169.6 |
| Secured by mortgages on immovable property | 1.1 | 1.2 |
| Exposures in default | 3.5 | 5.0 |
| Collective investments undertakings (CIU) | 4.6 | 4.5 |
| Other items | 26.9 | 29.1 |
| 1.2. Internal ratings based Approach (IRB) | 1,754.7 | 1,754.6 |
| Institutions | 144.5 | 60.0 |
| Corporates - SME | 1,193.8 | 1,261.2 |
| Corporates - Specialised Lending | 82.6 | 87.3 |
| Retail - Secured by real estate SME | 248.6 | 240.5 |
| Retail - Qualifying revolving | 2.2 | 2.3 |
| Retail - Other SME | 82.9 | 103.3 |
| 2. TOTAL RISK EXPOSURE AMOUNT FOR POSITION, FOREIGN EXCHANGE AND | 10.9 | 15.6 |
| COMMODITIES RISKS | 10.9 | 15.6 |
| 3. TOTAL RISK EXPOSURE AMOUNT FOR OPERATIONAL RISK (AMA) | 81.3 | 97.0 |
| 4. OTHER RISK EXPOSURE AMOUNTS | 1,290.6 | 1,162.2 |
| Of which: Additional risk exposure amount due to application of Basel I floor | 1,290.6 | 1,162.2 |

CAPITAL RATIOS

| | 31.03.14 | 31.12.13 |
|----------------------|-----------------|-----------------|
| CET1 Capital ratio | 23.12% | 23.44% |
| Tier 1 Capital ratio | 23.12% | 23.44% |
| Total capital ratio | 23.22% | 23.62% |

MEMBERS OF CONSOLIDATION GROUP,
INCLUDED TO CAPITAL ADEQUACY

CALCULATION

AS SEB Pank
AS SEB Liising Group
AS SEB Varahaldus

4. Risk concentration

| (millions of EUR) | 31.03.14 | 31.12.13 | 31.03.13 |
|---|-----------------|-----------------|-----------------|
| Total claims against persons associated with the credit institution's consolidation group | 1.7 | 1.2 | 1.1 |
| The share of claims of the persons associated with the credit institution's consolidation group in net own funds, % | 0.22 | 0.16 | 0.16 |
| Total of large exposure claims | 361.3 | 381.9 | 286.6 |
| The share of large exposure claims in net own funds, % | 46.52 | 48.94 | 40.26 |
| Number of large exposure customers | 7 | 5 | 4 |

5. Key figures

| (millions of EUR) | 31.03.14 | 31.12.13 | 31.03.13 |
|---|-----------------|-----------------|-----------------|
| Net profit | 20.0 | 72.8 | 18.5 |
| Average equity | 784.7 | 738.7 | 711.4 |
| Return on equity (ROE), % | 10.19 | 9.86 | 10.40 |
| Average assets | 4,653.2 | 4,313.0 | 4,153.5 |
| Return on assets (ROA), % | 1.72 | 1.69 | 1.78 |
| Net interest income | 20.8 | 78.6 | 18.0 |
| Average interest earning assets | 4,536.1 | 4,192.3 | 4,033.6 |
| Net interest margin (NIM), % | 1.83 | 1.87 | 1.79 |
| Spread, % | 1.76 | 1.80 | 1.69 |
| Cost / Income ratio, % | 42.6 | 45.7 | 48.2 |
| Ratio of individually impaired loans, % | 0.68 | 0.79 | 1.19 |

Explanations

Return on equity (ROE) = Net profit/Average equity * 100

Average equity = (Equity of current year end + Equity of previous year end)/2

Return on assets (ROA) = Net profit/Average assets * 100

Average assets = (Assets of current year end + Assets of previous year end)/2

Net interest margin (NIM) = Net interest income/Average interest earning assets * 100

Yield on interest earning assets = Interest income/Average interest earning assets * 100

Cost of interest bearing liabilities = Interest expenses/Average interest bearing liabilities * 100

Spread = Yield on interest earning assets - Cost of interest bearing liabilities

Cost/Income Ratio = Total Operating Expenses/Total Income * 100

Ratio of individually impaired loans = Individually impaired loans/Loans to customers and credit institutions * 100

Interest earning assets:

Balances with central bank
Loans and advances to credit institutions
Loans and advances to customers
Debt securities and other fixed income securities
(all without accrued interests)

Interest bearing liabilities:

Due to credit institutions
Due to customers
Loan funds
(all without accrued interests)

Total Operating Expenses:

Personnel expenses
Other expenses
Depreciation, amortisation and impairment of tangible and intangible assets

Total Income:

