AB SEB bankas
Independent auditor's report
Annual report and Financial statements
for the year ended 31 December 2013

14 March 2014

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Translation note

Financial statements have been prepared in Lithuanian and English languages. In all matters of interpretation of information, views or opinions, the Lithuanian language version of the financial statements takes precedence over the English language version.

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Independent Auditor's Report

To the shareholder of AB SEB Bank

Report on the financial statements

We have audited the accompanying stand alone and consolidated financial statements (together 'the financial statements') of AB SEB Bank ('the Bank') and its subsidiaries (collectively 'the Group') set out on pages 23-104 which comprise the stand alone and consolidated statement of financial position as of 31 December 2013 and the stand alone and consolidated income statements, statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank and the Group as of 31 December 2013, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

Furthermore, we have read the consolidated Annual Report for the year ended 31 December 2013 set out on pages 5- 22, including its Appendix 1 set out on pages 105 - 131 and have not noted any material inconsistencies between the financial information included in it and the audited Financial statements for the year ended 31 December 2013.

On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogėla
Partner
Auditor's Certificate No.000457

Vilnius, Republic of Lithuania
14 March 2014

CONSOLIDATED ANNUAL REPORT OF AB SEB BANKAS FOR THE YEAR 2013

1. *Reporting period covered by the Consolidated Annual Report*

This Consolidated Annual Report (hereinafter the Report) has been prepared for the year ended 31 December 2013. All numbers presented are as of 31 December 2013 or for the year then ended, unless specified otherwise.

2. *Issuer Group companies, contact details and types of their core activities.*

Issuer's name	AB SEB bankas
Authorised capital	LTL 1,034,575,341
Legal address	Gedimino ave.12, LT-01103 Vilnius
Telephone	(8 5) 2682 800
Facsimile	(8 5) 2682 333
E-mail address	info@seb.lt
Legal form	Public limited company
Registration date and place	29 November 1990, the Bank of Lithuania
Company code	112021238
Company registration number	AB90-4
Website address	www.seb.lt

AB SEB bankas (hereinafter the 'Bank'), a public limited company, is a credit institution operating on share capital basis and is licensed to engage in such types of activities as acceptance of deposits and other refundable means from non-professional market participants and funds lending, also it is entitled to engage in offering other financial services and assumes relevant related risks and liability.

At the close of the reporting period, the AB SEB bankas Group in Lithuania (hereinafter the 'Group') consisted of AB SEB bankas and two subsidiary companies: UAB "SEB investicijų valdymas",and UAB "SEB Venture Capital".

On 23 November 2013, AB "SEB lizingas", wholly owned by AB SEB bankas, was merged to AB SEB bankas in a manner established under Item 3 of Article 2.97 of the Civil Code of the Republic of Lithuania and under Item 1 of Article 70 of the Company Law of the Republic of Lithuania. AB "SEB lizingas" as a legal entity was deregistered from the Register of Legal Persons of the Republic of Lithuania on 28 November 2013 (the last financial statements of AB "SEB lizingas" is provided alongside with the present reporting).

Name	UAB "SEB Venture Capital"
Type of core activities	Own asset investment into other companies' equity and asset management on trust basis
Legal form	Private limited company
Registration date and place	16 October 1997, Vilnius
Company code	124186219
Domicile address	Gedimino ave. 12, LT-01103 Vilnius
Office address	Jogailos str. 10, LT-01116 Vilnius
Telephone	(8 5) 2682 407
Fax	(8 5) 2682 402
E-mail address	kapitalas@seb.lt
Website address	www.seb.lt

Name	UAB "SEB investicijų valdymas"
Type of core activities	Various investment management services, consultancy services
Legal / organisational form	Private limited company
Registration date and place	3 May 2000, Vilnius
Company code	125277981
Domicile address	Gedimino ave. 12, LT-01103 Vilnius
Office address	Olimpiečių str. 1, LT-09235 Vilnius
Telephone	(8 5) 2681 594
Fax	(8 5) 2681 575
E-mail address	info.invest@seb.lt
Website address	www.seb.lt

3. Agreements between the Issuer and securities' public offering agents

The Bank, in the process of a public issue of bonds, must execute an agreement with the selected public offering agent for the protection of interests of the owners of any relevant issue of bonds.

As of 31 December 2013, AB SEB bankas had 59 agreements with AB bankas "Finasta" (legal entity code 301502699, address Maironio str. 11, LT-01124 Vilnius).

4. Data on trade in securities of the Issuer Group companies in the regulated markets

Shares of AB SEB bankas are not included in either the main or secondary list of "NASDAQ OMX Vilnius" exchange or in trading lists of other regulated markets and their listing is not planned in the nearest future.

As of 31 December 2013, five non-equity securities issues of AB SEB bankas were included in the trading list of the debt securities list of "NASDAQ OMX Vilnius" exchange:

Parameters	Issue
ISIN code	LT0000431025
Number of securities issued (units)	31,850
Nominal value per unit (LTL)	100.00
Total nominal value (LTL)	3,185,000.00
Effective date of the issue	21 December 2010
Redemption date	23 January 2014

Parameters	Issue
ISIN code	LT0000431157
Number of securities issued (units)	37,257
Nominal value per unit (LTL)	100.00
Total nominal value (LTL)	3,725,700.00
Effective date of the issue	21 December 2010
Redemption date	23 January 2014

Parameters	Issue
ISIN code	LT0000405060
Number of securities issued (units)	46,575
Nominal value per unit (LTL)	100.00
Total nominal value (LTL)	4,657,500.00
Effective date of the issue	17 May 2011
Redemption date	13 June 2016

Parameters	Issue
ISIN code	LT0000405078
Number of securities issued (units)	38,857
Nominal value per unit (LTL)	100.00
Total nominal value (LTL)	3,885,700.00
Effective date of the issue	21 December 2011
Redemption date	9 January 2017

Parameters	Issue
ISIN code	LT0000405086
Number of securities issued (units)	47,032
Nominal value per unit (LTL)	100.00
Total nominal value (LTL)	4,703,200.00
Effective date of the issue	30 May 2012
Redemption date	13 June 2017

Securities of the Bank subsidiary companies are not traded in the regulated markets.

5. Objective overview of the issuer group status, activities and development

In 2013, AB SEB bankas Group in Lithuania was providing a full range of banking services to private individual and corporate customers as well as to financial institutions. At the end of 2013 the Group in Lithuania consisted of AB SEB bankas and its two companies: UAB "SEB investicijų valdymas", and UAB "SEB VentureCapital"(on 23 of November 2013, AB "SEB lizingas" was merged to AB SEB bankas).
The year 2013 saw an improvement in Lithuania's economy. The domestic market was recovering, there were more opportunities to finance companies and private individuals. All this enabled the country's entire banking sector to gain strength. Audited net profit earned by AB SEB bankas in 2013 was LTL 212.3 million (EUR 61.5 million), and that earned by AB SEB bankas Group was LTL 212.3 million (EUR 61.5 million). The result has been calculated based on the requirements established by legal acts of the Bank of Lithuania and the Republic of Lithuania.
In 2012, audited net profit earned by AB SEB bankas was LTL 87.6 million (EUR 25.4 million), and that earned by the entire AB SEB bankas Group was LTL 84.9 million (EUR 24.6 million). The bank's year-on-year 2012 data after the merger of AB "SEB lizingas" to AB SEB bankas in November 2013 are reflected including the data of AB "SEB lizingas", unless indicated otherwise.
In 2013, the bank group's operation was positive: its net profit and assets as well as deposit portfolio increased, its income grew, and its cost/income ratio improved. There was further growth in customer activity using various services of SEB Bank contributing to an 8 per cent increase in the bank group's income. In 2013, the amount issued in new loans by the SEB Group to corporate and private individual customers was LTL 4.6 billion, which is a 12 per cent increase as compared to a relevant period in 2012. AB SEB bankas Group was committed to responsible issuance of loans to private individual customers and businesses, to financing promising business projects.
In 2013, AB SEB bankas Group had special focus on the improvement of daily banking services that can be used by the population on their own and at a lower fee compared to that at the bank's sub-branches. Taking into account the changing customer behaviour, in 2013 AB SEB bankas expanded its ATM network installing a larger number of cash-in ATMs and 7/24 self-service areas, developed its services via the Internet, mobile phone, settlement services by payment cards.
As of 31 December 2013, AB SEB bankas Group's equity was worth LTL 2.6 billion (as of 31 December 2012, it was LTL 2.4 billion), which is a 9 per cent increase.
As of 31 December 2013, AB SEB bankas Group's assets were LTL 23.6 billion (in 2012 they were LTL 23.1 billion), which is a 2 per cent increase.
Over the year 2013, an increase in AB SEB bankas deposit portfolio was from LTL 12.8 billion to LTL 13.2 billion, i. e. 3 per cent.
As of 31 December 2013, net worth of AB SEB bankas Group's loan and leasing portfolio was LTL 16.6 billion (in 2012, it was LTL 17.1 billion), which is a 3 per cent decrease.
AB SEB bankas Group year 2013 income was LTL 586 million (its year 2012 income was LTL 539 million).
As at the close of 2013, AB SEB bankas Group's liquidity ratio was 38.8 per cent (standard requirement being 30 per cent).
Over a year, the number of registered users SEB Bank's Internet banking system increased by 46 thousand and at the close of the year 2013 it was 1.1 million, which is a 4.3 per cent as compared to the end-of-the-year data in 2012.
Over a year, the number of users of the Bank's services via mobile phone increased by 54 thousand and at the close of the year 2013 it was 556 thousand, which is a 10.7 per cent increase as against relevant data as at the close of 2012.
Over a relevant period, the number of payment transactions executed via the Internet increased by 5 per cent, turnover in payment card accounts went up by 2.9 per cent, and the number of POS terminals increased by 2.2 per cent.
At the close of the year 2013, AB SEB bankas had 46 customer service sub-branches all over Lithuania. SEB Bank customers can use the largest ATM network in Lithuania that includes ATMs of SEB and DNB banks, i. e. 536 ATMs in 82 towns, large and small.
As at 31 December 2013, the number of employees actually working within AB SEB bankas Group (excluding employees on paternity leave) was 1,522, i. e. by 2.7 per cent less than as of 31 December 2012, when the actual number of the Group employees was 1,564.
In 2013, AB SEB bankas pursued with the implementation of its strategy to be the home bank for its customers. AB SEB bankas, being a long-term customer relationship bank, offered modern universal banking services, provided them in a professional and convenient way, taking into consideration each customer's needs and expectations.
In 2013, AB SEB bankas Group continued the implementation of SEB's corporate sustainability strategy, which includes eight corporate sustainability priorities by key responsibility areas (management responsibility, environmental responsibility and corporate social responsibility): responsible selling and marketing, tackling financial crime, responsible ownership, reducing our footprint, sustainable finance and investing, a great place to work, access to financial services and investing in communities.
In 2013, AB SEB bankas Group launched new services and improved the existing ones. AB SEB bankas has fully integrated its leasing services with its banking activities. In the process of the pension system reform, AB SEB bankas Group provided its customers with detailed information with the aim to help them decide which further pension saving method to select, also, the Group rolled out a small and medium enterprise advisory campaign. AB SEB bankas upgraded its mobile banking services via the Internet website, offered its customers a possibility to call the bank via Skype. The bank installed cash-in ATMs at each of the 46 customer service sub-branches of the bank, expanded its network of self-service areas by opening five new areas, their total number all over Lithuania now being fifteen. AB SEB bankas launched its free-of-charge reminder system for its customers by SMS, e-mail and by its Internet Banking System. In 2013, AB SEB bankas joined such global security programmes as MasterCard Secure Code and Verified by Visa as their member. The bank offered its customers an overdraft service, and for its customers who have already obtained or intend to obtain a mortgage loan it launched a new insurance service Secure Mortgage. Furthermore, the bank offered its customers detailed remote financial advisory service that is provided taking into account relevant customer needs, and launched SEB Bank's software specially adapted for smart Windows Phones.
In 2013, AB SEB bankas Group was taking efforts to provide customers with valuable information that may serve in creating added value for them. AB SEB bankas organised presentation of Lithuanian Macroeconomic Reviews to its customers, together with the Lithuanian national television carried out Lithuania Will Do It! project aimed at encouraging pro-active people to go into business in regions and create new jobs. AB SEB bankas arranged customer presentations of such publications as the Baltic Household Outlook, and the Household Savings Barometer. Together with other market players, AB SEB bankas established the Lithuanian Financial Markets Institute (LFMI), supported the EUROFI financial forum in Vilnius, started the Saving and Investment publication, kept its customers informed about financial markets and the macroeconomic environment.

AB SEB bankas Group regularly took part in the implementation of important sustainable activity projects – together with TV3 television implemented their eleventh campaign Dreams Come 2013, for the eighth year in a row awarded top-achieving secondary school graduates, and continued its participation in the activities of Mentor Lietuva Association.
In 2013, AB SEB bankas Group won significant global and local awards: SEB Bank received the award of the Best Bank in Lithuania (Euromoney), the Best FX Bank in Lithuania (Global Finance), for the fifth year in a row it was recognised to be the Most Attractive Employee in Lithuania ("Verslo Žinios" and "CV.lt") and for the second year in a row – the Most Desirable Employer in Lithuania ("CV Market").

6. *Description of the main risk types and uncertainties*

Issuer risk. The Bank's obligations against investors are not additionally secured by any guarantee and/or in any other manner, the Bank's obligation to redeem non-equity securities is not insured by state enterprise Indėlių ir Investicijų Draudimas, therefore, the investor assumes banking (operational) risk related to political, economic, technical and technological as well as social factors. In the event of the Bank's bankruptcy, claims of holders of non-equity securities would be satisfied according to the procedure and order of priority established by legal acts of the Republic of Lithuania.

Credit risk. The Group assumes credit risk, i.e., the risk of another counterparty being unable to duly meet its obligations against the Bank. Counterparty risk is assessed based on credit equivalents calculated depending on the type of a financial deal. The Group Credit Policy is applied adhering to the principle that any lending transaction may be executed only subject to credit analysis. Taking into account the complexity of the deal and customer's creditworthiness, various credit risk management measures are applied.

The Group loans are assessed individually as well as in total, taking into account its total portfolio. Assessment of the portfolio of homogeneous loan groups with similar risk characteristics, i.e. natural persons' mortgage loans, consumer loans, payment card account overdraft limits, also, loans to small enterprises, is performed. Special provisions for homogenous loans are formed by applying statistical methodology based on historical data on any defaults of the borrowers and sustained losses within the corresponding homogeneous loan group. Individually assessed borrowers are assigned to a relevant risk class, based on which special provisions requirement is established. The Group classifies its individually assessed borrowers based on 16 risk classes.

Risks are managed by carrying out regular analysis of the borrower's ability to meet its obligations: to repay the loan and pay interest. The Group establishes credit risk limits per single borrower, a group of borrowers or per economic activities. Borrower credit risk, taking into consideration the risk class assigned to the borrower, is revised on a regular basis, no less than once a year. Analysis of the borrower, borrower group and industry sector risks is also performed on regular basis.

Applied credit portfolio concentration risk limits are as follows:

- maximum exposure per single borrower must not exceed 25 per cent of the Bank's/ Group's equity, and the total amount of large exposures may not exceed 800 per cent of the Bank's/ Group's equity;
- total loans issued by the Bank to other subsidiary companies of the parent company or the Bank's subsidiary companies per single borrower may not exceed 75 per cent of the Bank's equity, if the Bank of Lithuania performs consolidated supervision of the entire financial group. If the Bank of Lithuania does not perform any consolidated supervision of the entire financial group, the maximum exposure per each Group company may not exceed 20 per cent of the Bank's equity.

Presented below is the information on the Bank's individually assessed client's credit losses, on changes in the total value and the ratio to the credit portfolio over periods of historic financial information.

	31-12-2011*	31-12-2012*	31-12-2013*
Individually assessed client credits, which value has impaired, gross amount (impaired loans), in LTL'000	2,178,332	1,773,698	1,101,427
Client credit portfolio (without special provisions), in LTL'000	16,875,342	16,679,036	15,900,735
Ratio (in per cent)	**12.91 per cent**	**10.63 per cent**	**6.93 per cent**

* According to Official Letter of the Credit Institutions Supervision Department of the Bank of Lithuania No. 1203-310, dated 10 June 2008.

The Bank's Impairment losses on loan portfolio (LTL'000) according to the International Financial Reporting Standards (IFRS):

	31-12-2011	31-12-2012	31-12-2013
Impairment losses on loans to customers (special provisions)	1,207,686	1,022,564	708,950
Impairment losses on loans to credit institutions as of year end (special provisions)	31	0	2
Balance of impairment losses as of year end (special provisions)	1,207,717	1,022,564	708,952
Special provisions to loan portfolio ratio	**6.98 per cent**	**6.13 per cent**	**4.43 per cent**

Market risk. It is the risk of losses or of a loss of future net income due to changes in interest rates, credit spreads, foreign exchange rates and share prices (including the price risk in case of sales of assets or closing of positions).

Interest rate risk is managed by forecasting market interest rates and making relevant adjustments so that there is no mismatch in the assets and liabilities within the revaluation periods. The Bank applies interest rate risk management methodologies that help to measure the Group's sensitivity to interest rate changes by computing the impact to the net effect on the market value of shareholders equity (delta 1%) in case of a parallel shift by one percentage point in the yield curve.

Credit margin risk is defined as the risk that the value of debt securities will decrease as a result of a change in the issuer's credit risk. This type of risk is managed by establishing limits on investments in debt securities.

Foreign exchange risk exposure is defined by two measures: the single open foreign currency position and the aggregate open currency position - the larger one of all summed-up long and short open currency positions. Foreign exchange risk measures include net exposure of spot and forward positions, FX futures, including gold, the delta equivalent position of FX options and other balance sheet items. The currency risk control is ensured by monitoring the risk exposure against the limits established for single open currency position. The Bank adheres to the open currency position limits established by the Bank of Lithuania: 1) maximum open position in one currency (other than the Euro) must be no more than 15 per cent of the bank's equity; 2) maximum total (other than the Euro) open position must be no more than 25 per cent of the bank's equity.

Changes in the Group's s maximum open single currency position as a percent of the Group's total equity during the recent years is shown in the table below (the data provided in the Table have been calculated including also the EUR position).

The Group	31-12-2011	31-12-2012	31-12-2013
Maximum open single currency position	105.63 per cent	133.48 per cent	75.57 per cent
Maximum aggregate open currency position	0.34 per cent	0.22 per cent	0.33 per cent

Share price risk is managed by establishing limits that describe acceptable share price risk, taking into consideration any possible losses related to market price volatility, by establishing the structure of the share portfolio.

Liquidity risk. Liquidity risk is the risk that the bank may be unable to timely meet its financial obligations and/or, aiming to meet them, it may have to sell its financial assets and/or close positions and will sustain losses due to a lack of liquidity in the market.

The Group adheres to conservative liquidity risk management policy that ensures adequate fulfilment of its current financial obligations, the level of obligatory reserves with the Bank of Lithuania, liquidity ratio higher than that established by the Bank of Lithuania and solvency capacity under unforeseen unfavourable circumstances. The liquidity risk management system is based on the analysis of actual and forecasted cash flows.

Changes in the Bank's and the Group's liquidity ratio over recent years are shown in the table below.

The Group			Ratio	The Bank		
31-12-2011	31-12-2012	31-12-2013		31-12-2011*	31-12-2012	31-12-2013
46.80 per cent	35.76 per cent	38.85 per cent	Liquidity ratio (at least 30%)	46.12 per cent	35.69 per cent	38.81 per cent

* The ratio as of 31-12-2011 is calculated not taking into account AB "SEB lizingas" merger

Operational risk. Operational risk is defined as the risk of loss due to external events (natural disasters, external crime, etc) or internal factors (e.g. breakdown of IT systems, mistakes, fraud, non-compliance with external and internal rules, other deficiencies in internal controls).

On 1 January 2008, the regulators issued a permission to the Bank to use the AMA (*Advanced Measurement Approach*) model in the operational risk assessment process for the calculation of regulatory capital for the operational risk.

The Bank has developed and continuously upgrades and improves its operational risk management tools: operational risk policy, ORSA (*Operational Risk Self Assessment*) and RTSA (*Rogue Trading Self Assessment*) methodologies, activities continuity planning requirements and continuity plans, new product and services approval process, etc..

Bank has launched and continuously uses its operation risk management system ORMIS (*Operational Risk Management Information Sysytem*), which is a Group wide IT solution. The operational risk management system enables each employee of the Group to register all operational risk incidents and the management at all levels – to assess, monitor and control risks and compile various reports. With the aim to achieve as detailed as possible assessment of the operational risk, ORSA and RTSA methodologies are applied, internal controls are undertaken, regular assessment of subdivision and process risks is performed.

Another two systems related to operational risk management are used for the development of new products and/or services NAMIS (*New Activity Management Information System*) and for the formation of activity continuity plans for subdivisions LDRPS (*Living Disaster Recovery Planing System*).

The Bank has the Operational Risk Committee, which is aimed at improving the operational risk management and ensure appropriate cooperation between risk managers and control units. The management board is provided with quarterly operational risk reports, which contain a review of new operational risk cases, efficiency of the application of the operational risk management measures as well as other risks.

Business risk. It is the risk of a decrease in income due to any unforeseen shortage of regular income that is usually determined by a drop in business volumes, price pressure or competition. Business risk also includes reputation risk, which is a risk of a decrease in income from ordinary activities and which may arise due to any adverse rumours about the bank or about the banking sector generally.

Strategy risk. It is the risk caused by unfavourable or erroneous business solutions, improper implementation of decisions or insufficient response to any political changes or changes in the regulatory acts or the banking sector. Business and strategy risk management at the Bank is delegated to relevant responsible units, which based on business plans and their implementation control, identify such risks and manage/mitigate them. Said units continuously monitor the set ratios. In case any decline is found, relevant information is provided to the management board and/or other responsible persons. Also, the Bank has approved activity continuity plans.

Capital adequacy. Lithuanian banks are required to maintain capital adequacy ratio, which is calculated as the capital base to risk-weighted assets ratio. During the internal capital adequacy assessment process for 2013 the target capital adequacy ratio was set at higher than 12 per cent. In the first quarter of 2013, at the shareholder's decision the capital and at the same time capital adequacy was strengthened by profit earned in 2012 (no dividends were paid).

In April 2013, the Management Board of the Bank of Lithuania gave its permission to the bank to repay its open-ended subordinated loan (to redeem an open-ended security) (obtained based on a subordinated loan agreement with Skandinaviska Enskilda Banken AB (publ), dated 18 February 2010) worth EUR 100,000,000 (LTL 345,280,000). The Bank has availed of a possibility to terminate said agreement (to redeem the security) with the aim to decrease the bank's borrowing costs, maintaining an appropriate capital adequacy level.

Merger of AB "SEB lizingas" to AB SEB bankas had a significant positive impact on the Bank's capital adequacy ratio.

After the repayment of the subordinated loan and after the merger of AB "SEB lizingas", at the close of 2013 the Bank's and the Group's capital adequacy ratios were, respectively, 15.51 per cent and 15.59 per cent

Changes in the Bank and the Group capital adequacy ratios during recent years are presented in the table below.

The Group			Ratio	The Bank		
31-12-2011	31-12-2012	31-12-2013		31-12-2011*	31-12-2012*	31-12-2013
13.59 per cent	15.17 per cent	15.59 per cent	Capital adequacy ratio	12.94 per cent	13.37 per cent	15.51 per cent

* The ratio is calculated not taking into account AB "SEB lizingas" merger

7. *Analysis of the Issuer Group's financial and non-financial activity results*

Volume and changes of the Group's activities are partially reflected by the below data of the balance sheet and profit and loss statements drafted in accordance with the International Financial Reporting Standards (IFRS):

LTL million	31-12-2011	13-12-2012	13-12-2013
Loans	15,651	15,637	15,251
Investment	1,726	1,113	1,219
Lease receivables	1,673	1,503	1,428
Deposits	12,357	12,797	13,225
Amounts owed to credit institutions	9,932	6,789	7,178
Equity	2,321	2,386	2,602
Assets	26,633	23,122	23,591

The Group's income structure during recent years was as follows:

LTL million	2011	2012	2013
Net interest income (loss) after impairment losses	682.0	262.7	246.0
Other income before operating expenses, net	188.8	251.0	297.0
Result before operating expenses	873.5	513.7	543.0
Operating expenses	(343.7)	(347.8)	(299.5)
Intangible asset write off	-	(58.5)	-
Profit (loss) before profit tax from continues activities	527.1	107.4	243.5
Net profit (loss) from continued activities	467.4	84.9	212.3

Key ratios of the Group and the Bank activities are included in the table below:

The Group			Ratio	The Bank		
2011	2012	2013		2011	2012	2013
13.59 per cent	15.17 per cent	15.59 per cent	Capital adequacy ratio	12.94 per cent*	13.37 per cent*	15.51 per cent
1.98 per cent	0.34 per cent	0.91 per cent	Return on Assets	1.71 per cent*	0.53 per cent*	0.92 per cent
21.85 per cent	3.55 per cent	8.50 per cent	Return on Equity	19.47 per cent*	5.69 per cent*	8.93 per cent
46.80 per cent	35.76 per cent	38.85 per cent	Liquidity ratio	46.12 per cent*	35.69 per cent*	38.81 per cent
30.27	5.50	13.75	Earnings per share, LTL	24.45*	5.67*	13.75
150.32	154.52	168.48	Book value per share, LTL	138.08*	154.44*	168.39

* The ratio is calculated not taking into account AB "SEB lizingas" merger

8. *References and additional comments on data included in the consolidated financial statements*

All key financial data are included in the consolidated financial statements of the Group.

The Group must ensure the implementation of appropriate organisational measures, procedures and business process support IT systems, the entirety of which would ensure the implementation of adequate internal control system, which, in its turn, would enable providing reliable financial reporting data. The following key elements of the Group's internal control should be mentioned: checking the data on transactions executed in primary systems against transaction data in the accounting system; clear organisational structure and proper segregation of functions, daily accounting of the Group's transactions and relevant reports, based on actual market data, established risk restricting limits and regular control of whether the risk is in line with such limits, internal control elements integrated in business and business support processes as well as other control measures.

9. *Major events since the end of financial year*

On **5 February 2014**, the Bank announced that according to preliminary data, unaudited net profit earned by AB SEB bankas in 2013 was LTL 212.3 million (EUR 61.5 million), and that of the AB SEB bankas Group was LTL 212.3 million (EUR 61.5). The result has been calculated in accordance with the requirements set by the acts of the Bank of Lithuania and legal acts of the Republic of Lithuania. Over the year 2012, audited net profit earned by the Bank totalled LTL 87.6 million (EUR 25.4 million) and that by the Bank Group – LTL 84.9 million (EUR 24.6 million). In November 2013 AB "SEB lizingas" was merged with AB SEB bankas therefore AB SEB bankas results of the year 2012 are presented including the result of AB "SEB lizingas".

10. *Issuer Group's activity plans and forecasts*

The AB SEB bankas Group in Lithuania aims at long-term and mutually beneficial relations with all customers of the Group. For this purpose, the Bank implements its strategy to be the Home Bank for its customers, where their daily financial matters are managed. As a relationship bank, AB SEB bankas offers modern and universal banking services and provides them in a professional and convenient way with in-depth understanding of each customer's needs and expectations.

The Group, seeking to implement its said strategy and aiming to maintain long-term relations with its customers, also, taking into account the objectives of the SEB Group, envisages the following key trends of activities:

- Customer loyalty strengthening. Aiming to become the Home Bank for its customers, the Bank plans to retain the existing customers and to attract new ones:
    - by creating new attractive services and products for customers successfully developing their business, so that they would feel the Bank's steady attention;
    - by ensuring a possibility for its customers to be serviced by the Bank in a convenient, fast and safe way using various modern means (the Internet, mobile phone, self-service areas, etc.);
- Increasing the operational efficiency. Seeking to retain operational efficiency and competitive edge, the Bank plans to:
    - increase income by applying target marketing: to clearly define competitive advantages in various client segments and, based on it, develop new growth plans;
    - duly assess the demand for costs aiming at achievement of the selected goals;
    - objectively assess business capital requirements and risks taken in order to ensure the planned Bank's profitability
- The best employer image retention. The Group will further aim at creating both the atmosphere of trust and respect, in which employees may work and develop, and environment, which would help to attract and develop competent specialists and encourage employees to aim at the achievement of top results.

11. *Financial risk management objectives*

The Group manages its financial risks as described in the consolidated annual financial statements. Financial risk management objectives, transaction risk hedging measures, the Group credit risk and market risk volume are also described in the above-mentioned document.

12. Data on the Issuer's acquisition/assignment of own shares, powers of the Issuer's bodies to issue and buy up the Issuer's shares.

The Bank has none and during the year 2013 did not acquire its own shares. Also, the Bank's subsidiary companies have not acquired the Bank's shares. During the reporting period, the Bank and its subsidiary companies did not buy or sell their own shares.

The general meeting of the Bank's shareholders has the exclusive right to set the class, number, nominal value and minimum issue price of shares issued by the company and take a decision for the Bank to acquire its own shares.

13. Information on the Issuer's branches and representative offices

As of 31 December 2013, the Bank had 3 branches: AB SEB bankas Eastern Region (code 112053613, address: Savanorių str. 1, LT-03116 Vilnius), AB SEB bankas Middle Region (code 112052511, address: Laisvės ave. 82/ Maironio str. 17, LT-44250 Kaunas), and AB SEB bankas Western Region (code 112052479, address: Taikos ave. 32, LT-91246 Klaipėda).

The branches consisted of a network of 46 customer service units (7 branches and 39 sub-branches) all over Lithuania.

14. The Issuer's authorised capital

The Bank's authorised capital registered with the Register of Legal Entities (amount, structure by share type and class, total nominal value) is as follows:

Type of shares	ISIN code	Number of shares	Nominal value (LTL)	Total nominal value	Share within authorized capital (in %)
Ordinary registered shares	LT0000101347	15,441,423	67	1,034,575,341	100.00
In total	**-**	**15,441,423**	**-**	**1,034,575,341**	**100.00**

All shares of the Bank are paid up and are not subject to any restrictions in terms of securities assignment.

15. Shareholders

On 19 November 2010, the squeeze-out procedure of AB SEB bankas shares was finalized. A 100 % stake in AB SEB bankas represented by its 15,441,423 ordinary registered shares is owned by bank Skandinaviska Enskilda Banken AB (publ) registered with the Enterprise Register of Sweden, its legal form: a public limited company, legal entity number: 502032-9081, domicile address: Kungsträdgårdsgatan 8, Stockholm, the Kingdom of Sweden.

16. Major investments made over the reporting period

The Group's investments over the year 2013 into fixed tangible and intangible assets did not make more than 10 per cent of the authorised capital.

17. Information about significant directly or indirectly held blocks of shares

Name	Company code	Address	Type of core activity
UAB "Cgates"	120622256	Ukmergės str. 120, Vilnius	Internet, telecommunications, means of communications, TV and radio
UAB "Duonos centras"	302638225	Lvovo str. 25 Vilnius	Bakery, supply

18. Employees

As of 31 December 2013, the AB SEB bankas Group in Lithuania (AB SEB bankas, UAB "SEB investicijų valdymas and UAB "SEB Venture Capital") had 1,741 employees (working under labour contracts with and without a fixed term, including those on maternity/paternity leave), i.e. by 4.5 per cent less compared to the end of 2012, when the Group had 1,823 employees. As of 31 December 2013, the number of actually working employees (excluding those on maternity/paternity leave) was 1,522, i.e. 2.7 per cent less than at the end of 2012, when the actual number of the Group's employees was 1,564. A decrease in the number of employees was determined by the fact that the Group implemented operational efficiency enhancement measures.

During the year 2013, the number of employees of the Bank alone (working under labour contracts with and without a fixed term, including those on maternity/paternity leave) dropped by 4.3 per cent – from 1,808 to 1,731, and the number of the Bank's actually employed employees (excluding those on maternity/paternity leave) was 1,512, i.e. 2.5 per cent less than at the end of 2012, when their number was 1,550.

In 2013, the average actual number (excluding the number of employees on maternity/paternity leave) was 1,519 employees (in 2012, it was 1,626 employees).
In November 2013 AB "SEB lizingas" was merged with AB SEB bankas therefore AB SEB bankas results of the year 2012 are presented including the result of AB "SEB lizingas" unless indicated otherwise.

	The Bank			The Group		
	31-12-2011	31-12-2012	31-12-2013	31 12 2011	31-12-2012	31-12-2013
Regular employees (working under labour contracts with and without a fixed term, including those on maternity/paternity leave)	2,008	1,808	1,731	2,023	1,823	1,741
Actually number of employees (excluding those on maternity/paternity leave)	1,717	1,550	1,512	1,731	1,564	1,522

Tables below contain information on the Bank's employees' educational background and average monthly wages (before taxes). Labour contracts or collective bargaining agreements do not provide for any special rights or duties of the issuer's employees or of some of them.

	Number of employees			Average monthly wages (in LTL)		
	31-12-2011	31-12-2012	31-12-2013	31-12-2011	31-12-2012	31-12-2013
Senior management staff	263	214	200	10,767	11,080	11,468
Specialists	1,736	1,574	1,510	3,460	3,667	3,740
Service staff	9	20	21	2,119	2,180	2,212
In total	**2,008**	**1,808**	**1,731**	**-**	**-**	**-**

	Number of employees	University education		College education		Secondary education	
		number	per cent	number	per cent	number	per cent
Senior management staff	200	192	96.0	5	2.5	3	1.5
Specialists	1,510	1,201	79.5	96	6.4	213	14.1
Service staff	21	11	52.4	5	23.8	5	23.8
In total	**1,731**	**1,404**	**81.1**	**106**	**6.1**	**221**	**12.8**

19. The Group's information on the remuneration policy and its implementation

The information has been drawn up and announced implementing the requirements of Item 25 of Resolution of the Board of the Bank of Lithuania 'Regarding an amendment to the Board of the Bank of Lithuania Resolution 'Regarding minimum requirements for policies of remuneration to credit institution employees' No. 228, dated 10 December 2009', No. 03-175, dated 23 December 2010, also, Resolution of the Board of the Bank of Lithuania 'The requirements for remuneration policies of financial brokerage companies, management companies and investment companies' No. 03-166, dated 12 July 2012.

The Group has its approved remuneration policy, which aligned with the remuneration policy of SEB, the Bank's shareholder. Also, the remuneration policy implements legal acts of the Board of the Bank of Lithuania regulating the requirements for the remuneration policy.

The Group's remuneration policy creates and promotes an internal culture that long-term steers in the benefit of the customers and thus over time will give its shareholders the best return. The competence and commitment of the Group's employees are crucial to the Group's development. The Group encourages to aim at the achievement of top results, adhere to the core values and assume well weighted and balanced risk in line with the expectations of customers and shareholders. Also, the Group aims that the remuneration to its employees is competitive in the markets and segments where the Group operates in order to motivate high performing employees.

- **Information on the remuneration policy decision-taking process in establishing and revising the remuneration policy principles, including information on the remuneration committee (composition and powers), external advisers, if their services were resorted to when developing the policy**

The Group abides by the remuneration policy that was approved by the Bank's supervisory council on 22 March 2013. All of the Group companies have implemented the remuneration policy requirements. When developing said remuneration policy, no services of external advisers were resorted to.

The Bank's Human Resources Department together with the Compliance Unit, annually reviews the Group's remuneration policy and submits proposals on the policy changes. The remuneration policy is approved by the Bank's supervisory council, upon approval of the Group's remuneration committee. The management board of the Bank is responsible for the implementation of the remuneration policy.

In 2011, the Group's remuneration committee was established, consisting of:
- Chairman of the committee – Head of SEB Business Support (Knut Jonas Martin Johansson);
- Member of the committee – Head of Finance of SEB Baltic Division (Mark Barry Payne);
- Member of the committee – Head of Procurement and Vendor Management of SEB Business Support Division (Ted Tony Kylberg);

- Member of the committee – Head of Human Relations of SEB Baltic Division (Anna Maria Erika Hamstedt).

Candidates to members of the remuneration committee are approved by the supervisory council of the Bank. Persons related to the Bank or its subsidiary companies by labour relations as well as members of the Bank's management board may not be elected chairman or members of the remuneration committee. None of the members of the remuneration committee has shares in the Bank.

The competence of the remuneration committee and its rules of procedure are established by the remuneration committee regulations approved by the supervisory council of the Bank.

