

# AS SEB Pank Group

Interim Report of Quarter II 2010



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## **Statement of the Management Board**

Management Board of AS SEB Pank is on an opinion that the Interim Report of Quarter II 2010 consists of the following parts and reports:

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

The financial and other additional information published in the Interim Report of Quarter II 2010 is true and complete. Consolidated financial statements give a true and fair view of the actual financial position, results of operations and cash flows of the group.

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

Consolidated financial statements for the Quarter II 2010 are not audited.

Riho Unt  
Chairman of the Management Board

## I. Introduction - general information

### 1. Credit institution

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

### 2. Auditor

Audit company	AS PricewaterhouseCoopers
Registry code	10142876
Address	Pärnu Str. 15, 10141 Tallinn, Estonia
Reporting date	30.06.2010
Reporting period	01.01.2010 - 30.06.2010
Reporting currency	Estonian kroon (EEK), millions

## II. Management Report

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

#### 1.1. Consolidated group

30.06.10

Company name	Registry code	Reg. date	Address	Activity	Holding*** (%)	At an acquisition cost (EEK mio)
AS SEB Liising	10281767	03.10.97	Tallinn, Tornimäe 2	Leasing	100.0%	23.4
AS SEB Kindlustusmaakler*	10723587	16.01.01	Tallinn, Tornimäe 2	Insurance brokerage	100.0%	-
AS Rentacar*	10303546	20.10.97	Haapsalu, Karja 27	Leasing	100.0%	-
AS SEB Varahaldus	10035169	22.05.96	Tallinn, Tornimäe 2	Asset management	100.0%	42.5
AS Bangalo	10088272	18.10.96	Tallinn, Tornimäe 2	Rental of computers	100.0%	5.0
AS SEB Enskilda	11354037	16.02.07	Tallinn, Tornimäe 2	Financial consulting	100.0%	11.5
AS Sertifitseerimiskeskus**	10747013	27.03.01	Tallinn, Pärnu mnt 12	Data communication services	25.0%	15.1
OÜ TietoEnator Support **	11065244	30.08.04	Tallinn, Roosikrantsi 11	IT consulting, programming	20.0%	0.6
						98.1

All enterprises are registered in Estonian Commercial Register.

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

\* Consolidated subsidiaries of AS SEB Liising

\*\* Associates

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

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

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

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

## **1.2. Changes in the consolidated group during the accounting period and plans for year 2010**

In January 2010 100% shares in AS SEB Elu- ja Pensionikindlustus were sold according to the Management Board resolution from December 2009. Purchaser was SEB Trygg Liv Holding AB, a company, which belong to the SEB AB Group. Sales price of AS SEB Elu- ja Pensionikindlustus was 219 EEKmio and profit from the transaction was 51.3 EEKmio.

In February 2010 100% ownership in OÜ Estectus was sold according to the Management Board resolution from December 2009. Purchaser was Warehold B.V., a company, which located in Holland and belongs to the SEB AB Group. Sales price of OÜ Estectus was 50.6 EEKmio and profit from the transaction was 0.5 EEKmio.

In June 2010 an associate SEB IT Partner Estonia OÜ was liquidated.

No such events or trends have occurred by the time of publishing the report, which would affect the strategy of the group in 2010.

## **2. Key events in QII 2010**

Riho Unt was named the chairman of the management board of SEB Estonia on 31 May 2010. Unt has been working with the SEB organisation for almost ten years. He joined the company in 2001 when he took up a post in the e-Technology and Operations Division. In 2004 he was promoted to deputy manager of the bank's Tallinn office, and then in 2006 to the position of director of the Retail Banking Division. He has been a member of the management board of the bank since the end of 2007, responsible for the retail banking area. Since January 2010 he has been fulfilling the duties of the board's chairman.

Riho Unt was named the chairman of the Estonian Banking Association. Unt will lead Estonian Banking Association until 2012.

SEB Estonia recognized to be the Most Attractive Employer among financial sector in 2010 in Estonia. Also students recognized SEB as the Most Attractive Employer among financial sector in 2010 in Estonia.

SEB Estonia improved its position in companies' awareness and image survey. In 2009 SEB was in position nr 11-13, in 2010 nr 7.

SEB opened new branch in Tartu. The Ülikooli branch took over the functions of SEB's former Küüni, Aardla and Tarvase branches.

Baltic units of Swedbank, SEB, Nordea Bank and Danske Bank (Sampo Bank) have commenced a cooperation project with the aim of analysing the possibility and expediency of the creation of a common ATM network covering the entire Baltic region. The first stage of the project involves preparatory work and analysis project with the aim of investigating

the commercial and technological possibility of the common ATM network. In May 2010 the first inquiry was sent to potential service providers. During summer and autumn, the preliminary offers will be analysed and summarised, and thereupon it will be possible to make decisions regarding further actions. The four banks have a total of 936 ATMs in Estonia, 604 in Latvia, and 868 in Lithuania.

In May 2010 SEB's clients conducted 99% of their transactions using the bank's electronic channels. Just 1% of transactions were conducted in branches. Compared to a decade ago, the proportion of electronic transactions in the use of SEB services has risen by more than 40%, and the experience of other countries suggests that use of electronic channels will increase further once the euro is adopted.

