

AS SEB Pank Group

Interim Report of Quarter II 2012



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Statement of the Management Board

Interim Report of Quarter II 2012 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 2012 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 2012 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	30.06.2012
Reporting period	01.01.2012 - 30.06.2012
Reporting currency	Euro (EUR), millions

II. Management Report**1. Credit institution's group as defined in Credit Institutions Law****1.1. Consolidated group****31.03.12**

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%	1.5
AS SEB Kindlustusmaakler*	10723587	16.01.01	Tallinn, Tornimäe 2	Insurance brokerage	100.0%	0.0
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 Bangalo	10088272	18.10.96	Tallinn, Tornimäe 2	Rental of computers	100.0%	0.3
AS Sertifitseerimiskeskus**	10747013	27.03.01	Tallinn, Pärnu mnt 141	Data communication services	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 2012

No such events or trends have occurred by the time of publishing the report, which would affect the strategy of the group in 2012.

2. Highlights

Activities geared towards business clients of SEB in the second quarter of 2012.

- SEB Estonia started to offer its business clients in Estonia financial advisory services, using a specially developed application. The novel application presents an extensive financial analysis of a company in a simple and summarised form. Companies can simulate various scenarios together with their client executive, with a view to identifying risks and new business opportunities. During Q1 more than 120 sessions were held with business clients, in order to help them in evaluating the impact of different risk scenarios on their cash flows and capital structure.

Regarding private clients, SEB introduced the following service upgrades in Q2 2012:

- Starting from April, SEB's portfolio of funds includes the SEB Danish Mortgage Bond Fund, intended for both, the private and business customers, investing mainly in bonds (mortgage bonds) issued by Danish financial institutions and secured with real estate and to smaller extent in government bonds. The Danish mortgage bond market is relatively exceptional and one of the oldest mortgage bond markets on the global scale. The SEB Danish Mortgage Bond Fund is a fund with a low level of risk, primarily intended for a client with a lower risk tolerance who wishes to make investments in bonds with a rating similar to that of government bonds but with a slightly higher yield.
- In May, SEB supplemented its fund selection with four new global funds of funds in the SEB Strategy fund family. The investment philosophy of these is based on the use of seven different asset classes, taking into account the expectations and trends of the market. The goal is to offer clients a more stable rate of return in the long term than the current traditional equity and bond funds have managed to do. Accordingly, we made some changes also in the fund offers. When managing investments, SEB keeps the risk in its focus, both in pension funds and new funds that have been added, which use a similar investment strategy, aiming at the achievement of investment results that are more stable than before.
- SEB offers a borrowing assessment service for private clients. The quick analysis of borrowing capacity provides an assessment of a client's capacity to apply for any loan product – from a credit card to a home loan – if necessary. A private client executive helps the clients to assess their borrowing capacity and, when needed, gives advice regarding loans and other bank services. After receiving an initial assessment, there is time to think and to decide whether and how to use the loan options available to realise the various plans.
- From June, active private clients of SEB can use hire-purchase limits at the SEB partners (stores and service enterprises), amounting from EUR 600 to 1000. A client with a pre-decided limit can sign a hire-purchase contract fast, since the decision on

granting the hire-purchase has already been made in advance. Within the pre-decided limit the clients can formalise the hire-purchase contract for one purchase at our hire-purchase partners.

SEB arranged three media mornings with powerful messages in Q2 2012

In April, the three Baltic states gave an overview of the **economic analysis of the SEB Baltic households** (SEB Baltic Household Outlook - BHO), which in addition to the economic trends of the three countries compares also their impact on households – on employment, changes in salary and earnings, activity of borrowing and saving trends, etc. BHO is presented twice a year. Estonian side of the BHO was presented by Estonian expert Triin Messimas, the development manager of private individuals.

At the beginning of June, SEB, as the long-term spokesman of pension issues at the Estonian market, raised a topic "**Estonian pension system needs another EUR 18 billion**". According to SEB's forecast, EUR 30 billion will need to be accumulated in the 2nd and 3rd pension pillars by 2040 for this generation to receive a pension they can live on. Over the past ten years, approximately EUR 1 billion has been accumulated in the pension pillars. At this rate, the next thirty years will see the value of pension assets reach EUR 12 billion, which, however, will not be enough for all the people of Estonia to receive a pension.

