

# AS SEB Pank Group

Interim Report of Quarter I 2016



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## **Statement of the Management Board**

Interim Report of Quarter I 2016 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 2016 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 2016 are not audited.

Allan Parik  
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	<a href="http://www.seb.ee">http://www.seb.ee</a>

### 2. Auditor

Audit company	AS PricewaterhouseCoopers
Registry code	10142876 (Estonian Commercial Register)
Address	Pärnu Str. 15, 10141 Tallinn, Estonia
Reporting date	31.03.2016
Reporting period	01.01.2016 - 31.03.2016
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 Life and Pension 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 organizing on hobby and competition level sport events and organizing 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 2016

No such events or trends have occurred by the time of publishing the report, which would affect the strategy of the group in 2016.

## 2. Highlights

The year has begun well for Estonia's economy. The opinion of entrepreneurs regarding the economic situation has improved in the beginning of the year. Industrial enterprises, construction companies, and the tertiary sector are more optimistic than before. The demand of Estonia's vital trading partners is increasing, which in turn increases the number of orders for industrial enterprises. Investments made with the support of European Union measures improve both Estonia's infrastructure and provide employment to the currently partially inactive building sector.

Financing the investments of small and medium-sized enterprises increased in Q1 by 15 per cent when compared with the same period last year, which is a sign of improved confidence. Low interest rates, affordable energy prices, and better expectations for the economic environment are encouraging enterprises to begin new projects. For large enterprises in Estonia, SEB currently has ongoing financing projects valued at EUR 300 million.

People's sense of economic confidence has somewhat declined in the first months of the year. People were worried about maintaining their jobs due to the major redundancies which took place at the beginning of the year. Notable unemployment growth is not expected this year, which is also confirmed by the expectation of entrepreneurs that the number of employees shall increase. Rapidly increased salaries and slow economic growth could still bring along certain reorganisations in the economy.

Household deposits continue to grow at the same pace and significantly exceed loan growth. Compared to the beginning of last year, the loan activity of private persons is slightly higher, but more moderate than in the second half of 2015. In Q1, SEB issued 32 per cent more home loans than in the same period last year. When compared to other Baltic States, Estonia stands out with a relatively even increase in savings across all income groups.

This year, SEB and its clients have tested the option to perform all the required actions for establishing a company in the form of **a web meeting, instead of visiting a branch**. The testing is an introduction to creating **a new remote channel**, where in the future both private and business clients will be able to communicate with the bank without leaving home, receiving a level of service that is comparable to what is received when visiting a branch. As many of the services, transactions, and communication are already taking place online, then launching the web meeting service is a logical direction in developing SEB channels.

SEB has supported **the popularisation of saving** by bringing innovative products to market. For example, more than **80,000 SEB clients** collect money in the operating deposit during daily card use, **saving about EUR 10 million in the Digital Coin Jar every year**.

SEB continued to win **awards** for customer excellence and was named as the **Best Bank** in each of Estonia, Latvia and Lithuania by EMEA Finance magazine. SEB also received the award for **Best Trade Finance Bank** in Estonia from Global Finance and **best sub-custodian** in Estonia, Latvia and Lithuania from Global Investor.

SEB organised four **investment seminars to youngsters** in cooperation with external partner Ärikatel. The main idea of these seminars was to broaden youngsters' financial knowledge and help to orient in today's complex world of investment.

**SEB is no longer providing banking services at the post offices** starting from 29 February 2016. Financial services will still be available at the post offices since Eesti Post continues to offer cash deposit and payment services to the customers of all banks on the same conditions.

SEB organised a panel discussion regarding the **Retirement Readiness Index** with representatives from the Ministry of Finance, Ministry of Social Affairs and Praxis. According to the survey, **residents of Estonia are better prepared for retirement** than their Baltic neighbours and future pensioners are **looking to alternatives to state pensions, that is, to other sources of income for their old age**.

SEB introduced **Baltic Business Outlook** results. The survey mapped the sentiment of small and medium-sized enterprises (SMEs) for the business year 2016. Baltic SMEs remain cautious and **see potential in domestic markets**. In addition, Baltic SMEs evaluate **sustainable entrepreneurship** and focus on **products and services innovation**.

**Innovation LAB**, an event for small and medium-sized enterprises (SMEs) was arranged for the third year in a row in March. Around 350 of our SME customers attended the event. The conference offered companies a possibility to gain knowledge and explore ideas on how innovation could serve **to grow their business** in the fast-changing and very competitive environment.

We introduced the results of SEB Baltic **home affordability index**, which indicates in square metres, the size of a flat that a resident with average income is able to purchase using a loan without taking an overly high risk. The results revealed that **accessibility of new apartments improved during the year 2015 in Riga and Vilnius, yet decreased in Tallinn**. Despite the decline, new apartments are more affordable in Estonia than in the capitals of Latvia or Lithuania.