The more than 801 900 customers of SEB Pank Group are served by 1345 employees. The customers are served through many different channels such as 49 branch offices, 230 on-line post offices, 348 ATMs, 5795 POS-terminals. There are more than 496 100 debit and credit cards in use. In addition, over 73% of our customers use our SEB Internet Bank and SEB Internet Bank for Business services.

### 3. Capital adequacy

(millions of EEK)

	<b>30.06.10</b>	<b>31.12.09</b>
<b>CAPITAL BASE</b>		
Paid-in share capital	665.6	665.6
Premium	1,346.6	1,346.6
General banking reserves	306.0	306.0
Retained earnings / loss	5,137.4	6,428.2
Unrealised profit for previous periods on shares of subsidiaries and associated companies (negative)	-1.7	-3.8
Intangibles	-6.6	-9.6
Loss for the period (group without life insurance)	0.0	-1,427.1
<b>Total primary own funds</b>	<b>7,447.4</b>	<b>7,305.9</b>
Subordinated debt	2,613.0	2,613.0
Available for sale financial instruments	2.3	2.9
Unrealised part of profit on shares of subsidiaries and associated companies	0.8	1.7
Allowances and adjustments exceeding expected loss	199.7	231.2
<b>Total supplementary own funds</b>	<b>2,815.7</b>	<b>2,848.8</b>
Majority holding in insurers	0.0	30.0
<b>Total deductions</b>	<b>0.0</b>	<b>30.0</b>
Primary own funds after deductions	7,447.4	7,290.9
Supplementary own funds included in calculation of capital adequacy	2,815.7	2,833.8
<b>Own funds included in calculation of capital adequacy</b>	<b>10,263.1</b>	<b>10,124.7</b>
<b>CAPITAL REQUIREMENTS</b>	<b>30.06.10</b>	<b>31.12.09</b>
Municipalities and regions with standardised approach	88.0	92.0
State agencies, non-profit institutions and associations with standardised approach	1.9	2.1
Retail claims with standardised approach	237.2	223.7
Overdue claims with standardised approach	23.3	19.7
Shares of investment funds with standardised approach	6.3	6.1
Other assets with standardised approach	45.4	52.6
Credit institutions, investment firms and municipalities with IRB	79.1	35.5
Other companies with IRB	2,456.2	3,058.1
Retail claims with IRB	792.7	760.3
<b>Total capital requirements for covering the credit risk and counterparty credit risk</b>	<b>3,730.1</b>	<b>4,250.1</b>
Capital requirement for covering interest position risk	27.7	28.9
Capital requirement for covering equity position risk	0.4	0.5
AMA of operational risk	105.9	95.5
<b>Capital requirements total</b>	<b>3,864.1</b>	<b>4,375.0</b>
Transition period floor of own funds if using IRB	4,814.8	5,036.1
<b>Capital requirements for calculating capital adequacy</b>	<b>4,814.8</b>	<b>5,036.1</b>

\*Basel II calculations are made for Group without AS SEB Elu- ja Pensionikindlustus (life insurance), holding in insurer is deducted.



**CAPITAL RATIOS**

	<u>30.06.10</u>	<u>31.12.09</u>
Capital adequacy, %	21.32	20.10
Tier 1 Capital Ratio, %	15.47	14.48
Tier 2 Capital Ratio, %	5.85	5.62

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

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AS SEB Pank  
AS SEB Liising Group  
AS SEB Varahaldus  
AS Bangalo  
AS SEB Enskilda  
OÜ Estectus (no more in consolidation group from February, 2010)

**MEMBERS OF CONSOLIDATION GROUP,  
NOT INCLUDED TO CAPITAL ADEQUACY  
CALCULATION**

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AS SEB Elu- ja Pensionikindlustus (no  
more in consolidation group from  
January, 2010)

SEB Pank Group is using the internal ratings based approach for reporting of credit risk and advanced approach for reporting of operational risk under Basel II.

**4. Risk concentration**

	30.06.10	31.12.09	30.06.09
Total claims against persons associated with the credit institution's consolidation group, EEK mio	20.9	24.9	19.4
The share of claims of the persons associated with the credit institution's consolidation group in net own funds, %	0.20	0.25	0.18
Total of large exposure claims, EEK mio	3,259.9	2,191.7	2,349.1
The share of large exposure claims in net own funds, %	31.76	21.65	21.86
Number of large exposure customers, pcs	3	2	2

**5. Key figures**

(millions of EEK)

	30.06.10	31.12.09	30.06.09
Net loss / profit	83.8	-1,381.9	-541.8
Average equity	7,505.4	8,147.7	8,559.7
Return on equity (ROE), %	2.23	-16.96	-12.66
Average assets	73,016.4	79,746.8	81,842.6
Return on assets (ROA), %	0.23	-1.73	-1.32
Net interest income	563.2	1,328.4	730.8
Average interest earning assets	70,446.2	76,362.3	78,531.9
Net interest margin (NIM), %	1.60	1.74	1.86
Spread, %	1.46	1.48	1.52
Cost / Income ratio, %	53.5	72.5	83.5
Ratio of impaired loans, %	4.55	4.41	2.66

