

AS SEB Pank Group

Interim Report of Quarter II 2016



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Statement of the Management Board

Interim Report of Quarter II 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 II 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 II 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 | 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 | 30.06.2016 |
| Reporting period | 01.01.2016 - 30.06.2016 |
| 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 |
| | | | | | | 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

In 31.05.2016 an associate Tieto Estonia Services OÜ was sold (20% ownership held by AS SEB Pank).

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 situation in Estonia's economy can be considered satisfactory, it is positive to see signs of revival in the corporate landscape. Compared to last year, the GDP growth improved in the first quarter of 2016 to 1.7 percent, which is less than the economy's growth potential, but better than the second half of 2015. Economic growth is still held up by private consumption, which in the beginning of the year was influenced by an increase in excise duties. Due to service sales decreasing, export declined in the first quarter, but significantly slower than in previous quarters. Meanwhile, the export of goods even increased a bit. Positive trend in goods export seems to have also continued in the second quarter based on preliminary data.

As companies are more willing to invest, it is plausible that the economic environment improves. Although according to the GDP statistics the investments decreased in the first quarter by 6 percent, it was caused by a few areas of activity, such as telecommunications and water supply. In most sectors, including the processing industry, investments increased. The 8-percent increase of the loan balance of the companies and continuing increase in the import of capital goods also refers to active investments in the second quarter of the year. In addition, investments are also increased due to more interest in equipment leasing, the number of transactions of which increased in the second quarter by 39 percent.

We have noticed a clear change in our clients' consumption habits. We are moving towards a cash-free society, which is confirmed by the fact that compared to the second quarter of last year the usage of our mobile bank has increased by more than half, 52 percent. Taking into account the wishes of our clients, we shall already launch an updated mobile app this autumn. Moreover, in the last year the volume of our paper-free transactions has also increased by 42 percent. It is a technological solution thanks to which the client can sign all documents in the branch digitally instead of traditional printing and signing papers and these shall be saved directly into the Internet Bank account. We are certain that a paper-free service shall soon become the norm. As changes in the digital world are happening faster and faster, we have created a digital banking unit in our team who focuses on such similar previously mentioned developments and changes in direction.

The **SEB Baltic Household Outlook** reveals that an improved situation on the labour markets of the Baltic countries and increasing incomes grew both families' cash buffers and their interest in purchasing new homes.

The fourth edition of SEB's landmark event, the annual **Baltic Business Summit** 2016 was held in Tallinn on April 14, with the focus on digital revolution and its impact on the business.

SEB began **to issue home loans** to clients who are borrowing to buy, build or renovate their existing homes to make them more energy efficient and who wish **to use a guarantee from KredEx** for that purpose.

Already for the third year in a row, SEB has been named as **best securities services provider in Estonia** by the international finance magazine **Global Finance**. SEB Banks were recognised with the same title in Latvia, Lithuania and Sweden.

The winner of “Brainhunt”, the largest competition of business ideas in Estonia, was **SprayPrinter**, to whom a cheque of 30 000 euros of prize money was issued. Second place and 10 000 euros was awarded to Foxcademy. Award for the third place and a cheque of 6000 euros was given to Levon.

More than one half of the residents of Estonia acknowledge the need to set aside additional pension savings in order to complement their 1st and 2nd pension pillars, the **SEB retirement readiness survey** revealed. Close to one third claim that they are already doing so to an extent; however, only 14% are saving an average of EUR 100 per month on a regular basis.

Out of the bigger consumer expenses additional funding from a bank or other credit organisation is used mainly for smaller construction work and refurbishment, but also for buying a car or technology products, revealed the **SEB research, which was mapping the usage of small credit products**.

According to the **SEB home purchasing power index**, in the first quarter of the year a person living in Tallinn and earning an average income was able to purchase 42.4 square metres of new living space in a dormitory district, while a resident of Vilnius could purchase 42 square metres. In the Baltic States, secondary market apartments are the most affordable in Riga, where a resident could buy a standard apartment of 52 square metres without taking excessive risks and loan obligations.

On 30th of June Professor Arnis Sauka of the Stockholm School of Economics presented a **study on the shadow economy and business culture** of Estonia, Latvia, and Lithuania. The study addresses several aspects of shadow economy, such as cash in hand, which accounted for 17.7% of all salaries in Estonia in 2015 according to the study. This exceeds the figure of the previous year by 3.1% respectively.

Visa Inc. announced an intended acquisition of Visa Europe Limited in 2015. As part of this transaction, members sold their ownership interest in Visa Europe to Visa Inc. and received cash and shares as described in the transaction agreement. The transaction closed in June 2016. AS SEB Pank received one-off income from transaction in amount 16,3m. As of now, VISA Inc. forms a global card organisation, which continues servicing its members and their customers with a purpose of offering even more efficient and state-of-art service throughout the world.

