



Public Interim Report
Quarter III **2015**



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General information

Business name	AS Eesti Krediidipank
Established	15.03.1992 in Tallinn
Address	Narva road 4, Tallinn 15014, Republic of Estonia
Registry code	10237832 (Estonian Commercial Register)
Registry date	19.08.1997
Telephone	+ 372 669 0900
Fax	+ 372 661 6037
SWIFT/BIC	EKRDEE22
e-mail address	info@krediidipank.ee
Internet homepage	www.krediidipank.ee
Auditor	AS PricewaterhouseCoopers
Auditor's registry code	10142876 (Estonian Commercial Register)
Auditor's address	Pärnu road 15, Tallinn 10141
Reporting date	30.09.2015
Reporting period	01.01.2015 - 30.09.2015
Reporting currency	Euro (EUR), thousands
Members of the Supervisory Board	Andrus Kluge, chairman of the Supervisory Board Timur Dyakov Arthur Klaos Boris Beliaev Ain Soidla
Members of the Management Board	Valmar Moritz, chairman of the Management Board Uku Tammaru, vice chairman of the Management Board Marina Laaneväli Janek Uiboupin Ieva Rācenāja, since 01.05.2015

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 additional information is true and comprehensive.

Current interim report is not audited.

The General Meeting of Shareholders approved the Annual Report 2014 on April 28, 2015.

Valmar Moritz
Chairman of the Management Board

Uku Tammaru
Vice chairman of the Management Board

Marina Laaneväli
Member of the Management Board

Janek Uiboupin
Member of the Management Board

Ieva Rācenāja
Member of the Management Board

Management report

Legal structure of AS Eesti Krediidipank Group

As of 30.09.2015 following companies are enlisted in AS Eesti Krediidipank Group:

Company name	Address	Activity	Registry code Registry date	Holding
AS Eesti Krediidipank	Narva road 4, Tallinn	banking	10237832 19.08.1997	parent company
Krediidipanga Liisingu AS	Narva road 4, Tallinn	leasing	10079244 27.08.1996	100%
AS Martinoza	Narva road 4, Tallinn	real estate management	10078109 28.10.1996	100%
AS Krediidipank Finants	Narva road 4, Tallinn	other lending activities	12546980 03.10.2013	holding of AS Eesti Krediidipank 51%

All companies are registered in the Estonian Commercial Register; AS Eesti Krediidipank is parent company.

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

AS Krediidipank Finants is included in the AS Eesti Krediidipank group and it is considered to be a subsidiary because control over the company exists both on the level of shareholders as well as supervisory board.

The definition of group according to the Regulation (EU) No 575/2013 of the European Parliament and of the Council matches that of IFRS.

Significant events

Competition for 2000 € scholarships

Together with Krediidipank the Rein Otsason Foundation held traditional scholarship competition where students, specialising on finance or economics, were expected to submit their applications. This year scholarships were granted to Heili Hein, Martin Lumiste and Sven Sabas.

Corporate customers use Start-up package for free

The Start-up package, targeted at new corporate customers, undergone major renewal. Unlike previously, the new Start-up package is offered free of charge.

Võru and Tartu branches celebrated their round anniversary

In February the Võru branch and in April the Tartu branch of Krediidipank celebrated their 20th anniversary of activities.

Cooperation with Road Administration offices ended

In May, cooperation agreement for intermediation of state fees between the bank and Road Administration was terminated, since the state began to offer the service itself.

Krediidipank has new Management Board member

In May Ieva Rācenāja – head of Eesti Krediidipank Latvijas filiāle - was appointed as the fifth member of bank's Management Board.

New service – urgent domestic payment

Beginning from June, Krediidipank offers new option for making quick payments – urgent domestic payment. Normally, the urgent payment reaches the receiver within half an hour (regular payment within 3-5 hours).