**Explanations**

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

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

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

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

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

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

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

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

Ratio of impaired loans = Individually impaired loans / Loans to customers

**Interest earning assets:**

Balances with central bank  
Loans and advances to credit institutions  
Loans and advances to customers  
(all without accrued interests)

**Interest bearing liabilities:**

Due to credit institutions  
Due to customers  
Loan funds  
Issued debt securities  
Subordinated loans  
(all without accrued interests)

**Total Operating Expenses:**

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

**Total Income:**

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

### III. Consolidated financial statements

#### 1. Consolidated income statement

(millions of EEK)

	Note	2010		2009	
		6 months	QII	6 months	QII
<i>Interest and similar income</i>	2	992.0	477.6	1,841.9	805.0
<i>Interest expenses and similar charges</i>	3	-428.8	-200.2	-1,111.1	-466.3
Net Interest Income		563.2	277.4	730.8	338.7
<i>Fee and commission income</i>	4	404.6	206.2	389.7	203.0
<i>Fee and commission expense</i>	5	-106.7	-55.3	-119.8	-60.4
Net fee and commission income		297.9	150.9	269.9	142.6
Net income from foreign exchange		54.6	29.0	54.6	26.6
Gains less losses from financial assets at fair value through profit or loss		23.2	11.8	-1.5	-5.9
Income from dividends		0.9	0.8	0.0	0.0
Gains less losses from investment securities		51.8	0.1	5.8	0.0
Share of profit of associates		0.1	-0.2	0.4	1.1
Other income		77.5	39.5	6.3	2.9
Personnel expenses		-275.7	-140.7	-320.5	-148.3
Other expenses		-269.2	-123.7	-179.9	-96.1
Depreciation, amortisation and impairment of tangible and intangible assets		-26.9	-13.1	-410.8	-394.7
<b>Profit before impairment losses on loans and advances</b>		<b>497.4</b>	<b>231.8</b>	<b>155.1</b>	<b>-133.1</b>
Impairment losses on loans and advances	6	-413.6	-207.3	-722.9	-432.4
<b>Profit/loss before income tax</b>		<b>83.8</b>	<b>24.5</b>	<b>-567.8</b>	<b>-565.5</b>
Income tax		0.0	0.0	0.0	0.0
Net profit/loss from continuing operations		83.8	24.5	-567.8	-565.5
Net profit from discontinuing operations	11	0.0	0.0	26.0	13.7
<b>Net profit</b>		<b>83.8</b>	<b>24.5</b>	<b>-541.8</b>	<b>-551.8</b>
Profit/loss attributable to:					
Sole equity holder of the parent entity (total)		83.8	24.5	-541.8	-551.8
-Net profit/loss from continuing operations		83.8	24.5	-567.8	-565.5
-Net profit/loss from discontinuing operations		0.0	0.0	26.0	13.7
		83.8	24.5	-541.8	-551.8

#### 2. Consolidated statement of comprehensive income

	2010		2009	
	6 months	QII	6 months	QII
<b>Net profit</b>	<b>83.8</b>	<b>24.5</b>	<b>-541.8</b>	<b>-551.8</b>
<b>Other comprehensive income/expense</b>				
Revaluation of available-for-sale financial assets	0.0	0.4	-2.7	20.4
<b>Total other comprehensive income/expense</b>	<b>0.0</b>	<b>0.4</b>	<b>-2.7</b>	<b>20.4</b>
<b>Total comprehensive income/expense</b>	<b>83.8</b>	<b>24.9</b>	<b>-544.5</b>	<b>-531.4</b>
Sole equity holder of the parent entity (total)	83.8	24.9	-544.5	-531.4
-Total comprehensive income/expense from continuing operations	83.8	24.9	-570.5	-545.1
-Total comprehensive income/expense from discontinuing operations	0.0	0.0	26.0	13.7
	<b>83.8</b>	<b>24.9</b>	<b>-544.5</b>	<b>-531.4</b>

**3. Consolidated statement of financial position**

(millions of EEK)

	Note	<b>30.06.10</b>	<b>31.12.09</b>
<b>ASSETS</b>			
Cash		609.2	638.9
Balances with central bank		5,741.5	4,827.1
Loans and advances to credit institutions		5,719.0	4,633.4
Loans and advances to customers		58,290.4	61,846.3
Financial assets held for trading		384.5	366.2
Available-for-sale financial assets		80.2	99.6
Other assets		669.5	662.8
Investments in associates		7.6	10.1
Intangible assets		6.6	9.6
Property, plant and equipment		102.3	116.8
Investment properties		25.0	25.4
		<u>71,635.8</u>	<u>73,236.2</u>
Assets classified as discontinuing operations	11	<u>0.0</u>	<u>1,160.9</u>
<b>TOTAL ASSETS</b>		<b>71,635.8</b>	<b>74,397.1</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Due to credit institutions		27,935.3	29,786.0
Due to customers		31,804.6	31,824.2
Loan funds		145.9	188.5
Other liabilities		1,175.5	851.1
Financial liabilities at fair value through profit or loss		406.0	358.5
Provisions		5.3	2.6
Subordinated loans		2,615.9	2,615.9
		<u>64,088.5</u>	<u>65,626.8</u>
Liabilities included in assets classified as discontinuing operations	11	<u>0.0</u>	<u>1,306.8</u>
<b>Total Liabilities</b>		<b>64,088.5</b>	<b>66,933.6</b>
Share capital		665.6	665.6
Share premium		1,346.6	1,346.6
Other reserves		311.1	332.0
Retained earnings		5,224.0	5,119.3
<b>Total shareholders' equity</b>		<b>7,547.3</b>	<b>7,463.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>71,635.8</b>	<b>74,397.1</b>

