

AS SEB Pank Group

Interim Report of Quarter I 2015



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Statement of the Management Board

Interim Report of Quarter I 2015 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 2015 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 2015 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	31.03.2015
Reporting period	01.01.2015 - 31.03.2015
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 services	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.

* 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.

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

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 (subsidiary of life insurance company SEB Trygg Liv Holding AB which is the subsidiary of Skandinaviska Enskilda Banken AB). 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 activity 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 2015

No such events or trends have occurred by the time of publishing the report, which would affect the strategy of the group in 2015.

2. Highlights

The purchasing power of consumers has improved, which helps to support economic development. Compared to the first quarter of last year, private client deposits with SEB grew by 7.2 per cent. SEB granted 41 per cent more housing loans than a year ago. One can see that more funds are also placed in securities and alternative investment opportunities against the background of the strong growth in deposits. This trend is largely results from a desire to find higher yields for one's deposits that have extremely low interest rates.

A year has passed since the outbreak of the Russia-Ukraine crisis and the sanctions that followed it, and one must admit that Estonian companies have survived these difficult times well. Several companies have managed to enter Central European markets and expanded in the Baltic States as part of a new wave. We can indeed see that not all the effects resulting from the Russian crisis have hit the Estonian economy yet, but the ability of Estonian companies to cope has been better than one might have initially expected. Farmers are experiencing and will continue to experience difficulties for some time to come, and the smaller the producer, the more complicated its situation may become. SEB pays extra attention on supporting our farmers, the essence of which is providing debt standstills, financial consulting to companies, and finding joint solutions.

Presently, employing the competences of financial management is crucial for companies, so that the volatility of the financial markets would not harm the principal business activity of a company. These are, therefore, times for strong financial managers and solid financial management, and SEB too helps its clients in this regard by actively offering financial consultations to companies. SEB regularly surveys the satisfaction of its clients with the services of SEB, and a sign of our era is that their satisfaction with the consultation provided to companies is record high – good financial advice is vitally important in the current market situation.

In January, **SEB was awarded the silver quality badge of responsible and sustainable business.** This year, the quality badges of the sustainability index were awarded for the seventh time. The 50 Estonian companies that were awarded the badge also included 10 micro-enterprises and 40 small and medium-sized enterprises.

The Nasdaq Tallinn, Nasdaq Riga and Nasdaq Vilnius stock exchanges named **SEB Pank the best stock exchange member of 2014, substantiating the nomination with the activity of the bank in financial intermediation and the execution of market development projects.** At the Baltic Markets Awards ceremony held on January 22, the best stock exchange members were announced. These are companies, which made conscious investments in their transparency, openness, and development of investor relations. Altogether 8 awards were announced in different categories.

In February, the bank introduced the **Baltic Business Outlook 2015** survey to the public. This is already the third year in which SEB conducted a thorough **consulting project** for Estonian, Latvian and Lithuanian small and medium-sized enterprises (SMEs). **More than 6,000 Baltic SMEs were surveyed** to map their expectations for the forthcoming financial year.

According to the survey for 2015 of SEB Baltic, **the focus on innovation is considered the most important aspect** by the small and medium-sized enterprises (SMEs) from Estonia and Lithuania. **Over the course of the year, Lithuanian enterprises have raised their level of interest in innovation the most.**

In February, SEB and the University of Tartu invited potential candidates to apply for participation in the Idea Lab. The support of the **VEGA Fund** to development projects is 18,000 euros. The VEGA Fund has so far supported the development of 8 prototypes, with 14,300 euros the first time and 22,900 euros the second time.

In February, **SEB** conducted a **Retirement Readiness Index survey**. The survey was carried out at the request of SEB in cooperation with the market research company TNS and the Centre for Sustainable Business of the Stockholm School of Economics in Riga. The survey comprises four main elements: **retirement awareness, trust in the pension system, the actual behaviour of people, and confidence in their future pension**. Henceforth, the Retirement Readiness Index will be put together each year to track any changes in the pension systems of the Baltic States, determine the actual situation, and to supplement the advice we offer to our clients with fresh survey data.

