



**AB SEB BANKAS**

**CONDENSED INTERIM INFORMATION  
FOR THE SIX-MONTH PERIOD 2016**

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AB SEB bankas  
Gedimino ave. 12  
LT-01103 Vilnius

## CONFIRMATION OF RESPONSIBLE PERSONS

Abiding by Article 23 of the Law of the Republic of Lithuania on Securities as well as by the rules approved by the board of the bank of the Republic of Lithuania for the preparation and submitting of periodic and supplementary information, we hereby confirm that, in accordance with our knowledge, the information provided in summary six-month consolidated financial reporting, that has been prepared in accordance with the International Financial Reporting Standards, is true and correctly reflects the issuer's and the consolidated companies' total assets, liabilities, financial standing, profit or loss and cash flows and also that the consolidated semi-annual report includes a correct representation of business development and business overview, the issuer' and consolidated companies' standing alongside with a description of the main risks and arising uncertainties.

President of AB SEB bankas



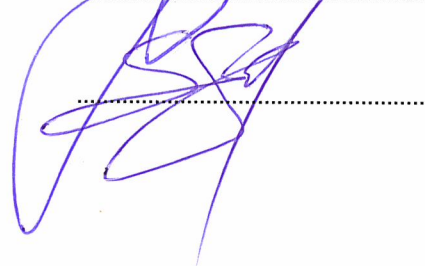
Raimondas Kvedaras

Head of Business Support Division and CFO of SEB bankas



Jonas Iržikevičius

Director of Finance Department of AB SEB bankas



Saulius Salda

Vilnius,  
September 2016



**AB SEB bankas condensed interim financial information  
for the the 6 months period ended 30 June 2016**

GENERAL INFORMATION

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**1. Reporting period**

The report has been produced for the 6 months period ended 30 June 2016.

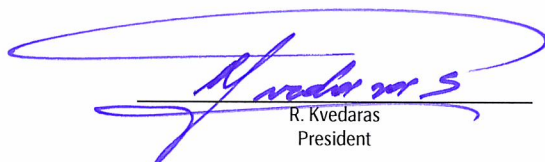
**2. The issuer's key data**

Issuer's name	AB SEB bankas
Share capital	EUR 299,563,606
Domicile address	Gedimino ave.12, LT-01103 Vilnius
Telephone	(8 5) 2682 800
Fax	(8 5) 2682 333
E-mail	<a href="mailto:info@seb.lt">info@seb.lt</a>
Legal organisational form	Public limited company
Registration date and place	29 November 1990, Bank of Lithuania
Company's code	112021238
Company's registration number	AB90-4
Website	<a href="http://www.seb.lt">www.seb.lt</a>

**CONDENSED INTERIM INCOME STATEMENT  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

The Group			The Bank	
January 1 - June 30 2016	January 1 - June 30 2015		January 1 - June 30 2016	January 1 - June 30 2015
57,452	59,741	Interest income	57,430	59,733
(15,715)	(20,438)	Interest expenses	(15,714)	(20,437)
<b>41,737</b>	<b>39,303</b>	<b>Net interest income</b>	<b>41,716</b>	<b>39,296</b>
1,171	(1,779)	Impairment (losses) reversals on loans	1,171	(1,779)
566	594	Impairment reversals on lease portfolio	566	594
(4,090)	(146)	Provisions for guarantees and other off balance sheet items	(4,090)	(146)
(4)	6	Other impairment reversals	(4)	6
<b>(2,357)</b>	<b>(1,325)</b>	<b>Total impairment losses</b>	<b>(2,357)</b>	<b>(1,325)</b>
<b>39,380</b>	<b>37,978</b>	<b>Net interest income after impairment losses</b>	<b>39,359</b>	<b>37,971</b>
37,028	36,197	Fee and commissions income	34,505	34,453
(10,622)	(11,058)	Fee and commissions expenses	(10,140)	(10,615)
<b>26,406</b>	<b>25,139</b>	<b>Net fee and commission income</b>	<b>24,365</b>	<b>23,838</b>
681	2,426	Net gain (loss) on operations with debt securities and derivative financial instruments	681	2,427
22,078	1,985	Net gain (loss) on equity securities	21,449	1
-	-	Dividend income from subsidiaries	3,893	6,855
5,897	8,662	Net foreign exchange gain	5,897	8,619
1,313	693	Other income, net	1,425	810
<b>29,969</b>	<b>13,766</b>	<b>Net investment activities</b>	<b>33,345</b>	<b>18,712</b>
(20,655)	(20,037)	Staff costs	(20,455)	(19,850)
(23,283)	(18,922)	Other administrative expenses	(23,068)	(18,661)
<b>51,817</b>	<b>37,924</b>	<b>Profit before income tax</b>	<b>53,546</b>	<b>42,010</b>
(8,680)	(5,235)	Income tax expenses	(8,470)	(5,109)
<b>43,137</b>	<b>32,689</b>	<b>Net profit for the period</b>	<b>45,076</b>	<b>36,901</b>
43,137	32,689	<b>Attributable to:</b>	45,076	36,901
-	-	Owners of the bank	-	-
		Non controlling interest		



R. Kvedaras  
President

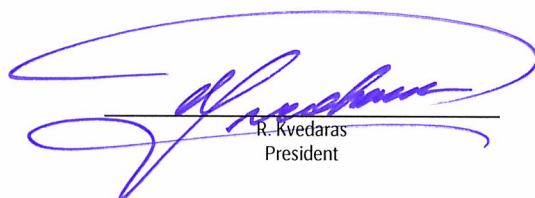


J. Jzikevicius  
Head of Business Support Division, CFO

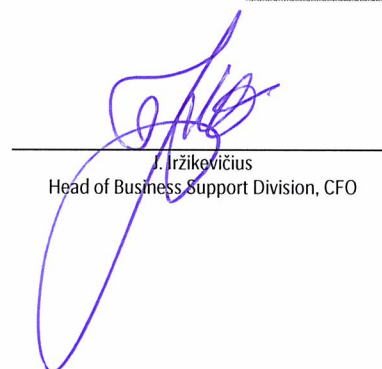
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

The Group			The Bank	
January 1 - June 30 2016	January 1 - June 30 2015		January 1 - June 30 2016	January 1 - June 30 2015
43,137	32,689	<b>Net gain for the year</b>	<b>45,076</b>	<b>36,901</b>
		<i>Items that may subsequently be reclassified to the income statement:</i>		
(15,884)	127	Net gain on available for sale financial assets	(15,884)	127
18	29	Amortisation of financial assets revaluation reserve of reclassified financial assets	18	29
2,380	(23)	Income tax relating to the components of other comprehensive income	2,380	(23)
-		<i>Items that will not be reclassified to the income statement:</i>	-	-
<b>(13,486)</b>	<b>133</b>	<b>Total other comprehensive income</b>	<b>(13,486)</b>	<b>133</b>
<b>29,651</b>	<b>32,822</b>	<b>Total comprehensive income</b>	<b>31,590</b>	<b>37,034</b>
		<b>Attributable to:</b>		
29,651	32,822	Owners of the Bank	31,590	37,034
-	-	Non controlling interest	-	-
<b>29,651</b>	<b>32,822</b>		<b>31,590</b>	<b>37,034</b>



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R. Kvedaras  
President

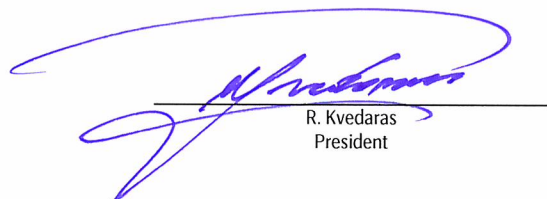


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J. Iržikevičius  
Head of Business Support Division, CFO

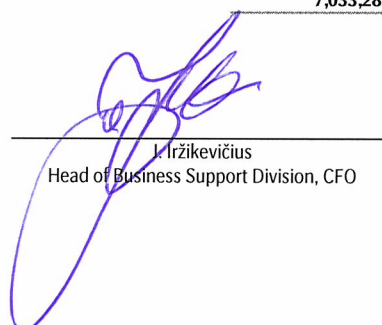
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS OF 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

The Group			The Bank	
30 June 2016	31 December 2015		30 June 2016	31 December 2015
<b>Assets</b>				
111,357	133,256	Cash on hand	111,357	133,256
50,201	947,896	Balances with the Central Bank	50,201	947,896
1,136,722	253,185	Due from banks, net	1,136,722	253,185
16,556	17,263	Government securities available for sale	16,467	17,173
357,505	356,486	Financial assets at fair value through profit and loss	353,374	352,696
112,872	109,623	Derivative financial instruments	112,872	109,623
24,519	12,236	Loans to credit institutions, net of impairment losses	24,519	12,236
4,676,410	4,480,493	Loans to customers, net of impairment losses	4,675,317	4,479,353
449,023	396,137	Finance lease receivable, net of impairment losses	449,078	396,196
-	53,985	Investment securities:	-	53,985
3,081	15,924	– loans and receivables	3,081	15,924
-	-	– available for sale	-	-
-	-	– held to maturity	-	-
8,166	8,881	Investments in subsidiaries	10,111	10,111
7,373	7,020	Intangible fixed assets	8,166	8,881
189	298	Property, plant and equipment	7,267	6,904
3,902	4,111	Non-current assets held for sale	189	298
27,289	28,571	Investment property	3,902	4,111
43,586	39,620	Deferred tax asset	27,159	28,390
<b>7,028,751</b>	<b>6,864,985</b>	Other assets, net of impairment losses	43,505	37,797
		<b>Total assets</b>	<b>7,033,287</b>	<b>6,868,015</b>
<b>Liabilities</b>				
15	17	Amounts owed to the Central Bank	15	17
1,267,424	1,092,934	Amounts owed to credit institutions	1,267,424	1,092,934
112,669	109,031	Derivative financial instruments	112,669	109,031
4,808,071	4,766,556	Deposits from public	4,815,627	4,774,419
13,192	9,811	Accrued expenses and deferred income	13,019	9,638
11,372	10,467	Income tax payable	11,372	10,452
10,478	16,643	Debt securities in issue	10,478	16,643
161	-	Deferred tax liability	-	-
59,668	55,156	Other liabilities and provisions	59,189	54,657
<b>6,283,050</b>	<b>6,060,615</b>	<b>Total liabilities</b>	<b>6,289,793</b>	<b>6,067,791</b>
<b>Equity</b>				
<b>Equity attributable to equity holder of the parent</b>				
299,564	299,564	Share capital	299,564	299,564
637	637	Reserve capital	637	637
7	13,493	Financial assets revaluation reserve	5	13,491
139,535	121,280	Legal reserve	138,868	120,737
3,184	3,176	General and other reserves	3,184	3,176
302,774	366,220	Retained earnings	301,236	362,619
745,701	804,370		743,494	800,224
-	-	<b>Non controlling interest in equity</b>	-	-
<b>745,701</b>	<b>804,370</b>	<b>Total equity</b>	<b>743,494</b>	<b>800,224</b>
<b>7,028,751</b>	<b>6,864,985</b>	<b>Total liabilities and equity</b>	<b>7,033,287</b>	<b>6,868,015</b>



