

# AS SEB Pank Group

Interim Report of Quarter IV 2011



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## **Statement of the Management Board**

Interim Report of Quarter IV 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 IV 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 IV 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	<a href="http://www.seb.ee">http://www.seb.ee</a>

### 2. Auditor

Audit company	AS PricewaterhouseCoopers
Registry code	10142876 (Estonian Commercial Register)
Address	Pärnu Str. 15, 10141 Tallinn, Estonia
Reporting date	31.12.2011
Reporting period	01.01.2011 - 31.12.2011
Reporting currency	Euro (EUR), millions

**II. Management Report****1. Credit institution's group as defined in Credit Institutions Law****1.1. Consolidated group****31.12.11**

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 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**

On March 3, 2011 the subsidiary AS SEB Enskilda was sold (100% of the shares held by AS SEB Pank).

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

## **1.3. Strategy and organisation**

AS SEB Pank is 100% owned by ultimate shareholder Skandinaviska Enskilda Banken AB (publ) – parent company, which belongs to a financial group with a remarkable history of business. SEB Pank Group, a member of SEB Group, is an Estonian financial group that serves private individuals, companies and the public sector. The bank is a universal bank that offers its customers a wide range of financial services.

SEB is a leading Nordic financial services group. As a relationship bank, SEB in Sweden and the Baltic countries offers financial advice and a wide range of financial services. In Denmark, Finland, Norway and Germany the bank's operations have a strong focus on corporate and investment banking based on a full-service offering to corporate and institutional clients. The international nature of SEB's business is reflected in its presence in 20 countries worldwide. The Group has about 17,000 employees.

SEB Pank Group brings the vision of the SEB Group, which is to be the leading bank in Northern Europe based on entrepreneurship, an international presence and long-term relationships, to life in Estonia. We promise our customers a rewarding relationship and keep this promise by always taking an innovative approach. AS SEB Pank is a leading universal bank in Estonia. We are leading within a number of areas including cash management, asset management and life insurance. AS SEB Pank acts as a Centre of Excellence within the SEB Group for Asset Management activities concerning Eastern Europe.

More than 833 900 customers of SEB Pank Group are served by 1210 employees. The customers are served through many different channels such as 36 branch offices, 240 on-line post offices, 353 ATMs, 6684 POS-terminals. There are more than 510 500 debit and credit cards in use. In addition, over 75% of our customers use our Internet Bank for Private services and Internet Bank for Business services.

## **2. Highlights**

### Efficiency and development

2011 was a first year for Estonia to use euro. Adaption of the euro was the biggest project in the history of Estonian banking and SEB Pank played leading role in the banking sector in order to ensure shift to euro. Conversion of the SEB's Estonian banking system to the euro

was completed successfully. All processes in SEB Pank were transferred to the new currency and our customers were well kept.

SEB Pank has taken a leading role in the development and popularisation of e-channels. At the end of the 2010, SEB Pank opened the most modern internet bank in Estonia with a novel Financial Planner function. In the first quarter of 2011, SEB Pank introduced a POS terminal solution for small merchants, that added several hundreds of new points-of-sale in rural areas. In spring SEB Pank launched a new mobile bank, which can be operated with a modern smartphone as well as ordinary mobile phone. SEB Pank has also become the first bank in Estonia to offer a special Internet bank application for iPhone, while also providing a special application for Android smartphones. In November SEB Pank introduced thoroughly renewed internetbank for businesses. Within one year, SEB Pank has renewed all of its e-channels.

In 2011 SEB Pank started selling exclusive property insurance products of RSA Kindlustus through the bank's service network. From 16 May the following products of RSA Kindlustus are available in the service network of SEB Pank: motor third party liability insurance and full coverage car insurance, home and travel insurance, and business property insurance. The cooperation has proved to be very successful. RSA's turnover raised in 2011 66%.

Starting from June SEB Pank clients will no longer need to come into a branch to collect their new bank cards – they will be sent to them free of charge by post. SEB Pank is first bank in Estonia to offer that kind of service to whole client base. In future 80% of clients' will receive new bankcard by post, which will save at least 120,000 clients the worry of having to come into a branch just to collect their new bankcard.

In autumn SEB Leasing 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 Pank also combats carbon footprint in the selection of company cars. All new SEB Pank company cars must have an emission level below 130g/km.