The remuneration committee, at the proposal of the president of the Bank, takes decisions on:

- Establishing individual remuneration by position (including pension saving plans) to senior managers, other than members of the board, directly reporting to the president of the Bank;
- allocation of short-term incentive programmes to certain employee groups;
- allocation of the amount of the short-term incentive programme.

The remuneration committee drafts and submits to the Bank's supervisory council for approval:

- the Bank's remuneration policy, any amendments thereto and a list of risk-takers and any amendments thereto
- remuneration by position to the president, board members of the Bank, heads of the Internal Audit Department, Compliance Unit and Risk Control Unit;
- long-term incentive programmes applied to the group employees;
- pension saving plans applied to the president and board members of the Bank;
- proposals regarding employee individual remuneration by position, if their amount is equal or exceeds the minimum amount of individual remuneration by position of a board member.

Also, the remuneration committee performs other functions delegated to it by the Bank's supervisory and provided for by the remuneration committee regulations and relevant legal acts.

- **Information on the relation between the remuneration and performance results**

Principles of establishing remuneration are related to the Group employees' performance appraisal results. It means that when establishing remuneration, the appraisal of an employee's performance is taken into account

The Group employees' remuneration consist of the following three elements:

- remuneration by position (or hourly rate);
- variable remuneration, which may be allocated according to the following programmes:
    - All Employee Programme – SEB's profit allocation programme for all employees of the Group;
    - individual programme, which is participated by a targeted group of employees and includes variable salary, which may consist of two parts: salary in cash and salary in shares or in any other financial instruments paid out after a certain set period of time;;
- additional benefits.

Remuneration by position (or hourly rate) – it is the wages (base pay) established in an employee's labour contract.

Variable remuneration – it is a variable portion of remuneration, which may be paid to employees as an extra to the remuneration by position – in bonuses, pension saving contributions, rights to the Bank's shares, equity-linked financial instruments, other financial or non-cash instruments, and the amount of which depends on an individual employee's input to the performance of his/her subdivision or of the Group.

Variable remuneration is established so that it would encourage the achievement of not only short-term, but also long-term results of the Group's continued activities, and would encourage to search for long-term strategic solutions that would ensure sustainability of the Group's business development. The whole amount of the variable remuneration paid for a certain period of time is established taking into account the performance during several years and must not threaten the Group's ability to achieve the Group's total positive result over the entire business cycle.

SEB's All Employee Programme is aimed at the formation of a profit allocation plan applicable at the entire group level that would encourage towards achievement of strong and long-term customer relations. It is a collective profit allocation programme meant for all SEB employees. The amount of a bonus depends on factors indicated in the business plan of Skandinaviska Enskilda Banken AB (publ). 50 per cent of a bonus is disbursed in cash, another 50 per cent share is held for a tree-year period and will be disbursed in cash calculating based on the total return of A class shares (TSR) of Skandinaviska Enskilda Banken AB (publ), i.e. based on a change in the price of a share as well as on the allocation of reinvested dividends for SEB shares.

Additional benefit – it includes additional health insurance, saving endowment insurance, additional annual vacation, additional paid vacation to students.

- **The main remuneration policy structure elements, including information on the criteria used for performance appraisal and for risk assessment, risk-based remuneration adjustment, remuneration allocation criteria and deferral principles**

The remuneration policy structure consists of:

- remuneration concept and remuneration package elements;
- remuneration by position;
- variable remuneration;
- additional benefit;
- remuneration policy management and control;
- information disclosure;
- description of the Group's risk-takers and their attribution to said category.

The remuneration policy establishes that principles for the determination and payment of variable remuneration to risk-takers must be in line with the Group's long-term continued activities interests, business strategy, objectives, values, and would encourage reliable and effective risk management, and employees would not be encouraged to take risk that is excessive and unacceptable to the Group.

At the beginning of each year, annual activity objectives are established for the Group, subdivision and an employee, based on which the performance over a relevant year is appraised. SEB applies a uniform group-wide process for the appraisal and documentation of an employee's performance and behaviour, where the achievement of individual qualitative and quantitative objectives serves for the determination of a relevant remuneration.

Remuneration is related to performance, therefore, the whole amount of the remuneration is based on the overall appraisal of performance of an individual, a subdivision and the Group. The appraisal of each employee's personal input includes not only the employee's input towards the achievement of financial results (quantitative objectives), but also non-financial (qualitative) criteria (for instance, observance of internal rules and procedures as well as standards of the relations with customers and investors).

Variable remuneration to the Group's employees whose professional activities and/or decisions taken may have a significant impact on the risks assumed by the Group is established according to the impact of their decisions on risk. An employee is considered to be able to take decisions that have a significant impact on the risk assumed by the Group (i.e. a risk-taker), if the employee meets at least one of the following criteria:

- employees with leading strategic positions in the Group;
- employees with risk control functions;
- employees empowered to take decisions, which may have a material impact on the Group's performance;
- employees whose remuneration is equal or exceeds the remuneration of the Group's employees in leading strategic positions.

Variable remuneration for said employees is calculated based on the appraisal of a relevant employee's performance over no less than three to five years, and the actual variable remuneration is paid in portions – over a period that matches the Group's operation cycle and operational risk. No less than 50 per cent of the remuneration to such employees must consist of shares or any other financial instruments.

The deferred variable remuneration portion is allocated proportionately over the entire deferral period, and its payment is started no earlier than after one year since the end of a relevant employee's performance appraisal and shall be effected no more than once a year.

In case of financial instruments that constitute a portion of the variable remuneration, a no less than 12 months' deferral period is applied. Such period is reckoned since the time of granting the rights to the financial instruments. This provision applies both to the deferred variable remuneration portion and to the variable remuneration portion that is not subject to deferral.

- **Performance appraisal criteria, which are the basis for the right to the Bank's shares, equity-linked financial instruments and to other composite parts of the variable remuneration**

Variable remuneration to risk-takers may be disbursed taking into account the following terms:

- sustainability of the Bank's and/or the Group's financial standing;
- implemented annual objectives of an employee, also, adherence to the requirements of the internal legal acts.

Prior to the disbursement of each deferred portion of the variable remuneration and in each case related to its disbursement the above-indicated terms are assessed.

- **General quantitative information on remuneration by business areas**

The tables below contain information on amount before taxes. The information is provided for the year 2013 according to the data as of 20 February 2014.

The Group companies	Base remuneration (LTL '000)	Variable remuneration (LTL '000)	Number of employees
AB SEB bankas	93,202	1,371	1,731
UAB "SEB investicijų valdymas"	945	50	9
UAB "SEB Venture Capital"	330	0	1
In total	**94,477**	**1,421**	**1,741**

* Variable salary planned for the year 2013 based on an individual programme is provided

- **General quantitative information on remuneration to employees, excluding the senior management of the Bank:**
  - financial year annual wage amounts, split into base and variable remuneration portion and the number of individuals thus remunerated:

The Bank	Base remuneration (LTL '000)	Variable remuneration (LTL '000)	Number of individuals thus remunerated
The management board	2,699	544	5
Risk-takers of the Group, excluding members of the management board	6,759	331	37
Employees	83,744	496	1,689
In total	**93,202**	**1,371**	**1,731**

The Group	Base remuneration (LTL '000)	Variable remuneration (LTL '000)	Number of individuals thus remunerated
The management board	3,363	593	9
The Group's risk-takers, excluding members of the management board	6,945	331	39
Employees	84,169	497	1,693
In total	**94,477**	**1,421**	**1,741**

* Variable salary planned for the year 2013 based on an individual programme is provided

  - amounts of the variable remuneration split into payment in cash, pension contributions, shares of the Bank, equity-linked financial instruments and other financial or non-cash instruments:

The Bank	Variable remuneration paid in cash (LTL '000)	Pension contributions (LTL '000)	Shares of the Bank (LTL '000)	Equity-linked financial instruments (LTL '000)
The management board	0	0	0	544
The Group's risk-takers, excluding members of the management board	0	0	0	331
Employees	0	0	0	496
In total	**0**	**0**	**0**	**1,371**

The Group	Variable remuneration paid in cash (LTL '000)	Pension contributions (LTL '000)	Shares of the Bank (LTL '000)	Equity-linked financial instruments (LTL '000)
The management board	2	0	0	591
The Group's risk-takers, excluding members of the management board	0	0	0	331
Employees	1	0	0	496
In total	**3**	**0**	**0**	**1,418**

- amounts of the outstanding deferred remuneration for 2013 split into allocated and non-allocated portions:

The Bank	Deferred variable remuneration (LTL '000)	Allocated deferred variable remuneration (LTL '000)	Non-allocated deferred variable remuneration (LTL '000)
The management board	544	0	544
The Group's risk-takers, excluding members of the management board	331	0	331
Employees	496	0	496
In total	**1,371**	**0**	**1,371**

The Group	Deferred variable remuneration (LTL '000)	Allocated deferred variable remuneration (LTL '000)	Non-allocated deferred variable remuneration (LTL '000)
The management board	591	0	591
The Group's risk-takers, excluding members of the management board	331	0	331
Employees	496	0	496
In total	**1,418**	**0**	**1,418**

- amounts of the deferred variable remuneration, allocated over a financial year, paid and adjusted taking into account the performance results:

In 2013 the Bank and the Group paid variable remuneration granted in 2011 and 2012

The Bank	Deferred paid in cash variable remuneration in 2011 and 2012 (LTL '000)	Equity-linked financial instruments (LTL '000)*
The management board	2	229
The Group's risk-takers, excluding members of the management board	45	227
Employees	0	0
In total	**47**	**456**

The Group	Deferred paid in cash variable remuneration in 2011 (LTL '000)	Equity-linked financial instruments (LTL '000)*
The management board	2	242
The Group's risk-takers, excluding members of the management board	45	227
Employees	0	0
In total	**47**	**469**

* SEB share price (A class) has been calculated according to the rate of exchange as of 20 February 2014 of the Stockholm Exchange

- amount of the guaranteed variable remuneration envisaged under new agreements and the number of individuals thus remunerated:

In 2013, there were no such amounts in the Bank and the Group.

- amounts related to termination of labour relations allocated over the financial year, the number of individuals thus remunerated and maximum amount allocated to a single individual:

The Bank	Number of individuals paid the severance pay	Total amount of severance pays paid upon termination of labour contracts* (LTL '000)	Maximum amount allocated per single individual (LTL '000)*
	305	4,308	208

* including pays for unused vacation, taxes.

The Group	Number of individuals paid the severance pay	Total amount of severance pays paid upon termination of labour contracts* (LTL '000)	Maximum amount allocated per single individual (LTL '000)*
	313	4,767	420

* including pays for unused vacation, taxes.

- **Reasons and criteria for allocation of the variable remuneration portions and all other non-cash benefits**

For employees of the Group only the base remuneration – remuneration by position – is established in advance.

Remuneration establishment principles are related to the results of employee performance results. It means that individual remunerations by positions and variable remuneration is established taking into account the employees' performance appraisal.

The Group aims that remuneration for its employees would be competitive in the banking market by establishing an appropriate proportion: (a) between the remuneration by position and variable remuneration, and (b) between long-term and short-term reward. The Group also aims that the total remuneration would reflect the integrity of the employee activities, commitment and leadership qualities required for any definite position, also that it would be established taking into account the appraisal of an individual employee's activities.

20. *Procedure for amending the Issuer's articles of association, rules regulating the election of members to the management board*

The Bank's articles of association are amended according to the procedure established by the Company Law of the Republic of Lithuania and by the Law on the Republic of Lithuania on Banks. The Company Law of the Republic of Lithuania establishes, with certain exceptions, that amendment of the articles of association is an exclusive right of the general meeting of shareholders. When taking a decision on amending the articles of association, a 2/3 qualified majority of votes of general meeting of shareholders present at the general meeting of shareholders is required.

The Law on the Republic of Lithuania on Banks establishes that amended articles of association, in case of amending the provisions of the articles of association regarding 1) the name of the Bank; 2) the amount of the Bank's authorised (paid-in) capital; 3) the number of shares, also, their number by classes, their nominal value as well as the rights vested; 4) the competence of the Bank's management bodies, the procedure for the election and revocation of their members, may registered with the Register of Legal Entities only subject to a relevant permission of the supervisory authority, i.e. the Bank of Lithuania.

The Bank's management board is elected by the Bank's supervisory council for a 4 year tenure. If individual members of the board are elected, they are elected only until expiry of the tenure of the existing management board. A decision of the supervisory council to revoke any member from the management board may be adopted, if no less than 2/3 of the supervisory council members present at the meeting vote for it. The number of tenures of a management board member is unlimited. The chairman of the board is elected by the management board from among its members.

21. *The Issuer's bodies*

The articles of association of AB SEB bankas establish that the bodies of the Bank are as follows:

- The General Meeting of Shareholders of the Bank (hereinafter the 'Meeting')
- The Supervisory Council of the Bank (hereinafter the 'Council')
- The Management Board of the Bank (hereinafter the 'Management Board')
- Head of the Bank's administration (president) (hereinafter the 'President').

The competence of the General Meeting of Shareholders and shareholders' rights and their exercising are provided for by the laws of the Republic of Lithuania.

The Management Board and the President are the Bank's management bodies.

The Council is a collegiate supervisory body carrying out the function of supervision over the Bank's activities. The Council consisting of 5 members is elected by the Meeting. The Council elects the Management Board members and revokes them from their positions, supervises over the activities of the Management Board and the President and has other rights and duties attributed to its competence by acts of law of the Republic of Lithuania and the articles of association of the Bank.

The Management Board is a collegiate management body of the Bank, consisting of 5 members and is elected by the Council. The Management Board manages the Bank, handles its daily matters, represents the Bank's interests and is liable for the financial services of the Bank as prescribed by law. The Management Board elects (appoints) and revokes the President and his deputies and has other rights and duties attributed to its competence by acts of law of the Republic of Lithuania and the articles of association of the Bank. Individual members of the Management Board have no powers granted to them as members of the Management Board, they act jointly as a collegiate body and separately as directors of relevant divisions of AB SEB bankas.

The President acts in the name of the Bank, organizes the Bank's day-to-day activities and has other functions attributed to his competence by laws of the Republic of Lithuania and the articles of association of the Bank.

22. Information on the composition of the management and supervisory bodies and of their committees, their areas of activities as well as those of the head of the company and on the Chief Financial Officer

THE SUPERVISORY COUNCIL OF THE BANK (31 December 2013)

KNUT JONAS MARTIN JOHANSSON
Head of Business Support Division of Swedish bank SEB. Education: university degree, specialisation – economics. No shares of the Bank are held by the Member.
Member of the Supervisory Council elected by an extraordinary meeting of shareholders of SEB Bank held on 29 October 2009, Chairman of the Supervisory Council since 13 November 2009.
An extraordinary meeting of shareholders held on 29 October 2013 re-elected him for a new tenure. On 13 November 2009 he was elected Chairman of the Supervisory Council, on 14 November 2013 he was re-elected Chairman of the Supervisory Council.

MARK BARRY PAYNE
Head of Finance of SEB Baltic Division. Education: university degree, specialisation – economics. No shares of the Bank are held by the Member.
Member of the Supervisory Council elected by an extraordinary meeting of shareholders of SEB Bank held on 29 October 2009. An extraordinary meeting of shareholders held on 29 October 2013 re-elected him for a new tenure.

DAVID BAMFORTH TEARE
Head of Baltic Division. Education: university degree, specialisation – economics. No shares of the Bank are held by the Member.
Member of the Supervisory Council elected by an extraordinary meeting of shareholders of SEB Bank held on 29 October 2013.

STEFAN STIGNÄS
Head of Retail Banking, SEB Baltic Division. Education: university degree, specialisation – economics. No shares of the Bank are held by the Member.
Member of the Supervisory Council elected by an extraordinary meeting of shareholders of SEB Bank held on 29 October 2009. An extraordinary meeting of shareholders held on 29 October 2013 re-elected him for a new tenure.

TED TONY KYLBERG
Head of Procurement and Vendor Management of SEB Business Support Division. Education: university degree, specialisation – law. No shares of the Bank are held by the Member.
Member of the Supervisory Council elected by an annual general meeting of shareholders of SEB Bank held on 25 March 2010. An extraordinary meeting of shareholders held on 29 October 2013 re-elected him for a new tenure.

The tenure of all members of the Supervisory Council expires on 29 October 2017.

THE MANAGEMENT BOARD OF THE BANK (31 December 2013)

RAIMONDAS KVEDARAS
Chairman of the Management Board and President of AB SEB bankas since 19 October 2009. Elected to the Management Board as its Member of on 4 February 2004. Education: higher, specialisation – international finance. No shares of the Bank are held by the Member.

AIVARAS ČIČELIS
Vice President and Head of Corporate Banking Division of AB SEB bankas. Member of the Management Board since 19 October 2009. Education: higher, specialisation – economics. No shares of the Bank are held by the Member.

ROBERTS BERNIS
Vice President and Head of Credit and Risk Management Division of AB SEB bankas. Member of the Management Board since 19 October 2009. Education: higher, specialisation – engineering. No shares of the Bank are held by the Member.

VIRGINIJUS DOVEIKA
Vice President and Head of Retail Banking Division of AB SEB bankas. Elected to the Management Board as its member on 14 June 2010. Education: higher, specialisation – business administration and management. No shares of the Bank are held by the Member.

JONAS IRŽIKEVIČIUS
Vice President and Head of Business Support Division and Chief Financial Officer of AB SEB bankas. Member of the Management Board since 11 April 2011. Education: higher, specialisation – business administration. No shares of the Bank are held by the Member.

The tenure of all members of the Management Board expires on 7 February 2016 (on 8 February 2012, the Supervisory Council of the Bank took a decision to re-elect the Management Board of the Bank for a new four-year tenure).

CHIEF EXECUTIVE OFFICER

RAIMONDAS KVEDARAS – Chairman of the Management Board and President of AB SEB bankas since 19 October 2009. Elected to the Management Board as its member on 4 February 2004.

CHIEF FINANCIAL OFFICER

JONAS IRŽIKEVIČIUS – Vice President and Head of Business Support Division and Chief Financial Officer of AB SEB bankas. Member of the Management Board and Chief Financial Officer since 11 April 2011.

Over the reporting period, there were no disbursements to members of the Supervisory Council of the Bank.

Information on disbursements over the reporting period to the Management Board members holding also other positions in the Bank is provided in the table below. Variable remuneration portion to members of the Management Board over the year 2011 and 2012 has been allocated in 2013 – relevant information is provided under Article 19 of the present Report.

	Amounts in connection with labour relations	Property assigned gratis	Guarantees issued in the name of the company
In total to all members of the Management Board (LTL '000) before taxes, of which:	**3,812**	**-**	**-**
amounts based on a labour contract (LTL'000)	2,923	-	-
employer's social security contributions (LTL'000)	889	-	-
Other disbursements, including the employer's social security contributions (LTL'000):**	**564**	-	-
Per member of the Management Board on average (LTL'000) before taxes: *	**762**	-	-
amounts based on a labour contract (LTL'000)	584	-	-
employer's social security contributions (LTL'000)	178	-	-
During the year 2013 calculated amounts to the Company's Chief Executive Officer and Chief Financial Officer (LTL'000) before taxes:			
amounts calculated to the Company's Chief Executive Officer during the year 2013 based on labour contract (LTL'000)	913	-	-
amounts calculated to the Company's Chief Financial Officer during the year 2013 based on labour contract (LTL'000)	533	-	-

* The Management Board consists of 5 members.
** Bonus, daily allowances exceeded the set standard.

The Audit and compliance committee is an advisory body to the Bank's supervisory council / management board in of accounting, compliance, audit, risk management, internal audit and control as well as in other areas of the audit committee competence as provided for by relevant existing documents.

The purpose and activities of the committee are to monitor, supervise and to provide recommendations and proposals to the supervisory council / management board regarding:

- efficiency of the Bank's internal audit, risk management and its internal audit systems;
- drafting of financial reports;
- implementation of audit and internal audit processes, independence and effectiveness of the internal audit, information provided by the internal audit on the reviews carried out, on the elimination of any drawbacks found and on the implementation of internal audit plans;
- appointing, repeated appointing and dismissal of the head of internal audit;
- audit of annual reports and consolidated annual reports;
- comprehensiveness of data of financial statements;
- appointing, repeated appointing and dismissal of the Bank's external auditor;
- establishing terms and remuneration to an external auditor;
- observance of the principles of independence and fairness by an auditor and an audit company performing an audit, annual assessment of their qualifications, experience, resources and efficiency;
- formation of policy related to non-audit services provided by an external auditor with the aim to ensure that rendering of said services would have no impact on the independence of such external auditor;

- internal audit regulations, current-year plan of the internal audit, lists of persons to whom any audit report or its summary version is provided and rules for providing a report;
- ensuring the resources allocated for the internal audit required for the implementation of set objectives and due qualifications of the internal audit employees for the fulfilment of their functions;
- enhancing the efficiency of the Bank's processes;
- meeting the requirements of legal acts and implementation of the principles of good practice of professional activities, initiation of periodical reviews with the aim to assess whether the Bank's activities are in line with the requirements of national laws, legal acts of supervisory authorities as well as any other legal acts or with the provisions of the Bank's the statute (articles of association) and of the Bank's activities strategy;
- approving the general audit plan of the work of the Bank's internal audit subdivision;
- other issues that fall within the competence of the committee according to the requirements of laws and legal acts as well as according to the policy and instructions of the Bank and/or the entire Group.

AUDIT AND COMPLIANCE COMMITTEE (31 December 2013)

MARK BARRY PAYNE
Chairman of the Committee. Employer: Skandinaviska Enskilda Banken AB (publ). No shares of the Bank held.

GÖRAN RASPE
External auditor. No shares of the Bank are held by the external auditor.

AUŠRA MATUSEVIČIENĖ
Employer: Skandinaviska Enskilda Banken AB (publ). No shares of the Bank held.

BEN WILSON
Employer: Skandinaviska Enskilda Banken AB (publ). No shares of the Bank held.

ARNOLDS ČULKSTENS
Employer: Skandinaviska Enskilda Banken AB (publ). No shares of the Bank held.

JONAS GUDMUNDSSON
Employer: Skandinaviska Enskilda Banken AB (publ). No shares of the Bank held.

On 16 November 2011, the Supervisory Council of the Bank approved a new composition of the Bank's Remuneration Committee.
Information on its composition and areas of activities is provided under Article 19 of the present Report.

23. Significant arrangements, the Issuer being a party thereto, which in case of any changes in the Issuer's controlling stake would take effect, change or discontinue

Such significant arrangements are envisaged under the Bank's loan agreements, however, parties thereto and relevant terms and conditions contained therein are deemed to be confidential information with regard to both the Bank and other parties, therefore, their disclosure could render major damage to the Bank.

24. Arrangements between the Issuer and members of its bodies or employees

On 27 January 2014, the administration of the Bank and representatives of the Bank employees signed an updated collective bargaining agreement at a two-year effective period. The present Agreement superseded the Bank's collective bargaining agreement that was effective since 10 February 2012. The collective bargaining agreement regulates labour relations as well as terms and conditions, defines mutual obligations of the employer and the employees, additional incentive measures for the employees as well as other labour relations terms and conditions on which the employees and the employer have mutually agreed, for instance, on a sum-total working hours time, calculation of the employment record, additional vacations, etc. The collective bargaining agreement has been signed by and between the administration of SEB Bank and representatives of the labour council. The labour council of the Bank consists of 15 employees of the Bank elected by secret vote holding different positions at the Bank. The collective bargaining agreement includes the terms and conditions of work and the aspects on which it may be directly agreed with the employer.

Consultations with the Bank's administration is one of the main areas activities of the labour council. The labour council periodically meets with the president of the Bank. At such meetings, implementation of the provisions of the collective bargaining agreement, future changes, also questions as well as observations from employees to members of the labour council are discussed.

There are no separate arrangements regarding severance pays executed with the Issuer's bodies, members of committees or employees, should they resign or be dismissed without a motivated reason.

25. Information on compliance with the Corporate Governance Code

The Bank, as an issuer of non-equity securities, abides by the recommendatory-character Corporate Governance Code on the management of companies listed :NASDAQ OMX Vilnius", to which it adheres in substance. Reasons for the provisions that it does not adhere to are indicated in the Corporate Governance Code (see Annex 1). The Corporate Governance Code and other information on the practice of the governance of AB SEB bankas is announced at the Bank's website www.seb.lt and at the central database of regulated information of the market operator ("Nasdaq OMX Vilnius" stock exchange).

26. Information on detrimental transactions executed in the name of the Issuer over the reporting period

Over the reporting period, there were no detrimental transactions (that are not in line with the objectives of the company, the existing regular market conditions, in violation of the interests of shareholders or any other groups of persons, etc.) executed in the name of the Issuer that have had or that may in future have an adverse effect on the Issuer's activities or its performance, nor any transactions executed in conflict of interest of the duties of the Issuer's senior managers, controlling shareholders or of any other related persons against the Issuer with their private interests and/or other duties.

The Bank has implemented organisational measures, procedures as well as internal control tools, among them in the area of conflict avoidance and management with the aim that no transactions are executed in the name of the issuer that would not be in line with the company's objectives, the existing regular market conditions or would be in violation of the interests of shareholders or any other groups of persons.

President of AB SEB bankas	....	Raimondas Kvedaras
Head of Business Support Division and Chief Financial Officer of AB SEB bankas	....	Jonas Iržikevičius
Director of Finance Department of AB SEB bankas	....	Saulius Salda

Vilnius,
14 March 2014

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013
(All amounts in LTL thousand unless otherwise stated)

The Group 2013	The Group 2012 (restated)		Note	The Bank 2013	The Bank 2012 (restated)
470,985	623,735	Interest income		470,505	623,745
(182,245)	(335,802)	Interest expenses		(182,262)	(335,879)
288,740	**287,933**	**Net interest income**	6	**288,243**	**287,866**
(80,673)	(55,031)	Impairment (losses)/ reversals on loans	7	(80,673)	(55,031)
33,415	27,412	Impairment reversals on lease portfolio	7	33,415	27,412
4,567	2,380	Provisions, reversals for guarantees and other off balance sheet items		4,567	2,380
(42,691)	**(25,239)**	**Total impairment (losses), reversals**		**(42,691)**	**(25,239)**
246,049	**262,694**	**Net interest income after impairment losses**		**245,552**	**262,627**
264,799	251,454	Fee and commission income	8	251,656	238,579
(67,653)	(66,806)	Fee and commission expenses	8	(66,855)	(66,271)
197,146	**184,648**	**Net fee and commission income**		**184,801**	**172,308**
23,406	(7,152)	Net gains (loss) on operations with debt securities and derivative financial instruments	10	23,183	(7,031)
(1,073)	(859)	Net loss on investment securities		(1,073)	(859)
-	-	Dividend income from subsidiaries	9	7,351	8,344
71,303	67,833	Net foreign exchange gain	11	71,357	67,836
6,171	6,492	Other income, net		6,666	7,197
99,807	**66,314**	**Net investment activities**		**107,484**	**75,487**
(129,141)	(141,720)	Staff costs	12	(126,813)	(139,477)
(170,332)	(264,563)	Other administrative expenses	13	(168,879)	(263,083)
243,529	**107,373**	**Operating profit**		**242,145**	**107,862**
243,529	**107,373**	**Profit before income tax**		**242,145**	**107,862**
(31,220)	(22,514)	Income tax expenses	14	(29,834)	(20,285)
212,309	**84,859**	**Net profit for the year**		**212,311**	**87,577**
		Attributable to:			
212,309	84,859	Owners of the Bank		212,311	87,577
-	-	Non controlling interest		-	-
212,309	**84,859**			**212,311**	**87,577**

The accompanying notes on pages 30 to 104 are an integral part of these financial statements.

The financial statements were approved by the Board of the Bank on 14 March 2014 and signed by:

R. Kvedaras
President

J. Iržikevičius
Head of Business Support Division,
CFO

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013
(All amounts in LTL thousand unless otherwise stated)

The Group 2013	The Group 2012 (restated)		Note	The Bank 2013	The Bank 2012 (restated)
212,309	84,859	**Net profit for the year**		212,311	87,577
		Items that may subsequently be reclassified to the income statement:			
1,565	5,184	Net gain on available for sale assets	34	1,565	5,184
256	1,450	Amortisation of financial assets revaluation reserve of reclassified financial assets	34	256	1,450
(273)	(995)	Income tax relating to the components of other comprehensive income	14	(273)	(995)
-	-	*Items that will not be reclassified to the income statement:*		-	-
1,548	5,639	**Total other comprehensive income**		1,548	5,639
213,857	90,498	**Total comprehensive income**		213,859	93,216
		Attributable to:			
213,857	90,498	Owners of the Bank		213,859	93,216
-	-	Non controlling interest		-	-
213,857	90,498			213,859	93,216

The accompanying notes on pages 30 to 104 are an integral part of these financial statements.

The financial statements were approved by the Board of the Bank on 14 March 2014 and signed by:

R. Kvedaras
President

J. Iržikevičius
Head of Business Support Division,
CFO

STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2013

(All amounts in LTL thousand unless otherwise stated)

The Group 2013	The Group 2012 (restated)		Note	The Bank 2013	The Bank 2012 (restated)
		Assets			
418,136	443,393	Cash on hand		418,136	443,393
935,323	1,002,933	Balances with the Central Bank	16	935,323	1,002,933
3,691,046	2,666,929	Due from banks	17	3,691,046	2,666,929
59,895	60,900	Government securities available for sale	18	59,228	60,234
953,982	651,603	Financial assets at fair value through profit and loss	19	909,613	608,544
259,288	326,230	Derivative financial instruments	20, 46	259,288	326,230
86,077	6,242	Loans to creditinstitutions	21, 46	86,077	6,242
15,164,544	15,630,514	Loans to customers	7, 22, 46	15,191,785	15,656,472
1,428,253	1,502,759	Finance lease receivables	23	1,428,394	1,502,919
		Investment securities:			
191,126	386,010	– loans and receivables	24	191,126	386,010
200	200	– available for sale	24	200	200
13,302	13,812	– held to maturity	24	13,302	13,812
-	-	Investments in subsidiaries	25	34,900	34,900
48,239	58,260	Intangible fixed assets	26	48,239	58,260
24,643	22,645	Property, plant and equipment	27	24,469	22,451
-	375	Assets under operating lease		-	375
3,924	23,686	Non-current assets held for sale	42	3,924	23,686
14,047	14,232	Investment property	28	14,047	14,232
167,633	197,753	Deferred tax asset	14, 46	167,600	197,706
131,288	113,842	Other assets	29	130,295	112,083
23,590,946	**23,122,318**	**Total assets**		**23,606,992**	**23,137,611**
		Liabilities			
33	37	Due to the Central Bank		33	37
7,177,824	6,789,296	Due to credit institutions	30	7,177,824	6,789,296
270,943	380,892	Derivative financial instruments	20, 46	270,943	380,892
13,224,857	12,797,100	Deposits from public	31	13,245,685	12,816,617
51,822	61,181	Accrued expenses and deferred income	33	50,778	59,964
2,135	1,316	Income tax payable		-	-
117,556	561,016	Debt securities in issue	32	117,556	561,016
144,249	145,409	Other liabilities and provisions	33	143,996	145,070
20,989,419	**20,736,247**	**Total liabilities**		**21,006,815**	**20,752,892**
		Equity			
		Equity attributable to owners of the Bank	34		
1,034,575	1,034,575	Share capital		1,034,575	1,034,575
2,200	2,200	Reserve capital		2,200	2,200
(2,550)	(4,098)	Financial assets revaluation reserve		(2,550)	(4,098)
289,202	239,612	Legal reserve		287,327	237,737
15,731	14,132	General and other reserves		15,731	14,132
1,262,369	1,099,650	Retained earnings	46	1,262,894	1,100,173
2,601,527	2,386,071			2,600,177	2,384,719
-	-	**Non controlling interest in equity**		-	-
2,601,527	**2,386,071**	**Total equity**		**2,600,177**	**2,384,719**
23,590,946	**23,122,318**	**Total liabilities and equity**		**23,606,992**	**23,137,611**

The accompanying notes on pages 30 to 104 are an integral part of these financial statements.

The financial statements were approved by the Board of the Bank on 14 March 2014 and signed by:

R. Kvedaras
President

J. Iržikevičius
Head of Business Support Division,
CFO

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013
(All amounts in LTL thousand unless otherwise stated)

		Equity attributable to owners of the Bank								
The Group	Note	Share capital	Reserve capital	Financial assets revaluation reserve (deficit)	Legal reserve	General and other reserves	Retained earnings	Total before noncontroling interest	Non controling interest	Total Equity
31 December 2011		1,034,575	2,200	(9,737)	194,708	12,497	1,096,516	2,330,759	-	2,330,759
Impairment of homogenious loans	46	-	-	-	-	-	(9,599)	(9,599)	-	(9,599)
Adjusted balance as of 31 December 2011		1,034,575	2,200	(9,737)	194,708	12,497	1,086,917	2,321,160	-	2,321,160
Net change in available for sale investments, net of deferred tax		-	-	4,189	-	-	-	4,189	-	4,189
Amortisation of financial assets revaluation reserve of reclassified financial assets		-	-	1,450	-	-	-	1,450	-	1,450
Net profit for the year		-	-	-	-	-	84,859	84,859	-	84,859
Total comprehensive income		-	-	5,639	-	-	84,859	90,498	-	90,498
Other movements		-	-	-	(711)	-	711	-	-	-
Share-based compensation		-	-	-	-	1,635	-	1,635	-	1,635
Transfers to reserves		-	-	-	45,615	-	(45,615)	-	-	-
31 December 2012		1,034,575	2,200	(4,098)	239,612	14,132	1,126,872	2,413,293	-	2,413,293
Change in fair value measurement of financial assets	46	-	-	-	-	-	(27,222)	(27,222)	-	(27,222)
Adjusted balance as of 31 December 2012		1,034,575	2,200	(4,098)	239,612	14,132	1,099,650	2,386,071	-	2,386,071
Net change in available for sale investments, net of deferred tax	34	-	-	1,292	-	-	-	1,292	-	1,292
Amortisation of financial assets revaluation reserve of reclassified financial assets	34	-	-	256	-	-	-	256	-	256
Net profit for the year		-	-	-	-	-	212,309	212,309	-	212,309
Total comprehensive income		-	-	1,548	-	-	212,309	213,857	-	213,857
Other movements		-	-	-	-	-	-	-	-	-
Share-based compensation		-	-	-	-	1,599	-	1,599	-	1,599
Transfers to reserves		-	-	-	49,590	-	(49,590)	-	-	-
31 December 2013		1,034,575	2,200	(2,550)	289,202	15,731	1,262,369	2,601,527	-	2,601,527

The accompanying notes on pages 30 to 104 are an integral part of these financial statements.

The financial statements were approved by the Board of the Bank on 14 March 2014 and signed by:

R. Kvedaras
President

J. Iržikevičius
Head of Business Support Division,
CFO

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

(All amounts in LTL thousand unless otherwise stated)

The Bank	Note	Share capital	Reserve capital	Financial assets revaluation reserve (deficit)	Legal reserve	General and other reserves	Retained earnings	Total Equity
31 December 2011		**1,034,575**	**2,200**	**(9,737)**	**191,184**	**12,497**	**911,059**	**2,141,778**
Effect of merger with subsidiary	25	-	-	-	1,000	-	183,911	184,911
Impairment of homogenious loans	46	-	-	-	-	-	(9,599)	(9,599)
Adjusted balance as of 31 December 2011		**1,034,575**	**2,200**	**(9,737)**	**192,184**	**12,497**	**1,085,371**	**2,317,090**
Net change in available for sale investments, net of deferred tax		-	-	4,189	-	-	-	4,189
Amortisation of financial assets revaluation reserve of reclassified financial assets		-	-	1,450	-	-	-	1,450
Net profit for the year		-	-	-	-	-	87,577	87,577
Total comprehensive income		-	-	*5,639*	-	-	*87,577*	*93,216*
Share-based compensation		-	-	-	-	1,635	-	1,635
Transfers to reserves		-	-	-	45,553	-	(45,553)	-
31 December 2012		**1,034,575**	**2,200**	**(4,098)**	**237,737**	**14,132**	**1,127,395**	**2,411,941**
Change in fair value measurement of financial assets	46	-	-	-	-	-	(27,222)	(27,222)
Adjusted balance as of 31 December 2012		**1,034,575**	**2,200**	**(4,098)**	**237,737**	**14,132**	**1,100,173**	**2,384,719**
Net change in available for sale investments, net of deferred tax	34	-	-	1,292	-	-	-	1,292
Amortisation of financial assets revaluation reserve of reclassified financial assets	34	-	-	256	-	-	-	256
Net profit for the year		-	-	-	-	-	212,311	212,311
Total comprehensive income		-	-	*1,548*	-	-	*212,311*	*213,859*
Share-based compensation		-	-	-	-	1,599	-	1,599
Transfers to reserves		-	-	-	49,590	-	(49,590)	-
31 December 2013		**1,034,575**	**2,200**	**(2,550)**	**287,327**	**15,731**	**1,262,894**	**2,600,177**

The accompanying notes on pages 30 to 104 are an integral part of these financial statements.