Net interest income
Net fee and commission income
Net income from foreign exchange
Gains less losses from financial assets at fair value through profit or loss
Income from dividends
Gains less losses from investment securities
Share of profit of associates
Other income

III. Consolidated financial statements

1. Consolidated income statement

(millions of EUR)

| | | 2014 | 2013 |
|--|------|-----------------|-----------------|
| | Note | 3 months | 3 months |
| <i>Interest and similar income</i> | 3 | 24.6 | 22.3 |
| <i>Interest expenses and similar charges</i> | 4 | -3.8 | -4.3 |
| Net Interest Income | | 20.8 | 18.0 |
| <i>Fee and commission income</i> | 5 | 13.8 | 12.7 |
| <i>Fee and commission expense</i> | 6 | -3.6 | -3.5 |
| Net fee and commission income | | 10.2 | 9.2 |
| Net income from foreign exchange | | 1.1 | 0.9 |
| Gains less losses from financial assets at fair value through profit or loss | | -0.1 | 0.3 |
| Gains less losses from investment securities | | -0.5 | 0.6 |
| Share of profit of associates | | 0.0 | 0.1 |
| Other income | | 0.2 | 0.2 |
| Personnel expenses | | -8.0 | -8.2 |
| Other expenses | | -4.7 | -5.0 |
| Depreciation, amortisation and impairment of tangible and intangible assets | | -0.8 | -0.9 |
| Profit before impairment losses on loans and advances | | 18.2 | 15.2 |
| Impairment losses on loans and advances | 7 | 1.8 | 3.3 |
| Profit before income tax | | 20.0 | 18.5 |
| Income tax | | 0.0 | 0.0 |
| Net profit | | 20.0 | 18.5 |
| Profit attributable to the sole equity holder | | 20.0 | 18.5 |

2. Consolidated statement of comprehensive income

| | | 2014 | 2013 |
|--|--|-----------------|-----------------|
| | | 3 months | 3 months |
| Net profit | | 20.0 | 18.5 |
| Other comprehensive income/expense | | | |
| Items that may subsequently be reclassified to the income statement: | | | |
| Revaluation of available-for-sale financial assets | | 0.1 | -0.5 |
| Total other comprehensive income/expense | | 0.1 | -0.5 |
| Total comprehensive income | | 20.1 | 18.0 |
| Sole equity holder of the parent entity (total) | | 20.1 | 18.0 |
| -Total comprehensive income from continued operations | | 20.1 | 18.0 |

3. Consolidated statement of financial position

(millions of EUR)

| | 31.03.14 | 31.12.13 |
|---|-----------------|-----------------|
| ASSETS | | |
| Cash | 39.7 | 44.9 |
| Balances with central bank | 70.0 | 70.0 |
| Loans and advances to credit institutions | 667.3 | 343.3 |
| Loans and advances to customers | 3,820.6 | 3,813.1 |
| Financial assets held for trading | 24.0 | 23.4 |
| Financial assets designated at fair value through profit or loss at inception | 194.4 | 97.1 |
| Available-for-sale financial assets | 4.6 | 4.6 |
| Other assets | 33.0 | 37.3 |
| Investments in associates | 0.7 | 0.8 |
| Intangible assets | 1.0 | 0.9 |
| Property, plant and equipment | 8.2 | 7.5 |
| TOTAL ASSETS | 4,863.5 | 4,442.9 |
| | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Due to credit institutions | 1,156.4 | 846.6 |
| Due to customers | 2,719.4 | 2,724.0 |
| Other liabilities | 170.9 | 76.2 |
| Financial liabilities at fair value through profit or loss | 22.0 | 21.5 |
| Provisions | 0.0 | 0.0 |
| Total Liabilities | 4,068.7 | 3,668.3 |
| | | |
| Share capital | 42.5 | 42.5 |
| Share premium | 86.3 | 86.3 |
| Other reserves | 19.9 | 19.8 |
| Retained earnings | 646.1 | 626.0 |
| Total shareholders' equity | 794.8 | 774.6 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 4,863.5 | 4,442.9 |

