

AS SEB Pank Group

Interim Report of Quarter IV 2015



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Statement of the Management Board

Interim Report of Quarter IV 2015 consists of the following parts and reports:

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

The financial and other additional information published in the Interim Report of Quarter IV 2015 is true and complete. Consolidated financial statements give a true and fair view of the actual financial position, results of operations and cash flows of the Group.

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

Consolidated financial statements for the Quarter IV 2015 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	31.12.2015
Reporting period	01.01.2015 - 31.12.2015
Reporting currency	Euro (EUR), millions

II. Management Report

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

1.1. Consolidated group

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

5.5

All enterprises are registered in Estonian Commercial Register.

* Consolidated subsidiary of AS SEB Liising.

** Associates.

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

Parent company of the Group is AS SEB Pank, its activity is banking (information on page 3). The “consolidated group” in the meaning of Credit Institutions Law in Estonia and the “Group” for IFRS consolidation purposes are identical.

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

Non-profit association Spordiklubi United is an association, not belonging to the consolidation group, which started activity from September 2008. The association is founded by AS SEB Pank. The association is aimed at 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

Business clients

2015 SEB loan portfolio for large corporations was increased by 2% and for 2016 we foresee moderate increase in the loan and leasing portfolio what would correspond to general economic growth. Based on liquidity on the market deposits have increased at same proportion as loan portfolio 2%.

During 2015, SEB has continuously improved advisory approach and supported our clients' investments into enlargement and improvement of production facilities and acquisitions.

SEB financing portfolio for Small and Medium Enterprises (SME-s) increased +2.8% in 2015. At the same time deposits grew +2.8%.

SEB's activity and focus towards SME clients, especially start-ups and micros, stayed strong. Entrepreneur value offer for small clients was redesigned and introduced to market in autumn 2015. The value offer was generated based on client needs and feedback, both from our partners to the relevant banking offer and business model advisory, supporting small clients who are either planning to start or have already started their business.

Due to Russian sanctions, low milk price in dairy sector and disease problems in meat sector, the business environment stayed challenging in agriculture. SEB provides support to companies in need as we believe that agriculture has a potential in Estonia in the long term.

During October-November 2015, the survey Baltic Business Outlook was prepared in three Baltic countries in the SME field. SEB is going to introduce the results of Estonia, Latvia and Lithuania in Q1 2016.

SEB wants to support companies in being more innovative. For the second year in a row SEB is organising a seminar-workshop InnovationLab for SME-s, who are interested in expanding to new markets and increasing their sales through innovation. One of the core values for entrepreneurs participating in InnovationLab is the possibility to get very practical ideas and advice from world-class experts, from where to seek new growth opportunities and how to be successful also in the future.

Private customers

Loan portfolio of private customers increased 5.0% in 2015.

The volume of home loan portfolio increased 5.7% in 2015, compared to 2014. New sales of home loans increased 25.2% and were granted for 51.4 million euros more than in 2014. The number of home loans with loan payment insurance increased 4% in a year and reached 79% in 2015. The upsurge in household lending was caused by very favourable conditions in the labour market. Employment rate has reached its historic high and unemployment has shrunk to nearly 5%. Wage growth averaged nearly 6% in first three quarters of 2015. Together with deflationary environment, this has significantly increased the purchasing power of households. Also income tax cut and increase of many social benefits boosted the real income.

The volume of deposits increased 6.3% in 2015, which is largely consistent with the overall increase of total household deposits in the economy.

In spite of tough competition in II pension pillar market, SEB's customer base increased over 2015 by more than 3600 customers, our market share increased 0.05 percentage points and climbed up to 22.61%. SEB II pillar pension funds' assets under management increased by 77 MEUR and ascended to 528 MEUR at year end, however our market share of assets under management decreased 0.3 percentage points, down to 20.24%.

20% of visitors used a mobile device for making transactions in Internet bank. Card payment activity has shown continuous upturn over the years and increased 8.4% in 2015.