The financial statements were approved by the Board of the Bank on 14 March 2014 and signed by:

R. Kvedaras
President

J. Iržikevičius
Head of Business Support Division,
CFO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013
(All amounts in LTL thousand unless otherwise stated)

The Group				The Bank	
2013	2012 (restated)		Note	2013	2012 (restated)
		Cash from operating activities			
468,520	593,967	Interest income received		469,058	595,452
(201,306)	(354,301)	Interest expenses paid		(201,323)	(354,378)
57,393	54,048	Net foreign currency exchange gain		57,398	54,052
(2,380)	(6,665)	Net loss in securities trading and financial instruments		(2,380)	(6,665)
(5,857)	(14,111)	Net loss in derivatives trading		(5,857)	(14,111)
203,749	190,721	Net commission and service income		191,899	179,086
(133,962)	(141,182)	Staff costs		(131,455)	(139,393)
(141,317)	(109,548)	Other payments		(139,848)	(107,672)
244,840	**212,929**	**Net cash from operating activities before change in operating assets and liabilities**		**237,492**	**206,371**
		Changes in operating assets			
92,210	674,850	Decrease (increase) in compulsory balances with the Central Bank		92,210	674,850
(2,767,194)	1,731,851	Decrease (increase) in due from banks and loans to credit institutions		(2,767,193)	1,731,852
365,538	(61,341)	(Increase) decrease in loans to customers		363,268	(61,028)
119,156	195,638	Decrease of finance lease receivable		119,175	195,712
(19,304)	34,798	Decrease (increase) in other current assets		(18,698)	36,359
(2,209,594)	**2,575,796**	**Net change in operating assets**		**(2,211,238)**	**2,577,745**
		Changes in operating liabilities			
441,136	438,960	Increase in deposits from public		442,447	434,137
4,161	(787,786)	(Decrease) increase in accrued expenses, deferred income and other liabilities		3,327	(788,068)
445,297	**(348,826)**	**Net change in operating liabilities**		**445,774**	**(353,931)**
(1,519,457)	**2,439,899**	**Net cash from operating activities before income tax**		**(1,527,972)**	**2,430,185**
-	-	Income tax paid		-	-
(1,519,457)	**2,439,899**	**Net cash from operating activities after income tax**		**(1,527,972)**	**2,430,185**

(Continued)

The accompanying notes on pages 30 to 104 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013
(All amounts in LTL thousand unless otherwise stated)

The Group 2013	The Group 2012 (restated)		Note	The Bank 2013	The Bank 2012 (restated)
		Cash flow from investing activities			
(6,866)	(6,958)	Acquisition of tangible and intangible fixed assets, net		(6,759)	(6,954)
-	(138,763)	Acquisition of Government securities available for sale		-	(138,763)
2,542	141,734	Sale of Government securities available for sale		2,512	141,423
-	-	Dividends received from subsidiaries	9	7,351	8,344
(1,376,233)	(2,808,042)	Acquisition of investment in other securities		(1,375,146)	(2,806,367)
1,281,169	3,475,679	Sale of investment in other securities		1,281,169	3,475,679
(99,388)	**663,650**	**Cash generated from investing activities**		**(90,873)**	**673,362**
		Cash flow from (used in) financing activities			
(4)	5	Increase (decrease) in amounts owed to the Central Bank		(4)	5
407,310	(3,089,843)	(Decrease) increase in amounts owed to credit institutions		407,310	(3,089,842)
-	(241,696)	(Decrease) in subordinated loans		-	(241,696)
-	(6,308)	Interest paid on subordinated loans		-	(6,308)
36,815	56,738	Proceeds from own issued debt securities		36,815	56,738
(472,031)	(76,876)	Repurchased own issued debt securities		(472,031)	(76,876)
(17,144)	(23,197)	Interest paid for own issued debt securities		(17,144)	(23,196)
(45,054)	**(3,381,177)**	**Cash used in financing activities**		**(45,054)**	**(3,381,175)**
(1,663,899)	**(277,628)**	**Net increase (decrease) in cash/cash equivalents**		**(1,663,899)**	**(277,628)**
3,118,790	**3,396,418**	**Cash/cash equivalents 1 January**		**3,118,790**	**3,396,418**
1,454,891	**3,118,790**	**Cash/cash equivalents 31 December**		**1,454,891**	**3,118,790**
		Specified as follows:			
448,769	424,169	Balance available for withdrawal with the Central Bank	16	448,769	424,169
385,235	42,550	Overnight deposits	17	385,235	42,550
418,136	443,393	Cash on hand		418,136	443,393
202,751	2,208,678	Current accounts with other banks	17	202,751	2,208,678
1,454,891	3,118,790			1,454,891	3,118,790

(Concluded)

The accompanying notes on pages 30 to 104 are an integral part of these financial statements.

The financial statements were approved by the Board of the Bank on 14 March 2014 and signed by:

R. Kvedaras
President

J. Iržikevičius
Head of Business Support Division, CFO

NOTE 1 GENERAL INFORMATION

AB SEB bankas (hereinafter - the Bank) was registered as a public company in the Enterprise Register of the Republic of Lithuania on 2 March 1990. The Bank is licensed by the Bank of Lithuania to perform all banking operations provided for in the Law on Banks of the Republic of Lithuania and the Statutes of the Bank.

The Head Office of the Bank is located at Gedimino ave. 12, Vilnius. As of 31 December 2013 the Bank had 46 customer service branches (as of 31 December 2012 – 46).

As of 31 December 2013 AB SEB bankas had 2 subsidiaries (as of 31 December 2012 – 3). On November 23rd AB "SEB lizingas" has been merged to AB SEB bankas.The Bank and its subsidiaries thereafter are referred to as the Group.

The Bank accepts deposits, issues loans, makes money transfers and documentary settlements, exchanges currencies for its clients, issues and processes debit and credit cards, is engaged in trade finance and leasing activities, is investing and trading in securities as well as performs other activities set in the Law on Banks (except for operations with precious metals). Activities of subsidiaries are explained in note 25.

The Bank's shares are not included in the main or secondary listings of the NASDAQ OMX Vilnius. As it is further disclosed in Note 34, the only shareholder and ultimate parent is Skandinaviska Enskilda Banken AB (publ), owning 100 percent of the Bank's shares.

These consolidated and stand-alone financial statements have been approved by the Board of the Bank on 14 March 2014. Neither the Bank's shareholders nor others have the power to amend the financial statements after issue.

NOTE 2 ADOPTION OF NEW AND REVISED STANDARDS

a) Amendments to existing standards and interpretations effective in 2013

IFRS 13, Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013) aims to improve consistency and reduce complexity by providing a revised definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRSs. Adoption of the standard had an impact on the measurement of liabilities, related to derivative financial instruments and disclosure of fair values of the financial assets and liabilities. A more detail description is provided in note 3 "Summary of Significant Accounting Policies, Financial risk management and Fair Value Disclosures", "l) Derivative Financial Instruments".

Presentation of Items of Other Comprehensive Income, amendments to IAS 1 (effective for annual periods beginning on or after 1 July 2012). The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The suggested title used by IAS 1 has changed to 'statement of profit or loss and other comprehensive income'. The amended standard resulted in changed presentation of financial statements of the Bank and the Group, but did not have any impact on measurement of transactions and balances.

Amended IAS 19, Employee Benefits (effective for annual periods beginning on or after 1 January 2013) makes significant changes (i) to the recognition and measurement of defined benefit pension expense and termination benefits, and (ii) to the disclosures for all employee benefits. The standard requires recognition of all changes in the net defined benefit liability (asset) when they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) remeasurements in other comprehensive income. The amendment did not have an impact on the Bank's and the Group's financial statements.

Disclosures – Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (effective for annual periods beginning on or after 1 January 2013). The amendment requires disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off. The amendment had an impact on disclosures but had no effect on measurement and recognition of financial instruments.

b) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Bank and the Group

IFRS 10, Consolidated Financial Statements. Replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and separate financial statements" and SIC-12 "Consolidation - special purpose entities" (effective for annual periods beginning on or after 1 January 2014). IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance. The Group is currently assessing the impact of the standard on its financial statements.

IAS 27 (revised 2011), Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014). The objective of the revised standard is to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, Consolidated Financial Statements. The Bank is currently assessing the impact of the amended standard on its financial statements.

NOTE 2 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective for annual periods beginning on or after 1 January 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The Bank and the Group are currently assessing the impact of the amendments on the Group and the timing of its adoption by the Group.

IFRS 12, Disclosure of Interest in Other Entities, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2014), applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 sets out the required disclosures for entities reporting under the two new standards: IFRS 10, Consolidated financial statements, and IFRS 11, Joint arrangements, and replaces the disclosure requirements currently found in IAS 28, Investments in associates. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgments and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities. The Group is currently assessing the impact of the new standard on its financial statements.

Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting (issued on 27 June 2013 and effective for annual periods beginning 1 January 2014).The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The Bank and the Group are currently assessing the impact of the amendments on the financial statements.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

a) Basis of Presentation

These financial statements are presented in national currency of Lithuania, Litas (LTL). Amounts are presented in thousand LTL, unless otherwise stated. Since 2 February 2002 the exchange rate of the Litas was pegged to Euro at a rate of 3.4528 LTL = 1 EUR.

The books and records of the Group companies and the Bank are maintained in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU).

The financial statements are prepared under the historical cost convention as modified by the revaluation of available for sale financial assets, financial assets and liabilities designated at fair value, held for trading and all derivative contracts.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

b) Basis of Accounting

The financial statements have been prepared in accordance with and comply with IFRS, adopted in the EU. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

c) Consolidated Subsidiaries and Associates

Subsidiaries are all entities, over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Investments in subsidiaries in the Bank's stand alone financial statements are accounted for using the cost method less impairment and are initially recognized at cost.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

c) Consolidated Subsidiaries and Associates (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.
Common control business is excluded from the acquisition accounting rules described above. SEB group applies the pooling of interests method (Predecessor accounting), in accounting for business combinations involving entities or businesses under common control. This implies that no assets or liabilities of the combining entities are restated at fair value - carrying amounts at the highest consolidated level are used. No new goodwill is created. The income statement reflects the results of the combining entities for the full year irrespective of when the combination took place.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Group's investment portfolio are carried in the balance sheet at fair value even though the Group may have significant influence over those companies. This treatment is permitted by IAS 28 Investment in Associates, which requires investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the income statement in the period of the change. The Group has no interests in associates through which it carries on its business.

d) Foreign Currency Translation

Items included in the financial statements of each of the Group's and the Bank's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Litas, which is the Bank's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

e) Income Recognition

Interest income and expense are recognised for all interest bearing instruments on an accrual basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Commission and other income is recognised at the time of the related transaction. Commissions incurred in respect of long-term funding provided by financial institutions are deferred and recognised as an adjustment to the effective yield on the loan. All fees that are an integral part of the effective interest rate are amortised using effective interest rate.

Asset management fees related to investment funds are recognised as commissions, i.e. at the time of the related transaction or on pro-rata basis over the period the service is provided, depending on fees' substance. The pro-rata principle is applied for custody services that are continuously provided over an extended period of time.

f) Taxation

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated and stand-alone financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

f) Taxation (continued)

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax related to fair value re-measurement of available for sale investments, which are charged directly to equity, is also charged directly to other comprehensive income and is subsequently recognised in the income statement together with the deferred gain or loss.

Deferred tax assets and liabilities are offset only if the Bank and the Group has a legally enforceable right to set off current tax assets against current tax liabilities and only if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

g) Share-based Payments

Group company employees receive compensation through share-based incentive programmes. The compensation consists of employee stock options (equity instruments), entitling the holder to subscribe for shares in the parent company at a future date and at a predetermined price. The total value of issued stock options is amortised over the vesting period. The vesting period is comprised of the period from the date on which the options are issued until the stipulated vesting conditions are satisfied. The total value of issued stock options equals the fair value per option, multiplied by the number of options that are expected to become exercisable, taking the vesting conditions into consideration. The allocation of this amount implies that profit and loss are impacted at the same time as the corresponding increase in equity is recognised. At each balance sheet date an assessment is made to determine if the vesting conditions will be fulfilled and the extent to which they will be fulfilled. If the conclusion of this assessment is that a lower number of options are expected to be vested during the vesting period, then the previously expensed amounts are reversed through profit or loss. This implies that in cases in which the vesting conditions are not fulfilled, no costs will be reported in profit or loss, seen over the entire vesting period.

h) Dividend Income

Dividends are recognised in the income statement when the Group’s and the Bank’s right to receive payment is established.

i) Cash

Cash, overnight deposits, correspondent accounts with the Central Banks and correspondent accounts with other banks, due to their high liquidity are accounted for as cash/cash equivalents in the statement of cash flows.

j) Financial Assets

The Group and the Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss represents two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for selling or repurchasing in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges. Financial assets are designated at fair value through profit or loss when certain investments, that are managed and evaluated on a fair value basis in accordance with a documented risk strategy management and reported to key management on that basis, are designated at fair value through profit or loss. Interest income on these financial assets is reflected in ‘Interest income’.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group and the Bank provides money, goods or services directly to a debtor with no intention of trading the receivable.

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group’s and the Bank’s management has the positive intention and ability to hold to maturity. Were the Group and the Bank to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale.

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

All regular way purchases and sales of financial assets are recognised at settlement date, which is the date that an asset is delivered to or by the Group and the Bank. Otherwise such transactions are treated as derivatives until settlement occurs. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group and the Bank has transferred substantially all risks and rewards of ownership.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

j) Financial Assets (continued)

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available for sale financial assets are recognised in other comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement. Dividends on available for sale equity instruments are recognised in the income statement when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices.

Offsetting financial instruments. Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

k) Recognition of Deferred Day One Profit and Loss

The best evidence of fair value at initial recognition is the transaction price, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

The Group and the Bank has entered into transactions, some of which will mature after more than one year, where fair value is determined using valuation models for which not all inputs are market observable prices or rates. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as 'day one profit and loss', is recognised immediately in income statement.

l) Derivative Financial Instruments

Derivative financial instruments including foreign exchange contracts, currency swaps and other derivative financial instruments are initially recognised in the statement of financial position at fair value. Any transaction costs are recognised in Profit and loss immediately. Fair values are obtained from quoted market prices or discounted cash flow models as appropriate (except for pricing options). All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The fair-value pricing of an OTC derivative depends on market variables (ie interest rates, exchange rates, etc) and the creditworthiness of both counterparties entering into the contract. In this context, a credit valuation adjustment (CVA) is typically defined as the difference between the value of a derivative assumming the counterparty is default-risk free and the value reflecting default risk of the counterparty. Similarly, a debit valuation adjustment (DVA) is typically defined as the difference between the value of the derivative assuming the bank is default-risk free and the value reflecting default risk of the bank. Changes in a bank's own credit risk therefore result in changes in the DVA component of the valuation of the bank's derivatives.

Changes in the fair value of derivatives held for trading are included in 'net gains (losses) on operations with debt securities and derivative financial instruments'.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Bank designates certain derivatives as hedges of the fair value of recognised assets (fair value hedge).

Hedge accounting is used for derivatives designated in this way provided certain criteria are met. The Group and the Bank documents, at the inception of the transaction, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group and the Bank also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The Bank has fair value hedge relationship where hedging instrument is interest rate swap (see note 20) and hedged item Lithuanian Government Eurobonds (accounted for as available for sale investments until 1 July 2008 and vast majority being reclassified to loans and receivables category starting from 1 July 2008). Hedged risk is the change in fair value of the bonds due to market interest rate volatility. After the reclassification to loans and receivables category fair value hedge relationships were continued.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

l) Derivative Financial Instruments (continued)

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset that are attributable to the hedged risk (see note 10).

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

m) Impairment of Financial Assets

Assets carried at amortised cost: the Group and the Bank assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group and the Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group and the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held to maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the group of the assets and historical loss experience for assets with credit risk characteristics similar to those of the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The amount of the reversal is recognised in the income statement.

Provision rates for homogeneous credit groups are set not only by applying statistical methods based on historical data, but also using expert judgement adjustments. Probability of default (PD) and loss given default (LGD) parameters are set once per year. Expert judgement parameters can be updated more frequently depending on objective evidences of portfolio quality development and other particularities of credit portfolio, that are not taken into consideration by quantitative assessment of risk parameters based on historical data.

Assets carried at fair value: The Group and the Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

n) Finance Lease Receivable

Fixed assets under finance lease are recorded as finance lease receivables at the amount that is equal to the present value of the minimum lease payments. The difference between the gross receivables and the present value of the receivable is recognised as unearned lease income.

The rights and obligations arising from finance leases are recognised at the date of transfer of the asset to the lessee. Until that day, the payment from the prospective lessee is considered as a prepayment. The lease receivable is the amount financed in respect of the leased property less the amount of the prepaid first instalment.

n) Finance Lease Receivable (continued)

Interest income from leasing activities is recognised based on contractual lease terms commencing from the date of delivery of the leased assets and is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Revenues from administration fees are recognised during the contract period.

o) Operating Lease – the Group/the Bank as a Lessor

Assets leased out under operating lease are depreciated over their expected useful lives using straight-line method on the basis consistent with similar owned tangible fixed assets.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

p) Operating Lease – the Group/the Bank as a Lessee

To date, the leases entered by the Group and the Bank are operating leases. The total payments made under operating leases are charged to the income statement on straight-line basis over the period of the lease.

q) Fixed Assets

In the balance sheet fixed assets are recorded at cost less accumulated depreciation and any accumulated impairment losses. Property, plant and equipment with a value less than the equivalent of LTL 900 and intangible fixed assets with a value less than the equivalent of LTL 5,000 are expensed.

Gains and losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining result before income tax. Repairs are charged to the income statement when the expenditure is incurred.

Depreciation and amortisation is calculated using the straight-line method of depreciation based on the estimated useful life of the asset. All amortisation and depreciation charges for the year are included in other administrative expenses. Useful lives of assets and their residual values are reviewed at each balance sheet date.

The following amortisation and depreciation rates are applied in the Group and the Bank for the respective asset category:

Asset category	Depreciation/ amortisation period (years)
Software	3-8
Other intangible fixed assets	3
Buildings	8-25
Vehicles	5
Computer hardware and cash counting equipment	3-8
Office equipment	5
Other property, plant and equipment	5

r) Investment Property

Investments in properties held in order to receive rental income and/or for capital appreciation are reported as investment properties. Investment property is initially measured at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at historical cost less accumulated depreciation and impairment losses. Expected useful lives of the investment property groups:

Asset category	Depreciation period (years)
Buildings	25-50

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

s) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's the Bank's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Useful life of goodwill is indefinite. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

t) Non-Current Assets Held for Sale

The Group classifies a non-current asset (or disposal group) as held for sale when assets carrying amount will be recovered principally through a sale transaction, the management is committed to sell the asset and an active programme to locate a buyer have been initiated, the asset (or disposal group) is actively marketed for sale at a price that is reasonable in relation to its current fair value and it is expected to complete sale within one year from the date of classification. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets is ceased.

u) Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

v) Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. Subsequently borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Securities borrowing and lending transactions are entered into on a collateralised basis. Fair value of securities received or delivered is monitored on a daily basis to require or provide additional collateral. Cash collateral delivered is derecognised with a corresponding receivable and cash collateral received is recognized with a corresponding obligation to return it. Securities lent remain on the balance sheet and are reported as pledged assets. Borrowed securities are not recognised as assets. When borrowed securities are sold (short position), an amount corresponding to the fair value of the securities is entered as a liability.

w) Provisions

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specified to the obligation.

x) Debt Securities in Issue

Issued debt securities are classified as financial liabilities, which are repurchased as one amount or in instalments under a certain repayment schedule. Issued debt securities are recognized initially at fair value, being their issue proceeds net of transaction costs incurred. They are measured at amortized cost using the effective interest rate approach. Some hybrid instruments are measured at fair value through profit (loss) in order to reduce inconsistency that would otherwise arise from using different measurement basis.
Debt securities placed prior to specified issue date are accounted as other liabilities.
If the Group and the Bank purchases its own debt, it is removed from the balance sheet, and the difference between the carrying amount of a liability and the consideration paid is included in net trading income.

y) Employee Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

y*) Employee Benefits (continued)*

Social security contributions are paid by the Group and the Bank to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Group and the Bank pays fixed contributions into the Fund and will have no legal obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. The social security contributions are recognized as an expense on an accrual basis and are included within staff costs.

z) Fiduciary Activities

The Group and the Bank commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

aa) Financial Guarantees Contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Bank's and the Group's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of Management.

Any increase in the liability relating to guarantees is taken to the income statement under 'provisions for guarantees'. Income from financial guarantees is recognised in income statement as fee and commission income.

bb) Comparative information

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. Changes in comparative figures are related to:

- Credit value adjustment calculated: counterparty credit risk directly incorporated into the valuation of a derivative portfolio with positive fair value (see Note 46)
- AB SEB bankas subsidiary AB "SEB lizingas" merger with the Bank (see Note 25)
- Impairment of overdue interest of homogenious loans (see Note 46)
- Financial institutions balances have been moved from the line 'Loans to credit and financial institutions' to the line 'Loans to customers' and from the line 'Due to credit and financial institutions' to the line 'Deposits from public' in the Statement of Financial Position (see Note 46)

cc) Change in accounting policies and errors

Except where is impracticable, a material prior period error should be corrected by retrospective restatement in the first financial statements issued following the discovery of the error.
The Bank and the Group shall correct material prior period errors retrospectively in the first set of the financial statements authorised for issue after their discovery by:

- restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

A prior period error does not need to be corrected by retrospective restatement when it is impracticable to determine either the period - specific effects or cumulative effect of the error.
When it is impracticable to determine the period - specific effects of the error on comparative information for one or more prior periods presented, the Bank and the Group shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (which may be the current period).

dd) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors of the Bank. The Board of Directors is responsible for resources allocation and performance assessment of the operating segments and has been identified as the chief operating decision maker.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

ee) Critical Accounting Estimates and Judgements in Applying Accounting Policies

Impairment Losses on Loans and Receivables
The Bank and the Group review their loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Group and the Bank make judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. For individually impaired loans if the collateral value differs by +/-5% while other factors are unchanged, the provision for the Bank and the Group would be estimated higher or lower on an average by LTL 23,599 thousand (2012: LTL 38,679 thousand), If the net present value of estimated cash flows differs by +/-5% while other factors are unchanged the provision for the Bank would be estimated higher or lower by LTL 6,364 thousand (2012: LTL 8,882 thousand) of which LTL 4,799 thousand (2012: 4,799 LTL thousand) coming from loans and receivables assessed individually and LTL 1,565 thousand (2012: LTL 4,083 thousand) from loans and receivables assessed on a pool basis. Renegotiated loans are no longer considered to be past due.

Initial Recognition of Related Party Transactions
In the normal course of business the Group and the Bank enters into transactions with its related parties. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgment is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgment is pricing for similar types of transactions with unrelated parties and effective interest rate analysis.

Finance Leases and Derecognition of Financial Assets
Management applies judgment to determine if substantially all the significant risks and rewards of ownership of financial assets and lease assets are transferred to counterparties, in particular which risks and rewards are the most significant and what constitutes substantially all risks and rewards. The Group considers that risks and rewards are substantially transferred if present value of minimal lease payments amounts to at least substantially all of acquisition value of the asset leased at the inception of the lease; the leasor transfers ownership of the asset to the lessee by the end of the lease term; the lessee has the option to purchase the asset at a price that is expected to be substantially lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised; the lease term is for the major part of the economic life of the asset even if title is not transferred; or the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

Fair Value of Derivatives
The fair values of financial derivatives that are not quoted in active markets are determined by using valuation techniques. All such not quoted derivative financial transactions are entered with third parties and mirror transactions are entered with SEB group. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. For pricing of options Black-Scholes model is used, with only observable market data (eg. historical volatility, market interest rates, market prices).

Tax and deferred tax

The Tax Authorities may at any time during 5 successive years after the end of the reporting tax year carry out an inspection of the Bank's and Group's books and accounting records and impose additional taxes or fines.
At the end of 2013 after finalization of tax investigation the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania started a tax inspection of the Bank.
The deferred tax assets recognised at 31 December 2013 have been based on future profitability assumptions of the Bank and the Group over a five year horizon. In the event of changes to these profitability assumptions, the tax assets recognised may be adjusted.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

Fair Values

The table below summarises the carrying amounts and fair values of those financial assets and liabilities presented on the Group's statement of financial position at amortized cost:

	2013		2012	
	Book value	Fair value	Book value	Fair value
Balances with the Central Bank	935,323	935,319	1,002,933	1,002,783
Due from banks	3,691,046	3,688,435	2,666,929	2,665,395
Loans to credit institutions	86,077	86,111	6,242	6,248
Loans to customers				
Public sector	409,035	405,586	443,240	425,012
Corporate	8,151,154	8,081,712	8,392,305	8,338,102
Private individuals	6,603,945	6,142,628	6,794,409	6,154,310
Loans to financial institutions	410	414	560	564
Investment securities - loans and receivables	191,126	194,854	386,010	389,545
Finance lease receivable	1,428,253	1,423,330	1,502,759	1,517,772
Investment securities – held to maturity	13,302	13,240	13,812	13,438
Total financial assets valued at amortised cost	**21,509,671**	**20,971,629**	**21,209,199**	**20,513,169**
Due to the Central Bank	33	33	37	37
Due to credit institutions	7,177,824	7,285,084	6,789,296	6,908,481
Current and demand deposits	9,601,360	9,599,479	8,889,387	8,889,387
Term deposits from the public	3,623,497	3,617,644	3,907,713	3,887,241
Debt securities in issue	110,247	111,426	554,026	556,923
Total financial liabilities valued at amortised cost	**20,512,961**	**20,613,666**	**20,140,459**	**20,242,069**

The table below summarises the carrying amounts and fair values of those financial assets and liabilities presented on the Bank's statement of financial position at amortized cost:

	2013		2012	
	Book value	Fair value	Book value	Fair value
Balances with the Central Bank	935,323	935,319	1,002,933	1,002,783
Due from banks	3,691,046	3,688,435	2,666,929	2,665,395
Loans to credit institutions	86,077	86,110	6,242	6,248
Loans to customers				
Public sector	409,035	405,586	443,240	425,012
Corporate	8,178,395	8,108,924	8,418,263	8,363,911
Private individuals	6,603,945	6,142,628	6,794,409	6,154,310
Loans to financial institutions	410	414	560	564
Investment securities - loans and receivables	191,126	194,854	386,010	389,545
Finance lease receivable	1,428,394	1,423,474	1,502,919	1,517,933
Investment securities – held to maturity	13,302	13,240	13,812	13,438
Total financial assets valued at amortised cost	**21,537,053**	**20,998,985**	**21,235,317**	**20,539,139**
Due to the Central Bank	33	33	37	37
Due to credit institutions	7,177,824	7,285,084	6,789,296	6,908,481
Current and demand deposits	9,607,282	9,605,402	8,897,225	8,897,225
Term deposits from the public	3,638,403	3,632,550	3,919,392	3,898,876
Debt securities in issue	110,247	111,426	554,026	556,923
Total financial liabilities valued at amortised cost	**20,533,789**	**20,634,495**	**20,159,976**	**20,261,542**

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

Fair Values (continued)

Loans to credit and financial institutions, balances with the Central Bank and other due from banks. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

Loans to customers and finance lease receivable are net of provisions for impairment. The estimated fair value of loans and receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted using interest rate s for newly issued loans with the similar maturity date.

Investment securities include only interest-bearing assets held to maturity; assets classified as available for sale are measured at fair value.

Due to the Central Bank and credit institutions The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

Deposits from public The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

Subordinated loans, debt securities in issue The discounted cash flow model is used using current market rates.

Financial assets and liabilities presented on the Group's and the Bank's statement of financial position at amortized cost for the year 2013 and 2012 for which fair value is disclosed in the tables above are of level 3 within fair value hierarchy except of Investment securities – loans and receivables (Book value at the end of 2013 LTL 191,126 thousand, at the end of 2012 – LTL 386,010 thousand) that are of level 1.

The table below summarises the hierarchy of fair value measurement of asset and liabilities presented on the Group's statement of financial position at fair value:

	Fair value measurement at the end of reporting period based on:		
31 December 2013	**Quoted price in active markets for the same instrument**	**Valuation techniques for which all significant inputs are based on observable market data**	**Valuation techniques for which any significant input is not based on observable market data**
Government securities available for sale	59,895	-	-
Financial assets at fair value through profit and loss	910,923	-	43,059
Derivative financial instruments (assets)	132	259,141	15
Investment securities – available for sale	-	-	200
Derivative financial instruments (liabilities)	(33)	(270,895)	(15)
Debt securities in issue	-	(7,309)	-
Total	**970,917**	**(19,063)**	**43,259**

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

Fair Values (continued)

	Fair value measurement at the end of reporting period based on:		
31 December 2012	**Quoted price in active markets for the same instrument**	**Valuation techniques for which all significant inputs are based on observable market data**	**Valuation techniques for which any significant input is not based on observable market data**
Government securities available for sale	60,900	-	-
Financial assets at fair value through profit and loss	608,544	-	43,059
Derivative financial instruments (assets)	1,255	324,975	-
Investment securities – available for sale	-	-	200
Derivative financial instruments (liabilities)	(5,336)	(373,579)	(1,977)
Debt securities in issue	-	(6,990)	-
Total	**665,363**	**(55,594)**	**41,282**

The table below summarises the hierarchy of fair value measurement of asset and liabilities presented on the Bank's statement of financial position at fair value:

	Fair value measurement at the end of reporting period based on:		
31 December 2013	**Quoted price in active markets for the same instrument**	**Valuation techniques for which all significant inputs are based on observable market data**	**Valuation techniques for which any significant input is not based on observable market data**
Government securities available for sale	59,228	-	-
Financial assets at fair value through profit and loss	909,613	-	-
Derivative financial instruments (assets)	132	259,141	15
Investment securities – available for sale	-	-	200
Derivative financial instruments (liabilities)	(33)	(270,895)	(15)
Debt securities in issue	-	(7,309)	-
Total	**968,940**	**(19,063)**	**200**

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

Fair Values (continued)

31 December 2012	Fair value measurement at the end of reporting period based on: Quoted price in active markets for the same instrument	Valuation techniques for which all significant inputs are based on observable market data	Valuation techniques for which any significant input is not based on observable market data
Government securities available for sale	60,234	-	-
Financial assets at fair value through profit and loss	608,544	-	-
Derivative financial instruments (assets)	1,255	324,975	-
Investment securities – available for sale	-	-	200
Derivative financial instruments (liabilities)	(5,336)	(373,579)	(1,977)
Debt securities in issue	-	(6,990)	-
Total	**664,697**	**(55,594)**	**(1,777)**

Financial Risk Management Policy

Definition of Risk
AB SEB bankas Group defines the risk as the possibility of a negative deviation from an expected financial outcome. One consequence of risk-taking is the occurrence of losses, which can be broken into expected and unexpected losses. The “normal level” of losses (measured as expected losses) is considered as a cost of doing business from a risk point of view, and is covered through transaction pricing and risk reserves. The Group and the Bank shall make appropriate efforts to minimise expected losses through ensuring sound internal practices and good internal controls. The unusual, large and unexpected losses are not foreseen to be completely absorbed by day to day transaction profits. The primary protections against such losses are sound internal practices, good internal controls, insurance policies and earnings. The last loss-absorbing resource for unexpected losses is the capital of the Bank.

Credit Risk
The Group and the Bank takes on exposure to credit risk which is the risk that a counterpart will be unable to pay amounts in full when due. The definition of credit risk also encompasses so called counterparty’s country risk which arises due to the risk of settlements between parties according to trading operations.
The Group‘s and the Bank’s credit policy is based on the principle that any lending transaction must be based on credit analysis. Various credit security instruments are applied depending on the complexity of a transaction and trustworthiness of a customer.

Credit Risk Classification
The Bank has got the permission from the regulators to use an IRB (Internal Ratings Based Approach, according to Basel II methodology) models in credit risk assessment process and for the regulatory capital calculation starting from the beginning of 2008 to be applied for the main credit portfolio segments: Corporate (Non-retail), Financial Institutions (Non-retail), Small Corporate (Retail) and Private Individuals (Retail). The Group uses different risk classification systems applicable for particular portfolio segment. The same expert judgment based risk classification systems are used for credit risk assessment of Non-retail credit exposures in all parts of SEB Group. Credits that exceed 1 million LTL and/or entities’s turnover exceed 10 million EUR are classified as Non-retail positions. The Bank uses the master scale of 16 risk classes classifying the credit risk of Non-Retail borrowers with 1 representing the lowest default probability and 16 representing the default. Risk classes 1-7 are considered investment grade. The borrowers falling into the range of risk class 1-10 are treated as normal business loans. The borrowers of risk class 11 and 12 are defined as ‘restricted business’ and ‘special observation’ respectively, while the borrowers in risk classes 13-16 are classified as ‘watch list’. Risk classes are used as important parameters in the credit policy, the credit approval process, credit risk measurement and management, monitoring and reporting of credit risk. The credit risk assessment is based on analysis of Non-retail borrower’s ability to meet interest and principal amount repayment obligations, covering business and financial risk. Financial ratios and peer group comparison are used in the risk assessment. The credit risk of the Non-retail borrowers is reviewed on regular basis at least once per year depending on the risk class assigned to the borrower. High-risk exposures are subject to more frequent reviews. The objective is to identify at an early stage, credit exposures with increased risk for loss, and work together with the customer towards a constructive solution that enables the Group and the Bank to reduce or avoid credit losses as well as maintain long term relationship with the customer.

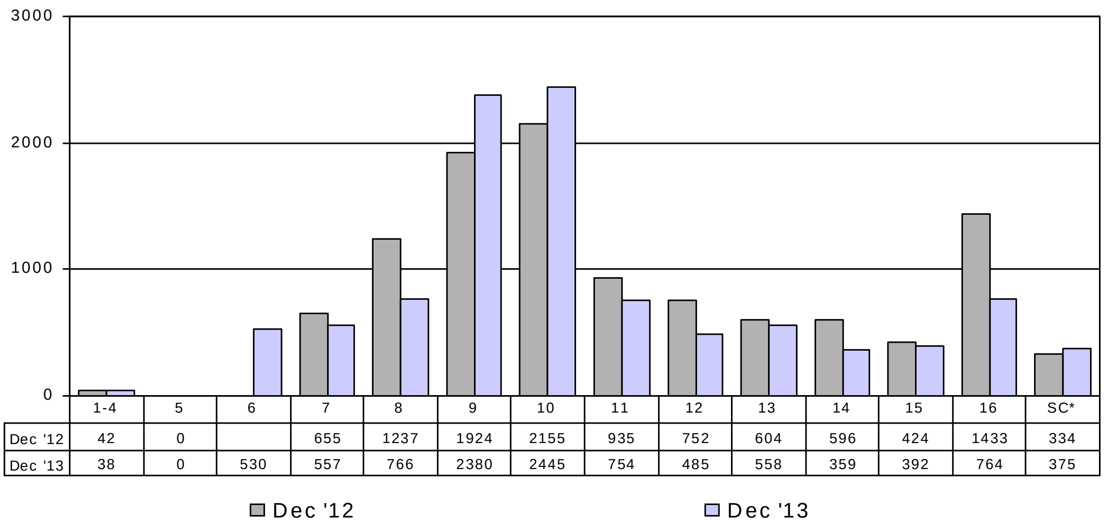
NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

Financial Risk Management Policy (continued)

Credit Risk Classification (Continued)

Scoring models are used in credit risk assessment process of Retail exposures, i.e small enterprises and private individuals. The application scoring models are used for the assessment of counterparty risk (Probability of Default) and transaction risk (Loss Given Default) during customer credit application phase. Due to the fact that credit worthiness of the clients changes over time the Retail exposures are re-scored quarterly by using the behavioural scoring models. The Bank uses the scale from A to E for classification of Retail borrowers credit risk with A representing the lowest default probability and E representing the default.