The more than 749 300 customers of SEB Pank Group are served by 1068 employees. The customers are served through many different channels such as 22 branch offices, 236 ATMs, 9513 POS-terminals. There are more than 762 900 debit and credit cards in use. In addition, over 77% of our customers use internet bank services.

3. Capital adequacy

(millions of EUR)

| CAPITAL BASE | | <u>30.06.16</u> | | <u>31.12.15</u> | |
|---|--|-----------------|----------------------------------|-----------------|----------------------------------|
| OWN FUNDS | | 890.2 | | 904.5 | |
| 1. TIER 1 CAPITAL | | 890.2 | | 904.5 | |
| 1.1. COMMON EQUITY TIER 1 CAPITAL | | 890.2 | | 904.5 | |
| 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 | | 0.7 | | 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 | | -3.2 | | -1.9 | |
| 1.1.7. (-) IRB shortfall of credit risk adjustments to expected losses | | -6.4 | | -5.5 | |
| 1.1.8. Other transitional adjustments to CET1 Capital | | -0.4 | | -0.4 | |
| 2. TIER 2 CAPITAL | | 0.0 | | 0.0 | |
| IRB Excess of provisions over expected losses eligible | | 0.0 | | 0.0 | |
| RISK WEIGHTED ASSETS (RWA) | | 30.06.16 | Capital requirements (8%) | 31.12.15 | Capital requirements (8%) |
| TOTAL RISK EXPOSURE AMOUNT | | 2 362.8 | 189.0 | 2 175.3 | 174.0 |
| 1. RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES | | 2 221.6 | 177.7 | 2 021.1 | 161.7 |
| 1.1. Standardised approach (SA) | | 276.6 | 22.1 | 222.7 | 17.8 |
| Central governments or central banks | | 7.6 | 0.6 | 2.9 | 0.2 |
| Public sector entities | | 0.7 | 0.1 | 0.6 | 0.0 |
| Retail | | 174.7 | 14.0 | 174.0 | 13.9 |
| Exposures in default | | 1.8 | 0.1 | 1.6 | 0.1 |
| Collective investments undertakings (CIU) | | 6.1 | 0.5 | 6.1 | 0.5 |
| Equity | | 18.7 | 1.5 | 13.2 | 1.1 |
| Other items | | 67.0 | 5.4 | 24.3 | 1.9 |
| 1.2. Internal ratings based Approach (IRB) | | 1 945.0 | 155.6 | 1 798.4 | 143.9 |
| 1.2.1. IRB approaches when neither own estimates of LGD nor Conversion Factors are used | | 1 641.9 | 131.4 | 1 499.7 | 120.0 |
| Institutions | | 213.6 | 17.1 | 94.1 | 7.5 |
| Corporates - SME | | 727.6 | 58.2 | 695.8 | 55.7 |
| Corporates - Specialised Lending | | 37.0 | 3.0 | 79.6 | 6.4 |
| Corporates - Other | | 663.7 | 53.1 | 630.2 | 50.4 |
| 1.2.2. IRB approaches when own estimates of LGD and/or Conversion Factors are used | | 303.1 | 24.2 | 298.7 | 23.9 |
| Retail - Secured by real estate SME | | 11.4 | 0.9 | 12.8 | 1.0 |
| Retail - Secured by real estate non-SME | | 215.1 | 17.2 | 210.5 | 16.8 |
| Retail - Qualifying revolving | | 0.0 | 0.0 | 2.2 | 0.2 |
| Retail - Other SME | | 16.9 | 1.4 | 17.6 | 1.4 |
| Retail - Other non-SME | | 59.7 | 4.8 | 55.6 | 4.4 |
| 2. TOTAL RISK EXPOSURE AMOUNT FOR POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS | | 17.0 | 1.4 | 13.2 | 1.1 |
| 3. TOTAL RISK EXPOSURE AMOUNT FOR OPERATIONAL RISK (AMA) | | 123.0 | 9.8 | 135.3 | 10.8 |
| 4. TOTAL RISK EXPOSURE AMOUNT FOR CREDIT VALUATION ADJUSTMENT | | 1.2 | 0.1 | 5.7 | 0.5 |

* Prognoses of dividends have been deducted from retained earnings.