4. Consolidated cash flow statement

(millions of EUR)

| | 2014 | 2013 |
|--|-----------------|-----------------|
| | 3 months | 3 months |
| I. Cash flows from operating activities | | |
| Interest received | 24.2 | 21.9 |
| Interest paid | -3.2 | -4.5 |
| Fee and commission received | 13.7 | 12.7 |
| Fee and commission paid | -3.6 | -3.5 |
| Net trading income and other operating income | 0.6 | 1.2 |
| Personnel expenses and other operating expenses | -12.3 | -13.6 |
| Cash flows from operating activities before changes in the operating assets and liabilities | 19.4 | 14.2 |
| Changes in operating assets: | | |
| Loans and advances to credit institutions and mandatory reserve in central bank | -1.6 | 216.8 |
| Loans and advances to customers | -5.6 | -67.2 |
| Other assets | 0.8 | 0.7 |
| Changes of operating liabilities: | | |
| Due to credit institutions | 406.3 | -51.6 |
| Due to customers | -4.6 | -21.6 |
| Other liabilities | -1.9 | -2.9 |
| Cash flow from (used in) operating activities | 412.8 | 88.4 |
| II. Cash flows from investing activities | | |
| Net increase-/decrease+ of investment portfolio securities | 0.0 | 0.8 |
| Purchase of investment properties, tangible and intangible assets | -1.6 | -0.7 |
| Cash flow from (used in) investing activities | -1.6 | 0.1 |
| III. Cash flows from financing activities | | |
| Cash used in financing activities | 0.0 | 0.0 |
| Net decrease/increase in cash and cash equivalents | 411.2 | 88.5 |
| Cash and cash equivalents at the beginning of period | 501.6 | 284.3 |
| Effect of exchange rate changes on cash and cash equivalents | 0.0 | 0.0 |
| Cash and cash equivalents at the end of period | 912.8 | 372.8 |
| Cash and cash equivalents includes: | 31.03.14 | 31.03.13 |
| Cash on hand | 39.6 | 43.7 |
| Balances with the central bank without mandatory reserve | 37.1 | 0.0 |
| Liquid deposits in other credit institutions | 638.2 | 329.0 |
| Trading portfolio and liquidity securities | 197.9 | 0.1 |
| | 912.8 | 372.8 |

5. Changes in consolidated shareholders' equity

(millions of EUR)

| | Share capital | Share premium | Reserves | Retained profit | Total shareholders' equity |
|--|------------------|------------------|-------------|--------------------|----------------------------------|
| Year beginning 01.01.2013 | 42.5 | 86.3 | 20.3 | 553.7 | 702.8 |
| Other | 0.0 | 0.0 | 0.0 | -0.8 | -0.8 |
| Net profit | 0.0 | 0.0 | 0.0 | 18.5 | 18.5 |
| Other comprehensive expense: | | | | | |
| Net change in available-for-sale financial assets | 0.0 | 0.0 | -0.5 | 0.0 | -0.5 |
| Total other comprehensive expense | 0.0 | 0.0 | -0.5 | 0.0 | -0.5 |
| Total comprehensive income/expense | 0.0 | 0.0 | -0.5 | 18.5 | 18.0 |
| Final balance 31.03.2013 | 42.5 | 86.3 | 19.8 | 571.4 | 720.0 |
| Year beginning 01.01.2014 | 42.5 | 86.3 | 19.8 | 626.0 | 774.6 |
| Other | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| Net profit | 0.0 | 0.0 | 0.0 | 20.0 | 20.0 |
| Other comprehensive income: | | | | | |
| Net change in available-for-sale financial assets | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 |
| Total other comprehensive income | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 |
| Total comprehensive income | 0.0 | 0.0 | 0.1 | 20.0 | 20.1 |
| Final balance 31.03.2014 | 42.5 | 86.3 | 19.9 | 646.1 | 794.8 |

6. Contingent assets and liabilities and commitments

(millions of EUR)

| | Contract amount | | Balance value | |
|--|-----------------|----------------|---------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| 31.03.14 | | | | |
| 1. Irrevocable and revocable transactions | 7.9 | 979.5 | 0.0 | 0.0 |
| 1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims | 1.4 | 243.7 | 0.0 | 0.0 |
| <i>incl. financial guarantees</i> | 0.0 | 63.8 | 0.0 | 0.0 |
| 1.2. Loan commitments | 6.5 | 735.8 | 0.0 | 0.0 |
| 2. Derivatives | 730.6 | 730.0 | 20.5 | 21.9 |
| 2.1. Currency related derivatives | 276.3 | 276.3 | 0.8 | 0.7 |
| 2.2. Interest related derivatives | 435.6 | 435.3 | 18.7 | 19.8 |
| 2.3. Equity related derivatives* | 18.7 | 18.4 | 1.0 | 1.4 |
| | 738.5 | 1,709.5 | 20.5 | 21.9 |
| 31.12.13 | | | | |
| 1. Irrevocable and revocable transactions | 7.6 | 1,069.8 | 0.0 | 0.0 |
| 1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims | 1.1 | 260.4 | 0.0 | 0.0 |
| <i>incl. financial guarantees</i> | 0.0 | 65.3 | 0.0 | 0.0 |
| 1.2. Loan commitments | 6.5 | 809.4 | 0.0 | 0.0 |
| 1.3. Other revocable transactions | 0.0 | 0.0 | 0.0 | 0.0 |
| 2. Derivatives | 694.8 | 694.1 | 20.5 | 21.5 |
| 2.1. Currency related derivatives | 236.6 | 236.4 | 0.7 | 0.5 |
| 2.2. Interest related derivatives | 439.1 | 438.9 | 18.9 | 19.6 |
| 2.3. Equity related derivatives* | 19.1 | 18.8 | 0.9 | 1.4 |
| | 702.4 | 1,763.9 | 20.5 | 21.5 |