In 2015, SEB Pank has paperless service in all branches and since January 2015 the average number of paperless transactions per week was 800. The estimate for 2016 is to conduct 1300 transaction weekly. Paperless service makes the classical banking services more comfortable for the clients, as well as more environment-friendly.

Organisation

In August, Allan Parik was appointed as the new Chairman of the Management Board of AS SEB Pank, replacing the previous chairman, Riho Unt. Allan Parik has 20 years of experience in working in SEB. His previous position was the head of SEB Baltic Corporate Banking.

In June, the Supervisory Board of AS SEB Pank appointed Petteri Nikkola as the new Head of Financial Management and Operations, replacing Inga Ruduša. For the past three years, Petteri Nikkola was heading SEB's Russian operations and acted as CEO of OAO SEB Bank, Russia.

In March, AS SEB Pank appointed Niklas Larsson as the new Head of Credits, replacing Erki Pugal. For the last six years Niklas Larsson has worked as a regional director with SEB's Swedish retail banking.

In 2015, AS SEB Pank received several awards and recognitions:

- The Banker: The Best Bank
- The Banker: The Best Private Bank
- Global Finance: The Best Sub custodian Bank
- EMEA Finance: The Best Bank
- EMEA Finance: The Best Broker
- Global Finance: The Best Internet Bank
- Euromoney: The Best Bank
- Tallinn City Government: SEB Charity Fond awarded as the supporter of the year
- Forum of Responsible Business: Silver level in corporate sustainability
- Nasdaq Tallinn, Riga, Vilnius: Member of the Year
- Golden Egg: Advertising and communication award, three prizes (Christmas surprise – electronic Christmas card, content marketing, SEB Gameshow)

Social responsibility and sponsorship

AS SEB Pank has set an objective to become the best advisory bank in the Baltic countries, which for customers means advisory and sharing of financial literacy. In 2015 certain actions took place to achieve this aim:

- SEB Pank has 80 voluntary trainers, sharing financial literacy in schools as well as to adults. In the second half of 2015 for example, we conducted nearly 200 financial literacy lessons in more than 100 Estonian and Russian elementary schools and gymnasiums in all Estonian counties. All in all, we shared our knowledge with almost 2000 students.
- Together with sharing educating knowledge, SEB is developing also products and services, which help the customers cope with everyday management and save more. As a good example we can highlight the Digital Coin Jar, which has notably changed the saving habits of customers. From the time it was launched cent by cent they have saved altogether around 18 million euros.
- Corporate sustainability is important for SEB. We organise meetings with corporate customer on sustainability. By advising the customers, we offer them added value on how to act sustainably in the market.
- For the second year in a run SEB is organising a seminar-workshop InnovationLab for SME-s, who are interested in expanding to new markets and increasing their sales through innovation.
- SEB is participating in the smart device security project "Nutikaitse 2017", advising on how to safely use banking services in smart devices.
- Twice a year SEB organises seminars for start-up and social companies.
- SEB prepares regular economic surveys to spread the knowledge about economics: Nordic Outlook, Baltic Household Outlook, Baltic Business Outlook, CFO survey.

Making a sustainable impact on our communities:

- SEB is a member of the Board of CS Forum;
- SEB is a member of the council of the Estonian Chamber of Commerce and Industry, "a network of entrepreneurship";
- CS Forum together with the Ministry of Social Affairs arranged meetings on how to balance the work and family life;
- SEB joined Diversity Charter Estonia;
- SEB is the member of the Estonian Chamber of Commerce and Industry "Promotion of entrepreneurship".

AS SEB Pank made a contribution to the society

- SEB supported recreational sport, contributing to the organisation of Tartu Kuubik sports events.
- Almost 14,000 people participated in SEB May Run.
- Almost 20,000 people participated in the largest sports event in the Baltic countries, SEB Tallinn Marathon. SEB Tallinn Marathon is one of 50 most prestigious marathons in the world.
- AS SEB Pank contributed to the development of young tennis players of Estonia, supporting the Estonian Tennis Association and SEB Tallink Tennis Team.
- As a gold sponsor of the Estonian National Opera, AS SEB Pank contributed to the future of opera tradition in 2015, issuing the fifth public award to a female and a male soloist, who were chosen by the visitors. Around 3000 people participated in voting.