CAPITAL RATIOS

| | 30.06.16 | 31.12.15 |
|--|-----------------|-----------------|
| OWN FUNDS | 890.2 | 904.5 |
| TOTAL RISK EXPOSURE AMOUNT Basel III (without additional risk exposure amount due to application of Basel I floor) | 2 362.8 | 2 175.3 |
| Own fund requirement (8%) | 189.0 | 174.0 |
| Total capital ratio | 37.67% | 41.58% |
| Tier 1 Capital ratio | 37.67% | 41.58% |
| CET1 Capital ratio | 37.67% | 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) | 3 078.5 | 2 966.7 |
| Own fund requirement (8%) | 246.3 | 237.3 |
| Total capital ratio | 28.92% | 30.49% |
| Tier 1 Capital ratio | 28.92% | 30.49% |
| CET1 Capital ratio | 28.92% | 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 |
| 30.06.16 | | | | | | | | | | | | | |
| Total capital | 890.2 | 2 362.8 | 8% | 189.0 | 701.2 | 37.68% | 2.5% | 59.1 | 2% | 47.3 | 0.0 | 295.4 | 594.8 |
| Tier 1 capital | 890.2 | 2 362.8 | 6% | 141.8 | 748.4 | 37.68% | 2.5% | 59.1 | 2% | 47.3 | 0.0 | 248.1 | 642.1 |
| CET1 capital | 890.2 | 2 362.8 | 4.5% | 106.3 | 783.9 | 37.68% | 2.5% | 59.1 | 2% | 47.3 | 0.0 | 212.7 | 677.5 |
| 31.12.15 | | | | | | | | | | | | | |
| 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

| | 30.06.16 | 31.12.15 |
|---|-----------------|-----------------|
| Exposure measure for leverage ratio calculation | 6 012.1 | 5 708.3 |
| of which on balance sheet items | 5 555.2 | 5 225.9 |
| of which off balance sheet items | 456.9 | 482.4 |
| Leverage ratio* | 14.8% | 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)

| | 30.06.16 | 31.12.15 | 30.06.15 |
|---|----------|----------|----------|
| Total claims against persons associated with the credit institution's consolidation group | 0.6 | 2.0 | 2.5 |
| The share of claims of the persons associated with the credit institution's consolidation group in net own funds, % | 0.06 | 0.22 | 0.29 |
| Total of large exposure claims | 262.9 | 358.1 | 325.0 |
| The share of large exposure claims in net own funds, % | 29.54 | 39.60 | 38.66 |
| Number of large exposure customers | 4 | 4 | 4 |

5. Key figures

(millions of EUR)

| | 30.06.16 | 31.12.15 | 30.06.15 |
|---|----------|----------|----------|
| Net profit | 45.0 | 75.0 | 37.8 |
| Average equity | 939.1 | 893.6 | 868.9 |
| Return on equity (ROE), % | 9.58 | 8.39 | 8.70 |
| Average assets | 5 399.4 | 5 208.4 | 5 120.7 |
| Return on assets (ROA), % | 1.67 | 1.44 | 1.48 |
| Net interest income | 40.1 | 78.7 | 40.6 |
| Average interest earning assets | 5 255.5 | 5 076.9 | 4 994.2 |
| Net interest margin (NIM), % | 1.53 | 1.55 | 1.63 |
| Spread, % | 1.48 | 1.50 | 1.58 |
| Cost / Income ratio, % | 39.9 | 43.8 | 43.6 |
| Ratio of individually impaired loans, % | 0.32 | 0.50 | 0.62 |

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)

| | Note | 2016 | | 2015 | |
|--|------|-------------|-------------|-------------|-------------|
| | | 6 months | QII | 6 months | QII |
| <i>Interest and similar income</i> | 3 | 45.4 | 22.9 | 46.0 | 22.6 |
| <i>Interest expenses and similar charges</i> | 4 | -5.3 | -2.7 | -5.4 | -2.5 |
| Net Interest Income | | 40.1 | 20.2 | 40.6 | 20.1 |
| <i>Fee and commission income</i> | 5 | 29.0 | 14.9 | 30.8 | 15.5 |
| <i>Fee and commission expense</i> | 6 | -7.5 | -3.8 | -8.2 | -4.3 |
| Net fee and commission income | | 21.5 | 11.1 | 22.6 | 11.2 |
| Net income from foreign exchange | | 2.3 | 1.3 | 2.6 | 1.3 |
| Gains less losses from financial assets at fair value through profit or loss | | 0.1 | -0.2 | 0.5 | 0.2 |
| Gains less losses from investment securities | | 16.3 | 16.3 | -0.6 | -0.1 |
| Other income | | 0.5 | 0.3 | 0.4 | 0.2 |
| Personnel expenses | | -19.2 | -9.3 | -18.6 | -9.2 |
| Other expenses | | -11.6 | -7.6 | -8.5 | -4.2 |
| Depreciation, amortisation and impairment of tangible and intangible assets | | -1.8 | -0.9 | -1.8 | -0.8 |
| Profit before impairment losses on loans and advances | | 48.2 | 31.1 | 37.2 | 18.7 |
| Impairment losses on loans and advances | 7 | 1.8 | 1.1 | 2.8 | -0.1 |
| Profit before income tax | | 50.0 | 32.2 | 40.0 | 18.6 |
| Income tax | | -5.0 | 0.0 | -2.2 | 0.0 |
| Net profit | | 45.0 | 32.2 | 37.8 | 18.6 |
| Profit attributable to the sole equity holder | | 45.0 | 32.2 | 37.8 | 18.6 |

