

AS SEB Pank Group

Interim Report of Quarter I 2013



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Statement of the Management Board

Interim Report of Quarter I 2013 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 I 2013 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 I 2013 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	http://www.seb.ee

2. Auditor

Audit company	AS PricewaterhouseCoopers
Registry code	10142876 (Estonian Commercial Register)
Address	Pärnu Str. 15, 10141 Tallinn, Estonia
Reporting date	31.03.2013
Reporting period	01.01.2013 - 31.03.2013
Reporting currency	Euro (EUR), millions

II. Management Report

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

1.1. Consolidated group

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

5.5

All enterprises are registered in Estonian Commercial Register.

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 Estonian Republic, or a legal person in public law, state or local government.

Non-profit association Spordiklubi United is an association, not belonging to the consolidation group, which started 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 2013

No such events or trends have occurred by the time of publishing the report, which would affect the strategy of the group in 2013.

2. Highlights

Changes in Members of the Supervisory Board of AS SEB Pank:

David Teare became member on March 20, 2013 instead of Stefan Davill.

In February, the Supervisory Board of AS SEB Pank appointed **Inga Ruduša as the new Finance and Operations Area Manager, as well as Member of the Management Board**. Inga has 17 years of experience with the Financial Management Division of SEB Latvia, where her area of responsibility included financial analysis and planning, reporting, project management and other functions. Inga's previous experience also includes working at the Ministry of Finance of the Republic of Latvia, where she was responsible for the planning of revenue for the state budget.

In February, SEB launched a pilot project in which clients are provided state-of-the-art digital and **paper free service in select bank branches**. In a paper free branch, documents are signed digitally and then saved in the client's digital portal located in the Internet bank. This results in significant savings in the everyday use of paper and makes the bank more environmentally friendly.

In March, SEB launched the **3D secure programme** to protect card payments on the Internet. SEB's MasterCard cards are the first to be integrated with the programme; with VISA cards to undergo the process at a later date.

SEB received several awards and acknowledgment in the first quarter of 2013:

- **Global Finance** named SEB **the Best Trade Finance Bank in Estonia for 2013**.
- **Euromoney** named SEB the Best Provider of Private Banking Services to the super affluent segment.
- SEB Bank project "**Guinness record**" won the title of the Best Internal Communications project in 2012.
- **SEB was the most praised bank during the good service month**, celebrated by Estonian companies every March.

SEB was the **main sponsor of the Tartu Marathon** – the biggest cross-country skiing event in Estonia, with more than 8500 participants.

SEB Pank, Gold Sponsor of the **Estonian National Opera**, awarded their third **People's Choice Award** to a male and a female soloist chosen by opera-goers this year. A total of 5000 people took part in the vote.

SEB Estonia participated in the **Earth Hour** initiative.

SEB participated in the Estonian Banking Association organized **Financial Literacy Day** and 26 SEB volunteers visited schools and gave lectures.

SEB supports Estonia's leading **business plan competition "Ajujaht"**, which is designed to contribute to the creation of new knowledge-based companies and to boost the business skills of students and young scientists. Eight finalists in the 2012 competition were selected in March.

SEB Charity Fund carried out several events to support children staying in shelter homes. In the first quarter, SEB Charity Fund provided scholarships for **young mothers** who wish to continue their studies.

The more than 859 400 customers of SEB Pank Group are served by 1091 employees. The customers are served through many different channels such as 32 branch offices, 264 on-line post offices, 293 ATMs, 7279 POS-terminals. There are more than 527 900 debit and credit cards in use. In addition, 76% of our customers use our SEB Internet Bank and SEB Internet Bank for Business services.

