

AS SEB Pank Group

Interim Report of Quarter III 2014



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Statement of the Management Board

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

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

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

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

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

Riho Unt
Chairman of the Management Board

I. Introduction - general information

1. Credit institution

Company name	AS SEB Pank
Address	Tornimäe Str. 2, Tallinn 15010, Estonia
Registered in	Republic of Estonia
Registry date	08.12.1995
Registry code	10004252 (Estonian Commercial Register)
Phone	+372 6 655 100
Fax	+372 6 655 102
SWIFT	EEUHEE2X
e-mail	info@seb.ee
Internet homepage	http://www.seb.ee

2. Auditor

Audit company	AS PricewaterhouseCoopers
Registry code	10142876 (Estonian Commercial Register)
Address	Pärnu Str. 15, 10141 Tallinn, Estonia
Reporting date	30.09.2014
Reporting period	01.01.2014 - 30.09.2014
Reporting currency	Euro (EUR), millions

II. Management Report

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

1.1. Consolidated group

Company name	Registry code	Reg. date	Address	Activity	Holding*** (%)	At an acquisition cost (EURmio)
AS SEB Liising	10281767	03.10.97	Tallinn, Tornimäe 2	Leasing	100.0%	1.8
AS Rentacar*	10303546	20.10.97	Haapsalu, Karja 27	Leasing	100.0%	0.0
AS SEB Varahaldus	10035169	22.05.96	Tallinn, Tornimäe 2	Asset management	100.0%	2.7
AS Sertifitseerimiskeskus**	10747013	27.03.01	Tallinn, Pärnu mnt 141	Data communication 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.

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

* Consolidated subsidiary of AS SEB Liising

** Associates

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

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

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

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

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

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

2. Highlights

The negative impact of the Russia-Ukraine crisis can be felt in the Estonian economy – it is reflected in the 25% decrease in trade flows towards Russia. The volatile economic situation made companies more cautious in making investments and planning development steps in both Estonia, as well as the rest of the Baltic States. SEB estimates that the decline in business optimism will be felt in the Estonian economic space for at least six more months. This, in turn, may lead to an additional decline in the economic growth forecast for Estonia. The logic of the retail markets, however, is swimming against the current. High wage pressure and low inflation increase people's purchasing power and demand, which creates unjustified euphoria on the market. The Estonian real estate sector, on the other hand, is living by a logic clearly different from that of the retail market – while demand has somewhat decreased, supply has increased, ensuring a stable situation on the market and suspending further growth in real estate prices.

The Banker named **SEB the best bank for private banking in all three Baltic States and in Sweden, thus recognising SEB Estonia and SEB Latvia as the best banks of their respective countries.** In Sweden, SEB received this title for the fifth year in a row.

Estonian enterprises are actively changing their course from east to west. Despite volatile conditions, **companies continue to be quite certain of their financial capability and availability of financial instruments where necessary.** However, it must be noted that in case the economic situation stabilises and European economy takes a course towards growth, **bank interests are also likely to grow – the majority of SEB's business clients have demonstrated awareness of this fact.**

An economic analysis of Baltic households, which was published by SEB at the end of October, revealed that in relation to the changeover to the euro, inflation has not increased to the feared levels in neither Estonia nor Latvia. The survey also highlighted the fact that with the changeover to euro, the amount of cash in circulation has decreased significantly, which supports more effective settlement in society and contributes to reducing corruption and black economy.

The Tallinn City Government named **SEB the most responsible company in Tallinn.** The responsible Business Forum in Estonia, which is the leader in responsible business in Estonia, **highlighted SEB as a good example during a joint annual meeting of the CSR Forum in Latvia and Lithuania.** In August of this year, SEB hosted the member companies of the forum in its main building, presenting its work environment and playroom for the children of the employees.

In September, SEB launched an **information portal for financial and business issues**, which aims to provide high quality uncomplicated materials for the goings-on of finance for people who are interested in the financial world.