The more than 748 500 customers of SEB Pank Group are served by 1064 employees. The customers are served through many different channels such as 22 branch offices, 237 ATMs, 9026 POS-terminals. There are more than 761 500 debit and credit cards in use. In addition, over 79% of our customers use internet bank services.

### 3. Capital adequacy

(millions of EUR)

CAPITAL BASE	<u>31.03.16</u>		<u>31.12.15</u>	
<b>OWN FUNDS</b>	<b>907.4</b>		<b>904.5</b>	
<b>1. TIER 1 CAPITAL</b>	<b>907.4</b>		<b>904.5</b>	
<b>1.1. COMMON EQUITY TIER 1 CAPITAL</b>	<b>907.4</b>		<b>904.5</b>	
1.1.1. Capital instruments eligible as CET1 Capital	128.8		128.8	
<i>Paid up capital instruments</i>	42.5		42.5	
<i>Share premium</i>	86.3		86.3	
1.1.2. Retained earnings *	751.4		751.4	
1.1.3. Accumulated other comprehensive income	16.1		12.8	
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	-2.4		-1.9	
1.1.7. (-) IRB shortfall of credit risk adjustments to expected losses	-5.3		-5.5	
1.1.8. Other transitional adjustments to CET1 Capital	-0.5		-0.4	
<b>2. TIER 2 CAPITAL</b>	<b>0.0</b>		<b>0.0</b>	
IRB Excess of provisions over expected losses eligible	0.0		0.0	
		Capital		Capital
		require-		require-
		ments		ments
		(8%)		(8%)
<b>RISK WEIGHTED ASSETS (RWA)</b>	<u><b>31.03.16</b></u>		<u><b>31.12.15</b></u>	
<b>TOTAL RISK EXPOSURE AMOUNT</b>	<b>2 302.6</b>	<b>184.2</b>	<b>2 175.3</b>	<b>174.0</b>
1. RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	2 153.9	172.3	2 021.1	161.7
<b>1.1. Standardised approach (SA)</b>	<b>245.8</b>	<b>19.7</b>	<b>222.7</b>	<b>17.8</b>
Central governments or central banks	2.8	0.2	2.9	0.2
Public sector entities	0.8	0.1	0.6	0.0
Retail	174.1	13.9	174.0	13.9
Exposures in default	1.5	0.1	1.6	0.1
Collective investments undertakings (CIU)	6.0	0.5	6.1	0.5
Equity	16.5	1.3	13.2	1.1
Other items	44.1	3.5	24.3	1.9
<b>1.2. Internal ratings based Approach (IRB)</b>	<b>1 908.1</b>	<b>152.6</b>	<b>1 798.4</b>	<b>143.9</b>
1.2.1. IRB approaches when neither own estimates of LGD nor Conversion Factors are used	1 606.0	128.5	1 499.7	120.0
Institutions	206.9	16.6	94.1	7.5
Corporates - SME	710.6	56.8	695.8	55.7
Corporates - Specialised Lending	63.1	5.0	79.6	6.4
Corporates - Other	625.4	50.0	630.2	50.4
1.2.2. IRB approaches when own estimates of LGD and/or Conversion Factors are used	302.1	24.2	298.7	23.9
Retail - Secured by real estate SME	11.5	0.9	12.8	1.0
Retail - Secured by real estate non-SME	214.3	17.1	210.5	16.8
Retail - Qualifying revolving	0.0	0.0	2.2	0.2
Retail - Other SME	17.2	1.4	17.6	1.4
Retail - Other non-SME	59.1	4.7	55.6	4.4
<b>2. TOTAL RISK EXPOSURE AMOUNT FOR POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS</b>	<b>16.0</b>	<b>1.3</b>	<b>13.2</b>	<b>1.1</b>
<b>3. TOTAL RISK EXPOSURE AMOUNT FOR OPERATIONAL RISK (AMA)</b>	<b>128.4</b>	<b>10.3</b>	<b>135.3</b>	<b>10.8</b>
<b>4. TOTAL RISK EXPOSURE AMOUNT FOR CREDIT VALUATION ADJUSTMENT</b>	<b>4.3</b>	<b>0.3</b>	<b>5.7</b>	<b>0.5</b>

\* Prognoses of dividends have been deducted from retained earnings.