* Derivative transactions are executed to cover the client's position and the derivative risks are not taken to own portfolio. All risks arising from these transactions are fully mitigated with parent company. The equity option prices are calculated using for all input data (e.g. underlying prices or volumes) either independently sourced input (e.g. the underlying prices) or an independent price verification is performed on the next day to compare the values to independently sourced market data (e.g. for volumes).

Note 1

Accounting principles

The interim report of AS SEB Pank Group for Quarter I 2014 has been prepared in conformity with International Accounting Standard IAS 34 "Interim Financial Reporting" and the disclosure requirements, established by Eesti Pank.

The accounting principles, used in the interim report of AS SEB Pank Group for Quarter I 2014 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2013.

Note 2**Fair value of financial assets and liabilities**

(millions of EUR)

A) Financial instruments measured at fair value

| | 31.03.14 | | | | 31.12.13 | | | |
|--|-----------------|----------------|----------------|--------------|-----------------|----------------|----------------|--------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Financial assets at fair value through profit and loss | | | | | | | | |
| Financial assets held for trading | 3.4 | 20.6 | 0.0 | 24.0 | 2.9 | 20.6 | 0.0 | 23.5 |
| Debt securities | 3.4 | 0.1 | 0.0 | 3.5 | 2.8 | 0.1 | 0.0 | 2.9 |
| Derivatives | 0.0 | 20.5 | 0.0 | 20.5 | 0.0 | 20.5 | 0.0 | 20.5 |
| Financial assets designated at fair value through profit or loss at inception | | | | | | | | |
| | 194.4 | 0.0 | 0.0 | 194.4 | 97.1 | 0.0 | 0.0 | 97.1 |
| Debt securities | 194.4 | 0.0 | 0.0 | 4.7 | 97.1 | 0.0 | 0.0 | 97.1 |
| Available for sale financial assets | 4.6 | 0.0 | 0.1 | 4.7 | 4.5 | 0.0 | 0.1 | 4.6 |
| Investment securities - equity | 4.6 | 0.0 | 0.1 | 4.7 | 4.5 | 0.0 | 0.1 | 4.6 |
| TOTAL ASSETS | 202.4 | 20.6 | 0.1 | 223.1 | 104.5 | 20.6 | 0.1 | 125.2 |
| Financial liabilities at fair value through profit and loss | | | | | | | | |
| Financial liabilities held for trading | 0.0 | 22.0 | 0.0 | 22.0 | 0.0 | 21.5 | 0.0 | 21.5 |
| TOTAL LIABILITIES | 0.0 | 22.0 | 0.0 | 22.0 | 0.0 | 21.5 | 0.0 | 21.5 |

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges but also instruments quoted by market participants.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The sources of input parameters like Euro yield curve or counterparty credit risk are Bloomberg and Thomson Reuters.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

Reconciliation of Level 3 Items

| | Available-for-sale financial assets | |
|--|--|--------------|
| | Investment securities - equity | Total |
| At 1 January 2013 | 0.1 | 0.1 |
| At 31 December 2013 | 0.1 | 0.1 |
| Total losses for the period included in profit or loss for assets/liabilities held at 31.12.13 | 0.0 | 0.0 |
| At 1 January 2014 | 0.1 | 0.1 |
| At 30 December 2014 | 0.1 | 0.1 |
| Total losses for the period included in profit or loss for assets/liabilities held at 31.03.14 | 0.0 | 0.0 |