Activities of SEB are targeted to sustainable development of the society and our objective is to contribute to the future through supporting children, sports and culture.

AS SEB Pank promoted business in 2015 – Ajujaht, Vega Fund, Junior Achievement

AS SEB Pank supports the leading business competition in Estonia called “Ajujaht” (Brain hunt), the objective of which is to promote the establishment of new knowledge-based companies and to improve the business skills of students and young researchers.

In 2015, AS SEB Pank continued cooperation with the Vega Fund of the University of Tartu, whose aim is to support the realisation of knowledge-based ideas.

In cooperation with Junior Achievement Estonia, we have contributed in 2015 to the development of entrepreneurship in Estonia. We support the student enterprise and mini enterprise programmes in basic schools and upper secondary schools of Estonia.

In 2015, AS SEB Pank supported the operation of MTÜ SEB Heategevusfond (Charity Fund), the objective of which is to improve the welfare of children without parental care.

During 2015 different scholarships were given out, like studying scholarship, scholarship for young mothers and hobbies scholarship. In addition, Christmas tree project was held for 1000 shelter house children organizing for all of them Christmas presents. During the year, more than 30 special events were organised. The number of children participating in the events reached around thousand.

The more than 749 400 customers of SEB Pank Group are served by 1069 employees. The customers are served through many different channels such as 22 branch offices, 194 on-line post offices, 240 ATMs, 9281 POS-terminals. There are more than 769 700 debit and credit cards in use. In addition, over 76% of our customers use internet bank services.

3. Capital adequacy

(millions of EUR)

CAPITAL BASE	31.12.15			31.12.14
OWN FUNDS	849.0			848.8
1. TIER 1 CAPITAL	849.0			843.3
1.1. COMMON EQUITY TIER 1 CAPITAL	849.0			843.3
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*	695.9			695.9
1.1.3. Accumulated other comprehensive income	12.8			0.7
1.1.4. Other reserves	19.4			19.4
1.1.5. Adjustments to CET1 due to prudential filters	-0.1			-0.1
1.1.6. (-) Intangible assets	-1.9			-1.1
1.1.7. (-) IRB shortfall of credit risk adjustments to expected losses	-5.5			0.0
1.1.8. Other transitional adjustments to CET1 Capital	-0.4			-0.3
2. TIER 2 CAPITAL	0.0			5.5
IRB Excess of provisions over expected losses eligible	0.0			5.5
		Capital require- ments		Capital require- ments
RISK WEIGHTED ASSETS (RWA)	31.12.15	(8%)	31.12.14	(8%)
TOTAL RISK EXPOSURE AMOUNT	2 175.3	174.0	2 005.5	160.4
1. RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	2 021.1	161.7	1 849.2	147.9
1.1. Standardised approach (SA)	222.7	17.8	201.7	16.1
Central governments or central banks	2.9	0.2	0.0	0.0
Public sector entities	0.6	0.0	0.7	0.1
Retail	174.0	13.9	163.1	13.0
Secured by mortgages on immovable property	0.0	0.0	0.9	0.1
Exposures in default	1.6	0.1	1.8	0.1
Collective investments undertakings (CIU)	6.1	0.5	5.1	0.4
Equity	13.2	1.1	1.1	0.1
Other items	24.3	1.9	29.0	2.3
1.2. Internal ratings based Approach (IRB)	1 798.4	143.9	1 647.5	131.8
1.2.1. IRB approaches when neither own estimates of LGD nor Conversion Factors are used	1 499.7	120.0	1 328.7	106.3
Institutions	94.1	7.5	19.2	1.5
Corporates - SME	695.8	55.7	744.0	59.5
Corporates - Specialised Lending	79.6	6.4	67.3	5.4
Corporates - Other	630.2	50.4	498.2	39.9
1.2.2. IRB approaches when own estimates of LGD and/or Conversion Factors are used	298.7	23.9	318.8	25.5
Retail - Secured by real estate SME	12.8	1.0	11.6	0.9
Retail - Secured by real estate non-SME	210.5	16.8	221.3	17.7
Retail - Qualifying revolving	2.2	0.2	2.2	0.2
Retail - Other SME	17.6	1.4	33.1	2.6
Retail - Other non-SME	55.6	4.4	50.6	4.0
2. TOTAL RISK EXPOSURE AMOUNT FOR POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS	13.2	1.1	8.9	0.7
3. TOTAL RISK EXPOSURE AMOUNT FOR OPERATIONAL RISK (AMA)	135.3	10.8	142.4	11.4
4. TOTAL RISK EXPOSURE AMOUNT FOR CREDIT VALUATION ADJUSTMENT	5.7	0.5	5.0	0.4