The results of the CFO survey for major corporations, which were published at end of October, showed that despite the cooler business climate, the expectations of companies for an increase in turnover are still relatively good: 53% of companies in the Baltic States have a positive outlook. Nevertheless, it should also be noted that Estonian companies are the most modest in their forecasts – 45% of respondents in total anticipate moderate increase in turnover during the next six months. A quarter of the leaders of major Baltic corporations believe that the number of

employees may increase in the near future, while more than half are convinced that the number of employees will remain the same.

SEB supports its clients in making their financial decisions and has launched **several advising campaigns both for private as well as business clients**, in order to motivate clients to use their money in a carefully considered manner, set achievable goals and continuously move towards these in cooperation with the bank.

The fifth scholarship day of the SEB Charity Fund was held at the end of October. **With the help of the initiative, nearly 70 youths with no parental care received the funds necessary for their education and livelihood.** These young people are moving towards receiving their education despite difficulties in life.

The more than 885 000 customers of SEB Pank Group are served by 1096 employees. The customers are served through many different channels such as 26 branch offices, 243 on-line post offices, 255 ATMs, 8797 POS-terminals. There are more than 541 900 debit and credit cards in use. In addition, 77% of our customers use our SEB Internet Bank and SEB Internet Bank for Business services.

3. Capital adequacy

(millions of EUR)

CAPITAL BASE		30.09.14	31.12.13
	OWN FUNDS	779.3	780.2
1.	TIER 1 CAPITAL	773.3	774.2
1.1.	COMMON EQUITY TIER 1 CAPITAL	773.3	774.2
1.1.1.			
	Capital instruments eligible as CET1 Capital	128.8	128.8
	Paid up capital instruments	42.5	42.5
	Share premium	86.3	86.3
1.1.2.	Retained earnings	626.0	627.0
1.1.3.	Accumulated other comprehensive income	0.7	-
1.1.4.	Other reserves	19.4	19.4
1.1.5.			
	Adjustments to CET1 due to prudential filters	-0.1	-
1.1.6.	(-) Intangible assets	-1.2	-0.9
1.1.7.			
	Other transitional adjustments to CET1 Capital	-0.3	-
1.1.8.	CET1 capital deductions	0.0	-0.1
2.	TIER 2 CAPITAL	6.0	6.0
	IRB Excess of provisions over expected losses eligible	6.0	5.8
	Other adjustments to Tier 2 Capital	0.0	0.2
RISK WEIGHTED ASSETS (RWA)		30.09.14	31.12.13
	TOTAL RISK EXPOSURE AMOUNT	3 441.5	3 303.0
1.	RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	2 001.3	2 028.2
1.1.	Standardised approach (SA)	218.0	273.6
	Regional governments or local authorities	0.0	62.5
	Public sector entities	0.7	1.7
	Retail	179.7	169.6
	Secured by mortgages on immovable property	1.0	1.2
	Exposures in default	3.2	5.0
	Collective investments undertakings (CIU)	4.8	4.5
	Equity	1.1	1.1
	Other items	27.5	28.0
1.2.	Internal ratings based Approach (IRB)	1 783.3	1 754.6
	Institutions	131.9	60.0
	Corporates - SME	1 247.7	1 261.2
	Corporates - Specialised Lending	72.1	87.3
	Retail - Secured by real estate SME	243.4	240.5
	Retail - Qualifying revolving	2.2	2.3
	Retail - Other SME	86.0	103.3
2.	TOTAL RISK EXPOSURE AMOUNT FOR POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS	13.2	15.6
3.	TOTAL RISK EXPOSURE AMOUNT FOR OPERATIONAL RISK (AMA)	114.8	97.0
4.	TOTAL RISK EXPOSURE AMOUNT FOR CREDIT VALUATION ADJUSTMENT	4.8	0.0
5.	OTHER RISK EXPOSURE AMOUNTS	1 307.4	1 162.2
	Of which: Additional risk exposure amount due to application of Basel I floor	1 307.4	1 162.2

CAPITAL RATIOS

	30.09.14	31.12.13
TOTAL RISK EXPOSURE AMOUNT (millions of EUR)	3 441.5	3 303.0
Total capital ratio	22.64%	23.62%
CET1 Capital ratio	22.47%	23.44%
Tier 1 Capital ratio	22.47%	23.44%
TOTAL RISK EXPOSURE AMOUNT without additional risk exposure amount due to application of Basel I floor (millions of EUR)	2 134.1	-
Total capital ratio (Basel III)	36.52%	-
CET1 Capital ratio (Basel III)	36.23%	-
Tier 1 Capital ratio (Basel III)	36.23%	-