The information on distribution of individually appraised loans and leasing portfolio (in LTL million) by risk class is as follows:



	1-4	5	6	7	8	9	10	11	12	13	14	15	16	SC*
Dec '12	42	0		655	1237	1924	2155	935	752	604	596	424	1433	334
Dec '13	38	0	530	557	766	2380	2445	754	485	558	359	392	764	375

**SC – small corporates*

The analysis in the table above did not include private individuals LTL 6,980 million (2012: LTL 7,186 million), accrued interest LTL 14 million (2012: LTL 14 million) and provisions for impairment losses LTL 793 million (2012: LTL 1,158 million).

Impairment Losses on Loans and Receivables

The Group, aiming at fair and timely assessment of credit impairment, performs regular credit revision: corporate loans within risk class 8 and higher are revised no less than once a year; revisions of 9—10 risk class corporate loans are performed no less than once a half-year; corporate loans within risk class 11—16, no less than once a quarter; revisions within homogeneous groups (loans to small enterprises, mortgage loans, consumer loans, debts to credit institution) are performed automatically on quarterly basis. Revisions in case of corporate loans within the Bank's established increased risk economy sectors, irrespective of the established borrower risk class, are performed not less than once a quarter. After loan assessment at the established frequency, relevant loss events are identified and relevant loan impairment is assessed. When assessing whether a loss due to impairment must be included in the profit (loss) account, the Group assesses, whether before the determination of the loan impairment there exist any data in proof that it is possible to establish a decrease in forecasted future cash flows of a company within the credit portfolio. The following data are assessed: whether there has or has not been a material deterioration in the borrower's financial standing as well as information related to the assessment of business perspective. A borrower's cash flows are forecasted using a conservative approach, and loan security measures are taken into account – probable adverse change in the assets value, previously sustained losses as well as objective evidence of impairment of the loans within the portfolio.
Methodology and presumptions used in the forecast of future cash flows and time with the aim to reduce a mismatch between forecasted and actual losses are revised on regular basis.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

Financial Risk Management Policy (continued)

The criteria that the Group and the Bank uses to determine that there is objective evidence of an impairment loss include:

- Downgrading to internal risk class 16;
- Proceeds of the loan without a prior consent of the bank are used for the purposes other that stipulated in the loan agreement ant this event has a negative impact on the credit risk of the borrower;
- Breach of investment project covenants having a negative impact on the credit risk of the borrower;
- Related parties of the borrower are in default and this is having impact on the credit risk of the borrower;
- Deterioration of active market for debt securities due to financial distress;
- Deterioration in value of collateral, in cases where repayment conditions are directly related to the value of collateral and earnings method was applied for establishing such collateral value;
- Suspension or withdrawal of license for the borrowers that carry licensed activities (for example trade of oil products, utilities, etc.) and this event has a negative impact on the credit risk of the borrower.
- Declaration of bankruptcy.

The Credit Committee has to carry out an extraordinary credit revision, if the borrower is more than 14 days in delay to repay the loan or pay interest or in case at least one of the above-referred criteria indicating a possible decrease in the loan value is applicable to the borrower/loan. In case loan impairment is found, individual provisions must be formed for a potential credit loss. A loan is classified as an impaired loan, if there is objective evidence that one or more loss events have occurred, and if, as an effect of such events, there has been a change in the estimated future cash flows, for instance, the customer has significant financial problems, fails to pay interest or the principal when due. Loans are not classified as impaired loans, if the collateral value covers the loan and interest.

Provisions for portfolio corporate loans are formed for loans, in case of which no individual impairment has been found, however, a probability exists that impairment will occur, but no such fact has been found yet. Loans with similar risk characteristics are classified taking into account the main factors that have an impact on a borrower's – legal entity's – credit risk, and impairment provisions for them are formed taking into account the default probability within relevant classes.

The portfolio based assessment is applied to the following homogeneous credit groups having the similar risk characteristics: mortgage loans, consumer loans, credit cards, small corporate loans. The collective provisions for the homogeneous credit groups are formed by applying statistical methods based on historical data about the observed default frequencies of the borrowers (PD) and the suffered losses (LGD) within the corresponding homogeneous credit group and expert judgment adjustments considering historical experience of adequacy of provisioning levels, objective evidences of portfolio quality development, adequacy of security of particular portfolio and other particularities of credit portfolio, that are not taken into consideration by quantitative assessment.

An impairment loss is reported as a write off, if it is deemed impossible to collect the contractual amounts due that have not been paid and/or are expected to remain unpaid, or if it is deemed impossible to recover the carrying amount by selling any collateral provided. In other cases, a specific provision is recorded in an allowance account. As soon as the non-collectible amount can be determined and the asset is written off, the amount reported in the allowance account is dissolved. Similarly, the provision in the allowance account is reversed if the estimated recovery value exceeds the carrying amount.

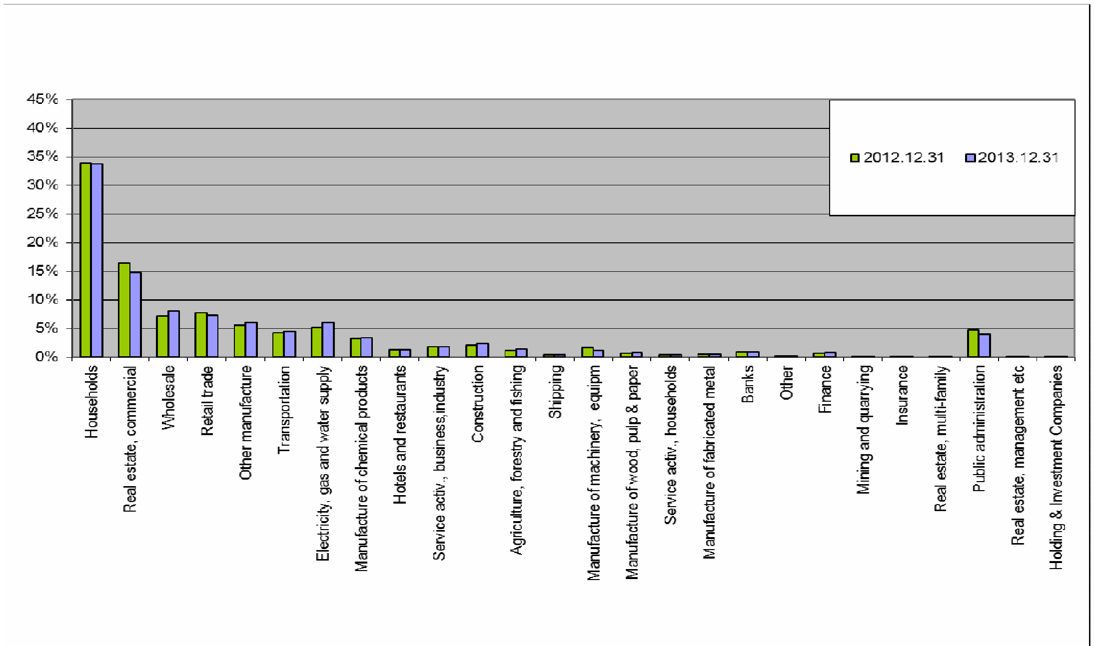
Credit Risk Limits and Monitoring

The Group and the Bank structures the levels of credit portfolio risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and industry segments. The credit risk exposure to a single borrower or borrowers' groups and the industries are monitored on a regular basis. Credit concentration exposure limits are established by Assets and liability management committee (ALCO) and regularly monitored by risk control function. As of 31 December 2013, credit exposures are in compliance with limits set by ALCO. The table below represents the development of credit exposures within particular industries.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

Financial Risk Management Policy (continued)

Credit Risk Limits and Monitoring (continued)



Maximum Exposure to Credit Risk Before Collateral Held or Other Credit Enhancements

The below table represents a worse case scenario of credit risk exposure to the Group and the Bank as of 31 December 2013 and 2012, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out below are based on net carrying amounts as reported in the balance sheet.

The Group			The Bank	
2013	**2012**		**2013**	**2012**
935,323	1,002,933	Balances with the Central Bank	935,323	1,002,933
3,691,046	2,666,929	Due from banks	3,691,046	2,666,929
59,895	60,900	Government securities available for sale	59,228	60,234
909,613	608,544	Financial assets at fair value through profit and loss	909,613	608,544
259,288	326,230	Derivative financial instruments	259,288	326,230
86,077	6,242	Loans to credit institutions	86,077	6,242
		Loans to customers		
2,484,660	2,722,185	Property management	2,484,660	2,722,185
5,666,902	5,670,680	Other corporate	5,694,143	5,696,638
409,035	443,240	Public	409,035	443,240
5,875,230	5,967,934	Mortgage loans	5,875,230	5,967,934
728,717	826,475	Other private individuals	728,717	826,475
		Finance lease receivable		
1,369,514	1,435,693	Corporate	1,369,655	1,435,853
49,664	53,607	Private individuals	49,664	53,607
9,075	13,459	Other	9,075	13,459
		Investment securities:		
191,126	386,010	- loans and receivables	191,126	386,010
13,302	13,812	- held to maturity	13,302	13,812
104,168	83,844	Other financial assets	105,823	85,012
3,697,707	3,311,622	Credit risk exposures relating to off-balance sheet items	3,702,906	3,319,094
26,540,342	**25,600,339**	**Total as of 31 December**	**26,573,911**	**25,634,431**

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

Financial Risk Management Policy (continued)

Maximum Exposure to Credit Risk Before Collateral Held or Other Credit Enhancements (Continued)

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group and the Bank resulting from both its loan and receivables portfolio and debt securities. For information on loan ratings see Credit risk management note information above. 100% of investments in Government securities compose of Government debt securities that have an investing rating.

Market Risk
Market risk is defined as the risk of a loss or reduction of future net income following changes in interest rates, credit spreads, foreign exchange and equity prices, including price risk in connection with the sale of assets or closing of positions.

According to the type of financial risk, market risk is classified into trading risk (Trading Book risk) and structural risk of a mismatch between assets and liabilities (Banking Book risk), which has an impact on the positions of the group's interest rate sensitive assets and liabilities as well as off-balance sheet items and is defined as the risk of a loss of the group's net interest income and a decrease in the market value of liabilities.

The overall market risk exposure (trading and non-trading) is measured using Value-at-Risk (VaR) model based on historical simulation method that express the maximum potential loss that can arise at a chosen level of probability during a certain period of time. Trading risk is measured on daily basis using 99 percent probability level and 10 days time horizon. VaR exposure for non-trading positions is calculated on a daily basis using 1 day's assessment evaluation period and 99 percent probability level. Historical data are based on 250 days for estimation of volatility and correlation. Additionally the Bank uses the sensitivity measures applied for risk assessment of specific market risk type/portfolio/position: delta 1 p.p. is applied for interest rate sensitive portfolios/positions, delta/gama/vega measures – for options, etc. Value at Risk assessment results on the total portfolio positions are shown in Note 39.

Currency Risk
Foreign Exchange Risk exposure is defined by two measures: single open currency position against LTL and aggregated general open currency - the bigger one of summarized long and short open currency positions. The foreign exchange risk measure contains the net exposure of spot and forward positions, FX futures including gold, the delta equivalent position of FX options plus other balance sheet items. The currency risk control is ensured by monitoring the risk exposure against the limits established for single open currency position.

The net positions of assets and liabilities denominated in foreign currencies as of 31 December 2013 and 2012 are presented in Note 39.

Interest Rate Risk
Interest rate risk is managed by forecasting the market interest rates and managing the mismatches between assets and liabilities by re-pricing maturities. The Bank applies the interest rate risk management methods allowing to measure the Group's sensitivity to interest rate changes by computing the impact to the net effect to the market value of shareholders equity (called delta 1%) in case of parallel shift by percentage point in the yield curve.

The interest rate risk management as of 31 December 2013 and 2012 is presented in Note 39.

Credit risk margin risk is defined as a risk that the value of debt securities will decrease as a result of a change in the issuer's credit risk. This type of risk is calculated using the VaR (Value-at-Risk) model. Risk is managed by setting limits for investments in debt securities.

The credit risk margin risk management as of 31 December 2013 and 2012 is presented in Note 39.

Liquidity Risk
Liquidity risk is the risk that the Group and the Bank may be unable to timely fulfil its payment obligations or to finance or realize its assets over the certain period at an acceptable price. The Group and the Bank adheres to a conservative liquidity risk management policy that ensures adequate fulfilment of current financial obligations, the level of obligatory reserves with the Central Bank, liquidity ratio higher than that established by the Bank of Lithuania and payment capacity under unforeseen unfavourable circumstances. The liquidity risk management system is based on the analysis of actual cash flows.

The table below presents the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Group and the Bank manages the inherent liquidity risk based on expected undiscounted cash inflows.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

Financial Risk Management Policy (continued)

Liquidity Risk (continued)

The Group's undiscounted non-derivative financial liability analysis as of 31 December 2013:

Maturity	Up to 3 month	3–6 months	6-12 months	1-3 years	Over 3 years	Total
Amounts owed to credit institutions	1,887,274	419,809	1,117,728	2,998,569	883,460	7,306,840
Deposits from public	11,382,963	769,752	933,512	125,296	14,749	13,226,271
Debt securities in issue and subordinated loans	25,653	17,239	19,525	43,948	14,804	121,169
Other financial liabilities	83,653	9,538	13,438	820	4,085	111,534
Total undiscounted non- derivative financial liabilities	**13,379,543**	**1,216,338**	**2,084,203**	**3,168,632**	**917,097**	**20,765,813**
Off balance sheet commitments related to lending	3,208,791	214,316	158,048	50,816	25,938	3,657,909
Rental off balance sheet commitments	7,872	7,736	14,464	67,939	34,688	132,699
Commitments related to leasing	39,313	485	-	-	-	39,798

Rental off balance sheet commitments for the period 1 – 5 years are LTL 80,734 thousand; for the period over 5 years LTL 21,893 thousand.

The Group's undiscounted non-derivative financial liability analysis as of 31 December 2012:

Maturity	Up to 3 month	3–6 months	6-12 months	1-3 years	Over 3 years	Total
Amounts owed to credit institutions	1,375,493	328,733	402,941	2,966,072	1,977,135	7,050,374
Deposits from public	10,724,105	848,457	1,133,156	84,053	17,640	12,807,410
Debt securities in issue and subordinated loans	74,752	22,818	33,082	70,312	558,370	759,333
Other financial liabilities	86,312	13,732	2,863	2,924	3,171	109,002
Total undiscounted non- derivative financial liabilities	**12,260,662**	**1,213,740**	**1,572,041**	**3,123,361**	**2,556,315**	**20,726,120**
Off balance sheet commitments related to lending	2,996,452	147,364	89,703	29,310	16,112	3,278,941
Rental off balance sheet commitments	7,741	7,513	13,729	64,528	43,405	136,916
Commitments related to leasing	31,898	703	-	-	-	32,601

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

Financial Risk Management Policy (continued)

Liquidity Risk (continued)

The Bank's undiscounted non-derivative financial liability analysis as of 31 December 2013:

Maturity	Up to 3 month	3–6 months	6-12 months	1-3 years	Over 3 years	Total
Amounts owed to credit institutions	1,887,274	419,809	1,117,728	2,998,569	883,460	7,306,840
Deposits from public	11,403,792	769,752	933,512	125,296	14,749	13,247,100
Debt securities in issue and subordinated loans	25,653	17,239	19,525	43,948	14,804	121,169
Other financial liabilities	83,653	9,538	13,438	820	4,085	111,534
Total undiscounted non- derivative financial liabilities	**13,400,372**	**1,216,338**	**2,084,203**	**3,168,632**	**917,097**	**20,786,642**
Off balance sheet commitments related to lending	3,213,990	214,316	158,048	50,816	25,938	3,663,108
Rental off balance sheet commitments	7,872	7,736	14,464	67,939	34,688	132,699
Commitments related to leasing	39,313	485	-	-	-	39,798

Rental off balance sheet commitments for the period 1 – 5 years are LTL 80,734 thousand; for the period over 5 years LTL 21,893 thousand.

The Bank's undiscounted non-derivative financial liability analysis as of 31 December 2012:

Maturity	Up to 3 month	3–6 months	6-12 months	1-3 years	Over 3 years	Total
Amounts owed to creditinstitutions	1,375,493	328,733	402,941	2,966,072	1,977,135	7,050,374
Deposits from public	10,743,626	848,457	1,133,156	84,053	17,640	12,826,931
Debt securities in issue and subordinated loans	74,752	22,818	33,082	70,312	558,370	759,333
Other financial liabilities	86,312	13,732	2,863	2,924	3,171	109,002
Total undiscounted non- derivative financial liabilities	**12,280,183**	**1,213,740**	**1,572,041**	**3,123,361**	**2,556,315**	**20,745,641**
Off balance sheet commitments related to lending	3,003,924	147,364	89,703	29,310	16,112	3,286,413
Rental off balance sheet commitments	7,741	7,513	13,729	64,528	43,405	136,916
Commitments related to leasing	31,898	703	0	-	-	32,601

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

Financial Risk Management Policy (continued)

Liquidity Risk (continued)

Undiscounted derivative instruments analysis for the Group and the Bank as of 31 December 2013:

Maturity	Up to 3 month	3–6 months	6-12 months	1-3 years	Over 3 years	Total
Outflows:						
IRS	157,482	9,165	156,282	2,165,354	2,871,751	5,360,035
FX forwards	46,965	7,453	3,655	-	-	58,073
FX swaps	63,915	-	41,434		-	105,349
Equity options	117	698	791	1,932	149	3,687
Interest rate options	-	-	-	1	9	10
Currency options	2,986	2,103	1,264	-	-	6,353
Total outflows	**271,465**	**19,420**	**203,425**	**2,167,288**	**2,871,909**	**5,533,506**
Inflows:						
IRS	150,985	8,966	158,992	2,155,303	2,877,502	5,351,748
FX forwards	46,336	7,564	3,520	-	-	57,420
FX swaps	64,184	-	41,764	-	-	105,948
Equity options	117	698	791	1,932	149	3,687
Interest rate options	-	-	-	1	9	10
Currency options	2,986	2,104	1,264	-	-	6,353
Total inflows	**264,607**	**19,332**	**206,331**	**2,157,236**	**2,877,660**	**5,525,166**

Undiscounted derivative instruments analysis for the Group and the Bank as of 31 December 2012:

Maturity	Up to 3 month	3–6 months	6-12 months	1-3 years	Over 3 years	Total
Outflows:						
IRS	169,814	11,449	163,429	2,333,161	3,128,326	5,806,178
FX forwards	26,422	6,837	2,172	-	-	35,431
FX swaps	813,405	401	342	41,434	-	855,581
Equity options	1,152	2,124	11	1,485	724	5,496
Interest rate options	510	32	531	-	35	1,108
Currency options	1,303	245	-	-	-	1,548
Total outflows	**1,012,606**	**21,088**	**166,484**	**2,376,080**	**3,129,085**	**6,705,343**
Inflows:						
IRS	156,627	14,432	166,161	2,324,754	3,128,555	5,790,529
FX forwards	24,924	5,379	1,863	-	-	32,166
FX swaps	812,221	410	374	41,764	-	854,768
Equity options	1,152	2,124	11	1,485	724	5,496
Interest rate options	510	32	531	-	35	1,108
Currency options	1,303	245	-	-	-	1,548
Total inflows	**996,736**	**22,623**	**168,939**	**2,368,003**	**3,129,314**	**6,685,615**

In the tables above net-settled derivatives are included in the analysis only if they have a negative fair value at the balance sheet date (if they are liabilities at that date). However all gross-settled derivatives are included in the analysis whether their fair value is negative or positive at balance sheet date. Pay leg of such derivatives is presented as outflow and receive leg as inflow. The maturity of the Group's and Bank's assets and liabilities is presented in Note 36 and shows the remaining period from the balance sheet date to the contractual maturity.

The maturity of the leasing portfolio is presented in Note 36 and shows the remaining period from the balance sheet date to the contractual maturity.

Capital Adequacy
Capital adequacy is assessed by capital adequacy ratio – capital base compared to risk weighted assets.

General Regulations for the Internal Capital Adequacy Assessment Process (ICAAP) came into effect as from 1 January 2007. In accordance to these regulations, banks' should identify all risks, not only the ones assessed in capital adequacy calculation, to select risk assessment models, estimate it, choose tools for risks management, and to set a goal for limits. Accordingly, the Bank set a goal to achieve ICAAP result and continuously have had capital adequacy higher than 12 per cent during 2013.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

Financial Risk Management Policy (continued)

Capital Adequacy (continued)

The Bank's and the Financial Group's capital adequacy ratios during 2013 were as follows:

	31 March 2013	30 June 2013	30 September 2013	31 December 2013
The Bank	14.21% *	13.85% *	13.80% *	15.51%
The Financial Group	15.86%	15.84%	15.77%	15.59%

*- the ratio is calculated without taking into consideration leasing merger

For further information see Note 37.

Maximum exposure per single borrower and Large exposure requirements
Maximum exposure per single borrower - the amount of loans per single borrower may not exceed 25 per cent of the Bank's equity. The amount of loans issued to the parent company, to other parent companies of such parent company or to its own subsidiary companies per single borrower may not exceed 75 per cent of the Bank's equity, if the Bank of Lithuania performs consolidated supervision of the entire financial group. If the Bank of Lithuania does not perform any consolidated supervision of the entire financial group, the maximum exposure per each SEB Group company may not exceed 20 per cent of the Bank's equity.

Large exposure requirement - the total amount of large loans issued by the bank may not exceed 800 per cent of the bank's total equity."

The Bank met these requirements at the end of the reporting period as well as during reporting period

Operational Risk
Operating risk is defined as the risk of loss due to external events (natural disasters, external crime, etc) or internal factors (e.g. breakdown of IT systems, mistakes, fraud, non-compliance with external and internal rules, other deficiencies in internal controls).

Since 2008 Bank has got the permission from regulators to use AMA (Advanced Measurement Approach) model for operational risk assessment and operational risk regulatory capital calculation.

The Bank has developed several operational risk management tools: Operational risk policy, ORSA (Operational Risk Self Assessment) and RTSA (Rogue Trading Self Assessment) processes, requirements for Business Contingency management, New or amended product/process approval process and etc.

The Bank has launched and continuously uses SEB Group-wide operational risk management system ORMIS, NAMIS & LDRPS. In the Operational Risk Management Information System (ORMIS) all employees can register operational risk events and managers in all levels can assess, monitor and manage risks as well as produce various reports. Other two systems are used for development of new products and/or services (NAMIS) and business contingency planning (LDRPS).

In order to achieve the most comprehensive operational risk assessment ORSA and RTSA methodologies are applied as well as different internal control processes performed on regular basis. Operational risk committee is established in the Bank in order to ensure proper operational risk management and adequate cooperation between risk management and risk control functions.

The Bank's management board is provided with quarterly operational risk reports covering an overview of new operational risk cases found, efficiency of the operational risk management instruments used as well as other identified risks.

Stress Testing
Stress tests and scenario analysis are widely used to identify high-risk areas and relationships including concentration risks, its risk drivers and to evaluate the combined effect of shocks in the market. Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Risk Control include the risk factor stress testing, where stress movements are applied to each risk category: market, credit, liquidity and operational risk. The ultimate goal of the analysis is to estimate net effect of the stress scenarios to the capital of the Bank and the Group and prepare the action plan ensuring that the business operations shall be secured in case the worst case scenario occurs. The comprehensive scenario based stress testing covering all appropriate risk types is conducted at least annually and reported to the Asset Liability Management Committee (ALCO). The stress testing of the Group is part of Internal Capital Assessment Process (ICAAP).

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES (CONTINUED)

Financial Risk Management Policy (continued)

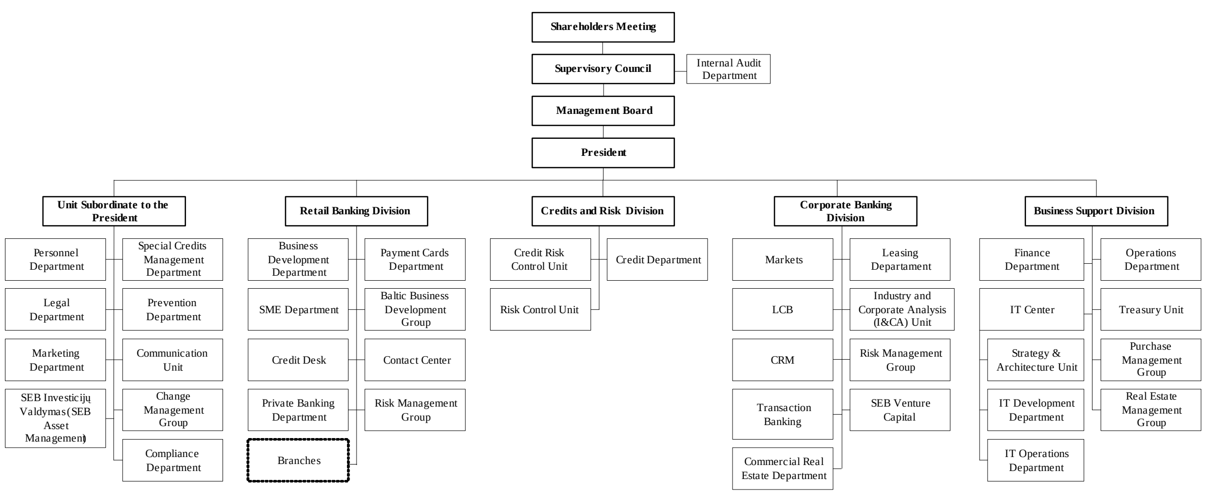
Internal Control
Management of the Bank and heads of subsidiaries has a responsibility to ensure that the appropriate organisation, procedures and support systems are implemented to ensure that a sufficient system of internal controls, such as reconciliation to position of the systems and accounting ledgers, segregation of duties, confirmations, daily bookkeeping, market valuations, limits and limit follow-up, etc., is implemented. Limits shall be one way to manage risks where applicable and possible. A system for limiting and following up the amount of risk to be taken is implemented. The Board of Directors of SEB sets the overall limits in terms of risk in SEB. SEB Group ALCO sets the overall limits to AB SEB bankas at the proposal of ALCO of AB SEB bankas. Decisions on the limits must be documented in written form. The compliance with the risk limits applicable for the Bank and/or the Group are controlled by Risk Control function of the Bank.

Recent Volatility in Economic Situation
The global economy is gradually reaching firmer ground. Developments in affluent industrialised countries have, in various ways, moved in the right direction. The euro zone still faces major political and economic problems but now seems to have left its recession behind. The actions of the European Central Bank have also greatly reduced the risk premiums for crisis – hit countries. According to the latest macroeconomic assessments of the SEB Economic Research unit economic growth in the Baltic countries will accelerate a bit, inflation will remain low.
Business investment appetite is still low, however, and will only increase slowly in the next couple of years.
Lithuania is very likely to become to qualify for the euro zone, joining in 2015.
Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's and the Bank's business in the current circumstances.

NOTE 4 GROUP'S STRUCTURE AND OPERATIONS

At the end of the year 2013 AB SEB bankas Group in Lithuania consisted of AB SEB bankas and two subsidiary companies: UAB "SEB investicijų valdymas", and UAB "SEB Venture Capital".

Organization structure of AB SEB bankas Group as of 31 December 2013 was as follows:



For more information see note 25.

NOTE 5 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors of the Bank. The Board of Directors is responsible for resources allocation and performance assessment of the operating segments and has been identified as the chief operating decision maker.

Chief operating decision maker analyses the Group's profit (loss), total assets and total liabilities using the same measures as presented for the financial reporting purposes.

Eliminations from total segments' assets and liabilities amounting to LTL 1,987,314 thousand relate to elimination of intra-segment financing amounts.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated. Income and expenses directly associated with each segment are included in determining business segment performance.

Information about revenues from external customers for each product and service delivered by the Bank and the Group is not disclosed as such information is not analysed on the Group level and therefore it is not available and the cost to develop it would be excessive.

For management and reporting purposes, the Group is organised into the following business groupings:

Baltic Division has overall responsibility for providing retail services to all types of companies and individuals. Baltic division offers its clients solutions in the areas of:

- Lending;
- Leasing and factoring products;
- Liquidity management and payment services;
- Private Banking – which serves the higher end of the private individual segment with wealth management services and advisory services.

All depreciation and amortization expenses (except for Asset Management) are attributed to this segment.

The Merchant Banking division has overall responsibility for servicing large and medium-sized companies, financial institutions, banks, and commercial real estate clients. Merchant Banking offers its clients integrated investment and corporate banking solutions, including the investment banking activities. Merchant Banking's main areas of activity include:

- Lending and debt capital markets;
- Trading in equities, currencies, fixed income, derivatives and futures;
- Advisory services, brokerage, research and trading strategies within equity, fixed income and foreign exchange markets;
- Cash management;
- Custody and fund services;
- Venture capital.

The Asset Management division's main business area is Institutional Clients– which provides asset management services to institutions, foundations and life insurance companies and is responsible for the investment management, marketing and sales of SEB's mutual funds.

The division offers a full spectrum of asset management and advisory services and its product range includes equity and fixed income, private equity, real estate and hedge fund management.

The Treasury division is overall responsible for cash management, liquidity management and internal financing between the Group divisions.

Operations and IT divisions are the Group's internal segments responsible for providing operations support and processing, as well as information technologies services for all Group's divisions. In addition, Operations divisions handles bookings, confirmations, payments and reconciliations, and customer service and support.

Staff Functions division has dedicated responsibilities in order to support the business units within own area of expertise: HR, finance, marketing and communication, credits and risk control, security, procurement and real estate, compliance, internal audit.

The geographical areas are not defined by the Group. All activities of the Group are performed on the territory of Republic of Lithuania. Revenues and expenses for services related to major non resident customers are immaterial for the purpose of these financial statements and are not presented to the chief operating decision maker.

NOTE 5 SEGMENT INFORMATION (CONTINUED)

Business segments of the Group for the year ended 31 December 2013 were as follows:

	Baltic Division	Merchant Banking	Asset Management	Treasury	Operations	Staff Functions	Information Technologies	Eliminations	Total Group
Interest income	455,064	1,020	43	202,115	-	-	-	(185,881)	**472,361**
- Internal	13,650	-	13	172,218	-	-	-	(185,881)	**-**
- External	441,414	1,020	30	29,897	-	-	-	-	**472,361**
Interest expence	(191,683)	(566)	(3)	(185,104)	-	-	-	185,881	**(191,475)**
- Internal	*(171,655)*	*(566)*	*(3)*	*(13,657)*	-	-	-	*185,881*	**-**
- External	*(20,028)*	-	-	*(171,447)*	-	-	-	-	**(191,475)**
Net commission income	183,874	262	12,084	(469)	-	-	-	-	**195,751**
- Internal	*9,153*	-	*(8,684)*	*(469)*	-	-	-	-	**-**
- External	*174,721*	*262*	*20,768*	-	-	-	-	-	**195,751**
Net financial income/(expense)	103,455	219	(53)	(673)	-	-	-	-	**102,948**
Net other income/(expense)	(1,671)	-	-	254	(6)	(11)	-	-	**(1,434)**
Net operating income/ (expenses)	**549,039**	**935**	**12,071**	**16,123**	**(6)**	**(11)**	**-**	**-**	**578,151**
Total staff costs and other administrative expenses	(269,694)	(1,055)	(3,185)	(586)	126	1,260	2,408	-	**(270,726)**
Depreciation/amortisation/write off	(16,823)	(39)	(31)	(2)	(253)	(1,896)	(2,187)	-	**(21,231)**
Capital gain/(losses)	18	-	-	-	-	8	-	-	**26**
Total impairment losses	(42,691)	-	-	-	-	-	-	-	**(42,691)**
Profit (loss) before income tax	**219,849**	**(159)**	**8,855**	**15,535**	**(133)**	**(639)**	**221**	**-**	**243,529**
Income tax (expenses)	(29,834)	(8)	(1,378)	-	-	-	-	-	**(31,220)**
Net profit (loss) for the year	**190,015**	**(167)**	**7,477**	**15,535**	**(133)**	**(639)**	**221**	**-**	**212,309**
Total Assets	17,882,941	57,031	24,176	7,612,380	-	-	1,732	(1,987,314)	**23,590,946**
Total Liabilities	15,302,148	57,198	15,709	7,599,395	133	639	1,511	(1,987,314)	**20,989,419**
Acquisition of intangible assets and property, plant and equipment	*6,807*	-	*106*	-	-	-	-	-	*6,913*

NOTE 5 SEGMENT INFORMATION (CONTINUED)

For the year ended, 31 December 2013 reconciliation between Group's Segment reporting and financial statements is presented below:

		Eliminations		
	Segment Reporting	Interest income from Hedged L&R	Other reconciling entries	Financial Statements
Interest income	472,361		(1,376)	470,985
Interest expence	(191,475)	9,200	30	(182,245)
Net commission income	195,751	-	1,395	197,146
Net financial income	102,948	(9,200)	267	94,015
Net other income	(1,434)	-	7,226	5,792
Net operating income	**578,151**	**-**	**7,542**	**585,693**
Total staff costs and other administrative expenses	(270,726)	-	(7,517)	(278,243)
Depreciation/amortisation/write off	(21,231)		(25)	(21,256)
Capital losses	26	-	-	26
Total impairment losses	(42,691)	-	-	(42,691)
Profit before income tax	**243,529**	**-**	**-**	**243,529**
Income tax (expenses)	(31,220)	-	-	(31,220)
Net profit for the year	**212,309**	**-**	**-**	**212,309**

NOTE 5 SEGMENT INFORMATION (CONTINUED)

Business segments of the Group for the year ended 31 December 2012 were as follows:

	Baltic Division	Merchant Banking	Asset Management	Treasury	Operations	Staff Functions	Information Technologies	Eliminations	Total Group
Interest income	654,025	1,024	104	360,944	-	-	-	(388,758)	**627,339**
- Internal	95,152	1	71	293,534	-	-	-	(388,758)	**-**
- External	558,873	1,023	33	67,410	-	-	-	-	**627,339**
Interest expence	(369,706)	(1,063)	(3)	(376,551)	-	-	-	388,758	**(358,565)**
- Internal	(293,606)	(1,063)	(3)	(94,086)	-	-	-	388,758	**-**
- External	(76,100)	-	-	(282,465)	-	-	-	-	**(358,565)**
Net commission income	170,181	276	12,064	(1,214)	-	-	-	-	**181,307**
- Internal	8,963	-	(7,837)	(1,126)	-	-	-	-	**-**
- External	161,218	276	19,901	(88)	-	-	-	-	**181,307**
Net financial income/(expense)	82,750	(121)	(3)	(174)	-	-	-	-	**82,452**
Net other income/(expense)	(1,604)	-	1	1,438	(60)	(16)	-	-	**(241)**
Net operating income/ (expenses)	**535,646**	**116**	**12,163**	**(15,557)**	**(60)**	**(16)**	**-**	**-**	**532,292**
Total staff costs and other administrative expenses	(307,997)	(908)	(3,448)	(485)	928	2,613	3,760	-	**(305,537)**
Depreciation/amortisation/write off	(87,053)	(53)	(56)	(2)	(758)	(878)	(3,433)	-	**(92,233)**
Capital (losses)	(214)	-	-	-	(21)	41	-	-	**(194)**
Total impairment reversals	(25,239)	-	-	-	-	-	-	-	**(25,239)**
Profit (loss) before income tax	**115,143**	**(845)**	**8,659**	**(16,044)**	**89**	**1,760**	**327**	**-**	**109,089**
Income tax benefit (expenses)	(20,542)	(921)	(1,308)	-	-	-	-	-	**(22,771)**
Net profit (loss) for the year	**94,601**	**(1,766)**	**7,351**	**(16,044)**	**89**	**1,760**	**327**	**-**	**86,318**
Total Assets	18,543,538	54,979	22,959	7,692,018	89	1,760	327	(3,193,352)	**23,122,318**
Total Liabilities	16,146,076	56,745	14,618	7,712,160	-	-	-	(3,193,352)	**20,736,247**
Acquisition of intangible assets and property, plant and equipment	*6,793*	-	-	-	-	-	-	-	*12,336*

NOTE 5 SEGMENT INFORMATION (CONTINUED)

For the year ended, 31 December 2012 reconciliation between Group's Segment reporting and financial statements is presented below:

		Eliminations		
	Segment Reporting	**Interest income from Hedged L&R**	**Other reconciling entries**	**Financial Statements**
Interest income	627,339	-	(1,888)	625,451
Interest expence	(358,565)	22,162	601	(335,802)
Net commission income	181,307	-	3,341	184,648
Net financial income	82,452	(22,162)	(1,753)	58,537
Net other income	(241)	-	8,018	7,777
Net operating income	**532,292**	**-**	**8,319**	**540,611**
Total staff costs and other administrative expenses	(305,537)	-	(7,722)	(313,259)
Depreciation/amortisation/write off	(92,233)		(597)	(92,830)
Capital losses	(194)	-	-	(194)
Total impairment credits	(25,239)	-	-	(25,239)
Loss before income tax	**109,089**	**-**	**-**	**109,089**
Income tax (expenses)	(22,771)	-	-	(22,771)
Net profit for the year	**86,318**	**-**	**-**	**86,318**

NOTE 6 NET INTEREST INCOME

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
470,985	623,735	Interest income:	470,505	623,745
83	1,700	on balances with Central Banks	83	1,700
10,999	23,077	on loans and advances to credit institutions	11,562	24,135
396,711	497,167	on loans and advances to customers	395,692	496,144
11,159	33,047	on government securities - loans and receivables	11,159	33,047
40,053	57,376	on finance leasing portfolio	40,059	57,384
2,252	2,332	on debt securities available for sale	2,222	2,299
9,728	9,036	on debt securities, designated at fair value	9,728	9,036
(182,245)	(335,802)	Interest expenses:	(182,262)	(335,879)
(100,666)	(191,094)	on amounts owed to credit institutions	(100,683)	(191,171)
(14,914)	(57,125)	on deposits from the public	(14,914)	(57,125)
(8,785)	(28,501)	on debt securities	(8,785)	(28,501)
-	(3,786)	on subordinated loans	-	(3,786)
(57,880)	(55,296)	deposits insurance expenses	(57,880)	(55,296)
288,740	**287,933**	**Total net interest income**	**288,243**	**287,866**

NOTE 7 IMPAIRMENT LOSSES ON LOANS, FINANCE LEASING RECEIVABLE AND OTHER ASSETS

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
2	-	Impairment losses on loans to credit-institutions charge for the year, net	2	-
83,780	55,551	Impairment losses of impairment losses on loans to customers, net	83,780	55,551
(3,109)	(520)	Recovered written off loans	(3,109)	(520)
80,673	**55,031**	**Impairment (losses)/reversals of impairment losses on loans, net**	**80,673**	**55,031**

Changes in impairment losses during the year 2013 and 2012 were as follows:

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
1,022,564	1,209,217	Impairment losses on loans as of 1 January (note 22)	1,022,564	1,207,717
83,780	55,551	Impairment charged (credited) to income statement by customer category, net:	83,780	55,551
18,361	*14,801*	*Other corporate*	*18,361*	*14,801*
46,106	*21,515*	*Property management*	*46,106*	*21,515*
10,633	*21,888*	*Mortgage*	*10,633*	*21,888*
8,680	*(2,653)*	*Other private individuals*	*8,680*	*(2,653)*
(396,923)	(241,927)	Loans written off:	(396,923)	(240,427)
(61,038)	*(83,297)*	*Other corporate*	*(61,038)*	*(81,797)*
(305,037)	*(158,192)*	*Property management*	*(305,037)*	*(158,192)*
(30,848)	*(438)*	*Private individuals*	*(30,848)*	*(438)*
(471)	(277)	Effect of change in exchange rate	(471)	(277)
708,950	**1,022,564**	**Impairment losses on loans as of 31 December**	**708,950**	**1,022,564**

Impairment losses on loans relate to loans to customers and are specified in Note 22.