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

CAPITAL RATIOS

	31.12.15	31.12.14
OWN FUNDS	849.0	848.8
TOTAL RISK EXPOSURE AMOUNT Basel III (without additional risk exposure amount due to application of Basel I floor)	2 175.3	2 005.5
Capital adequacy ratio	39.03%	42.32%
Tier 1 Capital ratio	39.03%	42.04%
CET1 Capital ratio	39.03%	42.04%
Tier 2 Capital ratio	0.00%	0.27%
TOTAL RISK EXPOSURE AMOUNT Basel III (with additional risk exposure amount due to application of Basel I floor)	2 966.7	3 370.8
Capital adequacy ratio	28.62%	25.18%
Tier 1 Capital ratio	28.62%	25.02%
CET1 Capital ratio	28.62%	25.02%
Tier 2 Capital ratio	0.00%	0.16%

MEMBERS OF CONSOLIDATION GROUP, INCLUDED TO CAPITAL ADEQUACY CALCULATION

AS SEB Pank
AS SEB Liising Group
AS SEB Varahaldus

CAPITAL REQUIREMENTS AND BUFFERS

Capital	Capital amount	Total risk exposure amount *	Base capital requirement		Surplus(+) Deficit(-) of base capital	Capital adequacy ratio	Capital conservation buffer		Systemic risk buffer	Capital requirements total, incl. buffers			Surplus(+) Deficit(-) of capital, incl. buffers
	1	2	3	4=2×3	5=1-4	6=1/2	7	8=2×7	9	10=2×9	11= 3+7+9	12=2×11	13=1-12
31.12.15													
OWN FUNDS	849.0	2 175.3	8%	174.0	675.0	39.03%	2.5%	54.4	2%	43.5	12.5%	271.9	577.1
Tier 1 capital	849.0	2 175.3	6%	130.5	718.5	39.03%	2.5%	54.4	2%	43.5	10.5%	228.4	620.6
CET1 capital	849.0	2 175.3	4.5%	97.9	751.1	39.03%	2.5%	54.4	2%	43.5	9%	195.8	653.2
31.12.14													
OWN FUNDS	848.8	2 005.5	8%	160.4	688.4	42.32%	2.5%	50.1	2%	40.1	12.5%	250.7	598.1
Tier 1 capital	843.3	2 005.5	6%	120.3	723.0	42.04%	2.5%	50.1	2%	40.1	10.5%	210.6	632.7
CET1 capital	843.3	2 005.5	4.5%	90.2	753.1	42.04%	2.5%	50.1	2%	40.1	9%	180.5	662.8

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

LEVERAGE RATIO

	31.12.15	31.12.14
Exposure measure for leverage ratio calculation	5 708.3	5 629.0
of which on balance sheet items	5 225.9	5 182.2
of which off balance sheet items	482.4	446.7
Leverage ratio*	14.9%	15.2%

