



**Versobank AS**

(Versobank Ltd.)

**Public Interim Report  
II Quarter 2014**

*Translation from original in Estonian*

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## SUMMARY INFORMATION

### General Data of Credit Institution

Business name	Versobank AS
Location and address	Pärnu mnt 12, 10148 Tallinn, Estonia
Country of registration	Republic of Estonia
Registration date	14.10.1999
Registration code	10586461 (Estonian Commercial Register)
Legal Entity Identifier	549300S6Q5X9GKYK5R57 (LEI-code)
VAT identification number	EE100684313
Telephone	(+372) 6 802 500
Fax	(+372) 6 802 501
S.W.I.F.T. BIC code	SBMBEE22
E-mail	info@versobank.com
Internet home page	<a href="http://www.versobank.com">http://www.versobank.com</a>

### Auditor

Business name of auditor	KPMG Baltics OÜ
Registration code of auditor	10096082
Auditor's location and address	Narva mnt 5, 10117 Tallinn, Estonia
Partner in charge	Taivo Epner

Report balance sheet date	30.06.2014
Report period	01.01.2014 – 30.06.2014
Report currency and units	Euro (EUR), in thousands of euros

Bank has not been rated by international rating agencies.

Public Interim Report II Quarter 2014 of Versobank AS is unaudited.  
Only the credit institution data and figures are disclosed in the report.

	EUR ths.
Total assets	200,587
Net profit / loss	1,309
Return on equity (ROE)	24.57%
Asset utilisation (AU)	4.50%
Overdue claims and loans	2,960
Loan loss provisions	-2,653
Net own funds	14,419
Capital adequacy	19.52%

"Public Interim Report II Quarter 2014" of Versobank AS is available in the office of Versobank AS in Tallinn, Pärnu mnt 12 and on the Bank's internet web page [www.versobank.com](http://www.versobank.com) from 25.08.2014.

## **DECLARATION OF THE MANAGEMENT BOARD**

The Management Board of Versobank AS is, after examining the information presented in this Public Interim Report, of opinion that:

1. Public Interim Report, consisting of summary information, declaration of the Management Board, management report and financial statements, discloses information meeting the requirements set by the rules of "Public Interim Report".
2. The data and additional information presented in the Public Interim Report is true and complete.
3. Nothing is missing or omitted from the data and information presented in the Public Interim Report, which could influence their content or meaning.
4. Financial statements have been compiled in accordance with International Financial Reporting Standards as adopted by the European Union, and give a true and fair view of the financial position of the bank and of the results of its operations and its cash flows.
5. Versobank AS is operating on a going concern basis.

In Tallinn, 25.08.2014

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Riho Rasmann  
Chairman of the Management Board

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Sven Raba  
Member  
of the Management Board

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Mart Veskimägi  
Member  
of the Management Board

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Marija Sutirina  
Member  
of the Management Board

# MANAGEMENT REPORT

## Description of the Credit Institution and its Management Bodies

Versobank AS is a credit institution, established in 1999 and operating in Estonia. Versobank AS (hereinafter: the Bank) holds the activity license issued by the Bank of Estonia, which allows the Bank to engage in all banking operations. Bank has an account manager status of Estonian Central Depository for Securities, is a member of S.W.I.F.T. and a principal member of Visa Europe. Bank has joined SEPA (Single Euro Payments Area) systems as an indirect member and a cross-border clearing system TARGET2-Eesti. Versobank AS is a member of the Estonian Banking Association from March 2014.

The owners of Versobank AS, as of the report date 30.06.2014 and date of report compilation are:

85.2622% of shares are owned by UKRSELHOSPROM PCF LLC (location Dnepropetrovsk, Ukraine);

9.8327% of shares are owned by Mr. Nikolaos Sarros (place of residence Athens, Greece);

1.9177% of shares are owned by Sigma Real Estate OÜ (location Tallinn, Estonia), a private limited company under control of Mr. Nikolaos Sarros;

1.4824% is owned by Frösundaviksparken AB (location Stockholm, Sweden);

0.7563% of shares are owned by Mirage Investments OÜ (location Tallinn, Estonia) and

0.7487% is owned by Mr. Emmanouil Karavelakis (place of residence Athens, Greece).

The increase of the share capital of the Bank by EUR 4,000,000.80, decided on 04.12.2013, failed due to circumstances uncontrollable by the Bank and its shareholders. The majority shareholder UKRSELHOSPROM PCF LLC subscribed the issue in full on 05.12.2013. The payment for the new shares did not arrive in time (02.06.2014), as the National Bank of Ukraine delayed with the issuing of related license. Bank issued subordinated bonds instead, without maturity, in nominal value of 2 million euros on 2 July 2014, which are accountable as Tier 1 own funds. Bank plans to apply for a permit of Financial Supervision Authority for a premature repayment of EUR 4,000,000 subordinated loan to the majority shareholder and is scheduling a new share capital increase.