As of 31 December 2013 the Bank had LTL 1,101,443 thousand of individually impaired loans, gross of impairment losses (2012: LTL 1,773,081thousand). As of 31 December 2013 accrued interest on these loans amounted to LTL 403 thousand (2012: LTL 1,032 thousand). Deferred administration fee amounted to LTL 418 thousand for individually impaired loans to customers (2012: LTL 415 thousand).

NOTE 7 IMPAIRMENT LOSSES ON LOANS, FINANCE LEASING RECEIVABLE AND OTHER ASSETS (CONTINUED)

Interest income on these loans for the year ended 31 December 2013 amounted to LTL 15,495 thousand (2012: LTL 26,338 thousand). Impaired loans referred to above are identified in accordance with the Bank's Credit Loss Instructions.

The Group and the Bank accounted for the following impairment losses for finance lease portfolio and other assets:

The Group			The Bank	
2013	2012		2013	2012
83,930	133,865	Impairment losses on finance lease portfolio	83,930	133,865
1,285	1,874	Impairment losses on other assets	1,285	1,874
85,215	**135,739**	**Impairment losses on finance lease portfolio and other assets as of 31 December**	**85,215**	**135,739**

Changes in impairment losses for finance lease portfolio and other assets related to lease portfolio for the year ended 31 December 2013 and 2012 were as follows:

The Group			The Bank	
2013	2012		2013	2012
(34,191)	(28,389)	Impairment reversal on finance lease portfolio credited to income statement	(34,191)	(28,389)
1,160	1,443	Investment property impairment loss (reversal)	1,160	1,443
2,700	264	Impairment losses on foreclosed assets	2,700	264
(3,084)	(730)	Result from sales of foreclosed assets according to terminated lease portfolio agreements	(3,084)	(730)
(33,415)	**(27,412)**	**Impairment reversal on finance lease portfolio and other assets related to lease portfolio, net**	**(33,415)**	**(27,412)**

The Group			The Bank	
2013	2012		2013	2012
133,865	170,216	Impairment losses on finance lease portfolio as of 1 January (note 23)	133,865	170,216
(34,191)	(28,389)	Impairment reversal credited to income statement, net:	(34,191)	(28,389)
(34,808)	*(28,305)*	*Corporate*	(34,808)	(28,305)
587	*(84)*	*Private individuals*	587	(84)
30	-	*Other*	30	-
(15,619)	(7,962)	Finance leasing receivable written off	(15,619)	(7,962)
(15,590)	*(7,883)*	*Corporate*	*(15,590)*	*(7,883)*
(29)	*(79)*	*Private individuals*	*(29)*	*(79)*
(125)	-	Effect of change in exchange rate	*(125)*	-
83,930	**133,865**	**Impairment losses on finance lease portfolio as of 31 December**	**83,930**	**133,865**

Impairment losses on finance lease receivable are specified in Note 23.

NOTE 8 NET FEE AND COMMISSION INCOME

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
77 581	74 798	For money transfer operations	77 581	74 798
101 699	98 220	For payment cards services	101 699	98 220
10 779	9 306	For operations with securities	10 779	9 306
74 740	69 130	Other income on services and commissions	61 597	56 255
264 799	**251 454**	**Income on services and commissions**	**251 656**	**238 579**
(2 187)	(2 108)	For money transfer operations	(2 187)	(2 108)
(50 971)	(49 116)	For payment cards services	(50 971)	(49 116)
(2 405)	(2 599)	For operations with securities	(2 405)	(2 599)
(12 090)	(12 983)	Other expenses on services and commissions	(11 292)	(12 448)
(67 653)	**(66 806)**	**Expenses on services and commissions**	**(66 855)**	**(66 271)**

NOTE 9 DIVIDEND INCOME FROM SUBSIDIARIES

The table below presents dividends received by the Bank from it's subsidiaries:

	2013	2012
UAB "SEB investicijų valdymas"	7,351	8,344
Total dividend income	**7,351**	**8,344**

NOTE 10 NET GAIN (LOSS) ON OPERATIONS WITH DEBT SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
3,589	12,783	Realised result from operations with debt securities in trading portfolio	3,589	12,783
(1,225)	1,632	Unrealised result from operations with debt securities in trading portfolio	(1,225)	1,632
(2,281)	3,840	Result of available for sale portfolio designated for fair value hedge	(2,281)	3,840
(7,093)	(11,656)	Government securities - loans and receivables, designated for fair value hedge	(7,093)	(11,656)
(988)	1,844	Result of Government securities designated at fair value through profit (loss)	(988)	1,844
223	(121)	Result of other financial assets designated at fair value through profit (loss)	-	-
418	(13,147)	Result of interest rate swap designated as hedging instrument	418	(13,147)
26,129	(6,496)	Result of other derivatives	26,129	(6,496)
4,634	4,169	Result from other trading securities	4,634	4,169
23,406	**(7,152)**	**Net gains (losses) on financial assets and derivative instruments accounted for at fair value**	**23,183**	**(7,031)**

NOTE 11 NET FOREIGN EXCHANGE GAIN

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
56,883	54,048	Gain from foreign exchange trading	56,888	54,049
14,420	13,785	Unrealised translation gain	14,469	13,787
71,303	**67,833**	**Net gain on foreign exchange**	**71,357**	**67,836**

NOTE 12 STAFF COSTS

The Group			The Bank	
2013	2012		2013	2012
96,546	106,007	Salaries and wages	94,793	104,336
32,595	35,713	Social security expenses (defined contribution plan cost)	32,020	35,141
129,141	**141,720**	**Total staff costs**	**126,813**	**139,477**

The following numbers of full-time personnel were employed by the Group's companies as of 31 December 2013 and 2012:

	2013	2012
AB SEB bankas	1,731	1,808
UAB "SEB investicijų valdymas"	9	13
UAB "SEB Venture Capital"	1	2
Total employees	**1,741**	**1,823**

Several employees of the Bank are also employed by subsidiary companies and vice versa.

NOTE 13 OTHER ADMINISTRATIVE EXPENSES

The Group			The Bank	
2013	2012		2013	2012
43,492	41,010	Rent and maintenance of premises	43,223	40,634
9,317	12,316	Depreciation property, plant and equipment	9,246	12,208
406	775	Depreciation of investment property	406	775
10,873	22,614	Audit and consulting expenses	10,733	22,482
47,485	32,139	Office equipment maintenance	47,485	32,139
7,596	10,085	Communication expenses	7,352	9,849
7,877	9,365	Payments for servicing organizations	7,812	9,266
5,740	6,609	Transport expenses	5,640	6,510
6,703	6,398	Advertising and promotion expenses	6,450	6,343
10,543	20,573	Amortisation of intangible assets	10,543	20,572
4,134	3,810	Other than income taxes	4,130	3,694
25	596	Depreciation of assets under operating lease	25	596
1,276	1,090	Employees training expenses	1,264	1,064
1,998	2,168	Insurance of banking operations	1,998	2,168
474	359	Charity and sponsorship	474	359
-	58,539	Intangible assets write off	-	58,539
12,393	36,117	Other expenses	12,098	35,885
170,332	**264,563**	**Total other administrative expenses**	**168,879**	**263,083**

More information related the line 'Intangible assets write off' is provided in the Note 26, Intangible fixed assets.
The balance in the line 'Other expenses' for the year ended 2012 includes provision for the fine amounting to LTL 24,808 thousand that Competition Council imposed on the Bank (for more information see Note 44, Legal proceedings).

NOTE 14 INCOME TAX EXPENSE

The Group			The Bank	
2013	2012		2013	2012
1,371	1,317	Current year tax charge	-	-
	(149)	Previous years related tax charge	-	(149)
29,849	21,346	Change in deferred tax assset and liability balance	29,834	20,434
31,220	**22,514**	**Total income tax charge**	**29,834**	**20,285**

Previous years related tax charge accounted for in 2012 LTL (149) thousand for the Group and the Bank represents adjustment updating profit tax payable figure estimated at year end.

The tax on the Group's and the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

The Group			The Bank	
2013	2012		2013	2012
243,529	107,373	Profit before tax	242,145	107,862
36,529	16,106	Tax calculated at a tax rate of 15%	36,322	16,179
(33,980)	(22,364)	Income not subject for tax	(36,228)	(23,745)
28,671	28,921	Expenses not deductible for tax purposes	29,740	28,000
-	(149)	Correction of previous period income tax	-	(149)
31,220	**22,514**	**Total income tax charge**	**29,834**	**20,285**

Starting from the year 2010 income tax rate in Lithuania is 15 percent.

Deferred tax

The Group			The Bank	
2013	2012		2013	2012
197,753	215,290	Assets at 1 January	197,706	214,331
(29,849)	(21,346)	Income statement charge	(29,834)	(20,434)
-	4,804	Deferred tax on change in value measurement of financial assets	-	4,804
(273)	(995)	Other comprehensive income	(273)	(995)
167,632	**197,753**	**Asset (liablity) at 31 December**	**167,600**	**197,706**

As of 31 December 2013 and 2012 deferred income tax was calculated using 15 percent income tax rate.

The Group			The Bank	
2013	2012		2013	2012
		Deferred tax assets		
450	723	Revaluation of available for sales securities through equity	450	723
-	-	Revaluation of securities	-	-
-	1,133	Revaluation of derivatives	-	1,133
5,998	17,017	Amortisation and depreciation	5,998	17,016
8,344	7,881	Accrued expense	8,311	7,835
17,323	23,270	Impairment losses	17,323	23,270
141,158	152,416	Tax loss carried forward	141,158	152,416
173,273	**202,440**	**Deferred tax assets, net**	**173,240**	**202,393**
		Deferred tax liability		
2,718	4,124	Revaluation of available for sale securities through income statement	2,718	4,124
235	563	Revaluation of trade securities	235	563
2,687	-	Revaluation of derivatives	2,687	-
5,640	**4,687**	**Deferred tax liability, net**	**5,640**	**4,687**

NOTE 14 INCOME TAX EXPENSE (CONTINUED)

As of 31 December 2013 the deferred tax asset related to tax losses recognised by the Bank is LTL 141,158 thousand of which LTL 1,623 thousand related to taxable losses from transactions with securities and derivatives. Tax losses could be offset with taxable profits for unlimited time. However not more than 70 per cent of yearly taxable profit could be offset with accumulated taxable loss starting from January 1, 2014.

In the Management opinion the Bank will utilize LTL 30 million of deferred tax asset within 12 month period from the date of these financial statements, respectively LTL 138 million after more then 12 months from the date of these financial statements

The amount of unused tax losses carried forward for the Group and the Bank is as follows:

The Group			The Bank	
2013	**2012**		**2013**	**2012**
		Unused tax losses		
941,052	1,016,111	Tax loss carried forward, unlimited use	941,052	1,016,111
941,052	**1,016,111**	**Total unused tax losses**	**941,052**	**1,016,111**

As of 31 December 2013 and 2012 income tax effect relating to components of other comprehensive income was as follows:

The Group			The Bank	
2013	**2012**		**2013**	**2012**
1,565	5,184	Fair value gains (losses) on available for sale investment securities before tax amount	1,565	5,184
(273)	(995)	Tax (expenses) benefit	(273)	(995)
1,292	**4,189**	**Fair value gains on available for sale investment securities, net of tax amount**	**1,292**	**4,189**

NOTE 15 EARNINGS PER SHARE

	The Group	
	2013	**2012**
Net profit from continuing operations attributable to the shareholders	212,309	84,859
Weighted average number of shares (000s)	15,441	15,441
Basic and diluted earnings per share (LTL)	**13.75**	**5.50**

NOTE 15 EARNINGS PER SHARE(CONTINUED)

Basic earnings per ordinary share is calculated by dividing net income attributable to equity holders by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by dividing net income by the weighted average number of ordinary shares in issue during the year to assume conversion of all dilutive potential ordinary shares. The Group has no dilutive potential ordinary shares.

NOTE 16 BALANCES WITH THE CENTRAL BANK

The Group			The Bank	
2013	2012		2013	2012
438,591	514,015	Obligatory reserves	438,591	514,015
47,963	64,749	Target deposits	47,963	64,749
448,769	424,169	Balance available for withdrawal	448,769	424,169
935,323	**1,002,933**	**Total balances with the Central Bank**	**935,323**	**1,002,933**

Obligatory reserves comprise 3 per cent (4 percent in 2012) of balance of public deposits with tenors not longer than 2 years calculated using data from the last day of the previous month. Central bank pays remuneration for reserves holding in central bank based on ECB deposit facility rate (0,00 % from 11 July 2012).

The line 'Target deposits' represents Bank's balance of funds that have been transferred by state enterprise Indėlių ir Investicijų Draudimas ('Deposit and Investment Insurance Fund') for payment of insurance compensations to Bank Snoras depositors (private individuals and companies within Vilnius County) when operation of Bank Snoras was suspended.

NOTE 17 DUE FROM BANKS

The Group			The Bank	
2013	2012		2013	2012
202,751	2,208,678	Current accounts	202,751	2,208,678
385,235	42,550	Overnight deposits	385,235	42,550
3,103,060	415,701	Term deposits	3,103,060	415,701
3,691,046	**2,666,929**	**Total**	**3,691,046**	**2,666,929**

Amounts due from Banks at 31 December 2013 have been due from counterparties with the rating not less than BBB- based on rating agency Standard & Poor's ratings except for LTL 153 million. that are due from the counterparties which are not rated and LTL 1 mln. from counterparty's that are under non - investment grade.

NOTE 18 GOVERNMENT SECURITIES AVAILABLE FOR SALE

The Group		The Bank
52,911	**As of 1 January 2012**	51,921
54,114	Additions	54,114
(57,063)	Disposals	(56,706)
2,332	Interest income	2,299
3,840	Result of available for sale portfolio designated for fair value hedge	3,840
4,766	Change in revaluation reserve in equity	4,766
60,900	**As of 1 January 2013**	60,234
	Additions	
(2,542)	Disposals	(2,512)
2,252	Interest income	2,222
(2,281)	Result of available for sale portfolio designated for fair value hedge	(2,281)
1,565	Change in revaluation reserve in equity	1,565
59,895	**As of 31 December 2013**	**59,228**

Vast majority of government securities are debt securities issued by the Government of the Republic of Lithuania for the term of four years.

NOTE 19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group			The Bank	
2013	2012		2013	2012
-	1,260	Financial assets held for trading - equity instruments	-	1,260
79,161	143,050	Financial assets held for trading - securities of Government of Republic of Lithuania	79,161	143,050
874,821	507,293	Financial assets designated at fair value (at initial recognition)	830,452	464,234
953,982	**651,603**	**Total financial assets designated at fair value**	**909,613**	**608,544**

Financial assets designated at fair value (at initial recognition) represent AB SEB bankas subsidiary's UAB "SEB Venture Capital" investments in associates and the Bank's investment in Lithuanian Government securities. Upon initial recognition it is designated as at fair value through profit or loss because this investment is managed and it's performance is evaluated on a fair value basis in accordance with investment strategy. UAB "SEB Venture Capital" business is oriented to short and middle term profit from increase in fair value of investments.

The table below presents movement of financial assets designated at fair value.

The Group		The Bank
41,505	**As of 1 January 2012**	-
462,429	Additions	460,754
-	Disposals	-
3,359	Revaluation	3,480
507,293	**As of 1 January 2013**	464,234
813,730	Additions	812,643
(453,154)	Disposals	(453,154)
6,952	Revaluation	6,729
874,821	**As of 31 December 2013**	**830,452**

The revaluation result on designated at fair value financial assets is accounted in income statement under net gain (loss) on operations with debt securities and derivative financial instruments.

The table below presents an analysis of Bank's trading debt securities and financial assets designated at fair value (at initial recognition) by rating agency designation at 31 December 2013 and 2012, based on Standard & Poor's ratings or their equivalent:

Securities of Government of Republic of Lithuania	2013	2012
BBB	909,613	607,284
Total	**909,613**	**607,284**

The residual amount of the Group balance consists of UAB "SEB Venture Capital" investments in associates that are not rated.

NOTE 20 DERIVATIVE FINANCIAL INSTRUMENTS

The Bank utilises the following derivative instruments for both hedging and non-hedging purposes. Hedging relationship is properly documented. The hedging practices and accounting treatment is described in note 3 (l).

Receivable for interest rate and currency interest rate swaps amounting to LTL 184,911 thousand are due from the counterparties with internal risk classes that fall under the range from 6 till 11. Receivable for currency interest rate swaps amounting to LTL 68,667 thousand are due from the Parent company with internal risk class 3.

NOTE 20 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	Notional amount		Fair value	
31 December 2013	**Purchase**	**Sale**	**Assets**	**Liabilities**
Foreign exchange derivatives				
Currency forwards	192,555	192,609	1,867	1,907
Put options	14,048	14,048	90	90
Interest rate derivatives				
Futures		-	-	
Interest rate swaps	3,098,429	3,098,429	120,293	124,221
Interest rate swaps for hedging purposes	231,338	231,338	-	27,109
Currency interest rate swaps	3,986,090	3,986,090	133,286	113,914
Interest rate options	27,291	27,291	15	15
Equity derivatives				
Index linked debt securities option	70,217	70,217	3,635	3,632
Derivative part of index linked deposit	-	-	47	-
Other derivatives				
Commodity options	20,578	20,578	55	55
Total derivatives assets/liabilities	**7,640,546**	**7,640,600**	**259,288**	**270,943**

	Notional amount		Fair value	
31 December 2012	**Purchase**	**Sale**	**Assets**	**Liabilities**
Foreign exchange derivatives				
Currency forwards	126,386	130,338	757	3,929
Currency swaps	854,768	854,768	498	1,405
Put options	3,122	3,122	35	35
Interest rate derivatives				
Futures	5,179	-	-	2
Interest rate swaps	3,855,786	3,855,786	179,271	188,683
Interest rate swaps for hedging purposes	403,978	403,978	-	42,093
Currency interest rate swaps	4,063,339	4,063,339	136,889	136,026
Interest rate options	332,657	332,657	1,984	1,984
Equity derivatives				
Index linked debt securities option	157,966	157,966	5,790	5,786
Derivative part of index linked deposit	-	-	53	-
Other derivatives				
Commodity options	27,919	27,919	953	949
Total derivatives assets/liabilities	**9,831,100**	**9,829,873**	**326,230**	**380,892**

NOTE 21 LOANS TO CREDIT INSTITUTIONS

The table below presents loans to credit institutions split by counterparty country.

The Group			The Bank	
2013	**2012**		**2013**	**2012**
44,169	1,617	Sweden	44,169	1,617
20,477	-	Turkey	20,477	-
13,829	2,726	Russian Federation	13,829	2,726
4,007	-	Latvia	4,007	-
1,434	13	United States	1,434	13
1,013	-	Viet Nam	1,013	-
790	-	China	790	-
321	1,105	Belarus	321	1,105
31	-	Netherlands	31	-
5	119	Germany	5	119
2	-	Ireland	2	-
1	-	United Kingdom	1	-
-	406	UAE	-	406
-	-	Lithuania	-	
-	256	France	-	256
86,079	**6,242**	**Total loans to credit institutions**	**86,079**	**6,242**
(2)	-	Less impairment losses on loans	(2)	-
86,077	**6,242**	**Loans to credit institutions, net**	**86,077**	**6,242**

Vast majority of loans to credit institutions are not secured by any collateral.
As of 31 December 2013 LTL 1 thousands of loans to credit institutions were past due more than 60 days. As of 31 December 2012 LTL 3 thousand were past due 8-30 days.

The table below presents an analysis of loans to credit institutions by rating agency designation at 31 December 2013 and 31 December 2012, based on Standard & Poor's ratings or their equivalent:

	2013	**2012**
AA-	2	-
A+	45,627	1,736
A	801	259
BBB	-	1
BBB-	11,902	-
BB+	20,897	1,093
BB	1,507	1,632
B-	200	1,105
CCC+	121	-
Not available	5,020	416
	86,077	**6,242**

NOTE 22 LOANS TO CUSTOMERS

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of collateral for loans granted, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and receivables are presented below.

As of 31 December 2013 and 2012 the Bank's loans to customers against collateral type were as follows:

31 December 2013	Public	Property management	Other corporate	Mortgage loans	Other private individuals	Total
Loans secured by mortgage, real property	146	1,514,187	1,233,333	5,398,778	519,397	8,665,841
Loans secured by deposits and securities	284	85,566	86,709	8,861	9,107	190,527
Loans secured by guarantees of government and banks	-	32,873	67,089	-	-	99,962
Accounts receivable and debtors	4,149	512,878	1,111,124	3,727	1,163	1,633,041
Inventories and equipment	282	4,402	750,650	10	9	755,353
Other collateral	433	504,169	1,481,486	636,094	35,604	2,657,786
Unsecured loans	403,741	41,767	1,138,503	57,287	256,927	1,898,225
Total loans to customers	**409,035**	**2,695,842**	**5,868,894**	**6,104,757**	**822,207**	**15,900,735**
31 December 2012						
Loans secured by mortgage, real property	-	1,885,238	1,257,194	5,430,724	590,104	9,163,260
Loans secured by deposits and securities	205	85,113	93,591	11,148	19,366	209,423
Loans secured by guarantees of government and banks	-	2,347	73,115	80	-	75,542
Accounts receivable and debtors	6,391	739,820	1,199,977	4,230	1,718	1,952,136
Inventories and equipment	354	5,955	685,146	6	9	691,470
Other collateral	193	421,434	1,024,416	709,850	39,853	2,195,746
Unsecured loans	436,097	52,646	1,580,838	62,278	272,608	2,404,467
Total loans to customers	**443,240**	**3,192,553**	**5,914,277**	**6,218,316**	**923,658**	**16,692,044**

Loan's amount was split proportionally to collateral value, if there were several types of collateral pledged for the same loan.
As of 31 December 2013 loans with floating interest rate made 74.66 percent of the Bank's total loan portfolio (2012: 72.12 percent). As of 31 December 2013 included in the above amounts of loans secured by deposits and securities is reversed repo transactions equal to LTL 794 thousand (of which LTL 10 thousand is accrued interest) with securities in amount of LTL 1,817 thousand (2012: LTL 6,157 thousand and LTL 10,236 thousand respectively), which includes: equity (LTL 776 thousand), funds (LTL 236 thousand), bonds (LTL 693 thousand) and equity linked debt securities (LTL 112 thousand).

NOTE 22 LOANS TO CUSTOMERS (CONTINUED)

As of 31 December 2013 and 2012 the Bank's loans to customers by customer category were as follows:

	2013	2012
Neither past due nor impaired:		
Property management	1,839,633	1,703,192
Other corporate	5,240,252	5,232,199
Public	405,892	440,894
Mortgage loans	5,531,136	5,537,161
Other private individuals	636,752	704,829
Total neither past due nor impaired	**13,653,665**	**13,618,275**
Past due but not impaired:		
Property management	175,704	223,641
Other corporate	246,832	217,318
Public	3,143	2,346
Mortgage loans	559,906	656,305
Other private individuals	160,058	187,453
Total past due but not impaired	**1,145,643**	**1,287,063**
Impaired individually assesed loans:		
Property management	680,505	1,265,720
Other corporate	381,810	464,760
Public	-	-
Mortgage loans	13,715	16,095
Other private individuals	25,397	27,123
Total impaired individually assesed loans	**1,101,427**	**1,773,698**
Total loans by customer category:		
Property management	2,695,842	3,192,553
Other corporate	5,868,894	5,914,277
Public	409,035	443,240
Mortgage loans	6,104,757	6,209,561
Other private individuals	822,207	919,405
Total loans by customer category	**15,900,735**	**16,679,036**
Less impairment losses on loans:		
Property management	(211,182)	(470,368)
Other corporate	(174,751)	(217,639)
Public	-	-
Mortgage loans	(229,527)	(241,627)
Other private individuals	(93,490)	(92,930)
Total impairment losses on loans	**(708,950)**	**(1,022,564)**
Loans to customers, net	**15,191,785**	**15,656,472**

NOTE 22 LOANS TO CUSTOMERS (CONTINUED)

The table below presents analysis of impaired individually assessed loans as of 31 December 2013 and 2012:

	2013	2012
Impaired individually assesed loans:		
Property management	680,504	1,265,720
Other corporate	381,811	464,760
Public	-	-
Mortgage loans	13,715	16,095
Other private individuals	25,397	27,123
Total impaired individually assesed loans	**1,101,427**	**1,773,698**
Less impairment losses on individually assesed loans:		
Property management	(183,937)	(444,963)
Other corporate	(131,480)	(188,361)
Public	-	-
Mortgage loans	(10,442)	(12,177)
Other private individuals	(20,069)	(11,309)
Total impairment losses on individually assesed loans	**(345,928)**	**(656,810)**

The credit quality of the portfolio of loans to customers that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group. The analysis of the Bank's loans to customers by classes is as follows:

	Public	Property management	Other corporate	Mortgage loans	Other private individuals	Total
31 December 2013						
3 – 7 risk classes	116,518	130,417	832,960	-	-	1,079,895
8 risk class	140,410	68,615	497,989	-	-	707,014
9 risk class	43,581	580,433	1,525,325	-	-	2,149,339
10 risk class	14,144	447,681	1,390,793	-	-	1,852,618
11 risk class	-	274,724	317,465	-	-	592,189
12 risk class	-	180,121	242,761	-	-	422,882
13 – 16 risk class	91,239	152,477	229,120	-	-	472,836
Homogeneous credits groups	-	5,165	203,839	5,531,136	636,752	6,376,892
Total neither past due nor impaired	**405,892**	**1,839,633**	**5,240,252**	**5,531,136**	**636,752**	**13,653,665**
31 December 2012						
3 – 7 risk classes	2,729	31,196	643,281	-	-	677,206
8 risk class	152,341	148,042	874,913	-	-	1,175,296
9 risk class	148,439	198,162	1,352,119	-	-	1,698,720
10 risk class	26,089	501,923	1,154,481	-	-	1,682,493
11 risk class	590	252,875	456,450	-	-	709,915
12 risk class	110,706	339,856	193,668	-	-	644,230
13 – 16 risk class	-	227,025	395,171	-	-	622,196
Homogeneous credits groups	-	4,113	162,116	5,537,161	704,829	6,408,219
Total neither past due nor impaired	**440,894**	**1,703,192**	**5,232,199**	**5,537,161**	**704,829**	**13,618,275**

The table below presents assessment of Homogeneous credits groups by internal rating categories:

	2013	2012
A	4,913,431	4,852,071
B	504,316	522,964
C	207,409	226,937
D	501,328	520,745
E	247,090	281,776
Not rated	3,318	3,726
	6,376,892	**6,408,219**

NOTE 22 LOANS TO CUSTOMERS (CONTINUED)

The Group's loans differ from the Bank's loans to customers by loans granted by venture capital subsidiary and the loan granted to this subsidiary. Loans granted by UAB "SEB Venture capital" as of 31 December 2013 amounted to LTL 12,662 thousand (2012: LTL 11,642 thousand). Loans granted by venture capital subsidiary are classified as neither past due nor impaired loans granted to other corporate and these are not secured.

There are the following homogeneous groups used by the Group: mortgage loans, consumer loans, small corporate loans and credit cards. Loans to private individuals (consumer and mortgage backed loans) and small corporate are assessed using scoring methods at the moment loan is granted. Afterwards they are monitored according to their overdue status. Therefore, for credit risk management purposes, loans to private individuals neither past due nor impaired are viewed as standard loans.

As of 31 December 2013 and 2012 loans to customers past due but not impaired and fair value of collateral were as follows:

	Public	Property management	Other corporate	Mortgage loans	Other private individuals	Total
31 December 2013						
Loans past due but not impaired:						
past due up to 7 days	2,806	14,287	59,194	89,569	9,253	175,109
past due 8-30 days	337	3,194	126,219	100,635	14,350	244,735
past due 31 - 60 days	-	1,539	12,995	55,835	10,975	81,344
past due over 60 days	-	156,684	48,424	313,867	125,480	644,455
Total past due but not impaired	**3,143**	**175,704**	**246,832**	**559,906**	**160,058**	**1,145,643**
Fair value of collateral pledged	-	167,326	107,230	466,760	79,778	821,094
31 December 2012						
Loans past due but not impaired:						
past due up to 7 days	854	23,923	65,840	98,309	14,163	203,089
past due 8-30 days	1,492	29,921	51,579	119,734	18,683	221,409
past due 31-60 days	-	35,006	40,175	65,033	8,608	148,822
past due over 60 days	-	134,791	59,724	381,984	150,252	726,751
Total past due but not impaired	**2,346**	**223,641**	**217,318**	**665,060**	**191,706**	**1,300,071**
Fair value of collateral pledged	-	218,464	117,364	578,304	108,408	1,022,540

The major part of loans past due up to 7 days are past due because of technical reasons and do not indicate difficulties to fulfil financial obligations to the Bank. Loans, that as at 31 December 2013 were past due up to 7 days and instalments were paid during January 2014, amount LTL 148,270 thousand (2012: LTL 173,170 thousand), of which: public sector – the whole amount for year 2013 and 2012, property management – the whole amount for year 2013 and 2012, other corporate – LTL 46,431 thousand (2012: LTL 57,314 thousand), mortgage loans – LTL 76,735 thousand (2012: LTL 79,174 thousand), other private individuals – LTL 8,011 thousand (2012: LTL 11,905 thousand).

As of 31 December 2013 and 2012 impaired loans to customers and fair value of collateral were as follows:

	Public	Property management	Other corporate	Mortgage loans	Other private individuals	Total
31 December 2013						
Impaired individually assesed loans	-	680,505	381,810	13,715	25,397	1,101,427
Fair value of collateral pledged	-	469,684	203,821	3,595	6,016	683,116
31 December 2012						
Impaired individually assesed loans	-	1,265,720	464,760	16,095	27,123	1,773,698
Fair value of collateral pledged	-	765,875	225,692	3,917	12,745	1,008,229

The Bank considers a loan in a homogeneous group to which impairment has been allocated on a collective basis as not being impaired for the purposes of IFRS 7 disclosures until the loss can be specifically identified with the loan.

NOTE 23 FINANCE LEASE RECEIVABLE

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
		Gross finance lease receivable		
567,436	528,339	-Falling due within one year	567,473	528,396
908,342	969,659	-Falling due from one to five years	908,446	969,762
105,213	236,471	-Falling due after five years	105,213	236,471
1,580,991	**1,734,469**	**Total gross finance lease receivable**	**1,581,132**	**1,734,629**
		Unearned finance income		
(27,873)	(35,267)	-Falling due within one year	(27,873)	(35,267)
(35,790)	(53,055)	-Falling due from one to five years	(35,790)	(53,055)
(5,145)	(9,523)	-Falling due after five years	(5,145)	(9,523)
(68,808)	**(97,845)**	**Total unearned finance income**	**(68,808)**	**(97,845)**
(83,930)	(133,865)	Less impairment losses on finance lease receivable	(83,930)	(133,865)
1,428,253	**1,502,759**	**Total finance lease receivable, net**	**1,428,394**	**1,502,919**

As of 31 December 2013 there were no unguaranteed residual values (2012: LTL 119 thousand).

As of 31 December 2013 finance lease contracts with floating interest rate reached 87.87 percent of leasing portfolio (2012: 88.49 percent).