**4. Consolidated cash flow statement**

(millions of EEK)

	<b>2010</b>	<b>2009</b>
	<b>6 months</b>	<b>6 months</b>
<b>I. Cash flows from operating activities</b>		
Interest received	980.3	1,940.7
Interest paid	-470.9	-1,384.1
Dividends received	0.9	0.0
Fee and commission received	404.6	389.7
Fee and commission paid	-106.7	-119.8
Net trading income and other operating income	533.7	152.2
Personnel expenses and other operating expenses	-478.7	-465.6
Revaluation adjustments	-1.0	-0.9
<b>Cash flows from operating activities before changes in the operating assets and liabilities, continuing operations</b>	<b>862.2</b>	<b>512.2</b>
<b>Cash flows from operating activities before changes in the operating assets and liabilities, discontinuing operations</b>	<b>0.0</b>	<b>25.5</b>
<b>Changes in operating assets:</b>		
Loans and advances to credit institutions	-1,164.9	-27.2
Loans and advances to customers	2,702.8	2,895.0
Other assets	16.8	207.6
<b>Changes of operating liabilities:</b>		
Due to credit institutions	-2,112.9	-3,854.8
Due to customers	4.8	-1,616.9
Loan funds	-42.6	48.2
Other liabilities	-647.2	-167.6
<b>Cash flow from (used in) operating activities, continuing operations</b>	<b>-381.0</b>	<b>-2,003.5</b>
<b>Cash flow from (used in) operating activities, discontinuing operations</b>	<b>0.0</b>	<b>-22.5</b>
<b>II. Cash flows from investing activities</b>		
Net increase-/decrease+ of investment portfolio securities	1,073.7	228.4
Proceeds from sale and liquidation of subsidiaries	51.8	0.0
Proceeds from sale and liquidation of associates	2.5	5.4
Purchase of investment properties, tangible and intangible assets	-15.9	-17.4
Proceeds from sale of investment properties, tangible and intangible assets	35.9	1.1
<b>Cash flow from (used in) investing activities, continuing operations</b>	<b>1,148.0</b>	<b>217.5</b>
<b>Cash flow from (used in) investing activities, discontinuing operations</b>	<b>0.0</b>	<b>156.4</b>
<b>III. Cash flows from financing activities</b>		
Repurchasing of debt securities	-4.2	-103.1
<b>Cash used in financing activities, continuing operations</b>	<b>-4.2</b>	<b>-103.1</b>
<b>Cash used in financing activities, discontinuing operations</b>	<b>0.0</b>	<b>0.0</b>
<b>Net decrease/increase in cash and cash equivalents</b>	<b>762.8</b>	<b>-1,755.2</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>10,094.0</b>	<b>12,153.1</b>
Effect of exchange rate changes on cash and cash equivalents	-3.8	-2.8
<b>Cash and cash equivalents at the end of period</b>	<b>10,853.0</b>	<b>10,395.1</b>
<b>Cash and cash equivalents includes:</b>		
	<b>30.06.10</b>	<b>30.06.09</b>
Cash on hand	609.2	636.2
Balances with the central bank	5,740.0	4,863.5
Liquid deposits in other credit institutions, continuing operations	4,493.7	4,892.9
Liquid deposits in other credit institutions, discontinuing operations	0.0	0.1
Trading portfolio	10.1	2.4
	<b>10,853.0</b>	<b>10,395.1</b>

**5. Changes in consolidated shareholders' equity**

(millions of EEK)

