

A background image of tall grass blades with dew drops, rendered in a light, monochromatic grey tone. The grass blades are thin and pointed, with several small, clear dew drops clinging to their tips and sides. The background is a soft, out-of-focus light grey.

Versobank AS
Public Interim Report III Quarter 2017

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SUMMARY INFORMATION

General Data of Credit Institution

Business name	Versobank AS
Location and address	Hallivanamehe 4, 11317 Tallinn, Estonia
Registered in state	Republic of Estonia
Registration date	14.10.1999
Registry code	10586461 (Estonian Commercial Register)
Legal Entity Identifier	549300S6Q5X9GKYK5R57 (LEI-code)
VAT registration number	EE100684313
Phone	(+372) 6 802 500
Fax	(+372) 6 802 501
S.W.I.F.T.'s BIC code	SBMBEE22
E-mail	info@versobank.com
Internet home page	http://www.versobank.com

Auditor

Auditor's business name	AS PricewaterhouseCoopers
Auditor's registry code	10142876
Auditor's location and address	Pärnu mnt. 15, 10141 Tallinn, Estonia

Report balance sheet date	30.09.2017
Report period	01.01.2017 – 30.09.2017
Report currency and units	Euro (EUR), in thousands of euros

Bank has not been rated by international rating agencies.

Public Interim Report III Quarter 2017 of Versobank AS is unaudited.

Only the credit institution data and figures are disclosed in the report.

	EUR ths
Total assets	264,427
Net loss	-182
Return on equity (ROE)	-1.29%
Asset utilisation (AU)	4.41%
Loan loss provisions	-184
Net own funds	26,734
Capital adequacy	21.04%

"Public Interim Report III Quarter 2017" of Versobank AS is available in the office of Versobank AS in Tallinn, Hallivanamehe 4 and on the Bank's internet web page www.versobank.com from 30.11.2017.

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, 28.11.2017

Aivo Adamson

Chairman of the Management Board
28.11.2017

Artur Yermolayev

Member of the Management Board
28.11.2017

Margus Normak

Member of the Management Board
28.11.2017

Mark Agranovski

Member of the Management Board
28.11.2017

Siiri Heinsaar

Member of the Management Board
28.11.2017

Sofia Kirsimaa

Member of the Management Board
28.11.2017

Urmas Somelar

Member of the Management Board
28.11.2017

Viktoria Vaisma

Member of the Management Board
28.11.2017

MANAGEMENT REPORT

Description of the Credit Institution and its Management Bodies

Founded in 1999, Versobank AS is a credit institution registered and operating in Estonia. Versobank AS (hereinafter: the Bank) holds an activity license issued by Bank of Estonia, enabling the Bank to conduct all banking operations. The Bank has the status of an account operator with the Estonian Central Register of Securities, is a member of S.W.I.F.T. and a full member of Visa Europe. The Bank has joined the SEPA (Single Euro Payments Area) systems and the cross-border settlement system TARGET2-Estonia as an indirect member. Versobank AS has been a member of the Estonian Banking Association since March 2014.

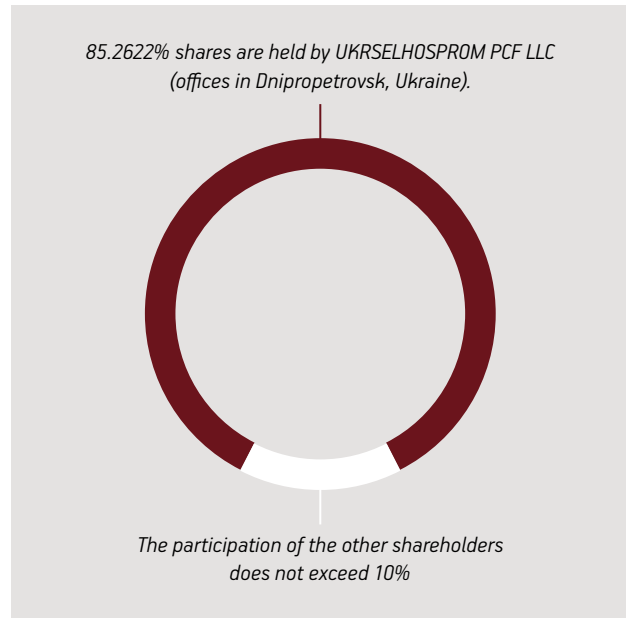
As at 30 June 2017 and date of preparation of this report, the shareholder with a holding over 10% in Versobank AS is UKRSELHOSPROM PCF LLC (offices in Dnipropetrovsk, Ukraine), with ownership of 85.26% of shares.