2. Consolidated statement of comprehensive income

(millions of EUR)

| | 2016 | | 2015 | |
|--|--------------|--------------|-------------|-------------|
| | 6 months | QII | 6 months | QII |
| Net profit | 45.0 | 32.2 | 37.8 | 18.6 |
| Other comprehensive income/expense | | | | |
| Items that may subsequently be reclassified to the income statement: | | | | |
| Revaluation of available-for-sale financial assets | -12.1 | -15.3 | 0.2 | -0.1 |
| Total other comprehensive income/expense | -12.1 | -15.3 | 0.2 | -0.1 |
| Total comprehensive income | 32.9 | 16.9 | 38.0 | 18.5 |
| Sole equity holder of the parent entity (total) | 32.9 | 16.9 | 38.0 | 18.5 |
| -Total comprehensive income from continued operations | 32.9 | 16.9 | 38.0 | 18.5 |

3. Consolidated statement of financial position

(millions of EUR)

| | 30.06.16 | 31.12.15 |
|---|-----------------|-----------------|
| ASSETS | | |
| Cash | 41.7 | 42.5 |
| Balances with central bank | 247.8 | 615.0 |
| Loans and advances to credit institutions | 974.5 | 392.5 |
| Loans and advances to customers | 4 169.9 | 4 096.3 |
| Financial assets held for trading | 27.7 | 28.3 |
| Financial assets designated at fair value through profit or loss at inception | 23.9 | 0.0 |
| Available-for-sale financial assets | 8.5 | 18.3 |
| Other assets | 57.3 | 29.0 |
| Investments in associates | 0.8 | 0.8 |
| Intangible assets | 3.2 | 1.9 |
| Property, plant and equipment | 9.5 | 9.3 |
| TOTAL ASSETS | 5 564.8 | 5 233.9 |
| | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Due to credit institutions | 825.4 | 888.6 |
| Due to customers | 3 618.6 | 3 316.1 |
| Other liabilities | 146.8 | 67.7 |
| Financial liabilities at fair value through profit or loss | 28.2 | 28.7 |
| Provisions | 0.1 | 0.4 |
| Total Liabilities | 4 619.1 | 4 301.5 |
| | | |
| Share capital | 42.5 | 42.5 |
| Share premium | 86.3 | 86.3 |
| Other reserves | 20.1 | 32.2 |
| Retained earnings | 796.8 | 771.4 |
| Total shareholders' equity | 945.7 | 932.4 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 5 564.8 | 5 233.9 |

4. Consolidated cash flow statement

(millions of EUR)

| | 2016 | 2015 |
|--|-----------------|-----------------|
| | 6 months | 6 months |
| I. Cash flows from operating activities | | |
| Interest received | 44.8 | 46.1 |
| Interest paid | -5.4 | -5.0 |
| Fee and commission received | 29.1 | 30.8 |
| Fee and commission paid | -7.5 | -8.2 |
| Net trading income and other operating income | 3.4 | 3.4 |
| Personnel expenses and other operating expenses | -30.1 | -26.8 |
| Income tax paid | -5.0 | -2.2 |
| Cash flows from operating activities before changes in the operating assets and liabilities | 29.3 | 38.1 |
| Changes in operating assets: | | |
| Loans and advances to credit institutions and mandatory reserve in central bank | -65.4 | -7.9 |
| Loans and advances to customers | -72.1 | -24.3 |
| Other assets | -5.9 | 8.8 |
| Changes of operating liabilities: | | |
| Due to credit institutions | 9.5 | -152.3 |
| Due to customers | 302.5 | 3.9 |
| Other liabilities | 5.7 | -4.5 |
| Cash flow from (used in) operating activities | 203.6 | -138.2 |
| II. Cash flows from investing activities | | |
| Net increase-/decrease+ of investment portfolio securities | 13.9 | -0.4 |
| Purchase of investment properties, tangible and intangible assets | -3.2 | -2.4 |
| Cash flow from (used in) investing activities | 10.7 | -2.8 |
| III. Cash flows from financing activities | | |
| Dividends paid | -20.0 | -10.0 |
| Cash used in financing activities | -20.0 | -10.0 |
| Net decrease/increase in cash and cash equivalents | 194.3 | -151.0 |
| Cash and cash equivalents at the beginning of period | 1 012.5 | 1 105.0 |
| Effect of exchange rate changes on cash and cash equivalents | 0.0 | 0.0 |
| Cash and cash equivalents at the end of period | 1 206.8 | 954.0 |
| Cash and cash equivalents includes: | 30.06.16 | 30.06.15 |
| Cash on hand | 41.7 | 40.0 |
| Balances with the central bank without mandatory reserve | 210.0 | 135.8 |
| Liquid deposits in other credit institutions | 931.2 | 778.2 |
| Trading portfolio and liquidity securities | 23.9 | 0.0 |
| | 1 206.8 | 954.0 |