Premature repayment of subordinated loan

In June, Krediidipank prematurely repaid subordinated loan from one of bank's shareholders in the amount of 9 million euros. Repayment of the loan was preceded by analysis of equity capital of Krediidipank by Financial Supervision Authority who gave permission for premature repayment of the loan after the analysis. Among other things, the received permission confirmed strong position of Krediidipank's financial status.

Two bank offices were closed

In the middle of September bank closed its Paldiski and Nõmme offices.

Sihtlaen (Target loan) has proved its value

Loan portfolio of bank's subsidiary company Krediidipank Finants AS reached 10 million euros. This result exceeds almost twice the forecasted volume.

Deposit campaign started

In September traditional autumn deposit campaign started out, offering our clients higher than ordinary interest rates.

Ratios of AS Krediidipank Group

	9 months 2015	9 months 2014
Ratios (year-on-year)		
Return on equity ROE		
Net profit/shareholders' equity	8.8%	2.3%
Return on assets ROA		
Net profit/assets	1.0%	0.2%
Equity multiplier EM		
Total assets/shareholders' equity	9.1	9.8
Profit margin PM		
Profit/total income	14.3%	4.1%
Asset utilisation AU		
Total income/assets	6.8%	5.7%
Earnings per share EPS (euros)		
Net profit per common share eligible for dividends	0.06	0.02

* Ratios have been calculated based on average balance sheet indicators for the reporting period

Indicators of capital adequacy of AS Eesti Krediidipank Group

In thousands of euros

Capital base	30.09.2015	30.09.2014
Tier 1 capital		
Paid-in share capital and share premium	25 175	25 175
Statutory reserve capital	1 844	1 813
Retained earnings (+) / accumulated loss (-)	58	-1 319
Intangible assets (-)	-764	-747
Deferred tax asset depending on future tax profits	-1	0
Adjustment of value arising from requirements of reliable measurement (-)	-18	-37
Goodwill	0	-4
Profit/loss for reporting period (+/-)	0	0
Total Tier 1 capital	26 294	24 881
Subordinated debt	4 000	6 923
Tier 2 capital	4 000	6 923
Eligible capital for capital adequacy calculation	30 294	31 804
Risk-weighted assets		
Central government and central banks using the Standardised Approach	527	2 616
Credit institutions, investment companies and local governments using the Standardised Approach	11 890	8 179
Companies using the Standardised Approach	3 293	10 364
Retail claims using the Standardised Approach	17 406	13 152
Claims secured by mortgage on real estate using the Standardised Approach	54 676	58 099
Claims past due using the Standardised Approach	3 484	5 593
Items subject to particularly high risk using the Standardised Approach	10 508	15 152
Equity investments	13	13
Other assets using the Standardised Approach	20 545	32 935
Total credit risk and counter-party credit risk	122 342	146 103
Operational risk using the Basic Indicator Approach	18 272	19 700
Total risk-weighted assets	140 614	165 803
Capital adequacy (%)	21.54	19.18
Tier 1 Capital Ratio (%)	18.70	15.01

Own funds requirements:

Core Tier 1 capital ratio	4.50%	Core Tier 1 capital/total risk exposure
Tier 1 capital ratio	6.00%	Tier 1 capital/total risk exposure
Total capital ratio	8.00%	Total capital/total risk exposure

Consolidated financial statements of AS Eesti Krediidipank Group **Quarter III 2015**

Consolidated statement of financial position of AS Eesti Krediidipank

In thousands of euros

Assets	Note	30.09.2015	31.12.2014
Cash on hand		2 537	2 576
Balances with central banks	2	17 554	30 475
Loans and advances to credit institutions	3	53 377	29 836
Financial assets designated at fair value through profit or loss at inception	7	6 075	13 184
Loans and advances to customers	4,5,6	151 905	150 705
Held-to-maturity financial assets	7	511	3 921
Available-for-sale financial assets	7	13	18
Other assets	8	22 803	25 270
Total assets		254 775	255 985
Liabilities			
Due to central banks		0	5 073
Due to credit institutions		147	356
Due to customers	9	216 020	207 779
Other liabilities	10	5 534	2 261
Subordinated debt		4 039	13 390
Total liabilities		225 740	228 859
Shareholders' equity			
Share capital		25 001	25 001
Share premium		174	174
Reserves		1 844	1 813
Retained earnings/accumulated loss		1 926	89
Shareholders' equity attributable to owners of the parent company		28 945	27 077
Non-controlling interest		90	49
Total shareholders' equity		29 035	27 126
Total liabilities and shareholders' equity		254 775	255 985