The Bank's Supervisory Board included six members at the date of the preparation of the report. The Members of the Supervisory Board are Mr Vadym Iermolaiev, Mr Stanislav Vilenskyy, Mr Ahmet Tayakisi, Mr Dmitry Dragun, Mr Maxime Malaure and Mr Urmas Kaarlep.

The Bank's Management Board included eight members as at the date of the preparation of the report. The Chairman of the Management Board is Mr Aivo Adamson, and its Members include Mr Artur Yermolayev, Mr Margus Normak, Mr Mark Agranovski, Mrs Siiri Heinsaar, Mrs Sofia Kirsimaa, Mr Urmas Somelar and Mrs Viktoria Vaisma. Mr Artur Yermolayev has a 4.9% shareholding in the Bank, other members of the Management board do not hold neither shareholdings nor share options in the Bank.

Major Economic Events

The performance of the Bank in III quarter 2017 was better compared to previous quarter – interest income, mainly from bonds portfolios, has increased significantly. The Bank has continued reviewing client portfolios- it has been started at the beginning of this year with the purpose of developing a suitable risk profile.



The commission fees are in the process of stabilization after the decline due to the strategy change. On the other hand, the interest income has remarkably increased because of investments into marketable bonds. The bond portfolios (available for sale bonds and held to maturity bonds) have risen more than two times in III quarter, up to 92.1 million euros and now comprise of 34.9% of total assets (as at 30.06.2017: 43.0 million euros and 18.4% accordingly).

The amount of deposits increased by 21.1% in III quarter compared to the II quarter. Clients' deposits with the Bank totalled 221.5 million euros as of 30.09.2017 (30.06.2017: 182.8 million euros). The growth occurred in all client categories (private persons and enterprises) but the biggest gain was achieved among the financial intermediaries' segment.

Total assets of the Bank have increased by 13.1% in III quarter, reaching 264.4 million euros as of 30.09.2017 (30.06.2017: 233.7 million euros).

Gross loan portfolio (excluding deposits with financial institutions) amounted 44.4 million euros at

the end of the reporting period (30.06.2017: 48.3 million euros), has decreased by 8.1% in III quarter and constituted 16.8% of total assets as of 30.09.2017 (30.06.2017: 20.7%).

Quality of the loan portfolio is very good, level of the provisions accounted for 0.41% of the portfolio (30.06.2017: 0.40%).

The deposits to loan ratio is 5.0 times as of 30.09.2017 (30.06.2017: 3.8 times). A goal of better asset management in mind, the management of the Bank envisages further increase of the loan portfolio, keeping the quality on par of the present portfolio.

Net profit amounted to 39 thousands euros in III quarter of 2017 (2 thousands euros of loss in II quarter 2017). Net interest income of the reporting period was 591 thousands euros (502 thousands euros in II quarter 2017). Net fees and commissions income totalled 659 thousands euros (657 thousands euros in II quarter 2017). 360 thousands euros were earned on foreign exchange transactions (428 thousands euros in II quarter 2017). Total operating income from banking activities (excluding loan provisions) in III quarter comprised of 1631 thousands euros compared to 1 518 thousands euros in II quarter 2017. Administrative expenses were 1 518 thousands euros (1 549 thousands euro in II quarter).

The Bank's equity totalled 19.06 million euros as of 30.09.2017 and the regulatory capital adequacy was 21.04% (30.06.2017: 18.64 million euros and 25.70% respectively).

Bank has opened several new correspondent accounts and added new foreign currencies to the list of accepted currencies. In order to improve customer service and liquidity management, the Bank continues to pay attention to widening of the network of correspondent banks. Bank is a member of Visa Europe, issuing VISA Classic, Gold, Platinum and Business banking cards since 2014. Bank has joined MasterCard system and developed the technical and legal capability to provide Acquiring service.

Ratings

Versobank AS has not been rated by international rating agencies.

Legal Disputes

There are several court proceedings against the legal and natural persons who have not fulfilled their obligations. Bankruptcy proceedings are taking place against obligors as well as guarantors, also execution proceedings against private person debtors.

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

Ratios		01.01.2017- 30.09.2017	01.01.2016- 30.09.2016
Return on equity	ROE	-1.29%	17.06%
Equity multiplier	EM	12.31	15.61
Profit margin	PM	-2.37%	24.69%
Asset utilisation	AU	4.41%	4.43%
Return on assets	ROA	-0.10%	1.09%
Net interest margin	NIM	0.85%	0.57%
Basic earnings per share	Basic EPS	-0.01	0.13
Diluted earnings per share	Diluted EPS	-0.01	0.13
Spread	SPREAD	0.72%	0.55%
Yield on interest-earning assets	YIEA	1.54%	0.92%
Cost of interest-bearing liabilities	COL	0.83%	0.37%

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)*

FINANCIAL STATEMENTS

Statement of Financial Position

	30.09.2017 (EUR ths.)	31.12.2016 (EUR ths.)
ASSETS		
Cash	171	147
Loans and advances	169,004	154,704
Balances with central bank	72,795	62,668
Due from other credit institutions	50,402	47,815
Due from customers	45,807	44,221
o/w allowance (-)	-184	-243
o/w interest	114	234
Financial assets held for trading	97	397
Available-for-sale financial assets	70,697	42,103
Held-to-maturity investments	21,445	0
Property and equipment	809	947
Investment properties	132	515
Intangible assets	166	193
Other financial assets	1,321	909
Other assets	585	416
TOTAL ASSETS	264,427	200,331
LIABILITIES		
Financial liabilities held for trading	63	399
Financial liabilities measured at amortised cost	228,616	159,111
Due to central bank	5,210	0
Deposits to credit institutions	1,882	1,796
Other deposits	221,524	157,315
Financial institutions	45,542	12,035
Companies	93,036	112,721
Non-profit organisations	554	602
Private persons	81,829	31,684
Interest payable	563	273
Subordinated debts evidenced by certificates	5,310	5,000
Subordinated debt	2,884	2,785
Borrowed funds from government and foreign aid	423	183
Other financial liabilities	7,849	13,628
Other liabilities	266	472
TOTAL LIABILITIES	245,411	181,578
SHAREHOLDERS' EQUITY		
Share capital	14,089	14,089
Other equity instruments	1,116	1,215
Statutory reserve capital	500	436
Fair value reserve of available-for-sale financial assets	223	-222
Retained earnings	3,088	3,235
TOTAL SHAREHOLDERS' EQUITY	19,016	18,753
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	264,427	200,331

Income Statement

	01.01.2017- 30.09.2017 (EUR ths.)	01.07.2017- 30.09.2017 (EUR ths.)	01.01.2016- 30.09.2016 (EUR ths.)	01.07.2016- 30.09.2016 (EUR ths.)
Interest income	2,755	1,154	1,935	632
From loans	1,749	582	1,275	447
From available-for-sale financial assets	485	246	368	94
From held-to-maturity investments	285	218	0	0
From deposits	225	101	292	91
From factoring	11	7	0	0
Interest expense	1,240	567	729	267
From time deposits	605	312	295	106
Interest expense from subordinated debt evidenced by certificates	310	105	311	105
From demand deposits	160	67	98	46
Interest expense from subordinated debt	99	33	0	0
From borrowings	1	0	1	0
Other interest expenses	65	50	24	10
Net interest income	1,515	587	1,206	365
Fee and commission income	2,309	1,267	3,481	1,788
Bank transaction fees	1,323	414	3,444	1,059
Account opening and maintenance fees	1,219	417	1,192	567
Acquiring fee income	644	348	1	1
Fees from bank cards	317	111	295	92
Securities' transaction fees	70	31	35	-106
Factoring income	23	11	0	0
Letters of credit fees	15	3	65	39
Fiduciary deposit fees	0	0	39	2
Other fees and commissions income	45	12	85	21
Fee and commission expense	1,805	688	1,449	497
Acquiring fee expenses	766	366	0	
Bank transaction expenses	550	187	544	190
Expense from issuing bank cards	186	73	298	98
S.W.I.F.T. expenses	119	40	114	45
Securities' transactions expenses	109	58	48	17
Treasury expenses	30	9	23	0
Factoring expenses	7	4	0	0
Other fees and commissions expense	38	-49	422	147
Net fee and commission income	1,851	659	3,707	1,178
Net trading gains	1,312	469	2,015	612
From foreign exchange	1,170	360	2,147	746
From shares and debt securities in trading portfolio	142	109	-132	-134
Other operation income	19	2	71	6
Other operation expenses	187	86	165	50

	01.01.2017- 30.09.2017 (EUR ths.)	01.07.2017- 30.09.2017 (EUR ths.)	01.01.2016- 30.09.2016 (EUR ths.)	01.07.2016- 30.09.2016 (EUR ths.)
Financial Supervision Authority fees	74	23	79	30
Guarantee Fund payments	60	52	16	1
Other operating expenses	53	11	70	19
Total income	4,510	1,631	6,834	2,111
Administrative expenses	4,505	1,518	4,996	1,570
Personnel expense, payroll related taxes	3,128	1,037	3,156	1,015
Other administrative expense	1,377	481	1,840	555
Depreciation and amortisation of tangible and intangible assets	-231	-78	-157	-70
Impairment loss on assets	44	4	650	-10
Total operating expenses	4,692	1,592	4,503	1,650
Profit before taxation	-182	39	2,331	461
NET PROFIT / LOSS FOR THE PERIOD	-182	39	2,331	461

Statement of comprehensive income

	01.01.2017- 30.09.2017 (EUR ths.)	01.07.2017- 30.09.2017 (EUR ths.)	01.01.2016- 30.09.2016 (EUR ths.)	01.07.2016- 30.09.2016 (EUR ths.)
Net profit/loss for the period	-182	39	2,331	461
Other comprehensive income/expense				
Items that may be reclassified to profit or loss :				
Net change in revaluation reserve of available-for-sales financial assets	444	336	520	144
COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD	262	375	2,851	605
Basic and diluted earnings/loss per share	-0.01 EUR		0.13 EUR	

Statement of Cash Flows

	01.01.2017- 30.09.2017 (EUR ths.)	01.01.2016- 30.09.2016 (EUR ths.)
Cash flows from operating activities	61,571	-148,316
Interests received	2,373	2,209
Interests paid	-1,054	-455
Fees and commissions received	3,678	5,123
Fees and commissions paid	-1,805	-1,449
Administrative expenses	-4,790	-5,033
Trading income received	1,312	2,015
Other operating income	22	790
Other operating expenses	-187	-165
Change in operating assets and liabilities:		
Mandatory reserve in central bank	-155	961
Loan and advances to customers	-1,627	-10,972
Due to credit institutions	86	1,171
Due to customers	63,919	-138,576
Other assets and liabilities of operating activities	-201	-3,935
Cash flows from investing activities	-54,438	24,224
Payments for property, plant and equipment	-59	-796
Payments for intangible assets	-9	0
Proceeds from sale of investment properties	383	393
Payments for available-for-sale financial assets	-94,416	-64,626
Proceeds from sale of available-for-sale financial assets	61,429	89,253
Payments for held-to-maturity investments	-21,766	0
Cash flows from financing activities	5,450	-55
Other borrowings received	5,520	0
Borrowings repaid	-70	-55
Total cash flows	12,583	-124,147
Cash and cash equivalents at the beginning of period	108,972	256,957
Net change in cash and cash equivalents	12,583	-124,147
Cash and cash equivalents at the end of the period *	121,555	132,810
	30.09.2017	30.09.2016
* Cash and cash equivalents at the end of the year comprise:	(EUR ths.)	(EUR ths.)
Cash	171	172
Balances with the central bank without mandatory reserve	70,982	36,706
Deposits with credit institutions with maturity up to 3 months	50,402	95,932
Total	121,555	132,810

Statement of Changes in Equity

EUR ths.	Share capital	Other equity instruments	Statutory reserve capital	Fair value reserv of available-for-sale financial assets	Retained earnings	Total equity
Balance as at 01.01.2016	14,089	1,366	200	-883	2,069	16,841
Equity component of subordinated debt	0	-95	0	0	0	-95
Transfer to statutory reserve capital	0	0	236	0	-236	0
Other comprehensive income	0	0	0	520	0	520
Profit for the period	0	0	0	0	2,331	2,331
Comprehensive profit for the period	0	0	0	520	2,331	2,851
Balance as at 30.09.2016	14,089	1,271	436	-363	4,164	19,597
Balance as at 01.01.2017	14,089	1,215	436	-222	3,235	18,753
Equity component of subordinated debt	0	-99	0	0	99	0
Transfer to statutory reserve capital	0	0	64	0	-64	0
Other comprehensive income	0	0	0	445	0	445
Loss for the period	0	0	0	0	-182	-182
Comprehensive loss for the period	0	0	0	445	-182	263
Balance as at 30.09.2017	14,089	1,116	500	223	3,088	19,016

Contingent Claims and Liabilities

30.09.2017

EUR ths.	Contract amount		Carrying amount	
	Assets	Liabilities	Assets	Liabilities
Irrevocable transactions	46,673	55,702	97	63
Guarantees and similar irrevocable transactions	0	900	0	0
Unused loan limits	0	8,155	0	0
Currency forward transactions	46,673	46,647	97	63

31.12.2016

EUR ths.	Contract amount		Carrying amount	
	Assets	Liabilities	Assets	Liabilities
Irrevocable transactions	90,651	101,476	397	399
Guarantees and similar irrevocable transactions	0	356	0	0
Unused loan limits	0	10,460	0	0
Currency forward transactions	90,651	90,660	397	399

Currency Position

30.09.2017, (EUR ths.)	EUR	USD	GBP	RUB	CHF	Other currencies	TOTAL
ASSETS							
Cash and balances with central bank	72,956	10	0	0	0	0	72,966
Due from credit institutions	10,580	33,020	4,784	1,273	100	645	50,402
Due from customers	36,336	9,344	102	0	0	25	45,807
Financial assets held for trading	0	9	0	0	0	0	9
Available-for-sale financial assets	36,760	33,937	0	0	0	0	70,697
Held-to-maturity investments	18,479	2,966	0	0	0	0	21,445
Other financial assets	716	350	255	0	0	0	1,321
TOTAL ASSETS	175,827	79,636	5,141	1,273	100	670	262,647
LIABILITES							
Due to central bank	5,210	0	0	0	0	0	5,210
Due to credit institutions	1,867	15	0	0	0	0	1,882
Due to customers	138,125	74,013	4,503	4,349	107	427	221,524
Subordinated debts evidenced by certificates	5,000	0	0	0	0	0	5,000
Subordinated debt	4,000	0	0	0	0	0	4,000
Borrowed funds from government and foreign aid	423	0	0	0	0	0	423
Other financial liabilities	4,017	3,116	265	430	9	12	7,849
TOTAL LIABILITIES	158,642	77,144	4,768	4,779	116	439	245,888
Net on-balance sheet position	17,185	2,492	373	-3,506	-16	231	16,759
FX derivatives (notionals, due from)	17,637	21,407	417	4,811	142	2,259	46,673
FX derivatives (notionals, due to)	18,074	24,123	476	1,562	156	2,256	46,647
Open foreign currency position	16,748	-224	314	-257	-30	234	16,785

31.12.2016, (EUR ths.)	EUR	USD	GBP	RUB	CHF	Other currencies	TOTAL
ASSETS							
Cash and balances with central bank	62,806	9	0	0	0	0	62,815
Due from credit institutions	5,311	36,905	2,683	2,086	176	654	47,815
Due from customers	38,687	5,534	0	0	0	0	44,221
Financial assets held for trading	0	7	0	0	0	0	7
Available-for-sale financial assets	1,154	40,949	0	0	0	0	42,103
Other financial assets	629	280	3	0	0	0	909
TOTAL ASSETS	108,587	83,684	2,683	2,086	176	654	197,870
LIABILITES							
Due to credit institutions	118	1,678	0	0	0	0	1,796
Due to customers	71,321	80,856	2,006	2,394	173	565	157,315
Subordinated debts evidenced by certificates	5,000	0	0	0	0	0	5,000
Subordinated debt	4,000	0	0	0	0	0	4,000
Borrowed funds from government and foreign aid	183	0	0	0	0	0	183
Other financial liabilities	6,670	5,523	667	661	0	107	13,628
TOTAL LIABILITIES	87,292	88,057	2,673	3,055	173	672	181,922
Net on-balance sheet position	21,295	-4,373	10	-696	3	-18	15,948
FX derivatives (notionals, due from)	20,879	47,214	17,171	5,081	0	306	90,651
FX derivatives (notionals, due to)	26,030	43,051	17,191	4,108	0	280	90,660
Open foreign currency position	16,144	-210	-10	4	3	8	15,939

Risk Concentration

	30.09.2017			31.12.2016		
	no.	EUR ths.	% of net own funds	no.	EUR ths.	% of net own funds
Number of customers (client groups) with high risk concentration	8			8		
Due from customers with large exposures		57,427	211.89%		45,310	181.72%
Due from management board members and related persons		13	0.05%		16	0.06%
Own funds included in calculation of capital adequacy		26,734			25,069	

Capital Adequacy

CAPITAL BASE (EUR ths.)	30.09.2017	31.12.2016
OWN FUNDS	26,734	25,069
TIER 1 CAPITAL	22,734	21,069
COMMON EQUITY TIER 1 CAPITAL	17,734	16,069
Capital instruments eligible as CET1 Capital	14,089	14,089
Paid up share capital	14,089	14,089
Retained earnings	3,088	1,959
Statutory reserve capital transferred from net profit	500	436
(-) Intangible assets	-166	-193
Other reserves	223	-222
ADDITIONAL TIER 1 CAPITAL	5,000	5,000
Capital instruments eligible as AT1 Capital	5,000	5,000
Subordinated debts evidenced by certificates	5,000	5,000
Tier 2 capital	4,000	4,000
Capital instruments and subordinated loans eligible as T2 Capital	4,000	4,000
Subordinated debt*	4,000	4,000

* Tier 2 subordinated debt is disclosed in nominal amount of 4,000 thousand euros.

RISK WEIGHTED ASSETS (RWA)	30.09.2017 (EUR ths.)	Capital requirements (8%)	31.12.2016 (EUR ths.)	Capital requirements (8%)
TOTAL RISK EXPOSURE AMOUNT	103,081	8,246	65,352	5,228
RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	87,004	6,960	46,526	3,722
Standardised approach (SA)	87,004	6,960	46,526	3,722
SA exposure classes excluding securitisation positions	87,004	6,960	46,526	3,722
Central governments or central banks	956	76	0	0
Institutions	29,935	2,395	625	50
Corporates *	23,572	1,886	14,317	1,145
Retail	6,574	526	4,749	380
Secured by mortgages on immovable property	4,235	339	4,765	381
Exposures in default	403	32	1,077	86
Claims on institutions and corporates with a short-term credit assessment	16,245	1,300	16,047	1,284
Other items	5,084	407	4,946	396
TOTAL RISK EXPOSURE AMOUNT FOR POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS	17	1	5,853	468
Risk exposure amount for position, foreign exchange and commodities risks under standardised approaches (SA)	17	1	5,853	468
Traded debt instruments	0	0	5,838	467
Equity	17	1	15	1
TOTAL RISK EXPOSURE AMOUNT FOR OPERATIONAL RISK (OpR)	16,060	1,285	12,973	1,038
OpR Basic indicator approach (BIA)	16,060	1,285	12,973	1,038

* including credit institutions treated as corporations

Capital ratios	30.09.2017	31.12.2016
CET1 capital ratio (%)	17.20%	24.59%
Tier1 capital ratio (%)	22.05%	32.24%
Total capital ratio (%)	25.93%	38.36%