The Supervisory Board of the Bank had five members as of the report date and the date of report compilation. Mr. Oleksandr Rechytskyi is the Chairman of the Supervisory Board, members are Mr. Vadym Iermolaiev, Mr. Stanislav Vilens'kyi, Mr. Härmo Värk and Mr. Vladimirs Fogels.

The Management Board of the Bank had four members as of the report date and the date of report compilation. Mr. Riho Rasmann is the Chairman of the Management Board and the members of the Management Board are Mr. Sven Raba, Mr. Mart Veskimägi and Mrs. Marija Sutirina. The Chairman of the Management Board and the members of the Management Board do not own shares neither hold options to acquire shares of the Bank.

The Bank's only subsidiary Osito Casa OÜ was liquidated in year 2012. The main real estate activities of the company were moved under the bank in September 2011 and the subsidiary was deleted from the commercial register on 28.12.2012. The Bank has no participating interests, exceeding 20% shareholding in any company, but the Bank owns 16% of business development company European Business Development AS.

## **Major Economic Events**

Growth of the Bank has been fast in the beginning of year 2014. Number of customers of the Bank increased 18.9% during a year (year earlier 13.0%), the number of active depositors increased 20.8% (year earlier 8.8%). The growth of deposits was very quick: 2.3 times during one year, compared with a 2.1 times growth year earlier. Foreign currency balances on current accounts of non-resident business customers have grown the most. Customer deposits with the Bank totalled 177.0 million euros as of 30.06.2014 (76.2 million euros as of 30.06.2013). Total balance sheet of the Bank has increased 2.1 times during one year (year earlier 80.8%), reaching 200.6 million euros as of 30.06.2014 (as of 31.12.2013 the balance sheet total was 142.6 million euros, as of 30.06.2013 93.5 million euros).

Gross loan portfolio (excluding deposits with financial institutions) comprised 26.0 million euros at the end of the reporting period, increasing 2.8% during one year (7.7% decrease year earlier) and forming 13.0% of total assets as at the end of quarter (30.06.2013: 27.1%). Gross loan portfolio amounted 25.3 million euros as of 30.06.2013. The quality of the loan portfolio has improved significantly, also due to the sales of collateral assets. Bank had continuously much more deposits than loans – deposits ratio to loans stood at 6.80 as of 30.06.2014 (3.01 at 30.06.2013).

Net profit of the II quarter 2014 comprised 1.0 million euros (net profit of the II quarter 2013 was 0.9 million euros). Net interest income of the reporting quarter was 0.3 million euros (2013: 0.3 million euros), earned mostly on loans. Net fees and commissions income totalled 0.7 million euros (2013: 0.3 million euros), mainly due to the increase in foreign payment volumes of customers. 0.9 million euros was earned on foreign exchange transactions (2013: 0.1 million euros). Total operating income from banking activities (excluding loan provisions) comprised 1.6 million euros in the II quarter 2014 compared with 1.2 million euros year earlier. Administrative expenses of II quarters of 2014 and 2013 were 0.8 million euros and 0.7 million euros correspondingly.

Bank's equity totalled 11.4 million euros as of 30 June 2014 and the regulatory capital adequacy stood at 19.52% (31.12.2013: 9.9 million euros, capital adequacy 28.26%).

No new branch offices were opened in II quarter of 2014. The Bank is planning to continue its expansion to Ukraine and other CIS countries. Prior plan of opening a representative office in Moscow during year 2014 has been abandoned as the Central Bank of Russia did not issue a permit to open representative office.

Bank continues to pay a lot of attention to correspondent banking (incl. offering service to a few selected foreign banks also itself) and liquidity management. Bank has opened new correspondent accounts (incl. account with CB INTERCOMMERZ) aiming at a better and faster service to its customers. Bank started to issue VISA bank cards (Classic, Gold, Platinum ja Business) to the customers in summer of year 2014.

## **Ratings**

Versobank AS has not been rated by international rating agencies.