*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)	31.12.15	31.12.14
Total claims against persons associated with the credit institution's consolidation group	2.0	7.4
The share of claims of the persons associated with the credit institution's consolidation group in net own funds, %	0.24	0.87
Total of large exposure claims	443.6	283.0
The share of large exposure claims in net own funds, %	53.00	33.34
Number of large exposure customers	5	5

5. Key figures

(millions of EUR)	31.12.15	31.12.14
Net profit	75.0	79.4
Average equity	893.6	814.7
Return on equity (ROE), %	8.39	9.75
Average assets	5 208.4	4 812.9
Return on assets (ROA), %	1.44	1.65
Net interest income	78.7	86.4
Average interest earning assets	5 076.9	4 687.8
Net interest margin (NIM), %	1.55	1.84
Spread, %	1.50	1.78
Cost / Income ratio, %	43.8	41.7
Ratio of individually impaired loans, %	0.50	0.76

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	2015		2014	
		12 months	QIV	12 months	QIV
<i>Interest and similar income</i>	3	91.5	23.3	100.3	24.4
<i>Interest expenses and similar charges</i>	4	-12.8	-5.2	-13.9	-3.1
Net Interest Income		78.7	18.1	86.4	21.3
<i>Fee and commission income</i>	5	62.5	15.8	59.2	15.7
<i>Fee and commission expense</i>	6	-17.3	-4.6	-15.9	-4.2
Net fee and commission income		45.2	11.2	43.3	11.5
Net income from foreign exchange		5.0	1.3	5.1	1.4
Gains less losses from financial assets at fair value through profit or loss		1.0	0.4	1.1	0.3
Gains less losses from investment securities		-0.6	0.0	-3.1	-0.6
Other income		1.5	0.9	0.7	0.2
Personnel expenses		-36.6	-9.0	-34.8	-9.1
Other expenses		-17.1	-4.6	-17.6	-3.7
Depreciation, amortisation and impairment of tangible and intangible assets		-3.8	-1.0	-3.3	-0.9
Profit before impairment losses on loans and advances		73.3	17.3	77.8	20.4
Impairment losses on loans and advances	7	3.9	2.3	1.6	1.7
Profit before income tax		77.2	19.6	79.4	22.1
Income tax		-2.2	0.0	0.0	0.0
Net profit		75.0	19.6	79.4	22.1
Profit attributable to the sole equity holder		75.0	19.6	79.4	22.1

2. Consolidated statement of comprehensive income

(millions of EUR)

	2015		2014	
	12 months	QIV	12 months	QIV
Net profit	75.0	19.6	79.4	22.1
Other comprehensive income/expense				
Items that may subsequently be reclassified to the income statement:				
Revaluation of available-for-sale financial assets	12.1	12.3	0.3	0.0
Total other comprehensive income/expense	12.1	12.3	0.3	0.0
Total comprehensive income	87.1	31.9	79.7	22.1
Sole equity holder of the parent entity (total)	87.1	31.9	79.7	22.1
-Total comprehensive income from continued operations	87.1	31.9	79.7	22.1

3. Consolidated statement of financial position

(millions of EUR)

	31.12.15	31.12.14
ASSETS		
Cash	42.5	43.4
Balances with central bank	615.0	940.0
Loans and advances to credit institutions	392.5	53.0
Loans and advances to customers	4 096.3	3 963.4
Financial assets held for trading	28.3	28.7
Financial assets designated at fair value through profit or loss at inception	0.0	102.2
Available-for-sale financial assets	18.3	5.2
Other assets	29.0	34.8
Investments in associates	0.8	0.8
Intangible assets	1.9	1.1
Property, plant and equipment	9.3	10.2
TOTAL ASSETS	5 233.9	5 182.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to credit institutions	888.6	1 033.5
Due to customers	3 316.1	3 188.7
Other liabilities	67.7	78.0
Financial liabilities at fair value through profit or loss	28.7	27.5
Provisions	0.4	0.3
Total Liabilities	4 301.5	4 328.0
Share capital	42.5	42.5
Share premium	86.3	86.3
Other reserves	32.2	20.1
Retained earnings	771.4	705.9
Total shareholders' equity	932.4	854.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5 233.9	5 182.8