**CAPITAL RATIOS**

	<b>31.03.16</b>	<b>31.12.15</b>
OWN FUNDS	<b>907.4</b>	<b>904.5</b>
TOTAL RISK EXPOSURE AMOUNT Basel III (without additional risk exposure amount due to application of Basel I floor)	<b>2 302.6</b>	<b>2 175.3</b>
Own fund requirement (8%)	184.2	174.0
Total capital ratio	39.41%	41.58%
Tier 1 Capital ratio	39.41%	41.58%
CET1 Capital ratio	39.41%	41.58%
Tier 2 Capital ratio	0.00%	0.00%
TOTAL RISK EXPOSURE AMOUNT Basel III (with additional risk exposure amount due to application of Basel I floor)	<b>3 044.8</b>	<b>2 966.7</b>
Own fund requirement (8%)	243.6	237.3
Total capital ratio	29.80%	30.49%
Tier 1 Capital ratio	29.80%	30.49%
CET1 Capital ratio	29.80%	30.49%
Tier 2 Capital ratio	0.00%	0.00%

**MEMBERS OF CONSOLIDATION GROUP, INCLUDED TO CAPITAL ADEQUACY CALCULATION**

AS SEB Pank  
AS SEB Liising Group  
AS SEB Varahaldus

**CAPITAL REQUIREMENTS AND BUFFERS**

Own funds	Capital amount	Total risk exposure amount *	Base capital requirement	Own funds Surplus(+) of base capital requirement	Capital adequacy ratio	Capital conservation buffer	Systemic risk buffer	Counter-cyclical capital buffer	Total capital requirements, incl. buffers	Own funds Surplus(+) of total capital requirements, incl. buffers			
	1	2	3	4=2×3	5=1-4	6=1/2	7	8=2×7	9	10=2×9	11	12=4+8+10+11	14=1-12
<b>31.03.16</b>													
Total capital	907.4	2 302.6	8%	184.2	723.2	39.41%	2.5%	57.6	2%	46.1	0.0	287.8	619.6
Tier 1 capital	907.4	2 302.6	6%	138.2	769.2	39.41%	2.5%	57.6	2%	46.1	0.0	241.8	665.6
CET1 capital	907.4	2 302.6	4.5%	103.6	803.8	39.41%	2.5%	57.6	2%	46.1	0.0	207.2	700.2
<b>31.12.15</b>													
Total capital	904.5	2 175.3	8%	174.0	730.5	41.58%	2.5%	54.4	2%	43.5	-	271.9	632.6
Tier 1 capital	904.5	2 175.3	6%	130.5	774.0	41.58%	2.5%	54.4	2%	43.5	-	228.4	676.1
CET1 capital	904.5	2 175.3	4.5%	97.9	806.6	41.58%	2.5%	54.4	2%	43.5	-	195.8	708.7

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

**LEVERAGE RATIO**

	<b>31.03.16</b>	<b>31.12.15</b>
Exposure measure for leverage ratio calculation	5 799.9	5 708.3
of which on balance sheet items	5 347.3	5 225.9
of which off balance sheet items	452.6	482.4
Leverage ratio*	15.7%	15.9%

\*In Annual report of reference period Leverage Ratio was calculated as the simple arithmetic mean of the monthly leverage ratios over a quarter. In Current report as of end of period.

**4. Risk concentration**

(millions of EUR)

	31.03.16	31.12.15	31.03.15
Total claims against persons associated with the credit institution's consolidation group	1.7	2.0	7.2
The share of claims of the persons associated with the credit institution's consolidation group in net own funds, %	0.19	0.22	0.85
Total of large exposure claims	262.7	358.1	322.3
The share of large exposure claims in net own funds, %	28.95	39.60	38.17
Number of large exposure customers	4	4	5

**5. Key figures**

(millions of EUR)

	31.03.16	31.12.15	31.03.15
Net profit	12.8	75.0	19.2
Average equity	930.5	893.6	859.6
Return on equity (ROE), %	5.50	8.39	8.93
Average assets	5 294.6	5 208.4	5 103.8
Return on assets (ROA), %	0.97	1.44	1.50
Net interest income	19.9	78.7	20.5
Average interest earning assets	5 155.9	5 076.9	4 973.2
Net interest margin (NIM), %	1.54	1.55	1.65
Spread, %	1.51	1.50	1.60
Cost / Income ratio, %	46.3	43.8	44.0
Ratio of individually impaired loans, %	0.35	0.50	0.61