In March, **Innovation Lab 2015** (iLab 2015), the second of its kind, took place in Tallinn, where SEB had invited representatives of the Estonian small and medium-sized enterprises (SMEs) **that are interested in expanding to new markets and increasing their turnovers through innovation**. The seminar featured appearances by several innovation experts from Estonia and abroad. iLab 2015 was also held in Latvia and Lithuania, to over 900 participants in total in all three Baltic states.

The month of March was commemorated as **Financial Wisdom Month** on the initiative of the Estonian Banking Association. The objective **was to stress the importance of financial literacy and raise the awareness of Estonian people of the principles of wise financial behaviour**. Seventeen SEB employees shared their financial wisdom at 73 Estonian schools.

In March, SEB took part in the **International Safer Internet Day**, the aim of which was to **draw people's attention to the safety of smart devices**, and provide simple instructions. SA Vaata Maailma, along with the partners of NutiKaitse 2017 and MTÜ Lastekaitse Liit, are the organisers of Smart Day (Nutipäev).

In the Theatre Month, operagoers voted for the best-loved soloists of the Estonian National Opera, assisted by SEB. This year, SEB Pank, Gold Sponsor of the Estonian National Opera, announced the **Audience Awards for Best Female and Best Male Soloist** for the fifth time. Operagoers selected the winners.

In March, **SEB's Heategevusfond** held its **Career Day**. Around 60 young persons deprived of parental care, who are determined to receive education in spite of the obstacles life has thrown in their way, received the necessary support for studies and subsistence.

SEB has developed a **mobile application called "Mark the places"**, which helps people **map the places, where they would like to pay for their purchases or services by card, but are unable to**

do so today. The information collected helps companies assess the benefits of introducing card payments to their business opportunities.

For the sixth consecutive year, **SEB participated in the Earth Hour.** The aim of this movement is to draw wider attention to climate change and global warming. WWF leads the global movement.

The more than 889 900 customers of SEB Pank Group are served by 1083 employees. The customers are served through many different channels such as 26 branch offices, 220 on-line post offices, 252 ATMs, 9295 POS-terminals. There are more than 536 800 debit and credit cards in use. In addition, over 78% of our customers use internet bank services.

3. Capital adequacy

(millions of EUR)

CAPITAL BASE	<u>31.03.15</u>			<u>31.12.14</u>
OWN FUNDS	844.4			848.8
1. TIER 1 CAPITAL	843.0			843.3
1.1. COMMON EQUITY TIER 1 CAPITAL	843.0			843.3
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*	695.9			695.9
1.1.3. Accumulated other comprehensive income	1.0			0.7
1.1.4. Other reserves	19.4			19.4
1.1.5. Adjustments to CET1 due to prudential filters	-0.1			-0.1
1.1.6. (-) Intangible assets	-1.8			-1.1
1.1.7. Other transitional adjustments to CET1 Capital	-0.2			-0.3
2. TIER 2 CAPITAL	1.4			5.5
IRB Excess of provisions over expected losses eligible	1.4			5.5
		Capital require- ments		Capital require- ments
RISK WEIGHTED ASSETS (RWA)	<u>31.03.15</u>	(8%)	<u>31.12.14</u>	(8%)
TOTAL RISK EXPOSURE AMOUNT	2 218.5	177.5	2 005.5	160.4
1. RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	2 051.4	164.1	1 849.2	147.9
1.1. Standardised approach (SA)	200.2	16.0	201.7	16.1
Public sector entities	0.7	0.1	0.7	0.1
Retail	161.7	12.9	163.1	13.0
Secured by mortgages on immovable property	0.9	0.1	0.9	0.1
Exposures in default	1.9	0.2	1.8	0.1
Collective investments undertakings (CIU)	5.4	0.4	5.1	0.4
Equity	1.1	0.1	1.1	0.1
Other items	28.5	2.3	29.0	2.3
1.2. Internal ratings based Approach (IRB)	1 851.2	148.1	1 647.5	131.8
1.2.1. IRB approaches when neither own estimates of LGD nor Conversion Factors are used	1 544.3	123.5	1 328.7	106.3
Institutions	166.1	13.3	19.2	1.5
Corporates - SME	787.8	63.0	744.0	59.5
Corporates - Specialised Lending	65.3	5.2	67.3	5.4
Corporates - Other	525.1	42.0	498.2	39.9
1.2.2. IRB approaches when own estimates of LGD and/or Conversion Factors are used	306.9	24.6	318.8	25.5
Retail - Secured by real estate SME	14.3	1.1	11.6	0.9
Retail - Secured by real estate non-SME	222.8	17.8	221.3	17.7
Retail - Qualifying revolving	2.2	0.2	2.2	0.2
Retail - Other SME	18.2	1.5	33.1	2.6
Retail - Other non-SME	49.4	4.0	50.6	4.0
2. TOTAL RISK EXPOSURE AMOUNT FOR POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS	15.1	1.2	8.9	0.7
3. TOTAL RISK EXPOSURE AMOUNT FOR OPERATIONAL RISK (AMA)	147.5	11.8	142.4	11.4
4. TOTAL RISK EXPOSURE AMOUNT FOR CREDIT VALUATION ADJUSTMENT	4.5	0.4	5.0	0.4