	<b>Paid up capital</b>	<b>Share premium</b>	<b>Reserves</b>	<b>Translation differences</b>	<b>Retained profit</b>	<b>Total shareholders' equity</b>
Year beginning 01.01.2009	<b>665.6</b>	<b>1,346.6</b>	<b>318.9</b>	<b>0.0</b>	<b>6,500.8</b>	<b>8,831.9</b>
Statutory reserve	0.0	0.0	1.2	0.0	-1.2	<b>0.0</b>
Profit for the year	0.0	0.0	0.0	0.0	-541.8	<b>-541.8</b>
Other comprehensive income:						
Net change in available-for-sale financial assets	0.0	0.0	-2.7	0.0	0.0	<b>-2.7</b>
Total other comprehensive income	0.0	0.0	-2.7	0.0	0.0	<b>-2.7</b>
Final balance 30.06.2009	<b>665.6</b>	<b>1,346.6</b>	<b>317.4</b>	<b>0.0</b>	<b>5,957.8</b>	<b>8,287.4</b>
Year beginning 01.01.2010	<b>665.6</b>	<b>1,346.6</b>	<b>332.0</b>	<b>0.0</b>	<b>5,119.3</b>	<b>7,463.5</b>
Statutory reserve	0.0	0.0	-19.5	0.0	19.5	<b>0.0</b>
Profit for the year	0.0	0.0	0.0	0.0	83.8	<b>83.8</b>
Other comprehensive income:						
Net change in available-for-sale financial assets	0.0	0.0	-1.4	0.0	1.4	<b>0.0</b>
Total other comprehensive income	0.0	0.0	-1.4	0.0	1.4	<b>0.0</b>
Final balance 30.06.2010	<b>665.6</b>	<b>1,346.6</b>	<b>311.1</b>	<b>0.0</b>	<b>5,224.0</b>	<b>7,547.3</b>

**6. Contingent assets and liabilities and commitments**

(millions of EEK)

30.06.10	Contract amount		Fair value	
	Assets	Liabilities	Assets	Liabilities
<b>1. Irrevocable transactions</b>	<b>1,094.2</b>	<b>6,992.6</b>	<b>0.0</b>	<b>0.0</b>
1.1. Guarantees and pledges	898.6	3,134.2	0.0	0.0
<i>incl. financial guarantees</i>	860.6	1,406.0	0.0	0.0
1.2. Loan commitments	195.6	3,858.4	0.0	0.0
<b>2. Derivatives</b>	<b>12,428.6</b>	<b>12,403.9</b>	<b>374.4</b>	<b>402.1</b>
2.1. Currency related derivatives	5,638.6	5,635.9	26.2	23.6
2.2. Interest related derivatives	5,828.8	5,827.9	304.3	308.3
2.3. Equity related derivatives*	961.2	940.1	43.9	70.2
	<b>13,522.8</b>	<b>19,396.5</b>	<b>374.4</b>	<b>402.1</b>

  

31.12.09	Contract amount		Fair value	
	Assets	Liabilities	Assets	Liabilities
<b>1. Irrevocable transactions</b>	<b>1,049.7</b>	<b>8,056.7</b>	<b>0.0</b>	<b>0.0</b>
1.1. Guarantees and pledges	658.5	3,285.8	0.0	0.0
<i>incl. financial guarantees</i>	625.9	1,288.5	0.0	0.0
1.2. Loan commitments	391.2	4,770.9	0.0	0.0
<b>2. Derivatives</b>	<b>12,843.7</b>	<b>12,775.8</b>	<b>351.7</b>	<b>349.4</b>
2.1. Currency related derivatives	6,196.5	6,164.3	45.2	15.7
2.2. Interest related derivatives	5,627.5	5,627.4	246.0	245.9
2.3. Equity related derivatives*	1,019.7	984.1	60.5	87.8
	<b>13,893.4</b>	<b>20,832.5</b>	<b>351.7</b>	<b>349.4</b>

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



## **Note 1**

### **Accounting principles**

The interim report of AS SEB Pank Group for QII 2010 has been prepared in conformity with International Accounting Standard IAS 34 "Interim Financial Reporting" and the disclosure requirements, established by Eesti Pank.

The accounting principles, used in the interim report of AS SEB Pank Group for QII 2010 are in conformity with the accounting principles, used in the annual report for the year ended on 31 December 2009.

**Note 2****Interest and similar income**

(millions of EEK)

	2010		2009	
	6 months	QII	6 months	QII
Loans	887.7	438.6	1,550.3	680.9
Leasing	90.2	29.9	258.6	114.2
Deposits with other banks	12.0	8.0	19.6	5.9
Fixed income securities	2.1	1.1	13.4	4.0
	<b>992.0</b>	<b>477.6</b>	<b>1,841.9</b>	<b>805.0</b>

**Note 3****Interest expenses and similar charges**

(millions of EEK)

	2010		2009	
	6 months	QII	6 months	QII
Credit institutions	-243.6	-119.3	-583.8	-226.7
Time and other saving deposits	-134.5	-56.0	-316.3	-142.2
Demand deposits	-26.0	-12.7	-154.7	-72.5
Subordinated debts	-21.9	-11.0	-50.7	-22.2
Issued bonds	0.0	0.0	-2.5	-1.2
Loan funds	-2.7	-1.2	-2.9	-1.5
Other	-0.1	0.0	-0.2	0.0
	<b>-428.8</b>	<b>-200.2</b>	<b>-1,111.1</b>	<b>-466.3</b>

**Note 4****Fee and commission income**

(millions of EEK)