**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)

		<b>2016</b>	<b>2015</b>
	Note	<b>3 months</b>	<b>3 months</b>
<i>Interest and similar income</i>	3	22.5	23.4
<i>Interest expenses and similar charges</i>	4	-2.6	-2.9
Net Interest Income		19.9	20.5
<i>Fee and commission income</i>	5	14.1	15.3
<i>Fee and commission expense</i>	6	-3.7	-3.9
Net fee and commission income		10.4	11.4
Net income from foreign exchange		1.0	1.3
Gains less losses from financial assets at fair value through profit or loss		0.3	0.3
Gains less losses from investment securities		0.0	-0.5
Other income		0.2	0.2
Personnel expenses		-9.9	-9.4
Other expenses		-4.0	-4.3
Depreciation, amortisation and impairment of tangible and intangible assets		-0.9	-1.0
<b>Profit before impairment losses on loans and advances</b>		<b>17.1</b>	<b>18.5</b>
Impairment losses on loans and advances	7	0.7	2.9
<b>Profit before income tax</b>		<b>17.8</b>	<b>21.4</b>
Income tax		-5.0	-2.2
<b>Net profit</b>		<b>12.8</b>	<b>19.2</b>
Profit attributable to the sole equity holder		12.8	19.2

#### 2. Consolidated statement of comprehensive income

(millions of EUR)

		<b>2016</b>	<b>2015</b>
		<b>3 months</b>	<b>3 months</b>
<b>Net profit</b>		<b>12.8</b>	<b>19.2</b>
<b>Other comprehensive income/expense</b>			
Items that may subsequently be reclassified to the income statement:			
Revaluation of available-for-sale financial assets		3.2	0.3
<b>Total other comprehensive income/expense</b>		<b>3.2</b>	<b>0.3</b>
<b>Total comprehensive income</b>		<b>16.0</b>	<b>19.5</b>
<b>Sole equity holder of the parent entity (total)</b>		<b>16.0</b>	<b>19.5</b>
-Total comprehensive income from continued operations		16.0	19.5

**3. Consolidated statement of financial position**

(millions of EUR)

	31.03.16	31.12.15
<b>ASSETS</b>		
Cash	41.5	42.5
Balances with central bank	188.5	615.0
Loans and advances to credit institutions	934.5	392.5
Loans and advances to customers	4 093.5	4 096.3
Financial assets held for trading	28.8	28.3
Available-for-sale financial assets	21.5	18.3
Other assets	34.6	29.0
Investments in associates	0.9	0.8
Intangible assets	2.4	1.9
Property, plant and equipment	9.1	9.3
<b>TOTAL ASSETS</b>	<b>5 355.3</b>	<b>5 233.9</b>
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Due to credit institutions	1 017.3	888.6
Due to customers	3 300.3	3 316.1
Other liabilities	79.3	67.7
Financial liabilities at fair value through profit or loss	29.6	28.7
Provisions	0.3	0.4
<b>Total Liabilities</b>	<b>4 426.8</b>	<b>4 301.5</b>
Share capital	42.5	42.5
Share premium	86.3	86.3
Other reserves	35.4	32.2
Retained earnings	764.3	771.4
<b>Total shareholders' equity</b>	<b>928.5</b>	<b>932.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>5 355.3</b>	<b>5 233.9</b>

#### 4. Consolidated cash flow statement

(millions of EUR)

	<b>2016</b>	<b>2015</b>
	<b>3 months</b>	<b>3 months</b>
<b>I. Cash flows from operating activities</b>		
Interest received	22.5	23.4
Interest paid	-2.7	-2.6
Fee and commission received	14.2	15.2
Fee and commission paid	-3.7	-3.9
Net trading income and other operating income	2.1	1.5
Personnel expenses and other operating expenses	-13.8	-13.6
Income tax paid	-5.0	-2.2
<b>Cash flows from operating activities before changes in the operating assets and liabilities</b>	<b>13.6</b>	<b>17.8</b>
<b>Changes in operating assets:</b>		
Loans and advances to credit institutions and mandatory reserve in central bank	-3.2	-13.3
Loans and advances to customers	2.8	-2.8
Other assets	-4.0	6.5
<b>Changes of operating liabilities:</b>		
Due to credit institutions	133.1	-139.0
Due to customers	-15.6	-27.4
Other liabilities	7.9	-1.6
<b>Cash flow from (used in) operating activities</b>	<b>134.6</b>	<b>-159.8</b>
<b>II. Cash flows from investing activities</b>		
Purchase of investment properties, tangible and intangible assets	-1.1	-1.2
<b>Cash flow from (used in) investing activities</b>	<b>-1.1</b>	<b>-1.2</b>
<b>III. Cash flows from financing activities</b>		
Dividends paid	-20.0	-10.0
<b>Cash used in financing activities</b>	<b>-20.0</b>	<b>-10.0</b>
<b>Net decrease/increase in cash and cash equivalents</b>	<b>113.5</b>	<b>-171.0</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>1 012.5</b>	<b>1 105.0</b>
Effect of exchange rate changes on cash and cash equivalents	0.0	0.1
<b>Cash and cash equivalents at the end of period</b>	<b>1 126.0</b>	<b>934.1</b>
<b>Cash and cash equivalents includes:</b>	<b>31.03.16</b>	<b>31.03.15</b>
Cash on hand	41.5	41.7
Balances with the central bank without mandatory reserve	150.0	35.0
Liquid deposits in other credit institutions	934.5	755.1
Trading portfolio and liquidity securities	0.0	102.3
	<b>1 126.0</b>	<b>934.1</b>