R. Kvedaras  
President

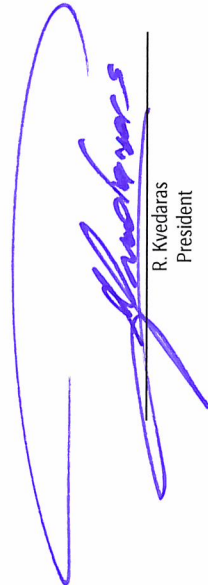


V. Iržiškevičius  
Head of Business Support Division, CFO

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016

(All amounts in EUR thousands unless otherwise stated)

The Group	Equity attributable to equity holder of the parent							Total
	Share capital	Reserve capital	Financial assets revaluation reserve	Legal reserve	General and other reserves	Retained earnings	Total before non controlling interest	
<b>31 December 2014</b>	299,634	637	(181)	102,047	3,150	391,549	796,836	796,836
Net change in available for sale investments, net of deferred taxes	-	-	104	-	-	-	104	104
Amortisation of financial assets revaluation reserve of reclassified financial assets	-	-	29	-	-	-	29	29
Net profit for the year	-	-	-	-	-	32,689	32,689	32,689
<b>Total comprehensive income</b>	-	-	133	-	-	32,689	32,822	32,822
Adjustment of share capital due to conversion to euro	(70)	-	-	-	-	-	(70)	(70)
Share-based compensation	-	-	-	-	183	-	183	183
Other movements	-	-	-	-	(446)	446	-	-
Transfers to reserves	-	-	-	19,233	-	(19,233)	-	-
Dividends	-	-	-	-	-	(65,341)	(65,341)	(65,341)
<b>30 June 2015</b>	299,564	637	(48)	121,280	2,887	340,109	764,429	764,429
<b>31 December 2015</b>	299,564	637	13,493	121,280	3,176	366,220	804,370	804,370
Net change in available for sale investments, net of deferred taxes	-	-	(13,505)	-	-	-	(13,505)	(13,505)
Amortisation of financial assets revaluation reserve of reclassified financial assets	-	-	19	-	-	-	19	19
Net profit for the year	-	-	-	-	-	43,137	43,137	43,137
<b>Total comprehensive income</b>	-	-	(13,486)	-	-	43,137	29,651	29,651
Share-based compensation	-	-	-	-	480	-	480	480
Other movements	-	-	-	-	(472)	472	-	-
Transfers to reserves	-	-	-	18,255	-	(18,255)	-	-
Dividends	-	-	-	-	-	(88,800)	(88,800)	(88,800)
<b>30 June 2016</b>	299,564	637	7	139,535	3,184	302,774	745,701	745,701



R. Kvedaras  
President



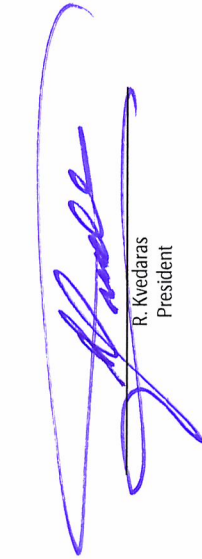
J. Irljevičius  
Head of Business Support Division, CFO



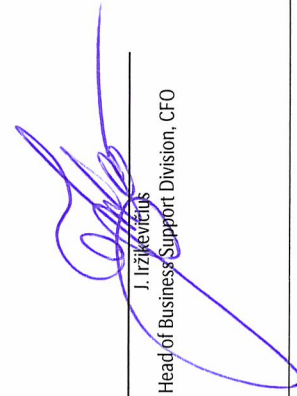
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

The Bank	Share capital	Reserve capital	Financial assets revaluation reserve	Legal reserve	General and other reserves	Retained earnings	Total
<b>31 December 2014</b>	299,634	637	(181)	101,504	3,150	384,663	789,407
Net change in available for sale investments, net of deferred taxes	-	-	104	-	-	-	104
Amortisation of financial assets revaluation reserve of reclassified financial assets	-	-	29	-	-	-	29
Net profit for the year	-	-	-	-	-	36,901	36,901
<i>Total comprehensive income</i>	-	-	133	-	-	36,901	37,034
Adjustment of share capital due to conversion to euro	(70)	-	-	-	-	-	(70)
Share-based compensation	-	-	-	-	183	-	183
Other movements	-	-	-	-	(446)	446	-
Transfers to reserves	-	-	-	19,233	-	(19,233)	-
Dividends	-	-	-	-	-	(65,341)	(65,341)
<b>30 June 2015</b>	299,564	637	(48)	120,737	2,887	337,436	761,213
<b>31 December 2015</b>	299,564	637	13,491	120,737	3,176	362,619	800,224
Net change in available for sale investments, net of deferred taxes	-	-	(13,505)	-	-	-	(13,505)
Amortisation of financial assets revaluation reserve of reclassified financial assets	-	-	19	-	-	-	19
Net profit for the year	-	-	-	-	-	45,076	45,076
<i>Total comprehensive income</i>	-	-	(13,486)	-	-	45,076	31,590
Share-based compensation	-	-	-	-	480	-	480
Other movements	-	-	-	-	(472)	472	-
Transfers to reserves	-	-	-	18,131	-	(18,131)	-
Dividends	-	-	-	-	-	(88,800)	(88,800)
<b>30 June 2016</b>	299,564	637	5	138,868	3,184	301,236	743,494



R. Kvedaras  
President

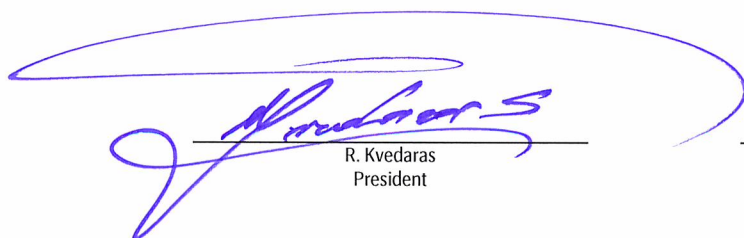


J. Irtziķevičus  
Head of Business Support Division, CFO

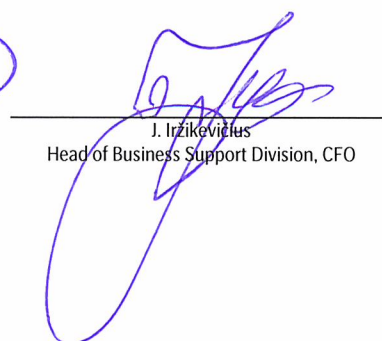
**CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

The Group			The Bank	
January 1 - June 30, 2016	January 1 - June 30, 2015		January 1 - June 30, 2016	January 1 - June 30, 2015
53,548	33,679	Net cash from operating activities before change in operating assets	52,000	33,527
(106,550)	591,640	Net change in operating assets	(108,178)	602,520
43,179	(109,653)	Net (decrease) increase in operating liabilities	42,752	(109,900)
(9,823)	515,666	Net cash from operating activities before income tax	(13,426)	526,147
-	-	Income tax paid	-	-
(9,823)	515,666	Net cash from (used in) operating activities after income tax	(13,426)	526,147
56,935	109,378	Cash generated from investing activities	60,538	98,897
79,457	(186,777)	Cash from (used in) financing activities	79,457	(186,777)
126,569	438,267	Net increase in cash	126,569	438,267
1,106,063	666,553	Cash at the beginning of the period	1,106,063	666,553
<u>1,232,632</u>	<u>1,104,820</u>	Cash at the end of the period	<u>1,232,632</u>	<u>1,104,820</u>
		Specified as follows:		
(15,379)	(15,591)	Balance available for withdrawal with the Central Banks	(15,379)	(15,591)
-	19,063	Overnight deposits	-	19,063
111,357	103,769	Cash on hand	111,357	103,769
1,136,654	997,579	Current accounts with other banks	1,136,654	997,579
<u>1,232,632</u>	<u>1,104,820</u>		<u>1,232,632</u>	<u>1,104,820</u>



R. Kvedaras  
President



J. Irzikevicius  
Head of Business Support Division, CFO

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

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**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. At the end of the reporting period the Bank had 38 customer service units.

At the end of the reporting period AB SEB bankas had 2 subsidiaries (the Bank and its subsidiaries thereafter are referred to as the Group). The subsidiaries are as follows: UAB "SEB Venture Capital" is a fully owned subsidiary involved in venture capital activities; UAB "SEB investicijų valdymas" is a fully owned subsidiary engaged in provision of investments' management services activities.

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 finance leasing, investing and trading in securities as well as performs other activities set in the Law on Banks (except for operations with precious metals).

Shares of AB SEB bankas are not included in either the main or secondary list of "NASDAQ Vilnius" exchange. At the end of the reporting period the shareholder of the Bank is Skandinaviska Enskilda Banken AB (publ), owning 100 percent of the Bank's shares.