	2010		2009	
	6 months	QII	6 months	QII
Credit and payment cards	142.2	73.5	151.8	76.5
Securities market services	92.8	47.9	71.0	39.2
Transaction fees	57.0	29.4	31.3	16.8
Credit contracts*	31.7	16.6	57.4	30.1
Non-life insurance brokerage fees	19.1	9.9	20.1	10.1
Income from leasing agreements (full service)	13.1	6.3	0.4	0.3
Corporate Finance fees	5.1	1.0	18.7	9.0
Other settlement fees	14.6	7.3	12.7	7.2
Income from electronic channels	8.4	4.2	8.5	4.4
Cash handling fees	8.5	4.4	6.4	3.3
Other	12.1	5.7	11.4	6.1
	<b>404.6</b>	<b>206.2</b>	<b>389.7</b>	<b>203.0</b>

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

**Note 5****Fee and commission expense**

(millions of EEK)

	2010		2009	
	6 months	QII	6 months	QII
Credit and payment cards	-53.3	-27.8	-59.5	-30.1
Cash collecting fees	-13.5	-7.0	-9.7	-4.4
Expenses to leasing agreements (full service)	-10.1	-5.2	-14.1	-7.2
Securities market	-9.8	-5.2	-13.5	-6.8
Transaction fees	-7.4	-3.5	-9.1	-4.6
Expenses of electronic channels	-4.9	-2.2	-7.2	-3.9
Corporate Finance fees	0.0	0.0	-6.7	-3.4
Other	-7.7	-4.4	0.0	0.0
	<b>-106.7</b>	<b>-55.3</b>	<b>-119.8</b>	<b>-60.4</b>

**Note 6****Impairment losses on loans and advances**

(millions of EEK)

	2010		2009	
	6 months	QII	6 months	QII
<b>Impairment losses</b>	<b>-409.3</b>	<b>-207.6</b>	<b>-701.5</b>	<b>-420.7</b>
impairment losses of reporting period	-664.1	-370.7	-733.8	-439.5
recoveries from write-offs	0.9	0.7	1.5	0.4
correction of impairment losses of previous period	253.9	162.4	30.8	18.4
<b>Impairment losses for contingent liabilities</b>	<b>-4.3</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Assets held for sale</b>	<b>0.0</b>	<b>0.0</b>	<b>-21.4</b>	<b>-11.7</b>
reappraisal	0.0	0.0	-16.0	-6.8
realised gains / losses	0.0	0.0	-5.4	-4.9
	<b>-413.6</b>	<b>-207.3</b>	<b>-722.9</b>	<b>-432.4</b>

**Note 7****Allowances on loans and advances**

(millions of EEK)

	<b>30.06.10</b>	<b>31.12.09</b>
<b>At January, 1</b>	<b>3,056.5</b>	<b>1,093.9</b>
Allowances of reporting periods	653.0	2,334.1
Correction of allowances of previous period	-253.9	-359.3
Loans and advances written off	-2.4	-11.7
Exchange rate adjustments	3.5	-0.5
<b>At the end of period</b>	<b>3,456.7</b>	<b>3,056.5</b>
Recoveries from write-offs	0.9	2.0

**Note 8****Overdue**

By overdue maturity

(millions of EEK)

	<b>&lt;30 days</b>	<b>30&lt;60 days</b>	<b>over 60 days</b>	<b>Total</b>
<b>30.06.10</b>				
Loans and advances to customers	2,265.2	546.6	4,615.7	7,427.5
<b>Total</b>	<b>2,265.2</b>	<b>546.6</b>	<b>4,615.7</b>	<b>7,427.5</b>
<b>31.12.09</b>				
Loans and advances to customers	1,942.5	554.8	4,128.0	6,625.3
<b>Total</b>	<b>1,942.5</b>	<b>554.8</b>	<b>4,128.0</b>	<b>6,625.3</b>

The tables indicate the gross balance of overdue claims.

**Note 9****Geographic concentration of financial assets and liabilities**

(millions of EEK)