## Ratios

		01.01.2014- 30.06.2014	01.01.2013- 30.06.2013
Return on equity	ROE	24.57%	17.34%
Equity multiplier	EM	16.10	9.13
Profit margin	PM	33.93%	33.23%
Asset utilisation	AU	4.50%	5.72%
Return on assets	ROA	1.53%	1.90%
Net interest margin	NIM	0.68%	1.36%
Basic earnings per share	Basic EPS	0.11	0.07
Diluted earnings per share	Diluted EPS	0.11	0.07
Spread	SPREAD	0.67%	1.26%
Yield on interest-earning assets	YIEA	1.02%	2.22%
Cost of interest-bearing liabilities	COL	0.36%	0.96%

## Explanations to ratios

ROE	Net profit (loss) / Average equity * 100
Average equity	(Equity of current period year + Equity of previous period end) / 2
EM	Average assets / Average equity
Average assets	(Assets of current period end + Assets of previous period end) / 2
PM	Net profit (loss) / Total income * 100
AU	Total income / Average assets * 100
ROA	Net profit (loss) / Average assets * 100
NIM	Net interest income / Average interest earning assets * 100
Basic EPS	Net profit (loss) / Average number of shares
Diluted EPS	Net profit (loss) / Average number of shares (considering all convertible securities)
SPREAD	Yield on interest earning assets (YIEA) - Cost of interest bearing liabilities (COL)
YIEA	Interest income / Average interest earning assets * 100
COL	Interest expense / Average interest bearing liabilities * 100

### Total income:

Interest income  
 Fee and commission income  
 Income from foreign exchange  
 Income from dividends  
 Income from financial investments  
 Other income

### Interest earning assets:

Balances with central bank  
 Due from other credit institutions  
 Due from customers  
 (all without accrued interest)

**Interest bearing liabilities:**

Due to credit institutions

Due to customers

Subordinated debt

Borrowed funds from government and foreign aid

(all without accrued interest).

**Legal Disputes**

Courts are proceeding with Bank actions against different persons, who have not fulfilled their obligations, and where the mutually satisfying agreements have not been reached in negotiations. Bankruptcy proceedings are also taking place against obligors as well as guarantors and execution proceedings are taking place with regard to pledged collateral assets and private person debtors.

One court case ended on 12.05.2014 in favour of the Bank as the Supreme Court did not accept the appellant's appeal in cassation. The positive financial impact of 245 thousand euros is reflected in the results of the Bank in the Public Interim Report II Quarter 2014.

Total of five court actions have been filed against the Bank as of the date of report and date of report compilation.

There are no cases pending in courts or arbitration bodies that might cause significant proprietary damage to the Bank.

## **FINANCIAL STATEMENTS**



## Statement of Financial Position

	EUR ths.	EUR ths.
	<b>30.06.2014</b>	<b>31.12.2013</b>
<b>ASSETS</b>		
<b>Cash</b>	<b>164</b>	<b>110</b>
<b>Loans and advances</b>	<b>183,204</b>	<b>131,172</b>
Balances with the central bank	27,379	48,228
Due from other credit institutions	131,896	57,622
Due from customers	23,929	25,322
o/w allowance (-)	-2,653	-2,866
o/w interest	633	650
<b>Financial assets held for trading</b>	<b>18</b>	<b>16</b>
<b>Available-for-sale financial assets</b>	<b>14,389</b>	<b>7,282</b>
<b>Property and equipment</b>	<b>199</b>	<b>180</b>
<b>Investment properties</b>	<b>2,066</b>	<b>3,353</b>
<b>Intangible assets</b>	<b>106</b>	<b>99</b>
<b>Other assets</b>	<b>441</b>	<b>431</b>
<b>TOTAL ASSETS</b>	<b>200,587</b>	<b>142,643</b>
<b>LIABILITIES</b>		
<b>Financial liabilities held for trading</b>	<b>56</b>	<b>10</b>
<b>Financial liabilities measured at amortised cost</b>	<b>182,223</b>	<b>128,489</b>
Due to credit institutions	5,211	1,559
Due to customers	177,012	126,930
Financial institutions	155	7
Companies	148,015	101,621
Non-profit organisations	3,432	3,466
Private persons	25,121	21,552
Interest payable	289	284
<b>Subordinated debt</b>	<b>3,138</b>	<b>3,067</b>
<b>Borrowed funds from government and foreign aid</b>	<b>400</b>	<b>252</b>
<b>Provisions</b>	<b>72</b>	<b>315</b>
<b>Tax liabilities</b>	<b>95</b>	<b>212</b>
<b>Other liabilities</b>	<b>3,211</b>	<b>373</b>
<b>TOTAL LIABILITIES</b>	<b>189,195</b>	<b>132,718</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	14,089	14,089
Other equity instruments	862	933
Statutory legal reserve	88	36
Fair value reserve of available-for-sale financial assets	-169	-398
Retained earnings	-3,478	-4,735
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>11,392</b>	<b>9,925</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>200,587</b>	<b>142,643</b>