* Dividends, paid for 2014, have been deducted from retained earnings.

CAPITAL RATIOS

	31.03.15	31.12.14
TOTAL RISK EXPOSURE AMOUNT Basel III (without additional risk exposure amount due to application of Basel I floor)	2 218.5	2 005.5
Own fund requirement	177.5	160.4
Total capital ratio	38.06%	42.32%
Tier 1 Capital ratio	38.00%	42.04%
CET1 Capital ratio	38.00%	42.04%
Tier 2 Capital ratio	0.06%	0.27%
TOTAL RISK EXPOSURE AMOUNT Basel III (with additional risk exposure amount due to application of Basel I floor)	3 541.4	3 370.8
Own fund requirement	283.3	269.7
Total capital ratio	23.84%	25.18%
Tier 1 Capital ratio	23.80%	25.02%
CET1 Capital ratio	23.80%	25.02%
Tier 2 Capital ratio	0.04%	0.16%

MEMBERS OF CONSOLIDATION GROUP, INCLUDED TO CAPITAL ADEQUACY CALCULATION

AS SEB Pank
AS SEB Lising Group
AS SEB Varahaldus

CAPITAL REQUIREMENTS AND BUFFERS

(millions of EUR)

Capital	Capital amount	Total risk exposure amount *	Base capital requirement	Surplus(+) Deficit(-) of base capital	Capital adequacy ratio	Capital conservation buffer	Systemic risk buffer	Capital requirements total, incl. buffers	Surplus(+) Deficit(-) of capital, incl. buffers				
	1	2	3	4=2×3	5=1-4	6=1/2	7	8=2×7	9	10=2×9	11= 3+7+9	12=2×11	13=1-12
31.03.15													
Total capital	844.4	2 218.5	8%	177.5	666.9	38.06%	2.5%	55.5	2%	44.4	12.5%	277.3	567.1
Tier 1 capital	843.0	2 218.5	6%	133.1	709.9	38.00%	2.5%	55.5	2%	44.4	10.5%	232.9	610.1
CET1 capital	843.0	2 218.5	4.5%	99.8	743.2	38.00%	2.5%	55.5	2%	44.4	9%	199.7	643.3
31.12.14													
Total capital	848.8	2 005.5	8%	160.4	688.4	42.32%	2.5%	50.1	2%	40.1	12.5%	250.7	598.1
Tier 1 capital	843.3	2 005.5	6%	120.3	723.0	42.04%	2.5%	50.1	2%	40.1	10.5%	210.6	632.7
CET1 capital	843.3	2 005.5	4.5%	90.2	753.1	42.04%	2.5%	50.1	2%	40.1	9%	180.5	662.8

* Total risk exposure amount without additional risk exposure amount due to application of Basel I floor

LEVERAGE RATIO

	31.03.15	31.12.14
Exposure measure for leverage ratio calculation	6 085	6 132
of which on balance sheet items	5 023	5 182
of which off balance sheet items	1 061	949
Leverage ratio	13,8%	13,2%

Calculated as the simple arithmetic mean of the monthly leverage ratios over a quarter

