



**AB SEB bankas**

**Capital Adequacy and Risk Management Report (Pillar 3)**

**2018**

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## Basis for the report

This report is prepared in accordance with the requirements of the Capital Requirements Directive (CRD IV) and the Capital Requirements Regulation No 575/2013 (CRR) Part 8 as well as the European Banking Authority's (EBA) implementing and regulatory technical standards (ITS/RTS) with regard to disclosure of own funds (EU Regulation No 1423/2013), countercyclical capital buffer (EU Regulation No 2015/1555), and leverage ratio (EU Regulation No 2016/200). Templates recommended by the EBA's guidelines on disclosure requirements under Part 8 of the CRR have been used as relevant. According to CRR, information specified in articles 437, 438, 440, 442, 450, 451 and 453 of CRR shall be disclosed for material subsidiaries.

Together with the Annual Report, this report provides information about Group's material risks as part of the Pillar 3 framework, including the details on the Group's risk profile and business volumes by customer categories and risk classes, which form the basis for the calculation of the capital requirement. The Pillar 3 report complements the Annual Report with additional information, and is intended to be read in conjunction with the Annual Report, in particular the Notes to the Financial Statements and the Financial Risk Management Policy section hereof, where the Group's risk and capital management policies and practices are described. A reference is also made to SEB Group's Annual Report and Capital Adequacy and Risk Management Report (Pillar 3), which describes SEB Group's risk and capital management, including the internal ratings systems, internal measurement approaches and principles for calculating own funds and capital adequacy. SEB Group's Pillar 3 report is available in English and is published on SEB Group's webpage [www.sebgroup.com](http://www.sebgroup.com).

Disclosure in relation to the remuneration is included in the Annual Report section "Information on the Remuneration Policy and its Implementation". Significant accounting policies for the Group are presented in the Notes to the Financial Statements, Note 3 - Summary of Significant Accounting Policies, Financial Risk Management and Fair Value Disclosures.

AB SEB bankas is a subsidiary of the consolidated group of Skandinaviska Enskilda Banken AB (publ) (the 'SEB Group') that is registered in Sweden. AB SEB bankas Group consists of AB SEB bankas (the 'Bank'), which is 100 % owned by Skandinaviska Enskilda Banken AB (publ), and its one subsidiary – UAB SEB Investicijų Valdymas, which is wholly owned by the Bank. The Bank and its subsidiary are hereafter referred to as the Group.

This report is based on AB SEB bankas Financial Group's consolidated situation as of 31 December 2018 and 2017. The Financial Group forms the basis for consolidation for prudential purposes, which requires the Bank to prepare consolidated accounts for the Group entities engaged in financial service activities without consolidation of the entities involved in other activities. To comply with this requirement, the Bank has fully consolidated the data of its subsidiary UAB SEB Investicijų Valdymas. The Consolidated Group in the Pillar 3 Report is same as in the Annual Report.

The information in this report is not required to be, and has not been, subject to external audit. The report has been approved by the Bank's Management Board.

## Internal capital adequacy assessment process

SEB Group's Capital Policy defines how capital management should support implementation of the business goals. Shareholders' return requirement shall be balanced against the capital requirements of the regulators and the equity necessary to conduct the business of the Group.

The Asset and Liability Committee (ALCO) and the Chief Financial Officer are responsible for the process linked to overall business planning, to assess capital requirements in relation to the Group's risk profile, and for proposing a strategy for maintaining the desired capital levels. The Group's capitalisation shall be risk-based and built on an assessment of all risks incurred in the Group's business. It shall be forward-looking and aligned with short- and long-term business plans as well as with expected macroeconomic developments. The Internal Capital Adequacy Assessment Process (ICAAP) is managed by the Treasury.

Together with continuous monitoring and reporting of the capital adequacy to the Management Board, this ensures that the relationships between the shareholders' equity and regulatory based requirements are managed in such a way that the Group does not jeopardise the profitability of its business and the financial strength of the Group. Capital ratios are the main communication vehicle for capital strength. Good risk management notwithstanding, the Group must keep capital buffers against unexpected losses.

The SEB Group capital management is centralised, and also meets the local requirements as regards statutory and internal capital. In accordance with the SEB Group Capital Policy the parent company shall promptly arrange for additional capital if the Bank requires capital injections to meet the agreed level.

The Internal Capital Adequacy Assessment Process ("ICAAP") is performed for SEB Group and all material legal entities. The process is coordinated by Group Treasury and subsidiaries' ICAAPs are part of the SEB Group's ICAAP. The ICAAP is a continuous process within SEB, closely interrelated with the strategy and business planning, risk strategy and financial planning processes. Subsidiaries' ICAAPs are performed locally by the risk and treasury functions in close cooperation with the corresponding Group functions.

The ICAAP Framework shall be approved by the Bank's Management Board and the Supervisory Council. The ICAAP framework is revised on a yearly basis. The framework shall be maintained by the Bank's Treasury in coordination with the SEB Group. Any changes or amendments hereto must be approved by the Management Board and the Supervisory Council and proposed by the Bank's Treasury after approval by the SEB Group. The focus of the SEB Group lies on the methodology, while the Bank's Treasury focuses on processes, monitoring, reporting and compliance with Lithuanian regulations.

