



Public Interim Report  
Quarter II **2015**



## Table of Contents

General information	2
Statement of the Management Board	3
Management report	4
Legal structure of AS Eesti Krediidipank Group	4
Significant events	4
Ratios of AS Eesti Krediidipank Group	5
Indicators of capital adequacy of AS Eesti Krediidipank Group	6
Consolidated financial statements of AS Eesti Krediidipank Group Q2 2015	7
Consolidated statement of financial position of AS Eesti Krediidipank	7
Consolidated income statement and statement of comprehensive income of AS Eesti Krediidipank	8
Consolidated statement of changes in shareholders' equity of AS Eesti Krediidipank	9
Consolidated cash flow statement of AS Eesti Krediidipank	10
Notes to the interim report	11

## 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	30.06.2015
Reporting period	01.01.2015 - 30.06.2015
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 30.06.2015 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.

### **March was Good Service Month.**

During the Good Service Month Krediidipank successfully participated in the "Praise good customer service" campaign.

### **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 branch celebrated its round anniversary.**

In February the Võru branch of Krediidipank celebrated its 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 Road Administration began to offer the service itself.

**Krediidipank has new Management Board member.**

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.

## Ratios of AS Eesti Krediidipank Group

	6 months 2015	6 months 2014
<b>Ratios (year-on-year)</b>		
Return on equity ROE		
Net profit/shareholders' equity	3.3%	3.5%
Return on assets ROA		
Net profit/assets	0.3%	0.4%
Equity multiplier EM		
Total assets/shareholders' equity	9.9	9.6
Profit margin PM		
Profit/total income	6.2%	6.0%
Asset utilisation AU		
Total income/assets	5.4%	6.2%
Earnings per share EPS (euros)		
Net profit per common share eligible for dividends	0.02	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	30.06.2015	30.06.2014
<b>Tier 1 capital</b>		
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 (-)	-712	-688
Deferred tax asset depending on future tax profits	-1	0
Adjustment of value arising from requirements of reliable measurement (-)	-21	-37
Goodwill	0	-4
Profit/loss for reporting period (+/-)	0	0
<b>Total Tier 1 capital</b>	<b>26 343</b>	<b>24 940</b>
Subordinated debt	4 000	7 376
<b>Tier 2 capital</b>	<b>4 000</b>	<b>7 376</b>
<b>Eligible capital for capital adequacy calculation</b>	<b>30 343</b>	<b>32 316</b>
<b>Risk-weighted assets</b>		
Central government and central banks using the Standardised Approach	524	2 561
Credit institutions, investment companies and local governments using the Standardised Approach	12 089	10 075
Companies using the Standardised Approach	9 482	9 204
Retail claims using the Standardised Approach	15 288	12 731
Claims secured by mortgage on real estate using the Standardised Approach	54 438	70 263
Claims past due using the Standardised Approach	3 333	7 247
Items subject to particularly high risk using the Standardised Approach	9 824	16 517
Equity investments	13	13
Other assets using the Standardised Approach	21 945	24 367
<b>Total credit risk and counter-party credit risk</b>	<b>126 936</b>	<b>152 978</b>
Operational risk using the Basic Indicator Approach	18 272	19 700
<b>Total risk-weighted assets</b>	<b>145 208</b>	<b>172 678</b>
<b>Capital adequacy (%)</b>	<b>20.90</b>	<b>18.71</b>
<b>Tier 1 Capital Ratio (%)</b>	<b>18.14</b>	<b>14.44</b>

### 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 II 2015**

## Consolidated statement of financial position of AS Eesti Krediidipank

In thousands of euros

<b>Assets</b>	<b>Note</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
Cash on hand		2 356	2 576
Balances with central banks	2	14 549	30 475
Loans and advances to credit institutions	3	55 085	29 836
Financial assets designated at fair value through profit or loss at inception	7	8 523	13 184
Loans and advances to customers	4,5,6	151 643	150 705
Held-to-maturity financial assets	7	4 521	3 921
Available-for-sale financial assets	7	13	18
Other assets	8	24 380	25 270
<b>Total assets</b>		<b>261 070</b>	<b>255 985</b>
<b>Liabilities</b>			
Due to central banks		0	5 073
Due to credit institutions		117	356
Due to customers	9	225 585	207 779
Other liabilities	10	3 747	2 261
Subordinated debt		4 039	13 390
<b>Total liabilities</b>		<b>233 488</b>	<b>228 859</b>
<b>Shareholders' equity</b>			
Share capital		25 001	25 001
Share premium		174	174
Reserves		1 844	1 813
Retained earnings/accumulated loss		521	89
<b>Shareholders' equity attributable to owners of the parent company</b>		<b>27 540</b>	<b>27 077</b>
Non-controlling interest		42	49
<b>Total shareholders' equity</b>		<b>27 582</b>	<b>27 126</b>
<b>Total liabilities and shareholders' equity</b>		<b>261 070</b>	<b>255 985</b>



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

In thousands of euros

	Note	2015		2014	
		6 months	Q2	6 months	Q2
Interest income	12	4 069	2 073	4 364	2 182
Interest expense	13	-1 318	-640	-1 389	-715
<b>Net interest income</b>		<b>2 751</b>	<b>1 433</b>	<b>2 975</b>	<b>1 467</b>
Fee and commission income	14	1 502	812	1 310	681
Fee and commission expense	15	-312	-167	-298	-154
<b>Net fee and commission income</b>		<b>1 190</b>	<b>645</b>	<b>1 012</b>	<b>527</b>
Revenue from sale of assets		983	604	1 157	946
Cost of assets sold		-877	-520	-887	-733
Change in fair value of investment property		43	26	420	315
Change in fair value of financial assets designated at fair value through profit or loss at inception		-210	-80	-319	-68
Payroll expenses		-2 407	-1 235	-2 521	-1 251
General and administrative expenses		-1 276	-679	-1 258	-566
Other income		443	233	387	135
Other expenses		-171	-72	-345	-152
Depreciation		-247	-122	-271	-137
Net impairment losses/ reversal of impairment losses on loans and advances		388	-334	56	57
<b>Profit/loss before income tax</b>		<b>610</b>	<b>-101</b>	<b>406</b>	<b>540</b>
<b>Income tax</b>		<b>-154</b>	<b>-154</b>	<b>0</b>	<b>0</b>
<b>Net profit</b>		<b>456</b>	<b>-255</b>	<b>406</b>	<b>540</b>
<b>Incl. share of profit/loss attributable to non-controlling interest</b>		<b>-7</b>	<b>-1</b>	<b>-53</b>	<b>-5</b>
<b>Incl. share of profit/loss attributable to the owners of the parent company</b>		<b>463</b>	<b>-254</b>	<b>459</b>	<b>545</b>
<b>Other comprehensive income/ expense</b>					
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
<b>Comprehensive income for the financial year</b>		<b>456</b>	<b>-255</b>	<b>417</b>	<b>540</b>
<b>Incl. share of profit/loss attributable to non-controlling interest</b>		<b>-7</b>	<b>-1</b>	<b>-53</b>	<b>-5</b>
<b>Incl. share of profit/loss attributable to the owners of the parent company</b>		<b>463</b>	<b>-254</b>	<b>470</b>	<b>545</b>

## 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
<b>Shareholders' 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>
Net profit	0	0	0	459	459	-53	406
Other comprehensive income	0	0	0	11	11	0	11
Comprehensive income for the period	0	0	0	470	470	-53	417
Formation of statutory reserve	0	0	22	-22	0	0	0
<b>Shareholders' equity 30.06.2014</b>	<b>25 001</b>	<b>174</b>	<b>1 813</b>	<b>-860</b>	<b>26 128</b>	<b>26</b>	<b>26 154</b>
Change in shareholders' equity 01.07.2014 -31.12.2014	0	0	0	949	949	23	972
<b>Shareholders' equity 01.01.2015</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>
Net profit	0	0	0	463	463	-7	456
Comprehensive income for the period	0	0	0	463	463	-7	456
Formation of statutory reserve	0	0	31	-31	0	0	0
<b>Shareholders' equity 30.06.2015</b>	<b>25 001</b>	<b>174</b>	<b>1 844</b>	<b>521</b>	<b>27 540</b>	<b>42</b>	<b>27 582</b>

## Consolidated cash flow statement of AS Eesti Krediidipank

In thousands of euros

<b>Cash flows from operating activities (indirect method)</b>	<b>6 months 2015</b>	<b>6 months 2014</b>
Net profit	463	459
Adjustments		
Change in provisions for loans and advances	-388	-56
Depreciation and impairment of non-current assets	247	271
Change in fair value of financial assets designated at fair value through profit or loss at inception	210	319
Net gain/loss on sale of non-current assets	5	-19
Effect of changes in currency exchange rates	-17	1
Net interest income	-2 751	-2 975
Interest received	3 717	4 345
Interest paid	-978	-1 438
Change in loans and advances related to customers of credit institutions and leasing companies	-357	-10 350
Change of financial assets designated at fair value through profit or loss at inception	4 451	8 939
Change in claims of credit institutions	-240	-268
Change in deposits	17 723	-22 051
Change in assets for sale	85	604
Change in other assets and liabilities related to operating activities	-141	859
<b>Total cash flows from operating activities</b>	<b>22 029</b>	<b>-21 360</b>
<b>Cash flows from investment activities (direct method)</b>		
Redemption and sale of held-to-maturity financial assets	0	1 862
Proceeds from sale of non-current assets and investment property	1 342	1 810
Purchase of non-current assets and investment property	-268	-463
<b>Total cash flows from investment activities</b>	<b>1 074</b>	<b>3 209</b>
<b>Cash flows from financing activities (direct method)</b>		
Repayment of loans to credit institutions	-14 000	0
<b>Total cash flows from financing activities</b>	<b>-14 000</b>	<b>0</b>
<b>Total cash flows</b>	<b>9 103</b>	<b>-18 151</b>
<b>Change in cash and cash equivalents</b>	<b>9 103</b>	<b>-18 151</b>
Cash and cash equivalents at beginning of the period	62 467	51 785
Cash and cash equivalents at end of the period	71 570	33 634
<b>Cash and cash equivalents balance is comprised of:</b>	<b>71 570</b>	<b>33 634</b>
Cash on hand	2 356	1 954
Demand deposits in central banks	14 549	6 093
Demand and short-term deposits in credit institutions	54 665	25 587

# Notes to the interim report

## Note 1. Accounting principles

The interim report of AS Eesti Krediidipank Group for Quarter II 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 II 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	30.06.2015	31.12.2014
Demand deposits		
Incl. minimum reserve requirement	2 048	1 606
Incl. demand deposits, cash equivalents	12 501	28 869
<b>Total</b>	<b>14 549</b>	<b>30 475</b>

## Note 3. Loans and advances to credit institutions

In thousands of euros	30.06.2015	31.12.2014
EU countries, except Estonia	33 044	3 855
Estonia	11 048	1 629
All other countries	10 993	24 352
<b>Total</b>	<b>55 085</b>	<b>29 836</b>

## Note 4. Loans and advances to customers

In thousands of euros	30.06.2015	31.12.2014
Total receivables from corporates	39 070	40 927
Total receivables from private individuals	115 190	112 797
<b>Total receivables</b>	<b>154 260</b>	<b>153 724</b>
Allowance for doubtful receivables (note 5)	-2 617	-3 019
<b>Total</b>	<b>151 643</b>	<b>150 705</b>

## Note 5. Impairment of loans and advances

In thousands of euros	30.06.2015	31.12.2014
Balance at the beginning of the reporting period	-3 019	-3 249
Impairments posted during the reporting period	-761	-1 236
Adjustment of previous impairments	1 024	1 101
Loans written off during the reporting period	139	365
<b>Balance at the end of the reporting period</b>	<b>-2 617</b>	<b>-3 019</b>

## Note 6. Past due receivables

In thousands of euros

	30.06.2015		31.12.2014	
Private individuals	Loan balance	Collateral coverage ratio	Loan balance	Collateral coverage ratio
1-30 days	7 771	41.5%	5 037	49.1%
31-60 days	2 074	37.8%	1 453	40.8%
61-90 days	529	36.6%	450	58.2%
more than 90 days	3 429	47.2%	3 126	45.7%
<b>Total</b>	<b>13 803</b>		<b>10 066</b>	

	30.06.2015		31.12.2014	
Corporates	Loan balance	Collateral coverage ratio	Loan balance	Collateral coverage ratio
1-30 days	3 917	45.6%	469	34.9%
31-60 days	281	24.1%	88	26.5%
61-90 days	109	20.4%	15	93.8%
more than 90 days	4 828	23.7%	1 205	41.2%
<b>Total</b>	<b>9 135</b>		<b>1 777</b>	

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

	30.06.2015	31.12.2014
<b>Financial assets designated at fair value through profit or loss at inception</b>	<b>8 523</b>	<b>13 184</b>
Government bonds	1 048	5 340
Bonds of credit institutions and financing institutions	1 368	1 387
Bonds of other non-financial companies	6 107	6 457
<b>Held-to-maturity financial assets</b>	<b>4 521</b>	<b>3 921</b>
Bonds of other non-financial companies	4 521	3 921
<b>Available-for-sale financial assets</b>	<b>13</b>	<b>18</b>
Shares of other non-financial companies	13	18

## Note 8. Other assets

In thousands of euros

	30.06.2015	31.12.2014
Other financial assets	1 478	843
Property, plant and equipment	5 206	5 360
Intangible assets	712	733
Investment property	12 232	13 515
Assets held for sale	4 468	4 538
Other assets	284	281
<b>Total</b>	<b>24 380</b>	<b>25 270</b>

## Note 9. Due to customers

In thousands of euros		
	30.06.2015	31.12.2014
Private individuals	169 469	147 190
Corporates	56 116	60 589
<b>Total</b>	<b>225 585</b>	<b>207 779</b>
Demand deposits	99 157	79 872
Term deposits	126 428	127 907
<b>Total</b>	<b>225 585</b>	<b>207 779</b>

## Note 10. Other liabilities

In thousands of euros		
	30.06.2015	31.12.2014
Other financial liabilities	3 045	1 463
Other liabilities	702	798
<b>Total</b>	<b>3 747</b>	<b>2 261</b>

## Note 11. Contingent liabilities

In thousands of euros		
	30.06.2015	31.12.2014
Financial guarantees	1 132	1 041
Undrawn lines of credit and overdraft facilities	3 495	4 138
<b>Total</b>	<b>4 627</b>	<b>5 179</b>

## Note 12. Interest income

In thousands of euros				
	2015		2014	
	6 months	Q2	6 months	Q2
On loans and lease receivables	3 715	1 907	3 514	1 853
On financial assets measured at fair value	254	114	623	261
On held-to-maturity financial assets	100	52	227	68
<b>Total</b>	<b>4 069</b>	<b>2 073</b>	<b>4 364</b>	<b>2 182</b>

## Note 13. Interest expense

In thousands of euros				
	2015		2014	
	6 months	Q2	6 months	Q2
On term deposits	910	448	943	487
On subordinated loans	403	188	430	216
On loans	3	3	13	10
On demand deposits	2	1	3	2
<b>Total</b>	<b>1 318</b>	<b>640</b>	<b>1 389</b>	<b>715</b>

## Note 14. Fee and commission income

In thousands of euros

	2015		2014	
	6 months	Q2	6 months	Q2
Bank transfer fees	511	246	571	296
Gains from foreign exchange transactions	341	209	271	143
Charges on card transactions	178	91	178	93
Account opening and management fees	209	109	103	48
Fees related to securities	12	5	6	3
Other fees	251	152	181	98
<b>Total</b>	<b>1 502</b>	<b>812</b>	<b>1 310</b>	<b>681</b>

## Note 15. Fee and commission expense

In thousands of euros

	2015		2014	
	6 months	Q2	6 months	Q2
Charges on card transactions	183	94	189	95
Bank transfer fees	93	47	96	53
Securities transaction and custodial fees	5	3	6	3
Other fees	31	23	7	3
<b>Total</b>	<b>312</b>	<b>167</b>	<b>298</b>	<b>154</b>

## 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

	30.06.2015	31.12.2014
<b>Credit institution with significant interest</b>		
Deposits in credit institution with significant interest	24	100
Deposits from credit institution with significant interest	28	32
Subordinated loan	4 000	13 000
Interest expense of reporting period	403	866
<b>Members of the management board and supervisory board, and persons and companies associated with them</b>		
Loans	138	119
Deposits	370	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	210	443
Maximum termination benefits payable to members of the management board, on a contingent basis	162	141