4. Risk concentration

(millions of EUR)	31.03.15	31.12.14	31.03.14
Total claims against persons associated with the credit institution's consolidation group	7.2	7.4	1.7
The share of claims of the persons associated with the credit institution's consolidation group in net own funds, %	0.85	0.87	0.22
Total of large exposure claims	322.3	283.0	361.3
The share of large exposure claims in net own funds, %	38.17	33.34	46.53
Number of large exposure customers	5	5	7

5. Key figures

(millions of EUR)	31.03.15	31.12.14	31.03.14
Net profit	19.2	79.4	20.0
Average equity	859.6	814.7	784.7
Return on equity (ROE), %	8.93	9.75	10.19
Average assets	5 103.8	4 812.9	4 653.2
Return on assets (ROA), %	1.50	1.65	1.72
Net interest income	20.5	86.4	20.8
Average interest earning assets	4 973.2	4 687.8	4 536.1
Net interest margin (NIM), %	1.65	1.84	1.83
Spread, %	1.60	1.78	1.76
Cost / Income ratio, %	44.0	41.7	42.6
Ratio of individually impaired loans, %	0.61	0.76	0.68

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
(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)

		2015	2014
	Note	3 months	3 months
<i>Interest and similar income</i>	3	23.4	24.6
<i>Interest expenses and similar charges</i>	4	-2.9	-3.8
Net Interest Income		20.5	20.8
<i>Fee and commission income</i>	5	15.3	13.8
<i>Fee and commission expense</i>	6	-3.9	-3.6
Net fee and commission income		11.4	10.2
Net income from foreign exchange		1.3	1.1
Gains less losses from financial assets at fair value through profit or loss		0.3	-0.1
Gains less losses from investment securities		-0.5	-0.5
Other income		0.2	0.2
Personnel expenses		-9.4	-8.0
Other expenses		-4.3	-4.7
Depreciation, amortisation and impairment of tangible and intangible assets		-1.0	-0.8
Profit before impairment losses on loans and advances		18.5	18.2
Impairment losses on loans and advances	7	2.9	1.8
Profit before income tax		21.4	20.0
Income tax		-2.2	0.0
Net profit		19.2	20.0
Profit attributable to the sole equity holder		19.2	20.0

2. Consolidated statement of comprehensive income

(millions of EUR)

		2015	2014
		3 months	3 months
Net profit		19.2	20.0
Other comprehensive income/expense			
Items that may subsequently be reclassified to the income statement:			
Revaluation of available-for-sale financial assets		0.3	0.1
Total other comprehensive income/expense		0.3	0.1
Total comprehensive income		19.5	20.1
Sole equity holder of the parent entity (total)		19.5	20.1
-Total comprehensive income from continued operations		19.5	20.1

3. Consolidated statement of financial position

(millions of EUR)

	31.03.15	31.12.14
ASSETS		
Cash	41.7	43.4
Balances with central bank	70.0	940.0
Loans and advances to credit institutions	755.7	53.0
Loans and advances to customers	3 968.9	3 963.4
Financial assets held for trading	24.5	28.7
Financial assets designated at fair value through profit or loss at inception	102.2	102.2
Available-for-sale financial assets	5.5	5.2
Other assets	43.9	34.8
Investments in associates	0.8	0.8
Intangible assets	1.8	1.1
Property, plant and equipment	9.7	10.2
TOTAL ASSETS	5 024.7	5 182.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to credit institutions	907.6	1 033.5
Due to customers	3 161.1	3 188.7
Other liabilities	67.0	78.0
Financial liabilities at fair value through profit or loss	24.2	27.5
Provisions	0.3	0.3
Total Liabilities	4 160.2	4 328.0
Share capital	42.5	42.5
Share premium	86.3	86.3
Other reserves	20.4	20.1
Retained earnings	715.3	705.9
Total shareholders' equity	864.5	854.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5 024.7	5 182.8

4. Consolidated cash flow statement

(millions of EUR)