**NOTE 2 BASIS OF PRESENTATION**

As of January 1<sup>st</sup> 2015 Lithuania joined euro zone. The exchange rate of conversion Litas to Euro was 3.4528. According to the law on Euro introduction in Lithuanian Republic the conversion itself did not have any impact to the Bank's Income statement except conversion of own shares that made EUR 70 thousand profit reported under *Net foreign exchange gain* line.

This interim financial information is presented in national currency of Lithuania, euro (EUR). Amounts presented are in thousand EUR unless otherwise stated. The books and records of the Bank and other Group companies are maintained in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EUR). This interim financial report has been prepared in accordance with International Accounting Standard 34.

The accounting policies adopted and methods of computation used are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in the annual financial statements for the year ended 31 December 2015.

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 held at fair value through profit and loss 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.

**NOTE 3 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.

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.

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

**Baltic Division** has overall responsibility for providing retail services to the all types of companies and individuals. Baltic division offers it's 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

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**NOTE 3 SEGMENT REPORTING (CONTINUED)**

**The Asset Management** division main business area is Institutional Clients division – 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 has 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 have 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 segments are not defined by the Group. All activities of the Group are performed on the territory of Republic of Lithuania. Revenues and expenses related to major non resident customers services is immaterial for the purpose of these financial statements and are not presented to the chief operating decision maker.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

**NOTE 3 SEGMENT REPORTING (CONTINUED)**

Business segments of the Group for the period ended 30 June 2016 were as follows:

	Baltic Division	Merchant Banking	Asset Management	Treasury	Operations	Staff Functions	Information Technologies	Eliminations	Total Group
Interest income	60,755	20	-	14,524	-	-	-	(19,345)	55,954
- Internal	5,963	-	-	13,382	-	-	-	(19,345)	-
- External	54,792	20	-	1,142	-	-	-	-	55,954
Interest expense	(20,701)	-	-	(12,863)	-	-	-	19,345	(14,219)
- Internal	(13,382)	-	-	(5,963)	-	-	-	19,345	-
- External	(7,319)	-	-	(6,900)	-	-	-	-	(14,219)
Commission income	34,503	594	3,349	110	-	-	-	(1,531)	37,025
- Internal	1,421	-	-	110	-	-	-	(1,531)	-
- External	33,082	594	3,349	-	-	-	-	-	37,025
Commission expense	(10,121)	-	(1,903)	(21)	-	-	-	1,531	(10,514)
- Internal	(110)	-	(1,421)	-	-	-	-	1,531	-
- External	(10,011)	-	(482)	(21)	-	-	-	-	(10,514)
Net financial income (expenses)	7,236	629	-	(707)	-	-	-	-	7,158
Net other income (expenses)	21,235	-	-	53	-	(3)	-	-	21,285
<b>Net operating income</b>	<b>92,907</b>	<b>1,243</b>	<b>1,446</b>	<b>1,096</b>	-	<b>(3)</b>	-	-	<b>96,689</b>
Total staff costs and other administrative expenses	(40,845)	(47)	(471)	(147)	77	1,019	153	-	(40,261)
Depreciation and amortisation	(1,956)	(2)	(4)	-	(11)	(397)	(310)	-	(2,680)
Capital losses	423	-	-	-	-	-	-	-	423
Total impairment losses	(2,354)	-	-	-	-	-	-	-	(2,354)
<b>Loss before income tax</b>	<b>48,175</b>	<b>1,194</b>	<b>971</b>	<b>949</b>	<b>66</b>	<b>619</b>	<b>(157)</b>	-	<b>51,817</b>
Income tax	(8,469)	(162)	(49)	-	-	-	-	-	(8,680)
<b>Net profit for the year</b>	<b>39,706</b>	<b>1,032</b>	<b>922</b>	<b>949</b>	<b>66</b>	<b>619</b>	<b>(157)</b>	-	<b>43,137</b>
<b>Total assets</b>	5,641,097	5,303	5,510	1,547,057	66	619	4	(170,905)	7,028,751
<b>Total liabilities</b>	4,899,170	4,214	4,307	1,546,103	-	-	161	(170,905)	6,283,050
Acquisition of intangible assets and property, plant and equipment	2,684	-	-	-	-	-	-	-	2,684

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

**NOTE 3 SEGMENT REPORTING (CONTINUED)**

For the period ended 30 June 2016 reconciliation between Group's Segment reporting and financial statements is presented below:

	<u>Eliminations</u>			
	<b>Segment Reporting</b>	<b>Interest income from Hedged L&amp;R</b>	<b>Other reconciling entries</b>	<b>Financial Statements</b>
Interest income	55,954	-	1,498	57,452
Interest expense	(14,219)	-	(1,496)	(15,715)
Commission income	37,025	-	3	37,028
Commission expense	(10,514)	-	(108)	(10,622)
Net financial income	7,158	-	-	7,158
Net other income	21,285	-	1,526	22,811
<b>Net operating income</b>	<b>96,689</b>	<b>-</b>	<b>1,423</b>	<b>98,112</b>
Total staff costs, other administrative expenses	(40,261)	-	(1,420)	(41,681)
Depreciation and amortisation	(2,680)	-	-	(2,680)
Capital losses	423	-	-	423
Total impairment losses	(2,354)	-	(3)	(2,357)
<b>Profit before income tax</b>	<b>51,817</b>	<b>-</b>	<b>-</b>	<b>51,817</b>
Income tax expenses	(8,680)	-	-	(8,680)
<b>Net profit for the period</b>	<b>43,137</b>	<b>-</b>	<b>-</b>	<b>43,137</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

**NOTE 3 SEGMENT REPORTING (CONTINUED)**

Business segments of the Group for the period ended 30 June 2015 were as follows:

	<b>Baltic Division</b>	<b>Merchant Banking</b>	<b>Asset Management</b>	<b>Treasury</b>	<b>Operations</b>	<b>Staff Functions</b>	<b>Information Technologies</b>	<b>Eliminations</b>	<b>Total Group</b>
Interest income	57,181	22	1	21,543	-	-	-	(19,035)	<b>59,712</b>
- Internal	749	-	(1)	18,287	-	-	-	(19,035)	-
- External	56,432	22	2	3,256	-	-	-	-	<b>59,712</b>
Interest expense	(19,534)	(16)	-	(19,897)	-	-	-	19,035	<b>(20,412)</b>
- Internal	(18,271)	(16)	-	(748)	-	-	-	19,035	-
- External	(1,263)	-	-	(19,149)	-	-	-	-	<b>(20,412)</b>
Commission income	35,364	-	3,482	74	-	-	-	(901)	<b>38,019</b>
- Internal	1,699	-	-	74	-	-	-	(901)	<b>872</b>
- External	33,665	-	3,482	-	-	-	-	-	<b>37,147</b>
Commission expense	(11,280)	75	(2,214)	(43)	-	-	-	901	<b>(12,561)</b>
- Internal	(74)	-	(1,699)	-	-	-	-	901	<b>(872)</b>
- External	(11,206)	75	(515)	(43)	-	-	-	-	<b>(11,689)</b>
Net financial income	10,994	1,986	(4)	(88)	-	-	-	-	<b>12,888</b>
Net other income (expenses)	(228)	-	(1)	50	-	(4)	-	-	<b>(183)</b>
<b>Net operating income</b>	<b>72,497</b>	<b>2,067</b>	<b>1,264</b>	<b>1,639</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>77,463</b>
Total staff costs, other administrative expenses	(36,114)	(52)	(501)	(160)	79	945	553	-	<b>(35,250)</b>
Depreciation and amortisation	(2,403)	(3)	(6)	-	(12)	(379)	(303)	-	<b>(3,106)</b>
Capital losses	148	-	-	-	-	-	-	-	<b>148</b>
Total impairment losses	(1,331)	-	-	-	-	-	-	-	<b>(1,331)</b>
<b>Profit before income tax</b>	<b>32,797</b>	<b>2,012</b>	<b>757</b>	<b>1,479</b>	<b>67</b>	<b>562</b>	<b>250</b>	<b>-</b>	<b>37,924</b>
Income tax expense	(5,109)	-	(126)	-	-	-	-	-	<b>(5,235)</b>
<b>Net profit for the period</b>	<b>27,688</b>	<b>2,012</b>	<b>631</b>	<b>1,479</b>	<b>67</b>	<b>562</b>	<b>250</b>	<b>-</b>	<b>32,689</b>
<b>Total assets</b>	5,179,444	4,803	5,193	1,355,713	67	562	992	(79,028)	<b>6,467,746</b>
<b>Total liabilities</b>	4,420,255	2,791	4,275	1,354,282	-	-	742	(79,028)	<b>5,703,317</b>
Acquisition of intangible assets and property, plant and equipment	2,502	-	-	-	-	-	-	-	2,502

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

**NOTE 3 SEGMENT REPORTING (CONTINUED)**

For the period ended, 30 June 2015 reconciliation between Group's Segment reporting and financial statements is presented below:

	Segment Reporting	Eliminations		Financial Statements
		Interest income from Hedged L&R	Other reconciling entries	
Interest income	59,712	-	29	59,741
Interest expense	(20,412)	-	(26)	(20,438)
Commission income	38,019	-	(1,822)	36,197
Commission expense	(12,561)	-	1,503	(11,058)
Net financial income	12,888	-	-	12,888
Net other income	(183)	-	1,061	878
<b>Net operating income</b>	<b>77,463</b>	-	<b>745</b>	<b>78,208</b>
Total staff costs and other administrative expenses	(35,250)	-	(751)	(36,001)
Depreciation and amortisation	(3,106)	-	-	(3,106)
Capital losses	148	-	-	148
Total impairment losses	(1,331)	-	6	(1,325)
<b>Profit before income tax</b>	<b>37,924</b>	-	-	<b>37,924</b>
Income tax	(5,235)	-	-	(5,235)
<b>Net profit for the period</b>	<b>32,689</b>	-	-	<b>32,689</b>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2015**

(All amounts in EUR thousands unless otherwise stated)