4. Consolidated cash flow statement

(millions of EUR)

	2015	2014
	12 months	12 months
I. Cash flows from operating activities		
Interest received	91.9	100.5
Interest paid	-14.0	-14.3
Fee and commission received	62.5	59.2
Fee and commission paid	-17.3	-15.9
Net trading income and other operating income	7.4	4.5
Personnel expenses and other operating expenses	-53.0	-52.0
Income tax paid	-2.2	0.0
Cash flows from operating activities before changes in the operating assets and liabilities	75.3	82.0
Changes in operating assets:		
Loans and advances to credit institutions and mandatory reserve in central bank	-1.5	26.3
Loans and advances to customers	-130.0	-149.7
Other assets	3.7	-8.9
Changes of operating liabilities:		
Due to credit institutions	-156.9	190.7
Due to customers	127.9	464.7
Other liabilities	3.7	4.7
Cash flow from (used in) operating activities	-77.8	609.8
II. Cash flows from investing activities		
Net increase-/decrease+ of investment portfolio securities	-0.9	-0.3
Purchase of investment properties, tangible and intangible assets	-5.0	-6.1
Proceeds from sale of investment properties, tangible and intangible assets	1.2	0.0
Cash flow from (used in) investing activities	-4.7	-6.4
III. Cash flows from financing activities		
Dividends paid	-10.0	0.0
Cash used in financing activities	-10.0	0.0
Net decrease/increase in cash and cash equivalents	-92.5	603.4
Cash and cash equivalents at the beginning of period	1 105.0	501.6
Effect of exchange rate changes on cash and cash equivalents	0.0	0.0
Cash and cash equivalents at the end of period	1 012.5	1 105.0
Cash and cash equivalents includes:	31.12.15	31.12.14
Cash on hand	42.5	43.4
Balances with the central bank without mandatory reserve	578.0	906.9
Liquid deposits in other credit institutions	391.9	52.4
Trading portfolio and liquidity securities	0.1	102.3
	1 012.5	1 105.0

5. Changes in consolidated shareholders' equity

(millions of EUR)

	Share capital	Share premium	Reserves	Retained profit	Total shareholders' equity
Year beginning 01.01.2014	42.5	86.3	19.8	626.0	774.6
Other	0.0	0.0	0.0	0.5	0.5
Net profit	0.0	0.0	0.0	79.4	79.4
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	79.4	79.7
Final balance 31.12.2014	42.5	86.3	20.1	705.9	854.8
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	0.5	0.5
Net profit	0.0	0.0	0.0	75.0	75.0
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	75.0	87.1
Final balance 31.12.2015	42.5	86.3	32.2	771.4	932.4

6. Contingent assets and liabilities and commitments

(millions of EUR)

31.12.15	Contract amount		Balance value	
	Assets	Liabilities	Assets	Liabilities
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>	<i>64.1</i>	<i>129.3</i>	<i>0.0</i>	<i>0.0</i>
1.2. Loan commitments	5.0	763.8	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

31.12.14	Contract amount		Balance value	
	Assets	Liabilities	Assets	Liabilities
1. Irrevocable and revocable transactions	5.8	931.8	0.0	0.0
1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims	0.8	240.5	0.0	0.0
<i>incl. financial guarantees</i>	<i>0.0</i>	<i>80.3</i>	<i>0.0</i>	<i>0.0</i>
1.2. Loan commitments	5.0	691.3	0.0	0.0
2. Derivatives	959.0	956.8	28.7	27.6
2.1. Currency related derivatives	629.8	627.8	3.4	1.4
2.2. Interest related derivatives	316.1	316.1	24.0	24.5
2.3. Equity related derivatives*	13.1	12.9	1.3	1.7
	964.8	1 888.6	28.7	27.6

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

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

Note 1

Accounting principles

The interim report of AS SEB Pank Group for Quarter IV 2015 has been prepared in conformity with International Accounting Standard IAS 34 "Interim Financial Reporting" and the disclosure requirements, established by Eesti Pank.