**5 Changes in consolidated shareholders' equity**

(millions of EUR)

	Share capital	Share premium	Reserves	Retained profit	Total shareholders' equity
<b>Year beginning 01.01.2015</b>	<b>42.5</b>	<b>86.3</b>	<b>20.1</b>	<b>705.9</b>	<b>854.8</b>
Dividend paid	0.0	0.0	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
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>19.2</b>	<b>19.5</b>
<b>Final balance 31.03.2015</b>	<b>42.5</b>	<b>86.3</b>	<b>20.4</b>	<b>715.2</b>	<b>864.4</b>
<b>Year beginning 01.01.2016</b>	<b>42.5</b>	<b>86.3</b>	<b>32.2</b>	<b>771.4</b>	<b>932.4</b>
Dividend paid	0.0	0.0	0.0	-20.0	-20.0
Other	0.0	0.0	0.0	0.1	0.1
Net profit	0.0	0.0	0.0	12.8	12.8
Other comprehensive income:					
Net change in available-for-sale financial assets	0.0	0.0	3.2	0.0	3.2
Total other comprehensive income	0.0	0.0	3.2	0.0	3.2
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>3.2</b>	<b>12.8</b>	<b>16.0</b>
<b>Final balance 31.03.2016</b>	<b>42.5</b>	<b>86.3</b>	<b>35.4</b>	<b>764.3</b>	<b>928.5</b>

**6. Contingent assets and liabilities and commitments**

(millions of EUR)

31.03.16	Contract amount		Balance value	
	Assets	Liabilities	Assets	Liabilities
<b>1. Irrevocable and revocable transactions</b>	<b>85.9</b>	<b>1 016.7</b>	<b>0.0</b>	<b>0.0</b>
1.1. Guarantees and other similar off-balance sheet irrevocable <i>incl. financial guarantees</i>	80.9 <i>80.9</i>	288.9 <i>101.8</i>	0.0 <i>0.0</i>	0.0 <i>0.0</i>
1.2. Loan commitments	5.0	727.8	0.0	0.0
<b>2. Derivatives</b>	<b>659.4</b>	<b>659.4</b>	<b>28.8</b>	<b>29.6</b>
2.1. Currency related derivatives	265.0	265.2	0.8	1.0
2.2. Interest related derivatives	386.7	386.7	27.5	28.0
2.3. Equity related derivatives*	7.7	7.5	0.5	0.6
	<b>745.3</b>	<b>1 676.1</b>	<b>28.8</b>	<b>29.6</b>
<b>31.12.15</b>	<b>Contract amount</b>		<b>Balance value</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>1. Irrevocable and revocable transactions</b>	<b>69.1</b>	<b>1 074.1</b>	<b>0.0</b>	<b>0.0</b>
1.1. Guarantees and other similar off-balance sheet irrevocable <i>incl. financial guarantees</i>	64.1 <i>64.1</i>	310.3 <i>129.3</i>	0.0 <i>0.0</i>	0.0 <i>0.0</i>
1.2. Loan commitments	5.0	764.0	0.0	0.0
<b>2. Derivatives</b>	<b>667.3</b>	<b>666.7</b>	<b>28.4</b>	<b>28.7</b>
2.1. Currency related derivatives	295.2	294.9	1.3	1.0
2.2. Interest related derivatives	363.3	363.3	26.4	26.9
2.3. Equity related derivatives*	8.8	8.5	0.7	0.8
	<b>736.4</b>	<b>1 740.8</b>	<b>28.4</b>	<b>28.7</b>

\* 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, realization of the obligation is unlikely.



**Note 1**

**Accounting principles**

The interim report of AS SEB Pank Group for Quarter I 2016 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 2016 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2015.