Consolidated income statement and statement of comprehensive income of AS Eesti Krediidipank

In thousands of euros

	Note	2015		2014	
		9 months	Q3	9 months	Q3
Interest income	12	6 991	2 922	6 507	2 143
Interest expense	13	-1 835	-517	-2 102	-713
Net interest income		5 156	2 405	4 405	1 430
Fee and commission income	14	2 338	836	1 969	659
Fee and commission expense	15	-480	-168	-450	-152
Net fee and commission income		1 858	668	1 519	507
Revenue from sale of assets		2 833	1 851	1 177	20
Cost of assets sold		-2 293	-1 416	-900	-13
Change in fair value of investment property		40	-3	460	40
Change in fair value of financial assets designated at fair value through profit or loss at inception		-331	-121	-494	-175
Payroll expenses		-3 571	-1 164	-3 709	-1 188
General and administrative expenses		-1 869	-593	-1 982	-725
Other income		667	223	767	380
Other expenses		-267	-96	-414	-69
Depreciation		-365	-118	-406	-135
Net impairment losses/ reversal of impairment losses on loans and advances		205	-183	-19	-74
Profit/loss before income tax		2 063	1 453	404	-2
Income tax		-154	0	0	0
Net profit		1 909	1 453	404	-2
Incl. share of profit/loss attributable to non-controlling interest		41	48	-40	13
Incl. share of profit/loss attributable to the owners of the parent company		1 868	1 405	444	-15
Other comprehensive income/ expense					
incl. termination of coverage of unrealised foreign currency gains and losses arising from the translation of foreign business entities' financial information due to foreign country's transition to euro		0	0	11	0
Comprehensive income for the financial year		1 909	1 453	415	-2
Incl. share of profit/loss attributable to non-controlling interest		41	48	-40	13
Incl. share of profit/loss attributable to the owners of the parent company		1 868	1 405	455	-15

Consolidated statement of changes in shareholders' equity of AS Eesti Krediidipank

In thousands of euros

	Share capital	Share premium	Reserves	Retained earnings	Total equity attributable to the shareholders of the parent company	Non- controlling interest	Total shareholders' equity
Shareholders' equity 01.01.2014	25 001	174	1 791	-1 308	25 658	79	25 737
Net profit	0	0	0	444	444	-40	404
Other comprehensive income	0	0	0	11	11	0	11
Comprehensive income for the period	0	0	0	455	455	-40	415
Formation of statutory reserve	0	0	22	-22	0	0	0
Shareholders' equity 30.09.2014	25 001	174	1 813	-875	26 113	39	26 152
Change in shareholders' equity 01.10.2014 -31.12.2014	0	0	0	964	964	10	974
Shareholders' equity 01.01.2015	25 001	174	1 813	89	27 077	49	27 126
Net profit	0	0	0	1 868	1 868	41	1 909
Comprehensive income for the period	0	0	0	1 868	1 868	41	1 909
Formation of statutory reserve	0	0	31	-31	0	0	0
Shareholders' equity 30.09.2015	25 001	174	1 844	1 926	28 945	90	29 035