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

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

(millions of EUR)

A) Financial instruments measured at fair value

	31.12.15				31.12.14			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss								
Financial assets held for trading	0.1	28.3	0.0	28.4	0.3	28.5	0.0	28.8
Equity securities	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Derivatives	0.0	28.3	0.0	28.3	0.2*	28.5	0.0	28.7
Financial assets designated at fair value through profit or loss at inception								
	0.0	0.0	0.0	0.0	102.2	0.0	0.0	102.2
Debt securities	0.0	0.0	0.0	18.3	102.2	0.0	0.0	102.2
Available for sale financial assets	6.1	0.0	12.2	18.3	5.1	0.0	0.1	5.2
Investment securities - equity	6.1	0.0	12.2	18.3	5.1	0.0	0.1	5.2
TOTAL ASSETS	6.2	28.3	12.2	46.7	107.6	28.5	0.1	136.2
Financial liabilities at fair value through profit and loss								
Financial liabilities held for trading	0.0	28.7	0.0	28.7	0.1*	27.4	0.0	27.5
TOTAL LIABILITIES	0.0	28.7	0.0	28.7	0.1	27.4	0.0	27.5

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

B) Financial instruments not measured at fair value

	31.12.15		31.12.14	
	Carrying value	Fair value, Level 3	Carrying value	Fair value, Level 3
ASSETS				
Loans and advances to credit institutions	392.5	392.5	53.0	53.0
Loans and advances to customers	4 096.3	3 960.9	3 963.4	3 870.3
<i>Loans to Corporates</i>	<i>2 077.0</i>	<i>2 079.5</i>	<i>2 054.5</i>	<i>2 053.5</i>
<i>Loans to households</i>	<i>2 019.3</i>	<i>1 881.4</i>	<i>1 908.9</i>	<i>1 816.8</i>
Other assets	29.0	29.0	34.8	34.8
TOTAL ASSETS	4 517.8	4 382.4	4 051.2	3 958.1
LIABILITIES				
Due to credit institutions	888.6	888.2	1 033.5	1 032.4
Due to customers	3 316.1	3 318.4	3 188.7	3 191.8
<i>Due to Corporates</i>	<i>1 884.8</i>	<i>1 886.9</i>	<i>1 843.6</i>	<i>1 846.5</i>
<i>Due to households</i>	<i>1 431.3</i>	<i>1 431.5</i>	<i>1 345.1</i>	<i>1 345.4</i>
Other financial liabilities	67.7	67.7	78.0	78.0
Subordinated loans	0.0	0.0	0.0	0.0
TOTAL LIABILITIES	4 272.4	4 274.3	4 300.2	4 302.2

AS SEB Pank conducts assessment of fair value of financial assets and liabilities which are not presented in the Group's statement of financial position at their fair value. All finance instruments not measured at fair value specified at Level 3 in hierarchy of valuation of fair value, because of using unobservable inputs.

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

As of reporting date fair value of loans and advances to customers was 3.31% (31.12.2014: 2.35%) lower than the carrying amount. Fair value of balances due to credit institutions was 0.04% lower (31.12.2014: 0.11% lower) than the carrying amount. Fair value of balances due to customers was 0.07% higher (31.12.2014: 0.1% higher) than the carrying amount.