## Income Statement

	EUR ths.	EUR ths.	EUR ths.	EUR ths.
	01.01.2014- 30.06.2014	01.04.2014- 30.06.2014	01.01.2013- 30.06.2013	01.04.2013- 30.06.2013
<b>Interest income</b>	<b>858</b>	<b>491</b>	<b>835</b>	<b>414</b>
From loans	568	320	552	263
From deposits	83	47	30	19
From debt securities	207	124	253	199
From financial investments	0	0	0	-67
<b>Interest expense</b>	<b>285</b>	<b>146</b>	<b>325</b>	<b>152</b>
On demand deposits	1	0	1	0
On time deposits	282	145	321	150
From borrowings	2	1	2	1
Other expenses	0	0	1	1
<b>Net interest income</b>	<b>573</b>	<b>345</b>	<b>510</b>	<b>262</b>
<b>Fee and commission income</b>	<b>1,688</b>	<b>918</b>	<b>620</b>	<b>397</b>
Account opening and maintenance fees	297	164	120	68
Bank transaction fees	1,210	664	478	315
Letters of credit fees	1	1	6	2
Securities' transaction fees	52	35	7	3
Other fees and commissions income	128	54	9	9
<b>Fee and commission expense</b>	<b>306</b>	<b>169</b>	<b>121</b>	<b>64</b>
Securities' transactions expenses	23	14	15	10
Bank transaction expenses	186	95	54	36
S.W.I.F.T. expenses	17	11	10	6
Other fees and commissions expense	80	49	42	12
<b>Net fee and commission income</b>	<b>1,382</b>	<b>749</b>	<b>499</b>	<b>333</b>
<b>Net trading income/expense</b>	<b>1,279</b>	<b>930</b>	<b>728</b>	<b>656</b>
From foreign exchange	1,181	890	138	95
From shares and debt securities in trading portfolio	98	40	590	561
<b>Other operation income</b>	<b>33</b>	<b>16</b>	<b>38</b>	<b>17</b>
<b>Other operation expenses</b>	<b>522</b>	<b>402</b>	<b>135</b>	<b>84</b>
Guarantee Fund payments	117	57	49	25
Financial Supervision Authority fees	36	18	28	14
Other operating expenses	369	327	58	45
<b>Total income</b>	<b>2,745</b>	<b>1,638</b>	<b>1,640</b>	<b>1,184</b>
<b>Administrative expenses</b>	<b>1,632</b>	<b>826</b>	<b>1,286</b>	<b>666</b>
Personnel expense, payroll related taxes	1,070	545	861	466
Other administrative expense	562	281	425	200
<b>Depreciation and amortisation of tangible and intangible assets</b>	<b>-40</b>	<b>-20</b>	<b>-34</b>	<b>-18</b>
<b>Provisions (+/-)</b>	<b>243</b>	<b>244</b>	<b>-8</b>	<b>0</b>
<b>Impairment loss on assets (+/-)</b>	<b>-7</b>	<b>-25</b>	<b>427</b>	<b>386</b>
<b>Total operating expenses</b>	<b>1,436</b>	<b>627</b>	<b>901</b>	<b>298</b>
<b>Profit before taxation</b>	<b>1,309</b>	<b>1,011</b>	<b>739</b>	<b>886</b>
<b>NET PROFIT / LOSS FOR THE PERIOD</b>	<b>1,309</b>	<b>1,011</b>	<b>739</b>	<b>886</b>

## Statement of Comprehensive Income

	EUR ths.	EUR ths.	EUR ths.	EUR ths.
	<b>01.01.2014- 30.06.2014</b>	<b>01.04.2014- 30.06.2014</b>	<b>01.01.2013- 30.06.2013</b>	<b>01.04.2013- 30.06.2013</b>
<b>Net profit/loss for the period</b>	<b>1,309</b>	<b>1,011</b>	<b>739</b>	<b>886</b>
Other comprehensive income/expense				
Items that may be reclassified to profit or loss :				
Net change in revaluation reserve of available-for-sales financial assets	229	207	-616	-508
<b>COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD</b>	<b>1,538</b>	<b>1,218</b>	<b>123</b>	<b>378</b>
Basic earnings/loss per share	0.11 EUR		0.07 EUR	
Diluted earnings/loss per share	0.11 EUR		0.07 EUR	