At the end of June we introduced the loan survey, conducted among the SEB clients, which indicates that the clients who have taken out loans are aware of and fear the loan-related risks. While in 2005, just 18% of the home loan clients also signed an insurance contract when they took out a loan, then since 2010, the percentage of loan clients who do that has risen to 85%. Still, the families, who have taken a home loan are optimistic and just a small portion of home loans is aimed at investing into real estate.

In Q2, also several recreational sports events took place: SEB 25th May Run, 30th Tartu Running Marathon, 31st Tartu Cycling Race. SEB is contributing to the spreading of recreational sports across Estonia.

SEB supports Estonia's leading **business plan competition "Ajujaht"** (brainhunt), aimed at contributing to the creation of new knowledge-based companies and boosting the business skills of students and young scientists. Eight finalists of the 2012 competition were selected in March and in April, Raybike was announced as the winner of Ajujaht 2012!

What has the bank done for employees

- SEB introduced the Employer Pension scheme for businesses – the tax system, as amended at the beginning of the year, now allows employers – in addition to paying wages – to contribute into the employees' third pension pillar as well, while not treating these payments as a fringe benefit.
- SEB opened a playroom for the children of its employees.

SEB Charity Fund carried out several events to support children staying in shelter homes

- In April, children from shelters all across Estonia travelled to Tartu, to the theatre Vanemuine, in order to watch a performance of the popular musical "Mary

Poppins”, which included a backstage tour of the theatre. A total of 150 children from Tartu, Tallinn, Viljandi, Harju County and Ida-Viru County, who live in shelters and children’s homes, along with their attendants, were able to enjoy the performance.

- At the end of May, a big football day was organised in cooperation with the Estonian Football Association in Tallinn, at the Lilleküla stadium, in course of which the children staying in shelters had the opportunity to participate in a training session, conducted by professional football players, watch the game between the U-19 football teams of Estonia and Spain and were granted a unique possibility to send the players to the football field.
- In June, the thirteenth charity campaign started, in course of which funds were raised to acquire sports equipment (bikes, balls, basketball back-boards, roller-skates, etc) for the foster homes and shelters.
- On the occasion of the Child Protection Day, the charity fund published four opinion essays of children and their needs (Walls can not love, Children who have no one, Children, who need protection become increasingly parcels, Not a nest, but mom and dad), which were widely reflected in national media and local newspapers.

The more than 841 800 customers of SEB Pank Group are served by 1176 employees. The customers are served through many different channels such as 36 branch offices, 260 on-line post offices, 351 ATMs, 6989 POS-terminals. There are more than 517 500 debit and credit cards in use. In addition, over 75% of our customers use our SEB Internet Bank and SEB Internet Bank for Business services.

3. Capital adequacy

(millions of EUR)

	30.06.12	31.12.11
CAPITAL BASE		
Paid-in share capital	42.5	42.5
Premium	86.1	86.1
General banking reserves	19.5	19.5
Retained earnings / loss	481.9	383.8
Unrealised profit for previous periods on shares of subsidiaries and associated companies (negative)	-0.1	-0.1
Intangibles	-0.3	-0.4
Audited profit for the period	0.0	98.1
Total primary own funds	629.6	629.5
Subordinated debt	0.0	50.0
Available for sale financial instruments	0.2	0.1
Unrealised part of profit on shares of subsidiaries and associated companies	0.1	0.1
Allowances and adjustments exceeding expected loss	10.3	10.6
Total supplementary own funds	10.6	60.8
Total deductions	0.0	0.0
Primary own funds after deductions	629.6	629.5
Supplementary own funds after deductions	10.6	60.8
Own funds included in calculation of capital adequacy	640.2	690.3

	30.06.12	31.12.11
CAPITAL REQUIREMENTS		
Municipalities and regions with standardised approach	5.3	5.4
State agencies, non-profit institutions and associations with standardised	0.1	0.1
Retail claims with standardised approach	14.2	13.9
Overdue claims with standardised approach	1.1	1.2
Shares of investment funds with standardised approach	0.4	0.4
Other assets with standardised approach	2.6	2.1
Credit institutions, investment firms and municipalities with IRB	6.0	7.0
Other companies with IRB	124.0	128.2
Retail claims with IRB	41.2	41.8
Total capital requirements for covering the credit risk and counterparty credit risk	194.9	200.1
Capital requirement for covering interest position risk	1.3	1.0
Capital requirement for covering AMA of operational risk	10.6	11.2
Capital requirements total	206.8	212.3
Transition period floor of own funds if using IRB	299.6	301.5
Capital requirements for calculating capital adequacy	299.6	301.5

CAPITAL RATIOS

	<u>30.06.12</u>	<u>31.12.11</u>
Capital adequacy, %	21.37	22.90
Tier 1 Capital Ratio, %	21.02	20.88
Tier 2 Capital Ratio, %	0.35	2.02

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

AS SEB Pank
AS SEB Liising Group
AS SEB Varahaldus
AS Bangalo

4. Risk concentration

(millions of EUR)

	30.06.12	31.12.11	30.06.11
Total claims against persons associated with the credit institution's consolidation group	1.2	1.3	1.1
The share of claims of the persons associated with the credit institution's consolidation group in net own funds, %	0.19	0.18	0.19
Total of large exposure claims	377.4	269.0	237.7
The share of large exposure claims in net own funds, %	58.96	38.98	39.02
Number of large exposure customers	5	4	4

5. Key figures

(millions of EUR)

	30.06.12	31.12.11	30.06.11
Net profit	40.2	98.1	50.1
Average equity	650.7	581.1	557.0
Return on equity (ROE), %	12.36	16.88	17.99
Average assets	4,057.2	4,214.9	4,175.0
Return on assets (ROA), %	1.98	2.33	2.40
Net interest income	43.4	88.7	42.5
Average interest earning assets	3,948.8	4,101.7	4,047.9
Net interest margin (NIM), %	2.20	2.16	2.10
Spread, %	2.03	2.00	1.95
Cost / Income ratio, %	44.1	45.1	47.1
Ratio of individually impaired loans, %	1.77	2.25	2.93

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 * 100

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
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)

	Note	2012		2011	
		6 months	QII	6 months	QII
<i>Interest and similar income</i>	2	60.6	29.0	61.8	31.9
<i>Interest expenses and similar charges</i>	3	-17.2	-7.5	-19.3	-10.0
Net Interest Income		43.4	21.5	42.5	21.9
<i>Fee and commission income</i>	4	24.8	12.8	26.7	14.2
<i>Fee and commission expense</i>	5	-7.1	-3.7	-6.9	-3.5
Net fee and commission income		17.7	9.1	19.8	10.7
Net income from foreign exchange		2.3	1.3	2.1	1.1
Gains less losses from financial assets at fair value through profit or loss		1.5	0.6	0.7	0.4
Other income		0.2	0.0	0.3	0.1
Personnel expenses		-16.9	-8.5	-17.9	-9.3
Other expenses		-10.3	-5.0	-11.3	-5.5
Depreciation, amortisation and impairment of tangible and intangible assets		-1.5	-0.7	-1.6	-0.8
Profit before impairment losses on loans and advances		36.5	18.4	34.6	18.6
Impairment losses on loans and advances	6	3.7	0.1	15.5	13.6
Profit before income tax		40.2	18.5	50.1	32.2
Income tax		0.0	0.0	0.0	0.0
Net profit		40.2	18.5	50.1	32.2
Profit attributable to the sole equity holder		40.2	18.5	50.1	32.2

2. Consolidated statement of comprehensive income

	2012		2011	
	6 months	QII 6 months	6 months	QII
Net profit	40.2	18.5	50.1	32.2
Other comprehensive income/expense				
Revaluation of available-for-sale financial assets	0.2	-0.1	-0.1	-0.1
Total other comprehensive income/expense	0.2	-0.1	-0.1	-0.1
Total comprehensive income	40.4	18.4	50.0	32.1
Sole equity holder of the parent entity (total)	40.4	18.4	50.0	32.1
-Total comprehensive income from continued operations	40.4	18.4	50.0	32.1

3. Consolidated statement of financial position

(millions of EUR)

	30.06.12	31.12.11
ASSETS		
Cash	46.8	38.7
Balances with central bank	24.6	49.5
Loans and advances to credit institutions	350.5	423.0
Loans and advances to customers	3,521.2	3,540.5
Financial assets held for trading	24.2	21.0
Available-for-sale financial assets	5.2	4.9
Other assets	29.3	18.0
Investments in associates	0.6	0.5
Intangible assets	0.3	0.4
Property, plant and equipment	7.7	7.5
Investment properties	0.0	0.0
TOTAL ASSETS	4,010.4	4,104.0
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to credit institutions	759.1	948.5
Due to customers	2,458.6	2,378.8
Loan funds	22.8	18.1
Other liabilities	74.7	54.8
Financial liabilities at fair value through profit or loss	22.9	20.5
Provisions	1.4	2.9
Subordinated loans	0.0	50.1
Total Liabilities	3,339.5	3,473.7
Share capital	42.5	42.5
Share premium	86.1	86.1
Other reserves	19.9	19.8
Retained earnings	522.4	481.9
Total shareholders' equity	670.9	630.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,010.4	4,104.0

4. Consolidated cash flow statement

(millions of EUR)

	2012	2011
	6 months	6 months
I. Cash flows from operating activities		
Interest received	60.9	60.3
Interest paid	-19.3	-21.7
Fee and commission received	24.8	26.7
Fee and commission paid	-7.1	-6.9
Net trading income and other operating income	2.7	1.2
Personnel expenses and other operating expenses	-25.4	-26.9
Cash flows from operating activities before changes in the operating assets and liabilities	36.6	32.7
Changes in operating assets:		
Loans and advances to credit institutions and mandatory reserve in central bank	200.6	-68.4
Loans and advances to customers	22.5	7.5
Other assets	-4.1	7.0
Changes of operating liabilities:		
Due to credit institutions	-168.9	-379.0
Due to customers	80.4	75.6
Loan funds	4.6	7.8
Other liabilities	1.7	-3.9
Cash flow from (used in) operating activities	173.4	-320.7
II. Cash flows from investing activities		
Net increase-/decrease+ of investment portfolio securities	-0.1	-0.5
Proceeds from sale and liquidation of associates and subsidiaries	0.0	0.4
Purchase of investment properties, tangible and intangible assets	-1.6	-1.5
Proceeds from sale of investment properties, tangible and intangible assets	0.0	1.7
Cash flow from (used in) investing activities	-1.7	0.1
III. Cash flows from financing activities		
Repayments of subordinated loans	-50.0	-50.0
Cash used in financing activities	-50.0	-50.0
Net decrease/increase in cash and cash equivalents	121.7	-370.6
Cash and cash equivalents at the beginning of period	87.3	562.0
Effect of exchange rate changes on cash and cash equivalents	0.1	0.0
Cash and cash equivalents at the end of period	209.1	191.4
Cash and cash equivalents includes:		
	30.06.12	30.06.11
Cash on hand	46.8	42.4
Balances with the central bank without mandatory reserve	0.0	0.0
Liquid deposits in other credit institutions	159.8	148.9
Trading portfolio	2.5	0.1
	209.1	191.4

5. Changes in consolidated shareholders' equity

(millions of EUR)

	Share capital	Share premium	Reserves	Retained profit	Total shareholders' equity
Year beginning 01.01.2011	42.5	86.1	20.0	383.2	531.8
Statutory reserve	0.0	0.0	-0.1	0.1	0.0
Other	0.0	0.0	0.0	0.3	0.3
Net profit	0.0	0.0	0.0	50.1	50.1
Other comprehensive expense:					
Net change in available-for-sale financial assets	0.0	0.0	-0.1	0.0	-0.1
Total other comprehensive expense	0.0	0.0	-0.1	0.0	-0.1
Total comprehensive income	0.0	0.0	-0.1	50.1	50.0
Final balance 30.06.2011	42.5	86.1	19.8	433.7	582.1
Year beginning 01.01.2012	42.5	86.1	19.8	481.9	630.3
Other	0.0	0.0	0.0	0.3	0.3
Net profit	0.0	0.0	0.0	40.2	40.2
Other comprehensive expense:					
Net change in available-for-sale financial assets	0.0	0.0	0.2	0.0	0.2
Total other comprehensive expense	0.0	0.0	0.2	0.0	0.2
Total comprehensive income	0.0	0.0	0.2	40.2	40.4
Final balance 30.06.2012	42.5	86.1	20.0	522.4	671.0