Note 3**Interest and similar income**

(millions of EUR)

	2015		2014	
	12 months	QIV	12 months	QIV
Loans	77.2	19.9	83.0	20.5
Leasing	13.7	3.4	13.3	3.3
Deposits with other banks	0.0	0.0	0.7	0.1
Fixed income securities	0.6	0.0	3.3	0.5
	91.5	23.3	100.3	24.4

Note 4**Interest expenses and similar charges**

(millions of EUR)

	2015		2014	
	12 months	QIV	12 months	QIV
Credit institutions	-4.1	-0.6	-7.1	-1.6
Time and other saving deposits	-1.9	-0.4	-3.1	-0.7
Demand deposits	-3.3	-0.8	-3.6	-0.8
Other	-3.5	-3.4	-0.1	0.0
	-12.8	-5.2	-13.9	-3.1

Note 5**Fee and commission income**

(millions of EUR)

	2015		2014	
	12 months	QIV	12 months	QIV
Payment cards related commissions	24.7	6.4	24.3	6.3
Securities market services *	11.0	2.6	10.0	2.7
Transaction fees	5.4	1.4	5.8	1.5
Credit contracts**	4.9	1.1	4.4	1.3
Insurance brokerage fees	3.2	0.9	2.8	0.8
Other settlement fees	4.5	1.3	4.0	1.0
Income from leasing agreements (full service)	0.8	0.2	0.9	0.2
Income from electronic channels	1.5	0.4	1.4	0.3
Cash handling fees	0.8	0.2	0.9	0.2
Commodity futures fees	0.4	0.0	0.0	0.0
Other	5.3	1.3	4.7	1.4
	62.5	15.8	59.2	15.7

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

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

Note 6**Fee and commission expense**

(millions of EUR)

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

	2015		2014	
	12 months	QIV	12 months	QIV
-11.4	-3.1	-10.5	-2.8	
-1.3	-0.3	-1.3	-0.3	
-0.8	-0.3	-0.9	-0.2	
-1.7	-0.4	-1.3	-0.4	
-1.2	-0.3	-1.0	-0.3	
-0.9	-0.2	-0.9	-0.2	
-17.3	-4.6	-15.9	-4.2	

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

	2015		2014	
	12 months	QIV	12 months	QIV
4.0	2.4	1.6	1.7	
-3.3	-1.8	-5.1	-1.0	
0.9	0.2	0.6	0.2	
6.4	3.9	6.1	2.5	
3.9	2.3	1.6	1.7	

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

	31.12.15	31.12.14
44.4	53.8	
3.3	5.1	
-6.4	-5.9	
-12.3	-8.6	
29.0	44.4	

Recoveries from write-offs

0.9	0.6
-----	-----

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
31.12.15	244.1	635.1	1 835.4	513.2	868.5	4 096.3
31.12.14	282.9	586.4	1 768.6	492.5	833.0	3 963.4

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

(millions of EUR)

	Cash, balances with central bank, loans and advances to credit institutions	Loans and advances to custo- mers	Securi- ties	Other assets	Total assets	Due to credit institu- tions	Due to custo- mers	Other liabili- ties	Total liabili- ties	Contin- gent liabilities
31.12.15										
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

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

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

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

(millions of EUR)

	In the statement of financial position		Contin- gent liabilities
	Cash and loans to central bank, credit institutions and customers	Securities	
31.12.15			
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

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

Note 12**Related parties**

(millions of EUR)

	<u>31.12.15</u>	<u>31.12.14</u>
Loans and advances to members of Management Board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons	1.9	7.2
Contingent liabilities to members of Management Board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons (credit lines and commitments to extend credit)	0.0	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	1.9	1.4
Loans and advances to parent company	25.6	32.3
Due to parent company	819.6	913.8
Contingent assets and commitments to parent company	39.0	38.7
Contingent liabilities and commitments to parent company	0.4	0.4
Loans and advances to enterprises of parent company's consolidation group	353.3	6.0
Due to enterprises of parent company's consolidation group	59.6	86.6
Contingent assets and commitments to enterprises of parent company's consolidation group	3.5	3.5
Contingent liabilities and commitments to enterprises of parent company's consolidation group	0.9	1.0

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

Related parties are:

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