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

AS SEB Pank
AS SEB Liising Group
AS SEB Varahaldus

4. Risk concentration

(millions of EUR)

	30.09.14	31.12.13	30.09.13
Total claims against persons associated with the credit institution's consolidation group	1.8	1.2	1.2
The share of claims of the persons associated with the credit institution's consolidation group in net own funds, %	0.23	0.16	0.17
Total of large exposure claims	345.7	381.9	409.9
The share of large exposure claims in net own funds, %	44.36	48.94	57.81
Number of large exposure customers	6	5	6

5. Key figures

(millions of EUR)

	30.09.14	31.12.13	30.09.13
Net profit	57.3	72.8	54.8
Average equity	803.6	738.7	729.7
Return on equity (ROE), %	9.51	9.86	10.01
Average assets	4 631.4	4 313.0	4 254.5
Return on assets (ROA), %	1.65	1.69	1.72
Net interest income	65.1	78.6	57.9
Average interest earning assets	4 508.7	4 192.3	4 139.7
Net interest margin (NIM), %	1.93	1.87	1.86
Spread, %	1.85	1.80	1.78
Cost / Income ratio, %	42.2	45.7	44.7
Ratio of individually impaired loans, %	0.69	0.79	0.70

Explanations

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

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

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

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

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

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

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

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

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

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

Interest earning assets:

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

Interest bearing liabilities:

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

Total Operating Expenses:

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

Total Income:

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

III. Consolidated financial statements

1. Consolidated income statement

(millions of EUR)

		2014		2013	
	Note	9 months	QIII	9 months	QIII
<i>Interest and similar income</i>	3	75.9	25.5	69.6	24.6
<i>Interest expenses and similar charges</i>	4	-10.8	-3.4	-11.7	-3.6
Net Interest Income		65.1	22.1	57.9	21.0
<i>Fee and commission income</i>	5	43.5	15.4	40.3	14.0
<i>Fee and commission expense</i>	6	-11.7	-4.1	-10.9	-3.8
Net fee and commission income		31.8	11.3	29.4	10.2
Net income from foreign exchange		3.7	1.4	3.3	1.2
Gains less losses from financial assets at fair value through profit or loss		0.8	0.3	2.0	0.3
Gains less losses from investment securities		-2.5	-0.9	0.5	-0.1
Share of profit of associates		0.0	0.0	0.2	0.1
Other income		0.5	0.2	0.7	0.2
Personnel expenses		-25.7	-9.3	-24.3	-8.1
Other expenses		-13.9	-4.2	-15.1	-5.1
Depreciation, amortisation and impairment of tangible and intangible assets		-2.4	-0.8	-2.6	-0.9
Profit before impairment losses on loans and advances		57.4	20.1	52.0	18.8
Impairment losses on loans and advances	7	-0.1	-1.4	2.8	-1.4
Profit before income tax		57.3	18.7	54.8	17.4
Income tax		0.0	0.0	0.0	0.0
Net profit		57.3	18.7	54.8	17.4
Profit attributable to the sole equity holder		57.3	18.7	54.8	17.4

2. Consolidated statement of comprehensive income

		2014		2013	
		9 months	QIII	9 months	QIII
Net profit		57.3	18.7	54.8	17.4
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	-0.5	0.1
Total other comprehensive income/expense		0.3	0.1	-0.5	0.1
Total comprehensive income		57.6	18.8	54.3	17.5
Sole equity holder of the parent entity (total)		57.6	18.8	54.3	17.5
-Total comprehensive income from continued operations		57.6	18.8	54.3	17.5

3. Consolidated statement of financial position

(millions of EUR)