3. Capital adequacy

(millions of EUR)

CAPITAL BASE	31.03.13	31.12.12
Paid-in share capital	42.5	42.5
Premium	86.3	86.3
General banking reserves	19.4	19.4
Retained earnings / loss	553.7	482.4
Unrealised profit for previous periods on shares of subsidiaries and associated companies (negative)	-0.1	-0.1
Intangibles	-0.4	-0.5
Audited profit for the period	0.0	71.3
Total primary own funds	701.4	701.3
Available for sale financial instruments	0.2	0.4
Allowances and adjustments exceeding expected loss	10.2	10.1
Total supplementary own funds	10.4	10.5
Total deductions	0.0	0.0
Primary own funds after deductions	701.4	701.3
Supplementary own funds after deductions	10.4	10.5
Own funds included in calculation of capital adequacy	711.8	711.8

CAPITAL REQUIREMENTS	31.03.13	31.12.12
Municipalities and regions with standardised approach	5.7	6.0
State agencies, non-profit institutions and associations with standardised	0.2	0.1
Retail claims with standardised approach	15.9	16.2
Shares of investment funds with standardised approach	0.4	0.4
Other assets with standardised approach	3.4	3.3
Credit institutions, investment firms and municipalities with IRB	5.5	5.1
Other companies with IRB	128.2	125.2
Retail claims with IRB	36.5	38.7
Total capital requirements for covering the credit risk and counterparty credit risk	195.8	195.0
Capital requirement for covering interest position risk	1.0	1.1
Total market risk	1.0	1.1
Capital requirement for covering AMA of operational risk	11.2	11.4
Capital requirements total	208.0	207.5
Transition period floor of own funds if using IRB	308.6	303.1
Capital requirements for calculating capital adequacy	308.6	303.1

CAPITAL RATIOS

	31.03.13	31.12.12
Capital adequacy, %	23.07	23.49
Tier 1 Capital Ratio, %	22.73	23.14
Tier 2 Capital Ratio, %	0.34	0.35

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

AS SEB Pank
AS SEB Liising Group
AS SEB Varahaldus

4. Risk concentration

(millions of EUR)

	31.03.13	31.12.12	31.03.12
Total claims against persons associated with the credit institution's consolidation group	1.1	1.0	1.2
The share of claims of the persons associated with the credit institution's consolidation group in net own funds, %	0.16	0.15	0.18
Total of large exposure claims	286.6	355.2	351.2
The share of large exposure claims in net own funds, %	40.26	49.89	50.85
Number of large exposure customers	4	5	5

5. Key figures

(millions of EUR)

	31.03.13	31.12.12	31.03.12
Net profit	18.5	71.3	21.8
Average equity	711.4	666.6	641.5
Return on equity (ROE), %	10.40	10.70	13.59
Average assets	4,153.5	4,143.5	4,131.7
Return on assets (ROA), %	1.78	1.72	2.11
Net interest income	18.0	81.2	21.9
Average interest earning assets	4,033.6	4,034.7	4,027.5
Net interest margin (NIM), %	1.79	2.01	2.18
Spread, %	1.69	1.88	2.00
Cost / Income ratio, %	48.2	45.1	44.3
Ratio of individually impaired loans, %	1.19	1.39	1.97

Explanations

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

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

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

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

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

Yield on interest earning assets = Interest income/Average interest earning assets *100

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

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

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

Ratio of individually impaired loans = Individually impaired loans/Loans to customers and credit institutions* 100

Interest earning assets:

Balances with central bank
Loans and advances to credit institutions
Loans and advances to customers
Debt securities and other fixed income securities
(all without accrued interests)

Interest bearing liabilities:

Due to credit institutions
Due to customers
Loan funds
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 dividends
Gains less losses from investment securities
Share of profit of associates
Other income

III. Consolidated financial statements

1. Consolidated income statement

(millions of EUR)

		2013	2012
	Note	3 months	3 months
<i>Interest and similar income</i>	3	22.3	31.6
<i>Interest expenses and similar charges</i>	4	-4.3	-9.7
Net Interest Income		18.0	21.9
<i>Fee and commission income</i>	5	12.7	12.0
<i>Fee and commission expense</i>	6	-3.5	-3.4
Net fee and commission income		9.2	8.6
Net income from foreign exchange		0.9	1.0
Gains less losses from financial assets at fair value through profit or loss		0.3	0.9
Gains less losses from investment securities		0.6	0.0
Share of profit of associates		0.1	0.0
Other income		0.2	0.2
Personnel expenses		-8.2	-8.4
Other expenses		-5.0	-5.3
Depreciation, amortisation and impairment of tangible and intangible assets		-0.9	-0.7
Profit before impairment losses on loans and advances		15.2	18.2
Impairment losses on loans and advances	7	3.3	3.6
Profit before income tax		18.5	21.8
Income tax		0.0	0.0
Net profit		18.5	21.8
Profit attributable to the sole equity holder		18.5	21.8

2. Consolidated statement of comprehensive income

		2013	2012
		3 months	3 months
Net profit		18.5	21.8
Other comprehensive income/expense			
Items that may subsequently be reclassified to the income statement:			
Revaluation of available-for-sale financial assets		-0.4	0.3
Total other comprehensive income/expense		-0.4	0.3
Total comprehensive income		18.1	22.1
Sole equity holder of the parent entity (total)		18.1	22.1
-Total comprehensive income from continued operations		18.1	22.1

3. Consolidated statement of financial position

(millions of EUR)

	31.03.13	31.12.12
ASSETS		
Cash	43.7	46.6
Balances with central bank	23.3	191.0
Loans and advances to credit institutions	329.8	291.4
Loans and advances to customers	3,656.0	3,585.3
Financial assets held for trading	19.8	21.4
Available-for-sale financial assets	4.5	5.3
Other assets	36.6	31.7
Investments in associates	0.7	0.6
Intangible assets	0.4	0.5
Property, plant and equipment	9.1	9.2
TOTAL ASSETS	4,123.9	4,183.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to credit institutions	687.1	748.2
Due to customers	2,588.8	2,610.7
Loan funds	23.2	24.0
Other liabilities	84.4	73.7
Financial liabilities at fair value through profit or loss	20.1	21.7
Provisions	0.4	1.9
Total Liabilities	3,404.0	3,480.2
Share capital	42.5	42.5
Share premium	86.3	86.3
Other reserves	18.8	20.3
Retained earnings	572.3	553.7
Total shareholders' equity	719.9	702.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,123.9	4,183.0

4. Consolidated cash flow statement

(millions of EUR)

	2013	2012
	3 months	3 months
I. Cash flows from operating activities		
Interest received	21.9	31.4
Interest paid	-4.5	-8.8
Fee and commission received	12.7	12.0
Fee and commission paid	-3.5	-3.4
Net trading income and other operating income	1.2	1.5
Personnel expenses and other operating expenses	-13.7	-12.7
Cash flows from operating activities before changes in the operating assets and liabilities	14.1	20.0
Changes in operating assets:		
Loans and advances to credit institutions and mandatory reserve in central bank	216.8	203.8
Loans and advances to customers	-67.2	47.4
Other assets	0.7	-2.2
Changes of operating liabilities:		
Due to credit institutions	-51.6	-0.4
Due to customers	-20.8	34.8
Loan funds	-0.8	-0.8
Other liabilities	-2.9	-1.4
Cash flow from (used in) operating activities	88.3	301.2
II. Cash flows from investing activities		
Net increase-/decrease+ of investment portfolio securities	0.9	-0.1
Purchase of investment properties, tangible and intangible assets	-0.7	-0.5
Cash flow from (used in) investing activities	0.2	-0.6
III. Cash flows from financing activities	0.0	0.0
Net decrease/increase in cash and cash equivalents	88.5	300.6
Cash and cash equivalents at the beginning of period	284.3	87.3
Effect of exchange rate changes on cash and cash equivalents	0.0	0.1
Cash and cash equivalents at the end of period	372.8	388.0
Cash and cash equivalents includes:	31.03.13	31.03.12
Cash on hand	43.7	44.2
Balances with the central bank without mandatory reserve	0.0	0.0
Liquid deposits in other credit institutions	329.0	342.1
Trading portfolio	0.1	1.7
	372.8	388.0

5. Changes in consolidated shareholders' equity

(millions of EUR)

	Share		Retained	Total
	Share capital	premium	profit	shareholders'
		Reserves		equity
Year beginning 01.01.2012	42.5	86.1	19.8	481.9
Other	0.0	0.0	0.0	0.2
Net profit	0.0	0.0	0.0	21.8
Other comprehensive expense:				
Net change in available-for-sale financial assets	0.0	0.0	0.3	0.0
Total other comprehensive expense	0.0	0.0	0.3	0.0
Total comprehensive income	0.0	0.0	0.3	21.8
Final balance 31.03.2012	42.5	86.1	20.1	503.9
Year beginning 01.01.2013	42.5	86.3	20.3	553.7
Other	0.0	0.0	-1.0	0.1
Net profit	0.0	0.0	0.0	18.5
Other comprehensive expense:				
Net change in available-for-sale financial assets	0.0	0.0	-0.4	0.0
Total other comprehensive expense	0.0	0.0	-0.4	0.0
Total comprehensive income	0.0	0.0	-0.4	18.5
Final balance 31.03.2013	42.5	86.3	18.9	572.3

6. Contingent assets and liabilities and commitments

(millions of EUR)

31.03.13	Contract amount		Balance value	
	Assets	Liabilities	Assets	Liabilities
1. Irrevocable and revocable transactions	7.9	1,001.1	0.0	0.0
1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims	1.4	290.6	0.0	0.0
<i>incl. financial guarantees</i>	0.0	95.3	0.0	0.0
1.2. Loan commitments	6.5	610.5	0.0	0.0
1.3. Other revocable transactions	0.0	100.0	0.0	0.0
2. Derivatives	732.5	730.8	19.7	20.1
2.1. Currency related derivatives	328.4	327.2	2.2	1.1
2.2. Interest related derivatives	378.1	377.9	16.2	17.1
2.3. Equity related derivatives*	26.0	25.7	1.3	1.9
	740.4	1,731.9	19.7	20.1
31.12.12				
	Contract amount		Balance value	
	Assets	Liabilities	Assets	Liabilities
1. Irrevocable and revocable transactions	7.6	1,024.0	0.0	0.0
1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims	1.1	268.5	0.0	0.0
<i>incl. financial guarantees</i>	0.0	92.1	0.0	0.0
1.2. Loan commitments	6.5	655.5	0.0	0.0
1.3. Other revocable transactions	0.0	100.0	0.0	0.0
2. Derivatives	521.4	520.7	21.3	21.7
2.1. Currency related derivatives	114.6	114.5	0.5	0.4
2.2. Interest related derivatives	379.1	378.9	19.5	19.4
2.3. Equity related derivatives*	27.7	27.3	1.3	1.9
	529.0	1,544.7	21.3	21.7

* 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 Quarter I 2013 has been prepared in conformity with International Accounting Standard IAS 34 "Interim Financial Reporting" and the disclosure requirements, established by Eesti Pank.

The accounting principles, used in the interim report of AS SEB Pank Group for Quarter I 2013 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2012.

SEB Pank has further developed the risk measurement of counterparty credit risk. The change implies a adjustment for counterparty credit risk (Credit Value Adjustment, CVA) that reduces the asset value of OTC derivatives. Almost the entire effect is attributable to 2012 and earlier periods. The adjustment is recognised as a change in retained earnings in amount of 1,0 million euros as of 31 March 2013 since SEB Pank has concluded that period-specific effects for previous periods are impracticable to determine. Changes attributable to the CVA effect will be recognised as Net financial income in the income statement.

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

(millions of EUR)

A) Financial instruments not measured at fair value

	31.03.13		31.12.12	
	Carrying value	Fair value	Carrying value	Fair value
ASSETS				
Cash	43.7	43.7	46.6	46.6
Balances with central bank	23.3	23.3	191.0	191.0
Loans and advances to credit institutions	329.8	329.8	291.4	291.4
Loans and advances to customers	3,656.0	3,572.3	3,585.3	3,473.1
<i>Loans to Corporates</i>	<i>1,887.7</i>	<i>1,884.0</i>	<i>1,817.8</i>	<i>1,810.1</i>
<i>Loans to Private individuals</i>	<i>1,768.3</i>	<i>1,688.3</i>	<i>1,767.5</i>	<i>1,663.0</i>
Other assets	36.6	36.6	31.7	31.7
TOTAL ASSETS	4,089.4	4,005.7	4,146.0	4,033.8
LIABILITIES				
Due to credit institutions	687.1	686.0	748.2	747.9
Due to customers	2,588.8	2,589.2	2,610.7	2,611.8
<i>Due to Corporates</i>	<i>1,479.3</i>	<i>1,479.1</i>	<i>1,525.4</i>	<i>1,525.5</i>
<i>Due to Private Individuals</i>	<i>1,109.5</i>	<i>1,110.1</i>	<i>1,085.3</i>	<i>1,086.3</i>
Loan funds	23.2	24.1	24.0	25.1
Other financial liabilities	84.4	84.4	73.7	73.7
Subordinated loans	0.0	0.0	0.0	0.0
TOTAL LIABILITIES	3,383.5	3,383.7	3,456.6	3,458.5

AS SEB Pank conducts an assessment of fair value for those financial assets and liabilities which are not presented in the Group's statement of financial position at their fair value.

B) Financial instruments measured at fair value

	31.03.13				31.12.12			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss								
Financial assets held for trading	0.0	19.8	0.0	19.8	0.0	21.4	0.0	21.4
Debt securities	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Derivatives	0.0	19.7	0.0	19.7	0.0	21.3	0.0	21.3
Available for sale financial assets	4.4	0.0	0.1	4.5	5.2	0.0	0.1	5.3
Investment securities - equity	4.4	0.0	0.1	4.5	5.2	0.0	0.1	5.3
TOTAL ASSETS	4.4	19.8	0.1	24.3	5.2	21.4	0.1	26.7
Financial liabilities at fair value through profit and loss								
Financial liabilities held for trading	0.0	20.1	0.0	20.1	0.0	21.7	0.0	21.7
TOTAL LIABILITIES	0.0	20.1	0.0	20.1	0.0	21.7	0.0	21.7

Reconciliation of Level 3 Items

	Available-for-sale financial assets		
	Investment securities - debt	Investment securities - equity	Total
At 1 January 2012	0.0	0.4	0.4
Other comprehensive income	0.0	0.2	0.2
Purchases	0.0	0.1	0.1
Settlements	0.0	-0.6	-0.6
At 31 December 2012	0.0	0.1	0.1
Total losses for the period included in profit or loss	0.0	-0.1	-0.1
At 1 January 2013	0.0	0.1	0.1
At 31 March 2013	0.0	0.1	0.1
Total losses for the period included in profit or loss	0.0	0.0	0.0

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges but also instruments quoted by market participants.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The sources of input parameters like Euro yield curve or counterparty credit risk are Bloomberg and Thomson Reuters.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

Note 3**Interest and similar income**

(millions of EUR)

	2013	2012
	3 months	3 months
Loans	11.7	26.6
Leasing	10.4	4.0
Deposits with other banks	0.2	1.0
	22.3	31.6

Note 4**Interest expenses and similar charges**

(millions of EUR)

	2013	2012
	3 months	3 months
Credit institutions	-2.0	-5.0
Time and other saving deposits	-1.8	-3.2
Demand deposits	-0.4	-1.1
Subordinated debts	0.0	-0.3
Loan funds	-0.1	-0.1
	-4.3	-9.7

Note 5**Fee and commission income**

(millions of EUR)

	2013	2012
	3 months	3 months
Payment cards related commissions	4.9	4.7
Securities market services *	3.1	2.9
Transaction fees	1.3	1.3
Credit contracts**	0.9	0.9
Non-life insurance brokerage fees	0.5	0.3
Other settlement fees	0.9	0.7
Income from leasing agreements (full service)	0.3	0.4
Income from electronic channels	0.3	0.3
Cash handling fees	0.2	0.2
Other	0.3	0.3
	12.7	12.0

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

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

Note 6**Fee and commission expense**

(millions of EUR)

	2013	2012
	3 months	3 months
Payment cards related commissions	-2.1	-2.0
Cash collecting fees	-0.3	-0.4
Expenses to leasing agreements (full service)	-0.4	-0.4
Securities market services	-0.3	-0.3
Transaction fees	-0.2	-0.2
Expenses of electronic channels	-0.1	-0.1
Other	-0.1	0.0
	-3.5	-3.4

Note 7**Impairment losses on loans and advances**

(millions of EUR)

	2013	2012
	3 months	3 months
Impairment losses	2.7	2.1
impairment losses of reporting period	-0.6	-1.6
recoveries from write-offs	0.2	0.1
decreasing of impairment losses of previous period	3.1	3.6
Impairment losses for contingent liabilities	0.6	1.5
	3.3	3.6

Note 8**Allowances on loans and advances**

(millions of EUR)

	31.03.13	31.12.12
At the beginning of period (January, 1)	91.2	131.0
Allowances of reporting period	0.6	17.9
Decreasing of allowances of previous period	-3.1	-17.3
Loans and advances written off	-3.5	-40.4
At the end of period	85.2	91.2
Recoveries from write-offs	0.2	0.3

Note 9**Loans and advances to customers by remaining maturity**

(millions of EUR)

	Less than	3-12			Over 10	
	3 months	months	1-5 years	5-10 years	years	Total
31.03.13	263.0	561.7	1,468.0	511.6	851.7	3,656.0
31.12.12	209.7	560.3	1,435.4	510.4	869.5	3,585.3

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

(millions of EUR)

	Cash, balances with central bank, loans and advances to credit institutions	Loans and advances to custo- mers	Securi- ties	Other assets	Total assets	Due to credit institu- tions	Due to custo- mers	Other liabili- ties	Total liabili- ties	Contin- gent liabilities
31.03.13										
Sweden	309.2	1.2	3.0	0.0	313.4	587.9	7.2	17.6	612.7	1.5
Estonia	67.1	3,631.8	21.9	36.4	3,757.2	20.7	2,223.0	101.9	2,345.6	986.8
United Kingdom	0.8	1.8	0.0	0.0	2.6	1.1	19.0	0.1	20.2	0.2
Russia	0.0	0.4	0.0	0.0	0.4	1.0	26.2	0.1	27.3	0.0
Germany	0.5	0.1	0.0	0.0	0.6	22.2	4.1	0.0	26.3	7.4
United States	2.7	0.5	0.0	0.0	3.2	0.1	57.8	0.1	58.0	0.1
Canada	0.0	0.0	0.0	0.0	0.0	0.1	2.9	0.0	3.0	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0
Finland	0.1	0.7	0.0	0.0	0.8	0.1	17.4	0.0	17.5	2.7
Latvia	5.2	10.0	0.0	0.0	15.2	51.0	2.8	0.0	53.8	0.0
Lithuania	0.9	0.0	0.0	0.1	1.0	1.8	4.0	0.1	5.9	0.0
Luxembourg	1.2	0.0	0.0	0.6	1.8	0.4	0.0	0.0	0.4	0.0
Netherlands	0.0	0.5	0.0	0.0	0.5	0.0	1.8	0.0	1.8	0.0
Other Western Europe	8.7	8.5	0.1	1.0	18.3	0.6	43.8	0.8	45.2	1.6
Other Eastern Europe	0.4	0.0	0.0	6.1	6.5	0.0	3.3	6.0	9.3	0.0
Other countries	0.0	0.5	0.0	1.9	2.4	0.1	175.2	1.4	176.7	0.8
	396.8	3,656.0	25.0	46.1	4,123.9	687.1	2,588.8	128.1	3,404.0	1,001.1

	Cash, balances with central bank, loans and advances to credit institutions	Loans and advances to custo- mers	Securi- ties	Other assets	Total assets	Due to credit institu- tions	Due to custo- mers	Other liabili- ties	Total liabili- ties	Contin- gent liabilities
31.12.12										
Sweden	242.6	1.3	1.9	2.1	247.9	675.4	8.8	20.4	704.6	1.4
Estonia	237.7	3,542.3	24.5	36.4	3,840.9	10.9	2,227.6	97.5	2,336.0	1,009.9
United Kingdom	16.2	2.1	0.0	0.1	18.4	1.3	18.9	0.0	20.2	0.2
Russia	1.9	0.4	0.0	0.3	2.6	0.4	25.4	0.3	26.1	0.1
Germany	4.2	0.2	0.0	0.0	4.4	25.8	7.3	0.0	33.1	7.4
United States	2.8	0.5	0.8	0.0	4.1	0.0	59.3	0.0	59.3	0.1
Canada	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.9	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0
Finland	0.1	18.8	0.0	1.2	20.1	0.0	11.7	1.3	13.0	2.4
Latvia	4.9	10.1	0.0	0.1	15.1	31.6	6.5	0.0	38.1	0.0
Lithuania	3.9	0.0	0.0	0.2	4.1	1.3	11.9	0.0	13.2	0.0
Luxembourg	1.2	0.0	0.0	0.4	1.6	0.5	0.0	0.0	0.5	0.0
Netherlands	0.0	0.5	0.0	0.0	0.5	0.0	0.9	0.0	0.9	0.0
Other Western Europe	12.4	8.7	0.1	0.2	21.4	0.9	33.9	0.0	34.8	1.6
Other Eastern Europe	1.1	0.0	0.0	0.0	1.1	0.0	3.1	0.1	3.2	0.0
Other countries	0.0	0.4	0.0	0.4	0.8	0.1	194.2	1.7	196.0	0.9
	529.0	3,585.3	27.3	41.4	4,183.0	748.2	2,610.7	121.3	3,480.2	1,024.0