## Statement of Cash Flows

	EUR ths.	EUR ths.
	<b>01.01.2014- 30.06.2014</b>	<b>01.01.2013- 30.06.2013</b>
<b>Cash flows from operating activities</b>	<b>58,345</b>	<b>27,945</b>
Interests received	882	835
Interests paid	-280	-325
Fees and commissions received	1,667	620
Fees and commissions paid	-306	-121
Administrative expenses	-1,766	-1,286
Trading income received	1,279	728
Other operating income	33	38
Other operating expenses	-522	-135
<b>Change in operating assets and liabilities:</b>		
Change in due from other banks	-746	-59
Change in due from customers of credit institution	1,375	-1,780
Change in due to credit institutions	3,652	293
Change in due to customers	50,077	25,617
Change in assets and liabilities connected with other operating activities	3,000	3,520
<b>Cash flows from investing activities</b>	<b>-5,759</b>	<b>1,417</b>
Purchase of property and equipment	-54	-33
Purchase of intangible assets	-12	0
Sale of investment properties	972	129
Debt securities purchased	-8,786	-4,997
Debt securities sold	2,121	6,318
<b>Cash flows from financing activities</b>	<b>147</b>	<b>1,932</b>
Increase of share capital	0	2,000
Other borrowings received	201	152
Borrowings repaid	-54	-220
<b>Total cash flows</b>	<b>52,733</b>	<b>31,294</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>105,021</b>	<b>27,268</b>
<b>Net change in cash and cash equivalents</b>	<b>52,733</b>	<b>31,294</b>
<b>Cash and cash equivalents at the end of the period *</b>	<b>157,754</b>	<b>58,562</b>

\* Cash and cash equivalents at the end of the year comprise:

	EUR ths.	EUR ths.
	<b>30.06.2014</b>	<b>30.06.2013</b>
Cash	164	157
Balances with the central bank without mandatory reserve	25,694	10,383
Deposits with credit institutions with maturity up to 3 months	131,896	48,022
<b>Total</b>	<b>157,754</b>	<b>58,562</b>

## Statement of Changes in Equity

	EUR ths.	EUR ths.
	<b>01.01.2014- 30.06.2014</b>	<b>01.01.2013- 30.06.2013</b>
<b>Share capital</b>		
Balance at the beginning of period	14,089	12,089
Share capital increase	0	2,000
<b>Balance at the end of period</b>	<b>14,089</b>	<b>14,089</b>
<b>Other equity instruments</b>		
Balance at the beginning of period	933	1,069
Equity component of subordinated debt	-71	-67
<b>Balance at the end of period</b>	<b>862</b>	<b>1,002</b>
<b>Statutory legal reserve</b>		
Balance at the beginning of period	36	36
Increase of statutory legal reserve	52	0
<b>Balance at the end of period</b>	<b>88</b>	<b>36</b>
<b>Fair value reserve of available-for-sale financial assets</b>		
Balance at the beginning of period	-398	83
Revaluation	229	-616
<b>Balance at the end of period</b>	<b>-169</b>	<b>-533</b>
<b>Retained earnings</b>		
Balance at the beginning of period	-4,735	-5,781
Appropriation to the statutory legal reserve	-52	0
Comprehensive profit for the period	1,309	739
<b>Balance at the end of period</b>	<b>-3,478</b>	<b>-5,042</b>
<b>Total shareholders' equity:</b>		
<b>at the beginning of period</b>	<b>9,925</b>	<b>7,496</b>
<b>at the end of period</b>	<b>11,392</b>	<b>9,552</b>

## Contingent Claims and Liabilities

	<b>30.06.2014</b>	
	EUR ths.	EUR ths.
	<b>Claims</b>	<b>Liabilities</b>
<b>Irrevocable transactions</b>	<b>25,376</b>	<b>30,873</b>
Guarantees and similar irrevocable transactions	0	4,760
Unused loan limits	0	693
Currency forward transactions	25,376	25,420

  

	<b>31.12.2013</b>	
	EUR ths.	EUR ths.
	<b>Claims</b>	<b>Liabilities</b>
<b>Irrevocable transactions</b>	<b>15,743</b>	<b>16,747</b>
Guarantees and similar irrevocable transactions	0	13
Unused loan limits	0	46
Letters of credit granted but not utilised	0	950
Currency forward transactions	15,743	15,738

## Currency Risk

	<b>30.06.2014</b>				
	Balance sheet position		Off-balance sheet position		Net
	assets	liabilities	assets	liabilities	position
EUR position	84,843	65,960	8,913	17,156	10,640
USD position	112,597	120,448	16,427	8,565	11
RUB position	2,070	1,829	30	267	3
SEK position	88	88	0	0	0
GBP position	845	729	6	125	-2
NOK position	3	0	0	0	3

  

	<b>31.12.2013</b>				
	Balance sheet position		Off-balance sheet position		Net
	assets	liabilities	assets	liabilities	position
EUR position	81,961	71,917	7,770	7,924	9,890
USD position	60,095	60,201	7,930	7,816	8
RUB position	27	27	44	44	0
SEK position	162	160	0	0	2
GBP position	380	380	0	0	0

The net position of other currencies does not exceed 1% of own funds.

Net position in a currency is calculated by adding all balance sheet and off-balance sheet assets and liabilities, subject to changes in currency rates.

Net position in a foreign currency is considered to be short, when liabilities fixed in a foreign currency exceed the assets fixed in the same foreign currency; and long, when assets fixed in a foreign currency exceed the liabilities fixed in the same foreign currency.

## Risk Concentration

<b>30.06.2014</b>			
	<b>no.</b>	<b>EUR ths.</b>	<b>% of net own funds</b>
Number of customers (client groups) with high risk concentration	20		
Due from customers with high risk concentration		133,873	928.44%
Due from persons related with credit institution		47	0.33%
<b>31.12.2013</b>			
	<b>no.</b>	<b>EUR ths.</b>	<b>% of net own funds</b>
Number of customers (client groups) with high risk concentration	18		
Due from customers with high risk concentration		63,622	519.61%
Due from persons related with credit institution		493	4.03%

## Funds Under Trust Management

	<b>30.06.2014</b>	<b>31.12.2013</b>
	<b>EUR ths.</b>	<b>EUR ths.</b>
Fiduciary deposits with other credit institutions		
up to 1 month	28,084	7,976
1 to 3 months	7,469	0
3 to 12 months	7,270	6,593
over 12 months	6,480	0
<b>TOTAL</b>	<b>49,303</b>	<b>14,569</b>

Fiduciary deposits are assets of customer placed under authorisation agreement, disclosed off-balance sheet by the Bank.

## Capital Adequacy

	EUR ths.	EUR ths.
	<b>30.06.2014</b>	<b>31.12.2013</b>
Share capital paid-in	14,089	14,089
Other reserves	88	36
Accumulated deficit of the previous years	-3,484	-5,781
Revaluation of available-for-sale financial assets*	-169	0
Intangible assets	-105	-99
<b>Total tier 1 own funds</b>	<b>10,419</b>	<b>8,244</b>
Subordinated debt	4,000	4,000
<b>Second level equity</b>	<b>4,000</b>	<b>4,000</b>
Minimum own funds	14,419	12,244
Tier 1 own funds after deductions	10,419	8,244
Tier 2 own funds after deductions	4,000	4,000
<b>Own funds for capital adequacy calculations</b>	<b>14,419</b>	<b>12,244</b>
Exposures to institutions under standard method	13	1,162
Exposures to corporates under standard method	137	497
Retail exposures under standard method	276	977
Exposures secured by mortgages on immovable property under standard method	311	170
Exposures in default under standard method	173	263
Exposures to institutions and corporates with a short-term credit assessment under standard method	3,710	0
Other items under standard method	228	397
<b>Total capital requirement for credit risk and counterparty credit risk</b>	<b>4,849</b>	<b>3,466</b>
Capital requirement for interest rate position risk	766	572
Capital requirement for share position risk	1	0
<b>Total capital requirements for currency risk, commodity risk and trading portfolio position risk</b>	<b>767</b>	<b>573</b>
Operational risk base method	294	294
<b>Total capital requirement for operational risk</b>	<b>294</b>	<b>294</b>
<b>Capital requirements for adequacy calculations</b>	<b>5,910</b>	<b>4,333</b>
<b>Capital adequacy</b>	<b>19.52%</b>	<b>28.26%</b>

\* Until the final implementation legislation is established, the internal risk management and the calculation of prudential requirements are based on the Financial Supervision Authority's general instructions.

\*\* including credit institutions treated as corporations.

Capital adequacy is calculated according with the European Parliament and Council Regulation (EU) no 575/2013, which came into force on 01.01.2014. Minimum capital adequacy ratio is 8%.



## Financial Assets and Liabilities by Remaining Maturities

EUR ths., as of 30.06.2014

<b>Claims, liabilities</b>	On demand	Over-due	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	<b>Total</b>
<b>Claims of the Bank</b>	<b>94,902</b>	<b>457</b>	<b>66,088</b>	<b>1,981</b>	<b>5,057</b>	<b>4,228</b>	<b>11,104</b>	<b>14,399</b>	<b>198,216</b>
Cash and claims to credit institutions	94,258	0	65,181	0	0	0	0	0	<b>159,439</b>
Claims to customers	547	443	651	1,956	4,987	2,031	5,619	7,695	<b>23,929</b>
Securities	9	0	12	0	0	2,197	5,485	6,704	<b>14,407</b>
Other claims	88	14	244	25	70	0	0	0	<b>441</b>
<b>Liabilities of the Bank</b>	<b>148,071</b>	<b>0</b>	<b>5,295</b>	<b>4,087</b>	<b>21,406</b>	<b>4,938</b>	<b>2,204</b>	<b>4,000</b>	<b>190,001</b>
Amounts owed to credit institutions	5,211	0	0	0	0	0	0	0	<b>5,211</b>
Amounts owed to clients	139,554	0	5,220	4,081	21,300	4,836	2,021	0	<b>177,012</b>
Subordinated debt	0	0	0	0	0	0	0	4,000	<b>4,000</b>
Other borrowings	0	0	3	6	106	102	183	0	<b>400</b>
Other liabilities	3,306	0	72	0	0	0	0	0	<b>3,378</b>
<b>Net</b>	<b>-53,169</b>	<b>457</b>	<b>60,793</b>	<b>-2,106</b>	<b>-16,349</b>	<b>-710</b>	<b>8,900</b>	<b>10,399</b>	<b>8,215</b>

EUR ths., as of 31.12.2013

<b>Claims, liabilities</b>	On demand	Over-due	Up to 1 month	1 to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	<b>Total</b>
<b>Claims of the Bank</b>	<b>88,287</b>	<b>986</b>	<b>18,859</b>	<b>2,405</b>	<b>1,272</b>	<b>5,207</b>	<b>6,247</b>	<b>15,748</b>	<b>139,011</b>
Cash and claims to credit institutions	87,832	0	18,128	0	0	0	0	0	<b>105,960</b>
Claims to customers	397	972	653	2,227	1,149	5,207	6,247	8,470	<b>25,322</b>
Securities	5	0	15	0	0	0	0	7,278	<b>7,298</b>
Other claims	53	14	63	178	123	0	0	0	<b>431</b>
<b>Liabilities of the Bank</b>	<b>98,184</b>	<b>0</b>	<b>3,549</b>	<b>3,741</b>	<b>17,003</b>	<b>5,021</b>	<b>2,143</b>	<b>4,000</b>	<b>133,641</b>
Amounts owed to credit institutions	1,559	0	0	0	0	0	0	0	<b>1,559</b>
Amounts owed to clients	95,971	0	3,300	3,700	16,954	4,959	2,046	0	<b>126,930</b>
Subordinated debt	0	0	0	0	0	0	0	4,000	<b>4,000</b>
Other borrowings	0	0	3	41	49	62	97	0	<b>252</b>
Other liabilities	585	0	315	0	0	0	0	0	<b>900</b>
<b>Net</b>	<b>-9,897</b>	<b>986</b>	<b>15,310</b>	<b>-1,336</b>	<b>-15,731</b>	<b>186</b>	<b>4,104</b>	<b>11,748</b>	<b>5,370</b>

## Geographical Concentration of Financial Assets

EUR ths., as of 30.06.2014

Area	Balance sheet claims			contingent assets	by area (%)
	loans *	incl. overdue and doubtful claims	securities **		
Estonia	77,513	2,957	3	12,150	40.21%
United States of America	9,994	0	2,562	0	5.63%
United Kingdom	447	0	771	6,917	3.65%
Denmark	203	0	0	0	0.09%
Latvia	1,853	0	0	0	0.83%
Germany	24,121	0	9	5,241	13.17%
Ukraine	468	3	2	0	0.21%
Russia	7,836	0	440	248	3.82%
Austria	22,384	0	0	0	10.04%
Switzerland	11,275	0	0	0	5.06%
Belgium	11,160	0	0	0	5.00%
Israel	1,393	0	0	0	0.62%
Australia	0	0	577	0	0.26%
Brazil	0	0	818	0	0.37%
Panama	409	0	0	820	0.55%
Netherlands	0	0	756	0	0.34%
Italy	137	0	0	0	0.06%
France	11,000	0	1	0	4.93%
Luxembourg	0	0	1,566	0	0.70%
Bermuda	0	0	422	0	0.19%
United Arab Emirates	0	0	589	0	0.26%
Cayman Islands	0	0	931	0	0.42%
British Virgin Islands	1,469	0	0	0	0.66%
China	0	0	776	0	0.35%
South Korea	0	0	1,510	0	0.68%
Ireland	0	0	498	0	0.22%
Turkey	0	0	1,038	0	0.47%
Cyprus	1,542	0	0	0	0.69%
New Zealand	0	0	373	0	0.17%
European Union	0	0	765	0	0.34%
<b>Total</b>	<b>183,204</b>	<b>2,960</b>	<b>14,407</b>	<b>25,376</b>	<b>100.00%</b>

Area	Balance sheet claims				by area (%)
	loans *	incl. overdue and doubtful claims	securities **	contingent assets	
Estonia	84,543	3,599	17	9,433	60.95%
United States of America	8,261	0	342	0	5.58%
United Kingdom	521	0	1	5,841	4.13%
Denmark	212	0	0	0	0.14%
Latvia	2	0	0	0	0.00%
Germany	6,575	0	1	469	4.57%
Ukraine	3,954	0	0	0	2.56%
Russia	4,959	0	435	0	3.50%
Austria	6,825	0	0	0	4.43%
Switzerland	2,226	0	0	0	1.44%
Belgium	7,628	0	0	0	4.95%
Israel	1,453	0	0	0	0.94%
Australia	0	0	179	0	0.12%
Brazil	0	0	762	0	0.49%
Panama	552	0	0	0	0.36%
Netherlands	0	0	514	0	0.33%
Bahrein	0	0	0	0	0.00%
Italy	473	0	745	0	0.79%
Luxembourg	0	0	1,408	0	0.91%
Bermuda	0	0	395	0	0.26%
United Arab Emirates	0	0	549	0	0.36%
British Virgin Islands	1,458	0	0	0	0.95%
Ireland	0	0	508	0	0.33%
Slovenia	0	0	527	0	0.34%
Turkey	0	0	915	0	0.59%
Cyprus	1,530	0	0	0	0.99%
<b>Total</b>	<b>131,172</b>	<b>3,599</b>	<b>7,298</b>	<b>15,743</b>	<b>100.00%</b>

\* Includes claims on credit institutions, financial institutions and customers.

\*\* Comprises financial assets held for trading and available-for-sale financial assets.

## Concentration of Financial Assets by Economic Sector

EUR ths., as of 30.06.2014

Economic sector	Balance sheet claims				by area (%)
	loans *	incl. overdue and doubtful claims	securities **	contingent assets	
Agriculture, forestry and fishing	2,402	201	0	0	1,08%
Mining and quarrying	37	0	182	0	0,10%
Manufacturing	802	11	2,464	0	1,46%
Electricity, gas, steam and air conditioning supply	0	0	967	0	0,43%
Construction	531	173	0	0	0,24%
Wholesale and retail trade	398	69	0	12,969	5,99%
Transportation and storage	43	6	2	0	0,02%
Accommodation and food service activities	810	107	0	0	0,36%
Information and communication	300	0	605	0	0,41%
Financial and insurance activities	159,822	0	6,232	11,867	79,79%
Real estate activities	8,718	2,149	189	0	3,99%
Professional, scientific and technical activities	86	0	0	0	0,04%
Administrative and support service activities	107	0	0	0	0,05%
Public administration and defence; compulsory social security	0	0	2,962	0	1,33%
Human health and social work activities	910	5	0	0	0,41%
Arts, entertainment and recreation	1,547	0	0	0	0,69%
Other service activities	2,129	0	804	540	1,56%
Private persons	4,562	239	0	0	2,05%
<b>Total</b>	<b>183,204</b>	<b>2,960</b>	<b>14,407</b>	<b>25,376</b>	<b>100,00%</b>

EUR ths., as of 31.12.2013

Economic sector	Balance sheet claims				by area (%)
	loans *	incl. overdue and doubtful claims	securities **	contingent assets	
Agriculture, forestry and fishing	2,946	706	0	0	1,91%
Mining and quarrying	53	0	181	0	0,15%
Manufacturing	978	6	203	0	0,77%
Electricity, gas, steam and air conditioning supply	0	0	549	0	0,36%
Construction	521	180	0	0	0,34%
Wholesale and retail trade	1,101	69	0	9,071	6,60%
Transportation and storage	94	5	0	362	0,30%
Accommodation and food service activities	884	45	0	0	0,57%
Information and communication	0	0	1,304	0	0,85%
Financial and insurance activities	106,243	0	3,607	6,310	75,32%
Real estate activities	8,570	2,320	0	0	5,56%
Professional, scientific and technical activities	70	0	0	0	0,05%
Administrative and support service activities	44	0	0	0	0,03%
Public administration and defence; compulsory social security	0	0	527	0	0,34%
Human health and social work activities	996	0	0	0	0,65%
Arts, entertainment and recreation	1,538	0	0	0	1,00%
Other service activities	2,059	1	927	0	1,94%
Private persons	5,075	267	0	0	3,29%
<b>Total</b>	<b>131,172</b>	<b>3,599</b>	<b>7,298</b>	<b>15,743</b>	<b>100,00%</b>

\* Includes claims on credit institutions, financial institutions and customers.

\*\* Comprises financial assets held for trading and available-for-sale financial assets.