	30.09.14	31.12.13
ASSETS		
Cash	40.6	44.9
Balances with central bank	70.0	70.0
Loans and advances to credit institutions	598.9	343.3
Loans and advances to customers	3 933.4	3 813.1
Financial assets held for trading	25.0	23.4
Financial assets designated at fair value through profit or loss at inception	97.4	97.1
Available-for-sale financial assets	4.9	4.6
Other assets	38.6	37.3
Investments in associates	0.8	0.8
Intangible assets	1.2	0.9
Property, plant and equipment	9.1	7.5
TOTAL ASSETS	4 819.9	4 442.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to credit institutions	1 043.2	846.6
Due to customers	2 841.0	2 724.0
Other liabilities	79.0	76.2
Financial liabilities at fair value through profit or loss	23.8	21.5
Provisions	0.3	0.0
Total Liabilities	3 987.3	3 668.3
Share capital	42.5	42.5
Share premium	86.3	86.3
Other reserves	20.1	19.8
Retained earnings	683.7	626.0
Total shareholders' equity	832.6	774.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4 819.9	4 442.9

4. Consolidated cash flow statement

(millions of EUR)

	2014	2013
	9 months	9 months
I. Cash flows from operating activities		
Interest received	75.6	68.9
Interest paid	-11.3	-13.6
Fee and commission received	43.5	40.3
Fee and commission paid	-11.7	-10.9
Net trading income and other operating income	1.7	5.2
Personnel expenses and other operating expenses	-37.9	-38.6
Cash flows from operating activities before changes in the operating assets and liabilities	59.9	51.3
Changes in operating assets:		
Loans and advances to credit institutions and mandatory reserve in central bank	21.5	123.1
Loans and advances to customers	-120.6	-220.7
Other assets	-2.4	4.7
Changes of operating liabilities:		
Due to credit institutions	201.5	48.5
Due to customers	116.9	43.6
Other liabilities	1.1	-1.0
Cash flow from (used in) operating activities	277.9	49.5
II. Cash flows from investing activities		
Net increase-/decrease+ of investment portfolio securities	0.0	0.8
Purchase of investment properties, tangible and intangible assets	-4.4	-1.5
Cash flow from (used in) investing activities	-4.4	-0.7
III. Cash flows from financing activities		
Cash used in financing activities	0.0	0.0
Net decrease/increase in cash and cash equivalents	273.5	48.8
Cash and cash equivalents at the beginning of period	501.6	284.3
Effect of exchange rate changes on cash and cash equivalents	0.0	0.0
Cash and cash equivalents at the end of period	775.1	333.1
Cash and cash equivalents includes:	30.09.14	30.09.13
Cash on hand	40.6	42.8
Balances with the central bank without mandatory reserve	37.5	42.3
Liquid deposits in other credit institutions	598.3	246.5
Trading portfolio and liquidity securities	98.7	1.5
	775.1	333.1

5. Changes in consolidated shareholders' equity

(millions of EUR)

	Share capital	Share premium	Reserves	Retained profit	Total shareholders'
Year beginning 01.01.2013	42.5	86.3	20.3	553.7	702.8
Other	0.0	0.0	0.0	-0.6	-0.6
Net profit	0.0	0.0	0.0	54.8	54.8
Other comprehensive expense:					
Net change in available-for-sale financial assets	0.0	0.0	-0.5	0.0	-0.5
Total other comprehensive expense	0.0	0.0	-0.5	0.0	-0.5
Total comprehensive income/expense	0.0	0.0	-0.5	54.8	54.3
Final balance 30.09.2013	42.5	86.3	19.8	607.9	756.5
Year beginning 01.01.2014	42.5	86.3	19.8	626.0	774.6
Other	0.0	0.0	0.0	0.4	0.4
Net profit	0.0	0.0	0.0	57.3	57.3
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	57.3	57.6
Final balance 30.09.2014	42.5	86.3	20.1	683.7	832.6

6. Contingent assets and liabilities and commitments

(millions of EUR)