SEB Pank was chosen to the partner to pay out insurance indemnities to the clients of the Estonian branch of AB Bankas Snoras that's bankrupted in November in Lithuania.

### Organisation

SEB Pank changed the current structure of retail banking and divided the network of branches into four regions. Operations in the northern, southern, western and eastern Estonian regions are headed by regional directors with expanded decision-making power who will be responsible for developing and managing customer relationships in their respective regions. With a change SEB Pank directed more attention at business opportunities in the counties and that is why SEB's pan-Estonian operating model was improved.

SEB Pank got several awards during 2011:

The global finance monthly magazine The Banker named SEB Pank the Best Bank in Estonia for 2011.

Euromoney named SEB Pank 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 Pank 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.

Based on the activities made on 2011, Global Finance named SEB Pank the Best Trade Finance Bank in Estonia for 2012.

Baltic E-Banking Report 2011 compiled by Metasite ranked SEB's internetbank as number 1 in Estonia.

The Estonian Security Association issued its '2010 Security Solution of the Year' award to SEB Pank, which installed antiskimmers in all of its cash machines during the year in order to thwart attempts to copy bankcard data. The devices were supplied and installed by AS Hansab.

#### Customer relations and customer satisfaction

According to a survey conducted by EPSI Baltic in 2011, clients consider SEB Pank to be the leading bank in Estonia. Among main players and main competitors SEB Pank got highest ranking in not only in private and business segment, but also in CSR activity.

#### Social responsibility and sponsorship

SEB Pank and the Tartu Marathon Club signed a sponsorship deal which will see the bank continuing to support the club's events from 2011 to 2015. Tartu Marathon Club is organizing the complex event that consists of the most professionally organised mass sports events in the Baltic States, which attract considerable attention and large numbers of participants.

SEB Pank is a sponsor of several sports events that are also biggest in our region. In 2011 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.

AS SEB Pank and AS Tallink Grupp laid the foundations for a non-profit organisation called the SEB Tallink Tennis Team in first quarter of 2011, which will develop a professional preparatory system for talented young tennis players and help them achieve their goals at the world level. The strategic goal of the team, which has been designed as a long-term undertaking, is to develop a pool of young talent with the potential to break through in the international game.



SEB Pank 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. The winner of the 2011 competition was announced in May and it was company Virtual Garden. More than 300 business plans were issued in October for 2012 competition and 20 finalists were announced in December. Winner will be announced in spring 2012.

SEB Pank has been engaged in charity for years, paying special attention to the next generation. Until now, one of the most distressing social problems in our country is children without parental care. To help these children, SEB Pank founded in 2005 a non-profit association – SEB Charity Fund (SEB Heategevusfond). Already for the third year in a row, SEB Charity Fund asked before Christmas for the help of the employees of substitute homes and shelters to forward children's Christmas wishes. The Fund posted the wishes on a Christmas tree in most popular portal where people across Estonia had the opportunity to make a personal donation and give a gift to one or more children. The list of wishes of 1060 children was very diverse, but it did not take more than a week for good people to find the wishes and help a dream become reality. During a period of one week, more than a thousand people made a donation. Thanks to these donations, on the Christmas Eve, we were able to fulfil precisely those wishes that were whispered into the ears of educators.

Starting from 2003 SEB Pank is a gold sponsor of the Estonian National Opera. In 2011 SEB Pank introduced SEB Public Choice Award and visitors to the Estonia National Opera picked opera soloists Helen Lokuta and Oliver Kuusik as the winners of the SEB Public Choice Awards for 2011.

**3. Capital adequacy**

(millions of EUR)

<b>CAPITAL BASE</b>	<b>31.12.11</b>	<b>31.12.10</b>
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
<b>Total primary own funds</b>	<b>530.9</b>	<b>530.9</b>
Subordinated debt	50.0	117.0
Available for sale financial instruments	0.1	0.2
Unrealised part of profit on shares of subsidiaries and associated companies	0.1	0.0
<b>Allowances and adjustments exceeding expected loss</b>	<b>10.6</b>	<b>11.6</b>
<b>Total supplementary own funds</b>	<b>60.8</b>	<b>128.8</b>
<b>Total deductions</b>	<b>0.0</b>	<b>0.0</b>
Primary own funds after deductions	530.9	530.9
Supplementary own funds after deductions	60.8	128.8
<b>Own funds included in calculation of capital adequacy</b>	<b>591.7</b>	<b>659.7</b>

<b>CAPITAL REQUIREMENTS</b>	<b>31.12.11</b>	<b>31.12.10</b>
Municipalities and regions with standardised approach	5.4	5.4
State agencies, non-profit institutions and associations with standardised	0.1	0.1
Retail claims with standardised approach	13.9	14.1
Overdue claims with standardised approach	1.2	1.3
Shares of investment funds with standardised approach	0.4	0.4
Other assets with standardised approach	2.1	3.2
Credit institutions, investment firms and municipalities with IRB	7.0	4.9
Other companies with IRB	128.2	141.3
Retail claims with IRB	41.8	47.4
<b>Total capital requirements for covering the credit risk and counterparty credit risk</b>	<b>200.1</b>	<b>218.1</b>
Capital requirement for covering interest position risk	1.0	1.3
Capital requirement for covering AMA of operational risk	11.2	8.4
<b>Capital requirements total</b>	<b>212.3</b>	<b>227.8</b>
Transition period floor of own funds if using IRB	301.5	300.0
<b>Capital requirements for calculating capital adequacy</b>	<b>301.5</b>	<b>300.0</b>

**CAPITAL RATIOS**

	<b>31.12.11</b>	<b>31.12.10</b>
Capital adequacy, %	19.62	21.99
Tier 1 Capital Ratio, %	17.61	17.69
Tier 2 Capital Ratio, %	2.01	4.30

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

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AS SEB Pank  
AS SEB Liising Group  
AS SEB Varahaldus  
AS Bangalo  
AS SEB Enskilda (sold in March, 2011, no more in consolidation group)

**4. Risk concentration**

(millions of EUR)	31.12.11	31.12.10
Total claims against persons associated with the credit institution's consolidation group	1.3	1.1
The share of claims of the persons associated with the credit institution's consolidation group in net own funds, %	0.21	0.16
Total of large exposure claims	337.6	167.3
The share of large exposure claims in net own funds, %	57.06	25.36
Number of large exposure customers	5	3

**5. Key figures**

(millions of EUR)	31.12.11	31.12.10
Net profit	98.1	54.5
Average equity	581.1	504.4
Return on equity (ROE), %	16.88	10.81
Average assets	4,214.9	4,540.3
Return on assets (ROA), %	2.33	1.20
Net interest income	88.7	75.2
Average interest earning assets	4,101.7	4,375.9
Net interest margin (NIM), %	2.16	1.72
Spread, %	2.00	1.58
Cost / Income ratio, %	45.1	49.1
Ratio of individually impaired loans, %	2.25	3.51

**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)

		2011		2010	
	Note	12 months	QIV	12 months	QIV
<i>Interest and similar income</i>	2	129.8	34.3	124.5	31.3
<i>Interest expenses and similar charges</i>	3	-41.1	-11.1	-49.3	-10.5
Net Interest Income		88.7	23.2	75.2	20.8
<i>Fee and commission income</i>	4	51.1	12.0	52.9	13.9
<i>Fee and commission expense</i>	5	-13.9	-3.6	-14.3	-3.9
Net fee and commission income		37.2	8.4	38.6	10.0
Net income from foreign exchange		4.9	1.4	7.7	2.4
Gains less losses from financial assets at fair value through profit or loss		2.2	1.1	-2.2	-0.8
Income from dividends		0.0	0.0	0.0	0.0
Gains less losses from investment securities		-0.2	-0.2	0.1	0.1
Share of profit of associates		0.1	0.1	0.0	0.0
Other income		0.5	0.0	2.3	1.2
Personnel expenses		-34.8	-7.8	-34.1	-7.2
Other expenses		-22.3	-6.0	-23.7	-7.2
Depreciation, amortisation and impairment of tangible and intangible assets		-3.0	-0.7	-3.6	-1.1
<b>Profit before impairment losses on loans and advances</b>		<b>73.3</b>	<b>19.5</b>	<b>60.3</b>	<b>18.2</b>
Impairment losses on loans and advances	6	24.8	2.4	-9.1	16.7
<b>Profit before income tax</b>		<b>98.1</b>	<b>21.9</b>	<b>51.2</b>	<b>34.9</b>
Income tax		0.0	0.0	0.0	0.0
Net profit from continued operations		98.1	21.9	51.2	34.9
Net profit from discontinued operations	11	0.0	0.0	3.3	0.0
<b>Net profit</b>		<b>98.1</b>	<b>21.9</b>	<b>54.5</b>	<b>34.9</b>
Profit attributable to the sole equity holder		98.1	21.9	54.5	34.9

#### 2. Consolidated statement of comprehensive income

		2011		2010	
		12 months	QIV	12 months	QIV
<b>Net profit</b>		<b>98.1</b>	<b>21.9</b>	<b>54.5</b>	<b>34.9</b>
<b>Other comprehensive income/expense</b>					
Revaluation of available-for-sale financial assets		-0.1	0.0	0.0	0.1
<b>Total other comprehensive income/expense</b>		<b>-0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>
<b>Total comprehensive income</b>		<b>98.0</b>	<b>21.9</b>	<b>54.5</b>	<b>35.0</b>
<b>Sole equity holder of the parent entity (total)</b>		<b>98.0</b>	<b>21.9</b>	<b>54.5</b>	<b>35.0</b>
-Total comprehensive income from continued operations		98.0	21.9	51.2	35.0
-Total comprehensive income from discontinued operations		0.0	0.0	3.3	0.0

**3. Consolidated statement of financial position**

(millions of EUR)

	<b>31.12.11</b>	<b>31.12.10</b>
<b>ASSETS</b>		
Cash	38.7	38.9
Balances with central bank	49.5	316.2
Loans and advances to credit institutions	423.0	279.5
Loans and advances to customers	3,540.5	3,606.7
Financial assets held for trading	21.0	21.9
Available-for-sale financial assets	4.9	5.0
Other assets	18.0	47.8
Investments in associates	0.5	0.4
Intangible assets	0.4	0.5
Property, plant and equipment	7.5	7.3
Investment properties	0.0	1.6
<b>TOTAL ASSETS</b>	<b>4,104.0</b>	<b>4,325.8</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Due to credit institutions	948.5	1,419.4
Due to customers	2,378.8	2,149.4
Loan funds	18.1	13.3
Other liabilities	54.8	72.1
Financial liabilities at fair value through profit or loss	20.5	22.3
Provisions	2.9	0.3
Subordinated loans	50.1	117.2
<b>Total Liabilities</b>	<b>3,473.7</b>	<b>3,794.0</b>
Share capital	42.5	42.5
Share premium	86.1	86.1
Other reserves	19.8	19.9
Retained earnings	481.9	383.3
<b>Total shareholders' equity</b>	<b>630.3</b>	<b>531.8</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>4,104.0</b>	<b>4,325.8</b>

**4. Consolidated cash flow statement**

(millions of EUR)

	<b>2011</b>	<b>2010</b>
	<b>12 months</b>	<b>12 months</b>
<b>I. Cash flows from operating activities</b>		
Interest received	128.9	126.4
Interest paid	-41.8	-53.3
Fee and commission received	51.1	52.9
Fee and commission paid	-13.9	-14.4
Net trading income and other operating income	4.3	79.1
Personnel expenses and other operating expenses	-53.1	-53.0
Revaluation adjustments	0.0	-0.1
<b>Cash flows from operating activities before changes in the operating assets and liabilities</b>	<b>75.5</b>	<b>137.6</b>
<b>Changes in operating assets:</b>		
Loans and advances to credit institutions and mandatory reserve in central bank	-322.1	165.3
Loans and advances to customers	91.0	259.8
Other assets	1.9	2.9
<b>Changes of operating liabilities:</b>		
Due to credit institutions	-481.7	-508.2
Due to customers	228.7	118.8
Loan funds	4.8	1.3
Other liabilities	-4.4	-41.1
<b>Cash flow from (used in) operating activities</b>	<b>-406.3</b>	<b>136.4</b>
<b>II. Cash flows from investing activities</b>		
Net increase-/decrease+ of investment portfolio securities	-0.3	69.0
Proceeds from sale and liquidation of associates and subsidiaries	0.4	0.2
Purchase of investment properties, tangible and intangible assets	-3.4	-3.2
Proceeds from sale of investment properties, tangible and intangible assets	1.9	1.9
<b>Cash flow from (used in) investing activities, continued operations</b>	<b>-1.4</b>	<b>67.9</b>
<b>Cash flow from (used in) investing activities, discontinued operations</b>	<b>0.0</b>	<b>3.3</b>
<b>III. Cash flows from financing activities</b>		
Repurchasing of debt securities	0.0	-0.5
Repayments of subordinated loans	-67.0	-50.0
<b>Cash used in financing activities</b>	<b>-67.0</b>	<b>-50.5</b>
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-474.7</b>	<b>157.1</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>562.0</b>	<b>405.3</b>
Effect of exchange rate changes on cash and cash equivalents	0.0	-0.4
<b>Cash and cash equivalents at the end of period</b>	<b>87.3</b>	<b>562.0</b>
<b>Cash and cash equivalents includes:</b>		
Cash on hand	38.7	38.9
Balances with the central bank without mandatory reserve	0.0	272.8
Liquid deposits in other credit institutions	47.4	248.9
Trading portfolio	1.2	1.4
	<b>87.3</b>	<b>562.0</b>