As of 31 December 2013 and 2012 finance lease receivable by customer category were as follows:

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
		Neither past due nor impaired:		
1,141,360	1,152,210	Corporate	1,141,501	1,152,370
46,593	49,354	Private individuals	46,593	49,354
8,407	13,448	Other	8,407	13,448
1,196,360	**1,215,012**	**Total neither past due nor impaired**	**1,196,501**	**1,215,172**
		Past due but not impaired:		
81,584	136,465	Corporate	81,584	136,465
4,148	4,767	Private individuals	4,148	4,767
585	11	Other	585	11
86,317	**141,243**	**Total past due but not impaired**	**86,317**	**141,243**
		Impaired finance lease receivable:		
226,893	277,864	Corporate	226,893	277,864
2,500	2,505	Private individuals	2,500	2,505
113	-	Other	113	-
229,506	**280,369**	**Total impaired finance lease receivable**	**229,506**	**280,369**
		Total finance lease receivable by customer category:		
1,449,837	1,566,539	Corporate	1,449,978	1,566,699
53,241	56,626	Private individuals	53,241	56,626
9,105	13,459	Other	9,105	13,459
1,512,183	**1,636,624**	**Total finance lease receivable by customer category**	**1,512,324**	**1,636,784**
		Less impairment losses on finance lease receivable:		
(80,323)	(130,846)	Corporate	(80,323)	(130,846)
(3,577)	(3,019)	Private individuals	(3,577)	(3,019)
(30)	-	Other	(30)	-
(83,930)	**(133,865)**	**Total impairment losses on finance lease receivable by customer**	**(83,930)**	**(133,865)**
1,428,253	**1,502,759**	**Finance lease receivable, net**	**1,428,394**	**1,502,919**

NOTE 23 FINANCE LEASE RECEIVABLE (CONTINUED)

The credit quality of the Bank's finance lease receivable portfolio that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

	Corporate	Private individuals	Other	Total
31 December 2013				
4 – 7 risk classes	20,032	-	4,931	24,963
8 risk class	33,876	-	86	33,962
9 risk class	222,155	-	668	222,823
10 risk class	517,277	-	203	517,480
11 risk class	117,479	-	282	117,761
12 risk class	43,410	-	-	43,410
13-16 risk class	65,992	-	114	66,106
Homogeneous credits groups	121,280	46,593	2,123	169,996
Total neither past due nor impaired	**1,141,501**	**46,593**	**8,407**	**1,196,501**
31 December 2012				
4 – 7 risk classes	10,932	-	10,670	21,442
8 risk class	54,904	-	1,164	56,068
9 risk class	224,646	-	-	224,646
10 risk class	416,249	-	575	416,824
11 risk class	193,646	-	609	194,255
12 risk class	71,196	-	200	71,396
13-16 risk class	67,382	-	213	67,595
Homogeneous credits groups	113,415	49,354	17	162,786
Total neither past due nor impaired	**1,152,370**	**49,354**	**13,448**	**1,215,172**

As of 31 December 2013 and 2012 finance lease receivable past due but not impaired and fair value of collateral were as follows:

	Corporate	Private	Other	Total
31 December 2013				
Loans past due but not impaired:				
past due up to 30 days	68,385	2,124	548	71,057
past due 31 - 60 days	2,721	1,597	-	4,318
past due over 60 days	10,478	427	37	10,942
Total past due but not impaired	**81,584**	**4,148**	**585**	**86,317**
Fair value of collateral pledged	73,655	2,878	229	76,762
31 December 2012				
Loans past due but not impaired:				
past due up to 30 days	72,694	3,067	11	75,772
past due 31 - 60 days	47,959	885	-	48,844
past due over 60 days	15,812	815	-	16,627
Total past due but not impaired	**136,465**	**4,767**	**11**	**141,243**
Fair value of collateral pledged	87,447	5,693	-	93,140

NOTE 23 FINANCE LEASE RECEIVABLE (CONTINUED)

Impaired finance leases receivable amounts and fair value of collateral as of 31 December 2013 and 2012:

	Corporate	Private	Other	Total
31 December 2013				
Impaired loans	226,893	2,500	113	229,506
Fair value of collateral pledged	113,137	-	62	113,199
31 December 2012				
Impaired loans	277,864	2,505	-	280,369
Fair value of collateral pledged	249,870	-	16	252,916

Finance lease receivable concentration exposure by type of collateralised leased assets per financial class category is presented in the table below:

	Corporate	Private	Other	Total
31 December 2013				
Trucks and other vehicles	443,288	-	103	443,391
Real estate	403,636	4,683	113	408,432
Cars and mini-vans	284,018	48,533	8,492	341,043
Manufacturing equipment	206,668	-	-	206,668
Shop equipment	1,660	-	-	1,660
Construction equipment	38,164	-	-	38,164
Agricultural equipment	31,101	-	32	31,133
Office equipment	5,825	-	1	5,826
Medical equipment	1,821	25	364	2,210
Railway wagons and containers	32,244	-	-	32,244
Water transport means	64	-	-	64
Other assets	1,490	-	-	1,490
Total finance lease receivable by type of collateral	**1,449,978**	**53,241**	**9,105**	**1,512,324**
31 December 2012				
Trucks and other vehicles	458,724	30	202	458,956
Real estate	514,859	5,055	188	520,102
Cars and mini-vans	250,345	51,437	13,069	314,851
Manufacturing equipment	237,680	-	-	237,680
Shop equipment	2,666	-	-	2,666
Construction equipment	40,001	1	-	40,002
Agricultural equipment	16,644	36	-	16,680
Office equipment	4,390	-	-	4,390
Medical equipment	1,535	67	-	1,602
Railway wagons and containers	37,476	-	-	37,476
Water transport means	99	-	-	99
Other assets	2,280	-	-	2,280
Total finance lease receivable by type of collateral	**1,566,699**	**56,626**	**13,459**	**1,636,784**

NOTE 24 INVESTMENT SECURITIES

Loans and Receivables Reclassification

On 31 October 2008, the management of the Bank, based on amendments of IAS 39 and IFRS 7, decided to reclassify fixed interest income securities into *loans and receivables* category. Carrying value of the securities as of 31 Dec 2013 amounted to LTL 191,126 thousand (2012: LTL 386,010 thousand), fair value is disclosed in table in *Accounting policies* part *Fair values*.

As of 31 December 2013 and for the year ended 31 December 2013 if the Group and the Bank had not reclassified financial assets to loans and receivables, revaluation reserve (deficit) of financial assets in equity would have been lower by LTL 3,2 million (2012: LTL 5,6 million), and result from revaluation of securities in income statement would have been lower by LTL 8,0 million (2012: LTL 2,5 million) respectively.

Available for Sale, Held to Maturity and Loans and Receivables

The breakdown of the investment securities – available for sale, held to maturity and loans and receivables may be summarised as follows:

The Group			The Bank	
2013	2012		2013	2012
		Securities available for sale:		
200	200	AB Panevezio Energija	200	200
200	**200**	**Total investment securities available for sale**	**200**	**200**

The above securities are not rated.

The changes in investment securities for the year 2013 were as follows:

The Group				The Bank		
Available-for-sale	Held to maturity	Loans and receivables		Available-for-sale	Held to maturity	Loans and receivables
376	**14,148**	**1,588,260**	**January 1, 2012**	**376**	**14,148**	**1,588,260**
(17)	(336)	-	Foreign exchange differences on monetary assets	(17)	(336)	-
-	-	-	Additions	-	-	-
(425)	-	(1,221,029)	Disposal	(425)	-	(1,221,029)
-	-	35,098	Interest income	-	-	35,098
(153)	-	(16,319)	Recognised result in income statement	(153)	-	(16,319)
419	-	-	Change in revaluation reserve in equity	419	-	-
200	**13,812**	**386,010**	**January 1, 2013**	**200**	**13,812**	**386,010**
-	(510)	-	Foreign exchange differences on monetary assets	-	(510)	-
-	-	-	Additions	-	-	-
-	-	(198,950)	Disposal	-	-	(198,950)
-	-	11,159	Interest income	-	-	11,159
-	-	(7,093)	Recognised result in income statement	-	-	(7,093)
200	**13,302**	**191,126**	**December 31, 2013**	**200**	**13,302**	**191,126**

All loans and receivables presented in the table above are subject to fair value hedge as described in note 3(l). Recognised result in income statement amounting to LTL 7,093 thousand (2012: LTL 16,319 thousand) relates to fair value hedge impact accounted through income statement.

The tables below present an analysis of credit quality of Bank's investment securities accounted as Held-to-maturity and loans and receivables based on Standard & Poor's ratings or their equivalent.

Ratings at 31 December 2013

	Held to maturity	Loans and receivables
A	13,302	-
BBB	-	191,126
	13,302	**191,126**

NOTE 24 INVESTMENT SECURITIES (CONTINUED)

Ratings at 31 December 2012

	2012	
	Held to maturity	**Loans and receivables**
A	13,812	-
BBB	-	386,010
	13,812	**386,010**

NOTE 25 INVESTMENTS IN SUBSIDIARIES

The Group			The Bank	
2013	**2012**		**2013**	**2012**
		Securities accounted for under cost method:		
-	-	UAB "SEB Venture Capital"	25,000	25,000
-	-	UAB "SEB investicijų valdymas"	9,900	9,900
-	**-**	**Total investments in subsidiaries**	**34,900**	**34,900**

On November 23, 2013 the Bank's subsidiary AB "SEB lizigas" has been merged to AB SEB bankas. The reorganisation model is in line with that described under paragraph 3 of Item 2 of Article 41 of the Law on Profit, i. e. "the entire assets, rights and obligations of an entity that ceases its activities without applying a winding-up procedure get vested in the entity that has a 100 per cent stake in its authorised capital (100 per cent of shares reflecting its capital)"
According to the accounting policy such merger is accounted using pooling of interest method (Predecessor accounting) which implies that when merging carrying amounts at the highest consolidated level are used. The income statement reflects the results of the entities for the full year irrespective of when the combination took place (see Note 3 c).
Comparative information for the Bank is presented also including AB "SEB lizingas" balances (i.e. if the combination already happened) unless otherwise stated.

UAB "SEB Venture Capital" is a fully owned subsidiary involved in venture capital activities.

UAB "SEB investicijų valdymas" is a fully owned subsidiary of the Bank, engaged in provision of investments' management services.
The audited financial statements of subsidiaries are available at the Bank and the respective subsidiary.

NOTE 26 INTANGIBLE FIXED ASSETS

As of 31 December 2013 and 2012 intangible assets of the Group and the Bank consisted of the following:

The Group		The Bank
Software and other intangible fixed assets		Software and other intangible fixed assets
	Cost	
279,045	31 December 2011	278,799
4,432	Additions	4,432
(122,601)	Write off/Disposals	(122,535)
160,876	**31 December 2012**	**160,696**
	Accumulated amortisation and impairment	
146,075	31 December 2011	145,830
20,573	Charge for the year	20,572
(64,032)	Amorisation of write off/disposals	(63,966)
102,616	**31 December 2012**	**102,436**
	Costs	
160,876	31 December 2012	160,696
522	Additions	522
(10,167)	Write off/Disposals	(10,167)
151,231	**31 December 2013**	**151,051**
	Accumulated amortisation and impairment	
102,616	31 December 2012	102,436
10,543	Charge for the year	10,543
(10,167)	Amorisation of write off/disposals	(10,167)
102,992	**31 December 2013**	**102,812**
	Net book value	
58,260	**31 December 2012**	**58,260**
48,239	**31 December 2013**	**48,239**

The new core banking platform was introduced in 2010 at cost of LTL 219,638 thousand. Estimated amortisation period for the asset was 8 years.

Annual inventorisation held at the end of 2012 indicated that part of core banking system is unused due to the optimisation/replacement of some of it's parts. Therefore decision has been taken to write off not used part of core banking system amounting to net book value of LTL 58,5 million. Amortisation period has not been revised. After partial write off this system's net book value at 31 December 2013 was LTL 39,627 thousand (LTL 47,941 thousand at 31 December 2012). Annual inventorisation at the end of 2013 did not revealed any impairment indications.

NOTE 27 PROPERTY, PLANT AND EQUIPMENT

As of 31 December 2013 and 2012 property, plant and equipment of the Group consisted of the following:

	The Group			
	Buildings and other real estate	Computer equipment	Office equipment and other PPE	Total property, plant and equipment
Cost				
31 December 2011	11,636	96,891	51,453	159,980
Additions	-	2,002	359	2,361
Disposals, write-offs and reclassifications	(3,597)	(6,284)	(8,650)	(18,531)
31 December 2012	**8,039**	**92,609**	**43,162**	**143,810**
Accumulated depreciation				
31 December 2011	7,636	75,959	43,264	126,859
Charge for the year	1,172	7,653	3,491	12,316
Depreciation of disposals, write-offs and reclassifications	(3,520)	(6,263)	(8,227)	(18,010)
31 December 2012	**5,288**	**77,349**	**38,528**	**121,165**
Cost				
31 December 2012	8,039	92,609	43,162	143,810
Additions	-	4,902	6,914	11,816
Disposals, write-offs and reclassifications	(1,276)	(19,189)	(3,388)	(23,853)
31 December 2013	**6,763**	**78,322**	**46,688**	**131,773**
Accumulated depreciation				
31 December 2012	5,288	77,349	38,528	121,165
Charge for the year	853	5,873	2,591	9,317
Depreciation of disposals, write-offs and reclassifications	(939)	(19,189)	(3,224)	(23,352)
31 December 2013	**5,202**	**64,033**	**37,895**	**107,130**
Net book value				
31 December 2012	**2,751**	**15,260**	**4,634**	**22,645**
31 December 2013	**1,561**	**14,289**	**8,793**	**24,643**

NOTE 27 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As of 31 December 2013 and 2012 property, plant and equipment of the Bank consisted of the following:

	The Bank			
	Buildings and other real estate	Computer equipment	Office equipment and other PPE	Total property, plant and equipment
Cost				
31 December 2011	11,636	96,779	51,005	159,420
Additions	-	2,000	348	2,348
Disposals, write-offs and reclassifications	(3,597)	(6,273)	(8,593)	(18,463)
31 December 2012	**8,039**	**92,506**	**42,760**	**143,305**
Accumulated depreciation				
31 December 2011	7,636	75,859	43,103	126,598
Charge for the year	1,172	7,646	3,390	12,208
Depreciation of disposals, write-offs and reclassifications	(3,520)	(6,253)	(8,179)	(17,952)
31 December 2012	**5,288**	**77,252**	**38,314**	**120,854**
Cost				
31 December 2012	8,039	92,506	42,760	143,305
Additions	-	4,884	6,826	11,710
Disposals, write-offs and reclassifications	(1,276)	(19,148)	(3,280)	(23,704)
31 December 2013	**6,763**	**78,242**	**46,306**	**131,311**
Accumulated depreciation				
31 December 2012	5,288	77,252	38,314	120,854
Charge for the year	853	5,868	2,525	9,246
Depreciation of disposals, write-offs and reclassifications	(939)	(19,148)	(3,171)	(23,258)
31 December 2013	**5,202**	**63,972**	**37,668**	**106,842**
Net book value				
31 December 2012	**2,751**	**15,254**	**4,446**	**22,451**
31 December 2013	**1,561**	**14,270**	**8,638**	**24,469**

NOTE 28 INVESTMENT PROPERTY

As of 31 December 2013 and 2012 investment property of the Group and the Bank consisted of the following:

The Group		The Bank
	Costs	
63,723	31 December 2011	63,723
2,256	Taken over/Additions	2,256
(40,593)	Disposals	(40,593)
25,386	**31 December 2012**	**25,386**
	Accumulated depreciation and impairment	
1,231	31 December 2011	1,231
775	Depreciation for the year	775
(1,141)	Disposals	(1,141)
865	**31 December 2012**	**865**
	Impairment loss	
21,790	31 December 2011	21,790
(14,071)	Reversal of impairment loss attributable to disposed assets	(14,071)
2,570	Impairment loss on assets taken over	2,570
10,289	**31 December 2012**	**10,289**
	Costs	
25,386	31 December 2012	25,386
9,904	Taken over/Additions	9,904
(17,952)	Disposals	(17,952)
17,338	**31 December 2013**	**17,338**
	Accumulated depreciation and impairment	
865	31 December 2012	865
406	Depreciation for the year	406
(155)	Disposals	(155)
1,116	**31 December 2013**	**1,116**
	Impairment loss	
10,289	31 December 2012	10,289
(9,909)	Reversal of impairment loss attributable to disposed assets	(9,909)
1,795	Impairment loss on assets taken over	1,795
2,175	**31 December 2013**	**2,175**
	Net book value	
14,232	**31 December 2012**	**14,232**
14,047	**31 December 2013**	**14,047**

The fair value of investment property was established in compliance with the procedures adopted within the SEB group. The valuation of real estate was carried out by AB SEB bankas authorised employees, based on discounted cash flow model created by Corporate Customers and Industry Analysis Department (ICA) and approved within SEB. The fair value of investment property does not differ materially from its book value as at 31 December 2013 and 31 December 2012.

The major amount of investment property are foreclosed leased assets (land and buildings) taken over from the clients.

NOTE 29 OTHER ASSETS, NET

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
		Financial other assets		
673	1,164	Advances paid for assets to be leased	673	1,164
8,406	-	Amounts receivable for cash exported	8,406	-
86,208	76,377	Amounts of executed bank transfers not yet settled against customers' accounts	86,208	76,377
70	407	Amounts outstanding for clearance	70	407
4,471	4,862	Accrued income	6,126	6,030
178	226	Current lease receivable	178	226
4,162	808	Other financial assets	4,162	808
104,168	**83,844**	**Total other financial assets**	**105,823**	**85,012**
		Non financial other assets		
934	2,285	Assets not yet leased	934	2,285
15,946	15,755	Deferred expenses	15,932	15,737
821	649	Tax receivables	296	10
9,419	11,309	Other assets, net of impairment allowances	7,310	9,039
27,120	**29,998**	**Total non financial other assets**	**24,472**	**27,071**
131,288	**113,842**	**Total other assets, net**	**130,295**	**112,083**

NOTE 30 DUE TO CREDIT INSTITUTIONS

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
3,411,920	2,098,200	Falling due within one year	3,411,920	2,098,200
3,765,904	4,691,096	Falling due after one year	3,765,904	4,691,096
7,177,824	**6,789,296**	**Total amounts due to credit institutions**	**7,177,824**	**6,789,296**

NOTE 31 DEPOSITS FROM THE PUBLIC

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
9,601,359	8,889,388	Current and demand deposits	9,607,282	8,897,226
3,483,762	3,807,718	Term deposits falling due within one year	3,498,667	3,819,397
139,736	99,994	Term deposits falling due after one year	139,736	99,994
13,224,857	**12,797,100**	**Total deposits from the public**	**13,245,685**	**12,816,617**

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
5,394,751	5,290,893	Corporate customers' deposits and accounts	5,415,579	5,310,410
7,830,106	7,506,207	Individual customers' deposits and accounts	7,830,106	7,506,207
13,224,857	**12,797,100**	**Total deposits from the public**	**13,245,685**	**12,816,617**

According to current requirement of Deposit Insurance Fund all banks in Lithuania have to make annual deposit insurance fund payments of 0.45 percent for deposits of private individuals and corporate customers nominated in LTL, USD, EUR and other European Union countries' currencies.

NOTE 32 DEBT SECURITIES IN ISSUE

The Group			Interest rate %		The Bank	
2013	2012		2013	2012	2013	2012
		Debt securities in issue:				
		Debt securities issued in 2009:				
-	20,997	index linked debt securities due 2013	-	-	-	20,997
		Debt securities issued in 2010:				
-	80,614	index linked debt securities due 2013	-	-	-	80,614
21,108	20,753	index linked debt securities due 2014	-	-	21,108	20,753
-	347,170	undated subordinated notes	-	4.691	-	347,170
		Debt securities issued in 2011				
-	10,482	index linked debt securities due 2013	-	-	-	10,482
30,649	29,765	index linked debt securities due 2014	-	-	30,649	29,765
1,441	1,396	index linked debt securities due 2015	-	-	1,441	1,396
4,249	4,091	index linked debt securities due 2016	-	-	4,249	4,091
3,767	3,657	index linked debt securities due 2017	-	-	3,767	3,657
		Debt securities issued in 2012				
-	16,828	index linked debt securities due 2013	-	-	-	16,828
1,902	1,872	index linked debt securities due 2014	-	-	1,902	1,872
11,122	10,889	index linked debt securities due 2015	-	-	11,122	10,889
5,788	5,633	index linked debt securities due 2016	-	-	5,788	5,633
7,182	6,869	index linked debt securities due 2017	-	-	7,182	6,869
		Debt securities issued in 2013				
8,260	-	index linked debt securities due 2014	-	-	8,260	-
19,464	-	index linked debt securities due 2016	-	-	19,464	-
2,624	-	index linked debt securities due 2017	-	-	2,624	-
117,556	**561,016**	**Total debt securities in issue**			**117,556**	**561,016**

NOTE 33 ACCRUED EXPENSES, DEFERRED INCOME, OTHER LIABILITIES AND PROVISIONS

The Group			The Bank	
2013	**2012**		**2013**	**2012**
		Other financial liabilities		
15,085	9,398	Amounts outstanding for clearance	15,085	9,398
47,963	64,749	Deposit Insurance Fund amounts owed to Snoras depositors	47,963	64,749
4,750	4,544	Prepayments for finance lease	4,750	4,544
2,041	5,466	Accounts payable for assets purchased under finance lease	2,041	5,466
1,583	6,154	Provisions for off balance sheet items	1,583	6,154
31,735	16,880	Factoring payables	31,735	16,880
8,377	1,811	Other financial liabilities	8,377	1,811
111,534	**109,002**	**Total other financial liabilities**	**111,534**	**109,002**
		Non financial liabilities		
962	2,424	Accrued taxes	934	2,403
18,917	19,005	Vacation reserve accrual	18,736	18,724
8,488	8,138	Prepayments for operating lease	8,488	8,138
4,348	6,840	Other liabilities	4,304	6,803
32,715	**36,407**	**Total other non financial liabilities**	**32,462**	**36,068**
144,249	**145,409**	**Total other liabilities and provisions**	**143,996**	**145,070**

After the collapse of Bank Snoras in the fourth quarter of 2011 the state enterprise Indėlių ir Investicijų Draudimas ('Deposit and Investment Insurance Fund') selected AB SEB bankas for payment of insurance compensations to the depositors (private individuals and Vilnius region enterprises) of Bank Snoras. Amount of LTL 47,963 thousand (2012: LTL 64,749 thousand) represent funds received from the state enterprise Indėlių ir Investicijų Draudimas but not yet distributed to the Bank Snoras depositors.

Provisions for off balance sheet items have been made in respect of costs arising from contingent liabilities and contractual commitments, including guarantees and credit commitments. Change in the provisions are reflected in income statement.

The Group			The Bank	
2013	**2012**		**2013**	**2012**
		Accrued financial liabilities		
49,695	59,730	Accrued expenses	48,651	58,513
		Deferred non financial liabilities		
2,127	1,451	Deferred income	2,127	1,451
51,822	**61,181**	**Total accrued expenses and deferred income**	**50,778**	**59,964**

NOTE 34 SHAREHOLDERS' EQUITY

As of 31 December 2013 the share capital of the Bank consisted of 15,441,423 ordinary shares with par value LTL 67 each (2012: LTL 67). All issued shares are fully paid. 100 percent of shares of the Bank is owned by company Skandinaviska Enskilda Banken AB (publ), registered in the Kingdom of Sweden.

Reserve capital, which as of 31 December 2013 amounted to LTL 2,200 thousand (2012: LTL 2,200 thousand) for the Bank and LTL 2,200 thousand (2012: LTL 2,200 thousand) for the Group, in accordance with the legislation for banks operating in Lithuania can only be offset with the future losses or used for the increase of share capital.

As of 31 December 2013 legal reserve was LTL 287,327 thousand (2012: LTL 237,737 thousand) for the Bank and LTL 289,202 thousand (2012: LTL 239,612 thousand) for the Group, in accordance with the legislation for banks operating in Lithuania can only be offset with the future losses.
Legal reserve for the Bank includes merged subsidiary's AB 'SEB lizingas" legal reserve amounting to LTL 1,000 thousand.

NOTE 34 SHAREHOLDERS' EQUITY (CONTINUED)

Financial assets revaluation reserve (deficit) represents available for sale securities revaluation gain (loss). The financial assets reserve movement in 2013 amount consists of the following:

	The Group	The Bank
Government securities – change in revaluation reserve (note 18)	1,565	1,565
Government securities - amortization of revaluation reserve to income statement	256	256
Tax recognised in equity (note 14)	(273)	(273)
Net change in available for sale investments, net of deferred tax	**1,548**	**1,548**

As of 31 December 2013 general and other reserves represent general reserve for possible losses in amount of LTL 9,338 thousand (2012: LTL 9,338 thousand), that can only be offset with the current losses and share based compensation reserve in amount of LTL 6,393 thousand (2012: LTL 4,794 thousand), that will be paid in the share capital equivalent of Skandinaviska Enskilda Banken AB (publ) Class A shares to employees participating in the share based premium program.

The Share Savings Programme concerns all employees of the Group and the Bank and is designed to support "One SEB" and create a long-term commitment to SEB. The employees have been offered to purchase Class A-shares for an amount corresponding to five per cent of their gross base salary and for the amount, at current stock exchange rate. Purchases are made during four periods, following the publication of the Bank's quarterly reports. If the shares are retained by the employee for three years from the investment date and the participant remains with SEB during this time, the Bank will give the employee one SEB share (Class A-share) for each retained share.

The Group also offers special long-term equity based programmes to selected key employees with allotment based on individual performance. The purpose of the programmes is to reward senior managers and other key employees and stimulate them to become shareholders and thereby aligning their interests and perspectives with those of the shareholders. All long - term equity based compensation is based on own investment or on shareholding requirement.

The costs of Share Savings Programme incurred by the Group during the year 2013 were LTL 1,599 thousand (2012: LTL 1,635 thousand) accounted in other administrative expenses in the income statement. Related social security costs were LTL 496 thousand for the year 2013 and (2012: LTL 505 thousand) accounted in staff cost in the income statement.

The above described share-based payments are treated as equity-settled because the Group has no obligation to settle the transactions related to the Share Savings Programme.

As of 31 December 2013 the single shareholder is as follows:

Name of shareholder	Number of shares held	Percentage in total
Skandinaviska Enskilda Banken AB (publ)	15,441,423	100.00
Total	**15,441,423**	**100.00**

NOTE 35 ASSETS UNDER MANAGEMENT

The Group			The Bank	
2013	2012		2013	2012
86,181	39,770	Customers funds	-	-
757,743	767,647	Financial instruments acquired at customer account	-	-
1,842,752	1,703,602	Accounts receivable from customer assets managed on trust basis	-	-
2,686,676	**2,511,019**	**Total assets under management**	**-**	**-**

All assets management services are performed by UAB "SEB investicijų valdymas". For the year ended 31 December 2013 the management fee for funds management amounted to LTL 15,827 thousand (2012: LTL 15,148 thousand) and it is included in 'Net fee and commission income' line in the income statement.

NOTE 36 ASSETS AND LIABILITIES STRUCTURE BY TERM TO MATURITY

The relationship between the maturity of assets and liabilities is indicative of liquidity risk and the extent to which it may be necessary to raise funds to meet outstanding obligations. The table below allocates assets and liabilities to maturity groups based on the time remaining from the balance sheet date to the contractual maturity or actual maturity, if known earlier. The Bank's liquidity analysis as of 31 December 2013:

Maturity	Up to 3 months	3 – 6 months	6 – 12 months	1 – 3 years	Over 3 years	Unclear maturity	Total
Assets							
Cash in hand	418,136	-	-	-	-	-	418,136
Balances with the Central Banks	935,323	-	-	-	-	-	935,323
Financial instruments – available for sale, designated at fair value, loans and receivables	110,267	343,810	20,560	607,049	78,281	-	1,159,967
Derivative financial instruments	1,685	958	3,448	74,855	178,342	-	259,288
Loans to credit institutions and due from banks, net	3,743,664	33,138	321	-	-	-	3,777,123
Loans to customers, net	1,123,318	1,377,114	2,071,579	3,271,054	6,737,391	611,329	15,191,785
Financial lease receivables, net of impairment losses	131,815	109,547	222,667	615,165	330,308	18,892	1,428,394
Investment securities – available for sale	-	-	-	-	-	200	200
Investment securities – held to maturity	-	-	-	13,302	-	-	13,302
Investments in subsidiaries	-	-	-	-	-	34,900	34,900
Intangible fixed assets	-	-	-	-	-	48,239	48,239
Property, plant and equipment	-	-	-	-	-	24,469	24,469
Investment property	-	-	-	-	-	14,047	14,047
Other assets, net	8,686	331	53	96	3,677	288,976	301,819
Total assets	**6,472,894**	**1,864,898**	**2,318,628**	**4,581,521**	**7,327,999**	**1,041,052**	**23,606,992**
Liabilities and shareholders' equity							
Amounts owed to the Central Banks	33	-	-	-	-	-	33
Amounts owed to credit institutions	1,886,232	417,956	1,107,732	2,926,874	839,030	-	7,177,824
Derivative financial instruments	1,997	881	3,257	90,573	174,235	-	270,943
Deposits from the public	11,403,662	769,477	932,810	125,046	14,690	-	13,245,685
Debt securities in issue	25,606	17,105	19,208	42,065	13,572	-	117,556
Other liabilities and provisions	166,443	9,651	13,771	824	33	4,052	194,774
Equity	-	-	-	-	-	2,600,177	2,600,177
Total liabilities and shareholders' equity	**13,483,973**	**1,215,070**	**2,076,778**	**3,185,382**	**1,041,560**	**2,604,229**	**23,606,992**
Net assets (liabilities) before off balance sheet items	(7,011,079)	649,828	241,850	1,396,139	6,286,439	(1,563,177)	-
Off balance sheet items (net)	(2,642,804)	(214,801)	(156,902)	(52,519)	(5,862)	(20,076)	(3,092,964)
Net assets (liabilities)	**(9,653,883)**	**435,027**	**84,948**	**1,343,620**	**6,280,577**	**(1,583,253)**	**(3,092,964)**

The Bank's liquidity analysis as of 31 December 2012:

Maturity	Up to 3 months	3 – 6 months	6 – 12 months	1 – 3 years	Over 3 years	Unclear maturity	Total
Total assets	5,715,610	1,509,149	2,553,579	4,000,624	7,979,332	1,379,317	23,137,611
Total liabilities and shareholders' equity	12,378,368	1,214,305	1,572,258	3,136,440	2,103,426	2,732,814	23,137,611
Off balance sheet items (net)	(2,481,034)	(148,076)	(88,926)	(39,010)	(8,607)	(7,505)	(2,773,158)
Net assets (liabilities)	**(9,143,792)**	**146,768**	**892,395**	**825,174**	**5,867,299**	**(1,361,002)**	**(2,773,158)**

NOTE 36 ASSETS AND LIABILITIES STRUCTURE BY TERM TO MATURITY (CONTINUED)

The Group's liquidity analysis as of 31 December 2013:

Maturity	Up to 3 months	3 – 6 months	6 – 12 months	1 – 3 years	Over 3 years	Unclear maturity	Total
Assets							
Cash in hand	418,136	-	-	-	-	-	418,136
Balances with the Central Banks	935,323	-	-	-	-	-	935,323
Financial instruments – available for sale, designated at fair value, loans and receivables	110,267	343,810	20,895	607,381	78,281	44,369	1,205,003
Derivative financial instruments	1,685	958	3,448	74,855	178,342	-	259,288
Loans to credit institutions and due from banks, net	3,743,664	33,138	321	-	-	-	3,777,123
Loans to customers, net	1,123,320	1,377,114	2,031,708	3,283,715	6,737,391	611,296	15,164,544
Financial lease receivables, net of impairment losses	131,805	109,538	222,649	615,061	330,308	18,892	1,428,253
Investment securities – available for sale	-	-	-	-	-	200	200
Investment securities – held to maturity	-	-	-	13,302	-	-	13,302
Intangible fixed assets	-	-	-	-	-	48,239	48,239
Property, plant and equipment	-	-	-	-	-	24,643	24,643
Investment property	-	-	-	-	-	14,047	14,047
Other assets, net	11,423	360	552	96	3,677	286,737	302,845
Total assets	**6,475,623**	**1,864,918**	**2,279,573**	**4,594,410**	**7,327,999**	**1,048,423**	**23,590,946**
Liabilities and shareholders' equity							
Amounts owed to the Central Banks	33	-	-	-	-	-	33
Amounts owed to credit institutions	1,886,232	417,956	1,107,732	2,926,874	839,030	-	7,177,824
Derivative financial instruments	1,997	881	3,257	90,573	174,235	-	270,943
Deposits from the public	11,382,834	769,477	932,810	125,046	14,690	-	13,224,857
Debt securities in issue	25,606	17,105	19,208	42,065	13,572	-	117,556
Other liabilities and provisions	167,485	11,897	13,674	849	33	4,268	198,206
Equity	-	-	-	-	-	2,601,527	2,601,527
Total liabilities and shareholders' equity	**13,464,187**	**1,217,316**	**2,076,681**	**3,185,407**	**1,041,560**	**2,605,795**	**23,590,946**
Net assets (liabilities) before off balance sheet items	(6,988,564)	647,602	202,892	1,409,003	6,286,439	(1,557,372)	-
Off balance sheet items (net)	(2,637,605)	(214,801)	(156,902)	(52,519)	(5,862)	(20,076)	(3,087,765)
Net assets (liabilities)	**(9,626,169)**	**432,801**	**45,990**	**1,356,484**	**6,280,577**	**(1,577,448)**	**(3,087,765)**

The Group's liquidity analysis as of 31 December 2012:

Maturity	Up to 3 months	3 – 6 months	6 – 12 months	1 – 3 years	Over 3 years	Unclear maturity	Total
Total assets	5,718,698	1,509,777	2,515,964	4,001,221	7,990,939	1,385,719	23,122,318
Total liabilities and shareholders' equity	12,360,057	1,215,622	1,572,291	3,136,440	2,103,426	2,734,482	23,122,318
Off balance sheet items (net)	(2,473,565)	(148,076)	(88,926)	(39,010)	(8,607)	(7,505)	(2,765,689)
Net assets (liabilities)	**(9,114,924)**	**146,079**	**854,747**	**825,771**	**5,878,906**	**(1,356,268)**	**(2,765,689)**

	The Group		The Bank	
	2013	2012	2013	2012
Liquidity ratio	**38.85%**	**35.76%**	**38.81%**	**35.69%**

NOTE 36 ASSETS AND LIABILITIES STRUCTURE BY TERM TO MATURITY (CONTINUED)

Liquidity ratio is calculated according to requirements of the Central Bank of Lithuania.

As of 31 December 2013 and 2012 and during these years the Group's and the Bank's liquidity ratio exceeded the statutory minimum required by the Bank of Lithuania (30 percent).

Tables above show assets and liabilities structure by contractual/actual maturities. When managing liquidity, Assets and liability management committee is using expected maturities, which are based on historical evidence (e.g. in respect of current deposits from public portfolio staying on balance sheet much longer than 3 months). Based on this data and also taking into account credit line facility from the Parent as available liquidity reserve, liquidity is manageable within the 12 months from the balance sheet date.

NOTE 37 CAPITAL ADEQUACY

The Group's regulatory capital as managed by its central Group Treasury is divided into two tiers:

- Tier 1 capital: share capital (net of any book values of the treasury shares), reserve capital, retained earnings;
- Tier 2 capital: qualifying subordinated loan capital, general and other reserves, qualifying current year profit;
- Deductible amounts: the book value of intangible assets; investments in credit and financial institutions above 10 percent of their equity; and IRB provision shortfall.

The risk-weighted assets are measured by using two methods – Standardized and Internal Ratings Based Approach (IRB). According to Standardized method assets are divided into 16 asset classes, IRB – 7. Considering the method used asset class, eligible collateral or guarantees, risk classes, scoring pools, country of the counterparty and other factors risk weight to every exposure is assigned.

The table below summarises the components of capital adequacy calculation and the ratios of the Group and the Bank for the years ended 31 December 2013:

	The Group	The Bank
Tier 1 capital (less intangible assets)	2,341,575	2,333,235
Tier 2 capital	69,979	69,979
of which IRB provision excess	69,979	69,979
Less deductible investments	-	(8,064)
Less IRB provision shortfall	-	-
Risk weighted assets	15,470,588	15,440,588
of which risk weighted assets due to transitional capital requirements	-	-
Capital adequacy ratio before adjustment of capital requirements according to Basel II requirements as of 31 December 2013	**15.59%**	**15.51%**
Capital adequacy ratio according to Basel II requirements as of 31 December 2013	**15.59%**	**15.51%**

The table below summarises the components of capital adequacy calculation and the ratios of the Group and the Bank for the years ended 31 December 2012 (information does not include merged subsidiary AB "SEB lizingas" data):

	The Group	The Bank
Tier 1 capital (less intangible assets)	2,280,242	2,086,431
Tier 2 capital	418,934	386,885
of which IRB provision excess	73,654	41,605
Less deductible investments	-	(243,520)
Less IRB provision shortfall	-	-
Risk weighted assets	17,795,925	16,678,463
of which risk weighted assets due to transitional capital requirements	-	-
Capital adequacy ratio before adjustment of capital requirements according to Basel II requirements as of 31 December 2012	**15.17%**	**13.37%**
Capital adequacy ratio according to Basel II requirements as of 31 December 2012	**15.17%**	**13.37%**

NOTE 38 NET FOREIGN CURRENCY POSITION

The following table presents the equivalent amount in thousands of LTL of the net position of assets and liabilities denominated in currencies other than LTL as of 31 December 2013:

The Group				The Bank	
Position	Percentage of capital	Currency	Rates	Position	Percentage of capital
1,822,457	75.57	EUR	3.4528	1,808,547	75.51
(1,222)	(0.05)	U.S. Dollars (USD)	2.5098	(1,158)	(0.05)
27	-	Canadian Dollars (CAD)	2.3429	27	-
574	0.02	Russian Rubles (RUB)	0.07673	574	0.02
7,303	0.30	The remaining long positions	N/A	6,769	0.29
(451)	(0.02)	The remaining short positions	N/A	(451)	(0.02)
7,904	**0.33**	**Open long position**	**N/A**	**7,370**	**0.31**

As of 31 December 2012:

The Group				The Bank	
Position	Percentage of capital	Currency	Rates	Position	Percentage of capital
3,602,905	133.48	EUR	3.4528	3,595,550	161.25
(3,425)	0.13	U.S. Dollars (USD)	2.606	(3,387)	(0.15)
4	-	Canadian Dollars (CAD)	2.6204	4	-
451	0.02	Russian Rubles (RUB)	0.08588	451	0.02
845	0.03	The remaining long positions	N/A	798	0.04
(2,529)	(0.09)	The remaining short positions	N/A	(3,049)	(0.14)
5,954	**0.22**	**Open long position**	**N/A**	**6,436**	**0.29**

Based on requirements of the Bank of Lithuania, starting from 1 December 2004 EUR currency position was not included when calculating foreign currency open position.