30.09.14	Contract amount		Balance value	
	Assets	Liabilities	Assets	Liabilities
1. Irrevocable and revocable transactions	6.5	983.9	0.0	0.0
1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims	0.0	250.3	0.0	0.0
<i>incl. financial guarantees</i>	0.0	82.7	0.0	0.0
1.2. Loan commitments	6.5	733.6	0.0	0.0
1.3. Other revocable transactions	0.0	0.0	0.0	0.0
2. Derivatives	749.6	748.2	23.7	23.8
2.1. Currency related derivatives	295.0	294.1	1.8	0.9
2.2. Interest related derivatives	439.5	439.3	20.6	21.2
2.3. Equity related derivatives*	15.1	14.8	1.3	1.7
	756.1	1 732.1	23.7	23.8
31.12.13	Contract amount		Balance value	
	Assets	Liabilities	Assets	Liabilities
1. Irrevocable and revocable transactions	7.6	1 069.8	0.0	0.0
1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims	1.1	260.4	0.0	0.0
<i>incl. financial guarantees</i>	0.0	65.3	0.0	0.0
1.2. Loan commitments	6.5	809.4	0.0	0.0
1.3. Other revocable transactions	0.0	0.0	0.0	0.0
2. Derivatives	694.8	694.1	20.5	21.5
2.1. Currency related derivatives	236.6	236.4	0.7	0.5
2.2. Interest related derivatives	439.1	438.9	18.9	19.6
2.3. Equity related derivatives*	19.1	18.8	0.9	1.4
	702.4	1 763.9	20.5	21.5

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

Note 1

Accounting principles

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

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

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

(millions of EUR)

A) Financial instruments measured at fair value

	30.09.14				31.12.13			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit and loss								
Financial assets held for trading	1.4	23.7	0.0	25.1	2.9	20.6	0.0	23.5
Debt securities	1.3	0.0	0.0	1.3	2.8	0.1	0.0	2.9
Equity securities	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Derivatives	0.0	23.7	0.0	23.7	0.0	20.5	0.0	20.5
Financial assets designated at fair value through profit or loss at inception								
inception	97.3	0.0	0.0	97.3	97.1	0.0	0.0	97.1
Debt securities	97.3	0.0	0.0	4.9	97.1	0.0	0.0	97.1
Available for sale financial assets	4.8	0.0	0.1	4.9	4.5	0.0	0.1	4.6
Investment securities - equity	4.8	0.0	0.1	4.9	4.5	0.0	0.1	4.6
TOTAL ASSETS	103.5	23.7	0.1	127.3	104.5	20.6	0.1	125.2
Financial liabilities at fair value through profit and loss								
Financial liabilities held for trading	0.0	23.8	0.0	23.8	0.0	21.5	0.0	21.5
TOTAL LIABILITIES	0.0	23.8	0.0	23.8	0.0	21.5	0.0	21.5

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

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

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

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

Reconciliation of Level 3 Items

	Available-for-sale financial assets	
	Investment securities - equity	Total
At 1 January 2013	0.1	0.1
At 31 December 2013	0.1	0.1
Total losses for the period included in profit or loss for assets/liabilities held at 31.12.13	0.0	0.0
At 1 January 2014	0.1	0.1
At 30 September 2014	0.1	0.1
Total losses for the period included in profit or loss for assets/liabilities held at 30.09.14	0.0	0.0

B) Financial instruments not measured at fair value

	30.09.14		31.12.13	
	Carrying value	Fair value	Carrying value	Fair value
ASSETS				
Cash	40.6	40.6	44.9	44.9
Balances with central bank	70.0	70.0	70.0	70.0
Loans and advances to credit institutions	598.9	598.9	343.3	343.3
Loans and advances to customers	3 933.4	3 783.2	3 813.1	3 625.1
<i>Loans to Corporates</i>	<i>2 038.5</i>	<i>2 020.0</i>	<i>2 013.1</i>	<i>2 001.8</i>
<i>Loans to Private individuals</i>	<i>1 894.9</i>	<i>1 763.2</i>	<i>1 800.0</i>	<i>1 623.2</i>
Other assets	38.6	38.6	37.3	37.3
TOTAL ASSETS	4 681.5	4 531.3	4 308.6	4 120.6
LIABILITIES				
Due to credit institutions	1 043.3	1 041.7	846.6	847.1
Due to customers	2 841.0	2 843.3	2 724.0	2 723.4
<i>Due to Corporates</i>	<i>1 522.7</i>	<i>1 524.6</i>	<i>1 542.5</i>	<i>1 541.8</i>
<i>Due to Private Individuals</i>	<i>1 318.3</i>	<i>1 318.7</i>	<i>1 181.5</i>	<i>1 181.6</i>
Other financial liabilities	79.0	79.0	76.2	76.2
Subordinated loans	0.0	0.0	0.0	0.0
TOTAL LIABILITIES	3 963.3	3 964.0	3 646.8	3 646.7

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.

