

Versobank AS  
Public Interim Report I 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	31.03.2017
Report period	01.01.2017 – 31.03.2017
Report currency and units	Euro (EUR), in thousands of euros

Bank has not been rated by international rating agencies.

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

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

	EUR ths
Total assets	188,519
Net profit / loss	-219
Return on equity (ROE)	-4.67%
Asset utilisation (AU)	4.49%
Loan loss provisions	-181
Net own funds	26,364
Capital adequacy	31.88%

"Public Interim Report I 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](http://www.versobank.com) from 26.05.2017.

## 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.

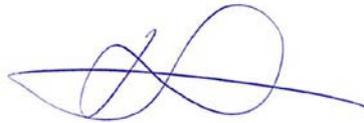
5. Versobank AS is operating on a going concern basis.

In Tallinn, 26.05.2017



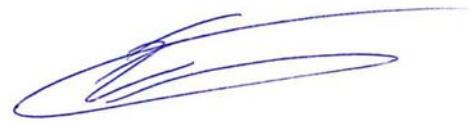
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**Mark Agranovski**  
Chairman  
of the Management Board



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**Margus Normak**  
Member  
of the Management Board



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**Artur Yermolayev**  
Member  
of the Management Board

# 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.

The shareholder with a holding over 10% in Versobank AS as at 31 March 2017, and as at the date of the preparation of the report, is:

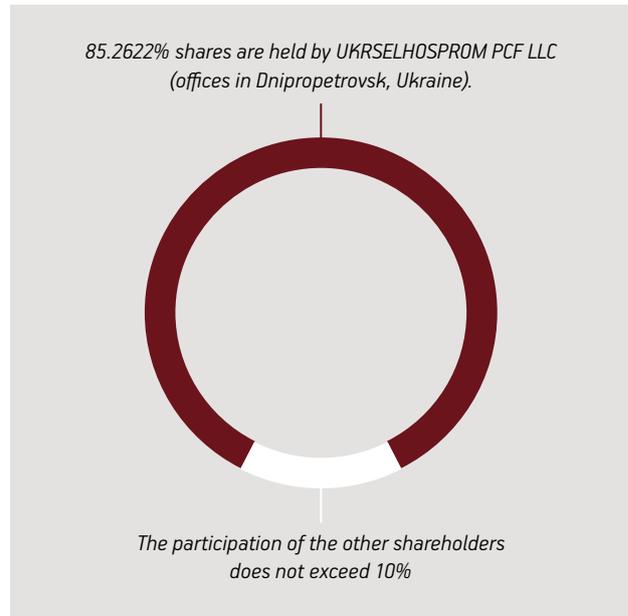
85.2622% shares are held by UKRSELHOSPROM PCF LLC (offices in Dnipropetrovsk, Ukraine).

The Bank's Supervisory Board included six members as at the date of the report date and as 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 Drugan, Mr Maxime Malaure and Mr Urmas Kaarlep.

The Bank's Management Board included three members as at the date of report and as at the date of the preparation of the report. The Chairman of the Management Board is Mr Mark Agranovski, and its Members include Mr Margus Normak and Mr Artur Yermolayev. 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 financial performance of the Bank for I quarter 2017 has reached the targets set by the management board. The gross loan portfolio and interest income on it have increased steadily. Due to the change in strategic goals in regard of the target client segments, the number of customers of the Bank has decreased by 4.7% in 1st quarter 2017 (decrease of 4.6% in 1Q 2016).



The amount of deposits decreased by 9.7% in 1st quarter. Client deposits with the Bank totalled 142.0 million euros as of 31.03.2017 (31.12.2016: 157.3 million euros). Total assets of the Bank have decreased by 5.9% in 1st quarter, reaching 188.5 million euros as of 31.03.2017 (31.12.2016: 200.3 million euros).

Gross loan portfolio (excluding deposits with financial institutions) amounted 46.3 million euros at the end of the reporting period (31.12.2016: 43.4 million euros), has increased by 6.5% in 1st quarter (1.7% of increase in 1Q 2016) and constituted 24.5% of total assets as of 31.03.2017 (31.12.2016: 21.7%). The Bank has significantly more deposits than loans, deposits to loan ratio is 3.1 times as of 31.03.2017 (31.12.2016: 3.6 times). The quality of the loan portfolio has been improving constantly, which is reflected in decrease of the loan provisions.

Net profit amounted to 0.22 million euros in 1st quarter of 2017 (0.82 million euros in 4Q 2016). Net interest income of the reporting period was 0.42 million euros (0.46 million in 1Q 2016). Net fees and commissions income totaled 0.54 million euros (1.28 million euros in 1Q 2016), the change was caused by the

decrease in foreign payments. 0.38 million euros were earned on foreign exchange transactions (0.63 million euros in 1Q 2016). Total operating income from banking activities (excluding loan provisions) comprised of 1.3 million euros compared to 2.33 million euros in 1Q 2016. Administrative expenses in 1st quarter 2017 and 2016 were 1.53 million euros and 1.52 million euros respectively.

The Bank's equity totaled 18.73 million euros as of 31.03.2017 and the regulatory capital adequacy was 31.88% (31.12.2016: 18.75 million euros and 38.36% respectively).

Bank has representative offices in Dnepropetrovsk and Kiev, Ukraine and Limassol, Cyprus. 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 and issuing VISA Classic, Gold, Platinum and Business banking cards since 2014. Bank has joined with MasterCard system and has de-

veloped the technical and legal readiness 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 towards the. Bankruptcy proceedings are also taking place against obligors as well as guarantors and execution proceedings are taking place against private person debtors.

There are seven court actions initiated 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 a significant damage to the Bank.

<b>Ratios</b>		<b>01.01.2017- 31.03.2017</b>	<b>01.01.2016- 31.03.2016</b>
Return on equity	ROE	-4.67%	19.02%
Equity multiplier	EM	10.37	18.42
Profit margin	PM	-10.02%	27.21%
Asset utilisation	AU	4.49%	3.79%
Return on assets	ROA	-0.45%	1.03%
Net interest margin	NIM	0.89%	0.58%
Basic earnings per share	Basic EPS	-0.04	0.14
Diluted earnings per share	Diluted EPS	-0.04	0.14
Spread	SPREAD	0.78%	0.56%
Yield on interest-earning assets	YIEA	1.54%	0.87%
Cost of interest-bearing liabilities	COL	0.76%	0.31%

### 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

	31.03.2017 (EUR ths.)	31.12.2016 (EUR ths.)
<b>ASSETS</b>		
<b>Cash</b>	<b>188</b>	<b>147</b>
<b>Loans and advances</b>	<b>153,246</b>	<b>154,704</b>
Balances with central bank	43,425	62,668
Due from other credit institutions	62,780	47,815
Due from customers	47,041	44,221
o/w allowance (-)	-181	-243
o/w interest	248	234
<b>Financial assets held for trading</b>	<b>193</b>	<b>397</b>
<b>Available-for-sale financial assets</b>	<b>29,164</b>	<b>42,103</b>
<b>Property and equipment</b>	<b>890</b>	<b>947</b>
<b>Investment properties</b>	<b>322</b>	<b>515</b>
<b>Intangible assets</b>	<b>181</b>	<b>193</b>
<b>Other financial assets</b>	<b>3,935</b>	<b>909</b>
<b>Other assets</b>	<b>400</b>	<b>416</b>
<b>TOTAL ASSETS</b>	<b>188,519</b>	<b>200,331</b>
<b>LIABILITIES</b>		
<b>Financial liabilities held for trading</b>	<b>155</b>	<b>399</b>
<b>Financial liabilities measured at amortised cost</b>	<b>149,430</b>	<b>159,111</b>
Due to central bank	5,210	0
Deposits to credit institutions	2,175	1,796
Other deposits	142,045	157,315
Financial institutions	9,129	12,035
Companies	99,749	112,721
Non-profit organisations	620	602
Private persons	32,238	31,684
Interest payable	309	273
<b>Subordinated debts evidenced by certificates</b>	<b>5,102</b>	<b>5,000</b>
<b>Subordinated debt</b>	<b>2,818</b>	<b>2,785</b>
<b>Borrowed funds from government and foreign aid</b>	<b>423</b>	<b>183</b>
<b>Other financial liabilities</b>	<b>11,594</b>	<b>13,628</b>
<b>Other liabilities</b>	<b>270</b>	<b>472</b>
<b>TOTAL LIABILITIES</b>	<b>169,792</b>	<b>181,578</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	14,089	14,089
Other equity instruments	1,182	1,215
Statutory reserve capital	436	436
Fair value reserve of available-for-sale financial assets	-29	-222
Retained earnings	3,049	3,235
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>18,727</b>	<b>18,753</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>188,519</b>	<b>200,331</b>