	2015	2014
	3 months	3 months
I. Cash flows from operating activities		
Interest received	23.4	24.2
Interest paid	-2.6	-3.2
Fee and commission received	15.2	13.7
Fee and commission paid	-3.9	-3.6
Net trading income and other operating income	1.5	0.6
Personnel expenses and other operating expenses	-13.6	-12.3
Income tax paid	-2.2	0.0
Cash flows from operating activities before changes in the operating assets and liabilities	17.8	19.4
Changes in operating assets:		
Loans and advances to credit institutions and mandatory reserve in central bank	-13.3	-1.6
Loans and advances to customers	-2.8	-5.6
Other assets	6.5	0.8
Changes of operating liabilities:		
Due to credit institutions	-139.0	406.3
Due to customers	-27.4	-4.6
Other liabilities	-1.6	-1.9
Cash flow from (used in) operating activities	-159.8	412.8
II. Cash flows from investing activities		
Purchase of investment properties, tangible and intangible assets	-1.2	-1.6
Cash flow from (used in) investing activities	-1.2	-1.6
III. Cash flows from financing activities		
Dividends paid	-10.0	0.0
Cash used in financing activities	-10.0	0.0
Net decrease/increase in cash and cash equivalents	-171.0	411.2
Cash and cash equivalents at the beginning of period	1 105.0	501.6
Effect of exchange rate changes on cash and cash equivalents	0.1	0.0
Cash and cash equivalents at the end of period	934.1	912.8
Cash and cash equivalents includes:	31.03.15	31.03.14
Cash on hand	41.7	39.6
Balances with the central bank without mandatory reserve	35.0	37.1
Liquid deposits in other credit institutions	755.1	638.2
Trading portfolio and liquidity securities	102.3	197.9
	934.1	912.8

5. Changes in consolidated shareholders' equity

(millions of EUR)

	Share capital	Share premium	Reserves	Retained profit	Total shareholders'
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
Year beginning 01.01.2015	42.5	86.3	20.1	705.9	854.8
Dividend paid	0.0			-10.0	-10.0
Other	0.0	0.0	0.0	0.1	0.1
Net profit	0.0	0.0	0.0	19.2	19.2
Other comprehensive income:					
Net change in available-for-sale financial assets	0.0	0.0	0.3	0.0	0.3
Total other comprehensive income	0.0	0.0	0.3	0.0	0.3
Total comprehensive income	0.0	0.0	0.3	19.2	19.5
Final balance 31.03.2015	42.5	86.3	20.4	715.2	864.4

6. Contingent assets and liabilities and commitments

(millions of EUR)

	Contract amount		Balance value	
	Assets	Liabilities	Assets	Liabilities
31.03.15				
1. Irrevocable and revocable transactions	7.5	1 024.2	0.0	0.0
1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims	2.5	296.9	0.0	0.0
<i>incl. financial guarantees</i>	0.0	131.9	0.0	0.0
1.2. Loan commitments	5.0	727.3	0.0	0.0
1.3. Other revocable transactions	0.0	0.0	0.0	0.0
2. Derivatives	616.6	615.5	24.4	24.2
2.1. Currency related derivatives	246.8	245.9	1.6	0.8
2.2. Interest related derivatives	357.7	357.7	21.1	21.4
2.3. Equity related derivatives*	12.1	11.9	1.7	2.0
	624.1	1 639.7	24.4	24.2
31.12.14				
1. Irrevocable and revocable transactions	5.8	931.8	0.0	0.0
1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims	0.8	240.5	0.0	0.0
<i>incl. financial guarantees</i>	0.0	80.3	0.0	0.0
1.2. Loan commitments	5.0	691.3	0.0	0.0
2. Derivatives	959.0	956.8	28.7	27.6
2.1. Currency related derivatives	629.8	627.8	3.4	1.4
2.2. Interest related derivatives	316.1	316.1	24.0	24.5
2.3. Equity related derivatives*	13.1	12.9	1.3	1.7
	964.8	1 888.6	28.7	27.6

* 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).

Pursuant to the Law of Obligations Act, the operating lease agreements, concluded by AS SEB Liising are partially related to a contingent liability, the likelihood and the amount of which cannot be reliably determined. According to the management of the company, based on the previous practice, realisation of the obligation is unlikely.

Note 1

Accounting principles

The interim report of AS SEB Pank Group for Quarter I 2015 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 2015 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2014.