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

Financial Assets and Liabilities by Remaining Maturities

Assets, liabilities EUR ths., as of 30.09.2017	On demand	Up to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Assets of the Bank	105,082	34,360	9,947	8,108	42,423	62,815	262,735
Cash and balances with central bank and due from credit institutions	101,791	21,577	0	0	0	0	123,368
Due from customers	1,788	12,600	9,947	6,411	6,472	8,589	45,807
Securities*	276	89	0	1,697	35,951	54,226	92,239
Other financial assets	1,227	94	0	0	0	0	1,321
Liabilities of the Bank	133,421	25,023	48,116	12,599	22,729	4,000	245,888
Due to central bank	0	0	0	0	5,210	0	5,210
Due to credit institutions	1,882	0	0	0	0	0	1,882
Due to customers	123,981	24,715	47,992	12,484	12,352	0	221,524
Subordinated debts evidenced by certificates	0	0	0	0	5,000	0	5,000
Subordinated debt	0	0	0	0	0	4,000	4,000
Borrowed funds from government and foreign aid	0	17	124	115	167	0	423
Other financial liabilities	7,558	291	0	0	0	0	7,849
Net	-28,339	9,337	-38,169	-4,491	19,694	58,815	16,847
Contingent:							
assets	0	46,673	0	0	0	0	46,673
liabilities	8,155	46,647	35	865	0	0	55,702

Assets, liabilities EUR ths., as of 31.12.2016	On demand	Up to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Assets of the Bank	100,688	20,474	13,432	7,258	27,893	28,515	198,260
Cash and balances with central bank and due from credit institutions	98,898	11,732	0	0	0	0	110,630
Due from customers	1,516	7,448	13,432	4,493	5,632	11,700	44,221
Securities*	262	397	0	2,765	22,261	16,815	42,500
Other financial assets	12	897	0	0	0	0	909
Liabilities of the Bank	140,242	8,447	18,364	3,792	7,077	4,000	181,922
Due to credit institutions	1,796	0	0	0	0	0	1,796
Due to customers	124,980	8,215	18,364	3,699	2,057	0	157,315
Subordinated debts evidenced by certificates	0	0	0	0	5,000	0	5,000
Subordinated debt	0	0	0	0	0	4,000	4,000
Borrowed funds from government and foreign aid	0	70	0	93	20	0	183
Other financial liabilities	13,466	162	0	0	0	0	13,628
Net	-39,554	12,027	-4,932	3,466	20,816	24,515	16,338
Contingent:							
assets	0	90,651	0	0	0	0	90,651
liabilities	10,460	90,961	35	20	0	0	101,476

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

Geographical Concentration of Financial Assets

Area	Balance sheet claims, EUR ths., as of 30.09.2017				by area (%)
	Cash, balances with central bank, loans and advances to credit institutions	Loans and advances to customers.	incl. overdue and doubtful claims	securities *	
Estonia	86,856	29,826	577	46	44,65%
Germany	15,923	309	0	7,612	9,12%
Austria	14,689	0	0	1,663	6,26%
United States of America	0	0	0	11,808	4,52%
Italy	287	0	0	10,740	4,22%
France	0	0	0	10,338	3,95%
British Virgin Islands	0	8,721	0	10	3,34%
United Kingdom	0	890	0	6,804	2,94%
Netherlands	0	0	0	5,906	2,26%
Japan	109	0	0	5,109	2,00%
Latvia	557	3,999	0	0	1,74%
Mexico	0	0	0	4,121	1,58%
Romania	0	0	0	3,834	1,47%
South-Korea	0	0	0	3,798	1,45%
Portugal	0	0	0	3,726	1,43%
Russia	2,435	847	0	3	1,26%
Australia	0	0	0	2,807	1,07%
Spain	0	1	0	2,046	0,78%
Luxembourg	0	0	0	2,011	0,77%
United Arab Emirates	0	0	0	1,974	0,76%
Slovenia	0	0	0	1,920	0,73%
Canada	0	0	0	1,698	0,65%
Singapore	0	0	0	1,620	0,62%
Cayman Islands	0	0	0	1,291	0,49%
China	1,127	0	0	0	0,43%
Bulgaria	0	0	0	1,087	0,42%
Switzerland	1,053	0	0	0	0,40%
Israel	0	1,000	0	0	0,38%
Georgia	276	0	0	0	0,11%
Belgium	0	0	0	267	0,10%
Poland	0	180	0	0	0,07%
Ukraine	48	0	0	0	0,02%
Finland	0	34	0	0	0,01%
Norway	8	0	0	0	0,00%
Total	123,368	45,807	577	92,239	100,00%

Area	Balance sheet claims, EUR ths., as of 31.12.2016				by area (%)
	Cash, balances with central bank, loans and advances to credit institutions	Loans and advances to customers.	incl. overdue and doubtful claims	securities *	
Estonia	73,631	32,590	2,609	339	54.00%
Belgium	12,534	0	0	60	6.38%
Switzerland	10,605	0	0	0	5.37%
Germany	62	0	0	8,969	4.58%
France	2,299	0	0	4,810	3.60%
United Kingdom	0	1,234	0	5,690	3.51%
British Virgin Islands	0	6,165	0	280	3.27%
Luxembourg	0	0	0	5,035	2.55%
Austria	5,034	0	0	0	2.55%
United States of America	0	0	0	4,277	2.17%
Latvia	432	3,104	0	0	1.79%
Russia	3,463	0	0	0	1.75%
Denmark	35	0	0	2,852	1.46%
Ivory Coast**	0	0	0	1,904	0.96%
Canada	0	0	0	1,541	0.78%
Philippines***	0	0	0	1,428	0.72%
China	1,369	0	0	0	0.69%
Turkey	0	0	0	1,284	0.65%
Israel	0	1,091	0	0	0.55%
Finland	0	37	0	961	0.51%
Qatar	0	0	0	963	0.49%
United Arab Emirates	0	0	0	765	0.39%
South-Korea	0	0	0	681	0.35%
Bermuda	0	0	0	411	0.21%
Czech Republic	347	0	0	0	0.18%
Japan	267	0	0	0	0.14%
Cayman Islands	0	0	0	250	0.13%
Georgia	245	0	0	0	0.12%
Ukraine	188	0	0	0	0.10%
Italy	105	0	0	0	0.05%
Poland	7	0	0	0	0.00%
Norway	7	0	0	0	0.00%
Total	110,630	44,221	2,609	42,500	100.00%

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

** Bonds of African Development Bank

*** Bonds of Asian Development Bank

Concentration of Financial Assets by Economic Sector

Economic sector	Balance sheet claims, EUR ths., as of 30.09.2017			by area (%)
	loans *	incl. overdue and doubtful claims	securities **	
Financial and insurance activities	124,985	0	58,206	70,12%
Public administration and defence; compulsory social security	0	0	16,691	6,39%
Real estate activities	14,438	275	0	5,53%
Manufacturing	2,688	126	10,456	5,03%
Professional, scientific and technical activities	8,777	0	0	3,36%
Construction	6,745	0	0	2,58%
Private persons	5,509	248	0	2,11%
Other service activities	639	0	3,986	1,77%
Extra-territorial organizations and bodies	0	0	2,209	0,85%
Administrative and support service activities	1,573	0	0	0,60%
Agriculture, forestry and fishing	1,353	112	0	0,52%
Wholesale and retail trade	1,121	0	0	0,43%
Accommodation and food service activities	976	0	0	0,37%
Electricity, gas, steam and air conditioning supply	0	0	691	0,26%
Arts, entertainment and recreation	106	0	0	0,04%
Transportation and storage	19	0	0	0,01%
Human health and social work activities	259	0	0	0,10%
Provisions	-184	-184	0	-0,07%
Total	169,004	577	92,239	100,00%

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

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

Economic sector	Balance sheet claims, EUR ths., as of 31.12.2016			by area (%)
	loans *	incl. overdue and doubtful claims	securities **	
Financial and insurance activities	111,717	0	33,746	73,76%
Real estate activities	16,650	1,588	250	8,57%
Professional, scientific and technical activities	6,228	0	0	3,16%
Public administration and defence; compulsory social security	0	0	5,356	2,72%
Private persons	4,652	207	0	2,36%
Construction	4,141	0	0	2,10%
Manufacturing	2,326	127	734	1,55%
Administrative and support service activities	3,025	0	0	1,53%
Other service activities	1,595	0	450	1,04%
Wholesale and retail trade	1,379	0	0	0,70%
Agriculture, forestry and fishing	1,329	687	0	0,67%
Accommodation and food service activities	1,073	0	0	0,54%
Electricity, gas, steam and air conditioning supply	0	0	984	0,50%
Mining and quarrying	0	0	980	0,50%
Human health and social work activities	700	0	0	0,35%
Arts, entertainment and recreation	117	0	0	0,06%
Transportation and storage	15	0	0	0,01%
Provisions	-243	-	-	-0,12%
Total	154,704	2,609	42,500	100,00%

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

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



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