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 3.82% (31.12.2013: 4.93%) lower than the carrying amount. Fair value of balances due to credit institutions was 0.15% lower (31.12.2013: 0.06% higher) than the carrying amount. Fair value of balances due to customers was 0.08% higher (31.12.2013: 0.02% lower) than the carrying amount.

Note 3**Interest and similar income**

(millions of EUR)

	2014		2013	
	9 months	QIII	9 months	QIII
Loans	62.5	21.0	58.5	20.8
Leasing	10.0	3.4	10.4	3.5
Deposits with other banks	0.6	0.1	0.6	0.2
Fixed income securities	2.8	1.0	0.1	0.1
	75.9	25.5	69.6	24.6

Note 4**Interest expenses and similar charges**

(millions of EUR)

	2014		2013	
	9 months	QIII	9 months	QIII
Credit institutions	-5.5	-1.8	-5.2	-1.5
Time and other saving deposits	-2.4	-0.7	-5.0	-1.6
Demand deposits	-2.8	-0.9	-1.3	-0.5
Other	-0.1	0.0	-0.2	0.0
	-10.8	-3.4	-11.7	-3.6

Note 5**Fee and commission income**

(millions of EUR)

	2014		2013	
	9 months	QIII	9 months	QIII
Payment cards related commissions	18.0	6.4	16.5	6.1
Securities market services *	7.3	2.3	9.1	3.0
Transaction fees	4.3	1.5	4.1	1.4
Credit contracts**	3.1	1.0	3.1	1.1
Insurance brokerage fees	2.0	0.7	1.6	0.6
Other settlement fees	3.0	1.0	2.7	0.9
Income from leasing agreements (full service)	0.7	0.2	0.9	0.3
Income from electronic channels	1.1	0.4	0.9	0.2
Cash handling fees	0.7	0.2	0.5	0.2
Commodity futures fees	0.0	0.0	0.0	-0.1
Other	3.3	1.7	0.8	0.2
	43.5	15.4	40.2	13.9

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

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

Note 6**Fee and commission expense**

(millions of EUR)

	2014		2013	
	9 months	QIII	9 months	QIII
Payment cards related commissions	-7.7	-2.7	-7.0	-2.5
Cash collecting fees	-1.0	-0.4	-0.9	-0.3
Expenses to leasing agreements (full service)	-0.7	-0.3	-1.1	-0.3
Securities market services	-0.9	-0.3	-0.9	-0.3
Transaction fees	-0.7	-0.2	-0.5	-0.2
Expenses of electronic channels	0.0	0.0	-0.3	-0.1
Other	-0.7	-0.2	-0.2	-0.1
	-11.7	-4.1	-10.9	-3.8

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

(millions of EUR)

	2014		2013	
	9 months	QIII	9 months	QIII
Impairment losses	-0.1	-1.4	2.1	-1.4
impairment losses of reporting period	-4.8	-2.4	-4.1	-2.2
recoveries from write-offs	0.4	0.1	0.7	0.0
decreasing of impairment losses of previous period	4.3	0.9	5.5	0.8
Impairment losses for contingent liabilities	0.0	0.0	0.7	0.0
	-0.1	-1.4	2.8	-1.4

Note 8**Allowances on loans and advances**

(millions of EUR)

At the beginning of period (January, 1)

	30.09.14	31.12.13
Allowances of reporting period	53.8	91.2
Decreasing of allowances of previous period	4.8	5.4
Loans and advances written off	-4.1	-7.6
	-5.5	-35.2
At the end of period	49.0	53.8

Recoveries from write-offs

0.4 0.9

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

(millions of EUR)

	Less than	3-12		5-10	Over 10	Total
	3 months	months	1-5 years	years	years	
30.09.14	302.3	569.6	1 736.6	488.8	836.1	3 933.4
31.12.13	227.9	579.6	1 663.0	505.9	836.7	3 813.1