B) Financial instruments not measured at fair value

| | 31.03.14 | | 31.12.13 | |
|---|-----------------------|-------------------|-----------------------|-------------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| ASSETS | | | | |
| Cash | 39.7 | 39.7 | 44.9 | 44.9 |
| Balances with central bank | 70.0 | 70.0 | 70.0 | 70.0 |
| Loans and advances to credit institutioir | 667.3 | 667.3 | 343.3 | 343.3 |
| Loans and advances to customers | 3,820.6 | 3,657.0 | 3,813.1 | 3,625.1 |
| <i>Loans to Corporates</i> | <i>1,959.2</i> | <i>1,951.9</i> | <i>2,013.1</i> | <i>2,001.8</i> |
| <i>Loans to Private individuals</i> | <i>1,861.4</i> | <i>1,705.1</i> | <i>1,800.0</i> | <i>1,623.2</i> |
| Other assets | 33.0 | 33.0 | 37.3 | 37.3 |
| TOTAL ASSETS | 4,630.6 | 4,467.0 | 4,308.6 | 4,120.6 |
| LIABILITIES | | | | |
| Due to credit institutions | 1,156.4 | 1,154.0 | 846.6 | 847.1 |
| Due to customers | 2,719.4 | 2,719.8 | 2,724.0 | 2,723.4 |
| <i>Due to Corporates</i> | <i>1,438.8</i> | <i>1,439.2</i> | <i>1,542.5</i> | <i>1,541.8</i> |
| <i>Due to Private Individuals</i> | <i>1,280.6</i> | <i>1,280.6</i> | <i>1,181.5</i> | <i>1,181.6</i> |
| Other financial liabilities | 170.9 | 170.9 | 76.2 | 76.2 |
| Subordinated loans | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL LIABILITIES | 4,046.7 | 4,044.7 | 3,646.8 | 3,646.7 |

AS SEB Bank conducts assessment of fair value of financial assets and liabilities which are not presented in the Group's statement of financial position at their fair value.

When calculating fair value for floating interest rate loans and for fixed-interest rate lending, future cash flows are discounted based on the market interest curve, which has been adjusted for applicable margins of new lending. Similarly have been calculated also fixed-interest rate deposits, floating interest rate and fixed-interest rate balances due to credit institutions.

As of reporting date fair value of loans and advances to customers was 4.28% (31.12.2013: 4.93%) lower than the carrying amount. Fair value of balances due to credit institutions was 0.21% lower (31.12.2013: 0.06% higher) than the carrying amount. Fair value of balances due to customers was 0.02% higher (31.12.2013: 0.02% lower) than the carrying amount.

Note 3**Interest and similar income**

(millions of EUR)

| | 2014 | 2013 |
|---------------------------|-----------------|-----------------|
| | 3 months | 3 months |
| Loans | 20.6 | 18.7 |
| Leasing | 3.2 | 3.4 |
| Deposits with other banks | 0.3 | 0.2 |
| Fixed income securities | 0.5 | 0.0 |
| | 24.6 | 22.3 |

Note 4**Interest expenses and similar charges**

(millions of EUR)

| | 2014 | 2013 |
|--------------------------------|-----------------|-----------------|
| | 3 months | 3 months |
| Credit institutions | -1.8 | -2.0 |
| Time and other saving deposits | -0.9 | -1.8 |
| Demand deposits | -1.0 | -0.4 |
| Other | -0.1 | -0.1 |
| | -3.8 | -4.3 |

Note 5**Fee and commission income**

(millions of EUR)

| | 2014 | 2013 |
|---|-----------------|-----------------|
| | 3 months | 3 months |
| Payment cards related commissions | 5.5 | 4.9 |
| Securities market services * | 2.6 | 3.1 |
| Transaction fees | 1.3 | 1.3 |
| Credit contracts** | 1.0 | 0.9 |
| Insurance brokerage fees | 0.6 | 0.5 |
| Other settlement fees | 1.0 | 0.9 |
| Income from leasing agreements (full service) | 0.3 | 0.3 |
| Income from electronic channels | 0.4 | 0.3 |
| Cash handling fees | 0.2 | 0.2 |
| Commodity futures fees | 0.0 | 0.0 |
| Other | 0.9 | 0.3 |
| | 13.8 | 12.7 |

* Securities market services includes asset management fees of investment funds and securities portfolios, custody services, advisory fees and other with securities transactions related fees.

** Credit contracts include loan, leasing, letter of credit and guarantee contracts, which are short-term and do not constitute interest income, but are of administrative nature for arrangement or reorganisation of credits.