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

(millions of EUR)

**A) Financial instruments measured at fair value**

	<b>31.03.16</b>				<b>31.12.15</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit and loss</b>								
<b>Financial assets held for trading</b>	<b>0.0</b>	<b>28.8</b>	<b>0.0</b>	<b>28.8</b>	<b>0.1</b>	<b>28.3</b>	<b>0.0</b>	<b>28.4</b>
Equity securities	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Derivatives	0.0	28.8	0.0	28.8	0.0	28.3	0.0	28.3
<b>Available for sale financial assets</b>	<b>6.0</b>	<b>0.0</b>	<b>15.4</b>	<b>21.4</b>	<b>6.1</b>	<b>0.0</b>	<b>12.2</b>	<b>18.3</b>
Investment securities - equity	6.0	0.0	15.4	21.4	6.1	0.0	12.2	18.3
<b>TOTAL ASSETS</b>	<b>6.0</b>	<b>28.8</b>	<b>15.4</b>	<b>50.2</b>	<b>6.2</b>	<b>28.3</b>	<b>12.2</b>	<b>46.7</b>
<b>Financial liabilities at fair value through profit and loss</b>								
Financial liabilities held for trading	0.0	29.5	0.0	29.5	0.0	28.7	0.0	28.7
<b>TOTAL LIABILITIES</b>	<b>0.0</b>	<b>29.5</b>	<b>0.0</b>	<b>29.5</b>	<b>0.1</b>	<b>28.7</b>	<b>0.0</b>	<b>28.7</b>

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**

	<b>Available-for-sale financial assets</b>	
	<b>Investment securities - equity</b>	<b>Total</b>
<b>At 1 January 2015</b>	<b>0.1</b>	<b>0.1</b>
<b>At 31 December 2015</b>	<b>12.2</b>	<b>12.2</b>
Total losses for the period included in profit or loss for assets/liabilities held at 31.12.15	0.0	0.0
<b>At 1 January 2016</b>	<b>12.2</b>	<b>12.2</b>
Other comprehensive income	3.2	3.2
<b>At 31 March 2016</b>	<b>15.4</b>	<b>15.4</b>
Total losses for the period included in profit or loss for assets/liabilities held at 31.03.16	0.0	0.0

**B) Financial instruments not measured at fair value**

	<b>31.03.16</b>		<b>31.12.15</b>	
	<b>Carrying value</b>	<b>Fair value, Level 3</b>	<b>Carrying value</b>	<b>Fair value, Level 3</b>
<b>ASSETS</b>				
Loans and advances to credit institutions	934.5	934.5	392.5	392.5
Loans and advances to customers	4 093.5	4 000.5	4 096.3	3 960.9
<i>Loans to Corporates</i>	2 055.2	2 068.4	2 077.0	2 079.5
<i>Loans to households</i>	2 038.3	1 932.1	2 019.3	1 881.4
Other assets	34.6	34.6	29.0	29.0
<b>TOTAL ASSETS</b>	<b>5 062.6</b>	<b>4 969.6</b>	<b>4 517.8</b>	<b>4 382.4</b>
<b>LIABILITIES</b>				
Due to credit institutions	1 017.3	1 018.4	888.6	888.2
Due to customers	3 300.3	3 302.5	3 316.1	3 318.4
<i>Due to Corporates</i>	1 829.2	1 831.5	1 884.8	1 886.9
<i>Due to households</i>	1 471.1	1 471.0	1 431.3	1 431.5
Other financial liabilities	79.3	79.3	67.7	67.7
<b>TOTAL LIABILITIES</b>	<b>4 396.9</b>	<b>4 400.2</b>	<b>4 272.4</b>	<b>4 274.3</b>

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 2.27% (31.12.2015: 3.31%) lower than the carrying amount. Fair value of balances due to credit institutions was 0.11% higher (31.12.2015: 0.04% lower) than the carrying amount. Fair value of balances due to customers was 0.07% higher (31.12.2015: 0.07% higher) than the carrying amount.

**Note 3****Interest and similar income**

(millions of EUR)

	<b>2016</b>	<b>2015</b>
	<b>3 months</b>	<b>3 months</b>
Loans	19.2	19.2
Leasing	3.3	3.5
Deposits with other banks	0.0	0.1
Fixed income securities	0.0	0.6
	<b>22.5</b>	<b>23.4</b>

**Note 4****Interest expenses and similar charges**

(millions of EUR)

	<b>2016</b>	<b>2015</b>
	<b>3 months</b>	<b>3 months</b>
Credit institutions	-0.3	-1.4
Time and other saving deposits	-0.4	-0.6
Demand deposits	-0.8	-0.8
Other	-1.1	-0.1
	<b>-2.6</b>	<b>-2.9</b>

**Note 5****Fee and commission income**

(millions of EUR)

	<b>2016</b>	<b>2015</b>
	<b>3 months</b>	<b>3 months</b>
Payment cards related commissions	5.1	5.7
Securities market services *	2.6	2.8
Transaction fees	1.2	1.3
Credit contracts**	0.9	1.2
Insurance brokerage fees	0.8	0.7
Other settlement fees	1.5	1.1
Income from leasing agreements (full service)	0.2	0.3
Income from electronic channels	0.4	0.5
Cash handling fees	0.2	0.2
Commodity futures fees	0.0	0.4
Other	1.2	1.4
	<b>14.1</b>	<b>15.6</b>