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

(millions of EUR)

	Cash, balances with central bank, loans and advances	Loans and advances	Securi- ties	Other assets	Total assets	Due to credit institu- tions	Due to custo- mers	Other liabili- ties	Total liabili- ties	Contin- gent liabilities
30.09.14	to credit institutions	to custo- mers								
Sweden	544.0	0.6	2.8	0.8	548.2	965.7	11.5	22.0	999.2	1.4
Estonia	111.2	3 913.1	27.9	43.2	4 095.4	13.1	2 466.9	78.2	2 558.2	966.7
United Kingdom	22.2	1.5	0.0	0.0	23.7	1.4	62.8	0.4	64.6	1.5
Russia	3.3	0.3	0.0	0.0	3.6	0.7	34.2	0.0	34.9	0.1
Germany	1.9	0.1	97.4	0.0	99.4	11.4	1.9	0.0	13.3	5.0
United States	1.0	0.2	0.0	0.0	1.2	0.4	40.5	0.0	40.9	0.0
Canada	0.0	0.0	0.0	0.0	0.0	0.1	2.3	0.0	2.4	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	0.1	0.9	1.7	9.0	0.0	10.7	4.7
Latvia	3.2	9.1	0.0	0.0	12.3	45.5	2.4	0.0	47.9	0.5
Lithuania	6.6	0.0	0.0	0.0	6.6	1.6	5.7	0.1	7.4	0.0
Luxembourg	7.8	0.0	0.0	0.3	8.1	0.7	0.1	0.0	0.8	0.0
Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.8	0.0
Other Western Europe	6.9	7.4	0.0	0.2	14.5	0.9	30.0	0.1	31.0	1.5
Other Eastern Europe	1.4	0.0	0.0	0.0	1.4	0.0	6.4	0.0	6.4	0.0
Other countries	0.0	0.3	0.0	4.3	4.6	0.0	166.2	2.3	168.5	2.5
	709.5	3 933.4	128.1	48.9	4 819.9	1 043.2	2 841.0	103.1	3 987.3	983.9

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

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

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

(millions of EUR)

30.09.14	In the statement of financial position		Contingent liabilities
	Cash and loans to central bank, credit institutions and customers	Securities	
Finance	730.4	4.9	20.3
Real estate	729.1	0.1	32.8
Industry	317.4	1.3	173.8
Agriculture, fishing, forestry	211.1	0.0	21.0
Trading	171.4	0.0	148.9
Transport	170.6	0.0	39.4
Government and state defence	93.5	97.4	215.6
Administration and assistance	92.9	0.0	59.8
Energy, gas and steam plants	90.1	0.0	75.1
Construction	48.9	0.0	75.0
Health services, social work	45.2	0.0	6.4
Information and telecommunication	43.3	0.1	6.2
Hotels, restaurants	30.1	0.0	0.6
Education	16.7	0.0	14.7
Art, show business, leisure	12.3	0.0	2.2
Professional, science and technical work	9.6	0.0	4.0
Water supply, canalisation, waste management	7.7	0.0	6.2
Mining	1.8	0.0	0.2
Other government and social services	17.9	0.6	6.4
Individuals	1 851.9	0.0	75.3
Derivatives	0.0	23.7	0.0
Allowances	-49.0	-	-
	4 642.9	128.1	983.9

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

Note 12**Related parties**

(millions of EUR)

	<u>30.09.14</u>	<u>31.12.13</u>
Loans and advances to members of Management Board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons	1.8	1.0
Contingent liabilities to members of Management Board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons (credit lines and commitments to extend credit)	0.1	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	1.5	0.2
Loans and advances to parent company	574.4	312.8
Due to parent company	987.4	804.5
Contingent assets and commitments to parent company	58.7	55.0
Contingent liabilities and commitments to parent company	0.4	0.4
Loans and advances to enterprises of parent company's consolidation group	10.8	10.9
Due to enterprises of parent company's consolidation group	36.8	37.2
Contingent assets and commitments to enterprises of parent company's consolidation group	2.8	5.0
Contingent liabilities and commitments to enterprises of parent company's consolidation group	1.3	4.1

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

Related parties are:

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