Note 6**Fee and commission expense**

(millions of EUR)

| | 2014 | 2013 |
|---|-----------------|-----------------|
| | 3 months | 3 months |
| Payment cards related commissions | -2.4 | -2.1 |
| Cash collecting fees | -0.3 | -0.3 |
| Expenses to leasing agreements (full service) | -0.2 | -0.4 |
| Securities market services | -0.3 | -0.3 |
| Transaction fees | -0.2 | -0.2 |
| Expenses of electronic channels | 0.0 | -0.1 |
| Other | -0.2 | -0.1 |
| | -3.6 | -3.5 |

Note 7**Impairment losses on loans and advances**

(millions of EUR)

| | 2014 | 2013 |
|---|-----------------|-----------------|
| | 3 months | 3 months |
| Impairment losses | 1.8 | 2.7 |
| impairment losses of reporting period | -0.6 | -0.6 |
| recoveries from write-offs | 0.1 | 0.2 |
| decreasing of impairment losses of previous period | 2.3 | 3.1 |
| Impairment losses for contingent liabilities | 0.0 | 0.6 |
| | 1.8 | 3.3 |

Note 8**Allowances on loans and advances**

(millions of EUR)

| | 31.03.14 | 31.12.13 |
|--|-----------------|-----------------|
| At the beginning of period (January, 1) | 53.8 | 91.2 |
| Allowances of reporting period | 0.6 | 5.4 |
| Decreasing of allowances of previous period | -2.3 | -7.6 |
| Loans and advances written off | -2.1 | -35.2 |
| At the end of period | 50.0 | 53.8 |
| Recoveries from write-offs | 0.1 | 0.9 |

Note 9**Loans and advances to customers by remaining maturity**

(millions of EUR)

| | Less than | 3-12 | 5-10 | Over 10 | Total | |
|-----------------|------------------|---------------|------------------|----------------|--------------|----------------|
| | 3 months | months | 1-5 years | years | years | |
| 31.03.14 | 276.2 | 553.4 | 1,646.2 | 510.9 | 833.9 | 3,820.6 |
| 31.12.13 | 227.9 | 579.6 | 1,663.0 | 505.9 | 836.7 | 3,813.1 |

Note 10**Geographic concentration of financial assets and liabilities**

(millions of EUR)

| 31.03.14 | Cash, balances with central bank, loans and advances to credit institutions | | | | Loans and advances to customers | Securities | Other assets | Total assets | Due to credit institutions | Due to customers | Other liabilities | Total liabilities | Contingent liabilities |
|----------------------|---|----------------|--------------|-------------|---------------------------------|------------|----------------|----------------|----------------------------|------------------|-------------------|-------------------|------------------------|
| | | | | | | | | | | | | | |
| Sweden | 627.2 | 1.1 | 2.0 | 0.8 | | | 631.1 | 1,085.7 | 8.7 | 19.6 | | 1,114.0 | 1.4 |
| Estonia | 110.0 | 3,798.1 | 27.2 | 29.5 | | | 3,964.8 | 16.9 | 2,353.6 | 63.3 | | 2,433.8 | 964.8 |
| United Kingdom | 20.5 | 1.5 | 0.0 | 0.0 | | | 22.0 | 1.8 | 38.7 | 0.3 | | 40.8 | 1.6 |
| Russia | 3.0 | 0.3 | 0.0 | 0.1 | | | 3.4 | 0.7 | 34.3 | 0.0 | | 35.0 | 0.0 |
| Germany | 0.7 | 0.1 | 194.4 | 0.1 | | | 195.3 | 15.0 | 1.7 | 0.0 | | 16.7 | 5.0 |
| United States | 2.0 | 0.4 | 0.0 | 0.1 | | | 2.5 | 0.0 | 50.0 | 0.0 | | 50.0 | 0.0 |
| Canada | 0.0 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 4.3 | 0.0 | | 4.3 | 0.0 |
| Japan | 0.0 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.3 | 0.0 | | 0.3 | 0.0 |
| Finland | 0.0 | 1.4 | 0.0 | 0.2 | | | 1.6 | 0.1 | 5.0 | 0.1 | | 5.2 | 3.8 |
| Latvia | 2.2 | 9.4 | 0.0 | 0.1 | | | 11.7 | 34.4 | 5.6 | 0.0 | | 40.0 | 0.5 |
| Lithuania | 1.7 | 0.0 | 0.0 | 0.1 | | | 1.8 | 0.6 | 6.5 | 0.1 | | 7.2 | 0.0 |
| Luxembourg | 3.9 | 0.0 | 0.0 | 0.2 | | | 4.1 | 0.8 | 0.0 | 0.0 | | 0.8 | 0.0 |
| Netherlands | 0.0 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 2.3 | 0.0 | | 2.3 | 0.0 |
| Other Western Europe | 4.9 | 7.8 | 0.1 | 0.1 | | | 12.9 | 0.3 | 31.8 | 0.1 | | 32.2 | 1.6 |
| Other Eastern Europe | 0.7 | 0.0 | 0.0 | 0.0 | | | 0.7 | 0.0 | 5.7 | 0.0 | | 5.7 | 0.0 |
| Other countries | 0.2 | 0.5 | 0.0 | 10.9 | | | 11.6 | 0.1 | 170.9 | 109.4 | | 280.4 | 0.8 |
| | 777.0 | 3,820.6 | 223.7 | 42.2 | | | 4,863.5 | 1,156.4 | 2,719.4 | 192.9 | | 4,068.7 | 979.5 |