As of 31 December 2013 and 2012 the Group complied with the foreign currency open position requirements set forth by the Bank of Lithuania.

Foreign exchange risk has also been measured by using Value at Risk model, see note 39.

NOTE 39 INTEREST RATE RISK MANAGEMENT

The Group's interest rate sensitivity in case of parallel shift by 1 p.p. in the yield curve, in LTL million is presented in the table below:

Interest rate sensitivity	**2013**	**2012**
Effect to the market value of shareholders equity (delta 1%)	50.9	53.1
Off balance sheet credit commitments sensitivity to interest rate changes (delta 1%) (the Bank)	2.4	2.1
Off balance sheet credit commitments sensitivity to interest rate changes (delta 1%) (the Group)	2.4	2

NOTE 39 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Value at Risk assessment results on total portfolios positions, in LTL thousand:

The Group			The Bank	
2013	2012		2013	2012
14,987	20,452	Interest rate risk (stand-alone)	14,987	20,452
895	4,316	Credit spread risk (stand-alone)	895	4,316
37	18	Foreign exchange risk (stand-alone)	37	18
6	120	Equity price risk (stand-alone)	6	120
(488)	(148)	Diversification effect	(488)	(148)
15,437	**24,758**	**Total**	**15,437**	**24,758**

VaR figures in table above include both banking and trading books.

In 2013, the market VaR decreased as compared with 2012 as a result of a change in the market situation. Higher financial market stability and lower fluctuations in financial instruments are factors that determine lower market risk.

The table below provides the Group's interest rate gap analysis as of 31 December 2013:

Maturity	Up to 1 year	1 - 3 year	Over 3 years	Total
Assets				
Net loans	12,534,430	421,028	2,284,473	15,239,931
Finance lease receivable, net	1,379,103	48,290	9,962	1,437,355
Debt securities	474,970	620,685	78,282	1,173,937
Interbank deposits and net loans	3,574,243	-	-	3,574,243
Off balance sheet assets	1,984,138	2,024,966	3,334,043	7,343,147
Total interest rate sensitive assets	**19,946,884**	**3,114,969**	**5,706,760**	**28,768,613**
Liabilities				
Term deposits	3,471,082	123,463	14,019	3,608,564
Interbank deposits and loans	3,073,408	2,926,874	735,446	6,735,728
Other liabilities	58,742	40,808	12,649	112,199
Off balance sheet liabilities	1,738,990	2,207,964	3,396,194	7,343,148
Total interest rate sensitive liabilities	**8,342,222**	**5,299,109**	**4,158,308**	**17,799,639**
Gap	**11,604,662**	**(2,184,140)**	**1,548,452**	**10,968,974**
Assets, non sensitive to interest rate				2,165,480
Liabilities and equity, non sensitive to interest rate				13,134,455

NOTE 39 INTEREST RATE RISK MANAGEMENT (CONTINUED)

The table below provides the Group's interest rate gap analysis as of 31 December 2012:

Maturity	Up to 1 year	1 - 3 year	Over 3 years	Total
Assets				
Net loans	12,828,730	484,116	2,334,506	15,647,352
Finance lease receivable, net	1,440,390	48,300	14,069	1,502,759
Debt securities	515,792	254,528	297,686	1,068,006
Interbank deposits and net loans	464,359	-	-	464,359
Off balance sheet assets	8,629,093	-	31,846	8,660,939
Total interest rate sensitive assets	**23,878,364**	**786,944**	**2,678,107**	**27,343,414**
Liabilities				
Term deposits	3,782,082	81,286	16,041	3,879,409
Interbank deposits and loans	2,615,942	2,790,121	934,191	6,754,591
Other liabilities	465,363	62,298	19,675	547,336
Off balance sheet liabilities	8,623,914		31,846	8,655,759
Total interest rate sensitive liabilities	**15,487,301**	**2,933,705**	**1,001,753**	**19,837,095**
Gap	**8,391,062**	**(2,146,761)**	**1,676,354**	**7,506,319**
Assets, non sensitive to interest rate				4,450,899
Liabilities and equity, non sensitive to interest rate				11,952,038

The table below provides the Bank's interest rate gap analysis as of 31 December 2013:

Maturity	Up to 1 year	1 - 3 year	Over 3 years	Total
Assets				
Net loans	12,574,300	421,028	2,274,273	15,269,601
Finance lease receivable, net	1,379,193	48,341	9,962	1,437,496
Debt securities	474,636	620,352	78,282	1,173,270
Interbank deposits and net loans	3,574,243	-	-	3,574,243
Off balance sheet assets	1,984,138	2,024,966	3,334,043	7,343,147
Total interest rate sensitive assets	**19,986,510**	**3,114,687**	**5,696,560**	**28,797,757**
Liabilities				
Term deposits	3,485,985	123,463	14,019	3,623,467
Interbank deposits and loans	3,073,408	2,926,874	735,446	6,735,728
Other liabilities	58,742	40,808	12,649	112,199
Off balance sheet liabilities	1,738,990	2,207,964	3,396,194	7,343,148
Total interest rate sensitive liabilities	**8,357,125**	**5,299,109**	**4,158,308**	**17,814,542**
Gap	**11,629,385**	**(2,184,422)**	**1,538,252**	**10,983,215**
Assets, non sensitive to interest rate				2,152,382
Liabilities and equity, non sensitive to interest rate				13,135,598

NOTE 39 INTEREST RATE RISK MANAGEMENT (CONTINUED)

The table below provides the Bank's interest rate gap analysis as of 31 December 2012:

Maturity	Up to 1 year	1 - 3 year	Over 3 years	Total
Assets				
Net loans	12,866,330	484,116	2,324,306	15,674,752
Finance lease receivable, net	1,440,416	48,353	14,151	1,502,920
Debt securities	515,126	254,528	297,686	1,067,340
Interbank deposits and net loans	464,359	-	-	464,359
Off balance sheet assets	8,629,093	-	31,846	8,660,939
Total interest rate sensitive assets	**23,915,324**	**786,997**	**2,667,989**	**27,370,311**
Liabilities				
Term deposits	3,793,761	81,286	16,041	3,891,088
Interbank deposits and loans	2,615,942	2,790,121	934,191	6,340,254
Other liabilities	465,363	62,298	19,675	547,336
Off balance sheet liabilities	6,531,295	919,918	1,204,546	8,655,759
Total interest rate sensitive liabilities	**13,406,361**	**3,853,623**	**2,174,453**	**19,434,437**
Gap	**10,508,963**	**(3,066,626)**	**493,536**	**7,935,874**
Assets, non sensitive to interest rate				4,439,297
Liabilities and equity, non sensitive to interest rate				12,369,991

In order to comply with the Lithuanian Central bank's requirements the new algorithm have been applied in 2013 influencing the interest rate swap maturity calculation in the rows 'Off balace sheet assets' and 'Off balance sheet liabilities'. Comparative information for 2012 have not recalculated due to inability of applying the new algorithm retrospectively.

The algorithm used in the year 2012 can be specified as follows: interest rate swap amounts by terms have been split based on the coupon reprising date.
The algorithm used for the year 2013 can be specified as follows: identification of rate types (fixed/floating). For the fixed rate type contract maturity date was used, for the floating - the nearest reprising date.

NOTE 40 COMPLIANCE WITH REGULATORY REQUIREMENTS

As of 31 December 2013 both the Group and the Bank were in compliance with the maximum lending to one customer, large exposure, related party lending, investment and open foreign currency position limits established by the Central Banks. During the year neither the Group nor the Bank received any sanctions from the Bank of Lithuania.

The local legislation require banks to prepare consolidated accounts for group entities engaged in financial services activities without consolidation of entities involved in other activities. To comply with this requirement the Bank consolidated all its subsidiaries except for UAB "SEB Venture Capital", venture capital company, and presents this information in this note.

Income Statement of the Group excluding UAB "SEB Venture Capital" entity for the year ended 31 December 2013

	2013	2012
Interest income	470,532	623,775
Interest expenses	(182,249)	(335,808)
Net interest income	**288,283**	**287,967**
Impairment loss on loans	(80,673)	(55,031)
Impairment reversals on lease portfolio	33,415	27,412
Provisions for guarantees and other off balance sheet items	4,567	2,380
Total impairment (losses)/reversals	**(42,691)**	**(25,239)**
Net interest income after provisions	**245,592**	**262,728**
Net service charges and other income	203,057	190,865
Net gain on equity investments	(1,073)	(858)
Net loss on operations with debt securities and financial instruments	23,182	(7,031)
Net foreign exchange gain	71,306	67,833
Staff costs	(128,285)	(141,044)
Other administrative expenses	(170,130)	(264,315)
Profit before income tax	**243,649**	**108,178**
Income tax	(31,212)	(21,593)
Net profit for the year	**212,437**	**86,585**
Attributable to:		
Owners of the Bank	212,437	86,585
Non controling interest	-	-
	212,437	**86,585**

NOTE 40 COMPLIANCE WITH REGULATORY REQUIREMENTS (CONTINUED)

Statement of Comprehensive Income for the Group excluding UAB "SEB Venture Capital" entitys for the year ended 31 December 2013

	2013	2012
Net profit for the year	**212,437**	**86,585**
Items that may subsequently be reclassified to the income statement		
Net gain on available for sale assets	1,565	5,184
Amortisation of financial assets revaluation reserve of reclassified financial assets	256	1,450
Income tax relating to the components of other comprehensive income	(273)	(995)
Items that will not be reclassified to the income statement	-	-
Total other comprehensive income/ (loss)	**1,548**	**5,639**
Total comprehensive income	**213,985**	**92,224**
Attributable to:		
Owners of the Bank	213,985	92,224
Non controlling interest	-	-
	213,985	**92,224**

NOTE 40 COMPLIANCE WITH REGULATORY REQUIREMENTS (CONTINUED)

Statement of Financial Position of the Group excluding UAB "SEB Venture Capital" entity as of 31 December 2013

	2013	2012
Assets		
Cash in hand	418,136	443,393
Balances with the Central Banks	935,323	1,002,933
Due from banks, net	3,691,046	2,666,929
Government securities available for sale	59,895	60,900
Financial assets at fair value through profit and loss	909,613	608,544
Derivative financial instruments	259,288	326,230
Loans to credit institutions	86,077	6,242
Loans to customers	15,191,785	15,656,471
Finance lease receivable	1,428,320	1,502,861
Investment securities:		
- loans and receivables	191,126	386,010
– available for sale	200	200
– held to maturity	13,302	13,812
Investments in subsidiaries	25,000	25,000
Intangible fixed assets	48,239	58,260
Property, plant and equipment	24,575	22,537
Assets under operating lease	-	375
Non-current assets held for sale	3,924	23,686
Investment property	14,047	14,232
Deferred tax asset	167,628	197,741
Other assets, net	130,760	112,910
Total assets	**23,598,284**	**23,129,266**
Liabilities		
Amounts owed to the Central Banks	33	37
Amounts owed to credit institutions	7,177,824	6,789,296
Derivative financial instruments	270,943	380,892
Deposits from the public	13,225,129	12,797,238
Accrued expenses and deferred income	51,802	61,086
Income tax payable	2,135	1,316
Debt securities in issue	117,556	561,016
Other liabilities and provisions	144,218	145,326
Total liabilities	**20,989,640**	**20,736,207**
Equity		
Equity attributable to equity holder of the parent		
Paid in capital	1,034,575	1,034,575
Reserve capital	2,200	2,200
Financial assets revaluation reserve	(2,550)	(4,098)
Legal reserves	288,317	238,727
General and other reserves	15,731	14,132
Net income for the period and retained earnings	1,270,371	1,107,523
	2,608,644	2,393,059
Non controlling interest	-	-
Total equity	**2,608,644**	**2,393,059**
Total liabilities and equity	**23,598,284**	**23,129,266**

NOTE 40 COMPLIANCE WITH REGULATORY REQUIREMENTS (CONTINUED)

Statement of Changes in Equity of the Group excluding UAB "SEB Venture Capital" entity for the year ended 31 December 2013

	Equity attributable to the owners of the Bank								
	Share capital	Reserve capital	Financial assets reva-luation reserve (deficit)	Legal reserve	General and other reserves	Retained earnings	Total before non controling interest	Non controlling interest	Total
31 December 2011	**1,034,575**	**2,200**	**(9,737)**	**193,822**	**12,497**	**1,102,665**	**2,336,022**	**-**	**2,336,022**
Impairment of homogenious loans	-	-	-	-	-	(9,599)	(9,599)	-	(9,599)
Adjusted balance as of 31 December 2011	**1,034,575**	**2,200**	**(9,737)**	**193,822**	**12,497**	**1,093,066**	**2,326,423**	**-**	**2,326,423**
Net change in available for sale investments, net of deffered tax	-	-	4,189	-	-	-	4,189	-	4,189
Amortisation of financial assets revaluation reserve of reclassified financial assets	-	-	1,450	-	-	-	1,450	-	1,450
Net loss for the period	-	-	-	-	-	86,585	86,585		86,585
Net income (loss) recognized directly in equity	-	-	*5,639*	-	-	*86,585*	*92,224*	-	*92,224*
Other movements	-	-	-	(711)	-	711	-	-	-
Share-based compensation	-	-	-	-	1,635	-	1,635	-	1,635
Transfer to reserves	-	-	-	45,615	-	(45,615)	-	-	-
31 December 2012	**1,034,575**	**2,200**	**(4,098)**	**238,727**	**14,132**	**1,134,746**	**2,420,282**	**-**	**2,420,282**
Change in fair value measurement of financial assets	-	-	-	-	-	(27,222)	(27,222)	-	(27,222)
Adjusted balance as of 31 December 2012	**1,034,575**	**2,200**	**(4,098)**	**238,727**	**14,132**	**1,107,523**	**2,393,059**	-	**2,393,059**
Net change in available for sale investments, net of deffered tax	-	-	1,292	-	-	-	1,292	-	1,292
Amortisation of financial assets revaluation reserve of reclassified financial assets	-	-	256	-	-	-	256	-	256
Net income for the period	-	-	-	-	-	212,437	212,437		212,437
Net income recognized directly in equity	-	-	*1,548*	-	-	*212,437*	*213,985*	-	*213,985*
Share-based compensation	-	-	-	-	1,599	-	1,599	-	1,599
Transfer to reserves	-	-	-	49,590	-	(49,590)	-	-	-
31 December 2013	**1,034,575**	**2,200**	**(2,550)**	**288,317**	**15,731**	**1,270,371**	**2,608,644**	**-**	**2,608,644**

NOTE 40 COMPLIANCE WITH REGULATORY REQUIREMENTS (CONTINUED)

Statement of Cash Flows of the Group excluding UAB "SEB Venture Capital" entity for the year ended 31 December 2013

	2013	2012
Cash from operating activities		
Interest income received	469,055	594,956
Interest expenses paid	(201,310)	(354,307)
Unrealised translation gain	-	-
Net gain in securities trading and financial instruments	(2,381)	(6,665)
Net (loss) gain in derivatives trading	(5,857)	(14,111)
Net commission and service income	203,488	190,446
Staff costs	(132,973)	(140,514)
Other payments	(141,160)	(107,754)
Net cash from operating activities before change in operating assets	**246,260**	**216,098**
Changes in operating assets		
(Decrease) increase in compulsory balances with the Central Bank	92,210	674,850
Decrease (increase) in due from banks and loans to credit and financial institutions	(2,767,194)	1,731,851
(Increase) decrease in loans to customers	363,267	(60,534)
Decrease of finance lease receivable	119,191	195,682
Decrease (increase) in other current assets	(19,707)	34,958
Net change in operating assets	**(2,212,233)**	**2,576,807**
Changes in operating liabilities		
Increase in deposits from public	441,270	433,103
(Decrease) increasein accrued expenses, deferred income and other liabilities	4,160	(787,785)
Net change in operating liabilities	**445,430**	**(354,682)**
Net cash from operating activities before income tax	**(1,520,543)**	**2,438,223**
Income tax paid	-	-
Net cash from operating activities after income tax	**(1,520,543)**	**2,438,223**
Cash flow from investing activities		
Acquisition of tangible and intangible fixed assets, net	(6,867)	(6,958)
Acquisition of Government securities available for sale	-	(138,763)
Sale of Government securities available for sale	2,542	141,734
Acquisition of other investment securities	(1,375,146)	(2,806,368)
Sale of other investment securities	1,281,169	3,475,679
Cash flow from investing activities	**(98,302)**	**665,324**
Cash flow from financing activities		
Increase (decrease) in amounts owed to the Central Banks	(4)	5
(Decrease) increase in amounts owed to credit and financial institutions	407,310	(3,089,841)
Decrease in subordinated loans	-	(241,696)
Interest paid on subordinated loans	-	(6,308)
Proceeds from own issued debt securities	36,815	56,738
Repurchased own issued debt securities	(472,031)	(76,876)
Interest paid for own issued debt securities	(17,144)	(23,197)
Cash received (used in) financing activities	**(45,054)**	**(3,381,175)**
Net increase (decrease) in cash/cash equivalents	(1,663,899)	(277,628)
Cash/cash equivalents 1 January	**3,118,790**	**3,396,418**
Cash/cash equivalents 31 December	**1,454,891**	**3,118,790**
Specified as follows:		
Balance available for withdrawal with the Central Banks	448,769	424,169
Overnight deposits	385,235	42,550
Cash on hand	418,136	443,393
Current accounts with other banks	202,751	2,208,678
	1,454,891	**3,118,790**

NOTE 41 RELATED PARTIES

A number of banking transactions are entered into with related parties in the normal course of business. The transactions with the parent bank include loans, deposits and debt instrument transactions. Transactions within Skandinaviska Enskilda Banken AB (publ) group (excluding the parent bank) during the year can be specified as follows:

The Group 2013	The Group 2012		Interest rate %	The Bank 2013	The Bank 2012
122,526	29,312	Outstanding loan amount at the year end	0.05-3.50	122,526	29,312
3,207	3,105	Other assets at the year end	-	2,667	2,252
77,437	71,472	Outstanding deposit amount at the year end	0.10-5.49	77,437	71,472
12,723	13,001	Other liabilities at year end		12,365	12,649
17	52	Unused granted overdraft facilities		17	52
5,726	9,600	Guarantees received at the year end		5,726	9,600
506	707	Interest income		506	707
(53)	(234)	Interest expense		(53)	(234)
(5,760)	(4,083)	Other services received and cost incurred from SEB group, net		(6,595)	(4,940)

Transactions with parent bank during the year can be specified as follows:

The Group 2013	The Group 2012		Interest rate %	The Bank 2013	The Bank 2012
3,521,798	2,536,274	Outstanding loan amount at the year end	0.05-0.70	3,521,798	2,536,274
72,919	166,964	Derivative financial instruments at the year ended	-	72,919	166,964
62	23	Other assets at the year end	-	62	23
6,679,239	6,309,920	Outstanding deposit amount at the year end	0.12-5.49	6,679,239	6,309,920
204,251	593,106	Other liabilities at year end	-	204,251	593,106
59,352	48,402	Unused granted overdraft facilities	-	59,352	48,402
	200	Guarantees issued at the year end	-		200
390,446	4,545	Guarantees received at the year end	-	390,446	4,545
10,736	29,503	Interest income	-	10,736	29,503
(113,943)	(232,537)	Interest expense	-	(113,943)	(232,537)
(261)	(9,502)	Other services received and cost incurred from SEB group, net	-	(6,195)	(15,284)

NOTE 41 RELATED PARTIES (CONTINUED)

Transactions between the Bank and its subsidiaries during the year can be specified as follows:

	Interest rate %	The Bank	
		2013	2012
Off-balance sheet commitments as of 31 December:			
Agreements to grant loans	-	5,199	7,469
Guarantees issued	-		4
Outstanding loan amounts at year end:			
UAB "SEB Venture Capital"	1.42-3.50	39,970	37,600
UAB "SEB investicijų valdymas"	3.5	74	
Outstanding deposit amounts at year end:			
UAB "SEB Venture Capital"		271	138
UAB "SEB investicijų valdymas"	0.16	20,557	19,379
Other assets at year end	-	2,241	1,363
	-		
Interest income	-	5,379	5,094
Interest expense	-	(13)	(617)
Dividend income	-	7,351	8,344
Other services received and cost incurred from subsidiaries, net	-	9,871	11,176

Transactions with venture capital associates during the year can be specified as follows:

The Group			Interest rate	The Bank	
2013	2012		%	2013	2012
37,467	48,065	Outstanding loan amount at the year end	2.30-2.90	37,467	36,423
8,533	995	Outstanding deposit amount at the year end	2.27	8,533	995
1,500	600	Agreements to grant loans and other off balance commitments		1,500	600
1,463	2,545	Interest income	-	1,463	1,522
(2)	-	Interest expense	-	(2)	-
196	147	Other services received and cost incurred, net	-	196	147

NOTE 41 RELATED PARTIES (CONTINUED)

The loans issued to directors and other key management personnel (and close family members) are repayable on a regular basis over the period of loan. Transactions with key management (the Board members) during the year can be specified as follows:

The Group 2013	The Group 2012		Interest rate %	The Bank 2013	The Bank 2012
4,319	4,520	Outstanding loan amount at the year end	2.56-3	4,319	4,520
103		Finance lease receivable	1.78	103	
1	5	Other assets	-	1	5
1,529	327	Outstanding deposit amount at the year end	0.05	1,529	327
3,273	2,780	Payroll	-	3,273	2,780
1,034	927	Social security	-	1,034	927
134	140	Interest income	-	134	140
	(2)	Interest expense	-		(2)
144	11	Other income, net		144	11

NOTE 42 ASSETS CLASSIFIED AS HELD FOR SALE

As of 31 December 2013 and 2012 major amount of the Group's non-current assets held for sale comprise of leased and subsequently foreclosed assets held for sale (mainly trucks and other vehicles), that are expected to be sold in one year. These assets are classified as non-current assets held for sale as they have been accounted as finance lease portfolio before foreclosure and as of the balance sheet date these assets are ready for immediate sale and the Group's management is committed to a plan to sell these assets..

Assets foreclosed or returned after termination of lease agreements are presented in the table below:

Asset group	Net value as of 31 December 2012	Foreclosed or returned	Reclassified to investment property	Decrease in value	Sold	Net value as of 31 December 2013
Cars and mini-vans	266	20,583	-	33	20,721	95
Trucks	2,522	4,758	-	(358)	7,445	193
Manufacturing equipment	2,210	288	-	1,362	343	793
Construction equipment	1,193	379	-	475	1,096	1
Agricultural equipment	-	-	-	-	-	-
Real estate	16,534	694	-	1,113	13,662	2,453
Other assets	961	510	-	76	1,006	389
	23,686	**27,212**	**-**	**2,701**	**44,273**	**3,924**

Gross book value and impairment of assets classified as held for sale are presented in the table below:

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
15,191	86,049	Foreclosed assets or assets returned after termination of agreements	15,191	86,049
(11,267)	(62,363)	Impairment losses	(11,267)	(62,363)
3,924	**23,686**	**Foreclosed assets or assets returned after termination of agreements, net**	**3,924**	**23,686**

NOTE 43 APPROPRIATION OF PROFIT AND TRANSFERS OF RESERVES

The following Bank's profit appropriations and transfers of reserves will be proposed to annual shareholders meeting:

	Legal reserve	Net profit for the period	Retained earnings
31 December 2013	**287 327**	**212 311**	**1 050 583**
Profit appropriation to Legal reserve	63 145	-	(63 145)
Profit appropriation to Retained earnings	-	(212 311)	212 311
Dividend to shareholder	-	-	(103 584)
31 December 2013 after appropriation of profit and transfers to reserves	**350 472**	**-**	**1 096 165**

Profit (loss) appropriation of other Group companies will be approved during shareholders meetings of each subsidiary separately.

NOTE 44 CONTINGENCIES AND COMMITMENTS

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
2,915,536	2,544,274	Agreements to grant loans	2,920,735	2,551,743
610,245	554,414	Guarantees issued	610,245	554,417
132,090	180,215	Letters of credit issued	132,090	180,215
39,798	32,601	Commitments to purchase assets	39,798	32,601
-	80	Other commitments	-	80
38	38	Customs guarantees collateralised by deposits	38	38

Legal proceedings

There were several proceedings outstanding against the Group and the Bank at 31 December 2013 and 2012. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.
At the end of 2013 after finalization of tax investigation the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania started a tax inspection of the Bank. According to the provisions of the Law on Tax Administration, information about the on-going tax dispute must be held confidential.
Over the reporting period Vilnius District Administrative Court on the appeal by the Bank and other entities handed down its decision reducing the fine imposed on the Bank from to LTL 24,808,200 to 9,923,280. The fine was imposed on the Bank and other entities in the year 2012 by the Competition Council for the arrangements that restricted competition in the markets of cash management and cash collection services. The Bank appealed against the decision of the Vilnius District Administrative Court to the Supreme Administrative Court. AB SEB bankas made a provision for the fine amounting to LTL 24,808,200 at the end of 2012 and paid it in 2013. No adjustments have been made in the year 2013 due to reduction of fine.

As of 31 December 2013 rental off balance sheet commitments of the Group and the Bank amounted to LTL 132,699 thousand (2012: LTL 136,916 thousand). All non-cancellable commitments fall into the period within ten years. Comparative information includes merged subsidiary's AB "SEB lizingas" data.

The table below presents operating lease amounts for the years 2013 and 2012 when the Group and the Bank is lessee:

The Group 2013	The Group 2012		The Bank 2013	The Bank 2012
		The total of future minimum lease payments under non-cancellable operating leases:		
30,072	28,983	*up to 1 year*	30,072	28,983
80,734	81,751	*1-5 years*	80,734	81,751
21,893	26,182	*Over 5 years*	21,893	26,182
(3,954)	(3,502)	The total of future minimum sublease payments to be received under non-cancellable subleases	(3,958)	(3,502)
		Lease and sublease payments recognised in the income statement:		
37,160	33,790	*minimum lease payments*	37,160	33,790
-	-	*contingent rents*	-	-
(3,230)	(2,329)	*sublease payments*	(3,415)	(2,594)

NOTE 44 CONTINGENCIES AND COMMITMENTS (CONTINUED)

During the year 2013 the Group incurred rent expense amounting to LTL 33,930 thousand while AB SEB bankas – LTL 33,745 thousand (for the year 2012 respectively: LTL 31,461 thousand and LTL 30,795 thousand).

The future lease rental payments receivable under non-cancellable operating lease can be specified as follows:

The Group			The Bank	
2013	**2012**		**2013**	**2012**
2,203	3,476	Short term deferred income (up to 1 year)	2,207	3,484
1,751	-	Long term deferred income (up to 5 years)	1,751	-
3,954	**3,476**	**Total future lease and rental payments receivable under non-cancellable operating lease**	**3,958**	**3,484**

NOTE 45 POST BALANCE SHEET EVENTS

After the balance sheet date the Bank successfully completed 4 debt securities issues with the nominal value of LTL 1,523 thousand.

After the balance sheet date the Bank successfully redeemed 12 debt securities issues with the nominal value of LTL 20,989 thousand.

After the balance sheet date the Bank started placing 3 debt securities issues that should be completed on 17th of March

NOTE 46 CORRECTION OF ERRORS AND RECLASSIFICATION

a) During the year 2013 the Bank has made the following adjustments accounted as a prior period errors:
- CVA (Credit value adjustment)
- Impairment of accrued interest on homogeneous loans

b). During the year the Bank has made reclassification of financial institution other than credit institution balances from category "Credit and financial institutions" to category "Customers".

CVA (Credit value adjustment*)*

Since derivative financial assets held by the Bank are purchased/sold through the OTC transactions, credit risk should be specifically addressed in determining the fair value of these assets. The Bank has historically not taken into account the counterparty credit risk when measuring its derivative financial assets due to lack of comprehensive methodology. In order to address this limitation the parent bank has developed valuation methodology for incorporation of CVA in derivative financial instruments valuation which was implemented in the Bank in the 1st quarter of 2013.

CVA is defined as the cost it would take to close out the credit risk present in a derivative transaction. It should be calculated with reference to the expected future exposure, taking into account counterparty default probability and recovery rate.

Since CVA adjustment satisfied IAS requirements that were in place in prior periods and changed the measurement base of derivative financial assets, it is treated as a correction of prior periods' error.

As the future exposure is uncertain by nature, it has to be estimated through means of simulation. Determination of future exposure is done using Monte Carlo simulation by applying market volatility assumptions. Data needed for this simulation is hardly available for prior periods therefore the Bank has concluded that it is impracticable to determine CVA effect for periods prior 31/12/2012 and retrospective adjustment was done through retained earnings of 31/12/2012. The total adjustment amount related to 31/12/2012 (not considering deferred tax effect) is LTL 32,027 thousand.

Impairment of accrued interest on homogeneous loans

At the end of the year 2013 the Bank has reviewed the provisioning methodology for accrued interest on homogeneous loans and calculated impairment for accrued overdue interest. LTL 13,009 thousand of the impairment amount (not considering deferred tax effect) is related to prior periods, of which LTL 1,716 thousand effect year 2012 income statement.

The following tables present the affected lines and amounts of the financial statements.

NOTE 46 CORRECTION OF ERRORS AND RECLASSIFICATION (CONTINUED)

Affected lines of the Income statement for the year ended 31 December 2012:

The Group				The Bank		
Amount before correction for 2012	**Impairment of homogeneous loans interest**	**Amount after correction for 2012**	**Income statement line name**	**Amount before correction for 2012**	**Impairment of homogeneous loans interest**	**Amount after correction for 2012**
625,451	-1,716	623,735	Interest income	625,461	-1,716	623,745
289,649	**-1,716**	**287,933**	**Net interest income**	**289,582**	**-1,716**	**287,866**
264,410	**-1,716**	**262,694**	**Net interest income after impairment losses**	**264,343**	**-1,716**	**262,627**
109,089	**-1,716**	**107,373**	**Operating profit**	**109,578**	**-1,716**	**107,862**
109,089	**-1,716**	**107,373**	**Profit before income tax**	**109,578**	**-1,716**	**107,862**
-22,771	257	-22,514	Income tax expenses	-20,542	257	-20,285
86,318	**-1,459**	**84,859**	**Net profit for the year**	**89,036**	**-1,459**	**87,577**

NOTE 46 CORRECTION OF ERRORS AND RECLASSIFICATION (CONTINUED)

Affected lines of the Statement of financial position as of 31 December 2012:

The Group						The Bank				
Amount before corrections and reclassification as of 31 December 2012	**Change in fair value measurement of financial assets**	**Impairment of homogeneous loans interest**	**Reclassification**	**Amount after corrections and reclassification as of 31 December 2012**	**Statement of financial position line name**	**Amount before corrections and reclassification as of 31 December 2012**	**Change in fair value measurement of financial assets**	**Impairment of homogeneous loans interest**	**Reclassification**	**Amount after corrections and reclassification as of 31 December 2012**
					Assets					
355,201	-28,971			326,230	Derivative financial instruments	355,201	-28,971			326,230
6,802			-560	6,242	Loans to credit institutions	6,802			-560	6,242
15,642,962		-13,008	560	15,630,514	Loans to customers	15,668,920		-13,008	560	15,656,472
190,998	4,804	1,951		197,753	Deferred tax asset	190,951	4,804	1,951		197,706
				0	**Liabilities**					
7,193,144			-403,848	6,789,296	Due to credit institutions	7,212,523			-423,227	6,789,296
377,836	3,056			380,892	Derivative financial instruments	377,836	3,056			380,892
12,393,252			403,848	12,797,100	Deposits from public	12,393,390			423,227	12,816,617
					Equity					
1,137,930	-27,223	-11,057	0	1,099,650	Retained earnings	1,138,453	-27,223	-11,057	0	1,100,173

Affected lines by reclassification of the Statement of financial position as of 31 December 2011:

The Group				The Bank		
Amount before reclassification as of 31 December 2011	**Reclassification**	**Amount after reclassification as of 31 December 2011**	**Statement of financial position line name**	**Amount before reclassification as of 31 December 2011**	**Reclassification**	**Amount after reclassification as of 31 December 2011**
			Assets			
12,706	-517	12,189	Loans to credit institutions	439,302	-517	438,785
15,649,121	517	15,649,638	Loans to customers	15,678,432	517	15,678,949
		0	**Liabilities**			
10,135,681	-204,117	9,931,564	Due to credit institutions	9,176,873	-222,461	8,954,412
12,152,999	204,117	12,357,116	Deposits from public	12,158,994	222,461	12,381,455

NOTE 46 CORRECTION OF ERRORS AND RECLASSIFICATION (CONTINUED)

Effect on basic and diluted earnings per share for the Group for the year 2012:

	Before correction	After correction
Net profit from continuing operations attributable to the shareholders	86,319	84,859
Weighted average number of shares (000s)	15,441	15,441
Basic and dilluted earnings per share (LTL)	5.59	5.50

The impairment adjustment and reclassification did not have a material effect on the opening balance sheet as of January 1, 2012, and therefore the opening balance sheet has not been presented.

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Disclosure form concerning the compliance with the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius

The public company AB SEB bankas, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 24.5 of the Listing Rules of AB NASDAQ OMX Vilnius, discloses its compliance with the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLICABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	YES	
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	YES	
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	YES	
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	YES	
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		

2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	YES	
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	YES	
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	NOT APPLICABLE	
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.[1]	YES/ NO	Not all recommendations/ provisions of these principles are adhered to at full extent (comments at each recommendation/ provision).
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.[2]	YES	The board (executives directors) consists of 5 (five) members. The supervisory council consists of 5 (five) members.

[1] Provisions of Principles III and IV are more applicable to those instances when the general shareholders' meeting elects the supervisory board, i.e. a body that is essentially formed to ensure oversight of the company's board and the chief executive officer and to represent the company's shareholders. However, in case the company does not form the supervisory board but rather the board, most of the recommendations set out in Principles III and IV become important and applicable to the board as well. Furthermore, it should be noted that certain recommendations, which are in their essence and nature applicable exclusively to the supervisory board (e.g. formation of the committees), should not be applied to the board, as the competence and functions of these bodies according to the Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) are different. For instance, item 3.1 of the Code concerning oversight of the management bodies applies to the extent it concerns the oversight of the chief executive officer of the company, but not of the board itself; item 4.1 of the Code concerning recommendations to the management bodies applies to the extent it relates to the provision of recommendations to the company's chief executive officer; item 4.4 of the Code concerning independence of the collegial body elected by the general meeting from the company's management bodies is applied to the extent it concerns independence from the chief executive officer.

[2] Definitions *'executive director'* and *'non-executive director'* are used in cases when a company has only one collegial body.

2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	YES	Members of the supervisory council are appointed for the four-year tenure. Abiding by the bank's Articles of Association and according to its practice, a member of the supervisory council may be re-elected for another tenure. The number of tenures for members of the supervisory council is unlimited.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	YES	Chairman of the bank's supervisory council has never been the chief executive of the bank.
Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting **The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.[3]**		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	YES	Provisions of the present recommendation are implemented by disclosing information to shareholders on candidates to the Supervisory Council of the Bank, by filling out a detailed questionnaire approved by the Bank of Lithuania on an individual's qualifications, professional experience, as well as other data about candidate; candidates to the Supervisory Council members have to fulfil the criteria of impeccable reputation; statements of the candidates to the Supervisory Council members on their current position with the Bank or with its subsidiary companies group; prior to electing any person to the Supervisory Council as its member, a permit of the Bank of Lithuania is obtained, etc.