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

(millions of EUR)

A) Financial instruments measured at fair value

	31.03.15				31.12.14			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss								
Financial assets held for trading	0.1	24.4	0.0	24.5	0.3	28.5	0.0	28.8
Derivatives	0.0	24.4	0.0	24.4	0.2*	28.5	0.0	28.7
Financial assets designated at fair value through profit or loss at inception								
	102.2	0.0	0.0	102.2	102.2	0.0	0.0	102.2
Debt securities	102.2	0.0	0.0	102.2	102.2	0.0	0.0	102.2
Available for sale financial assets	5.4	0.0	0.1	5.5	5.1	0.0	0.1	5.2
Investment securities - equity	5.4	0.0	0.1	5.5	5.1	0.0	0.1	5.2
TOTAL ASSETS	107.7	24.4	0.1	132.2	107.6	28.5	0.1	136.2
Financial liabilities at fair value through profit and loss								
Financial liabilities held for trading	0.0	24.2	0.0	24.2	0.1*	27.4	0.0	27.5
TOTAL LIABILITIES	0.0	24.2	0.0	24.2	0.1	27.4	0.0	27.5

*Fair value of spot derivatives

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 2014	0.0	0.0
Total losses	0.1	0.1
At 31 December 2014	0.1	0.1
Total losses for the period included in profit or loss for assets/liabilities held at 31.12.14	0.1	0.1
At 1 January 2015	0.1	0.1
At 31 March 2015	0.1	0.1
Total losses for the period included in profit or loss for assets/liabilities held at 31.03.15	0.0	0.0

B) Financial instruments not measured at fair value

	31.03.15		31.12.14	
	Carrying value	Fair value, Level 3	Carrying value	Fair value, Level 3
ASSETS				
Loans and advances to credit institutions	755.7	755.7	53.0	53.0
Loans and advances to customers	3 968.9	3 847.7	3 963.4	3 870.3
<i>Loans to Corporates</i>	2 049.8	2 048.7	2 054.5	2 053.5
<i>Loans to households</i>	1 919.1	1 799.1	1 908.9	1 816.8
Other assets	43.9	43.9	34.8	34.8
TOTAL ASSETS	4 768.5	4 647.3	4 051.2	3 958.1
LIABILITIES				
Due to credit institutions	907.6	907.1	1 033.5	1 032.4
Due to customers	3 161.1	3 165.3	3 188.7	3 191.8
<i>Due to Corporates</i>	1 786.3	1 790.0	1 843.6	1 846.5
<i>Due to households</i>	1 374.8	1 375.3	1 345.1	1 345.4
Other financial liabilities	67.0	67.0	78.0	78.0
Subordinated loans	0.0	0.0	0.0	0.0
TOTAL LIABILITIES	4 135.7	4 139.3	4 300.2	4 302.2

AS SEB Pank 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. All finance instruments not measured at fair value specified at Level 3 in hierarchy of valuation of fair value, because of using unobservable inputs.

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 3.05% (31.12.2014: 2.35%) lower than the carrying amount. Fair value of balances due to credit institutions was 0.06% lower (31.12.2014: 0.11% lower) than the carrying amount. Fair value of balances due to customers was 0.13% higher (31.12.2014: 0.1% higher) than the carrying amount.

Note 3**Interest and similar income**

(millions of EUR)

	2015	2014
	3 months	3 months
Loans	19.2	20.6
Leasing	3.5	3.2
Deposits with other banks	0.1	0.3
Fixed income securities	0.6	0.5
	23.4	24.6

Note 4**Interest expenses and similar charges**

(millions of EUR)

	2015	2014
	3 months	3 months
Credit institutions	-1.4	-1.8
Time and other saving deposits	-0.6	-0.9
Demand deposits	-0.8	-1.0
Other	-0.1	-0.1
	-2.9	-3.8

Note 5**Fee and commission income**

(millions of EUR)

	2015	2014
	3 months	3 months
Payment cards related commissions	5.7	5.5
Securities market services *	2.8	2.6
Transaction fees	1.3	1.3
Credit contracts**	1.2	1.0
Insurance brokerage fees	0.7	0.6
Other settlement fees	1.1	1.0
Income from leasing agreements (full service)	0.2	0.3
Income from electronic channels	0.4	0.4
Cash handling fees	0.2	0.2
Commodity futures fees	0.4	0.0
Other	1.3	0.9
	15.3	13.8