| 31.12.13 | Cash, balances with central bank, loans and advances to credit institutions | | | | Loans and advances to customers | Securities | Other assets | Total assets | Due to credit institutions | Due to customers | Other liabilities | Total liabilities | Contingent liabilities |
|----------------------|---|----------------|--------------|-------------|---------------------------------|------------|----------------|--------------|----------------------------|------------------|-------------------|-------------------|------------------------|
| | | | | | | | | | | | | | |
| Sweden | 287.1 | 1.1 | 2.1 | 4.1 | | | 294.4 | 785.1 | 10.6 | 23.3 | | 819.0 | 1.5 |
| Estonia | 115.0 | 3,790.4 | 26.6 | 25.9 | | | 3,957.9 | 10.9 | 2,373.0 | 60.3 | | 2,444.2 | 1,052.7 |
| United Kingdom | 17.8 | 1.7 | 0.0 | 0.1 | | | 19.6 | 2.3 | 30.1 | 0.3 | | 32.7 | 1.6 |
| Russia | 8.9 | 0.4 | 0.0 | 0.0 | | | 9.3 | 0.7 | 28.2 | 0.0 | | 28.9 | 0.0 |
| Germany | 1.5 | 0.1 | 97.1 | 0.0 | | | 98.7 | 18.7 | 2.6 | 0.0 | | 21.3 | 6.4 |
| United States | 1.7 | 0.5 | 0.0 | 0.0 | | | 2.2 | 0.0 | 44.3 | 0.0 | | 44.3 | 0.0 |
| Canada | 0.0 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.1 | 4.1 | 0.0 | | 4.2 | 0.0 |
| Japan | 0.0 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.3 | 0.0 | | 0.3 | 0.0 |
| Finland | 0.0 | 0.6 | 0.0 | 3.9 | | | 4.5 | 0.0 | 8.4 | 3.9 | | 12.3 | 4.7 |
| Latvia | 4.3 | 9.5 | 0.0 | 0.2 | | | 14.0 | 26.0 | 3.7 | 0.0 | | 29.7 | 0.5 |
| Lithuania | 5.2 | 0.0 | 0.0 | 0.3 | | | 5.5 | 1.0 | 4.2 | 0.1 | | 5.3 | 0.0 |
| Luxembourg | 5.4 | 0.0 | 0.0 | 0.3 | | | 5.7 | 0.6 | 0.1 | 0.0 | | 0.7 | 0.0 |
| Netherlands | 0.0 | 0.3 | 0.0 | 0.0 | | | 0.3 | 0.0 | 1.8 | 0.0 | | 1.8 | 0.0 |
| Other Western Europe | 7.3 | 8.0 | 0.1 | 8.4 | | | 23.8 | 1.1 | 48.7 | 8.5 | | 58.3 | 1.6 |
| Other Eastern Europe | 4.0 | 0.0 | 0.0 | 0.1 | | | 4.1 | 0.0 | 4.5 | 0.1 | | 4.6 | 0.0 |
| Other countries | 0.0 | 0.5 | 0.0 | 2.4 | | | 2.9 | 0.1 | 159.4 | 1.2 | | 160.7 | 0.8 |
| | 458.2 | 3,813.1 | 125.9 | 45.7 | | | 4,442.9 | 846.6 | 2,724.0 | 97.7 | | 3,668.3 | 1,069.8 |

Contingent liabilities include here guarantees and pledges, loan commitments, revocable transactions, stand-by loans, other revocable transactions and are presented in contract amount of contingent liabilities. Securities include here financial assets held for trading, financial assets designated at fair value through profit or loss, available-for-sale financial assets, investments in associates.