5. Changes in consolidated shareholders' equity

(millions of EUR)

| | Share capital | Share premium | Reserves | Retained profit | Total shareholders' |
|---|---------------|---------------|--------------|-----------------|---------------------|
| Year beginning 01.01.2015 | 42.5 | 86.3 | 20.1 | 705.9 | 854.8 |
| Dividend paid | 0.0 | 0.0 | 0.0 | -10.0 | -10.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.2 | 0.2 |
| Net profit | 0.0 | 0.0 | 0.0 | 37.8 | 37.8 |
| Other comprehensive income: | | | | | |
| Net change in available-for-sale financial assets | 0.0 | 0.0 | 0.2 | 0.0 | 0.2 |
| Total other comprehensive income | 0.0 | 0.0 | 0.2 | 0.0 | 0.2 |
| Total comprehensive income | 0.0 | 0.0 | 0.2 | 37.8 | 38.0 |
| Final balance 30.06.2015 | 42.5 | 86.3 | 20.3 | 733.9 | 883.0 |
| Year beginning 01.01.2016 | 42.5 | 86.3 | 32.2 | 771.4 | 932.4 |
| Dividend paid | 0.0 | 0.0 | 0.0 | -20.0 | -20.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.4 | 0.4 |
| Net profit | 0.0 | 0.0 | 0.0 | 45.0 | 45.0 |
| Other comprehensive income: | | | | | |
| Net change in available-for-sale financial assets | 0.0 | 0.0 | -12.1 | 0.0 | -12.1 |
| Total other comprehensive income | 0.0 | 0.0 | -12.1 | 0.0 | -12.1 |
| Total comprehensive income | 0.0 | 0.0 | -12.1 | 45.0 | 32.9 |
| Final balance 30.06.2016 | 42.5 | 86.3 | 20.1 | 796.8 | 945.7 |

6. Contingent assets and liabilities and commitments

(millions of EUR)

| | Contract amount | | Balance value | |
|--|-----------------|----------------|---------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| 30.06.16 | | | | |
| 1. Irrevocable and revocable transactions | 100.7 | 1 043.0 | 0.0 | 0.0 |
| 1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims | 95.7 | 285.2 | 0.0 | 0.0 |
| <i>incl. financial guarantees</i> | 95.7 | 94.0 | 0.0 | 0.0 |
| 1.2. Loan commitments | 5.0 | 757.8 | 0.0 | 0.0 |
| 2. Derivatives | 639.5 | 639.1 | 27.7 | 28.2 |
| 2.1. Currency related derivatives | 239.7 | 239.6 | 14.8 | 14.5 |
| 2.2. Interest related derivatives | 393.1 | 393.1 | 12.5 | 13.2 |
| 2.3. Equity related derivatives* | 6.7 | 6.4 | 0.4 | 0.5 |
| | 740.2 | 1 682.1 | 27.7 | 28.2 |
| 31.12.15 | | | | |
| 1. Irrevocable and revocable transactions | 69.1 | 1 074.1 | 0.0 | 0.0 |
| 1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims | 64.1 | 310.3 | 0.0 | 0.0 |
| <i>incl. financial guarantees</i> | 64.1 | 129.3 | 0.0 | 0.0 |
| 1.2. Loan commitments | 5.0 | 764.0 | 0.0 | 0.0 |
| 2. Derivatives | 667.3 | 666.7 | 28.4 | 28.7 |
| 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 |
| | 736.4 | 1 740.8 | 28.4 | 28.7 |