[3] Attention should be drawn to the fact that in the situation where the collegial body elected by the general shareholders' meeting is the board, it is natural that being a management body it should ensure oversight not of all management bodies of the company, but only of the single-person body of management, i.e. the company's chief executive officer. This note shall apply in respect of item 3.1 as well.

3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	YES	Member of a collegial body, prior taking the office, declares his existing obligations, discloses information about potential conflicts of interest and commits to ensure that his professional or any other activities not related to the performance of the Bank will not negatively affect the fulfilment of the functions of a member of a collegial body. Additionally, member of collegial body undertakes to immediately notify the Bank about any changes in circumstances for which his statements or commitments would no longer be valid.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	YES	
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	NO	The Supervisory Council does not determine its desired composition and does not have it periodically evaluated, as it is elected by shareholders, and the candidates as well as their qualifications are approved by the Bank's supervisory authority, namely, the Bank of Lithuania, by issuing a permit to elect a person to the Supervisory Council as its member, therefore, in our opinion, this is sufficient in order to maintain a balance of qualifications of members of the collegiate body. Provisions number two, three and four are met.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	NO	Candidates to the collegiate body as its members are approved by the Bank's supervisory authority, namely, the Bank of Lithuania, by issuing a permit to elect a person to the Supervisory Council as its member, also, the Bank of Lithuania is kept informed on changes in the data (including changes in qualifications) of the members, therefore, in our opinion, this is sufficient to ensure that that the bank's collegiate body would consist of only individuals with adequate qualifications, knowledge and skills. For these reasons, no individual programmes or annual reviews were conducted.

3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient[4] number of independent[5] members.	NOT APPLICABLE	The Bank has a single shareholder.
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations);	NOT APPLICABLE	The Bank has a single shareholder.

[4] The Code does not provide for a concrete number of independent members to comprise a collegial body. Many codes in foreign countries fix a concrete number of independent members (e.g. at least 1/3 or 1/2 of the members of the collegial body) to comprise the collegial body. However, having regard to the novelty of the institution of independent members in Lithuania and potential problems in finding and electing a concrete number of independent members, the Code provides for a more flexible wording and allows the companies themselves to decide what number of independent members is sufficient. Of course, a larger number of independent members in a collegial body is encouraged and will constitute an example of more suitable corporate governance.

[5] It is notable that in some companies all members of the collegial body may, due to a very small number of minority shareholders, be elected by the votes of the majority shareholder or a few major shareholders. But even a member of the collegial body elected by the majority shareholders may be considered independent if he/she meets the independence criteria set out in the Code.

4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	NOT APPLICABLE	Comment at 3.7.

3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	NOT APPLICABLE	Comment at 3.7.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	NOT APPLICABLE	Comment at 3.7.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds.[6]. The general shareholders' meeting should approve the amount of such remuneration.	NOT APPLICABLE	Comment at 3.7.
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring[7] of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.[8]	YES	The Supervisory Council provides the general annual meeting of shareholders with comments and proposals regarding the strategy of the Bank's activities, its annual consolidated financial statements, draft profit (loss) appropriation, the consolidated annual report of the Bank as well as the activities of the Management Board and President of the Bank, also, it performs other functions of supervising the activities of the Bank and its managing bodies attributed to the competence of the Supervisory Council.

[6] It is notable that currently it is not yet completely clear, in what form members of the supervisory board or the board may be remunerated for their work in these bodies. The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) provides that members of the supervisory board or the board may be remunerated for their work in the supervisory board or the board by payment of annual bonuses (tantiems) in the manner prescribed by Article 59 of this Law, i.e. from the company's profit. The current wording, contrary to the wording effective before 1 January 2004, eliminates the exclusive requirement that annual bonuses (tantiems) should be the *only* form of the company's compensation to members of the supervisory board or the board. So it seems that the Law contains no prohibition to remunerate members of the supervisory board or the board for their work in other forms, besides bonuses, although this possibility is not expressly stated either.
[7] See Footnote 3.
[8] See Footnote 3. In the event the collegial body elected by the general shareholders' meeting is the board, it should provide recommendations to the company's single-person body of management, i.e. the company's chief executive officer.

4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	YES/ NO	According to the data available to the Bank, each member of the Supervisory Council acts in good faith with regard to the company, abiding by the interests of the company and not those of his/her own or any third party, aiming to maintain his/her independence. However, the provision regarding independent members of the Supervisory Council is not observed as there are no such independent members.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half[9] of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	YES	Each member of the Supervisory Council performs his/her duties in a proper manner: by actively participating in the meeting of the collegiate body and by devoting sufficient time of his/her own for the performance of his/her functions as a member of the collegiate body.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	YES	

[9] It is notable that companies can make this requirement more stringent and provide that shareholders should be informed about failure to participate at the meetings of the collegial body if, for instance, a member of the collegial body participated at less than 2/3 or 3/4 of the meetings. Such measures, which ensure active participation in the meetings of the collegial body, are encouraged and will constitute an example of more suitable corporate governance.

4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	YES/ NO	YES - the Supervisory Council approves the Requirements for internal lending and lending to persons related to the bank, establishes maximum limits for of such lending. However, the provision of the majority vote of independent members is not observed, because, as it has already been mentioned above, there are no independent members in the Supervisory Council.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies[10]. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.	YES	

[10] In the event the collegial body elected by the general shareholders' meeting is the board, the recommendation concerning its independence from the company's management bodies applies to the extent it relates to the independence from the company's chief executive officer.

4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees[11]. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	YES/ NO	There are no independent members. Only the Audit and Remuneration committees are formed in the Bank. There is one independent member in the Audit Committee.
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	YES	The recommendation applies to the Audit and Remuneration committees.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due	YES/ NO	The provision regarding the minimum number of committee members is met. The Audit and Remuneration committees are not composed of independent members of the Supervisory Council, as there are no such members in the Supervisory Council at all. There is one independent member in the Audit Committee, but he is not a member of the Supervisory Council.

[11]The Law of the Republic of Lithuania on Audit (Official Gazette, 2008, No 82-53233) determines that an Audit Committee shall be formed in each public interest entity (including, but not limited to public companies whose securities are traded in the regulated market of the Republic of Lithuania and/or any other member state).

regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.		
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	YES/ NO	YES – the Audit and Remuneration committees function in accordance with the regulations approved by the Supervisory Council that establish the authority of the committees. The annual report includes information on composition of the committees and their main activities. NO – the annual report does not include information on the meetings of the committees.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	YES/NO	The Instruction for Remuneration Committee and Instruction for Audit and Compliance Committee do not specify the events when the chairman of the abovementioned committee should maintain a direct communication with the shareholders.

4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.	NO	Nomination Committee does not exist.
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following:	YES	Yes – the Remuneration Committee acts according to the Regulations of the Remuneration Committee approved by the Supervisory Council.
• Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;	YES	Yes – the Remuneration Committee submits proposals to the Bank's Supervisory Council regarding the Remuneration Policy of the Bank's Group and amendments thereof, as well as the list of employees accepting the risk of the Bank's Group and other related issues. The Remuneration Policy of the Bank's Group includes all forms of remuneration, including fixed pay and variable pay forms. The Remuneration Committee also submits proposals to the Bank's Supervisory Council regarding the remuneration of the President and Vice-Presidents, members of the Management Board, heads of the Internal Audit, Compliance and Risk Control.
• Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;	YES	Yes – the Remuneration Committee has all necessary information and submits proposals to the Bank's Supervisory Council regarding the individual remuneration of the President and Vice-Presidents, members of the Management Board, heads of the Internal Audit, Compliance and Risk Control.
• Ensure that remuneration of individual executive directors or members of management body is proportionate to the	YES	

remuneration of other executive directors or members of management body and other staff members of the company;		
• Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation;	YES	
• Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;	YES	
• Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors);	YES	
• Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.	YES	Yes – the Remuneration Committee considers and submits recommendations on the individual remuneration (including pension plans) of the heads of the Bank, which are directly subordinate to the President and the members of the Management Board of the Bank.
4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has.	YES	Yes – the Remuneration Committee prepares long-term employee incentive programs and submits thereof to the Bank's Supervisory Council for approval.
4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.	YES	
4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.	NO	There is no such practice. The Remuneration Committee is accountable to the Bank's Supervisory Council, members of which are the representatives of the sole shareholder of the Bank.
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following:		
• Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group);	YES	The Audit Committee discusses, on regular basis, the external auditors' comments, including the consistency of accounting methods.
• At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in	YES	Once a quarter, the audit committee discusses the internal audit and compliance reports that highlight the main drawbacks in the internal control and risk management, including risks related to the observance of the existing legal

the information provided;		acts.
• Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;	YES	In the quarterly internal audit report the Audit Committee is provided with information on the status of implementation of the internal audit recommendations. During a meeting reasons are discussed due to which the recommendations have not been implemented in due time. The committee provides recommendations on the selection of the head of internal audit department.
• Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;	YES	Audit company is selected at the SEB Group level. There were no situations leading the audit company to resign.
• Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;	YES	External auditors annually provide the committee with the independence confirmation. The SEB Group has a uniform SEB External Audit Policy, approved by SEB's Audit and Compliance Committees defining the independence of external auditors, providing of services to the SEB Group companies and purchase of other than audit services from external audit.
• Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.	YES	The Audit Committee discusses comments provided by external audit provided in a letter to the senior management as well as the comments of the Bank's senior management.
4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.	YES	Note: The Bank does not carry on activities in any off-shore centres.
4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.	YES	The Audit Committee meetings are always participated by the President of the Bank and Head of the Internal Audit Department. External auditors are always invited to the meetings.

4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.	YES	The regulations of the Internal Audit Department and its work plans are approved by the Audit Committee. According to the regulations, the Internal Audit Department is directly reporting to the Chairman of the Supervisory Council, which fact ensures a possibility to directly turn to the Audit Committee and/or the Council.
4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.	YES	The Audit Committee is provided with quarterly internal audit set-format reports. The annual audit plan is also presented to the Audit Committee. External auditors inform the Audit Committee on regular basis about the audit plans and audit services provided under an agreement.
4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.	NO	There is no formal procedure set.
4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.	YES	The Supervisory Council is provided for familiarisation with the entire documentation discussed by the Audit Committee.
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	NO	It is intended to implement this provision.
Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		

5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	YES	The meetings of both the Board and the Supervisory Council are chaired, convened and appropriate conducting of the meetings is ensured, respectively, by the Chairman of the Supervisory Council and the Chairman of the Board.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month[12].	YES	Based on the work regulations of the Supervisory Council of the Bank, the Supervisory Council meetings are convened no less than once a quarter (in practice, they are convened more often), and based on the wok regulations of the Board of the Bank, meetings are convened no less than once a month (in practice, they are convened once a week).
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	YES	Members of the Board of the Bank are familiarised with the material no less than one banking day prior to the planned meeting of the board, except the extraordinary meetings, when terms could be reduced; members of the Bank's Supervisory Council – no later than 5 calendar days in advance, and in urgent cases – no later than 2 calendar days in advance.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	YES	
Principle VI: The equitable treatment of shareholders and shareholder rights **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		

[12] The frequency of meetings of the collegial body provided for in the recommendation must be applied in those cases when both additional collegial bodies are formed at the company, the board and the supervisory board. In the event only one additional collegial body is formed in the company, the frequency of its meetings may be as established for the supervisory board, i.e. at least once in a quarter.

6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	YES	The Bank's authorised capital consists of ordinary registered shares granting equal voting rights to all holders of the Bank's shares.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	NOT APPLICABLE	The Bank effects public placement of bonds only.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.[13] All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	NO	The Bank's Articles of Association do not establish criteria for major transactions based on which criteria transactions would be selected that require an approval of the general shareholders' meeting.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	YES	General shareholders meetings are usually conducted at the Bank's domicile on the Bank's business days and ensuring, in a timely manner, equal opportunities for shareholders to attend the meeting, to lodge questions to members of the management bodies and receive answers to them.
6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	NO	Documents of the general shareholders' meeting including the minutes, are not publicly accessible, they are, abiding by the laws of the Republic of Lithuania, provided to shareholders for familiarisation and respectively to other persons that have attended the meeting.

[13] The Law on Companies of the Republic of Lithuania (*Official Gazette*, 2003, No 123-5574) no longer assigns resolutions concerning the investment, transfer, lease, mortgage or acquisition of the long-terms assets accounting for more than 1/20 of the company's authorised capital to the competence of the general shareholders' meeting. However, transactions that are important and material for the company's activity should be considered and approved by the general shareholders' meeting. The Law on Companies contains no prohibition to this effect either. Yet, in order not to encumber the company's activity and escape an unreasonably frequent consideration of transactions at the meetings, companies are free to establish their own criteria of material transactions, which are subject to the approval of the meeting. While establishing these criteria of material transactions, companies may follow the criteria set out in items 3, 4, 5 and 6 of paragraph 4 of Article 34 of the Law on Companies or derogate from them in view of the specific nature of their operation and their attempt to ensure uninterrupted, efficient functioning of the company.

6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	YES	The Bank's shareholders may implement the right to attend the general shareholders' meeting both in person and via a proxy, if a person has a required authorisation or if a proxy agreement has been executed with such person pursuant to the procedure established by law, also, the Bank enables shareholders to vote by completing the general voting ballot, as provided for by the Company Law of the Republic of Lithuania.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	NO	The provision is not adhered to its full extent: so far, no necessity has occurred to use terminal equipment of telecommunications at the general shareholders' meetings.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	YES	Regarding recommendation 7.3: a decision on lending to a person related to the Bank is taken by the Board by no less than 2/3 of votes of the Board members attending the meeting.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	YES	

7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	YES	
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	YES	When decisions are taken concerning transactions or other issues of personal or business interest to a person, such person abstains from voting.
Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.**		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	YES	The remuneration statement is made available to the public at least once a year together with the annual financial statements or by a separate notification and shall also be available on the Bank's website.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	YES/ NO	NO – the remuneration statement does not focus on remuneration policy for the following year. YES - the Remuneration Policy of the Bank's Group establishes the remuneration principles not only to the directors, but also to all employees. The remuneration statement includes decision making process seeking to establish and revise the principles of remuneration policy, and general quantitative information on remuneration to employees by excluding the Bank's management.
8.3. Remuneration statement should leastwise include the following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; • Sufficient information on deferment periods with regard to variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance;	YES	The remuneration statement, in compliance with the Bank's secret and personal data protection requirements, includes only information required by the legal acts, whereas other information, in Bank's opinion, is not to be placed in public domain from a commercial point of view.

• The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information.		
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	YES/ NO	The remuneration statement, in compliance with the Bank's secret and personal data protection requirements, includes only information required by the legal acts, whereas other information, in Bank's opinion, is not to be placed in public domain from a commercial point of view. The remuneration statement includes the following general information on implementation of Remuneration Policy of the Bank's Group: allocation of redundancy payments in case of agreements' termination per financial year, number of beneficiaries and maximum amount per person; amount of guaranteed variable pay specified under the new agreements and redundancy payments in case of the agreements' termination per financial year and number of beneficiaries.
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group; • The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his	YES/ NO	The remuneration statement, in compliance with the bank's secret and personal data protection requirements, includes only information required by the legal acts, whereas other information, in Bank's opinion, is not to be placed in public domain from a commercial point of view. The overall employees' incentive policy is placed in the internal database only. The remuneration statement includes the following general information on implementation of Remuneration Policy of the Bank's Group: 1. general quantitative information on employee remuneration (the Bank's top management and employees accepting the risk of the Bank's Group excluded): - total amount of fixed and variable pay and the number of beneficiaries; - amount of variable pay split into benefits in cash, pension premiums, equities, equity-linked financial instruments, other financial and non-financial instruments;

resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		- amounts of non-disbursed deferred variable pay distributed into portions, allocated and non-allocated for employees; - amounts of disbursed and adjusted variable pay allocated in the specified financial year taking into consideration performance results; - amount of guarantied variable pay established under the new agreements and redundancy payments in case of agreements' termination per financial year and the number of beneficiaries; - allocation of redundancy payments in case of agreement termination per financial year, the number of beneficiaries and maximum amount per person; 2. variable pay portions and all other non-cash benefits' allocation reasons and criteria.
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	YES	
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	YES	Variable pay is linked with performance results, the total remuneration amount shall be based on the overall assessment of the individual, business unit and the Bank's Group results. In order to assess the input of each employee the achieved financial results as well as non-financial criteria shall be taken into account.

8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	YES/ NO	The general provision of deferral does not apply to all employees, it applies only to the employees accepting the risk of the Bank's Group
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	NO	It is not possible for the Bank to reclaim amounts that were awarded, while amounts that were deferred may be reduced or not awarded at all. o tai, kas atidėta gali būti sumažinta arba iš viso neišmokama.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	YES	Payments related to termination of the employment contract are established according to the existing acts of law.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	YES	Payments related to termination of the employment contract shall be established taking into account the employee's performance results within the recent one-year period of employment at the Bank's Group and also that no reward is paid to employee (no reward for failure) if his/her activity resulted in losses of the Bank's Group, except mandatory payments approved according to the existing acts of law.
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	YES	The remuneration statement includes information on the decision-making process to identify and review principles of the Remuneration Policy of the Bank's Group, including information on activities of the Remuneration Committee, external consultants, if the latter provided the policy drafting services.
8.13. Shares should not vest for at least three years after their award.	YES	
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	YES	
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	YES	

8.16. Remuneration of non-executive or supervisory directors should not include share options.	NOT APPLICABLE	The Bank didn't pay any compensation for the Members of the Supervisory Council for 2013.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	NOT APPLICABLE	
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	NO	There is no such practice.
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	NOT APPLICABLE	
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	NO	There is no such practice.

8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	NO	There is no such practice.
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	NO	There is no such practice.
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.	NO	There is no such practice.
Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	YES	

9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.		
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.		
Principle X: Information disclosure and transparency **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.**		
10.1. The company should disclose information on: • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	YES/ NO	The Bank does not adhere to provision 6 under recommendation 10.1 because it is not required by the legal acts and is not important for the Bank. All other information is announced by the Bank in its annual and interim reports as required, as well as via different communication channels: on its website, notifications on material events, press releases, press conferences.
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	YES	

10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.	YES/ NO	The Bank discloses this kind of information according to the requirements of laws. General quantitative information on remuneration of the members of the Management Board of the Bank is provided. In addition, yearly amounts calculated to the President of the Bank and the Chief Financial Officer of the Bank are provided separately.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	YES/ NO	To a certain extent the Bank does not adhere to recommendations 10.4, as in the Bank's opinion the information on the relations between the Bank and persons with an interest in it, such as employees, creditors, suppliers, local community, including the Bank's policy regarding human resources, programmes for employee participation in the Bank's equity, etc. is information not to be placed in public domain, except the information which must be disclosed by the legal acts.
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	YES	Notifications on material events are disclosed in such a way that everyone and at the same time would have equal possibilities to access and familiarize with information when such notifications are announced on stock exchange, website and via other channels – press releases, press conferences.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	YES	Website, notifications on material events, press releases, press conferences are used as tools for wider dissemination of information. Information on services provided by the Bank is available at any branch of the Bank, other information that must be published is available at the Bank's website. Those willing to familiarise with relevant information are provided with such information by the Bank staff at branches or at the Bank at phone 1528 (private customers) or 19222 (corporate customers). Information is provided in Lithuanian and English.

10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	YES	Taking into account that the Bank is an issuer of listed debt securities, the said documents and information are published on the Bank's website (irrelevant – regarding changes in the price of the company's shares on the Stock Exchange).
Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	YES	
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	NO	A candidate firm of auditors is proposed to the general shareholders' meeting by the Board of the Bank.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	NOT APPLICABLE	The audit company has not rendered any significant non-audit services to the Bank.

INCOME STATEMENT
(Unaudited)

Name of the reporting entity **AB "SEB lizingas"**
Company code: **123051535**
Registered and office address: **Saltoniškių str.12, Vilnius**
Financial period: **from 01.01.2013** to **22.11.2013**

All amounts in LTL thousand

No	Item			Note No	Financial year 01.01.2013-22.11.2013	Previous financial year 01.01.2012-31.12.2012
1	I.	SALES REVENUE			36,567	58,091
2	II.	COST OF SALES			-8,089	-22,098
3	III.	GROSS PROFIT (LOSS)	(1+2)		28,478	35,993
4	IV.	OTHER OPERATING INCOME			1,320	29,539
5	V.	OPERATING EXPENSES	(6+7)		-7930	-10404
6	V.1.	Selling				
7	V.2.	General and administrative			-7,930	-10,404
8	VI.	OTHER OPERATING EXPENSES			2645	2189
9	VII.	FINANCING AND INVESTING ACTIVITIES	(10+11)		-50	-28
10	VII.1.	Income				
11	VII.2.	Expenses			-50	-28
12	VIII.	PROFIT (LOSS) BEFORE TAX	(3+4+5-8+9)		19,173	52,911
13	IX.	INCOME TAX	(14+15)		0	558
14	IX.1.	Current year tax expenses				
15	IX.2.	Deferred tax expense (income)			0	558
16	X.	PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	(12+13)		19,173	53,469
17	XI.	PROFIT (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS				
18	XII.	PROFIT (LOSS) FOR THE PERIOD	(16+17)		19,173	53,469
19	XIII.	OTHER COMPREHENSIVE INCOME	(20+...+24)		0	0
20	XIII.1.	Gain (loss) arising on revaluation of financial assets available for sale				
21	XIII.2.	Cash flow hedges				
22	XIII.3.	Gains on property revaluation				
23	XIII.4.	Actuarial gains (losses) on defined benefit pension plans				
24	XIII.5.	Share of other comprehensive income of associates				
25	XIV.	INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME				
26	XV.	OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(19+25)		0	0
27	**XVI.**	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**	(18+26)		**19,173**	**53,469**
28	XVII.	EARNINGS PER SHARE				

Chief Executive Karin Akvist

Chief accountant Živilė Liubinienė

Kopija tikra
„Ozo parko" skyriaus vadovas
Richardas Tamošauskas

STATEMENT OF FINANCIAL POSITION
(Unaudited)

Name of the reporting entity **AB "SEB lizingas"**
Company code: **123051535**
Registered and office address: **Saltoniškių str.12, Vilnius**
Financial period: **from 2013-01-01** to **2013-11-22**

All amounts in LTL thousand

No				Note No	Financial year ended 22.11.2013	Previous financial year ended 31.12.2012
1	*A.*	*NON-CURRENT ASSETS*	(2+8+19+27)		956,751	1,037,305
2	I.	INTANGIBLE ASSETS	(3+...+7)		525	433
3	I.1.	Development work				
4	I.2.	Goodwill				
5	I.3.	Licences and patents				
6	I.4.	Computer software			525	433
7	I.5.	Other intangible assets				
8	II.	TANGIBLE ASSETS	(9+...+16)		14,871	13,599
9	II.1.	Land				
10	II.2.	Buildings and construction				
11	II.3.	Plant and machinery				
12	II.4.	Vehicles			193	264
13	II.5.	Equipment			43	60
14	II.6.	Construction in progress				
15	II.7.	Other tangible assets			0	375
16	II.8.	Investment property	(17+18)		14,635	12,900
17	II.8.1.	Land				
18	II.8.2.	Buildings			14,635	12,900
19	III.	FINANCIAL ASSETS	(20+...+26)		936,801	1,018,205
20	III.1.	Investments in subsidiaries and associates				
21	III.2.	Other long-term investment				
22	III.3.	Loans to subsidairies, associates				
23	III.4.	Amounts receivable after one year			933,983	1,017,041
24	III.5.	Available-for-sale financial asset				
25	III.6.	Derivative financial instruments				
26	III.7.	Other financial assets			2,818	1,164
27	IV.	OTHER NON-CURRENT ASSETS	(28+29)		4,554	5,068
28	IV.1.	Deferred tax asset			2,783	2,783
29	IV.2.	Other non-current assets			1,771	2,285
30	*B.*	*BIOLOGICAL ASSET*	(31+32+33)		0	0
31	I.	PERENNIAL SEEDLINGS				
32	II.	LIVESTOCK AND OTHER ANIMALS				
33	III.	CROPS				
34	*C.*	*CURRENT ASSETS*	(35+43+48+55)		530,000	530,268
35	I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS	(36+41+42)		0	0
36	I.1.	Inventories	(37+...+40)		0	0

Kopija tikra
„Ozo parko" skyriaus vadovas
Richardas Tamošauskas

37	I.1.1.	Raw materials and components				
38	I.1.2.	Work in progress				
39	I.1.3.	Finished products				
40	I.1.4.	Goods for resale				
41	I.2.	Prepayments				
42	I.3.	Contracts in progress				
43	II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	(44+...+47)		524,474	516,778
44	II.1.	Trade debtors			781	918
45	II.2.	Amounts receivable from subsidiariers and associates				
46	II.3.	Current portion of long-term loans and short term loans				
47	II.4.	Other amounts receivable			523,693	515,860
48	III.	OTHER CURRENT ASSETS	(49+...+54)		4,342	13,308
49	III.1.	Current investments				
50	III.2.	Time deposits				
51	III.3.	Available-for-sale financial asset				
52	III.4.	Derivative financial instruments				
53	III.5.	Profit tax advance				
54	III.6.	Other current assets			4,342	13,308
55	IV.	CASH AND CASH EQUIVALENTS			1,184	182
56	*D.*	*NON-CURRENT ASSETS HELD FOR SALE*				
57		**TOTAL ASSETS:**	(1+30+34+56)		**1,486,751**	**1,567,573**
58	*E.*	*EQUITY*	-59		394,729	375,556
59	I.	EQUITY	(60+63+64+65+69+73)		394,729	375,556
60	I.1.	Capital	(61+62)		10,000	10,000
61	I.1.1.	Authorised (subscribed)			10,000	10,000
62	I.1.2.	Subscribed uncalled authorised capital (-)				
63	I.2.	Share premium				
64	I.3.	Own shares (-)				
65	I.4.	Revaluation reserve (results)	(66+67+68)		0	0
66	I.4.1.	Intangible assets revaluation reserve				
67	I.4.2.	Fixed assets revaluation reserve				
68	I.4.3.	Financial assets revaluation reserve				
69	I.5.	Reserves	(70+71+72)		1,000	1,000
70	I.5.1.	Legal reserve			1,000	1,000
71	I.5.2.	Reserve for acquiring own shares				
72	I.5.3.	Other reserves				
73	I.6.	Retained earnings (losses)	(74+75)		383,729	364,556
74	I.6.1.	Profit (loss) of the reporting year			364,556	
75	I.6.2.	Profit (loss) of the previous year			19,173	364,556
76	*F.*	*LIABILITIES*	(77+93)		1,092,022	1,192,017
77	I.	NON-CURRENT AMOUNTS PAYABLE AND LIABILITIES	(78+83+84+85+86+90+91+92)		542,420	718,006
78	I.1.	Financial debts	(79+...+82)		537,483	713,322
79	I.1.1.	Leases and similar liabilities				
80	I.1.2.	To credit institutions			537,483	713,322
81	I.1.3.	To subsidiaries and associates				
82	I.1.4.	Other financial liabilities				
83	I.2.	Trade amounts payable				

Kopija tikra

„Ozo parko" skyriaus vadovas

Richardas Tamo...

84	I.3.	Received prepayments			4,937	4,684
85	I.4.	Derivative financial instruments				
86	I.5.	Provisions	(87+88+89)		0	0
87	I.5.1.	For covering liabilities and claims				
88	I.5.2.	For pensions and similar obligations				
89	I.5.3.	Other provisions				
90	1.6.	Deferred tax liabilities				
91	I.7.	Other non-current term liabilities				
92	I.8.	Grants and subsidies				
93	II.	CURRENT LIABILITIES	(94+95+99+...+105)		549,602	474,011
94	II.1.	Current portion of long-term debts			507,083	439,032
95	II.2.	Financial debts	(96+97+98)		2,315	5,464
96	II.2.1.	To credit institutions				
97	II.2.2.	To subsidiaries and associates				
98	II.2.3.	Other financial debts			2,315	5,464
99	II.3.	Trade amounts payable				
100	II.4.	Received prepayments			10,301	7,998
101	II.5.	Income tax liabilities				
102	II.6.	Liabilities related to employment relations				
103	II.7.	Derivative financial instruments				
104	II.8.	Provisions				
105	II.9.	Other current liabilities			29,903	21,517
106	*G.*	*LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE*				
107		**TOTAL EQUITY AND LIABILITIES**	(59+76+106)		**1,486,751**	**1,567,573**

Chief Executive Karin Akvist

Chief accountant Živilė Liubinienė

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Richardas Tamošauskas

STATEMENT OF CHANGES IN EQUITY
(Unaudited)

Name of the reporting entity **AB "SEB lizingas"**
Company code: **123051535**
Registered and office address: **Saltoniškių str.12, Vilnius**
Financial period: from **01.01.2013** to **22.11.2013**

All amounts in LTL thousand

Item	Paid-up authorised capital	Share premium	Own shares (-)	Intangible assets revaluation reserve (results)	Tangible assets revaluation reserve (results)	Financial assets revaluation reserve (results)	Legal reserve	Legal reserve for acquiring own shares	Other reserves	Retained earnings (losses)	Total
1. Balance at the end of the reporting period before previous	10,000						1,000			311,087	311,087
2. Result of changes in accounting policies											0
3. Result of correcting material errors											0
4. Recalculated balance at the end of the reporting period before previous (1+2+3)	**10,000**	**0**	**0**	**0**	**0**	**0**	**1,000**	**0**	**0**	**311,087**	**322,087**
5. Profit (loss) not recognised in the income statement										53,469	53,469
6. Dividends											0
7. Increase/reduction of authorised capital											0
8. Net profit (loss) of the reporting period											0
9. Other changes											0
10. Balance at the end of the previous reporting period (4+...+9)	**10,000**	**0**	**0**	**0**	**0**	**0**	**1,000**	**0**	**0**	**364,556**	**375,556**
11. Profit (loss) not recognised in the income statement										19,173	19,173
12. Dividends											0
13. Increase/reduction of authorised capital											0
14.Net profit (loss) of the reporting period											0
15. Other changes											0
16. Balance at the end of the current reporting period (10+...+15)	**10,000**	**0**	**0**	**0**	**0**	**0**	**1,000**	**0**	**0**	**383,729**	**394,729**

Chief Executive Karin Akvist

Chief accountant Živilė Liubinienė

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CASH FLOW STATEMENT

(Cash flow statement prepared under indirect method)

(Unaudited)

Name of the reporting entity **AB "SEB lizingas"**

Company code: **123051535**

Registered and office address: **Saltoniškių str.12, Vilnius**

Financial period: from **01.01.2013** to **22.11.2013**

All amounts in LTL thousand

No				**Note No**	**Financial year 01.01.2013-22.11.2013**	**Previous financial year 01.01.2012-31.12.2012**
1	**I.**	**Cash flows from operating activities**				
2	I.1.	Net profit (loss) before tax	(3+4)		19,173	53,469
3	I.1.1.	Profit (loss) from continuing operations			19,173	53,469
4	I.1.2.	Profit (loss) from discontinued operations				
5	I.2.	Adjustments re:	(6+7+8+14+ ...+30)		41,727	122,969
6	I.2.1.	Depreciation, amortization, impairment			474	1,509
7	I.2.2.	Disposal of tangible and intangible assets				
8	I.2.3.	Elimination of results of financing and investing activities	(9+...+13)		0	0
9	I.2.3.1.	Interest income				
10	I.2.3.2.	Dividends				
11	I.2.3.3.	Decrease (increase) of investments				
12	I.2.3.4.	Interest expense				
13	I.2.3.5.	Other				
14	I.2.4.	Decrease (increase) in amounts receivable after one year				
15	I.2.5.	Decrease (increase) in inventories				
16	I.2.6.	Decrease (increase) in prepayments			-894	-759
17	I.2.7.	Decrease (increase) in contracts in progress				
18	I.2.8.	Decrease (increase) in trade debtors			-137	337
19	I.2.9.	Decrease (increase) in amounts receivable from subsidiaries				
20	I.2.10.	Decrease (increase) in amounts receivable from associates				
21	I.2.11.	Decrease (increase) in other amounts receivable			38,254	157,670
22	I.2.12.	Decrease (increase) in other current assets			244	-126
23	I.2.13.	Increase (decrease) in non-current trade amounts payable and received prepayments				
24	I.2.14.	Increase (decrease) in current trade amounts payable and received prepayments			7,645	-1,530
25	I.2.15.	Increase (decrease) in income tax liabilities				
26	I.2.16.	Increase (decrease) in deferred tax				
27	I.2.17.	Increase (decrease) in liabilities related to employment relations				
28	I.2.18.	Increase (decrease) in provisions			-3,045	26,788
29	I.2.19.	Increase (decrease) in other amounts payable and liabilities			-864	-60,948
30	I.2.20.	Elimination of other non-cash items			50	28
31	I.3.	Cash flows from operating activities				

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32	I.4.	Interest paid				
33	I.5.	Income tax paid				149
34		Net cash flows from operating activities	(2+5+31+32+33)		60,900	176,587
35	**II.**	**Cash flows from investing activities**				
36	II.1.	Acquisition of non-current assets (excluding investments)			-133	-260
37	II.2.	Disposal of non-current assets (excluding investments)			41,528	68,239
38	II.3.	Acquisition of non-current investment (excluding investments in subsidiaries)				
39	II.4.	Disposal of non-current investment (excluding investments in subsidiaries)				
40	II.5.	Acquisition of subsidiaries excluding cash and cash equivalents acquired				
41	II.6.	Disposal of subsidiaries excluding cash and cash equivalents sold				
42	II.7.	Loans granted	(43+...+46)		0	0
43	II.7.1.	To subsidiaries				
44	II.7.2.	To associates				
45	II.7.3.	To emplyees				
46	II.7.4.	Other loans granted				
47	II.8.	Loans recovered	(48+...+51)		0	0
48	II.8.1.	From subsidiaries				
49	II.8.2.	From associates				
50	II.8.3.	From emplyees				
51	II.8.4.	Other loans recovered				
52	II.9.	Dividends received	(53+54)		0	0
53	II.9.1.	From subsidiaries				
54	II.9.2.	From others				
55	II.10.	Interest received				
56	II.11.	Other increases in cash flows from investing activities				
57	II.12.	Other decreases in cash flows from investing activities				
58		Net cash flows from investing activities	(36+...+42+47+52+55+56+57)		41,395	67,979
59	**III.**	**Cash flows from financing activities**				
60	III.1.	Cash flows related to entity owners	(61+...+66)		0	0
61	III.1.1.	Issue of shares				
62	III.1.2.	Owner's contributions against losses				
63	III.1.3.	Purchase of own shares				
64	III.1.4.	Sale of own shares				
65	III.1.5.	Dividends paid				
66	III.1.6.	Other payments related to share capital				
67	III.2.	Cash fows arising from other financing sources	(68+73)		-101,243	-420,541
68	III.2.1.	Increase in financial debts	(69+...+72)		313,093	552,448
69	III.2.1.1.	Loans received			313,093	552,448
70	III.2.1.2.	Issue of bonds				
71	III.2.1.3.	Increase in bill debts excluding repayments				
72	III.2.1.4.	Finance lease				
73	III.2.2.	Decrease in financial debts	(74+...+78)		-414,336	-972,989
74	III.2.2.1.	Loans repaid			-414,336	-972,989

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75	III.2.2.2.	Redemption of bonds				
76	III.2.2.3.	Interest paid				
77	III.2.2.4.	Payments of liabilities arising from finance leases				
78	III.2.2.5.	Dividends paid				
79	III.3.	Changes in paid up authorised capital				
80	III.4.	Grants and subsidies received				
81	III.5.	Increase in other liabilities				
82	III.6.	Decrease in other liabilities				
83	III.7.	Other inceases in cash flows from financial activities				
84	III.8.	Other deceases in cash flows from financial activities				
85		Net cash flows from financing activities	(60+67+79+ ...+84)		-101,243	-420,541
86	IV.	Effect of changes in exchange rates on the balance of cash and cash equivalents			-50	-28
87	*V.*	*Net increase (decrease) in cash flows*	(34+58+85+ 86)		1,002	-176,003
88	*VI.*	*Cash and cash equivalents at the beginning of the period*			182	176,185
89	**VII.**	**Cash and cash equivalents at the end of the period**	(87+88)		**1,184**	**182**

Chief Executive Karin Akvist

Chief accountant Živilė Liubinienė

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