Consolidated cash flow statement of AS Eesti Krediidipank

In thousands of euros

Cash flows from operating activities (indirect method)	9 months 2015	9 months 2014
Net profit	1 868	444
Adjustments		
Change in provisions for loans and advances	-205	19
Depreciation and impairment of non-current assets	374	417
Change in fair value of financial assets designated at fair value through profit or loss at inception	331	494
Revaluation of investment property	-40	-460
Net gain/loss on sale of non-current assets	10	-19
Effect of changes in currency exchange rates	-3	-4
Net interest income	-5 156	-4 405
Interest received	5 597	5 341
Interest paid	-1 631	-1 813
Change in loans and advances related to customers of credit institutions and leasing companies	-456	-13 076
Change of financial assets designated at fair value through profit or loss at inception	6 830	9 663
Change in claims of credit institutions	-209	-265
Change in deposits	8 022	-13 351
Change in assets for sale	1 276	549
Change in other assets and liabilities related to operating activities	2 841	1 150
Total cash flows from operating activities	19 449	-15 316
Cash flows from investment activities (direct method)		
Redemption and sale of held-to-maturity financial assets	4 396	1 862
Proceeds from sale of non-current assets and investment property	1 568	2 305
Purchase of non-current assets and investment property	-412	-560
Total cash flows from investment activities	5 552	3 607
Cash flows from financing activities (direct method)		
Repayment of loans to credit institutions	-14 000	0
Total cash flows from financing activities	-14 000	0
Total cash flows	11 001	-11 709
Change in cash and cash equivalents	11 001	-11 709
Cash and cash equivalents at beginning of the period	62 467	51 785
Cash and cash equivalents at end of the period	73 468	40 076
Cash and cash equivalents balance is comprised of:	73 468	40 076
Cash on hand	2 537	2 222
Demand deposits in central banks	17 554	18 041
Demand and short-term deposits in credit institutions	53 377	19 813

Notes to the interim report

Note 1. Accounting principles

The interim report of AS Eesti Krediidipank Group for Quarter III 2015 has been prepared in conformity with International Accounting Standard IAS 34 "Interim Financial Reporting" and the disclosure requirements, established by Eesti Pank.

The accounting principles, used in the interim report of AS Eesti Krediidipank Group for Quarter III 2015 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2014.

Note 2. Balances with central banks

In thousands of euros	30.09.2015	31.12.2014
Demand deposits		
Incl. minimum reserve requirement	1 795	1 606
Incl. demand deposits, cash equivalents	15 759	28 869
Total	17 554	30 475

Note 3. Loans and advances to credit institutions

In thousands of euros	30.09.2015	31.12.2014
EU countries, except Estonia	29 203	3 855
Estonia	10 846	1 629
All other countries	13 328	24 352
Total	53 377	29 836

Note 4. Loans and advances to customers

In thousands of euros	30.09.2015	31.12.2014
Total receivables from corporates	38 765	40 927
Total receivables from private individuals	115 621	112 797
Total receivables	154 386	153 724
Allowance for doubtful receivables (note 5)	-2 481	-3 019
Total	151 905	150 705

Note 5. Impairment of loans and advances

In thousands of euros	30.09.2015	31.12.2014
Balance at the beginning of the reporting period	-3 019	-3 249
Impairments posted during the reporting period	-1 061	-1 236
Adjustment of previous impairments	1 117	1 101
Loans written off during the reporting period	482	365
Balance at the end of the reporting period	-2 481	-3 019

Note 6. Past due receivables

In thousands of euros

	30.09.2015		31.12.2014	
	Loan balance	Collateral coverage ratio	Loan balance	Collateral coverage ratio
Private individuals				
1-30 days	7 624	41.2%	5 037	49.1%
31-60 days	1 245	37.7%	1 453	40.8%
61-90 days	574	57.5%	450	58.2%
more than 90 days	3 788	44.9%	3 126	45.7%
Total	13 231		10 066	

	30.09.2015		31.12.2014	
	Loan balance	Collateral coverage ratio	Loan balance	Collateral coverage ratio
Corporates				
1-30 days	3 936	13.5%	469	34.9%
31-60 days	974	7.1%	88	26.5%
61-90 days	175	19.2%	15	93.8%
more than 90 days	4 369	22.7%	1 205	41.2%
Total	9 454		1 777	

The collateral coverage ratio is calculated as the receivable from the customer divided by the market value of collateral.