* 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 II 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 II 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

| | 30.06.16 | | | | 31.12.15 | | | |
|--|-----------------|----------------|----------------|--------------|-----------------|----------------|----------------|--------------|
| | 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 | 0.0 | 27.7 | 0.0 | 27.7 | 0.1 | 28.3 | 0.0 | 28.4 |
| Equity securities | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 |
| Derivatives | 0.0 | 27.7 | 0.0 | 27.7 | 0.0 | 28.3 | 0.0 | 28.3 |
| Financial assets designated at fair value through profit or loss at inception | | | | | | | | |
| Debt securities | 23.9 | 0.0 | 0.0 | 23.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Debt securities | 23.9 | 0.0 | 0.0 | 23.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Available for sale financial assets | 6.1 | 0.0 | 2.4 | 8.5 | 6.1 | 0.0 | 12.2 | 18.3 |
| Investment securities - equity | 6.1 | 0.0 | 2.4 | 8.5 | 6.1 | 0.0 | 12.2 | 18.3 |
| TOTAL ASSETS | 30.0 | 27.7 | 2.4 | 60.1 | 6.2 | 28.3 | 12.2 | 46.7 |
| Financial liabilities at fair value through profit and loss | | | | | | | | |
| Financial liabilities held for trading | 0.0 | 28.2 | 0.0 | 28.2 | 0.0 | 28.7 | 0.0 | 28.7 |
| TOTAL LIABILITIES | 0.0 | 28.2 | 0.0 | 28.2 | 0.1 | 28.7 | 0.0 | 28.7 |

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 2015 | 0.1 | 0.1 |
| Other comprehensive income | 12.1 | 12.1 |
| At 31 December 2015 | 12.2 | 12.2 |
| Total losses for the period included in profit or loss for assets/liabilities held at 31.12.15 | 0.0 | 0.0 |
| At 1 January 2016 | 12.2 | 12.2 |
| Purchases | 2.3 | 2.3 |
| Settlements | -12.1 | -12.1 |
| At 30 June 2016 | 2.4 | 2.4 |
| Total losses for the period included in profit or loss for assets/liabilities held at 30.06.16 | 0.0 | 0.0 |

B) Financial instruments not measured at fair value

| | 30.06.16 | | 31.12.15 | |
|---|----------------|---------------------|----------------|---------------------|
| | Carrying value | Fair value, Level 3 | Carrying value | Fair value, Level 3 |
| ASSETS | | | | |
| Loans and advances to credit institutions | 974.5 | 974.5 | 392.5 | 392.5 |
| Loans and advances to customers | 4 169.9 | 4 084.8 | 4 096.3 | 3 960.9 |
| <i>Loans to Corporates</i> | 2 092.7 | 2 102.1 | 2 077.0 | 2 079.5 |
| <i>Loans to households</i> | 2 077.2 | 1 982.7 | 2 019.3 | 1 881.4 |
| Other assets | 57.3 | 57.3 | 29.0 | 29.0 |
| TOTAL ASSETS | 5 201.7 | 5 116.6 | 4 517.8 | 4 382.4 |
| LIABILITIES | | | | |
| Due to credit institutions | 825.4 | 825.3 | 888.6 | 888.2 |
| Due to customers | 3 618.6 | 3 621.4 | 3 316.1 | 3 318.4 |
| <i>Due to Corporates</i> | 2 100.0 | 2 103.0 | 1 884.8 | 1 886.9 |
| <i>Due to households</i> | 1 518.6 | 1 518.4 | 1 431.3 | 1 431.5 |
| Other financial liabilities | 147.0 | 147.0 | 67.7 | 67.7 |
| TOTAL LIABILITIES | 4 591.0 | 4 593.7 | 4 272.4 | 4 274.3 |

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 2.04% (31.12.2015: 3.31%) lower than the carrying amount. Fair value of balances due to credit institutions was 0.01% higher (31.12.2015: 0.04% lower) than the carrying amount. Fair value of balances due to customers was 0.08% higher (31.12.2015: 0.07% higher) than the carrying amount.

Note 3**Interest and similar income**

(millions of EUR)

| | 2016 | | 2015 | |
|---------------------------|-------------|-------------|-------------|-------------|
| | 6 months | QII | 6 months | QII |
| Loans | 38.8 | 19.6 | 38.2 | 19.0 |
| Leasing | 6.6 | 3.3 | 6.9 | 3.4 |
| Deposits with other banks | 0.0 | 0.0 | 0.3 | 0.2 |
| Fixed income securities | 0.0 | 0.0 | 0.6 | 0.0 |
| | 45.4 | 22.9 | 46.0 | 22.6 |

Note 4**Interest expenses and similar charges**

(millions of EUR)

| | 2016 | | 2015 | |
|--------------------------------|-------------|-------------|-------------|-------------|
| | 6 months | QII | 6 months | QII |
| Credit institutions | -0.5 | -0.2 | -2.6 | -1.2 |
| Time and other saving deposits | -0.7 | -0.3 | -1.1 | -0.5 |
| Demand deposits | -1.7 | -0.9 | -1.6 | -0.8 |
| Other | -2.4 | -1.3 | -0.1 | 0.0 |
| | -5.3 | -2.7 | -5.4 | -2.5 |