## Own funds and capital requirements

Table 1. Balance sheet reconciliation

	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	
	<b>Financial Group</b>	<b>Financial Group</b>	<b>Cross reference to the own funds</b>
Cash and balances with central bank	979,355	1,223,894	
Loans and advances to credit institutions	127,062	221,046	
Loans to the public	6,280,419	5,739,091	
Debt securities	335,806	394,998	
Derivatives	64,741	47,549	
Equity instruments	6,914	4,143	
Investments in subsidiaries	-	-	
Intangible assets	6,557	4,646	a
Property, plant and equipment	9,733	7,953	
Investment property	1,071	2,015	
Deferred income tax assets	2,045	11,004	
of which deferred tax assets that rely on future profitability excluding those arising from temporary differences	-	7,651	b
Other financial assets	32,727	53,202	
Other non-financial assets	10,193	8,100	
<b>Total assets</b>	<b>7,856,623</b>	<b>7,717,641</b>	
<b>Liabilities</b>	-	-	
Deposits from central banks and credit institutions	673,399	1,398,638	
Deposits and borrowings from the public	6,282,077	5,411,527	
Derivatives	64,163	47,549	
of which gains or losses on liabilities valued at fair value resulting from changes in own credit standing	336	1,860	c
Current income tax liabilities	5,130	1,187	
Deferred income tax liabilities	-	-	
Debt securities issued	-	526	
Provisions	10,273	10,300	
Other financial liabilities	29,787	61,963	
Other non-financial liabilities	20,039	20,677	
<b>Total liabilities</b>	<b>7,084,868</b>	<b>6,950,067</b>	
Share capital	299,564	299,564	
of which CET1 paid-in share capital	299,564	299,564	d
Other reserves	176,030	161,686	
of which other reserves	637	637	e
of which other comprehensive income	-	1,097	e
of which funds for general banking risk	174,613	159,391	f
Net income for the period and retained earnings	296,161	306,324	
of which retained earnings	183,627	212,446	g
<b>Total equity</b>	<b>771,755</b>	<b>767,574</b>	
<b>Total liabilities and equity</b>	<b>7,856,623</b>	<b>7,717,641</b>	

Table 2. Capital adequacy overview

	31 Dec 2018	31 Dec 2017
<b>Own funds</b>		
Common Equity Tier 1 capital	636,512	647,260
Tier 1 capital	636,512	647,260
Total own funds	649,551	656,935
<b>Own funds requirement</b>		
Risk exposure amount	3,467,778	3,288,180
Expressed as own funds requirement	277,422	263,054
Common Equity Tier 1 capital ratio	18.4%	19.7%
Tier 1 capital ratio	18.4%	19.7%
Total capital ratio	18.7%	20.0%
Own funds in relation to own funds requirement	2.34	2.50
Regulatory Common Equity Tier 1 capital requirement including buffer <sup>1)</sup>	9.5%	9.0%
of which capital conservation buffer requirement	2.5%	2.5%
of which systemic risk buffer requirement	0.0%	0.0%
of which countercyclical capital buffer requirement	0.5%	0%
of which : Global Systemically Important Institutions (G-SII) or Other Systemically Important Institutions (O-SII) buffer	2.0%	2.0%
Common Equity Tier 1 capital available to meet buffer <sup>2)</sup>	13.9%	15.2%
<b>Leverage ratio</b>		
Exposure measure for leverage ratio calculation	8,440,714	8,458,033
of which on balance sheet items	7,895,224	7,752,681
of which off balance sheet items	545,490	705,352
Leverage ratio	7.5%	7.7%

<sup>1)</sup> Includes only Pillar I general minimum capital requirements.

<sup>2)</sup> CET1 ratio less minimum capital requirement of 4.5% excluding buffers. In addition to the CET1 requirements there is a total capital requirement of additional 3.5%.

Table 3. Overview of risk exposure amounts

Breakdown by Risk Type	Risk Exposure Amount		Minimum own funds requirements
	31 Dec 2018	31 Dec 2017	31 Dec 2018
Credit risk (excluding counterparty credit risk) (CCR)	3,171,073	3,032,173	253,686
<i>of which standardised approach (SA)</i>	239,719	263,108	19,178
<i>of which foundation internal rating-based (F-IRB) approach</i>	2,460,989	2,289,020	196,879
<i>of which advanced internal rating-based (A-IRB) approach</i>	470,365	480,045	37,629
Counterparty credit risk	24,492	22,331	1,959
<i>of which Marked to market</i>	24,492	22,331	1,959
<i>of which CVA</i>	-	-	-
Settlement risk	-	-	-
Securitisation exposures in banking book	-	-	-
Market risk	70,388	55,288	5,631
<i>of which standardised approach</i>	70,388	55,288	5,631
Large exposures	-	-	-
Operational risk	201,825	178,388	16,146
<i>of which advanced measurement approach</i>	201,825	178,388	16,146
Amounts below the thresholds for deduction (subject to 250% risk weight) 1)	-	-	-
Floor adjustment	-	-	-
<b>Total</b>	<b>3,467,778</b>	<b>3,288,180</b>	<b>277,422</b>

Total risk exposure amount increased over the year and as at 31 December 2018 was equal to EUR 3.47bn (EUR 3.29bn as at 31 December 2017).

Table 4. Own funds

Disclosure according to Article 5 in EU Regulation No 1423/2013

	31 Dec 2018	31 Dec 2017	BS Cross reference
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
1 Capital instruments and the related share premium accounts of which: share capital	299,564	299,564	d
2 Retained earnings	183,627	212,446	g
3 Accumulated other comprehensive income (and other reserves)	637	1,734	e
3a Funds for general banking risk	174,613	159,391	f
4 Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	-	
5 Minority Interests (amount allowed in consolidated CET1)	-	-	
5a Independently reviewed interim profits net of any foreseeable charge or dividend	-	-	
<b>6 Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>658,441</b>	<b>673,135</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7 Additional value adjustments (negative amount)	- 651	- 414	
8 Intangible assets (net of related tax liability) (negative amount)	- 6,557	- 4,646	a
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	- 7,651	b
11 Fair value reserves related to gains or losses on cash flow hedges	-	-	
12 Negative amounts resulting from the calculation of expected loss amounts	- 13,913	- 10,699	
13 Any increase in equity that results from securitised assets (negative amount)	-	-	
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	- 336	- 1,860	c
15 Defined-benefit pension fund assets (negative amount)	-	-	
16 Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	-	
17 Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
18 financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-	
19 Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
20a Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-	
20b of which qualifying holdings outside the financial sector (negative amount)	-	-	
20c of which: securitisation positions (negative amount)	-	-	
20d of which: free deliveries (negative amount)	-	-	
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	-	-	
22 Amount exceeding the 15% threshold (negative amount)	-	-	
23 of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-	
25 of which: deferred tax assets arising from temporary differences	-	-	
25a Losses for the current financial year (negative amount)	-	-	
25b Foreseeable tax charges relating to CET1 items (negative amount)	-	-	
26b Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	- 472	- 605	
27 Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-	
<b>28 Total regulatory adjustments to Common equity Tier 1 (CET1)</b>	<b>- 21,929</b>	<b>- 25,875</b>	
<b>29 Common Equity Tier 1 (CET1) capital</b>	<b>636,512</b>	<b>647,260</b>	



Table 4. Transitional own funds (continued)

	31 Dec 2018	31 Dec 2017	BS Cross reference
<b>Additional Tier 1 (AT1) capital: instruments</b>			
30 Capital instruments and the related share premium accounts	-	-	
31 of which: classified as equity under applicable accounting standards	-	-	
32 of which: classified as liabilities under applicable accounting standards	-	-	
33 Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-	-	
34 Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-	
35 of which: instruments issued by subsidiaries subject to phase out	-	-	
<b>36 Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>-</b>	<b>-</b>	
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>			
37 Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)	-	-	
38 Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
39 Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
40 Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
41 Empty Set in the EU	-	-	
42 Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	-	
<b>43 Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>-</b>	<b>-</b>	
<b>44 Additional Tier 1 (AT1) capital</b>	<b>-</b>	<b>-</b>	
<b>45 Tier 1 capital (T1 = CET1 + AT1)</b>	<b>636,512</b>	<b>647,260</b>	
<b>Tier 2 (T2) capital: instruments and provisions</b>			
46 Capital instruments and the related share premium accounts	-	-	
47 Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	-	-	
48 Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	-	
49 of which: instruments issued by subsidiaries subject to phase out	-	-	
50 Credit risk adjustments	13,039	9,456	
<b>51 Tier 2 (T2) capital before regulatory adjustments</b>	<b>13,039</b>	<b>9,456</b>	
<b>Tier 2 (T2) capital: regulatory adjustments</b>			
52 Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-	
53 Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
54 Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
55 Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
56 Empty Set in the EU	-	-	
56c Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre- CRR	-	219	
<b>57 Total regulatory adjustments to Tier 2 (T2) capital</b>	<b>-</b>	<b>219</b>	
<b>58 Tier 2 (T2) capital</b>	<b>13,039</b>	<b>9,675</b>	

Table 4. Transitional own funds (continued)

	31 Dec 2018	31 Dec 2017	BS Cross reference
<b>59 Total capital (TC = T1 + T2)</b>	<b>649,551</b>	<b>656,935</b>	
<b>60 Total risk weighted assets</b>	<b>3,467,778</b>	<b>3,288,180</b>	
<b>Capital ratios and buffers</b>			
61 Common Equity Tier 1 (as a percentage of risk exposure amount)	18.4%	19.7%	
62 Tier 1 (as a percentage of risk exposure amount)	18.4%	19.7%	
63 Total capital (as a percentage of risk exposure amount)	18.7%	20.0%	
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)			
64	9.5%	9.0%	
65 of which : capital conservation buffer requirements	2.5%	2.5%	
66 of which : countercyclical buffer requirements	0.5%	0.0%	
67 of which : systemic risk buffer requirements	0.0%	-	
67a of which : Global Systemically Important Institutions (G-SII) or Other Systemically Important	2.0%	2.0%	
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	13.9%	15.2%	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72 Direct and indirect holdings of the capital of financial sector entities where the institution does not Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	-	
73	-	-	
74 Empty Set in the EU	-	-	
75 Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	-	7,651	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)			
76	-	-	
Cap on inclusion of credit risk adjustments in T2 under standardised approach			
77	-	-	
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)			
78	13,039	9,456	
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	13,039	9,456	
<b>Capital instruments subject to phase-out arrangements</b>			
<b>(only applicable between 1 Jan 2013 and 1 Jan 2022)</b>			
80 Current cap on CET1 instruments subject to phase out arrangements	-	-	
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	
82 Current cap on AT1 instruments subject to phase out arrangements	-	-	
83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	
84 Current cap on T2 instruments subject to phase out arrangements	-	-	
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	

Table 5. Capital instruments' main features

Disclosure according to Article 3 in EU Regulation No 1423/2013

31 Dec 2018		
1	Issuer	AB SEB bankas, reg.No 125277981
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	LT0000101347
3	Governing law(s) of the instrument	Law on Companies of Republic of Lithuania
Regulatory treatment		
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	EUR 299,6 million
9	Nominal amount of instrument	EUR 299,6 million
9a	Issue price	par value EUR 19.4
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	29-Nov-1990
12	Perpetual or dated	Perpetual
13	Original maturity date	Perpetual
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	Not related
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

N/A inserted if the question is not applicable.

Table 6. Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

Disclosure according to EU Regulation No 1555/2015

31 Dec 2018	General credit exposures		Trading book exposure	Securitisation exposure	Own funds requirements			Total	Own funds requirement weights	Countercyclical capital buffer rate		
	Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures				Of which: Trading book exposures	Of which: Securitisation exposures
<b>Breakdown by country</b>												
Sweden	274	55,089	-	-	-	-	2,850	-	-	2,850	1.16%	2.00%
Norway	30	5,890	-	-	-	-	119	-	-	119	0.05%	2.00%
Lithuania	370,537	6,388,964	11,963	-	-	-	235,462	957	-	236,419	96.04%	0.50%
Other	7,471	190,604	5	-	-	-	6,769	-	-	6,769	2.75%	0.00%
<b>Total</b>	<b>378,312</b>	<b>6,640,547</b>	<b>11,968</b>	-	-	-	<b>245,200</b>	<b>957</b>	-	<b>246,157</b>	<b>100%</b>	

Table 7. Amount of institution-specific countercyclical capital buffer

Disclosure according to EU Regulation No 1555/2015

31 Dec 2018	
Total risk exposure amount	3,467,778
Institution specific countercyclical buffer rate	0.5%
Institution specific countercyclical buffer requirement	17,599

Table 8. Leverage ratio

Disclosure according to EU Regulation 2016/200

	31 Dec 2018
<b>Summary reconciliation of accounting assets and leverage ratio exposures</b>	<b>Applicable amount</b>
1 Total assets as per published financial statements	7,856,623
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
3 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	-
4 Adjustments for derivative financial instruments	58,013
5 Adjustment for securities financing transactions (SFTs)	-
6 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	545,490
(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	-
EU-6a (Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	-
7 Other adjustments	- 19,412
<b>8 Leverage ratio total exposure measure</b>	<b>8,440,714</b>

<b>Leverage ratio common disclosure</b>	<b>CRR leverage ratio exposures</b>
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>	
1 On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	7,793,927
2 (Asset amounts deducted in determining Tier 1 capital)	- 21,457
<b>Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)</b>	<b>7,772,470</b>
<b>Derivative exposures</b>	
4 Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	65,261
5 Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	57,493
EU-5a Exposure determined under Original Exposure Method	-
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8 (Exempted CCP leg of client-cleared trade exposures)	-
9 Adjusted effective notional amount of written credit derivatives	-
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
<b>11 Total derivatives exposures (sum of lines 4 to 10)</b>	<b>122,754</b>
<b>SFT exposures</b>	
12 Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14 Counterparty credit risk exposure for SFT assets	-
Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	-
15 Agent transaction exposures	-
EU-15a (Exempted CCP leg of client-cleared SFT exposure)	-
<b>16 Total securities financing transaction exposures (sum of lines 12 to 15a)</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>	
17 Off-balance sheet exposures at gross notional amount	1,185,819
18 (Adjustments for conversion to credit equivalent amounts)	- 640,329
<b>19 Other off-balance sheet exposures (sum of lines 17 and 18)</b>	<b>545,490</b>
<b>Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)</b>	
(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
EU-19a (Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
EU-19b	-
<b>Capital and total exposure measure</b>	
<b>20 Tier 1 capital</b>	<b>636,512</b>
<b>21 Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)</b>	<b>8,440,714</b>
<b>Leverage ratio</b>	
<b>22 Leverage ratio</b>	<b>7.5%</b>
<b>Choice on transitional arrangements and amount of derecognised fiduciary items</b>	
EU-23 Choice on transitional arrangements for the definition of the capital measure	Transitional
EU-24 Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	-

Table 8. Leverage ratio (continued)

<b>Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)</b>		<b>CRR leverage ratio exposures</b>
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	-
EU-2	Trading book exposures	28,104
EU-3	Banking book exposures, of which:	7,765,824
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	1,217,456
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-
EU-7	Institutions	365,252
EU-8	Secured by mortgages of immovable properties	4,240,419
EU-9	Retail exposures	242,667
EU-10	Corporate	1,417,092
EU-11	Exposures in default	80,969
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	201,969

**Table LRQu: Free format text boxes for disclosure on qualitative items**

SEB's capital plan covers the strategic planning horizon and projects economic and legal capital requirements, as well as available capital resources and relevant ratios including risk-based and non-risk based metrics such as the leverage ratio. It is forward-looking, taking into account current and planned business volumes. The capital plan is stress tested for potential down-turns in the macroeconomic environment, strategic risk factors identified in the business planning, and other relevant scenarios. The capital plan is established annually, and updated as needs arise during the year. Capital is managed centrally, pursuant to an internal framework in accordance with local requirements as regards statutory and internal capital.

Leverage ratio is considered in the capital and risk management and planning. The leverage ratio is frequently monitored and risks involved are assessed.

In 2018, there were no significant factors impacting the leverage ratio.

## Credit exposure

Table 9. Total and average net amount of exposures

	31 Dec 2018		31 Dec 2017	
	Net value of exposures at the end of the period	Average net exposures over the period	Net value of exposures at the end of the period	Average net exposures over the period
Central governments or central banks	-	-	-	-
Institutions	79,084	59,347	74,834	47,929
Corporates	4,511,015	4,514,094	4,524,515	4,338,438
of which large corporates	1,539,144	1,621,855	1,431,490	1,436,555
of which SME corporates	2,820,608	2,731,156	2,886,063	2,595,467
of which Specialised Lending	151,263	161,083	206,962	306,416
Retail	2,642,971	2,565,902	2,461,982	2,400,628
of which secured by immovable property	2,533,787	2,455,854	2,351,448	2,287,070
of which retail SME	41,326	43,865	47,187	50,878
of which other retail exposures	67,858	66,183	63,347	62,680
<b>Total IRB approach</b>	<b>7,233,070</b>	<b>7,139,343</b>	<b>7,061,331</b>	<b>6,786,995</b>
Central governments or central banks	1,154,205	717,034	1,481,773	776,935
Other exposures	548,803	831,757	624,200	1,442,778
<b>Total Standardised approach</b>	<b>1,703,008</b>	<b>1,548,791</b>	<b>2,105,973</b>	<b>2,219,713</b>
<b>Total</b>	<b>8,936,078</b>	<b>8,688,134</b>	<b>9,167,304</b>	<b>9,006,708</b>

Table 10. Geographical breakdown of exposures

Net value of exposure	31 Dec 2018			31 Dec 2017		
	Lithuania	Other *	Total	Lithuania	Other *	Total
Central governments or central banks	-	-	-	-	-	-
Institutions	3,410	75,674	79,084	12,444	62,390	74,834
Corporates	4,303,499	207,516	4,511,015	4,362,284	162,231	4,524,515
of which large corporates	1,479,835	59,309	1,539,144	1,381,268	50,222	1,431,490
of which SME corporates	2,679,870	140,738	2,820,608	2,777,027	109,036	2,886,063
of which specialised lending	143,794	7,469	151,263	203,989	2,973	206,962
Retail exposures	2,597,478	45,493	2,642,971	2,431,756	30,226	2,461,982
of which secured by immovable property	2,488,413	45,374	2,533,787	2,321,287	30,161	2,351,448
of which retail SME	41,326	-	41,326	47,187	-	47,187
of which other retail exposures	67,739	119	67,858	63,282	65	63,347
<b>Total IRB approach</b>	<b>6,904,387</b>	<b>328,683</b>	<b>7,233,070</b>	<b>6,806,484</b>	<b>254,847</b>	<b>7,061,331</b>
Central governments or central banks	1,127,884	26,321	1,154,205	1,479,382	2,391	1,481,773
Other exposures	474,414	74,389	548,803	462,839	161,361	624,200
<b>Total Standardised approach</b>	<b>1,602,298</b>	<b>100,710</b>	<b>1,703,008</b>	<b>1,942,221</b>	<b>163,752</b>	<b>2,105,973</b>
<b>Total</b>	<b>8,506,685</b>	<b>429,393</b>	<b>8,936,078</b>	<b>8,748,705</b>	<b>418,599</b>	<b>9,167,304</b>

\* On 31 December 2018 and on 31 December 2017 other countries mainly comprise Sweden, Estonia, People's Republic of China and Germany.

Table 11. Concentration of exposures by industry

	Banks	Finance and insurance	Wholesale and retail	Transportation	Shipping	Business and household services	Construction	Manufacturing	Agriculture, forestry and fishing	Mining, oil and gas extraction	Electricity, water and gas supply	Commercial real estate management	Residential real estate management	Public Administration	Household mortgage	Other
<b>31 Dec 2018</b>																
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	72,001	7,031	-	-	-	52	-	-	-	-	-	-	-	-	-	-
Corporates	-	12,803	1,390,929	561,427	7,855	406,795	170,608	483,944	259,100	14,974	360,320	831,841	-	-	-	10,419
of which large corporates	-	-	891,563	225,114	-	86,424	6,203	213,880	-	-	115,956	-	-	-	-	4
of which SME corporates	-	12,803	499,366	328,744	385	320,371	130,283	270,064	259,100	14,974	148,711	825,392	-	-	-	10,415
of which Specialised Lending	-	-	-	7,569	7,470	-	34,122	-	-	-	95,653	6,449	-	-	-	-
Retail	-	-	33,245	3,680	3	9,564	6,103	15,785	33,618	407	490	6,104	-	-	2,464,512	69,460
of which secured by real estate property	-	-	15,864	1,595	-	4,500	3,654	8,081	27,959	153	237	5,988	-	-	2,464,512	1,244
of which retail SME	-	-	17,381	2,085	3	5,064	2,449	7,704	5,659	254	253	116	-	-	-	358
of which other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67,858
<b>Total IRB approach</b>	<b>72,001</b>	<b>19,834</b>	<b>1,424,174</b>	<b>565,107</b>	<b>7,858</b>	<b>416,411</b>	<b>176,711</b>	<b>499,729</b>	<b>292,718</b>	<b>15,381</b>	<b>360,810</b>	<b>837,945</b>	-	-	<b>2,464,512</b>	<b>79,879</b>
Central governments or central banks	846,677	-	-	-	-	-	-	-	-	-	-	-	-	307,528	-	-
Other exposures	72,644	7,011	14,257	5,744	-	10,933	6,196	7,283	13,994	83	423	2,348	-	174	311	407,402
<b>Total Standardised approach</b>	<b>919,321</b>	<b>7,011</b>	<b>14,257</b>	<b>5,744</b>	-	<b>10,933</b>	<b>6,196</b>	<b>7,283</b>	<b>13,994</b>	<b>83</b>	<b>423</b>	<b>2,348</b>	-	<b>307,702</b>	<b>311</b>	<b>407,402</b>
<b>Total</b>	<b>991,322</b>	<b>26,845</b>	<b>1,438,431</b>	<b>570,851</b>	<b>7,858</b>	<b>427,344</b>	<b>182,907</b>	<b>507,012</b>	<b>306,712</b>	<b>15,464</b>	<b>361,233</b>	<b>840,293</b>	-	<b>307,702</b>	<b>2,464,823</b>	<b>487,281</b>
<b>31 Dec 2017</b>																
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	62,830	11,955	-	-	-	49	-	-	-	-	-	-	-	-	-	-
Corporates	-	3,620	1,343,244	396,201	6,032	289,294	191,638	492,222	201,800	13,404	658,866	873,384	-	-	-	54,810
of which large corporates	-	-	900,446	56,914	-	88,205	24,854	207,478	-	-	153,547	42	-	-	-	4
of which SME corporates	-	3,620	442,771	331,466	3,059	201,089	115,781	284,744	201,800	13,404	446,654	786,869	-	-	-	54,806
of which Specialised Lending	-	-	27	7,821	2,973	-	51,003	-	-	-	58,665	86,473	-	-	-	-
Retail	-	338	33,723	4,343	3	9,711	7,178	17,648	34,396	171	1,080	4,842	-	-	2,282,900	65,649
of which secured by real estate property	-	149	17,325	1,649	-	4,364	3,486	8,255	26,304	149	751	4,728	-	-	2,282,900	1,388
of which retail SME	-	189	16,398	2,694	3	5,347	3,692	9,393	8,092	22	329	114	-	-	-	914
of which other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63,347
<b>Total IRB approach</b>	<b>62,830</b>	<b>15,913</b>	<b>1,376,967</b>	<b>400,544</b>	<b>6,035</b>	<b>299,054</b>	<b>198,816</b>	<b>509,870</b>	<b>236,196</b>	<b>13,575</b>	<b>659,946</b>	<b>878,226</b>	-	-	<b>2,282,900</b>	<b>120,459</b>
Central governments or central banks	1,105,066	-	-	-	-	-	-	-	-	-	-	-	-	368,929	-	7,778
Other exposures	162,575	4,259	15,782	6,908	1	11,014	6,147	7,195	12,592	95	379	2,144	-	-	284	394,825
<b>Total Standardised approach</b>	<b>1,267,641</b>	<b>4,259</b>	<b>15,782</b>	<b>6,908</b>	<b>1</b>	<b>11,014</b>	<b>6,147</b>	<b>7,195</b>	<b>12,592</b>	<b>95</b>	<b>379</b>	<b>2,144</b>	-	<b>368,929</b>	<b>284</b>	<b>402,603</b>
<b>Total</b>	<b>1,330,471</b>	<b>20,172</b>	<b>1,392,749</b>	<b>407,452</b>	<b>6,036</b>	<b>310,068</b>	<b>204,963</b>	<b>517,065</b>	<b>248,788</b>	<b>13,670</b>	<b>660,325</b>	<b>880,370</b>	-	<b>368,929</b>	<b>2,283,184</b>	<b>523,062</b>



Table 12. Maturity of exposures

31 Dec 2018	Net exposure value					Total
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	
Central governments or central banks	-	-	-	-	-	-
Institutions	43,281	28,656	6,758	389	-	79,084
Corporates	-	1,708,952	2,299,974	502,089	-	4,511,015
of which large corporates	-	858,721	513,186	167,237	-	1,539,144
of which SME corporates	-	823,099	1,728,187	269,322	-	2,820,608
of which Specialised Lending	-	27,132	58,601	65,530	-	151,263
Retail	-	78,550	156,338	2,408,083	-	2,642,971
of which secured by real estate property	-	44,668	81,413	2,407,706	-	2,533,787
of which retail SME	-	29,515	11,477	334	-	41,326
of which other retail exposures	-	4,367	63,448	43	-	67,858
<b>Total IRB approach</b>	<b>43,281</b>	<b>1,816,158</b>	<b>2,463,070</b>	<b>2,910,561</b>	-	<b>7,233,070</b>
Central governments or central banks	846,677	54,705	252,823	-	-	1,154,205
Other exposures	73,034	29,484	216,813	40,329	189,143	548,803
<b>Total Standardised approach</b>	<b>919,711</b>	<b>84,189</b>	<b>469,636</b>	<b>40,329</b>	<b>189,143</b>	<b>1,703,008</b>
<b>Total</b>	<b>962,992</b>	<b>1,900,347</b>	<b>2,932,706</b>	<b>2,950,890</b>	<b>189,143</b>	<b>8,936,078</b>

31 Dec 2017	Net exposure value					Total
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	
Central governments or central banks	-	-	-	-	-	-
Institutions	57,322	16,900	228	384	-	74,834
Corporates	-	1,723,162	2,247,940	553,413	-	4,524,515
of which large corporates	-	772,068	474,534	184,888	-	1,431,490
of which SME corporates	-	932,800	1,674,626	278,637	-	2,886,063
of which Specialised Lending	-	18,294	98,780	89,888	-	206,962
Retail	-	89,564	149,407	2,223,011	-	2,461,982
of which secured by real estate property	-	53,090	77,187	2,221,171	-	2,351,448
of which retail SME	-	31,969	14,076	1,142	-	47,187
of which other retail exposures	-	4,505	58,144	698	-	63,347
<b>Total IRB approach</b>	<b>57,322</b>	<b>1,829,626</b>	<b>2,397,575</b>	<b>2,776,808</b>	-	<b>7,061,331</b>
Central governments or central banks	1,105,066	101,228	275,479	-	-	1,481,773
Other exposures	22,183	187,551	191,853	36,369	186,244	624,200
<b>Total Standardised approach</b>	<b>1,127,249</b>	<b>288,779</b>	<b>467,332</b>	<b>36,369</b>	<b>186,244</b>	<b>2,105,973</b>
<b>Total</b>	<b>1,184,571</b>	<b>2,118,405</b>	<b>2,864,907</b>	<b>2,813,177</b>	<b>186,244</b>	<b>9,167,304</b>

## Credit risk mitigation

Depending on the creditworthiness of the customer, as well as the nature and complexity of the transaction, collateral and netting agreements can be used to a varying extent to mitigate the credit risk. In the selection of a particular credit risk mitigation technique, consideration is given to its suitability for the product and customer in question, its legal enforceability, and on the experience and capacity to manage and control the particular technique. The most important credit risk mitigation techniques are pledges and guarantees. The most common types of pledges are real estate, floating charges and financial securities.

For large corporate customers, credit risk is commonly mitigated through the use of restrictive covenants in the credit agreements, including negative pledges. Independent and professional credit analysis is particularly important for this customer segment. A credit analysis function within the Corporates and Institutions Area provides independent analysis and credit opinions to business units throughout the bank where relevant as well as to the credit committees.

All non-retail collateral values are reviewed at least annually by the relevant credit committees. Collateral values for watch-listed engagements are reviewed on a more frequent basis. The general rule is that the value of the collateral shall be calculated on the basis of the estimated market value of the asset with a conservative discount. The market value shall be documented by an independent external valuation or, when applicable, by a well justified internal estimate.

The general control process for various credit risk mitigation techniques includes credit review and approval requirements, specific credit product policies and credit risk monitoring and control. The value of both the exposure and the mitigating collateral are monitored on a regular basis. The frequency depends on the type of counterparty, the structure of the transaction and the type of collateral.

As at 31 December 2018 the most common collateral is the real estate and from exposures secured by collateral, the commercial real estate made 37%, residential real estate 56% and other collateral types (floating charges, financial collaterals, etc.) made 7%. As at 31 December 2017 the most common collateral is the real estate and from exposures secured by collateral, the commercial real estate made 39%, residential real estate 54% and other collateral types (floating charges, financial collaterals, etc.) made 7%.

Table 13. Credit risk mitigation techniques

	Exposures unsecured - Carrying amount	Exposures secured - Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
<b>31 Dec 2018</b>					
Total loans	2,915,832	4,338,326	3,959,831	378,495	-
Total debt securities	307,702	-	-	-	-
<b>Total exposures</b>	<b>3,223,534</b>	<b>4,338,326</b>	<b>3,959,831</b>	<b>378,495</b>	-
Of which defaulted	29,532	56,019	49,337	6,682	-
<b>31 Dec 2017</b>					
Total loans	2,887,086	4,178,117	3,674,375	503,742	-
Total debt securities	368,929	-	-	-	-
<b>Total exposures</b>	<b>3,256,015</b>	<b>4,178,117</b>	<b>3,674,375</b>	<b>503,742</b>	-
Of which defaulted	34,647	64,978	55,668	9,310	-

## Credit quality

The definitions of past due and impaired loans as well as the Bank's impairment process are described in the Notes to the Financial Statements, Note 3 - Summary of Significant Accounting Policies, Financial Risk Management and Fair Value Disclosures. A financial asset is past due when any amount of principal, interest or fee has not been paid by a counterparty at the date it was contractually due.

Table 14. Credit quality of exposures by exposure class and instrument

	a	b	c	d	e	f	g
	Gross carrying values of		Specific credit	General credit	Accumulated	Credit risk	Net values
	Defaulted	Non-defaulted	risk	risk			
31 Dec 2018	exposures	exposures	adjustment	adjustment	write-offs	adjustment	a+b-c-d
						charges of the	
						period	
Central governments or central banks	-	-	-	-	-	-	-
Institutions	-	79,084	-	-	-	3	79,084
Corporates	86,227	4,471,432	46,644	-	183,567	1,708	4,511,015
of which large corporates	7,268	1,537,548	5,672	-	42,284	263	1,539,144
of which SME corporates	51,444	2,796,699	27,535	-	104,707	1,437	2,820,608
of which Specialised Lending	27,515	137,185	13,437	-	36,576	8	151,263
Retail exposures	64,179	2,602,333	23,541	-	131,832	506	2,642,971
of which secured by real estate property	61,311	2,493,926	21,450	-	90,088	344	2,533,787
of which retail SME	1,496	40,718	888	-	9,834	36	41,326
of which other retail exposures	1,372	67,689	1,203	-	31,910	126	67,858
<b>Total IRB approach</b>	<b>150,406</b>	<b>7,152,849</b>	<b>70,185</b>	<b>-</b>	<b>315,399</b>	<b>2,217</b>	<b>7,233,070</b>
Central governments or central banks	-	1,154,205	-	-	-	-	1,154,205
Other exposures	2,213	547,892	1,302	-	1,469	116	548,803
<b>Total Standardised approach</b>	<b>2,213</b>	<b>1,702,097</b>	<b>1,302</b>	<b>-</b>	<b>1,469</b>	<b>116</b>	<b>1,703,008</b>
<b>Total</b>	<b>152,619</b>	<b>8,854,946</b>	<b>71,487</b>	<b>-</b>	<b>316,868</b>	<b>2,333</b>	<b>8,936,078</b>
Of which: Loans	144,653	7,174,030	64,525	-	316,868	2,333	7,254,158
Of which: Debt securities	-	307,702	-	-	-	-	307,702
Of which: Off-balance-sheet exposures	7,966	1,177,853	6,962	-	-	-	1,178,857

	a	b	c	d	e	f	g
	Gross carrying values of		Specific credit	General credit	Accumulated	Credit risk	Net values
	Defaulted	Non-defaulted	risk	risk			
31 Dec 2017	exposures	exposures	adjustment	adjustment	write-offs	adjustment	a+b-c-d
						charges of the	
						period	
Central governments or central banks	-	-	-	-	-	-	-
Institutions	-	74,834	-	-	-	-	74,834
Corporates	86,703	4,485,208	47,396	-	183,189	3,297	4,524,515
of which large corporates	7,268	1,432,732	8,510	-	37,465	370	1,431,490
of which SME corporates	50,818	2,862,196	26,951	-	106,757	1,240	2,886,063
of which Specialised Lending	28,617	190,280	11,935	-	38,967	1,687	206,962
Retail exposures	73,770	2,414,561	26,349	-	133,721	676	2,461,982
of which secured by real estate property	69,313	2,305,285	23,150	-	92,095	251	2,351,448
of which retail SME	2,079	45,821	713	-	8,999	425	47,187
of which other retail exposures	2,378	63,455	2,486	-	32,627	-	63,347
<b>Total IRB approach</b>	<b>160,473</b>	<b>6,974,603</b>	<b>73,745</b>	<b>-</b>	<b>316,910</b>	<b>3,973</b>	<b>7,061,331</b>
Central governments or central banks	-	1,481,773	-	-	-	-	1,481,773
Other exposures	3,509	622,674	1,983	-	1,539	-	624,200
<b>Total Standardised approach</b>	<b>3,509</b>	<b>2,104,447</b>	<b>1,983</b>	<b>-</b>	<b>1,539</b>	<b>-</b>	<b>2,105,973</b>
<b>Total</b>	<b>163,982</b>	<b>9,079,050</b>	<b>75,728</b>	<b>-</b>	<b>318,449</b>	<b>3,973</b>	<b>9,167,304</b>
Of which: Loans	156,008	6,977,667	68,472	-	318,449	3,973	7,065,203
Of which: Debt securities	-	368,929	-	-	-	-	368,929
Of which: Off-balance-sheet exposures	7,974	1,527,209	7,256	-	-	-	1,527,927

Table 15. Credit quality of exposures by industry

	a	b	c	d	e	f	g
	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values a+b-c-d
	Defaulted exposures	Non-defaulted exposures					
<b>31 Dec 2018</b>							
Banks	-	991,331	9	-	-	-	991,322
Finance and insurance	1	26,846	2	-	33	6	26,845
Wholesale and retail	8,506	1,434,756	4,831	-	22,270	307	1,438,431
Transportation	6,563	570,001	5,713	-	7,531	195	570,851
Shipping	8,744	5,846	6,732	-	10,612	-	7,858
Business and household services	3,066	425,086	808	-	6,577	87	427,344
Construction	10,037	176,185	3,315	-	149,575	506	182,907
Manufacturing	27,768	498,942	19,698	-	13,580	212	507,012
Agriculture, forestry and fishing	2,562	305,076	926	-	399	269	306,712
Mining, oil and gas extraction	-	15,470	6	-	2	6	15,464
Electricity, water and gas supply	-	361,335	102	-	2,099	33	361,233
Commercial real estate management	22,869	824,144	6,720	-	34,681	194	840,293
Residential real estate management	-	-	-	-	-	-	-
Public Administration	-	307,702	-	-	-	-	307,702
Household mortgage	60,247	2,425,084	20,508	-	69,335	302	2,464,823
Other	2,256	487,142	2,117	-	174	216	487,281
<b>Total</b>	<b>152,619</b>	<b>8,854,946</b>	<b>71,487</b>	<b>-</b>	<b>316,868</b>	<b>2,333</b>	<b>8,936,078</b>

	a	b	c	d	e	f	g
	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values a+b-c-d
	Defaulted exposures	Non-defaulted exposures					
<b>31 Dec 2017</b>							
Banks	-	1,330,471	-	-	-	-	1,330,471
Finance and insurance	1	20,172	1	-	33	-	20,172
Wholesale and retail	12,577	1,387,123	6,951	-	22,383	553	1,392,749
Transportation	8,974	404,842	6,364	-	7,532	402	407,452
Shipping	8,351	5,647	7,962	-	10,751	949	6,036
Business and household services	4,348	305,887	167	-	6,585	31	310,068
Construction	11,880	197,921	4,838	-	149,832	833	204,963
Manufacturing	25,750	507,968	16,653	-	12,773	796	517,065
Agriculture, forestry and fishing	742	248,668	622	-	398	-	248,788
Mining, oil and gas extraction	-	13,671	1	-	2	-	13,670
Electricity, water and gas supply	-	660,456	131	-	2,099	-	660,325
Commercial real estate management	19,447	866,752	5,829	-	34,342	158	880,370
Residential real estate management	-	-	-	-	-	-	-
Public Administration	-	368,929	-	-	-	-	368,929
Household mortgage	68,756	2,237,832	23,404	-	71,546	251	2,283,184
Other	3,156	522,711	2,805	-	173	-	523,062
<b>Total</b>	<b>163,982</b>	<b>9,079,050</b>	<b>75,728</b>	<b>-</b>	<b>318,449</b>	<b>3,973</b>	<b>9,167,304</b>

Table 16. Credit quality of exposures by geography

	a	b	c	d	e	f	g	
	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values a+b-c-d	
31 Dec 2018	Defaulted exposures	Non-defaulted exposures						
Lithuania		141,712	8,429,120	64,147	-	315,185	2,249	8,506,685
Other countries*		10,907	425,826	7,340	-	1,683	84	429,393
<b>Total</b>		<b>152,619</b>	<b>8,854,946</b>	<b>71,487</b>	<b>-</b>	<b>316,868</b>	<b>2,333</b>	<b>8,936,078</b>

	a	b	c	d	e	f	g	
	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the	Net values a+b-c-d	
31 Dec 2017	Defaulted exposures	Non-defaulted exposures						
Lithuania		154,380	8,661,820	67,495	-	316,873	3,024	8,748,705
Other countries*		9,602	417,230	8,233	-	1,576	949	418,599
<b>Total</b>		<b>163,982</b>	<b>9,079,050</b>	<b>75,728</b>	<b>-</b>	<b>318,449</b>	<b>3,973</b>	<b>9,167,304</b>

\* On 31 December 2018 and on 31 December 2017 other countries mainly comprise Sweden, Estonia, People's Republic of China and Germany.

Table 17. Ageing of past due exposures

31 Dec 2018	Gross carrying values					
	≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
Loans	197,396	16,767	11,266	9,302	9,233	33,361
Debt securities	-	-	-	-	-	-
<b>Total exposures</b>	<b>197,396</b>	<b>16,767</b>	<b>11,266</b>	<b>9,302</b>	<b>9,233</b>	<b>33,361</b>

31 Dec 2017	Gross carrying values					
	≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
Loans	273,813	13,326	13,084	14,501	8,483	79,117
Debt securities	-	-	-	-	-	-
<b>Total exposures</b>	<b>273,813</b>	<b>13,326</b>	<b>13,084</b>	<b>14,501</b>	<b>8,483</b>	<b>79,117</b>

Table 18. Non-performing and forbore exposures

	Gross carrying values							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
	Of which performing but past due > 30 days and <= 90 days	Of which performing forbore	Of which non-performing			On performing exposures		On non-performing exposures		On non-performing exposures	Of which forbore exposures		
			Of which defaulted	Of which impaired	Of which forbore	Of which forbore	Of which forbore						
<b>31 Dec 2018</b>													
Debt securities	307,702	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	7,318,683	8,534	60,098	153,017	144,653	145,559	86,842	- 5,309	- 620	- 59,216	- 32,095	87,738	110,495
Off-balance-sheet exposures	1,185,819	-	-	7,980	7,966	-	-	- 1,998	-	- 4,964	-	-	-
	Gross carrying values							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
	Of which performing but past due > 30 days and <= 90 days	Of which performing forbore	Of which non-performing			On performing exposures		On non-performing exposures		On non-performing exposures	Of which forbore exposures		
			Of which defaulted	Of which impaired	Of which forbore	Of which forbore	Of which forbore						
<b>31 Dec 2017</b>													
Debt securities	368,929	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	7,133,675	12,514	50,639	188,457	156,008	84,526	114,475	-10,889	- 641	- 57,583	- 31,452	120,151	121,478
Off-balance-sheet exposures	1,535,183	-	27	7,979	7,974	-	-	- 2,808	-	- 4,448	-	-	-

Table 19. Changes in stock of general and specific risk adjustments

	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
<b>31 Dec 2018</b>		
<b>Opening balance</b>	- 64,733	-
Increases due to amounts set aside for estimated loan losses during the period	- 2,333	-
Decreases due to amounts reversed for estimated loan losses during the period	2,947	-
Decreases due to amounts taken against accumulated credit risk adjustments	4,188	-
Transfers between credit risk adjustments	- 4,404	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	- 190	-
<b>Closing balance</b>	- 64,525	-
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	1,986	-
Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-
<b>31 Dec 2017</b>		
<b>Opening balance</b>	- 92,444	-
Increases due to amounts set aside for estimated loan losses during the period	- 3,973	-
Decreases due to amounts reversed for estimated loan losses during the period	17,059	-
Decreases due to amounts taken against accumulated credit risk adjustments	9,969	-
Transfers between credit risk adjustments	-	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	917	-
<b>Closing balance</b>	- 68,472	-
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	4,262	-
Specific credit risk adjustments directly recorded to the statement of profit or loss	- 11,352	-

Opening balance reported as at 31 December 2018 differs from closing balance reported as at 31 December 2017 due to provisions re-measurement as a result of implementation of IFRS9.

Table 20. Changes in stock of defaulted and impaired loans and debt securities

	Gross carrying value defaulted exposures
<b>31 Dec 2018</b>	
<b>Opening balance</b>	<b>156,008</b>
Loans and debt securities that have defaulted or impaired since the last reporting period	26,505
Returned to non-defaulted status	- 26,159
Amounts written off	- 4,188
Other changes	- 7,513
<b>Closing balance</b>	<b>144,653</b>
<b>31 Dec 2017</b>	
<b>Opening balance</b>	<b>231,165</b>
Loans and debt securities that have defaulted or impaired since the last reporting period	24,295
Returned to non-defaulted status	- 84,094
Amounts written off	- 11,708
Other changes	- 3,650
<b>Closing balance</b>	<b>156,008</b>