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

(millions of EUR)

	Share capital	Share premium	Reserves	Retained profit	Total shareholders' equity
<b>Year beginning 01.01.2010</b>	<b>42.5</b>	<b>86.1</b>	<b>21.2</b>	<b>327.2</b>	<b>477.0</b>
Statutory reserve	0.0	0.0	-1.2	1.2	<b>0.0</b>
Other	0.0	0.0	0.0	0.3	<b>0.3</b>
Net profit	0.0	0.0	0.0	54.5	<b>54.5</b>
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>54.5</b>	<b>54.5</b>
<b>Final balance 31.12.2010</b>	<b>42.5</b>	<b>86.1</b>	<b>20.0</b>	<b>383.2</b>	<b>531.8</b>
<b>Year beginning 01.01.2011</b>	<b>42.5</b>	<b>86.1</b>	<b>20.0</b>	<b>383.2</b>	<b>531.8</b>
Statutory reserve	0.0	0.0	-0.1	0.1	<b>0.0</b>
Other	0.0	0.0	0.0	0.5	<b>0.5</b>
Net profit	0.0	0.0	0.0	98.1	<b>98.1</b>
Other comprehensive expense:					
Net change in available-for-sale financial assets	0.0	0.0	-0.1	0.0	<b>-0.1</b>
Total other comprehensive expense	0.0	0.0	-0.1	0.0	<b>-0.1</b>
Total comprehensive income/expense	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>98.1</b>	<b>98.0</b>
<b>Final balance 31.12.2011</b>	<b>42.5</b>	<b>86.1</b>	<b>19.8</b>	<b>481.9</b>	<b>630.3</b>

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

(millions of EUR)

<b>31.12.11</b>	<b>Contract amount</b>		<b>Balance value</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>1. Irrevocable and revocable transactions</b>	<b>7.2</b>	<b>707.6</b>	<b>0.0</b>	<b>0.0</b>
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
<b>2. Derivatives</b>	<b>506.9</b>	<b>505.9</b>	<b>19.8</b>	<b>20.5</b>
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
	<b>514.1</b>	<b>1,213.5</b>	<b>19.8</b>	<b>20.5</b>

  

<b>31.12.10</b>	<b>Contract amount</b>		<b>Balance value</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>1. Irrevocable transactions</b>	<b>15.0</b>	<b>476.4</b>	<b>0.0</b>	<b>0.0</b>
1.1. Guarantees and other similar off-balance sheet irrevocable liabilities and claims	2.5	197.5	0.0	0.0
<i>incl. financial guarantees</i>	0.0	82.6	0.0	0.0
1.2. Loan commitments	12.5	278.9	0.0	0.0
<b>2. Derivatives</b>	<b>784.0</b>	<b>782.8</b>	<b>20.5</b>	<b>22.3</b>
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
	<b>799.0</b>	<b>1,259.2</b>	<b>20.5</b>	<b>22.3</b>

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

## **Note 1**

### **Accounting principles**

The interim report of AS SEB Pank Group for Quarter IV 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 IV 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)

Loans
Leasing
Deposits with other banks
Fixed income securities

2011		2010	
12 months	QIV	12 months	QIV
108.8	28.5	104.1	19.8
16.9	4.3	18.5	11.0
4.0	1.5	1.8	0.5
0.1	0.0	0.1	0.0
<b>129.8</b>	<b>34.3</b>	<b>124.5</b>	<b>31.3</b>

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

(millions of EUR)

