



Krediidipank

3 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:	The Commercial Register of the Register Department of the Harju County Court
Entry date:	19.08.1997
Telephone:	+372 669 0900
Telefax:	+372 661 6037
SWIFT/BIC:	EKRDEE22
E-mail address	info@krediidipank.ee
Internet homepage	http://www.krediidipank.ee
Auditor:	From 2014 AS PricewaterhouseCoopers
Auditor's registry code:	10142876
Auditor's address:	Pärnu mnt 15, Tallinn 10141
Reporting date:	31.03.2014
Reporting period:	01.01.2014 – 31.03.2014
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

Marju Arras
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 31.03.2014

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%
Äigrumäe Kinnisvara OÜ	Narva mnt. 4, Tallinn	real estate transactions	1. 11386600 2. Tallinn CC RD 3. 10.05.2007	share of AS Martinoza 100%
OÜ Murru-Murikatsi Põllumajandussaadused	Narva mnt. 4, Tallinn	production of agricultural products	1. 10828786 2. Tallinn CC RD 3. 03.12.2001	share of AS Martinoza 100%
AS Krediidipank Finants	Narva mnt. 4, Tallinn	financing	4. 12546980 5. Tallinn CC RD 6. 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 Group companies are consolidated line by line, by eliminating all intra-group receivables and liabilities, transactions and profits/losses.

The consolidation group for the purposes of the Credit Institutions Act and consolidation within the Group, according to IFRS, have no distinctions.

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.

20.03.2014

Deposit interest doubled. Bank organized deposit campaign that offered our clients 2% yearly interest rate for 2-year term deposit which makes it twice as much as regular rates.

3.3 RATIOS OF AS EESTI KREDIIDIPANK GROUP

The ratios of Q1 have been calculated on the basis of Q1 indicators, i.e. the indicators of income statement date from January 2014 till March 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 Q1 2014.

The ratios of 3 months are calculated on the basis of 3 months indicators, i.e. the indicators of income statement date from January 2014 till March 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.

	Q1 2014	Q1 2013	3 months 2014	3 months 2013
Return on equity ROE net profit/shareholders' equity	-1,3%	-1,4%	-1,3%	-1,4%
Equity multiplier EM total assets/shareholders' equity	10,3	13,0	10,2	12,7
Profit margin PM profit/total revenue	-2,8%	-2,4%	-2,8%	-2,4%
Asset utilisation AU total revenue/assets	4,7%	4,5%	4,8%	4,6%
Return on assets ROA net profit/assets	-0,1%	-0,1%	-0,1%	-0,1%
Net interest margin NIM net interest income/interest-bearing assets	2,2%	1,6%	2,2%	1,6%
Earnings per share EPS	-0,01 eur	-0,01 eur	-0,01 eur	-0,01 eur
SPREAD interest income/interest-bearing assets - interest expense/interest-bearing liabilities	2,2%	1,6%	2,2%	1,6%

3.4 PENDING COURT CASES

As of March 31, 2014 the courts were proceeding 29 actions of the Group with total principal claims amounting 661 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 shareholder and supervisory authority 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. BALANCE SHEET OF AS EESTI KREDIIDIPANK GROUP

In thousands of euros

Assets	31.03.2014	31.12.2013
1. Cash and receivables from credit institutions	54 242	51 785
2. Financial assets measured at fair value	20 873	29 166
3. Available for sale financial assets	18	18
4. Loans and other similar receivables	149 541	143 205
5. Financial assets held to maturity	5 348	5 617
6. Fixed assets	6 385	6 207
7. Goodwill	4	4
8. Investment property	15 186	16 052
9. Other assets	10 584	7 593
Total assets	262 181	259 647
Liabilities		
1. Deposits of central banks	5 067	5 064
2. Deposits and other financial liabilities	226 248	226 190
incl. deposits of credit institutions	148	380
client deposits	212 575	211 853
subordinated liabilities	13 525	13 390
other financial liabilities	0	567
3. Other liabilities	5 252	2 656
Total liabilities	236 567	233 910
Shareholders' equity		
1. Share capital	25 001	25 001
2. Share premium	174	174
3. Mandatory reserve	2 035	2 027
4. Revaluation reserve	0	-11
5. Retained earnings	-1 541	-2 593
6. Profit/loss for the financial year (+/-)	-86	1 060
7. Minority shareholding	31	79
Total shareholders' equity	25 614	25 737
Total liabilities and shareholders' equity	262 181	259 647

4.2. INCOME STATEMENT OF AS EESTI KREDIIDIPANK GROUP

In thousands of euros

Continued operations	3 months 2014	3 months 2013
1. Financial and operating income and expenses	1 632	1 527
1.1 Interest income	1 931	1 909
1.1.1 From cash and deposits with central banks	21	32
1.1.2 From trading portfolio	2	168
1.1.3 From financial assets at fair value with changes through profit and loss	109	211
1.1.4 From available for sale financial assets	0	0
1.1.5 From loans (incl. financial lease)	1 640	1 404
1.1.6 From financial investments held to maturity	159	94
1.2 Interest expense (-)	-674	-797
1.2.1 From trading portfolio	0	-58
1.2.2 From financial liabilities recorded based on the amortised acquisition cost method	-674	-739
1.3 Fee and commission income	629	823
1.4 Fee and commission expense (-)	-143	-183
1.5 Net profit/loss from financial assets and liabilities not recorded at fair value (+/-)	0	-30
1.6 Net profit/loss from financial assets and liabilities held for trading (+/-)	3	4
1.7. Net foreign exchange gains/losses (+/-)	-3	-21
1.8 Net profit/loss from assets not held for trading (+/-)	24	0
1.9 Other operating income	542	634
1.10 Other operating expense (-)	-677	-812
2. Administrative expenses (-)	-1 626	-1 670
2.1 Wages and salaries	-1 270	-1 319
2.2 Administrative and general expenses	-356	-351
3. Depreciation of fixed assets (-)	-134	-133
4. Change in value of assets (+/-)	-6	191
5. Share of profit/loss on investments recorded by equity method (+/-)	0	0
6. Profit/loss from continued operations, before income tax (+/-)	-134	-85
7. VAT expense of continued operations (-)	0	0
8. Net profit/loss from continued and discontinued operations (+/-)	-134	-85
9. Part of profit/loss of minority shareholding (+/-)	-48	0
Total profit/loss of the Group (+/-)	-86	-85

