



Krediidipank

Public Interim Report
Quarter I 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	31.03.2015
Reporting period	01.01.2015 - 31.03.2015
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 Eesti Krediidipank Group

As of 31.03.2015 following companies are enlisted in 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 Krediidi- pank 51%

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

The aforementioned companies are consolidated on a line-by-line basis and all intra-group receivables and payables, transactions between group companies and income and expenses have been eliminated in full.

AS Krediidipank Finants is included in the Eesti Krediidipank Group and it is considered to be a subsidiary because control over the company exists both on the shareholders level and the level of the 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 Eesti Krediidipank the Rein Otsason Foundation held traditional scholarship competition where students, specialising on finance or economics, were expected to submit their applications. Altogether three scholarships are given out, one scholarship amounting to 2000 euros.

March was Good Service Month.

During the Good Service Month Eesti 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 Eesti Krediidipank celebrated its 20th anniversary of activities.

Ratios of Eesti Krediidipank Group

	3 months 2015	3 months 2014
Ratios (year-on-year)		
Return on equity ROE		
Net profit/shareholders' equity	10,5%	-1,3%
Return on assets ROA		
Net profit/assets	1,1%	-0,1%
Equity multiplier EM		
Total assets/shareholders' equity	9,8	10,2
Profit margin PM		
Profit/total income	17,9%	-2,5%
Asset utilisation AU		
Total income/assets	5,9%	5,2%
Earnings per share EPS (euros)		
Net profit per common share eligible for dividends	0,07	-0,01

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

Indicators of capital adequacy of Eesti Krediidipank Group

In thousands of euros

Capital base	31.03.2015	31.03.2014
Tier 1 capital		
Paid-in share capital and share premium	25 175	25 175
Statutory reserve capital	1 813	1 791
Accumulated loss	-1 308	-1 297
Intangible assets (-)	-738	-681
Deferred tax asset depending on future tax profits	-1	0
Adjustment of value arising from requirements of reliable measurement (-)	-22	-15
Goodwill	0	-4
Profit/loss for reporting period (+/-)	0	-86
Total Tier 1 capital	24 919	24 883
Subordinated debt	6 026	7 820
Tier 2 capital	6 026	7 820
Eligible capital for capital adequacy calculation	30 945	32 703
Risk-weighted assets		
Central government and central banks using the Standardised Approach	550	2 554
Credit institutions, investment companies and local governments using the Standardised Approach	17 066	9 100
Companies using the Standardised Approach	8 394	9 951
Retail claims using the Standardised Approach	15 524	17 337
Claims secured by mortgage on real estate using the Standardised Approach	54 246	66 554
Claims past due using the Standardised Approach	6 871	7 527
Items subject to particularly high risk using the Standardised Approach	10 214	14 581
Equity investments	13	18
Other assets using the Standardised Approach	22 488	23 232
Total credit risk and counterparty credit risk	135 366	150 854
Operational risk using the Basic Indicator Approach	18 272	19 700
Total risk-weighted assets	153 638	170 554
Capital adequacy (%)	20,14	19,17
Tier 1 Capital Ratio (%)	16,22	14,59

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 Eesti Krediidipank Group **Quarter I 2015**

Consolidated statement of financial position of Eesti Krediidipank

In thousands of euros

Assets	Note	31.03.2015	31.12.2014
Cash on hand		2 683	2 576
Balances with central banks	2	17 136	30 475
Loans and advances to credit institutions	3	78 950	29 836
Financial assets designated at fair value through profit or loss at inception	7	9 187	13 184
Loans and advances to customers	4,5,6	149 702	150 705
Held-to-maturity financial assets	7	3 970	3 921
Available-for-sale financial assets	7	13	18
Other assets	8	25 030	25 270
Total assets		286 671	255 985
Liabilities			
Due to central banks		0	5 073
Due to credit institutions		159	356
Due to customers	9	241 248	207 779
Other liabilities	10	3 900	2 261
Subordinated debt		13 526	13 390
Total liabilities		258 833	228 859
Shareholders' equity			
Share capital		25 001	25 001
Share premium		174	174
Reserves		1 813	1 813
Retained earnings/accumulated loss		807	89
Shareholders' equity attributable to owners of the parent company		27 795	27 077
Non-controlling interest		43	49
Total shareholders' equity		27 838	27 126
Total liabilities and shareholders' equity		286 671	255 985

Consolidated income statement and statement of comprehensive income of Eesti Krediidipank

In thousands of euros

	Note	3 months 2015	3 months 2014
Interest income	12	1 995	2 182
Interest expense	13	-678	-674
Net interest income		1 317	1 508
Fee and commission income	14	691	629
Fee and commission expense	15	-145	-143
Net fee and commission income		546	486
Revenue from sale of assets		378	211
Cost of assets sold		-357	-154
Change in fair value of investment property		17	105
Change in fair value of financial assets designated at fair value through profit or loss at inception		-129	-251
Payroll expenses		-1 172	-1 270
General and administrative expenses		-597	-692
Other income		210	252
Other expenses		-99	-193
Depreciation		-124	-134
Net impairment losses/ reversal of impairment losses on loans and advances		722	-2
Profit/loss before income tax		712	-134
Income tax		0	0
Net profit		712	-134
Incl. share of profit/loss attributable to non-controlling interest		-6	-48
Incl. share of profit/loss attributable to the owners of the parent company		718	-86
Other comprehensive income/expense			
Incl. derecognition of unrealised foreign currency differences arising from the transition of foreign business entities' financial information to euro		0	11
Comprehensive income for the financial year		712	-123
Incl. share of profit/loss attributable to non-controlling interest		-6	-48
Incl. share of profit/loss attributable to the owners of the parent company		718	-75

Consolidated statement of changes in shareholders' equity of 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 01.01.2013	25 001	174	1 718	-2 414	24 479	0	24 479
Net profit	0	0	0	1 060	1 060	-19	1 041
Other comprehensive income	0	0	0	119	119	0	119
Comprehensive income for the period	0	0	0	1 179	1 179	-19	1 160
Non-controlling interest contribution to subsidiary's share capital	0	0	0	0	0	98	98
Formation of statutory reserve	0	0	73	-73	0	0	0
Shareholders' equity 01.01.2014	25 001	174	1 791	-1 308	25 658	79	25 737
Net profit	0	0	0	-86	-86	-48	-134
Other comprehensive income	0	0	0	11	11	0	11
Comprehensive income for the period	0	0	0	-75	-75	-48	-123
Formation of statutory reserve	0	0	8	-8	0	0	0
Shareholders' equity 01.04.2014	25 001	174	1 799	-1 391	25 583	31	25 614
Change in shareholders' equity 01.04.2014 -31.12.2014	0	0	14	1 480	1 494	18	1 512
Shareholders' equity 01.01.2015	25 001	174	1 813	89	27 077	49	27 126
Net profit	0	0	0	718	718	-6	712
Comprehensive income for the period	0	0	0	718	718	-6	712
Shareholders' equity 01.04.2015	25 001	174	1 813	807	27 795	43	27 838

Consolidated cash flow statement of Eesti Krediidipank

In thousands of euros

Cash flows from operating activities (indirect method)	3 months 2015	3 months 2014
Net profit	718	-86
Adjustments		
Change in provisions for loans and advances	-722	2
Depreciation and impairment of non-current assets	124	139
Change in fair value of financial assets designated at fair value through profit or loss at inception	129	251
Net gain/loss on sale of non-current assets	5	-24
Effect of changes in currency exchange rates	-11	3
Net interest income	-1 317	-1 508
Interest received	1 947	1932
Interest paid	-655	-425
Change in loans and advances related to customers of credit institutions and leasing companies	1 830	-6 338
Change in fair value of financial assets designated at fair value through profit or loss at inception	3 868	8 042
Change in loans and advances to credit institutions	-198	-232
Change in deposits	33 511	45
Assets held for sale	-122	-13
Change in other assets and liabilities related to operating activities	958	-275
Total cash flows from operating activities	40 065	1 513
Cash flows from investment activities (direct method)		
Redemption and sale of held-to-maturity financial assets	0	373
Proceeds from sale of non-current assets and investment property	1 054	944
Purchase of non-current assets and investment property	-237	-373
Total cash flows from investment activities	817	944
Cash flows from financing activities (direct method)		
Repayment of loans to credit institutions	-5 000	0
Total cash flows from financing activities	-5 000	0
Total cash flows	35 882	2 457
Change in cash and cash equivalents	35 882	2 457
Cash and cash equivalents at beginning of the period	62 467	51 785
Cash and cash equivalents at end of the period	98 349	54 242
Cash and cash equivalents balance is comprised of:	98 349	54 242
Cash on hand	2 683	1 969
Demand deposits in central banks	17 136	33 376
Demand and short-term deposits in credit institutions	78 530	18 897

Notes to Financial Statements

Note 1. Accounting principles

The interim report of Eesti Krediidipank Group for Quarter I 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 Eesti Krediidipank Group for Quarter I 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	31.03.2015	31.12.2014
Demand deposits		
Incl. minimum reserve requirement	1 722	1 606
Incl. demand deposits, cash equivalents	15 414	28 869
Total	17 136	30 475