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

2011		2010	
12 months	QIV	12 months	QIV
-22.9	-5.9	-29.4	-6.8
-10.9	-3.3	-13.9	-2.4
-5.0	-1.4	-3.0	-0.7
-1.9	-0.4	-2.7	-0.6
-0.4	-0.1	-0.3	0.0
<b>-41.1</b>	<b>-11.1</b>	<b>-49.3</b>	<b>-10.5</b>

**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
Corporate Finance fees
Commodity futures fees
Other

2011		2010	
12 months	QIV	12 months	QIV
19.6	5.0	19.3	5.1
12.2	2.7	12.2	3.4
5.5	1.5	7.4	1.9
4.0	0.9	3.9	0.9
3.0	0.3	2.4	0.6
1.9	0.4	1.9	0.5
1.5	0.4	1.6	0.4
1.2	0.3	1.1	0.3
1.0	0.3	1.1	0.3
0.0	0.0	0.4	0.1
0.1	0.0	0.1	0.1
1.1	0.2	1.5	0.3
<b>51.1</b>	<b>12.0</b>	<b>52.9</b>	<b>13.9</b>

\* 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

2011		2010	
12 months	QIV	12 months	QIV
-7.6	-2.1	-7.4	-2.0
-1.9	-0.4	-2.0	-0.7
-1.9	-0.5	-1.2	-0.3
-1.2	-0.3	-1.2	-0.3
-0.6	-0.1	-0.8	-0.1
-0.5	-0.1	-0.7	-0.2
-0.2	-0.1	-1.0	-0.3
<b>-13.9</b>	<b>-3.6</b>	<b>-14.3</b>	<b>-3.9</b>

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

(millions of EUR)

	2011		2010	
	12 month	QIV	12 months	QIV
<b>Impairment losses</b>	<b>27.5</b>	<b>0.8</b>	<b>-8.9</b>	<b>16.6</b>
impairment losses of reporting period	-14.7	-5.1	-56.2	-14.3
recoveries from write-offs	0.2	0.1	0.2	0.1
decreasing of impairment losses of previous period	42.0	5.8	47.1	30.8
<b>Impairment losses for contingent liabilities</b>	<b>-2.7</b>	<b>1.6</b>	<b>-0.2</b>	<b>0.1</b>
	<b>24.8</b>	<b>2.4</b>	<b>-9.1</b>	<b>16.7</b>

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

(millions of EUR)

	<b>31.12.11</b>	<b>31.12.10</b>
<b>At the beginning of period (January, 1)</b>	<b>179.5</b>	195.3
Allowances of reporting period	14.7	55.7
Decreasing of allowances of previous period	-42.0	-47.1
Loans and advances written off	-21.2	-24.6
Exchange rate adjustments	0.0	0.2
<b>At the end of period (December, 31)</b>	<b>131.0</b>	<b>179.5</b>
Recoveries from write-offs	0.2	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
<b>31.12.11</b>	174.2	509.0	1,390.1	517.9	949.3	<b>3,540.5</b>
<b>31.12.10</b>	207.6	387.6	1,465.5	542.8	1,003.2	<b>3,606.7</b>

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

(millions of EUR)

31.12.11	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
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
	<b>511.2</b>	<b>3,540.5</b>	<b>26.4</b>	<b>25.9</b>			<b>4,104.0</b>	<b>948.5</b>	<b>2,378.8</b>	<b>146.4</b>		<b>3,473.7</b>	<b>707.6</b>

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
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	1.6	0.0		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	137.5	4.5		142.1	0.0
	<b>634.6</b>	<b>3,606.7</b>	<b>27.3</b>	<b>57.2</b>			<b>4,325.8</b>	<b>1,419.4</b>	<b>2,149.4</b>	<b>225.2</b>		<b>3,794.0</b>	<b>476.4</b>

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)

	<b>In the statement of financial position</b>		
	<b>Cash and loans to central bank, credit institutions and customers</b>	<b>Securities</b>	<b>Contingent liabilities</b>
	<b>31.12.11</b>		
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	-	-
	<b>4,051.7</b>	<b>26.4</b>	<b>707.6</b>

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 and 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	-	-
	<b>4,241.3</b>	<b>27.3</b>	<b>476.4</b>

## 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 EUR mio.



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

(millions of EUR)

	<u>31.12.11</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	1.2	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	4.8	6.9
Loans and advances to parent company	406.3	264.0
Due to parent company	930.6	1,458.6
incl. subordinated liabilities	50.0	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	12.2	14.0
Due to enterprises of parent company's consolidation group	23.5	43.9
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.