	Cash and balances with central bank	Loans and advances to credit institu- tions	Loans and advances to custo- mers	Securi- ties	Other assets	Total assets	Due to credit institu- tions	Due to custo- mers	Other liabilities	Total liabilities	Contingent liabilities
<b>30.06.10</b>											
Sweden	9.2	4,034.1	36.9	73.3	5.1	4,158.6	26,931.7	131.7	2,923.9	29,987.3	22.1
Estonia	5,872.2	128.7	57,833.0	384.1	618.9	64,836.9	103.8	28,124.6	1,278.1	29,506.5	6,816.7
United Kingdom	2.2	10.0	35.6	2.4	0.1	50.3	133.2	1,551.3	0.2	1,684.7	5.6
Russia	4.3	47.7	8.5	0.0	0.0	60.5	7.1	253.5	1.3	261.9	1.6
Germany	368.4	1,310.8	4.9	0.0	0.0	1,684.1	565.1	47.1	0.0	612.2	115.3
United States	13.0	13.5	13.7	12.4	0.0	52.6	28.5	343.9	0.2	372.6	0.2
Canada	1.4	0.0	0.0	0.0	0.0	1.4	1.1	11.0	0.1	12.2	0.0
Japan	0.8	0.0	0.0	0.0	0.0	0.8	0.0	1.2	0.0	1.2	0.0
Finland	0.0	0.6	289.9	0.0	0.0	290.5	4.9	131.3	0.1	136.3	17.5
Latvia	4.6	71.5	0.2	0.0	0.0	76.3	45.1	27.4	0.1	72.6	0.0
Lithuania	2.8	23.1	0.4	0.0	0.0	26.3	59.3	11.8	0.2	71.3	0.0
Luxembourg	0.0	37.9	0.0	0.0	7.8	45.7	10.8	0.0	0.1	10.9	0.0
Netherlands	0.0	0.0	9.6	0.0	0.0	9.6	0.1	3.0	0.1	3.2	0.0
Other Western Europe	6.7	21.5	45.1	0.1	0.1	73.5	44.0	260.6	0.0	304.6	12.4
Other Eastern Europe	3.6	19.2	0.7	0.0	0.0	23.5	0.3	24.9	0.1	25.3	0.0
Other countries	61.5	0.4	11.9	0.0	171.4	245.2	0.3	881.3	144.1	1,025.7	1.2
	<b>6,350.7</b>	<b>5,719.0</b>	<b>58,290.4</b>	<b>472.3</b>	<b>803.4</b>	<b>71,635.8</b>	<b>27,935.3</b>	<b>31,804.6</b>	<b>4,348.6</b>	<b>64,088.5</b>	<b>6,992.6</b>
<b>31.12.09</b>											
Sweden	5.6	9.2	28.3	111.0	10.1	164.2	28,849.4	100.8	2,860.9	31,811.1	26.9
Estonia	5,233.5	109.4	61,380.7	347.3	713.0	67,783.9	191.5	28,206.8	1,103.1	29,501.4	7,876.0
United Kingdom	2.5	21.2	39.8	1.2	0.0	64.7	80.5	1,472.5	0.3	1,553.3	5.6
Russia	5.2	41.0	13.5	0.0	0.0	59.7	10.4	214.8	1.6	226.8	0.0
Germany	130.4	4,352.6	5.2	0.0	0.0	4,488.2	568.2	50.5	0.0	618.7	115.3
United States	12.3	45.1	17.8	12.9	0.2	88.3	2.5	241.5	0.1	244.1	0.2
Canada	1.2	0.1	0.0	0.0	0.0	1.3	3.7	10.6	0.0	14.3	0.0
Japan	0.7	0.0	0.0	0.0	0.0	0.7	0.0	1.1	0.0	1.1	0.0
Finland	0.0	0.7	290.3	3.4	0.5	294.9	2.6	120.9	0.2	123.7	17.5
Latvia	4.4	3.6	0.2	0.0	0.0	8.2	25.4	34.4	3.0	62.8	0.0
Lithuania	2.5	6.1	0.5	0.1	0.0	9.2	13.6	46.9	0.2	60.7	0.0
Luxembourg	0.0	15.9	0.0	0.0	0.0	15.9	1.9	0.0	0.0	1.9	0.0
Netherlands	0.0	0.1	9.7	0.0	0.1	9.9	0.0	3.2	0.1	3.3	0.0
Other Western Europe	7.0	16.4	43.2	0.0	0.3	66.9	35.4	628.9	0.2	664.5	12.6
Other Eastern Europe	3.0	7.4	0.6	0.0	0.2	11.2	0.6	30.0	0.4	31.0	1.6
Other countries	57.7	4.6	16.5	0.0	90.2	169.0	0.3	661.3	46.5	708.1	1.0
	<b>5,466.0</b>	<b>4,633.4</b>	<b>61,846.3</b>	<b>475.9</b>	<b>814.6</b>	<b>73,236.2</b>	<b>29,786.0</b>	<b>31,824.2</b>	<b>4,016.6</b>	<b>65,626.8</b>	<b>8,056.7</b>

Contingent liabilities in Note 9 and Note 10 includes guarantees and pledges, loan commitments, stand-by loans and other irrevocable transactions.

Securities in Note 9 and Note 10 includes Financial assets held for trading, Financial assets designated at fair value through profit or loss, Available-for-sale financial assets, Investments in associates.

**Note 10****Concentration of financial assets and liabilities by economic sector**

(millions of EEK)

30.06.10	In the statement of financial position		
	Cash and loans to central bank, credit institutions and	Securities	Contingent liabilities
	customers		
Finance	12,145.0	55.8	262.7
Real estate	11,035.1	1.3	186.7
Industry	4,359.3	10.3	1,302.4
Trading	3,029.7	0.0	654.8
Energy, gas and steam plants	2,572.6	0.0	1,054.4
Transport	2,314.4	0.0	477.3
Government and state defence	1,718.7	0.7	293.4
Agriculture, fishing, forestry	1,400.4	0.0	121.2
Hotels, restaurants	1,058.7	0.0	15.1
Construction	922.3	0.0	943.5
Health services, social work	688.0	0.0	101.2
Administration and assistance	677.7	0.0	130.8
Information and telecommunication	475.3	14.7	98.5
Art, show business, leisure	468.8	0.0	32.5
Other government & social services	378.3	15.1	57.2
Education	361.9	0.0	80.6
Professional, science and technical work	276.1	0.0	82.3
Water supply, canalisation, waste management	263.1	0.0	28.0
Mining	126.9	0.0	8.2
Exterritorial organisations	0.1	0.0	0.4
Individuals	29,544.4	0.0	1,061.4
Derivatives	0.0	374.4	0.0
Allowances	-3,456.7	-	-
	<b>70,360.1</b>	<b>472.3</b>	<b>6,992.6</b>