In thousands of euros

Comprehensive income statement		
1. Net profit of the Group	-86	-85
2. . Other comprehensive income/expense		
2.1. Revaluation of available for sale financial assets	0	0
2.2. Difference of unrealised foreign exchange rate generated by recalculation of financial indicators of foreign business unit	0	-4
Total comprehensive income/expense of the Group	-86	-89

4.3. CASH FLOW STATEMENT OF AS EESTI KREDIIDIPANK GROUP

In thousands of euros

	Group 3 months 2014	Group 3 months 2013
a) Cash flow from operating activities		
Net profit	-86	-85
+ correction of profit with non-cash expenses and losses	2 074	2 092
- correction of profit with non-cash incomes and profits	-8 231	-12 644
- change in assets related to operating activities	5 522	3 246
- change in liabilities related to operating activities	2 607	13 945
Net cash flow from operating activities	1 886	6 554
b) Cash flow from investing activities		
+ contributions	944	266
- disbursements	-373	-17
Net cash flow from investing activities	571	249
c) Cash flow from financing activities		
+ contributions	0	0
- disbursements	0	0
Net cash flow from financing activities	0	0
d) Net change in cash and cash equivalents	2 457	6 803
cash and cash equivalents at the beginning of the period	51 785	109 627
cash and cash equivalents at the end of the period	54 242	116 430
Balance of cash and cash equivalents:	54 242	116 430
Cash in hand	1 969	2 216
Demand deposits with Central Bank	33 376	71 801
Demand deposits and short-term deposits with credit institutions	18 897	42 413

4.4 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF AS EESTI KREDIIDIPANK GROUP

In thousands of euros

Group	Share capital	Share premium	Reserves	Revaluation reserve	Retained earnings/ accumulated loss (+/-)	Minority shareholding	Total shareholders' equity
Shareholder's equity 31.12.2013	25 001	174	2 027	-11	-1 533	79	25 737
Formation of reserves	0	0	8	0	-8	0	0
Difference of unrealised foreign exchange rate generated by recalculation of financial indicators of foreign business unit	0	0	0	11	0	0	11
Profit/loss from the period (+/-)	0	0	0	0	-86	0	-86
Minority shareholding	0	0	0	0	0	-48	-48
Shareholder's equity 31.03.2014	25 001	174	2 035	0	-1 627	31	25 614

In thousands of euros

Group	Share capital	Share premium	Reserves	Revaluation reserve	Retained earnings/ accumulated loss (+/-)	Minority shareholding	Total shareholders' equity
Shareholder's equity 31.12.2012	25 001	174	1 908	-130	-2 474	0	24 479
Formation of reserves	0	0	45	0	-45	0	0
Difference of unrealised foreign exchange rate generated by recalculation of financial indicators of foreign business unit	0	0	0	126	0	0	126
Rounding	0	0	0	0	-1	0	-1
Profit/loss from the period (+/-)	0	0	0	0	-85	0	-85
Shareholder's equity 31.03.2013	25 001	174	1 953	-4	-2 605	0	24 519

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 balance sheet 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

Provision for loan loss allowances	31.03.2014	31.03.2013
Balance of allowance made for uncollectible loans and claims at the beginning of the period	-3 249	-3 529
Write-downs of the period	-331	-272
Correction of previous write-downs	329	482
Repayment of off-balance sheet loans	-35	-169
Loans written off from the balance sheet during the period	113	60
Change in currency exchange rates	0	0
Balance of allowance made for uncollectible loans and claims at the end of the period	-3 173	-3 428

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

In thousands of euros

Due for	31.03.2014	31.03.2013
up to 30 days	7 775	11 157
31 - 60 days	2 000	8 910
61 - 90 days	1 928	1 040
over 90 days	5 702	8 339
Total receivables due for payment	17 405	29 446

Note 4. Related parties of AS Eesti Krediidipank Group

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

- credit institution with qualifying holding and credit institutions of its group;
- members of Management Board and Supervisory Board of the companies in the Group, head of internal audit (hereinafter the directors) and companies related to them;
- those who have same economic interests as directors 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

	2014	2013
Credit institution with qualifying holding		
Deposits with credit institution with qualifying holding 31.03	13	51
Deposits of credit institution with qualifying holding 31. 03	32	1 532
Subordinated loan 31. 03	13 000	13 000
Interest income calculated during the period	0	0
Interest expenses calculated during the period	214	220
Directors and persons / companies related to them		
Loans 31. 03	233	304
Deposits 31. 03	1 962	910
Interest income calculated during the period	3	3
Interest expenses calculated during the period	3	4
Management Board and Supervisory Board members' remuneration	146	134