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

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

(millions of EUR)

	In the statement of financial position		Contingent liabilities
	Cash and loans to central bank, credit institutions and	Securities	
31.03.13			
Real estate	645.5	0.1	40.0
Finance	416.3	4.2	14.1
Industry	249.1	0.0	177.9
Trading	165.8	0.0	123.0
Agriculture, fishing, forestry	158.6	0.0	18.9
Transport	158.1	0.0	69.9
Energy, gas and steam plants	115.8	0.0	146.6
Government and state defence	106.4	0.0	216.7
Administration and assistance	57.1	0.0	11.1
Health services, social work	56.3	0.0	13.5
Hotels, restaurants	46.2	0.0	0.8
Information and telecommunication	42.3	0.3	5.4
Construction	40.8	0.0	62.2
Education	21.7	0.0	13.9
Water supply, canalisation, waste management	10.3	0.0	3.2
Professional, science and technical work	9.5	0.0	4.8
Art, show business, leisure	9.1	0.0	1.6
Mining	2.4	0.0	1.0
Other government and social services	24.4	0.7	9.2
Individuals	1,802.3	0.0	67.3
Derivatives	0.0	19.7	0.0
Allowances	-85.2	-	-
	4,052.8	25.0	1,001.1

31.12.12	In the statement of financial position		Contingent liabilities
	central bank, credit institutions and customers	Securities	
Real estate	638.1	0.1	38.9
Finance	534.4	4.2	14.2
Industry	238.7	0.0	173.1
Trading	154.0	0.0	124.8
Agriculture, fishing, forestry	151.7	0.0	21.9
Energy, gas and steam plants	124.0	0.0	160.5
Transport	111.3	0.0	76.0
Government and state defence	107.8	0.0	224.3
Administration and assistance	74.7	0.0	11.0
Health services, social work	55.2	0.0	13.4
Hotels, restaurants	46.8	0.0	0.7
Information and telecommunication	44.3	1.1	6.7
Construction	40.6	0.0	69.0
Education	22.4	0.0	4.9
Water supply, canalisation, waste management	11.0	0.0	3.3
Art, show business, leisure	10.0	0.0	1.6
Professional, science and technical work	8.6	0.0	4.9
Mining	2.4	0.0	0.2
Other government and social services	25.1	0.6	9.3
Individuals	1,804.4	0.0	65.3
Derivatives	0.0	21.3	0.0
Allowances	-91.2	-	-
	4,114.3	27.3	1,024.0

Note 12**Related parties**

(millions of EUR)

	<u>31.03.13</u>	<u>31.12.12</u>
Loans and advances to members of Management Board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons	1.0	1.0
Contingent liabilities to members of Management Board of credit institution and internal audit manager, also their confidants and commercial undertakings, controlled jointly or severally by the mentioned persons (credit lines and commitments to extend credit)	0.2	0.0
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	0.2	0.2
Loans and advances to parent company	312.0	244.5
Due to parent company	606.5	695.7
Contingent assets and commitments to parent company	55.0	55.0
Contingent liabilities and commitments to parent company	0.4	0.4
Loans and advances to enterprises of parent company's consolidation group	13.8	14.6
Due to enterprises of parent company's consolidation group	45.1	36.0
Contingent assets and commitments to enterprises of parent company's consolidation group	0.2	0.2
Contingent liabilities and commitments to enterprises of parent company's consolidation group	3.0	3.0

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

Related parties are:

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