* 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)

	2015	2014
	3 months	3 months
Payment cards related commissions	-2.5	-2.4
Cash collecting fees	-0.3	-0.3
Expenses to leasing agreements (full service)	-0.2	-0.2
Securities market services	-0.4	-0.3
Transaction fees	-0.3	-0.2
Other	-0.2	-0.2
	-3.9	-3.6

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

(millions of EUR)

	2015	2014
	3 months	3 months
Impairment losses	2.9	1.8
impairment losses of reporting period	-0.3	-0.6
recoveries from write-offs	0.2	0.1
decreasing of impairment losses of previous period	3.0	2.3
	2.9	1.8

Note 8**Allowances on loans and advances**

(millions of EUR)

	31.03.15	31.12.14
At the beginning of period (January, 1)	44.4	53.8
Allowances of reporting period	0.3	5.1
Decreasing of allowances of previous period	-3.0	-5.9
Loans and advances written off	-2.0	-8.6
At the end of period	39.7	44.4
Recoveries from write-offs	0.2	0.6

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

(millions of EUR)

	Less than	3-12	1-5	5-10	Over 10	Total
	3 months	months	years	years	years	
31.03.15	255.6	633.5	1 742.8	489.8	847.2	3 968.9
31.12.14	282.9	586.4	1 768.6	492.5	833.0	3 963.4

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

(millions of EUR)

	Cash, balances with central bank, loans and advances to credit institutions	Loans and advances to custo- mers	Securi- ties	Other assets	Total assets	Due to credit institu- tions	Due to custo- mers	Other liabili- ties	Total liabili- ties	Contin- gent liabilities
31.03.15										
Sweden	699.8	0.5	2.6	0.6	703.5	818.7	11.8	22.7	853.2	1.3
Estonia	112.1	3 949.3	28.2	50.3	4 139.9	5.3	2 716.2	67.5	2 789.0	1 005.3
United Kingdom	23.9	1.4	0.0	0.0	25.3	1.8	32.7	0.2	34.7	1.5
Russia	1.1	0.4	0.0	0.0	1.5	0.9	44.3	0.0	45.2	0.0
Germany	4.6	0.2	102.2	0.1	107.1	9.3	2.0	0.0	11.3	5.0
United States	0.7	0.2	0.0	0.0	0.9	0.8	47.5	0.0	48.3	0.0
Canada	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.9	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.4	0.0
Finland	2.0	0.8	0.0	0.3	3.1	0.3	9.3	0.6	10.2	4.7
Latvia	6.3	8.8	0.0	2.2	17.3	64.8	2.8	0.0	67.6	0.5
Lithuania	1.5	0.0	0.0	0.3	1.8	1.4	4.5	0.1	6.0	0.0
Luxembourg	7.7	0.0	0.0	0.2	7.9	2.2	0.1	0.0	2.3	0.0
Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0	1.1	0.0
Other Western Europe	6.0	7.0	0.0	0.3	13.3	2.0	28.2	0.2	30.4	2.9
Other Eastern Europe	1.7	0.0	0.0	0.0	1.7	0.0	6.7	0.0	6.7	0.0
Other countries	0.0	0.3	0.0	1.1	1.4	0.1	252.6	0.2	252.9	3.0
	867.4	3 968.9	133.0	55.4	5 024.7	907.6	3 161.1	91.5	4 160.2	1 024.2