31.12.09	In the statement of financial position		
	Cash and loans to central bank, credit institutions and		Contingent liabilities
	customers	Securities	
Real estate	11,212.3	1.2	129.4
Finance	10,184.8	52.0	316.3
Industry	4,481.3	16.9	1,467.3
Trading	3,900.4	20.6	868.8
Transport	3,013.1	0.0	301.3
Energy, gas and steam plants	2,545.0	0.0	1,842.2
Government and state defence	1,784.4	0.7	335.5
Agriculture, fishing, forestry	1,605.4	0.0	75.5
Construction	1,094.6	0.0	1,027.4
Hotels, restaurants	1,039.3	0.0	5.6
Health services, social work	822.0	0.0	105.6
Administration and assistance	595.2	0.0	96.3
Art, show business, leisure	539.2	0.0	32.3
Water supply, canalisation, waste management	335.6	0.0	50.7
Education	329.0	0.0	95.8
Professional, science and technical work	261.0	0.0	63.8
Information and telecommunication	244.3	15.1	88.8
Mining	135.8	0.0	5.5
Exterritorial organisations	0.1	0.0	0.5
Other government and social services	774.9	17.7	32.8
Individuals	30,104.5	0.0	1,115.3
Derivatives	0.0	351.7	0.0
Allowances	-3,056.5	-	-
	<b>71,945.7</b>	<b>475.9</b>	<b>8,056.7</b>

**Note 11****Discontinuing operations**

(millions of EEK)

The assets and liabilities related to AS SEB Elu- ja Pensionikindlustus and OÜ Estectus have been presented as discontinuing operations following the approval of the Group's management on a proposal for the sale, respective decisions were made on December 2009. The sale of AS SEB Elu- ja Pensionikindlustus has been completed in January 2010 and sale of OÜ Estectus - in February 2010.

**A) Assets classified as discontinuing operations**

	<b>30.06.10</b>	<b>31.12.09</b>
Loans and advances to credit institutions	0.0	54.8
Loans and advances to customers	0.0	2.3
Financial assets held for trading	0.0	9.7
Financial assets at fair value through profit or loss	0.0	1,050.4
Other assets	0.0	14.7
Property, plant and equipment	0.0	2.0
Investment properties	0.0	27.0
	<b>0.0</b>	<b>1,160.9</b>

**B) Liabilities included in assets classified as discontinuing operations**

	<b>30.06.10</b>	<b>31.12.09</b>
Financial liabilities	0.0	626.4
Provisions	0.0	680.4
	<b>0.0</b>	<b>1,306.8</b>

**C) Net profit from discontinuing operations**

<b>Income from insurance activities</b>	<b>2010</b>		<b>2009</b>	
	<b>6 months</b>	<b>QII</b>	<b>6 months</b>	<b>QII</b>
Net insurance premium revenue	0.0	0.0	90.0	45.0
Income from investments	0.0	0.0	19.9	10.7
Fee income from investment contracts	0.0	0.0	7.0	3.2
Other operating income	0.0	0.0	0.1	0.1
Net insurance claims and disbursements	0.0	0.0	-76.7	-38.8
<b>Income from insurance activities</b>	<b>0.0</b>	<b>0.0</b>	<b>40.3</b>	<b>20.2</b>
Personnel expenses	0.0	0.0	-9.3	-4.9
Other expenses	0.0	0.0	-4.8	-1.5
Depreciation, amortisation and impairment of tangible and intangible assets	0.0	0.0	-0.2	-0.1
<b>Net profit from discontinuing operations</b>	<b>0.0</b>	<b>0.0</b>	<b>26.0</b>	<b>13.7</b>

**Note 12****Related parties**

(millions of EEK)

	<u>30.06.10</u>	<u>31.12.09</u>
Loans and advances to members of management board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons	18.5	19.5
Contingent liabilities to members of management board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons (credit lines and commitments to extend credit)	-2.5	-5.4
Deposits of members of management board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons	-121.0	-178.7
Loans and advances to parent company	4,104.6	125.9
Due to parent company	-39,883.9	-31,726.6
incl. subordinated liabilities	-2,613.0	-2,613.0
Contingent assets and commitments to parent company	860.6	0.0
Contingent liabilities and commitments to parent company	-3.0	-3.0
Loans and advances to enterprises of parent company's consolidation group	1,411.9	4,383.5
Due to enterprises of parent company's consolidation group	-206.6	-59.1
Contingent assets and commitments to enterprises of parent company's consolidation group	118.5	259.9
Contingent liabilities and commitments to enterprises of parent company's consolidation group	80.0	-44.9

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

Related parties are:

- parent company
- subsidiaries of parent company
- associates of parent company
- associates of the Group
- members of Management Board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons.