



# Krediidipank

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12 MONTHS INTERIM REPORT  
2014

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## 1. GENERAL INFORMATION

Business name:	AS Eesti Krediidipank
Established:	15.03.1992 in Tallinn
Address:	Narva mnt. 4, Tallinn 15014
Registry code:	10237832
Register:	Commercial Register of the Republic of Estonia by the Tallinn City Court registration department
Entry date:	19.08.1997
Telephone:	+372 669 0900
Telefax:	+372 661 6037
SWIFT/BIC:	EKRDEE22
E-mail address	<a href="mailto:info@krediidipank.ee">info@krediidipank.ee</a>
Internet homepage	<a href="http://www.krediidipank.ee">http://www.krediidipank.ee</a>
Auditor:	From 2014 AS PricewaterhouseCoopers
Auditor's registry code:	10142876
Auditor's address:	Pärnu mnt 15, Tallinn 10141
Reporting date:	30.09.2014
Reporting period:	01.01.2014 – 31.12.2014
Currency:	euro (EUR), thousands

## 2. STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Eesti Krediidipank is of the opinion that information in this interim report, consisting of the management report and financial reports, is in conformity with requirements to interim reports and gives a true and fair view of the financial condition and results of operations of Eesti Krediidipank Group, all presented data and information is true and comprehensive.

Current interim report is not audited.

The General Meeting of Shareholders approved the Annual Report 2013 on April 22, 2014.

Valmar Moritz  
Chairman of the  
Management Board

Uku Tammaru  
Vice Chairman of the  
Management Board

Janek Uiboupin  
Member of the  
Management Board

Marina Laaneväli  
Member of the  
Management Board

### 3. MANAGEMENT REPORT

#### 3.1. DESCRIPTION OF AS EESTI KREDIIDIPANK GROUP

As of 30.09.2014

Company name	Address	Field of activity	1. Registry code 2. Register 3. Reg. date	'articipation
AS Eesti Krediidipank	Narva mnt. 4, Tallinn	banking	1. 10237832 2. Tallinn CC RD 3. 19.08.1997	parent company
AS Martinoza	Narva mnt. 4, Tallinn	real estate management	1. 10078109 2. Tallinn CC RD 3. 28.10.1996	100%
Krediidipanga Liisingu AS	Narva mnt. 4, Tallinn	leasing	1. 10079244 2. Tallinn CC RD 3. 27.08.1996	100%
Krediidipank Finants AS	Narva mnt. 4, Tallinn	financing	1. 12546980 2. Tallinn CC RD 3. 03.10.2013	51%

All companies are registered in the Commercial Register of the Republic of Estonia, the parent company is AS Eesti Krediidipank.

The aforementioned companies are consolidated line by line, by eliminating all intra-group receivables and liabilities, transactions between group companies and profits/losses.

### 3.2. SIGNIFICANT EVENTS

15.01.2014

**New product – Target loan (Sihtlaen).** Krediidipank in co-operation with AS Cofi placed Target loan (Sihtlaen) on the market. It is a small loan requiring no guarantee and response to loan application arrives in few moments after entering the data.

01.02.2014

**Transition to SEPA and e-invoice standing orders.** New EU directive coming into force brought forth longer account numbers, slower money transactions and e-invoice standing orders replacing former direct payment orders.

23.05.2014

**Scholarship laureates of ROF announced.** The Rein Otsason Foundation awarded three traditional scholarships of 2000€ to young Estonian researchers. The scholarship laureates were Karoline Jostov, Sten Sonts and Jürgen Kaevats.

15.07.2014

**Summer deposit campaign.** On July 15 Krediidipank launched deposit campaign allowing to conclude deposit agreements with up to twice as high interest rate than usual.

01.08.2014

**Settlements package.** Bank informed clients that several changes in Krediidipank price list will take effect on October 1. As a novelty, we offer our private clients the Settlements package for fixed monthly fee, which includes different popular banking services.

01.09.2014

**Deposit rates have increased.** Beginning from September 1 Krediidipank offers new increased interest rates for term deposits in euros. For instance, interest rate for a 6-month deposit increased by more than 50% from former yearly rate 0,50% to 0,80%, interest rate for a 25-60 month deposit increased up to 1,50%.

### 3.3 RATIOS OF AS EESTI KREDIIDIPANK GROUP

The ratios of Q4 have been calculated on the basis of Q4 indicators, i.e. the indicators of income statement date from October 2014 till December 2014 and the indicators of balance sheet are arithmetic means of the indicators of the end dates of last month of 2013 and each month of Q4 2014.

The ratios of 12 months are calculated on the basis of 12 months indicators, i.e. the indicators of income statement date from January 2014 till December 2014 and the indicators of balance sheet are arithmetic means of the indicators of the end dates of the same period.

The table presents ratios on yearly basis.

	Q4 2014	Q4 2013	12 months 2014	12 months 2013
Return on equity ROE net profit/shareholders' equity	14,5%	7,5%	5,2%	4,2%
Equity multiplier EM total assets/shareholders' equity	9,7	10,1	9,8	11,3
Profit margin PM profit/total revenue	21,5%	15,7%	9,2%	7,3%
Asset utilisation AU total revenue/assets	7,0%	4,7%	5,8%	5,1%
Return on assets ROA net profit/assets	1,5%	0,7%	0,5%	0,4%
Net interest margin NIM net interest income/interest-bearing assets	2,6%	2,5%	2,4%	2,0%
Earnings per share EPS	0,10 eur	0,05 eur	0,04eur	0,03eur
SPREAD interest income/interest-bearing assets - interest expense/interest-bearing liabilities	2,6%	2,1%	2,5%	2,1%

### 3.4 PENDING COURT CASES

As of December 31, 2014 the courts were proceeding 17 actions of the Group with total principal claims 556 thousand euros, to which fines for delay are added. The claims have positive legal perspective. These are mainly claims for fulfilling the obligations arising from loan and leasing agreements. Recourse to the court has been caused by undisciplined payment behaviour and solvency problems of debtors not by legal disputes.

Bank's shareholders have disputed in court several decisions made in the general meeting of shareholders. The substantial dispute is held between the shareholders, bank serves as a respondent on procedural basis. No financial claims have been settled against the Bank.

#### 4. FINANCIAL REPORTS

##### 4.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF AS EESTI KREDIIDIPANK

In thousands of euros

<b>Assets</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Cash	2 576	2 165
Balances with central banks	30 475	19 440
Loans and advances to credit institution	29 836	30 615
Financial assets designated at fair value through profit or loss at inception	13 184	29 166
Loans and advances to customers	150 705	142 770
Financial assets held to maturity	3 921	5 617
Available-for-sale financial assets	18	18
Other financial assets	843	2 207
Property, plant and equipment	5 360	5 496
Intangible assets	733	715
Investment property	13 515	16 052
Assets for sale	4 538	5 004
Other assets	281	382
<b>Total assets</b>	<b>255 985</b>	<b>259 647</b>

<b>Liabilities</b>		
Due to central banks	5 073	5 064
Due to credit institutions	356	380
Due to clients	207 779	212 420
Other financial liabilities	1 463	2 056
Other liabilities	798	600
Subordinated liabilities	13 390	13 390
<b>Total liabilities</b>	<b>228 859</b>	<b>233 910</b>

<b>Shareholders' equity</b>		
Share capital	25 001	25 001
Share premium	174	174
Reserves	1 813	1 791
Retained earnings	-1 289	-2 349
Profit for the financial year	1 378	1 041
<b>Shareholder's equity owned by shareholders of parent company</b>	<b>27 077</b>	<b>25 658</b>
Non-controlling shareholding	49	79
<b>Total shareholders' equity</b>	<b>27 126</b>	<b>25 737</b>
<b>Total liabilities and shareholders' equity</b>	<b>255 985</b>	<b>259 647</b>



## 4.2. CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME OF AS EESTI KREDIIDIPANK

In thousands of euros

	2014	2013
Interest income	8 723	8 216
Interest expense	-2 810	-2 585
<b>Net interest income</b>	<b>5 913</b>	<b>5 631</b>
Fee and commission income	2 643	3 229
Fee and commission expense	-602	-778
<b>Net fee and commission income</b>	<b>2 041</b>	<b>2 451</b>
Return on sales of assets	1 640	958
Expense on sold assets	-1 057	-713
Change of fair value of investment property	893	1 331
Change of fair value of financial assets designated at fair value through profit or loss at inception	-559	-679
Wages and salaries	-4 892	-5 100
General and administrative expenses	-2 749	-2 943
Other operating income	1 029	1 140
Other operating expenses	-654	-765
Depreciation, amortisation and impairment of fixed assets	-534	-542
Net impairment losses/ reversal of impairment losses on loans and advances	307	272
<b>Profit before income tax</b>	<b>1 378</b>	<b>1 041</b>
Income tax	0	0
<b>Net profit</b>	<b>1 378</b>	<b>1 041</b>
incl. profit of non-controlling shareholding	-30	-19
incl. profit of owners of parent company	1 408	1 060
<b>Other comprehensive income/expense</b>		
incl. difference of unrealised foreign exchange rate generated by recalculation of financial indicators of foreign business unit	11	90
incl. revaluation of available-for-sale financial assets	0	29
<b>Comprehensive profit for the financial year</b>	<b>1 389</b>	<b>1 060</b>
<b>incl. profit of non-controlling shareholding</b>	<b>-30</b>	<b>-19</b>
<b>incl. profit of owners of parent company</b>	<b>1 419</b>	<b>1 179</b>

### 4.3. CONSOLIDATED CASH FLOW STATEMENT OF AS EESTI KREDIIDIPANK

In thousands of euros

Cash flows from operating activities (using indirect method)	2014	2013
Net profit	1 408	1 060
Corrections		
Allowances of loans and advances	-307	-272
Depreciation, amortisation and impairment of fixed assets	548	559
Depreciation, amortisation and impairment of available-for-sale assets	37	0
Change of fair value of financial assets designated at fair value through profit or loss at inception	559	679
Revaluation of investment property	-893	-1 331
Revaluation of available-for-sale financial assets	0	30
Net profit from sales of fixed assets	52	-1
Effect of exchange rate changes	15	49
Net interest income	-5 913	-6 592
Interests received	8 698	8 089
Interests paid	-2 234	-2 910
Changes in advances to clients of credit institution and leasing operator	-7 243	-22 939
Change in financial assets designated at fair value through profit or loss at inception	15 423	8 168
Change in long-term deposits in credit institutions	15	16
Change in claims of credit institutions	-23	-1 594
Change in deposits	-5 209	-42 220
Change in available-for-sales assets	466	2 521
Change in other assets and liabilities related to operating activities	487	-1 237
<b>Total cash flows from operating activities</b>	<b>5 886</b>	<b>-57 925</b>
Cash flows from investing activities (using direct method)		
Redemption and sales of financial investments held to maturity	1 696	2 469
Cash received from sales of fixed assets and investment property	3 977	2 750
Cash used for obtaining fixed assets and investment property	-877	-235
Non-controlling shareholding contribution in share capital of subsidiary company	0	98
<b>Total cash flows from investing activities</b>	<b>4 796</b>	<b>5 082</b>
Cash flows from financing activities (using direct method)		
Loans returned to credit institutions	0	-5 000
<b>Total cash flows from financing activities</b>	<b>0</b>	<b>-5 000</b>
<b>Total cash flows</b>	<b>10 682</b>	<b>-57 843</b>
<b>Change in cash and cash equivalents</b>	<b>10 682</b>	<b>-57 843</b>
Cash and cash equivalents at the beginning of period	51 785	109 628
Cash and cash equivalents at the end of period	62 467	51 785
<b>Balance of cash and cash equivalents:</b>	<b>62 467</b>	<b>51 785</b>
Cash in hand	2 576	2 165
Demand deposits in central banks	30 475	19 440
Demand deposits and short-term deposits with credit institutions	29 416	30 180

#### 4.4 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF AS EESTI KREDIIDIPANK

In thousands of euros

	Share capital	Share premium	Reserves	Retained earnings	Total share of parent company shareholders	Non-controlling shareholding	Total shareholders' equity
<b>Shareholder's equity 31.12.2013</b>	<b>25 001</b>	<b>174</b>	<b>1 718</b>	<b>-2 414</b>	<b>24 479</b>	<b>0</b>	<b>24 479</b>
Changes in reserves	0	0	73	-73	0	0	0
Non-controlling shareholding contribution in share capital of subsidiary company	0	0	0	0	0	98	98
Net profit	0	0	0	1 060	1 060	-19	1 041
Other comprehensive profit	0	0	0	119	119	0	119
Comprehensive profit for the financial year	0	0	0	1 179	1 179	-19	1 160
<b>Shareholder's equity 01.01.2014</b>	<b>25 001</b>	<b>174</b>	<b>1 791</b>	<b>-1 308</b>	<b>25 658</b>	<b>79</b>	<b>25 737</b>
Changes in reserves	0	0	22	-22	0	0	0
Net profit	0	0	0	1 408	1 408	-30	1 378
Other comprehensive profit	0	0	0	11	11	0	11
Comprehensive profit for the financial year	0	0	0	1 419	1 419	-30	1 389
<b>Shareholder's equity 31.12.2014</b>	<b>25 001</b>	<b>174</b>	<b>1 813</b>	<b>89</b>	<b>27 077</b>	<b>49</b>	<b>27 126</b>

#### 5. NOTES TO THE INTERIM REPORT

##### Note 1. Accounting policies used

The accounting policies, used in current interim report are in conformity with the accounting policies, used in the Annual Report 2013.

The statement of financial position and income statement reflect the assets, liabilities, shareholders' equity, income and expenses in conformity with the procedure provided by the European Parliament and the Council of Europe, based on International Accounting Standards ratified by the European Commission.

##### Note 2. Provision for loan loss allowances of AS Eesti Krediidipank Group

In thousands of euros

	31.12.2014	31.12.2013
Balance at the beginning of period	-3 249	-3 529
Allowances of the period	-1 236	-1 613
Correction of previous allowances	1 538	1 883
Recovery of off-balance-sheet loans	-437	-322
Loans written off during the period	365	332
<b>Balance at the end of period</b>	<b>-3 019</b>	<b>-3 249</b>

### Note 3. Receivables due for payment of AS Eesti Krediidipank Group

In thousands of euros

	31.12.2014	31.12.2013
up to 30 days	5 037	4 820
31 - 60 days	1 453	1 162
61 - 90 days	450	786
over 90 days	3 126	3 713
<b>Total</b>	<b>10 066</b>	<b>10 481</b>

### Note 4. Related parties of AS Eesti Krediidipank Group

For the purposes of this Note, the following shall be considered related parties:

- shareholder with qualifying holding and credit institutions of its group;
- management of the Group, i.e. members of Management Board and Supervisory Board of parent company, head of internal audit and companies controlled by them;
- persons having similar economic interests to management of the Group and companies related to them.

Loans issued to related parties do not differ in terms from these given to other customers.

Transactions with related parties are based on the price list and/or are carried out at market value.

In thousands of euros

	31.12.2014	31.12.2013
<b>Shareholder with qualifying holding</b>		
Claims	100	77
Liabilities	32	72
Subordinated loan 31.12	13 000	13 000
Interest expenses of the period	866	875
<b>Management and persons / companies related to them</b>		
Loans 31.12	119	140
Deposits 31.12	436	804
Interest income of the period	3	8
Interest expenses of the period	7	11
Other good and services sold	8	7
Other good and services bought	4	2
Management and Supervisory Board members' remuneration	443	443