**NOTE 4 FINANCIAL ASSETS AND LIABILITIES**

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

	30 June 2016		31 December 2015	
	Book value	Fair value	Book value	Fair value
Balances with the Central Bank	50,201	50,201	947,896	944,361
Loans to credit institutions	1,161,241	1,161,129	265,421	265,140
Loans to customers	4,676,410	4,457,015	4,480,493	4,298,939
Investment securities - loans and receivables	-	-	53,985	54,121
Finance lease receivable	449,023	447,016	396,137	394,227
<b>Total financial assets valued at amortised cost</b>	<b>6,336,875</b>	<b>6,115,361</b>	<b>6,143,932</b>	<b>5,956,788</b>
Due to the Central Bank	15	15	17	17
Due to credit institutions	1,267,424	1,278,778	1,092,934	1,103,415
Deposits from the public	4,808,071	4,806,415	4,766,556	4,751,048
Debt securities in issue	9,590	9,685	14,515	14,613
<b>Total financial liabilities valued at amortised cost</b>	<b>6,085,100</b>	<b>6,094,892</b>	<b>5,874,022</b>	<b>5,869,093</b>

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

	30 June 2016		31 December 2015	
	Book value	Fair value	Book value	Fair value
Balances with the Central Bank	50,201	50,201	947,896	944,361
Loans to credit institutions	1,161,241	1,161,129	265,421	265,140
Loans to customers	4,675,317	4,455,922	4,479,353	4,297,798
Investment securities - loans and receivables	-	-	53,985	54,121
Finance lease receivable	449,078	447,071	396,196	394,286
<b>Total financial assets valued at amortised cost</b>	<b>6,335,837</b>	<b>6,114,323</b>	<b>6,142,851</b>	<b>5,955,706</b>
Due to the Central Bank	15	15	17	17
Due to credit institutions	1,267,424	1,278,778	1,092,934	1,103,415
Deposits from the public	4,815,627	4,813,971	4,774,419	4,758,884
Debt securities in issue	9,590	9,685	14,515	14,613
<b>Total financial liabilities valued at amortised cost</b>	<b>6,092,656</b>	<b>6,102,448</b>	<b>5,881,885</b>	<b>5,876,929</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

**NOTE 4 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

The table below summarizes 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:		
	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
<b>30 June 2016</b>			
Government securities available for sale	16,556	-	-
Financial assets at fair value through profit and loss	353,374	434	3,697
Derivative financial instruments (assets)	29	112,843	-
Investment securities – available for sale	-	-	3,081
Derivative financial instruments (liabilities)	(20)	(112,649)	-
Debt securities in issue	-	(888)	-
<b>Total</b>	<b>369,939</b>	<b>(260)</b>	<b>6,778</b>

	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
<b>31 December 2015</b>			
Government securities available for sale	17,263	-	-
Financial assets at fair value through profit and loss	352,696	434	3,356
Derivative financial instruments (assets)	10	109,613	-
Investment securities – available for sale	-	-	15,924
Derivative financial instruments (liabilities)	(48)	(108,983)	-
Debt securities in issue	-	(2,128)	-
<b>Total</b>	<b>369,921</b>	<b>(1,064)</b>	<b>19,280</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

**NOTE 4 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

The table below summarizes 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:		
	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
<b>30 June 2016</b>			
Government securities available for sale	16,467	-	-
Financial assets at fair value through profit and loss	353,374	-	-
Derivative financial instruments (assets)	29	112,843	-
Investment securities – available for sale	-	-	3,081
Derivative financial instruments (liabilities)	(20)	(112,649)	-
Debt securities in issue	-	(888)	-
<b>Total</b>	<b>369,850</b>	<b>(694)</b>	<b>3,081</b>

	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
<b>31 December 2015</b>			
Government securities available for sale	17,173	-	-
Financial assets at fair value through profit and loss	352,696	-	-
Derivative financial instruments (assets)	10	109,613	-
Investment securities – available for sale	-	-	15,924
Derivative financial instruments (liabilities)	(48)	(108,983)	-
Debt securities in issue	-	(2,128)	-
<b>Total</b>	<b>369,831</b>	<b>(1,498)</b>	<b>15,924</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

**NOTE 4 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

The following financial assets and liabilities as at 30 June 2016 are subject to offsetting, enforceable master netting arrangements and similar agreements:

	<b>Enforceable master netting arrangement and similar arrangement</b>					
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets recognised in the balance sheet	Related amounts not set off in the balance sheet	Cash collateral received	Net amount
<b>Assets</b>						
Derivative assets	1,070,642	955,875	114,767	542	-	114,225
Reversed repo receivable	-	-	-	-	-	0
Securities borrowing	-	-	-	-	-	0
Other	-	-	-	-	-	0
<b>TOTAL</b>	<b>1,070,642</b>	<b>955,875</b>	<b>114,767</b>	<b>542</b>	<b>-</b>	<b>114,225</b>

	<b>Enforceable master netting arrangement and similar arrangement</b>					
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities recognised in the balance sheet	Related amounts not set off in the balance sheet	Cash collateral pledged	Net amount
<b>Liabilities</b>						
Derivative liabilities	1,071,049	955,869	115,180	542	-	114,638
<b>TOTAL</b>	<b>1,071,049</b>	<b>955,869</b>	<b>115,180</b>	<b>542</b>	<b>-</b>	<b>114,638</b>
<b>NET</b>	<b>-407</b>	<b>6</b>	<b>-413</b>	<b>-</b>	<b>-</b>	<b>-413</b>

The following financial assets and liabilities as at 31 December 2015 are subject to offsetting, enforceable master netting arrangements and similar agreements:

	<b>Enforceable master netting arrangement and similar arrangement</b>					
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets recognised in the balance sheet	Related amounts not set off in the balance sheet	Cash collateral received	Net amount
<b>Assets</b>						
Derivative assets	1,161,871	1,050,949	110,922	1,306	-	109,616
Reversed repo receivable	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,161,871</b>	<b>1,050,949</b>	<b>110,922</b>	<b>1,306</b>	<b>-</b>	<b>109,616</b>

	<b>Enforceable master netting arrangement and similar arrangement</b>					
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities recognised in the balance sheet	Related amounts not set off in the balance sheet	Cash collateral pledged	Net amount
<b>Liabilities</b>						
Derivative liabilities	1,163,002	1,050,943	112,059	1,306	-	110,753
<b>TOTAL</b>	<b>1,163,002</b>	<b>1,050,943</b>	<b>112,059</b>	<b>1,306</b>	<b>-</b>	<b>110,753</b>
<b>NET</b>	<b>-1,131</b>	<b>6</b>	<b>-1,137</b>	<b>-</b>	<b>-</b>	<b>-1,137</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

**NOTE 5 ASSETS UNDER MANAGEMENT**

The Group			The Bank	
30 June 2016	31 December 2015		30 June 2016	31 December 2015
14,132	8,992	Customers funds	-	-
182,186	182,965	Financial instruments acquired at customer account	-	-
695,171	665,730	Accounts receivable from customer assets managed on trust basis	-	-
<b>891,489</b>	<b>857,687</b>	<b>Total assets under management</b>	<b>-</b>	<b>-</b>

**NOTE 6 OFF BALANCE SHEET ITEMS**

The Group			The Bank	
30 June 2016	31 December 2015		30 June 2016	31 December 2015
1,093,271	976,408	Agreements to grant loans	1,093,271	976,408
236,477	134,131	Guarantees issued	236,477	134,131
33,371	32,602	Letters of credit issued	33,371	32,602
38,778	11,275	Commitments to purchase assets and other commitments	38,778	11,275
11	11	Customs guarantees collateralised by deposits	11	11

**NOTE 7 RELATED PARTIES**

A number of banking transactions are entered into with related parties in the normal course of business. The transactions with top parent company include loans, deposits and debt instrument transactions. Transactions with AB SEB bankas group (including parent bank) can be specified as follows:

The Group				The Bank	
30 June 2016	31 December 2015		Interest rate %	30 June 2016	31 December 2015
1,117,090	173,056	Outstanding loan amount	0.00-3.50	1,117,090	173,056
80,988	83,212	Positive replacement values (HFT)	-	80,988	83,212
418	70	Other assets	-	418	70
1,177,421	985,627	Outstanding deposit amount	0.00-5.49	1,177,421	985,627
41,212	37,581	Other liabilities	-	41,197	37,531
10	4,073	Unused granted overdraft facilities	-	10	4,073
363,753	(132,053)	Guarantees received	-	363,753	(132,053)
<b>For 6 months period ended 30 June 2016 and 2015</b>					
339	174	Interest income	-	339	174
(8,192)	(9,405)	Interest expense	-	(8,192)	(9,405)
(23)	(579)	Other services received and cost incurred from SEB group, net	-	(23)	(285)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

**NOTE 7 RELATED PARTIES (CONTINUED)**

Transactions with parent bank can be specified as follows:

<b>The Group</b>			<b>Interest rate %</b>	<b>The Bank</b>	
<b>30 June 2016</b>	<b>31 December 2015</b>			<b>30 June 2016</b>	<b>31 December 2015</b>
1,088,030	5,347	Outstanding loan amount	0.00-3.50	1,088,030	5,347
80,969	83,212	Positive replacement values (HFT)	-	80,969	83,212
-	33	Other assets	-	-	33
1,154,055	963,843	Outstanding deposit amount	0.00-5.49	11,540,555	963,843
38,455	34,051	Other liabilities	-	38,455	34,051
5	4,019	Unused granted overdraft facilities	-	5	4,019
363,045	(131,944)	Guarantees received	-	363,045	(131,944)
<b>For 6 months period ended 30 June 2016 and 2015</b>					
290	121	Interest income	-	290	121
(8,191)	(9,401)	Interest expense	-	(8,191)	(9,401)
(8)	(218)	Other services received and cost incurred from SEB group, net	-	(8)	(218)

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

	<b>Interest rate %</b>	<b>The Bank</b>	
		<b>30 June 2016</b>	<b>31 December 2015</b>
<b>Outstanding loan amounts:</b>			
UAB „SEB investicijų valdymas“	3.5	55	59
<b>Outstanding deposit amounts:</b>			
UAB „SEB Venture Capital“	-	3,552	3,071
UAB „SEB investicijų valdymas“	-	4,004	4,792
Other assets	-	754	841
<b>For 6 months period ended 30 June 2016 and 2015</b>			
Interest income	-	1	17
Dividend income	-	3,893	6,855
Other services received and cost incurred from subsidiaries, net	-	1,533	1,816

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

**NOTE 8 DEBT SECURITIES ISSUANCE AND REDEMPTION**

During the six months of 2016 the Bank has not issued non-equity securities issues.

During the six months of 2016 the Bank successfully redeemed 15 issues of the non-equity securities, as presented in the table below:

Issue date	Redemption date	Duration	Currency	Amount in issue (in EUR)	Reference item
2012.12.18	2016.01.08	1116 days	EUR	21,664	„Brent“ oil
2012.12.18	2016.01.08	1116 days	EUR	305,260	„Brent“ oil, nickel, cotton
2012.12.18	2016.01.08	1116 days	EUR	20,400	„Brent“ oil, nickel, cotton
2012.07.31	2016.02.17	1296 days	EUR	757,878	Consumer Staples Select Sector SPDR ETF
2012.08.30	2016.02.17	1266 days	EUR	487,894	<i>Apple Inc., International Business Machines Corp, Microsoft Corp, AT&amp;T Inc, Google Inc, Intel Corp</i>
2013.02.19	2016.03.08	1113 days	EUR	414,128	<i>AT&amp;T Inc, E.ON SE, Johnson &amp; Johnson, Procter &amp; Gamble Co, Royal Dutch Shell PLC, Coca-Cola Co, ConocoPhillips, Verizon Communications Inc, Vodafone Group PLC and Total SA</i>
2013.02.19	2016.03.08	1113 days	EUR	351,600	<i>AT&amp;T Inc, E.ON SE, Johnson &amp; Johnson, Procter &amp; Gamble Co, Royal Dutch Shell PLC, Coca-Cola Co, ConocoPhillips, Verizon Communications Inc, Vodafone Group PLC and Total SA</i>
2013.04.16	2016.05.04	1114 days	EUR	1,003,997	S&P Pan Asia Low Volatility Price Return
2013.04.16	2016.05.04	1114 days	EUR	379,605	S&P Pan Asia Low Volatility Price Return
2013.04.16	2016.05.04	1114 days	EUR	432,800	S&P Pan Asia Low Volatility Price Return
2011.05.17	2016.06.03	1844 days	EUR	1,348,905	Carmignac Patrimoine A
2013.05.28	2016.06.03	1102 days	EUR	116,746	<i>Bayerische Motoren Werke (BMW) AG, Deutsche Telekom AG, Muenchener Rueckversicherungs-Gesellschaft AG (MunichRe) and Siemens AG</i>
2013.05.28	2016.06.03	1102 days	EUR	76,633	<i>Bayerische Motoren Werke (BMW) AG, Deutsche Telekom AG, Muenchener Rueckversicherungs-Gesellschaft AG (MunichRe) and Siemens AG</i>
2013.05.28	2016.06.03	1102 days	EUR	125,200	<i>Bayerische Motoren Werke (BMW) AG, Deutsche Telekom AG, Muenchener Rueckversicherungs-Gesellschaft AG (MunichRe) and Siemens AG</i>
2013.06.05	2016.06.23	1114 days	EUR	471,500	DAXX

**NOTE 9 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE**

After 30 June 2016 the Bank has not issued non-equity securities issues.

After 30 June 2016 the Bank redeemed 6 non-equity securities issues with the nominal value of EUR 1,756.3 thousand.

**NOTE 10 MAJOR EVENTS IN THE ISSUER'S ACTIVITIES**

**On 4 February 2016**, the Bank announced that:

- 1) according to preliminary data, unaudited net profit earned over the year 2015 by AB SEB bankas is EUR 62.1 million and by AB SEB bankas Group – EUR 58.8 million. 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 2014, audited net profit earned by AB SEB bankas totalled EUR 65.3 million and by AB SEB bankas Group – EUR 72.4 million.
- 2) AB SEB bankas, acting in accordance with the requirement set forth in the part 1 of Article 24 of the Law on Securities of the Republic of Lithuania, hereby informs that the bank will no longer prepare and release interim consolidated information

**On 08 February 2016**, the Bank announced that on 8 February, 2016 the Supervisory Council of AB SEB bankas has resolved to re-elect the Management Board of AB SEB bankas for new four-year tenure. Current members of the Management Board – Raimondas Kvedaras, Jonas Iržikevičius, Roberts Bernis, Aivaras Čičelis and Virginijus Doveika were re-elected as members of the Management Board for the new tenure. The Management Board was re-elected due to the expiry of the four year tenure of the Management Board determined in the Articles of Association of AB SEB bankas.

On 8 February, 2016 the Management Board of AB SEB bankas reappointed Raimondas Kvedaras as a Chairman of the Management Board of AB SEB bankas.

**On 21 March 2016**, the Bank announced that on the 31st of March 2016 the Annual General Meeting of Shareholders of AB SEB bankas (hereinafter – the Bank) will take place. The Annual General Meeting is initiated and convened by the Management Board of the Bank. 100 % of shares of the Bank are owned by the bank Skandinaviska Enskilda Banken AB.

Issues on the agenda:

1. regarding the Annual Report of the Bank;
2. regarding the Report of the Auditor of the Bank;
3. regarding the comments and proposals of the Supervisory Council of the Bank;
4. regarding approval of the Consolidated Financial Statements for the year 2015;
5. regarding appropriation of the year 2015 profit of the Bank'
6. election of the audit company

The Management Board of the Bank endorsed the draft resolutions of the Annual General Meeting of Shareholders of the Bank

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2016**

(All amounts in EUR thousands unless otherwise stated)

**NOTE 10 MAJOR EVENTS IN THE ISSUER'S ACTIVITIES (CONTINUED)**

**On 31 March 2016**, the Bank announced that on the 31th March 2016, the Annual General Meeting of Shareholders of AB SEB bankas (hereinafter – the SEB Bank) took place and decisions on all issues on the agenda were adopted:

1. Bank Group's Consolidated Annual Report and its annex for 2015 has been familiarized with;
2. Report of the audit, which has been performed by UAB "PricewaterhouseCoopers", has been familiarized with;
3. Comments and proposals of the Supervisory Council of the Bank regarding the Bank's Activity Strategy, its Annual Consolidated Financial Statements, Draft Profit Appropriation and the Bank's Consolidated Annual Report as well as the activities of the Bank's Management Board and President have been familiarized with;
4. Consolidated Financial Statements of Bank and Bank's group for 2015, prepared in accordance with the International Financial Reporting Standards, were approved ;
5. Appropriation of the year 2015 profit of the Bank was approved;
6. The audit company UAB "PricewaterhouseCoopers" was appointed to verify Financial Statements of Bank of current and no more than two upcoming financial years by authorizing President of the Bank to enter into an agreement regarding rendering of audit services and to establish the terms of payment for the services.

**On 27 April 2016**, the Bank announced that according to preliminary data, unaudited net profit earned over the first quarter of the year 2016 by AB SEB bankas is EUR 12.5 million and by AB SEB bankas Group is EUR 11.3 million. 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 first quarter of the year 2015, unaudited net profit earned by AB SEB bankas totalled to EUR 18.4 million and by AB SEB bankas Group –EUR 18.2 million.

**On 2 May 2016**, the Bank announced that on the 12th of May 2016 the Extraordinary General Meeting of Shareholders of AB SEB bankas will take place. The General Meeting is initiated and convened by the Management Board of the bank. 100 % of shares of the bank are owned by Skandinaviska Enskilda Banken AB. Issues on the agenda:

1. regarding the withdrawal of members to the Supervisory Council of AB SEB bankas;
2. regarding the election of a member to the Supervisory Council of AB SEB bankas.

The Management Board of bank endorsed the following draft resolutions of the Extraordinary General Meeting of Shareholders of the Bank:

1. to withdraw the following persons from the Supervisory Council of AB SEB bankas:
  - 1.1. David Bamforth Tear, SEB group Chief Risk Officer;
  - 1.2. Mark Barry Payne, Chief Financial Officer of "SEB Pension" in Denmark;
2. to elect the following person to the Supervisory Council of AB SEB bankas:
  - 2.1. Riho Unt, Head of Baltic Division of Skandinaviska Enskilda Banken AB;
3. to stipulate that the withdrawn members shall cease to hold the positions and the newly elected member of Supervisory Council shall commence his activity since the adoption of the decision at the Extraordinary General Meeting of Shareholders of AB SEB bankas and the newly elected member shall hold this position no longer than the end of tenure of the current Supervisory Council - 29th October, 2017;
4. to authorize the President of AB SEB bankas to perform all the necessary actions related to the implementation of this decision, including but not limited to registration of decision within the Company Register, allowing him to reauthorize other persons to perform the above mentioned actions.

**On 13 May 2016**, the Bank announced that on the 12th May 2016, the Extraordinary General Meeting of Shareholders of AB SEB bankas (hereinafter – the SEB Bank) took place and decisions on all issues on the agenda were adopted:

1. David Bamforth Teare and Mark Barry Payne were revoked from the Supervisory Council of AB SEB bankas from the date of decision;
2. Riho Unt was elected to the Supervisory Council of AB SEB bankas by stipulating that Riho Unt shall hold this position from the date of decision until the end of tenure of the current Supervisory Council - 29 October, 2017.
3. Riho Unt was assigned to call the next Supervisory Council's meeting and provide its agenda including the election of the chairman of the Council;
4. The President of AB SEB bankas was authorized to perform all the necessary actions related to the implementation of this decision, including but not limited to registration of decision within the Company Register, allowing him to reauthorize other persons to perform the abovementioned actions.

**On 14 July 2016**, the Bank announced that according to preliminary data, unaudited net profit earned over the first half-year of the year 2016 by AB SEB bankas is EUR 45.1 million and by AB SEB bankas Group is EUR 43.1 million. 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 first half-year of the year 2015, unaudited net profit earned by AB SEB bankas was EUR 36.9 million and by AB SEB bankas Group – EUR 32.7 million.

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**CONSOLIDATED SEMI - ANNUAL REPORT FOR THE 6 MONTH PERIOD 2016**

(all amounts in EUR thousand, unless indicated otherwise)

**CONSOLIDATED SEMI - ANNUAL REPORT OF AB SEB BANKAS FOR 6 MONTH PERIOD 2016****1. Reporting period covered by the Consolidated Semi - Annual Report**

This Consolidated semi - annual Report (hereinafter the Report) has been prepared for the period from 1 January 2016 until 30 June 2016.

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

<b>Issuer's name</b>	<b>AB SEB bankas</b>
Authorised capital	EUR 299,563,606.20
Legal address	Gedimino ave.12, LT-01103 Vilnius
Telephone	(8 5) 2682 800
Facsimile	(8 5) 2682 333
E-mail address	<a href="mailto:info@seb.lt">info@seb.lt</a>
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	<a href="http://www.seb.lt">www.seb.lt</a>

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".

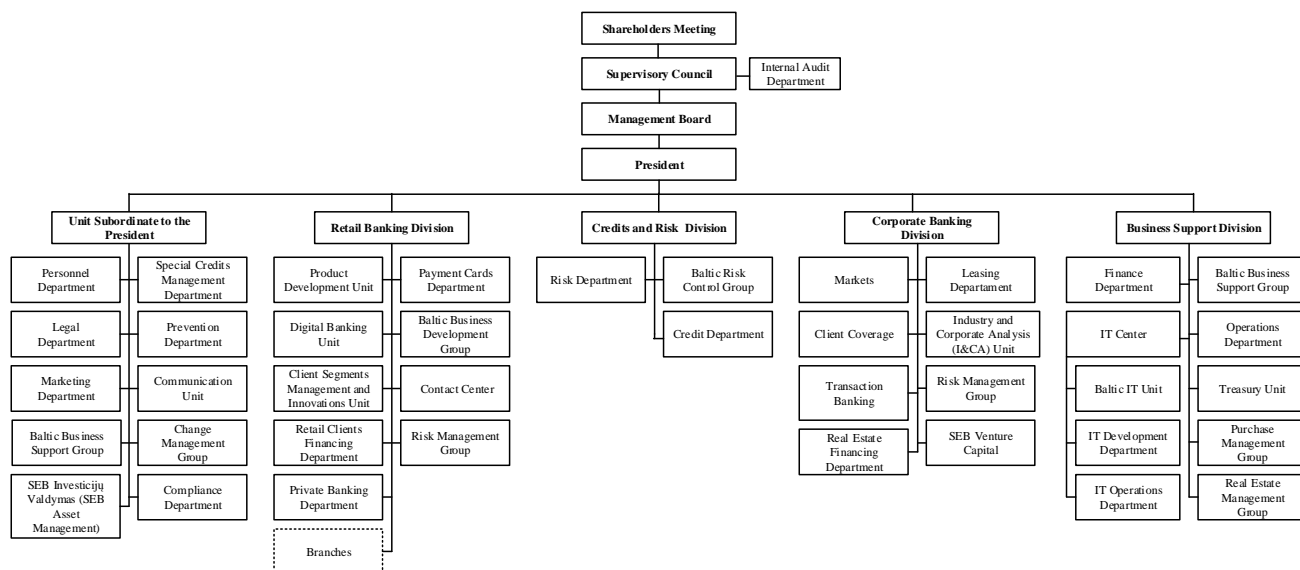
<b>Name</b>	<b>UAB "SEB Venture Capital"</b>
Type of core activities	Own asset investment into other companies' equity and asset management on trust basis
Legal form	Private limited company
Registration date and place	16 October 1997, Vilnius
Company code	124186219
Domicile address	Gedimino ave. 12, LT-01103 Vilnius
Office address	J. Balčikonio ave. 3, LT-08247 Vilnius
Telephone	(8 5) 2682 407
Fax	(8 5) 2682 402
E-mail address	<a href="mailto:kapitalas@seb.lt">kapitalas@seb.lt</a>
Website address	<a href="http://www.seb.lt">www.seb.lt</a>

<b>Name</b>	<b>UAB "SEB investicijų valdymas"</b>
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	J. Balčikonio ave. 3, LT-08247 Vilnius
Telephone	(8 5) 2681 594
Fax	(8 5) 2681 575
E-mail address	<a href="mailto:info.invest@seb.lt">info.invest@seb.lt</a>
Website address	<a href="http://www.seb.lt">www.seb.lt</a>

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(all amounts in EUR thousand, unless indicated otherwise)

**3. Organizational structure of the Group**



**4. 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 30 June 2016, AB SEB banks had 23 agreements with AB Šiaulių bankas (legal entity code 112025254, address Tilžės str. 149, LT-76348 Šiauliai).

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

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

As of 30 June 2016, two non-equity securities issues of AB SEB banks were included in the trading list of the debt securities list of "NASDAQ Vilnius" exchange:

Parameters	Issue
ISIN code	LT0000405078
Number of securities issued (units)	38,857
Nominal value per unit (EUR)	0.01
Total nominal value (EUR)	1,125,376.50
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 (EUR)	0.01
Total nominal value (EUR)	1,362,140.86
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.

**6. Information on the Issuer's branches and representative offices**

As of 30 June 2016, the Bank had 3 branches: AB SEB banks Eastern Region (code 112053613, address: Savanorių str. 1, LT-03116 Vilnius), AB SEB banks Middle Region (code 112052511, address: Laisvės ave. 82/ Maironio str. 17, LT-44250 Kaunas), and AB SEB banks Western Region (code 112052479, address: Taikos ave. 32, LT-91246 Klaipėda).

The branches consisted of a network of 38 customer service units (12 branches and 26 sub-branches) all over Lithuania.

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

In the 1st half-year 2016, Lithuania's economic indicators were improving and export regained its role as a factor of more rapid GDP growth. This leads to anticipation of a drop in unemployment in future, growth in income of the population and parallel strengthening of the domestic market. The outcome of the British referendum has injected more uncertainty regarding the development of the region's economy, however, in any event the effects of Great Britain's exit will materialise not in the nearest future, therefore, it will be possible to assess the effects more accurately and get properly prepared.

In the 1st half-year 2016, unaudited net profit earned by AB SEB bankas was EUR 45.1 million, and that earned by AB SEB bankas Group was EUR 43.1 million. The result has been calculated according to the requirements set out in the documents of the Bank of Lithuania and legal acts of the Republic of Lithuania. In the 1st half-year 2015, unaudited net profit earned by AB SEB bankas was EUR 36.9 million, and that earned by AB SEB bankas Group was EUR 32.7 million.

As of 30 June 2016, AB SEB bankas Group's equity was EUR 746 million (as at 30 June 2015, it was EUR 764 million), i. e. decreased by 2 per cent as a result of dividend payment to Skandinaviska Enskilda Banken AB.

As at 30 June 2016, AB SEB bankas Group's assets were worth EUR 7.0 billion (as at 30 June 2015, they were worth EUR 6.5 billion), i. e. increased by 9 per cent.

As at 30 June 2016, AB SEB bankas deposit portfolio was EUR 4.8 billion (as at 30 June 2015, it was EUR 4.4 billion), i. e. increased by 10 per cent.

As of 30 June 2016, net worth of AB SEB bankas Group's loans and leasing portfolio was EUR 5.1 billion (as of 30 June 2015, it was EUR 4.8 billion), i. e. increased by 8 per cent, - as a result of improvement in the expectations of the population and businesses as well as more substantial business investments and environment of lower interest rates, growth in the bank's credit portfolio was further characterised by sustainability. The amount issued in mortgage loans over the 1st half of 2016 was EUR 160 million, which is a 34 per cent increase year-on-year. An increase in domestic consumption induced, among other things, the market of consumer loans – during the 1st half-year of 2016 the volume of consumer loans issued by AB SEB bankas increased by 10 per cent year-on-year. Active borrowers for the purpose of business development and new investments included small and medium enterprises, which are the main driver of economy. Within the first half-year of 2016 an increase in loans issued to SMEs increased by 43 per cent. An increase in business investments for the upgrade of car fleets, technology, agricultural machinery, freight transport induced growth in the leasing volumes. The amount issued in loans to large companies was also marked by growth – in the first half-year of 2016 an increase in loans issued to large companies was 53 per cent year-on-year.

AB SEB bankas Group's 1st half-year 2016 income was EUR 98.1 million (EUR 78.2 million year-on-year). Excluding extraordinary one-off income of 1st half-year 2016 from sales of Visa Europe Limited shares, the Bank's income was EUR 76,7 million, i.e. decreased by 2 per cent year-on-year.

In the first half of the year 2016 there was further increase in the number of SEB's home bank customers. Due to growth in the population's mobility and acceleration in the tempo of life there was further increase in the number of our customers opting for remote channels and self-service: an increase in the number of customers – the Internet Bank users – was 4 per cent, and the share of customers logging in to the Internet Bank from mobile devices kept growing, making 34 per cent.

Taking into account customer needs to have a fast and simple way for handling their daily finances and to visit the Bank only when they need advice on more complex finance planning, saving or investment, AB SEB bankas continued expanding its network of financial advice units in Vilnius and in Kaunas – currently, our advisory units account for 1/3 of the sub-branch network of AB SEB bankas all over Lithuania. In the epoch of digitalisation the Bank plans to pursue this path further, aiming to be the best financial adviser both to private individuals and businesses.

An increase in cash acceptance transactions at cash-in ATMs was 5 per cent as compared to the data of 1st half-year of 2015, while the number cash crediting transactions at the Bank's units dropped by 35 per cent within the same period.

Over a year, there was an increase in the share of payments by card by customers of SEB bankas in Lithuania as against payments in cash: in the 1st half-year 2016, relevant ratio reached 38 per cent. It means that of all the money spent by SEB customers paying by card and in cash 38 per cent were paid by card (in the 1st half-year 2015, this ratio was 34 per cent).

An increase in payments by card was 20 per cent as compared to the 1st half-year 2015.

At the end of June 2016, AB SEB bankas had 38 customer service units all over Lithuania, of them – 12 financial advice units.

SEB bankas customers have access to Lithuania's largest ATM network that includes SEB and DNB ATMs, i. e. 536 ATMs.

During the 1st half-year of 2016, AB SEB bankas Group continued implementing SEB's corporate sustainability strategy, which sets eight corporate sustainability priorities within three main areas of responsibility (responsible business, environment, people and community): responsible selling and advising, tackling financial crime, responsible investments, reducing its environmental footprint, sustainable finance, valuing its people, access to financial services, investing in communities.

In the 1st half-year of 2016, AB SEB bankas Group launched new and improved its existing services and remained highly focused on being advisory to private individual and corporate customers, on simplifying its services. In the 1st half-year of 2016, the Bank revised and simplified its financial service agreements for private and corporate customers. For instance, the Bank's customers obtaining a consumer loan now conclude a one-page agreement instead of the earlier 12-page agreement, a standard credit agreement for businesses now is on 8 pages, instead of the previous 19.

In the 1st half-year of 2016, AB SEB bankas launched its home insurance service in cooperation with AB "Lietuvos draudimas". From now on, SEB bankas offers all customers – not only those applying for a mortgage loan or the ones that have purchased their dwelling by borrowing from the Bank – special terms and conditions for obtaining insurance coverage of a dwelling they plan to buy or the dwelling they already own by visiting the Bank's unit.

AB SEB bankas continued to be focused on being advisory to enterprises by providing advice to start-up and existing companies that develop their business. For small and medium enterprises SEB bankas arranged its third Innovations Lab event, while large companies were invited to Baltic Business Summit 2016 – an event on global finance issues.

In the 1st half-year of 2016, AB SEB bankas Group took efforts to provide its customers with useful information in support for them to create added value: the Bank organised customer events for the presentation of its Lithuanian Macroeconomic Reviews, data of the Baltic Household

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Outlook as well as business trends, made its second presentation of the Retirement Readiness Index, kept its customers continuously informed about financial markets, macroeconomic situation, started issuing its quarterly magazine for bank customers Tomorrow Came Yesterday with relevant advice on financial issues – the magazine is available at the Bank’s units.

In the 1st half-year of 2016, AB SEB bankas Group won significant global and local awards: SEB bankas was awarded with the title of the Best Bank in Lithuania (EMEA Finance), the Best Debt and Equity House in Lithuania (Global Finance, Global Investor). In the 1st half-year of 2016, AB SEB bankas ranked number two among large companies as The Most Attractive Employer in a poll organised by Verslo Žinios and CV.lt and was number one as The Most Desirable Employer in survey organised by CVmarket.lt.

**8. 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):

AB SEB bankas group Income and Net profit has increased if compare the first half of year 2016 to the first half of year 2015:

EUR million	2016 1st half	2015 1st half	Change
Income	98,1	78,2	25%
Costs	(43,9)	(39,0)	13%
<b>Result before losses</b>	<b>54,2</b>	<b>39,2</b>	<b>38%</b>
Credit losses	(2,4)	(1,3)	78%
<b>Operating result</b>	<b>51,8</b>	<b>37,9</b>	<b>37%</b>
Profit tax	(8,7)	(5,2)	66%
<b>Net profit</b>	<b>43,1</b>	<b>32,7</b>	<b>32%</b>

Income increase during the first half of the year 2016 was related to the sale of the VISA Europe Limited shares. Expense increase was related to excess space provisions made and staff costs incurred.

The main financial ratios:

	2016 1st half	2015 1st half	Change
Net profit (EUR million)	43,1	32,7	32%
Cost / Income ratio	0.451	0.50	+5 b.p.
New loans (EUR billion)	1,11	0,76	46%
Loans & leasing, net value (EUR billion)	5.1	4,8	8%
Deposits (EUR billion)	4.8	4,4	10%

Lending portfolio increase was caused of increased demand both in private and in business segments, increase in deposits - grow of demand deposits portfolio.

Some ratios representing the Bank’s and the Group ‘s result are presented in the table below:

The Group		Ratio	The Bank	
31-12-2015	30-06-2016		31-12-2015	30-06-2016
0.89 per cent	1.25 per cent	Return on Assets	0.94 per cent	1.30 per cent
7.55 per cent	11.35 per cent	Return on Equity	8.02 per cent	11.91 per cent
3.81	2.79	Earnings per share, EUR	4.02	2.92
52.09	48.29	Book value per share, EUR	51.82	48.15

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

On 14 July 2016, the Bank announced that according to preliminary data, unaudited net profit earned over the first half of the year 2016 by AB SEB bankas is EUR 45,1 million and by AB SEB bankas Group – EUR 43,1 million. 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 first half of the year 2015,un audited net profit earned by AB SEB bankas was EUR 36,9 million and by AB SEB bankas Group – EUR 32,7 million.

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

The main task of AB SEB bankas Group in Lithuania will continue to be customer focus. The Group seeks to achieve it’s vision of delivering customers with world-class financial services by offering modern and universal banking services and providing them in a professional and convenient way with in-depth understanding of each customer’s needs and expectations..

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The Group, seeking to implement its said strategy, also, taking into account the objectives of the SEB Group, envisages the following key trends of activities:

- **Customer relationship strengthening.** To achieve this objective, the Bank will further pursue its Home Bank strategy aimed for the Bank to become the main bank, i.e. home bank, for its customers – a bank that offers sound solutions that answer the customers’ financial needs. Our key focus is on holistic customer relationship by being advisory, valuing simplicity and showing respect. The Bank implements this strategy by developing new and attractive services and attractive product offerings to its existing and potential customers based on the needs of relevant customer segments. The Bank regularly measures satisfaction of its private individual and corporate customers – Net Promoter Score (NPS).
- **Work culture and people.** The Bank, as before, will aim at creating an atmosphere of mutual trust and respect enabling its employees to improve and reveal their potential to a full extent. For measuring its employee satisfaction, the Bank applies Insight methodology used at the entire SEB group level – it allows assessing employee involvement in the activities of the organisation as well as the employee performance efficiency.
- **Operational efficiency improvement.** In order to remain an efficiently operating and competitive bank, the Bank plans to have its key focus on the following areas:
  - Income growth, by i) prospecting new income sources, ii) being more advisory, iii) optimising pricing of the Bank’s services,
  - To ensure its profitability, the Bank has formed its pricing, based on business equity concept; business equity are resources required for executing a transaction, and which are assessed taking into account the risk level of a relevant transaction. Business capital is attributed to each customer, at the same time to a relevant subdivision of the Bank.
  - Ensuring cost efficiency, by i) rational setting of priorities both for daily and project tasks, ii) undertaking regular stock-taking of the works in progress with the aim to eliminate overlapping of tasks (functions) thus contributing towards improvement of the internal processes of the organisation.
- **Risk management improvement.** Risk-taking is not a separate objective, rather it is aimed at creating added value to customers and an additional return to shareholders. SEB Bank Group applies a reliable risk management system with long-term independent risk control functions since the date of its creation that are supplemented with several advanced internal models and a detailed decision-taking structure, excellent risk awareness among the staff, uniform definitions and principles, risk-taking control without exceeding relevant set limits and high degree of transparency in disclosing external factors with key focus on:
  - Monitoring of the Bank’s Key Risk Indicators (KRIs),
  - Compliance with the requirements of supervisory institutions (e.g., Basel III requirements).

**11. Information about the entity’s research and development (R&D) activities**

AB SEB bankas Group did not undertake any R&D activities.

**12. Major investments made over the reporting period**

The Group’s investments over the first half of the year 2016 into tangible and intangible assets did not make more than 10 per cent of the authorised capital.

AB SEB bankas Group acquisitions of tangible and intangible assets during the reporting period are as follows:

EUR million	2016 1st half
Intangible assets	0.8
Vehicles	0.2
Computers	1.2
Other tangible assets	0.3
Reconstruction of leased assets	0.2
<b>Total</b>	<b>2.7</b>

**13. Financial risk management objectives, hedge instruments in case of which hedge accounting is applied as well as the entity’s price risk, liquidity risk and monetary risk scale**

The Group manages its financial risk as described in section *Financial risk management policy* in Note 3 to the Year 2015 consolidated financial reporting. Said section includes also a description of financial risk management objectives, hedging transactions applied as well as the Group’s credit risk and market risk level.

**14. 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 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 of annual financial statements for the year 2015). 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](http://www.seb.lt) and at the central database of regulated information of the market operator (“NASDAQ Vilnius” stock exchange).

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**15. Information on risk level and its management**

SEB strives for a holistic governance, planning and follow-up system in which business planning, risk management, capital management, liquidity and funding planning, and result and performance management are clearly interconnected and interactive over time. SEB manages the financial consequences of business decisions by focusing on three main aspects: (1) growth, mix and risk of business volumes, (2) capital, funding and liquidity requirements driven by the business, and (3) profitability. Targets are set and reviewed on a regular basis to manage and optimise resources in respect of these three aspects.

Managing risk is a core activity in banking and therefore fundamental for long-term profitability and stability. The overall level of risk that the Bank is willing to accept is set by the Board of Directors based on the guiding principle that taking risk is not an end in itself, but is done for the purpose of creating customer value and sustainable shareholders value. In its overarching risk tolerance statement, the Board lays out its long-term view of the Bank's risk level as well as its view on how the funding is to be structured, what liquidity buffers are required, and the amount of capital that is needed to cover the aggregated risks. The development of risk and capital regulatory requirements are also taken into account.

The risk tolerance statement is highly significant for management's business planning and covers all main risks: credit risk, liquidity risk, market risk, operational risk, etc. Risk measurements are set based on the Board's risk tolerance and are reviewed annually. SEB's risk profile in relation to its risk tolerance is followed upon a regular basis by the risk organisation, management and the Board.

The business units are responsible for the risks that arise in their operations. Therefore the first defence against potential future losses is ensuring that correct decisions are made from the start and the resulting risks are managed throughout the life of the transaction. SEB's risk culture is based on long experience, strong customer relationships and sound banking principles, and provides a solid foundation for the Bank's risk governance. The business is supported by Group-wide rules and policies and an established decision-making hierarchy.

The risk and compliance organisations constitute the second line of defence and are independent from the business. The risk organisation is responsible for identifying, measuring and controlling risks. Risks are measured both on a detailed and aggregated level. Risks are controlled through limit structures, both at the transactional and portfolio levels. Asset quality in the credit portfolio is monitored and analysed continuously, among other ways through stress testing and, above all, reverse stress testing. The compliance organisation ensures compliance quality and focuses on compliance issues under direction of the Board and management.

The quality of risk management is reviewed on a regular basis by both internal audit – the third line of defence – and the external auditors.

SEB assumes credit, market, liquidity, operational and other type of risks. For more information about specific risk types and their assessment and management instruments see Note 3 *Financial risk management policy* of an explanatory letter to the Year 2015 financial reporting. Over the reporting period there were no substantial changes in risk management.

During the first half of the year 2016, AB SEB bankas Group was compliant with all the requirements set by supervisory institutions:

	The Group	Ratio	The Bank	
31-12-2015	30-06-2016		31-12-2015	30-06-2016
Compliant*	Compliant*	Liquidity ratio (at least 30%)/Liquidity coverage ratio	compliant*	compliant*
22.57 percent**	19.24 percent**	Capital adequacy ratio	22.43 percent**	19.18 percent**
0.81 percent	4.64 percent	Maximum open single currency position	0.81 percent	4.68 percent
0.81 percent	4.72 percent	Maximum aggregate open currency position	0.82 percent	4.72 percent
18.62 percent	21.89 percent	Maximum loans per single borrower <= 25 percent of the share capital	18.69 percent	21.95 percent

\* No definite ratio of coverage by liquid assets has been announced, as so far the European Commission has not yet approved its technical standards regulating the calculation of said indicator.

**16. Main characteristics of the company group's internal risk control and risk management systems related to the formation of consolidated financial statements**

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.

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**17. 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 (EUR)	Total nominal value	Share within authorized capital (in %)
Ordinary registered shares	LT0000101347	15,441,423	19.40	299,563,606.20	100.00
<b>In total</b>	-	<b>15,441,423</b>	-	<b>299,563,606.20</b>	<b>100.00</b>

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

**18. Shareholders**

On 19 November 2010, the squeeze-out procedure of AB SEB bankas shares was finalized. As of June 30, 2016 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.

No restrictions on the Bank's shares with regard to voting rights have been imposed, also, no special control rights have been established.

**19. Information about significant directly or indirectly held blocks of shares**

Bank's subsidiary UAB "SEB Venture Capital" had a significant influence in the following associates:

Name	Company code	Address	Type of core activity
UAB "Duonos centras"	302638225	Lvovo str. 25 Vilnius	Bakery, supply

**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 the amount of the Bank's authorised (paid-in) capital may be 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. 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 first half of the year 2016 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.

**22. 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').

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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 8 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.

**23. 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 (30 June 2016)**

**RIHO UNT**

Skandinaviska Enskilda Banken AB (publ) 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 12 May 2016.

**KNUT JONAS MARTIN JOHANSSON**

Skandinaviska Enskilda Banken AB (publ) Head of Business Support 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.

**STEFAN STIGNÄS**

Skandinaviska Enskilda Banken AB (publ) 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**

Skandinaviska Enskilda Banken AB (publ) 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.

**ERKKA NÄSÄKKÄLÄ**

Skandinaviska Enskilda Banken AB (publ) Head of the Group Risk Management. Education: university degree, specialisation – engineering. No shares of the Bank are held by the Member.

Member of the Supervisory Council elected by an extraordinary meeting of shareholders held on 3 September 2015. He took the office from 18 December 2015.

**SUSANNE ELIZABETH TAMM**

Skandinaviska Enskilda Banken AB (publ) Head of Mid Corporate&Public Sector. 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 held on 3 September 2015. She took the office from 18 December 2015.

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



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**THE MANAGEMENT BOARD OF THE BANK (30 June 2016)**

**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 8 February 2020 (on 8 February 2016, 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.

	Amounts in connection with labour relations	Property assigned gratis	Guarantees issued in the name of the company
<b>In total to all members of the Management Board (EUR '000) before taxes, of which:</b>	<b>567</b>	-	-
amounts based on a labour contract (EUR'000)	435	-	-
employer's social security contributions (EUR'000)	132	-	-
<b>Other disbursements, including the employer's social security contributions (EUR'000)**:</b>	<b>18</b>	-	-
<b>Per member of the Management Board on average (EUR'000) before taxes: *</b>	<b>113</b>	-	-
amounts based on a labour contract (EUR'000)	87	-	-
employer's social security contributions (EUR'000)	26	-	-
<b>Calculated amounts to the Company's Chief Executive Officer and Chief Financial Officer (EUR'000) before taxes during the first half of the year 2016:</b>	<b>178</b>		

\* The Management Board consists of 5 members.

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**AUDIT AND COMPLIANCE COMMITTEE (30 June 2016)**

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The Audit and Compliance Committee ensures the effectiveness of the bank's internal control, coordinates and assesses the performance of the internal audit function, ensures independence of the internal audit function, considers and assesses the results of internal and external audit reviews, addresses other issues identified in the legal acts of supervisory institutions and in the regulations of the Committee. The Bank's Supervisory Council, abiding by laws and legal acts of the supervisory authority, forms the Audit and Compliance Committee, establishes its competence and how it shall function, approves its regulations and controls its activities. None of the members of Audit and Compliance Committee holds the Bank's shares,

**JOHAN ÅKERBLOM**

Chairman of the Committee. Head of Finance of Skandinaviska Enskilda Banken AB (publ) Baltic Division.

**GÖRAN RASPE**

External member.

**BEN WILSON**

Head of Skandinaviska Enskilda Banken AB (publ) Group Finance Control & Reporting.

**ARNOLDS ČULKSTENS**

Head of „SEB Life and Pension Holding AB, Ryga branch“.

**JONAS GUDMUNDSSON**

Skandinaviska Enskilda Banken AB (publ), Head of Baltic IT and support Division.

**RISK COMMITTEE (30 June 2016)**

The Risk Committee advises the Bank's bodies regarding the Bank's overall existing and future risk tolerance and strategy, provides support in supervising the implementation of the strategy in the Bank, checks whether the prices of liabilities and assets are offered to the Bank's customers taking into account the Bank's business model and the risk management strategy to a full extent, and carries out other functions assigned to it in the Committee regulations. None of the members of the Risk Committee holds the Bank's shares,

**ERKKA NÄSÄKKÄLÄ**

Chairman of the Committee. Head of the Skandinaviska Enskilda Banken AB (publ) Group Risk Management.

**RIHO UNT**

Skandinaviska Enskilda Banken AB (publ) Head of Baltic Division.

**STEFAN STIGNÄS**

Skandinaviska Enskilda Banken AB (publ) Head of Retail Banking, SEB Baltic Division..

**REMUNERATION COMMITTEE (30 June 2016)**

The remuneration committee provides assistance to the supervisory council regarding remuneration, leadership, business continuity and other issues related to the staff as well as proposes candidates to the vacant Bank's bodies and recommends to discuss them in the respective Bank's bodies. Remuneration committee also performs other functions provided for by the remuneration committee regulations and relevant legal acts.

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.

**KNUT JONAS MARTIN JOHANSSON**

Skandinaviska Enskilda Banken AB (publ) Head of Business Support Division.

**RIHO UNT**

Skandinaviska Enskilda Banken AB (publ) Head of Baltic Division.

**TED TONY KYLBERG**

Skandinaviska Enskilda Banken AB (publ) Head of Procurement and Vendor Management of SEB Business Support Division.

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**24. Employees**

As of 30 June 2016, the AB SEB bankas Group in Lithuania (AB SEB bankas, UAB "SEB investicijų valdymas and UAB "SEB Venture Capital") had 1,642 employees (working under labour contracts with and without a fixed term, including those on maternity/paternity leave), i.e. by 0.4 per cent less compared to the end of 2015, when the Group had 1,648 employees. As of 30 June 2016, the number of actually working employees (excluding those on maternity/paternity leave) was 1,449, i.e. 2.3 per cent less than at the end of 2015, when the actual number of the Group's employees was 1,483.

During the first half of the year 2016 the number of employees of the Bank alone (working under labour contracts with and without a fixed term, including those on maternity/paternity leave) decreased by 0.4 per cent – from 1,638 to 1,631, and the number of the Bank's actually employed employees (excluding those on maternity/paternity leave) was 1,438, i.e. 2.4 per cent less than at the end of 2015, when their number was 1,473. The decrease in number of employees is due to the fact that, in the exercise of operational efficiency measures, the bank has gradually reduced the number of employees.

In the first half of the year 2016, the average actual number (excluding the number of employees on maternity/paternity leave) was 1,466 employees (in 2015, it was 1,508 employees).

	The Bank		The Group	
	31-12-2015	30-06-2016	31-12-2015	30-06-2016
Regular employees (working under labour contracts with and without a fixed term, including those on maternity/paternity leave)	1,638	1,631	1,648	1,642
Actually number of employees (excluding those on maternity/paternity leave)	1,473	1,438	1,483	1,449

Table below contains information on the number of actually working Bank's employees' and their 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 EUR)	
	31-12-2015	30-06-2016	31-12-2015	30-06-2016
Senior management staff	183	172	3,407	3,477
Specialists	1,290	1,266	1,220	1,254
<b>In total</b>	<b>1,473</b>	<b>1,438</b>	-	-

**25. 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 these arrangements are not significant.

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

On 25 January 2016, 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 27 January 2014. 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.

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

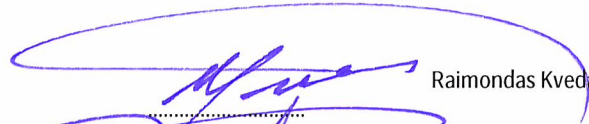
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The Bank has implemented organisational measures, procedures as well as internal control tools, among them in the area of conflict avoidance and management with the aim that no transactions are executed in the name of the issuer that would not be in 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.

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.

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,  
12 September 2016