Note 3. Loans and advances to credit institutions

In thousands of euros	31.03.2015	31.12.2014
EU countries, except Estonia	45 145	3 855
Estonia	10 696	1 629
All other countries	23 109	24 352
Total	78 950	29 836

Note 4. Loans and advances to customers

In thousands of euros	31.03.2015	31.12.2014
Total receivables from corporates	39 353	40 927
Total receivables from private individuals	112 655	112 797
Total receivables	152 008	153 724
Allowance for doubtful receivables (note 5)	-2 306	-3 019
Total	149 702	150 705

Note 5. Impairment of loans and advances

In thousands of euros	31.03.2015	31.12.2014
Balance at the beginning of the reporting period	-3 019	-3 249
Impairments posted during the reporting period	-214	-1 236
Adjustment of previous impairments	868	1 101
Loans written off during the reporting period	59	365
Balance at the end of the reporting period	-2 306	-3 019

Note 6. Past due receivables

In thousands of euros

	31.03.2015		31.12.2014	
	Loan balance	Collateral coverage ratio	Loan balance	Collateral coverage ratio
Private individuals				
1-30 days	7 420	38,7%	5 037	49,1%
31-60 days	2 013	37,5%	1 453	40,8%
61-90 days	645	47,4%	450	58,2%
more than 90 days	3 198	50,1%	3 126	45,7%
Total	13 276		10 066	

	31.03.2015		31.12.2014	
	Loan balance	Collateral coverage ratio	Loan balance	Collateral coverage ratio
Corporates				
1-30 days	1 438	8,2%	469	34,9%
31-60 days	63	17,6%	88	26,5%
61-90 days	3 809	21,8%	15	93,8%
more than 90 days	1 189	40,7%	1 205	41,2%
Total	6 499		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

	31.03.2015	31.12.2014
Fair value of financial assets designated at fair value through profit or loss at inception	9 187	13 184
Government bonds	1 100	5 340
Bonds of credit institutions and financing institutions	1 367	1 387
Bonds of other non-financial companies	6 720	6 457
Held-to-maturity financial assets	3 970	3 921
Bonds of other non-financial companies	3 970	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

	31.03.2015	31.12.2014
Other financial assets	1 526	843
Property, plant and equipment	5 274	5 360
Intangible assets	738	733
Investment property	12 496	13 515
Assets held for sale	4 661	4 538
Other assets	335	281
Total	25 030	25 270

Note 9. Due to customers

In thousands of euros		
	31.03.2015	31.12.2014
Private individuals	167 357	147 190
Corporates	73 891	60 589
Total	241 248	207 779
Demand deposits	114 338	79 872
Term deposits	126 910	127 907
Total	241 248	207 779

Note 10. Other liabilities

In thousands of euros		
	31.03.2015	31.12.2014
Other financial liabilities	3 388	1 463
Other liabilities	512	798
Total	3 900	2 261

Note 11. Contingent liabilities

In thousands of euros		
	31.03.2015	31.12.2014
Financial guarantees	1 228	1 041
Undrawn lines of credit and overdraft facilities	8 158	4 138
Total	9 386	5 179

Note 12. Interest income

In thousands of euros		
	3 months 2015	3 months 2014
On loans and lease receivables	1 802	1 640
On financial assets measured at fair value	139	362
On held-to-maturity financial assets	49	159
On cash and amounts due from banks	5	21
Total	1 995	2 182

Note 13. Interest expense

In thousands of euros		
	3 months 2015	3 months 2014
On term deposits	462	456
On subordinated loans	215	214
On loans	0	3
On demand deposits	1	1
Total	678	674

Note 14. Fee and commission income

In thousands of euros		
	3 months 2015	3 months 2014
Bank transfer fees	265	275
Gains from foreign exchange transactions	132	128
Charges on card transactions	87	85
Account opening and management fees	100	55
Fees related to securities	7	3
Other fees	100	83
Total	691	629

Note 15. Fee and commission expense

In thousands of euros		
	3 months 2015	3 months 2014
Charges on card transactions	89	94
Bank transfer fees	46	43
Securities transaction and custodial fees	2	3
Other fees	8	3
Total	145	143

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 the parent company, the 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		
	31.03.2015	31.12.2014
Credit institution with significant interest		
Deposits in credit institution with significant interest	46	100
Deposits from credit institution with significant interest	28	32
Subordinated loan	13 000	13 000
Interest expense of reporting period	215	866
Members of the management board and supervisory board, and persons and companies associated with them		
Loans	144	119
Deposits	1 405	436
Interest income of the reporting period	1	3
Interest expense of the reporting period	2	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	103	443
Maximum termination benefits payable to members of the management board, on a contingent basis	141	141