## Income Statement

	01.01.2017-31.03.2017 (EUR ths.)	01.01.2016-31.03.2016 (EUR ths.)
<b>Interest income</b>	<b>726</b>	<b>683</b>
From loans	565	431
From debt securities	105	135
From deposits	56	117
<b>Interest expense</b>	<b>305</b>	<b>222</b>
From time deposits	119	90
Interest expense from subordinated debt evidenced by certificates	102	103
From demand deposits	44	28
Interest expense from subordinated debt	33	0
From borrowings	0	1
Other interest expenses	7	0
<b>Net interest income</b>	<b>421</b>	<b>461</b>
<b>Fee and commission income</b>	<b>1,042</b>	<b>1,693</b>
Bank transaction fees	472	1,205
Account opening and maintenance fees	362	320
Fees from bank cards	91	99
Acquiring fee income	75	0
Securities' transaction fees	18	8
Letters of credit fees	5	8
Fiduciary deposit fees	0	21
Other fees and commissions income	19	32
<b>Fee and commission expense</b>	<b>507</b>	<b>417</b>
Bank transaction expenses	187	174
Expense from issuing bank cards	133	71
Acquiring fee expenses	56	0
S.W.I.F.T. expenses	40	22
Securities' transactions expenses	26	13
Other fees and commissions expense	65	137
<b>Net fee and commission income</b>	<b>535</b>	<b>1,276</b>
<b>Net trading gains</b>	<b>427</b>	<b>626</b>
From foreign exchange	382	625
From shares and debt securities in trading portfolio	45	1
<b>Other operation income</b>	<b>7</b>	<b>13</b>
<b>Other operation expenses</b>	<b>60</b>	<b>42</b>
Financial Supervision Authority fees	25	25
Guarantee Fund payments	1	0
Other operating expenses	34	17
<b>Total income</b>	<b>1,330</b>	<b>2,334</b>
<b>Administrative expenses</b>	<b>1,530</b>	<b>1,524</b>
Personnel expense, payroll related taxes	1,077	1,110
Other administrative expense	453	414

	01.01.2017-31.03.2017 (EUR ths.)	01.01.2016-31.03.2016 (EUR ths.)
Depreciation and amortisation of tangible and intangible assets	-77	-37
Impairment loss on assets	58	50
Total operating expenses	1,549	1,511
Profit before taxation	-219	823
<b>NET PROFIT / LOSS FOR THE PERIOD</b>	<b>-219</b>	<b>823</b>

## Statement of comprehensive income

	01.01.2017-31.03.2017 (EUR ths.)	01.01.2016-31.03.2016 (EUR ths.)
<b>Net profit/loss for the period</b>	<b>-219</b>	<b>823</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	202	142
<b>COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD</b>	<b>-17</b>	<b>965</b>
Basic and diluted earnings/loss per share	-0.04 EUR	0.14 EUR

**Statement of Cash Flows**

	01.01.2017- 31.03.2017 (EUR ths.)	01.01.2016- 31.03.2016 (EUR ths.)
<b>Cash flows from operating activities</b>	<b>-28,005</b>	<b>-68,296</b>
Interests received	844	705
Interests paid	-555	-155
Fees and commissions received	1,092	1,648
Fees and commissions paid	-507	-417
Administrative expenses	-1,798	-1,690
Trading income received	427	626
Other operating income	10	12
Other operating expenses	-60	-42
<b>Change in operating assets and liabilities:</b>		
Mandatory reserve in central bank	213	135
Loan and advances to customers	-8,734	-272
Due to credit institutions	379	1,435
Due to customers	-15,306	-75,687
Other assets and liabilities of operating activities	-4,010	5,406
<b>Cash flows from investing activities</b>	<b>12,531</b>	<b>-13,682</b>
Purchase of property and equipment	-10	-81
Disposal of investment properties	193	100
Debt securities purchased	-20,158	-27,882
Debt securities sold	32,506	14,181
<b>Cash flows from financing activities</b>	<b>5,450</b>	<b>-55</b>
Other borrowings received	5,520	0
Borrowings repaid	-70	-55
<b>Total cash flows</b>	<b>-10,024</b>	<b>-82,033</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>108,972</b>	<b>256,957</b>
<b>Net change in cash and cash equivalents</b>	<b>-10,024</b>	<b>-82,033</b>
<b>Cash and cash equivalents at the end of the period *</b>	<b>98,948</b>	<b>174,924</b>
	<b>31.03.2017</b>	<b>31.03.2016</b>
<b>* Cash and cash equivalents at the end of the year comprise:</b>	<b>(EUR ths.)</b>	<b>(EUR ths.)</b>
Cash	188	210
Balances with the central bank without mandatory reserve	41,980	32,516
Deposits with credit institutions with maturity up to 3 months	56,780	142,198
<b>Total</b>	<b>98,948</b>	<b>174,924</b>

## Statement of Changes in Equity

EUR ths.	Share capital	Other equity instruments	Statutory reserve capital	Fair value	Retained earnings	Total equity
				reserv of available-for-sale financial assets		
<b>Balance as at 01.01.2016</b>	<b>14,089</b>	<b>1,366</b>	<b>200</b>	<b>-883</b>	<b>2,069</b>	<b>16,841</b>
Equity component of subordinated debt	0	-32	0	0	0	-32
Other comprehensive income	0	0	0	142	0	142
Profit for the period	0	0	0	0	823	823
<b>Comprehensive profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>142</b>	<b>823</b>	<b>965</b>
<b>Balance as at 31.03.2016</b>	<b>14,089</b>	<b>1,334</b>	<b>200</b>	<b>-741</b>	<b>2,892</b>	<b>17,774</b>
<b>Balance as at 01.01.2017</b>	<b>14,089</b>	<b>1,215</b>	<b>436</b>	<b>-222</b>	<b>3,235</b>	<b>18,753</b>
Equity component of subordinated debt	0	-33	0	0	33	0
Other comprehensive income	0	0	0	193	0	193
Loss for the period	0	0	0	0	-219	-219
<b>Comprehensive loss for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>193</b>	<b>-219</b>	<b>-26</b>
<b>Balance as at 31.03.2017</b>	<b>14,089</b>	<b>1,182</b>	<b>436</b>	<b>-29</b>	<b>3,049</b>	<b>18,727</b>

## Contingent Claims and Liabilities

31.03.2017

EUR ths.	Contract amount		Carrying amount	
	Assets	Liabilities	Assets	Liabilities
<b>Irrevocable transactions</b>	<b>78,271</b>	<b>86,676</b>	<b>193</b>	<b>155</b>
Guarantees and similar irrevocable transactions	0	55	0	0
Unused loan limits	0	8,381	0	0
Currency forward transactions	78,271	78,240	193	155

31.12.2016

EUR ths.	Contract amount		Carrying amount	
	Assets	Liabilities	Assets	Liabilities
<b>Irrevocable transactions</b>	<b>90,651</b>	<b>101,476</b>	<b>397</b>	<b>399</b>
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

## Foreign Currency Position

31.13.2017, (EUR ths.)	EUR	USD	GBP	RUB	CHF	Other currencies	TOTAL
<b>ASSETS</b>							
Cash and balances with central bank	43,597	16	0	0	0	0	43,613
Due from credit institutions	13,246	46,832	1,539	494	347	322	62,780
Due from customers	38,440	8,601	0	0	0	0	47,041
Financial assets held for trading	0	7	0	0	0	0	7
Available-for-sale financial assets	9,051	20,113	0	0	0	0	29,164
Other financial assets	1,110	2,825	0	0	0	0	3,935
<b>TOTAL ASSETS</b>	<b>105,444</b>	<b>78,394</b>	<b>1,539</b>	<b>494</b>	<b>347</b>	<b>322</b>	<b>186,540</b>
<b>LIABILITES</b>							
Due to central bank	5,210	0	0	0	0	0	5,210
Due to credit institutions	217	1,958	0	0	0	0	2,175
Due to customers	69,460	68,130	2,251	1,423	343	438	142,045
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	3,426	7,956	167	17	0	28	11,594
<b>TOTAL LIABILITIES</b>	<b>87,736</b>	<b>78,044</b>	<b>2,418</b>	<b>1,440</b>	<b>343</b>	<b>466</b>	<b>170,447</b>
Net on-balance sheet position	17,708	350	-879	-946	4	-144	16,093
FX derivatives (notionals, due from)	20,592	38,466	15,822	2,213	185	993	78,271
FX derivatives (notionals, due to)	22,018	38,854	15,049	1,268	183	868	78,240
<b>Open foreign currency position</b>	<b>16,282</b>	<b>-38</b>	<b>-106</b>	<b>-1</b>	<b>6</b>	<b>-19</b>	<b>16,124</b>

31.12.2016, (EUR ths.)	EUR	USD	GBP	RUB	CHF	Other currencies	TOTAL
<b>ASSETS</b>							
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
<b>TOTAL ASSETS</b>	<b>108,587</b>	<b>83,684</b>	<b>2,683</b>	<b>2,086</b>	<b>176</b>	<b>654</b>	<b>197,870</b>
<b>LIABILITES</b>							
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
<b>TOTAL LIABILITIES</b>	<b>87,292</b>	<b>88,057</b>	<b>2,673</b>	<b>3,055</b>	<b>173</b>	<b>672</b>	<b>181,922</b>
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
<b>Open foreign currency position</b>	<b>16,144</b>	<b>-210</b>	<b>-10</b>	<b>4</b>	<b>3</b>	<b>8</b>	<b>15,939</b>

## Risk Concentration

	31.03.2017			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	6			8		
Due from customers with large exposures		38,933	147.68%		45,310	181.72%
Due from management board members and related persons		3	0.01%		16	0.06%
Own funds included in calculation of capital adequacy		26,364			25,069	

## Capital Adequacy

CAPITAL BASE (EUR ths.)	31.03.2017	31.12.2016
<b>OWN FUNDS</b>	<b>26,364</b>	<b>25,069</b>
<b>TIER 1 CAPITAL</b>	<b>22,364</b>	<b>21,069</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>17,364</b>	<b>16,069</b>
Capital instruments eligible as CET1 Capital	14,089	14,089
Paid up share capital	14,089	14,089
Retained earnings	3,049	1,959
Statutory reserve capital transferred from net profit	436	436
(-) Intangible assets	-181	-193
Other reserves	-29	-222
<b>ADDITIONAL TIER 1 CAPITAL</b>	<b>5,000</b>	<b>5,000</b>
Capital instruments eligible as AT1 Capital	5,000	5,000
Subordinated debts evidenced by certificates	5,000	5,000
<b>Tier 2 capital</b>	<b>4,000</b>	<b>4,000</b>
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)	31.03.2017 (EUR ths.)	Capital requirements (8%)	31.12.2016 (EUR ths.)	Capital requirements (8%)
<b>TOTAL RISK EXPOSURE AMOUNT</b>	<b>82,689</b>	<b>6,615</b>	<b>65,352</b>	<b>5,228</b>
<b>RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES</b>	<b>55,380</b>	<b>4,430</b>	<b>46,526</b>	<b>3,722</b>
<b>Standardised approach (SA)</b>	<b>55,380</b>	<b>4,430</b>	<b>46,526</b>	<b>3,722</b>
SA exposure classes excluding securitisation positions	55,380	4,430	46,526	3,722
Institutions	518	41	625	50
Corporates *	14,059	1,125	14,317	1,145
Retail	5,489	439	4,749	380
Secured by mortgages on immovable property	4,323	346	4,765	381
Exposures in default	601	48	1,077	86
Claims on institutions and corporates with a short-term credit assessment	20,100	1,608	16,047	1,284
Other items	10,290	823	4,946	396
<b>TOTAL RISK EXPOSURE AMOUNT FOR POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS</b>	<b>11,249</b>	<b>900</b>	<b>5,853</b>	<b>468</b>
<b>Risk exposure amount for position, foreign exchange and commodities risks under standardised approaches (SA)</b>	<b>11,249</b>	<b>900</b>	<b>5,853</b>	<b>468</b>
Traded debt instruments	11,235	899	5,838	467
Equity	14	1	15	1
<b>TOTAL RISK EXPOSURE AMOUNT FOR OPERATIONAL RISK (OpR)</b>	<b>16,060</b>	<b>1,285</b>	<b>12,973</b>	<b>1,038</b>
<b>OpR Basic indicator approach (BIA)</b>	<b>16,060</b>	<b>1,285</b>	<b>12,973</b>	<b>1,038</b>

\* including credit institutions treated as corporations

Capital ratios	31.03.2017	31.12.2016
CET1 capital ratio (%)	21.00%	24.59%
Tier1 capital ratio (%)	27.05%	32.24%
Total capital ratio (%)	31.88%	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 31.03.2017	On demand	Up to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
<b>Assets of the Bank</b>	<b>92,764</b>	<b>39,670</b>	<b>15,573</b>	<b>6,973</b>	<b>11,455</b>	<b>20,291</b>	<b>186,726</b>
Cash and balances with central bank and due from credit institutions	91,039	14,354	1,000	0	0	0	106,393
Due from customers	959	15,621	7,534	6,973	5,801	10,153	47,041
Securities*	262	6,264	7,039	0	5,654	10,138	29,357
Other financial assets	504	3,431	0	0	0	0	3,935
<b>Liabilities of the Bank</b>	<b>123,185</b>	<b>7,105</b>	<b>20,328</b>	<b>3,797</b>	<b>12,032</b>	<b>4,000</b>	<b>170,447</b>
Due to central bank	0	0	0	0	5,210	0	5,210
Due to credit institutions	2,175	0	0	0	0	0	2,175
Due to customers	109,516	7,005	20,221	3,688	1,615	0	142,045
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	0	107	109	207	0	423
Other financial liabilities	11,494	100	0	0	0	0	11,594
<b>Net</b>	<b>-30,421</b>	<b>32,565</b>	<b>-4,755</b>	<b>3,176</b>	<b>-577</b>	<b>16,291</b>	<b>16,279</b>
<b>Contingent:</b>							
<b>assets</b>	<b>0</b>	<b>78,271</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78,271</b>
<b>liabilities</b>	<b>0</b>	<b>86,621</b>	<b>35</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>86,676</b>

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
<b>Assets of the Bank</b>	<b>100,688</b>	<b>20,474</b>	<b>13,432</b>	<b>7,258</b>	<b>27,893</b>	<b>28,515</b>	<b>198,260</b>
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
<b>Liabilities of the Bank</b>	<b>140,242</b>	<b>8,447</b>	<b>18,364</b>	<b>3,792</b>	<b>7,077</b>	<b>4,000</b>	<b>181,922</b>
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
<b>Net</b>	<b>-39,554</b>	<b>12,027</b>	<b>-4,932</b>	<b>3,466</b>	<b>20,816</b>	<b>24,515</b>	<b>16,338</b>
<b>Contingent:</b>							
<b>assets</b>	<b>0</b>	<b>90,651</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>90,651</b>
<b>liabilities</b>	<b>10,460</b>	<b>90,961</b>	<b>35</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>101,476</b>

\* 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 31.03.2017				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	61,229	31,727	645	60	50.89%
Germany	5,490	14	0	7,673	7.21%
Switzerland	10,481	0	0	0	5.73%
Belgium	9,648	0	0	262	5.42%
British Virgin Islands	0	9,480	0	254	5.33%
Austria	8,353	0	0	0	4.57%
France	1,607	0	0	2,937	2.49%
Russia	4,397	0	0	0	2.41%
Latvia	631	3,579	0	0	2.30%
United States of America	0	0	0	4,019	2.20%
United Kingdom	0	966	0	1,746	1.48%
Italy	31	0	0	1,976	1.10%
China	1,988	0	0	0	1.09%
Georgia	1,946	0	0	0	1.06%
Poland	96	179	0	1,563	1.01%
Romania	0	0	0	1,600	0.88%
Ukraine	290	1,060	0	0	0.74%
Turkey	0	0	0	1,306	0.71%
Finland	0	36	0	950	0.54%
Mexico	0	0	0	967	0.53%
Philippines**	0	0	0	952	0.52%
Luxembourg	0	0	0	939	0.51%
Netherlands	0	0	0	935	0.51%
United Arab Emirates	0	0	0	762	0.42%
Bermuda	0	0	0	456	0.25%
Japan	147	0	0	0	0.08%
Denmark	38	0	0	0	0.02%
Czech Republic	21	0	0	0	0.01%
<b>Total</b>	<b>106,393</b>	<b>47,041</b>	<b>645</b>	<b>29,357</b>	<b>100.00%</b>

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

\*\* Bonds of Asian Development Bank

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%
<b>Total</b>	<b>110,630</b>	<b>44,221</b>	<b>2,609</b>	<b>42,500</b>	<b>100.00%</b>

\* 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 31.03.2017			by area (%)
	loans *	incl. overdue and doubtful claims	securities **	
Financial and insurance activities	107,164	0	22,105	70.79%
Real estate activities	19,761	187	0	10.82%
Professional, scientific and technical activities	9,540	0	0	5.22%
Construction	5,592	0	0	3.06%
Public administration and defence; compulsory social security	0	0	5,095	2.79%
Private persons	4,556	265	0	2.50%
Manufacturing	2,244	125	490	1.50%
Agriculture, forestry and fishing	1,098	249	0	0.60%
Accommodation and food service activities	1,047	0	0	0.57%
Administrative and support service activities	577	0	0	0.32%
Other service activities	537	0	448	0.54%
Electricity, gas, steam and air conditioning supply	0	0	763	0.42%
Human health and social work activities	694	0	0	0.38%
Wholesale and retail trade	481	0	0	0.26%
Mining and quarrying	0	0	456	0.25%
Arts, entertainment and recreation	113	0	0	0.06%
Transportation and storage	23	0	0	0.01%
Provisions	-181	-181	0	-0.10%
<b>Total</b>	<b>153,246</b>	<b>645</b>	<b>29,357</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.

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	0	-0.12%
<b>Total</b>	<b>154,704</b>	<b>2,609</b>	<b>42,500</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.



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