Note 5**Fee and commission income**

(millions of EUR)

| | 2016 | | 2015 | |
|---|-------------|-------------|-------------|-------------|
| | 6 months | QII | 6 months | QII |
| Payment cards related commissions | 10.5 | 5.4 | 11.9 | 6.2 |
| Securities market services * | 5.4 | 2.8 | 5.6 | 2.8 |
| Transaction fees | 2.5 | 1.3 | 2.7 | 1.4 |
| Credit contracts** | 2.1 | 1.2 | 2.4 | 1.2 |
| Insurance brokerage fees | 1.7 | 0.9 | 1.5 | 0.8 |
| Other settlement fees | 3.0 | 1.5 | 2.2 | 1.1 |
| Income from leasing agreements (full service) | 0.3 | 0.1 | 0.4 | 0.1 |
| Income from electronic channels | 0.7 | 0.3 | 0.7 | 0.2 |
| Cash handling fees | 0.3 | 0.1 | 0.4 | 0.2 |
| Commodity futures fees | 0.0 | 0.0 | 0.4 | 0.0 |
| Other | 2.5 | 1.3 | 2.6 | 1.2 |
| | 29.0 | 14.9 | 30.8 | 15.2 |

* 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)

| |
|---|
| Payment cards related commissions |
| Cash collecting fees |
| Expenses to leasing agreements (full service) |
| Securities market services |
| Transaction fees |
| Other |

| 2016 | | 2015 | |
|-------------|-------------|-------------|-------------|
| 6 months | QII | 6 months | QII |
| -4.8 | -2.5 | -5.4 | -2.9 |
| -0.6 | -0.3 | -0.6 | -0.3 |
| -0.3 | -0.2 | -0.4 | -0.2 |
| -0.8 | -0.4 | -0.8 | -0.4 |
| -0.5 | -0.2 | -0.6 | -0.3 |
| -0.5 | -0.2 | -0.4 | -0.2 |
| -7.5 | -3.8 | -8.2 | -4.3 |

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

(millions of EUR)

| |
|---|
| Impairment losses |
| impairment losses of reporting period |
| recoveries from write-offs |
| decreasing of impairment losses of previous period |
| Impairment losses for contingent liabilities |

| 2016 | | 2015 | |
|------------|------------|------------|-------------|
| 6 months | QII | 6 months | QII |
| 1.7 | 1.1 | 2.8 | -0.1 |
| -1.0 | -0.3 | -0.9 | -0.8 |
| 1.3 | 0.3 | 0.5 | 0.3 |
| 1.4 | 1.1 | 3.2 | 0.4 |
| 0.1 | 0.0 | 0.0 | 0.0 |
| 1.8 | 1.1 | 2.8 | -0.1 |

Note 8**Allowances on loans and advances**

(millions of EUR)

At the beginning of period (January, 1)

| |
|---|
| Allowances of reporting period |
| Decreasing of allowances of previous period |
| Loans and advances written off |

At the end of period

Recoveries from write-offs

| 30.06.16 | 31.12.15 |
|-------------|-------------|
| 29.0 | 44.4 |
| 1.0 | 3.3 |
| -1.5 | -6.4 |
| -2.8 | -12.3 |
| 25.7 | 29.0 |

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

(millions of EUR)

| | Less than 3 months | 3-12 months | 1-5 years | 5-10 years | Over 10 years | Total |
|-----------------|-----------------------|----------------|--------------|---------------|------------------|----------------|
| 30.06.16 | 237.3 | 622.2 | 1 901.0 | 515.3 | 894.1 | 4 169.9 |
| 31.12.15 | 244.1 | 635.1 | 1 835.4 | 513.2 | 868.5 | 4 096.3 |

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

(millions of EUR)