Note 11**Concentration of financial assets and liabilities by industry sector**

(millions of EUR)

| | In the statement of financial position | | Contingent liabilities |
|--|---|--------------|------------------------|
| | Cash and loans to central bank, credit institutions and | Securities | |
| 31.03.14 | | | |
| Finance | 802.4 | 4.7 | 24.1 |
| Real estate | 673.7 | 0.1 | 52.1 |
| Industry | 297.2 | 3.4 | 184.0 |
| Agriculture, fishing, forestry | 185.0 | 0.0 | 21.5 |
| Trading | 167.6 | 0.0 | 142.1 |
| Transport | 164.3 | 0.0 | 37.6 |
| Energy, gas and steam plants | 101.4 | 0.0 | 77.6 |
| Government and state defence | 99.9 | 194.4 | 223.6 |
| Administration and assistance | 96.2 | 0.0 | 31.7 |
| Health services, social work | 48.6 | 0.0 | 8.0 |
| Information and telecommunication | 46.0 | 0.0 | 6.1 |
| Construction | 43.2 | 0.0 | 67.3 |
| Hotels, restaurants | 29.8 | 0.0 | 0.7 |
| Education | 17.6 | 0.0 | 14.3 |
| Professional, science and technical work | 9.8 | 0.0 | 4.3 |
| Art, show business, leisure | 8.9 | 0.0 | 4.3 |
| Water supply, canalisation, waste management | 8.5 | 0.0 | 2.6 |
| Mining | 2.2 | 0.0 | 0.1 |
| Other government and social services | 21.6 | 0.6 | 6.2 |
| Individuals | 1,823.7 | 0.0 | 71.3 |
| Derivatives | 0.0 | 20.5 | 0.0 |
| Allowances | -50.0 | - | - |
| | 4,597.6 | 223.7 | 979.5 |

| 31.12.13 | In the statement of financial position | | |
|--|---|--------------|---------------------------|
| | central bank, credit institutions and customers | Securities | Contingent liabilities |
| | Real estate | 712.2 | 0.1 |
| Finance | 475.6 | 4.4 | 26.1 |
| Industry | 290.6 | 2.8 | 213.9 |
| Agriculture, fishing, forestry | 175.6 | 0.0 | 21.1 |
| Trading | 158.1 | 0.0 | 139.9 |
| Transport | 148.4 | 0.0 | 77.6 |
| Government and state defence | 105.1 | 97.1 | 221.8 |
| Administration and assistance | 94.4 | 0.0 | 33.5 |
| Energy, gas and steam plants | 92.3 | 0.0 | 98.9 |
| Health services, social work | 49.4 | 0.0 | 14.2 |
| Information and telecommunication | 48.0 | 0.4 | 6.1 |
| Construction | 47.8 | 0.0 | 59.3 |
| Hotels, restaurants | 28.8 | 0.0 | 0.9 |
| Education | 20.3 | 0.0 | 11.0 |
| Professional, science and technical work | 9.7 | 0.0 | 4.5 |
| Art, show business, leisure | 9.2 | 0.0 | 4.6 |
| Water supply, canalisation, waste management | 9.0 | 0.0 | 2.4 |
| Mining | 2.3 | 0.0 | 1.0 |
| Other government and social services | 23.1 | 0.6 | 5.7 |
| Home services | 0.0 | 0.0 | 0.0 |
| Exterritorial organisations | 0.0 | 0.0 | 0.0 |
| Individuals | 1,825.2 | 0.0 | 70.4 |
| Derivatives | 0.0 | 20.5 | 0.0 |
| Allowances | -53.8 | - | - |
| | 4,271.3 | 125.9 | 1,069.8 |

Note 12**Related parties**

(millions of EUR)

| | <u>31.03.14</u> | <u>31.12.13</u> |
|---|-----------------|-----------------|
| Loans and advances to members of Management Board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons | 1.5 | 1.0 |
| Contingent liabilities to members of Management Board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons (credit lines and commitments to extend credit) | 0.2 | 0.2 |
| Deposits of members of management board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons | 0.3 | 0.2 |
| Loans and advances to parent company | 629.4 | 312.8 |
| Due to parent company | 1,105.1 | 804.5 |
| Contingent assets and commitments to parent company | 55.0 | 55.0 |
| Contingent liabilities and commitments to parent company | 0.4 | 0.4 |
| Loans and advances to enterprises of parent company's consolidation group | 29.7 | 10.9 |
| Due to enterprises of parent company's consolidation group | 34.5 | 37.2 |
| Contingent assets and commitments to enterprises of parent company's consolidation group | 2.8 | 5.0 |
| Contingent liabilities and commitments to enterprises of parent company's consolidation group | 1.1 | 4.1 |

Interest rates of the loans given to related parties do not differ materially from interest rates of the loans to customers. Transactions with related parties have been based on market terms.

Related parties are:

- parent company, sole equity holder Skandinaviska Enskilda Banken AB (publ),
- subsidiaries of parent company,
- associates of parent company,
- associates of the Group,
- members of Management Board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons.