

AS SEB Pank Group

Interim Report of Quarter III 2011



Contents	p.
Statement of the Management Board _____	2
I. Introduction - general information _____	3
1. Credit institution _____	3
2. Auditor _____	3
II. Management Report _____	4
1. Credit institution's group as defined in Credit Institutions Law _____	4
1.1. Consolidated group _____	4
1.2. Changes in the consolidated group during the accounting period and plans for year 2011 _____	5
2. Key events in Quarter III 2011 _____	5
3. Capital adequacy _____	7
4. Risk concentration _____	9
5. Key figures _____	9
III. Consolidated financial statements _____	11
1. Consolidated income statement _____	11
2. Consolidated statement of comprehensive income _____	11
3. Consolidated statement of financial position _____	12
4. Consolidated cash flow statement _____	13
5. Changes in consolidated shareholders' equity _____	14
6. Contingent assets and liabilities and commitments _____	15
Note 1 Accounting principles _____	16
Note 2 Interest and similar income _____	17
Note 3 Interest expenses and similar charges _____	17
Note 4 Fee and commission income _____	17
Note 5 Fee and commission expense _____	17
Note 6 Impairment losses on loans and advances _____	18
Note 7 Allowances on loans and advances _____	18
Note 8 Loans and advances to customers by remaining maturity _____	18
Note 9 Geographic concentration of financial assets and liabilities _____	19
Note 10 Concentration of financial assets and liabilities by industry sector _____	20
Note 11 Discontinued operations _____	21
Note 12 Related parties _____	22

Statement of the Management Board

Interim Report of Quarter III 2011 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 III 2011 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 III 2011 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	30.09.2011
Reporting period	01.01.2011 - 30.09.2011
Reporting currency	Euro (EUR), millions

II. Management Report

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

1.1. Consolidated group

30.09.11

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 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 2011

In March 2011 AS SEB Pank sold 100% shares in AS SEB Enskilda.

No such events or trends have occurred by the time of publishing the report, which would affect the strategy of the group in 2011.

2. Key events in Quarter III 2011

Starting from August 5, SEB extended trading service with US stocks; enabling investors trading on US and European share markets via SEB until their closure, to react as flexibly as possible to sudden price fluctuations.

According to a survey conducted by EPSI Baltic, clients consider SEB to be the leading bank in Estonia. Among main players and main competitors SEB got highest ranking in not only in private and business segment, but also in CSR activity.

There has been steady growth in debit cards throughout 2011, indicating that more and more clients are choosing SEB as their home bank. In Q3 SEB's market share in debit cards rose above magical 30% threshold, being 30.24% at the end of the quarter.

SEB introduced special leasing for vehicles with low CO₂ emission, thus being the first in Estonia to offer more favourable leasing terms to retail banking customers, if the new car purchased is environmentally friendly (i.e. the vehicle's CO₂ emissions are up to 130g/km). SEB also combats carbon footprint in the selection of company cars. All new SEB company cars must have an emission level below 130g/km.

After launching in May the sales of exclusive property insurance products of RSA Insurance through SEB's service network, the cooperation has proved very successful with RSA's turnover rising 100% in Q3 and within few months the insurer has doubled the market share in property insurance market.

Euromoney named SEB the Best Bank in the Baltic States and the Nordic countries. In addition to the titles obtained in the competition Euromoney's Awards for Excellence 2011, SEB was also a nominee in a number of other categories: best performer of M&A transactions and best provider of cash management services in the Baltic States and Nordic countries.

In Q3 SEB sponsored several sports events that were also biggest in our region. More than 17,000 runners participated in SEB Tallinn Marathon, which was biggest sporting event ever held in the Baltics. 1,400 people took part in the 5th SEB Tartu Rollerblading Marathon. More than 7,000 riders participated in the SEB 14th Tartu Cycling Marathon.

In Q3 SEB Charity Fund organized several events. Nationwide 11th Youth Song and Dance Festival took tens of thousands of people to the Song Festival Grounds – and among them were children from shelters. Guided by volunteers from a club set up to support the SEB Charity Fund the children got the most out of the day.

A campaign designed to provide children in shelters around Estonia with new pairs of shoes was organized by the SEB Charity Fund in June and July. The campaign culminated in a special day in Tallinn Zoo, attended by more than a hundred children from shelters nationwide.

100 kids from shelters all over the country took part of the children's races of the annual SEB Tallinn Marathon. Among the more than 2,000 kids who took part in the children's races of the 14th SEB Tartu Cycling Marathon were 50 kids from shelters all over Estonia in cooperation with SEB Charity Fund.

More than 828 000 customers of SEB Pank Group are served by 1235 employees. The customers are served through many different channels such as 37 branch offices, 240 on-line post offices, 349 ATMs, 6603 POS-terminals. There are more than 505 900 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)

CAPITAL BASE	30.09.11	31.12.10
Paid-in share capital	42.5	42.5
Premium	86.1	86.1
General banking reserves	19.5	19.6
Retained earnings / loss	383.3	328.7
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	54.6
Total primary own funds	530.9	530.9
Subordinated debt	67.0	117.0
Available for sale financial instruments	0.0	0.2
Allowances and adjustments exceeding expected loss	11.1	11.6
Total supplementary own funds	78.1	128.8
Total deductions	0.0	0.0
Primary own funds after deductions	530.9	530.9
Supplementary own funds after deductions	78.1	128.8
Own funds included in calculation of capital adequacy	609.0	659.7

CAPITAL REQUIREMENTS	30.09.11	31.12.10
Municipalities and regions with standardised approach	5.5	5.4
State agencies, non-profit institutions and associations with standardised approach	0.1	0.1
Retail claims with standardised approach	13.9	14.1
Overdue claims with standardised approach	1.3	1.3
Shares of investment funds with standardised approach	0.4	0.4
Other assets with standardised approach	3.4	3.2
Credit institutions, investment firms and municipalities with IRB	8.0	4.9
Other companies with IRB	133.1	141.3
Retail claims with IRB	43.1	47.4
Total capital requirements for covering the credit risk and counterparty credit risk	208.8	218.1
Capital requirement for covering interest position risk	0.9	1.3
Capital requirement for covering AMA of operational risk	10.9	8.4
Capital requirements total	220.6	227.8
Transition period floor of own funds if using IRB	302.8	300.0
Capital requirements for calculating capital adequacy	302.8	300.0

CAPITAL RATIOS

	<u>30.09.11</u>	<u>31.12.10</u>
Capital adequacy, %	20.11	21.99
Tier 1 Capital Ratio, %	17.53	17.69
Tier 2 Capital Ratio, %	2.58	4.30

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

AS SEB Pank

AS SEB Liising Group

AS SEB Varahaldus

AS Bangalo

AS SEB Enskilda (sold in March, 2011, no more in consolidation group)

4. Risk concentration

(millions of EUR)

	30.09.11	31.12.10	30.09.10
Total claims against persons associated with the credit institution's consolidation group	1.1	1.1	1.1
The share of claims of the persons associated with the credit institution's consolidation group in net own funds, %	0.19	0.16	0.17
Total of large exposure claims	347.2	167.3	233.4
The share of large exposure claims in net own funds, %	57.00	25.36	38.54
Number of large exposure customers	5	3	3

5. Key figures

(millions of EUR)

	30.09.11	31.12.10	30.09.10
Net profit	76.2	54.5	19.6
Average equity	569.9	504.4	486.9
Return on equity (ROE), %	17.83	10.81	5.38
Average assets	4,281.9	4,540.3	4,544.9
Return on assets (ROA), %	2.37	1.20	0.58
Net interest income	65.5	75.2	54.4
Average interest earning assets	4,144.7	4,375.9	4,377.0
Net interest margin (NIM), %	2.11	1.72	1.66
Spread, %	1.96	1.58	1.51
Cost / Income ratio, %	45.9	49.1	51.4
Ratio of individually impaired loans, %	2.65	3.51	4.34

Explanations

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

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

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

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

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

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

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

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

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
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 EUR)

	Note	2011 9 months	2011 QIII 9 months	2010 QIII	2010 QIII
<i>Interest and similar income</i>	2	95.5	33.7	93.2	29.8
<i>Interest expenses and similar charges</i>	3	-30.0	-10.7	-38.8	-11.4
Net Interest Income		65.5	23.0	54.4	18.4
<i>Fee and commission income</i>	4	39.1	12.4	39.0	13.2
<i>Fee and commission expense</i>	5	-10.3	-3.4	-10.4	-3.6
Net fee and commission income		28.8	9.0	28.6	9.6
Net income from foreign exchange		3.5	1.4	5.3	1.8
Gains less losses from financial assets at fair value through profit or loss		1.1	0.4	-1.4	-0.7
Income from dividends		0.0	0.0	0.0	-0.1
Other income		0.5	0.2	1.1	0.4
Personnel expenses		-27.0	-9.1	-26.9	-9.3
Other expenses		-16.3	-5.0	-16.5	-5.7
Depreciation, amortisation and impairment of tangible and intangible assets		-2.3	-0.7	-2.5	-0.8
Profit before impairment losses on loans and advances		53.8	19.2	42.1	13.6
Impairment losses on loans and advances	6	22.4	6.9	-25.8	0.6
Profit before income tax		76.2	26.1	16.3	14.2
Income tax		0.0	0.0	0.0	0.0
Net profit from continued operations		76.2	26.1	16.3	14.2
Net profit from discontinued operations	11	0.0	0.0	3.3	0.0
Net profit		76.2	26.1	19.6	14.2
Profit attributable to:					
Sole equity holder of the parent entity (total)		76.2	26.1	19.6	14.2
-Net profit from continued operations		76.2	26.1	16.3	14.2
-Net profit from discontinued operations		0.0	0.0	3.3	0.0
		76.2	26.1	19.6	14.2

2. Consolidated statement of comprehensive income

	2011 9 months	2011 QIII 9 months	2010 QIII	2010 QIII
Net profit	76.2	26.1	19.6	14.2
Other comprehensive income				
Revaluation of available-for-sale financial assets	-0.4	0.0	-0.1	0.0
Total other comprehensive income/expense	-0.4	0.0	-0.1	0.0
Total comprehensive income	75.8	26.1	19.5	14.2
Sole equity holder of the parent entity (total)	75.8	26.1	19.5	14.2
-Total comprehensive income from continued operations	75.8	26.1	16.2	14.2
-Total comprehensive income from discontinued operations	0.0	0.0	3.3	0.0

3. Consolidated statement of financial position

(millions of EUR)

	30.09.11	31.12.10
ASSETS		
Cash	36.2	38.9
Balances with central bank	47.4	316.2
Loans and advances to credit institutions	466.6	279.5
Loans and advances to customers	3,586.8	3,606.7
Financial assets held for trading	19.8	21.9
Available-for-sale financial assets	4.8	5.0
Other assets	68.6	47.8
Investments in associates	0.5	0.4
Intangible assets	0.4	0.5
Property, plant and equipment	6.9	7.3
Investment properties	0.0	1.6
TOTAL ASSETS	4,238.0	4,325.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Due to credit institutions	1,033.8	1,419.4
Due to customers	2,403.7	2,149.4
Loan funds	20.6	13.3
Other liabilities	79.2	72.1
Financial liabilities at fair value through profit or loss	20.7	22.3
Provisions	4.5	0.3
Subordinated loans	67.5	117.2
Total Liabilities	3,630.0	3,794.0
Share capital	42.5	42.5
Share premium	86.1	86.1
Other reserves	19.5	19.9
Retained earnings	459.9	383.3
Total shareholders' equity	608.0	531.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,238.0	4,325.8

4. Consolidated cash flow statement

(millions of EUR)

	2011	2010
	9 months	9 months
I. Cash flows from operating activities		
Interest received	94.0	93.0
Interest paid	-30.1	-40.8
Fee and commission received	39.1	39.0
Fee and commission paid	-10.3	-10.4
Net trading income and other operating income	2.5	39.9
Personnel expenses and other operating expenses	-40.6	-40.0
Revaluation adjustments	0.0	-0.1
Cash flows from operating activities before changes in the operating assets and liabilities	54.6	80.6
Changes in operating assets:		
Loans and advances to credit institutions and mandatory reserve in central bank	-188.3	150.9
Loans and advances to customers	43.4	236.5
Other assets	-0.7	2.5
Changes of operating liabilities:		
Due to credit institutions	-374.8	-349.9
Due to customers	253.7	2.1
Loan funds	7.3	-1.3
Other liabilities	-0.1	-37.8
Cash flow from (used in) operating activities	-204.9	83.6
II. Cash flows from investing activities		
Net increase-/decrease+ of investment portfolio securities	0.1	68.8
Proceeds from sale and liquidation of associates	0.0	0.3
Purchase of investment properties, tangible and intangible assets	-2.0	-1.7
Proceeds from sale of investment properties, tangible and intangible assets	1.8	2.3
Cash flow from (used in) investing activities, continued operations	-0.1	69.7
Cash flow from (used in) investing activities, discontinued operations	0.0	3.3
III. Cash flows from financing activities		
Repurchasing of debt securities	0.0	-0.5
Repayments of subordinated loans	-50.0	-50.0
Cash used in financing activities	-50.0	-50.5
Net decrease/increase in cash and cash equivalents	-255.0	106.1
Cash and cash equivalents at the beginning of period	562.0	405.3
Effect of exchange rate changes on cash and cash equivalents	0.1	-0.1
Cash and cash equivalents at the end of period	307.1	511.3
Cash and cash equivalents includes:	30.09.11	30.09.10
Cash on hand	36.2	37.5
Balances with the central bank without mandatory reserve	0.5	163.2
Liquid deposits in other credit institutions	270.2	309.9
Trading portfolio	0.2	0.7
	307.1	511.3

5. Changes in consolidated shareholders' equity

(millions of EUR)

	Share capital	Share premium	Reserves	Retained profit	Total shareholders' equity
Year beginning 01.01.2010	42.5	86.1	21.2	327.2	477.0
Statutory reserve	0.0	0.0	-1.2	1.2	0.0
Net profit	0.0	0.0	0.0	19.6	19.6
Other	0.0	0.0	0.0	0.2	0.2
Other comprehensive income:					
Net change in available-for-sale financial assets	0.0	0.0	-0.1	0.0	-0.1
Total other comprehensive income	0.0	0.0	-0.1	0.0	-0.1
Final balance 30.09.2010	42.5	86.1	19.9	348.2	496.7
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
Net profit	0.0	0.0	0.0	76.2	76.2
Other	0.0	0.0	0.0	0.4	0.4
Other comprehensive income:					
Net change in available-for-sale financial assets	0.0	0.0	-0.4	0.0	-0.4
Total other comprehensive expense	0.0	0.0	-0.4	0.0	-0.4
Final balance 30.09.2011	42.5	86.1	19.5	459.9	608.0

6. Contingent assets and liabilities and commitments

(millions of EUR)

30.09.11	Contract amount		Balance value	
	Assets	Liabilities	Assets	Liabilities
1. Irrevocable transactions	7.9	656.2	0.0	0.0
1.1. Guarantees and pledges	1.4	201.8	0.0	0.0
<i>incl. financial guarantees</i>	<i>0.0</i>	<i>74.0</i>	<i>0.0</i>	<i>0.0</i>
1.2. Loan commitments	6.5	354.4	0.0	0.0
2. Derivatives	599.6	598.7	19.6	20.7
2.1. Currency related derivatives	216.0	216.0	1.9	1.9
2.2. Interest related derivatives	341.4	341.3	15.9	15.9
2.3. Equity related derivatives*	42.2	41.4	1.8	2.9
	607.5	1,254.9	19.6	20.7
31.12.10	Contract amount		Balance value	
	Assets	Liabilities	Assets	Liabilities
1. Irrevocable transactions	15.0	476.4	0.0	0.0
1.1. Guarantees and pledges	2.5	197.5	0.0	0.0
<i>incl. financial guarantees</i>	<i>0.0</i>	<i>82.6</i>	<i>0.0</i>	<i>0.0</i>
1.2. Loan commitments	12.5	278.9	0.0	0.0
2. Derivatives	784.0	782.8	20.5	22.3
2.1. Currency related derivatives	388.8	389.1	1.7	2.0
2.2. Interest related derivatives	345.6	345.6	15.2	15.2
2.3. Equity related derivatives*	49.6	48.1	3.6	5.1
	799.0	1,259.2	20.5	22.3

* 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 III 2011 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 III 2011 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2010.

Note 2**Interest and similar income**

(millions of EUR)

	2011		2010	
	9 months	QIII	9 months	QIII
Loans	80.3	28.2	84.3	27.6
Leasing	12.6	4.3	7.5	1.7
Deposits with other banks	2.5	1.2	1.3	0.5
Fixed income securities	0.1	0.0	0.1	0.0
	95.5	33.7	93.2	29.8

Note 3**Interest expenses and similar charges**

(millions of EUR)

	2011		2010	
	9 months	QIII	9 months	QIII
Credit institutions	-17.0	-5.6	-22.6	-7.0
Time and other saving deposits	-7.6	-3.1	-11.5	-2.9
Demand deposits	-3.6	-1.5	-2.3	-0.7
Subordinated debts	-1.5	-0.4	-2.1	-0.7
Loan funds	-0.3	-0.1	-0.3	-0.1
	-30.0	-10.7	-38.8	-11.4

Note 4**Fee and commission income**

(millions of EUR)

	2011		2010	
	9 months	QIII	9 months	QIII
Credit and payment cards	14.6	4.8	14.2	5.1
Securities market services	9.5	3.0	8.8	2.9
Transaction fees	4.0	1.4	5.5	1.8
Credit contracts*	3.1	1.1	3.0	1.0
Non-life insurance brokerage fees	2.7	0.3	1.8	0.6
Other settlement fees	1.5	0.5	1.4	0.5
Income from leasing agreements (full service)	1.1	0.3	1.2	0.4
Income from electronic channels	0.9	0.3	0.8	0.3
Cash handling fees	0.7	0.3	0.8	0.2
Corporate Finance fees	0.0	0.0	0.3	0.0
Commodity futures fees	0.1	0.0	0.0	0.0
Other	0.9	0.4	1.2	0.4
	39.1	12.4	39.0	13.2

*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 reorganisation of credits.

Note 5**Fee and commission expense**

(millions of EUR)

	2011		2010	
	9 months	QIII	9 months	QIII
Credit and payment cards	-5.5	-1.8	-5.4	-2.0
Cash collecting fees	-1.5	-0.5	-1.3	-0.4
Expenses to leasing agreements (full service)	-1.4	-0.5	-0.9	-0.3
Securities market	-0.9	-0.3	-0.9	-0.3
Transaction fees	-0.5	-0.2	-0.7	-0.2
Expenses of electronic channels	-0.4	-0.1	-0.5	-0.2
Other	-0.1	0.0	-0.7	-0.2
	-10.3	-3.4	-10.4	-3.6

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

(millions of EUR)

	2011		2010	
	9 months	QIII	9 months	QIII
Impairment losses	26.7	6.0	-25.5	0.6
impairment losses of reporting period	-10.8	-1.8	-47.9	-7.3
recoveries from write-offs	0.1	0.0	0.1	0.0
decreasing of impairment losses of previous period	37.4	7.8	22.3	7.9
Impairment losses for contingent liabilities	-4.3	0.9	-0.3	0.0
	22.4	6.9	-25.8	0.6

Note 7**Allowances on loans and advances**

(millions of EUR)

	30.09.11	31.12.10
At the beginning of period (January, 1)	179.5	195.3
Allowances of reporting period	10.8	55.7
Decreasing of allowances of previous period	-37.4	-47.1
Loans and advances written off	-10.7	-24.6
Exchange rate adjustments	0.0	0.2
At the end of period (September, 30)	142.2	179.5
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
30.09.11	208.3	490.9	1,402.5	1,364.5	120.6	3,586.8
31.12.10	207.6	387.6	1,465.5	542.8	1,003.2	3,606.7

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

(millions of EUR)

30.09.11	Cash, balances with central bank, loans and advances to credit institutions				Loans and advances to customers	Securities	Other assets	Total assets	Due to credit institutions	Due to customers	Other liabilities	Total liabilities	Contingent liabilities
	institutions	to customers	ties	assets									
Sweden	431.0	1.7	3.8	0.2	436.7	968.5	8.1	83.0	1,059.6	1.3			
Estonia	90.7	3,540.9	20.4	41.6	3,693.6	24.7	2,115.5	102.4	2,242.6	645.6			
United Kingdom	0.6	2.1	0.2	0.0	2.9	2.3	24.2	0.1	26.6	0.3			
Russia	1.8	0.5	0.0	0.0	2.3	0.2	15.5	0.1	15.8	0.1			
Germany	0.4	3.3	0.0	0.0	3.7	32.9	2.1	0.0	35.0	4.3			
United States	1.3	0.8	0.4	0.0	2.5	0.1	50.0	0.0	50.1	0.1			
Canada	0.0	0.0	0.0	0.0	0.0	0.0	2.3	0.0	2.3	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	18.4	0.0	0.6	19.0	0.0	8.7	0.5	9.2	2.8			
Latvia	8.6	0.1	0.0	0.1	8.8	3.8	3.8	0.0	7.6	0.0			
Lithuania	4.8	0.0	0.0	0.1	4.9	0.5	6.2	0.0	6.7	0.0			
Luxembourg	0.5	0.0	0.0	0.4	0.9	0.1	0.0	0.0	0.1	0.0			
Netherlands	0.0	0.5	0.0	0.0	0.5	0.0	1.0	0.0	1.0	0.0			
Other Western Europe	9.3	18.0	0.0	0.1	27.4	0.6	14.9	0.0	15.5	1.6			
Other Eastern Europe	1.2	0.0	0.2	0.0	1.4	0.0	2.0	0.0	2.0	0.0			
Other countries	0.0	0.5	0.1	32.8	33.4	0.1	149.0	6.4	155.5	0.1			
	550.2	3,586.8	25.1	75.9	4,238.0	1,033.8	2,403.7	192.5	3,630.0	656.2			

31.12.10	Cash, balances with central bank, loans and advances to credit institutions				Loans and advances to customers	Securities	Other assets	Total assets	Due to credit institutions	Due to customers	Other liabilities	Total liabilities	Contingent liabilities
	institutions	to customers	ties	assets									
Sweden	258.5	2.2	5.6	0.3	266.6	1,324.0	9.6	132.2	1,465.8	1.2			
Estonia	355.2	3,568.9	21.2	47.9	3,993.2	14.6	1,891.0	88.3	1,993.9	465.5			
United Kingdom	0.6	1.9	0.2	0.0	2.7	1.4	28.3	0.1	29.8	0.3			
Russia	0.8	0.5	0.0	0.0	1.3	0.9	15.7	0.0	16.6	0.1			
Germany	0.3	2.2	0.0	0.0	2.5	69.9	3.5	0.0	73.4	5.5			
United States	0.5	0.9	0.3	0.2	1.9	0.1	24.9	0.0	25.0	0.1			
Canada	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.1	0.8	0.0			
Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2	0.0			
Finland	0.2	18.6	0.0	0.0	18.8	0.0	8.5	0.0	8.5	2.1			
Latvia	7.0	0.1	0.0	0.0	7.1	2.4	2.4	0.0	4.8	0.0			
Lithuania	3.3	0.0	0.0	0.0	3.3	2.1	1.7	-0.1	3.7	0.0			
Luxembourg	1.8	0.0	0.0	0.5	2.3	0.0	0.0	0.0	0.0	0.0			
Netherlands	0.0	0.6	0.0	0.0	0.6	0.0	0.2	0.0	0.2	0.0			
Other Western Europe	5.3	10.1	0.0	0.0	15.4	3.9	23.7	0.0	27.6	1.6			
Other Eastern Europe	1.1	0.0	0.0	0.0	1.1	0.0	1.6	0.0	1.6	0.0			
Other countries	0.0	0.7	0.0	8.3	9.0	0.1	137.4	4.6	142.1	0.0			
	634.6	3,606.7	27.3	57.2	4,325.8	1,419.4	2,149.4	225.2	3,794.0	476.4			

Contingent liabilities include guarantees and pledges, loan commitments, forwards, swaps, options, spots, interest rate based derivatives, revocable transactions, stand-by loans, other revocable transactions, options of structured products 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)

30.09.11	In the statement of financial position		
	Cash and loans to central bank, credit institutions and customers	Securities	Contingent liabilities
	Real estate	632.6	0.1
Finance	554.5	3.8	16.1
Industry	283.4	0.0	128.6
Trading	186.6	0.0	71.0
Energy, gas and steam plants	117.3	0.0	135.5
Agriculture, fishing, forestry	115.0	0.0	20.7
Transport	107.3	0.0	51.8
Government and state defence	104.9	0.0	30.5
Information and telecommunication	55.6	0.6	6.2
Health services, social work	50.3	0.0	6.3
Hotels, restaurants	49.7	0.0	0.7
Construction	42.3	0.0	69.4
Administration and assistance	39.4	0.0	6.6
Professional, science and technical work	25.7	0.0	10.9
Education	24.3	0.0	8.0
Art, show business, leisure	23.3	0.0	2.3
Other government and social services	17.5	1.0	4.1
Water supply, canalisation, waste management	13.2	0.0	4.3
Mining	2.5	0.0	0.5
Individuals	1,833.8	0.0	69.0
Derivatives	0.0	19.6	0.0
Allowances	-142.2	-	-
	4,137.0	25.1	656.2

31.12.10	In the statement of financial position		
	Cash and loans to central bank, credit institutions and customers	Securities	Contingent liabilities
	Real estate	671.8	0.1
Finance	639.7	4.0	16.6
Industry	284.4	1.4	109.0
Trading	170.9	0.0	68.2
Energy, gas and steam plants	147.7	0.0	27.3
Transport	112.5	0.0	43.1
Government and state defence	106.7	0.0	20.3
Agriculture, fishing, forestry	91.0	0.0	7.3
Hotels, restaurants	54.2	0.0	0.3
Construction	50.6	0.0	54.4
Health services, social work	47.8	0.0	7.6
Administration and assistance	37.0	0.0	6.0
Information and telecommunication	28.3	0.4	25.0
Art, show business, leisure	28.1	0.0	1.7
Education	26.5	0.0	5.0
Water supply, canalisation, waste management	15.9	0.0	2.0
Professional, science and technical work	13.1	0.0	5.6
Mining	2.6	0.0	0.3
Other government & social services	23.0	1.0	3.7
Individuals	1,869.0	0.0	66.3
Derivatives	0.0	20.4	0.0
Allowances	-179.5	-	-
	4,241.3	27.3	476.4

Note 11

Discontinued operations

On January 28, 2010 AS SEB Pank sold 100% shares in AS SEB Elu- ja Pensionikindlustus according to the Management Board resolution from December 2009. Purchaser was SEB Trygg Liv Holding AB, a company, which belongs to the Skandinaviska Enskilda Banken AB (publ) Group.

On February 26, 2010 AS SEB Pank sold 100% ownership in OÜ Estectus according to the Management Board resolution from December 2009. Purchaser was Warehold B.V., a company, which located in Holland (later renamed to Baltectus B.V.) and belongs to the Skandinaviska Enskilda Banken AB (publ) Group.

Net gain from sales of discontinued operations was 3.3 EURmio.

Note 12**Related parties**

(millions of EUR)

	<u>30.09.11</u>	<u>31.12.10</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	1.1	0.9
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	-0.2
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	-6.6	-6.9
Loans and advances to parent company	434.7	264.0
Due to parent company	-1,052.5	-1,458.6
incl. subordinated liabilities	-67.0	-117.0
Contingent assets and commitments to parent company	55.0	55.0
Contingent liabilities and commitments to parent company	-0.3	-0.2
Loans and advances to enterprises of parent company's consolidation group	18.5	14.0
Due to enterprises of parent company's consolidation group	-13.8	-44.2
Contingent assets and commitments to enterprises of parent company's consolidation group	0.2	6.6
Contingent liabilities and commitments to enterprises of parent company's consolidation group	-3.0	0.0

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.