6. Contingent assets and liabilities and commitments

(millions of EUR)

30.06.12	Contract amount		Balance value	
	Assets	Liabilities	Assets	Liabilities
1. Irrevocable and revocable transactions	7.3	981.1	0.0	0.0
1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims	0.8	251.6	0.0	0.0
<i>incl. financial guarantees</i>	0.0	88.7	0.0	0.0
1.2. Loan commitments	6.5	629.5	0.0	0.0
1.3. Other revocable transactions	0.0	100.0	0.0	0.0
2. Derivatives	748.4	748.0	21.7	22.9
2.1. Currency related derivatives	360.4	360.7	1.4	1.8
2.2. Interest related derivatives	357.6	357.5	19.0	19.0
2.3. Equity related derivatives*	30.4	29.8	1.3	2.1
	755.7	1,729.1	21.7	22.9
31.12.11	Contract amount		Balance value	
	Assets	Liabilities	Assets	Liabilities
1. Irrevocable and revocable transactions	7.2	707.6	0.0	0.0
1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims	0.7	244.7	0.0	0.0
<i>incl. financial guarantees</i>	0.0	76.5	0.0	0.0
1.2. Loan commitments	6.5	362.9	0.0	0.0
1.3. Other revocable transactions	0.0	100.0	0.0	0.0
2. Derivatives	506.9	505.9	19.8	20.5
2.1. Currency related derivatives	119.8	119.5	1.3	1.1
2.2. Interest related derivatives	346.5	346.4	17.3	17.2
2.3. Equity related derivatives*	40.6	40.0	1.2	2.2
	514.1	1,213.5	19.8	20.5

* 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 II 2012 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 II 2012 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2011.

Note 2**Interest and similar income**

(millions of EUR)

Loans
Leasing
Deposits with other banks
Fixed income securities

2012		2011	
6 months	QII	6 months	QII
50.8	24.2	52.1	26.8
7.9	3.9	8.3	4.2
1.9	0.9	1.3	0.8
0.0	0.0	0.1	0.1
60.6	29.0	61.8	31.9

Note 3**Interest expenses and similar charges**

(millions of EUR)

Credit institutions
Time and other saving deposits
Demand deposits
Subordinated debts
Loan funds

2012		2011	
6 months	QII	6 months	QII
-8.6	-3.6	-11.4	-5.6
-5.8	-2.6	-4.5	-2.5
-2.1	-1.0	-2.1	-1.3
-0.5	-0.2	-1.1	-0.5
-0.2	-0.1	-0.2	-0.1
-17.2	-7.5	-19.3	-10.0

Note 4**Fee and commission income**

(millions of EUR)

Payment cards related commissions
Securities market services *
Transaction fees
Credit contracts**
Non-life insurance brokerage fees
Other settlement fees
Income from leasing agreements (full service)
Income from electronic channels
Cash handling fees
Commodity futures fees
Other

2012		2011	
6 months	QII	6 months	QII
9.8	5.1	9.8	5.1
5.8	2.9	6.5	3.1
2.6	1.3	2.6	1.4
1.9	1.0	2.0	1.1
0.9	0.6	2.4	1.8
1.4	0.7	1.0	0.5
0.7	0.3	0.8	0.4
0.6	0.3	0.6	0.3
0.4	0.2	0.4	0.2
0.1	0.1	0.1	0.0
0.6	0.3	0.5	0.3
24.8	12.8	26.7	14.2

* 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 5**Fee and commission expense**

(millions of EUR)

Payment cards related commissions
Cash collecting fees
Expenses to leasing agreements (full service)
Securities market services
Transaction fees
Expenses of electronic channels
Other

2012		2011	
6 months	QII	6 months	QII
-4.3	-2.3	-3.7	-1.9
-0.7	-0.3	-1.0	-0.5
-0.9	-0.5	-0.9	-0.5
-0.6	-0.3	-0.6	-0.2
-0.3	-0.1	-0.3	-0.1
-0.2	-0.1	-0.3	-0.2
-0.1	-0.1	-0.1	-0.1
-7.1	-3.7	-6.9	-3.5

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

(millions of EUR)

	2012		2011	
	6 months	QII	6 months	QII
Impairment losses	2.2	0.1	20.7	18.8
impairment losses of reporting period	-5.0	-3.4	-10.1	-8.0
recoveries from write-offs	0.1	0.0	0.1	0.0
decreasing of impairment losses of previous period	7.1	3.5	30.7	26.8
Impairment losses for contingent liabilities	1.5	0.0	-5.2	-5.2
	3.7	0.1	15.5	13.6

Note 7**Allowances on loans and advances**

(millions of EUR)

	30.06.12	31.12.11
At the beginning of period (January, 1)	131.0	179.5
Allowances of reporting period	4.8	14.7
Decreasing of allowances of previous period	-7.1	-42.0
Loans and advances written off	-13.1	-21.2
At the end of period	115.6	131.0
Recoveries from write-offs	0.1	0.2

Note 8**Loans and advances to customers by remaining maturity**

(millions of EUR)

	Less than 3 months	3-12 months	1-5 years	5-10 years	Over 10 years	Total
30.06.12	195.3	536.6	1,366.8	513.9	908.6	3,521.2
31.12.11	174.2	509.0	1,390.1	517.9	949.3	3,540.5

Note 9**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
30.06.12										
Sweden	325.3	1.5	3.1	0.3	330.2	686.5	8.1	19.0	713.6	1.3
Estonia	71.5	3,479.9	23.8	29.8	3,605.0	19.3	2,107.9	92.6	2,219.8	967.3
United Kingdom	0.6	1.8	0.0	0.1	2.5	1.6	17.6	0.1	19.3	0.2
Russia	4.9	0.4	0.0	0.1	5.4	1.2	24.3	0.0	25.5	0.1
Germany	0.5	0.3	0.0	0.0	0.8	32.1	2.4	0.0	34.5	7.2
United States	1.3	0.5	0.7	0.0	2.5	0.3	59.0	0.1	59.4	0.1
Canada	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.8	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.3	0.0
Finland	0.0	18.3	0.0	0.5	18.8	0.0	9.4	0.5	9.9	2.8
Latvia	5.4	0.1	0.0	0.0	5.5	13.6	3.3	0.0	16.9	0.0
Lithuania	1.5	0.0	0.0	0.1	1.6	0.3	2.8	0.0	3.1	0.0
Luxembourg	2.4	0.0	0.0	0.8	3.2	1.1	0.0	0.0	1.1	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	7.3	17.1	0.1	0.0	24.5	3.0	24.0	0.1	27.1	1.3
Other Eastern Europe	1.2	0.0	0.2	0.1	1.5	0.0	2.2	0.0	2.2	0.0
Other countries	0.0	0.8	2.1	5.5	8.4	0.1	194.7	9.4	204.2	0.8
	421.9	3,521.2	30.0	37.3	4,010.4	759.1	2,458.6	121.8	3,339.5	981.1
31.12.11										
Sweden	403.3	1.6	3.1	0.3	408.3	862.8	9.8	66.8	939.4	1.3
Estonia	88.3	3,496.8	22.1	19.8	3,627.0	24.6	2,088.8	73.0	2,186.4	695.4
United Kingdom	0.4	2.2	0.3	0.0	2.9	6.9	17.8	0.1	24.8	0.2
Russia	2.5	0.4	0.0	0.0	2.9	0.4	17.2	0.0	17.6	0.1
Germany	0.2	0.2	0.0	0.0	0.4	33.2	2.3	0.0	35.5	7.4
United States	2.8	0.8	0.5	0.0	4.1	0.2	51.9	0.0	52.1	0.1
Canada	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.8	0.0
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.4	0.0
Finland	0.0	19.2	0.0	0.5	19.7	0.0	8.1	0.4	8.5	2.0
Latvia	5.2	0.1	0.0	0.0	5.3	17.7	1.8	0.0	19.5	0.0
Lithuania	1.5	0.0	0.0	0.1	1.6	0.3	2.1	0.0	2.4	0.0
Luxembourg	1.1	0.0	0.0	0.4	1.5	0.1	0.0	0.0	0.1	0.0
Netherlands	0.0	0.5	0.0	0.0	0.5	0.0	1.3	0.0	1.3	0.0
Other Western Europe	5.1	18.1	0.0	0.1	23.3	2.2	14.8	0.0	17.0	1.1
Other Eastern Europe	0.7	0.0	0.2	0.0	0.9	0.0	1.9	0.0	1.9	0.0
Other countries	0.1	0.6	0.2	4.7	5.6	0.1	159.8	6.1	166.0	0.0
	511.2	3,540.5	26.4	25.9	4,104.0	948.5	2,378.8	146.4	3,473.7	707.6

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 10**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		
	customers	Securities	
30.06.12			
Real estate	619.9	0.1	20.9
Finance	426.5	4.0	14.9
Industry	262.9	2.3	179.7
Trading	173.3	0.0	92.5
Agriculture, fishing, forestry	147.5	0.0	24.4
Transport	107.7	0.0	101.5
Government and state defence	100.6	0.0	223.7
Energy, gas and steam plants	95.1	0.0	139.4
Administration and assistance	53.5	0.0	7.5
Construction	47.7	0.0	68.8
Health services, social work	46.9	0.0	8.6
Information and telecommunication	43.8	0.8	10.0
Hotels, restaurants	39.3	0.0	0.9
Education	26.3	0.0	2.0
Art, show business, leisure	12.5	0.0	1.0
Water supply, canalisation, waste management	11.1	0.0	4.6
Professional, science and technical work	8.6	0.0	4.1
Mining	2.4	0.0	0.2
Other government and social services	24.2	1.0	8.7
Individuals	1,808.9	0.0	67.7
Derivatives	0.0	21.8	0.0
Allowances	-115.6	-	-
	3,943.1	30.0	981.1

31.12.11	In the statement of financial position		Contingent liabilities
	Cash and loans to central bank, credit institutions and customers	Securities	
Real estate	629.1	0.1	20.5
Finance	515.6	3.9	15.4
Industry	259.6	1.0	154.4
Trading	198.7	0.0	88.4
Energy, gas and steam plants	116.6	0.0	140.4
Agriculture, fishing, forestry	109.3	0.0	12.7
Transport	108.5	0.0	80.0
Government and state defence	106.9	0.0	21.1
Information and telecommunication	53.2	0.7	7.7
Hotels, restaurants	46.8	0.0	0.7
Health services, social work	46.4	0.0	7.1
Administration and assistance	44.5	0.0	7.6
Construction	43.2	0.0	63.2
Education	23.0	0.0	6.3
Art, show business, leisure	15.5	0.0	0.6
Water supply, canalisation, waste management	12.9	0.0	4.4
Professional, science and technical work	9.1	0.0	3.6
Mining	2.6	0.0	0.2
Other government and social services	22.0	1.0	7.1
Individuals	1,819.2	0.0	66.2
Derivatives	0.0	19.7	0.0
Allowances	-131.0	-	-
	4,051.7	26.4	707.6

Note 11**Related parties**

(millions of EUR)

	<u>30.06.12</u>	<u>31.12.11</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	1.2	1.2
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)	0.0	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	0.1	4.8
Loans and advances to parent company	328.3	406.3
Due to parent company	706.6	930.6
incl. subordinated liabilities	0.0	50.0
interests of subordinated liabilities	0.0	0.1
Contingent assets and commitments to parent company	55.0	55.0
Contingent liabilities and commitments to parent company	0.4	0.3
Loans and advances to enterprises of parent company's consolidation group	15.0	12.2
Due to enterprises of parent company's consolidation group	21.3	23.5
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.