Note 7. Financial investments

In thousands of euros

	30.09.2015	31.12.2014
Financial assets designated at fair value through profit or loss at inception	6 075	13 184
Government bonds	1 054	5 340
Bonds of credit institutions and financing institutions	1 358	1 387
Bonds of other non-financial companies	3 663	6 457
Held-to-maturity financial assets	511	3 921
Bonds of other non-financial companies	511	3 921
Available-for-sale financial assets	13	18
Shares of other non-financial companies	13	18

Note 8. Other assets

In thousands of euros

	30.09.2015	31.12.2014
Other financial assets	1 298	843
Property, plant and equipment	5 127	5 360
Intangible assets	764	733
Investment property	12 087	13 515
Assets held for sale	3 263	4 538
Other assets	264	281
Total	22 803	25 270

Note 9. Due to customers

In thousands of euros		
	30.09.2015	31.12.2014
Private individuals	163 391	147 190
Corporates	52 629	60 589
Total	216 020	207 779

Demand deposits	88 921	79 872
Term deposits	127 099	127 907
Total	216 020	207 779

Note 10. Other liabilities

In thousands of euros		
	30.09.2015	31.12.2014
Other financial liabilities	4 851	1 463
Other liabilities	683	798
Total	5 534	2 261

Note 11. Contingent liabilities

In thousands of euros		
	30.09.2015	31.12.2014
Financial guarantees	1 218	1 041
Undrawn lines of credit and overdraft facilities	4 698	4 138
Total	5 916	5 179

Note 12. Interest income

In thousands of euros				
	2015		2014	
	9 months	Q3	9 months	Q3
On loans and lease receivables	5 653	1 946	5 317	1 841
On financial assets measured at fair value	344	90	862	239
On held-to-maturity financial assets	986	885	277	51
On other assets	8	1	51	12
Total	6 991	2 922	6 507	2 143

Note 13. Interest expense

In thousands of euros				
	2015		2014	
	9 months	Q3	9 months	Q3
On term deposits	1 347	437	1 433	489
On subordinated loans	480	78	648	218
On loans	5	1	16	4
On demand deposits	3	1	5	2
Total	1 835	517	2 102	713

Note 14. Fee and commission income

In thousands of euros

	2015		2014	
	9 months	Q3	9 months	Q3
Bank transfer fees	796	285	859	288
Gains from foreign exchange transactions	517	175	382	111
Charges on card transactions	271	93	273	95
Account opening and management fees	328	119	158	55
Fees related to securities	15	3	9	3
Other fees	411	161	288	107
Total	2 338	836	1 969	659

Note 15. Fee and commission expense

In thousands of euros

	2015		2014	
	9 months	Q3	9 months	Q3
Charges on card transactions	284	101	289	99
Bank transfer fees	141	48	142	46
Securities transaction and custodial fees	7	2	9	3
Other fees	48	17	10	4
Total	480	168	450	152

Note 16. Related parties

For the purposes of this Note, the following have been considered related parties:

- a shareholder of significant influence and companies that are part of its group;
- management of the group: members of the Management Board and the Supervisory Board of parent company, head of internal audit and entities controlled by them;
- those, who have the same economic interest as management, and entities related to them.

The terms of the loans granted to related parties do not differ from the loans granted to other customers with regard to interest rates.

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

In thousands of euros

	30.09.2015	31.12.2014
Credit institution with significant interest		
Deposits in credit institution with significant interest	5	100
Deposits from credit institution with significant interest	28	32
Subordinated loan	4 000	13 000
Interest expense of reporting period	456	866
Members of the management board and supervisory board, and persons and companies associated with them		
Loans	151	119
Deposits	384	436
Interest income of the reporting period	4	3
Interest expense of the reporting period	3	7
Sale of other goods and services	13	8
Purchase of other goods and services	0	4
Compensation paid and payable to members of the Management Board and Supervisory Board	370	443
Maximum termination benefits payable to members of the management board, on a contingent basis	159	141