| 30.06.16 | Cash, balances with central bank, loans and advances | | | | Total assets | Due to credit institutions | | | Total liabilities | Contingent liabilities |
|----------------------|--|---------------------------------|-------------|--------------|----------------|----------------------------|------------------|-------------------|-------------------|------------------------|
| | to credit institutions | Loans and advances to customers | Securities | Other assets | | Due to credit institutions | Due to customers | Other liabilities | | |
| Sweden | 925.9 | 0.7 | 1.2 | 0.4 | 928.2 | 793.7 | 13.7 | 28.3 | 835.7 | 1.6 |
| Estonia | 289.6 | 4 148.2 | 33.5 | 37.0 | 4 508.3 | 10.3 | 3 136.1 | 120.0 | 3 266.4 | 1 006.0 |
| United Kingdom | 26.4 | 1.6 | 0.0 | 0.1 | 28.1 | 2.1 | 30.7 | 0.5 | 33.3 | 0.0 |
| Russia | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 | 0.0 | 0.1 | 0.0 |
| Germany | 2.5 | 0.2 | 0.0 | 0.1 | 2.8 | 5.2 | 5.5 | 0.1 | 10.8 | 5.0 |
| United States | 0.7 | 0.5 | 2.3 | 1.2 | 4.7 | 1.1 | 13.6 | 0.0 | 14.7 | 0.0 |
| Canada | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 | 0.9 | 0.0 | 1.0 | 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 | 3.0 | 0.0 | 0.0 | 3.0 | 0.0 | 7.5 | 0.1 | 7.6 | 3.6 |
| Latvia | 0.0 | 0.0 | 0.0 | 1.4 | 1.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Lithuania | 0.4 | 8.3 | 0.0 | 0.4 | 9.1 | 10.9 | 3.3 | 0.1 | 14.3 | 0.4 |
| Luxembourg | 1.0 | 0.0 | 0.0 | 0.2 | 1.2 | 1.1 | 0.0 | 0.0 | 1.1 | 0.0 |
| Netherlands | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 135.9 | 0.0 | 135.9 | 14.2 |
| Other Western Europe | 4.8 | 6.2 | 0.0 | 0.0 | 11.0 | 0.3 | 47.0 | 0.1 | 47.4 | 7.3 |
| Other Eastern Europe | 9.8 | 0.4 | 23.9 | 0.0 | 34.1 | 0.6 | 42.8 | 0.1 | 43.5 | 0.4 |
| Other countries | 2.8 | 0.7 | 0.0 | 29.2 | 32.7 | 0.0 | 181.0 | 25.8 | 206.8 | 4.5 |
| | 1 264.0 | 4 169.9 | 60.9 | 70.0 | 5 564.8 | 825.4 | 3 618.6 | 175.1 | 4 619.1 | 1 043.0 |

| 31.12.15 | Cash, balances with central bank, loans and advances | | | | Total assets | Due to credit institutions | | | Total liabilities | Contingent liabilities |
|----------------------|--|---------------------------------|-------------|--------------|----------------|----------------------------|------------------|-------------------|-------------------|------------------------|
| | to credit institutions | Loans and advances to customers | Securities | Other assets | | 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 |
| | 1 050.0 | 4 096.3 | 47.4 | 40.2 | 5 233.9 | 888.6 | 3 316.1 | 96.8 | 4 301.5 | 1 074.1 |

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 | |
| 30.06.16 | | | |
| Finance | 1 287.5 | 8.3 | 37.3 |
| Real estate | 707.4 | 0.1 | 48.8 |
| Trading | 368.2 | 0.0 | 169.8 |
| Industry | 252.5 | 0.0 | 122.5 |
| Agriculture, fishing, forestry | 171.4 | 0.0 | 12.2 |
| Transport | 122.9 | 0.0 | 34.3 |
| Energy, gas and steam plants | 114.8 | 0.0 | 131.2 |
| Mining | 71.1 | 0.0 | 21.8 |
| Government and state defence | 56.4 | 23.9 | 262.1 |
| Information and telecommunication | 50.5 | 0.9 | 9.9 |
| Hotels, restaurants | 44.9 | 0.0 | 0.4 |
| Professional, science and technical work | 42.1 | 0.0 | 5.6 |
| Construction | 40.7 | 0.0 | 64.9 |
| Health services, social work | 39.2 | 0.0 | 8.1 |
| Administration and assistance | 33.1 | 0.0 | 7.0 |
| Education | 12.0 | 0.0 | 5.8 |
| Art, show business, leisure | 8.0 | 0.0 | 1.9 |
| Water supply, canalisation, waste management | 5.6 | 0.0 | 1.6 |
| Other government and social services | 6.1 | 0.0 | 0.6 |
| Private individuals | 2 025.2 | 0.0 | 97.2 |
| Derivatives | 0.0 | 27.7 | 0.0 |
| Allowances | -25.7 | - | - |
| | 5 433.9 | 60.9 | 1 043.0 |

| 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 | - | - |
| | 5 146.3 | 47.4 | 1 074.1 |

Note 12**Related parties**

(millions of EUR)

| | <u>30.06.16</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 | 0.6 | 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 | 0.5 | 1.9 |
| Loans and advances to parent company | 938.6 | 25.6 |
| Due to parent company | 820.5 | 819.6 |
| Contingent assets and commitments to parent company | 38.3 | 39.0 |
| Contingent liabilities and commitments to parent company | 0.5 | 0.4 |
| Loans and advances to enterprises of parent company's consolidation group | 8.2 | 353.3 |
| Due to enterprises of parent company's consolidation group | 10.6 | 59.6 |
| Contingent assets and commitments to enterprises of parent company's consolidation group | 3.2 | 3.5 |
| group | 0.8 | 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.