\* 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)

	<b>2016</b>	<b>2015</b>
	<b>3 months</b>	<b>3 months</b>
Payment cards related commissions	-2.3	-2.5
Cash collecting fees	-0.3	-0.3
Expenses to leasing agreements (full service)	-0.1	-0.2
Securities market services	-0.4	-0.4
Transaction fees	-0.3	-0.3
Other	-0.3	-0.2
	<b>-3.7</b>	<b>-3.9</b>

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

(millions of EUR)

	<b>2016</b>	<b>2015</b>
	<b>3 months</b>	<b>3 months</b>
<b>Impairment losses</b>	<b>0.6</b>	<b>2.9</b>
impairment losses of reporting period	-1.0	-0.3
recoveries from write-offs	1.0	0.2
decreasing of impairment losses of previous period	0.6	3.0
<b>Impairment losses for contingent liabilities</b>	<b>0.1</b>	<b>0.0</b>
	<b>0.7</b>	<b>2.9</b>

**Note 8****Allowances on loans and advances**

(millions of EUR)

	<b>31.03.16</b>	<b>31.12.15</b>
<b>At the beginning of period (January, 1)</b>	<b>29.0</b>	<b>44.4</b>
Allowances of reporting period	1.0	3.3
Decreasing of allowances of previous period	-0.7	-6.4
Loans and advances written off	-2.3	-12.3
<b>At the end of period</b>	<b>27.0</b>	<b>29.0</b>
Recoveries from write-offs	1.0	0.9

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

(millions of EUR)

	<b>Less than</b>	<b>3-12</b>	<b>1-5</b>	<b>5-10</b>	<b>Over 10</b>	<b>Total</b>
	<b>3 months</b>	<b>months</b>	<b>years</b>	<b>years</b>	<b>years</b>	
<b>31.03.16</b>	240.5	598.5	1 862.6	515.0	876.9	<b>4 093.5</b>
<b>31.12.15</b>	244.1	635.1	1 835.4	513.2	868.5	<b>4 096.3</b>

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

(millions of EUR)

31.03.16	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			Total liabilities	Contingent liabilities
	Due to credit institutions	Due to customers	Other liabilities										
Sweden	885.2	0.6	1.4	0.3	887.5	961.1	11.9	29.1	1 002.1	1.5			
Estonia	230.1	4 073.2	34.5	34.5	4 372.3	10.2	2 962.7	73.2	3 046.1	994.3			
United Kingdom	31.5	1.7	15.3	0.1	48.6	2.1	35.5	0.4	38.0	0.0			
Russia	0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0			
Germany	1.0	0.3	0.0	0.0	1.3	5.2	1.8	0.0	7.0	5.0			
United States	1.6	0.4	0.0	0.0	2.0	0.4	15.5	0.0	15.9	0.0			
Canada	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0	1.7	0.0			
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.5	0.0			
Finland	0.0	1.7	0.0	0.0	1.7	0.0	10.2	0.0	10.2	3.8			
Latvia	0.0	0.0	0.0	1.1	1.1	0.0	0.0	0.0	0.0	0.0			
Lithuania	1.1	8.4	0.0	0.3	9.8	15.4	3.0	0.1	18.5	0.4			
Luxembourg	0.8	0.0	0.0	0.2	1.0	0.3	0.0	0.0	0.3	0.0			
Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	7.6	0.0	7.6	0.0			
Other Western Europe	5.5	6.1	0.0	0.4	12.0	1.5	21.9	0.2	23.6	7.0			
Other Eastern Europe	3.7	0.4	0.0	0.1	4.2	21.1	46.5	0.0	67.6	0.4			
Other countries	3.9	0.7	0.0	9.1	13.7	0.0	181.4	6.2	187.6	4.3			
	<b>1 164.5</b>	<b>4 093.5</b>	<b>51.2</b>	<b>46.1</b>	<b>5 355.3</b>	<b>1 017.3</b>	<b>3 300.3</b>	<b>109.2</b>	<b>4 426.8</b>	<b>1 016.7</b>			

31.12.15	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			Total liabilities	Contingent liabilities
	Due to credit institutions	Due to customers	Other liabilities										
Sweden	13.5	0.5	1.7	0.5	16.2	791.1	17.2	27.8	836.1	1.5			
Estonia	658.3	4 074.3	33.6	37.0	4 803.2	7.7	2 975.4	68.4	3 051.5	1 055.8			
United Kingdom	0.7	1.3	12.1	0.1	14.2	3.2	28.2	0.1	31.5	0.0			
Russia	0.2	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.1	0.0			
Germany	348.2	3.4	0.0	0.0	351.6	7.3	1.4	0.0	8.7	1.8			
United States	1.4	0.2	0.0	0.0	1.6	0.0	17.0	0.0	17.0	0.0			
Canada	0.0	0.0	0.0	0.0	0.0	0.1	0.6	0.0	0.7	0.0			
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.5	0.0			
Finland	4.4	0.9	0.0	0.0	5.3	0.0	9.3	0.0	9.3	3.4			
Latvia	0.0	0.0	0.0	0.6	0.6	0.0	0.0	0.0	0.0	0.0			
Lithuania	4.8	8.4	0.0	0.2	13.4	67.9	4.1	0.1	72.1	0.4			
Luxembourg	1.9	0.0	0.0	0.2	2.1	0.6	0.1	0.2	0.9	0.0			
Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0	2.0	0.0			
Other Western Europe	7.9	6.0	0.0	0.3	14.2	1.5	26.5	0.1	28.1	7.0			
Other Eastern Europe	6.1	0.9	0.0	0.1	7.1	9.2	45.9	0.1	55.2	0.0			
Other countries	2.6	0.4	0.0	1.2	4.2	0.0	187.8	0.0	187.8	4.2			
	<b>1 050.0</b>	<b>4 096.3</b>	<b>47.4</b>	<b>40.2</b>	<b>5 233.9</b>	<b>888.6</b>	<b>3 316.1</b>	<b>96.8</b>	<b>4 301.5</b>	<b>1 074.1</b>			

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	
<b>31.03.16</b>			
Finance	1 180.6	21.3	19.9
Real estate	681.9	0.1	28.0
Trading	328.9	0.0	189.0
Industry	269.2	0.0	143.8
Agriculture, fishing, forestry	165.5	0.0	12.4
Energy, gas and steam plants	117.5	0.0	100.6
Transport	116.9	0.0	34.2
Mining	71.8	0.0	21.2
Government and state defence	64.6	0.0	261.4
Professional, science and technical work	62.0	0.0	5.1
Information and telecommunication	47.2	1.0	10.2
Construction	46.2	0.0	73.8
Hotels, restaurants	43.9	0.0	0.4
Health services, social work	41.5	0.0	7.2
Administration and assistance	27.8	0.0	7.2
Education	12.7	0.0	5.8
Art, show business, leisure	8.8	0.0	1.8
Water supply, canalisation, waste management	5.7	0.0	1.5
Other government and social services	6.1	0.0	0.8
Private individuals	1 986.2	0.0	92.4
Derivatives	0.0	28.8	0.0
Allowances	-27.0	-	-
	<b>5 258.0</b>	<b>51.2</b>	<b>1 016.7</b>

31.12.15	In the statement of financial position		Contingent liabilities
	Cash and loans to central bank, credit institutions and customers	Securities	
Finance	1 066.3	18.3	16.8
Real estate	692.3	0.1	27.6
Trading	292.4	0.0	215.6
Industry	275.2	0.0	144.9
Agriculture, fishing, forestry	172.4	0.0	8.9
Energy, gas and steam plants	149.2	0.0	107.9
Transport	124.5	0.0	33.3
Mining	74.6	0.0	65.0
Government and state defence	70.4	0.0	262.5
Construction	49.4	0.0	68.7
Information and telecommunication	48.9	0.7	10.6
Hotels, restaurants	43.9	0.0	0.6
Professional, science and technical work	43.8	0.0	6.2
Health services, social work	43.3	0.0	6.5
Administration and assistance	27.3	0.0	6.5
Education	13.5	0.0	5.8
Art, show business, leisure	8.7	0.0	1.7
Water supply, canalisation, waste management	5.8	0.0	1.4
Other government and social services	6.6	0.0	0.7
Private individuals	1 966.8	0.0	82.9
Derivatives	0.0	28.3	0.0
Allowances	-29.0	-	-
	<b>5 146.3</b>	<b>47.4</b>	<b>1 074.1</b>



**Note 12****Related parties**

(millions of EUR)

	<u>31.03.16</u>	<u>31.12.15</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	1.7	1.9
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)	0.0	0.0
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	1.3	1.9
Loans and advances to parent company	903.5	25.6
Due to parent company	988.7	819.6
Contingent assets and commitments to parent company	38.8	39.0
Contingent liabilities and commitments to parent company	0.4	0.4
Loans and advances to enterprises of parent company's consolidation group	3.6	353.3
Due to enterprises of parent company's consolidation group	33.6	59.6
Contingent assets and commitments to enterprises of parent company's consolidation group	3.2	3.5
Contingent liabilities and commitments to enterprises of parent company's consolidation group	1.1	0.9

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.