	Cash, balances with central bank, loans and advances to credit institutions	Loans and advances to custo- mers	Securi- ties	Other assets	Total assets	Due to credit institu- tions	Due to custo- mers	Other liabili- ties	Total liabili- ties	Contin- gent liabilities
31.12.14										
Sweden	21.9	0.6	3.2	0.9	26.6	888.4	12.6	25.5	926.5	1.5
Estonia	984.2	3 943.5	31.5	41.2	5 000.4	19.5	2 751.3	78.7	2 849.5	912.8
United Kingdom	0.9	1.5	0.0	0.1	2.5	1.6	37.7	0.3	39.6	1.6
Russia	2.0	0.3	0.0	0.0	2.3	3.6	47.0	0.0	50.6	0.1
Germany	3.9	0.1	102.2	0.0	106.2	11.4	3.4	0.0	14.8	5.0
United States	2.2	0.2	0.0	0.0	2.4	0.6	42.9	0.0	43.5	0.0
Canada	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0	1.6	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	0.8	0.0	0.6	1.4	0.0	9.3	0.6	9.9	4.7
Latvia	2.4	9.0	0.0	1.8	13.2	104.2	2.6	0.0	106.8	0.5
Lithuania	5.0	0.0	0.0	0.3	5.3	1.2	5.6	0.1	6.9	0.0
Luxembourg	4.9	0.0	0.0	0.3	5.2	1.0	0.0	0.0	1.0	0.0
Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	2.9	0.0	2.9	0.0
Other Western Europe	7.3	7.1	0.0	0.4	14.8	1.9	33.4	0.1	35.4	2.9
Other Eastern Europe	1.7	0.0	0.0	0.0	1.7	0.0	6.8	0.0	6.8	0.0
Other countries	0.0	0.3	0.0	0.5	0.8	0.1	231.3	0.5	231.9	2.7
	1 036.4	3 963.4	136.9	46.1	5 182.8	1 033.5	3 188.7	105.8	4 328.0	931.8

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 customers	Securities	
31.03.15			
Finance	895.2	5.5	19.3
Real estate	754.8	0.1	22.4
Industry	322.0	0.0	192.7
Agriculture, fishing, forestry	192.4	0.0	19.2
Trading	185.2	0.0	166.6
Transport	161.1	0.0	37.6
Energy, gas and steam plants	95.5	0.0	92.5
Government and state defence	85.7	102.2	214.3
Administration and assistance	80.9	0.0	54.5
Information and telecommunication	49.4	0.1	7.8
Health services, social work	44.6	0.0	6.6
Construction	43.0	0.0	78.2
Hotels, restaurants	31.5	0.0	0.7
Education	15.6	0.0	5.8
Professional, science and technical work	10.5	0.0	3.8
Art, show business, leisure	10.0	0.0	3.2
Water supply, canalisation, waste management	7.8	0.0	6.0
Mining	2.9	0.0	2.4
Other government and social services	17.5	0.6	8.0
Individuals	1 870.4	0.0	82.6
Derivatives	0.0	24.5	0.0
Allowances	-39.7	-	-
	4 836.3	133.0	1 024.2

31.12.14	In the statement of financial position		Contingent liabilities
	Cash and loans to central bank, credit institutions and customers	Securities	
Finance	1 062.2	5.2	20.4
Real estate	728.1	0.1	17.3
Industry	339.1	0.0	143.8
Agriculture, fishing, forestry	196.4	0.0	20.3
Transport	180.1	0.0	34.4
Trading	175.6	0.0	147.0
Government and state defence	91.5	102.3	214.1
Energy, gas and steam plants	89.9	0.0	75.0
Administration and assistance	84.5	0.0	55.0
Construction	46.7	0.0	80.7
Information and telecommunication	45.1	0.0	5.3
Health services, social work	42.6	0.0	7.8
Hotels, restaurants	32.3	0.0	0.8
Education	16.4	0.0	8.8
Art, show business, leisure	11.1	0.0	3.4
Professional, science and technical work	10.9	0.0	4.0
Water supply, canalisation, waste management	7.9	0.0	6.6
Mining	1.9	0.0	2.6
Other government and social services	20.5	0.6	8.2
Individuals	1 861.4	0.0	76.3
Derivatives	0.0	28.7	0.0
Allowances	-44.4	-	-
	4 999.8	136.9	931.8

Note 12**Related parties**

(millions of EUR)

	<u>31.03.15</u>	<u>31.12.14</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	6.9	7.2
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	2.5	1.4
Loans and advances to parent company	732.0	32.3
Due to parent company	840.9	913.8
Contingent assets and commitments to parent company	39.0	38.7
Contingent liabilities and commitments to parent company	0.3	0.4
Loans and advances to enterprises of parent company's consolidation group	11.3	6.0
Due to enterprises of parent company's consolidation group	45.3	86.6
Contingent assets and commitments to enterprises of parent company's consolidation group	3.5	3.5
Contingent liabilities and commitments to enterprises of parent company's consolidation group	1.0	1.0

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.