



Public Interim Report
Quarter I **2016**



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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	31.03.2016
Reporting period	01.01.2016 - 31.03.2016
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

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 2015 on 25 April 2016.

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 at 31.03.2016 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 Krediidi- pank 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

Focus products in 2016

The most significant products that Krediidipank keeps offering and developing actively are following:

- Arveldaja package (Settlement package);
- Sihtlaen (Target loan);
- Mortgage loan;
- Home loan.

The Arveldaja package (Settlement package) campaign ended on 31 March 2016 with 4922 package agreements concluded during the campaign period.

During Q1 1420 **agreements of Sihtlaen (Target loan)** were concluded in the total amount of 2.55 million euros. As at the end of March, the loan portfolio of Krediidipank Finants – bank’s subsidiary – held 6506 clients and 8062 loan agreements. The proportion of office sales was 31% of the total number of agreements, ca 60% of agreements were concluded over the web and 9% via partners.

The number of loan applications, submitted by private individuals, has increased by 25% in Q1, compared to the same period in previous year. Bank has concluded 74 mortgage and home loan agreements in the total amount of ca 2.36 million euros.

New homepage of the bank and extended usability of the Internet bank

In February Krediidipank introduced its new homepage to the public, which can now be handled over computer as well as smart phone screen. In addition to this, new Krediidipank apps for Android and iOS platforms are available for more convenient usage of Internet bank.

Competition for three 2000 € scholarships

For the 10th time already the Rein Otsason Foundation together with Eesti Krediidipank announced the traditional annual scholarship competition where students, whose studies in Estonia or abroad specialize on finance or economics, were expected to submit their applications. In May 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. Our Kesklinna, Idakeskuse, Magistrali and Sõle branch offices in Tallinn as well as branch offices in Maardu, Jõhvi, Narva, Tartu, Võru, Kuressaare, Viljandi and Pärnu earned the certificate "Customers praise". For receiving the certificate, at least 30 clients had to address their compliments to certain branch office. Altogether 556 praise notifications were submitted in March by satisfied Estonian clients.

Financial Literacy Month by the initiative of Estonian Banking Association

Within the Financial Literacy Month in March, organised by Estonian Banking Association, several Krediidipank employees went to Estonian schools to share financial wisdom to young people. The purpose of the Financial Literacy Month was to emphasize financial literacy and to increase awareness of Estonian people of the principles of reasonable financial behaviour.

Ratios of Eesti Krediidipank Group

	31.03.2016	31.12.2015	31.03.2015
Ratios (year-on-year)			
Return on equity ROE			
Net profit/shareholders' equity	4.7%	6.3%	10.5%
Return on assets ROA			
Net profit/assets	0.5%	0.6%	1.1%
Equity multiplier EM			
Total assets/shareholders' equity	10.4	10.0	9.8
Profit margin PM			
Profit/total income	8.9%	10.4%	17.9%
Asset utilisation AU			
Total income/assets	5.2%	6.1%	5.9%
Earnings per share EPS (euros)			
Net profit per common share eligible for dividends	0.04	0.05	0.07

* 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	31.03.2016	31.12.2015
Tier 1 capital		
Paid-in share capital and share premium	25 175	25 175
Statutory reserve capital	1 844	1 844
Retained earnings	58	58
Intangible assets (-)	-743	-761
Deferred tax asset depending on future tax profits	-1	-1
Adjustment of value arising from requirements of reliable measurement (-)	-19	-17
Total Tier 1 capital	26 314	26 298
Subordinated debt	3 904	4 000
Tier 2 capital	3 904	4 000
Eligible capital for capital adequacy calculation	30 218	30 298
Risk-weighted assets		
Central government and central banks using the Standardised Approach	527	526
Credit institutions, investment companies and local governments using the Standardised Approach	16 912	13 774
Companies using the Standardised Approach	6 418	4 404
Retail claims using the Standardised Approach	17 752	16 718
Claims secured by mortgage on real estate using the Standardised Approach	54 231	55 353
Claims past due using the Standardised Approach	2 141	2 874
Items subject to particularly high risk using the Standardised Approach	8 834	9 962
Equity investments	13	13
Other assets using the Standardised Approach	18 177	18 771
Total credit risk and counter-party credit risk	125 005	122 395
Operational risk using the Basic Indicator Approach	16 132	18 272
Total risk-weighted assets/total risk exposure	141 137	140 667
Capital adequacy (%)	21.41%	21.54%
Tier 1 Capital Ratio (%)	18.64%	18.69%

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 (capital adequacy)	8.00%	Total capital/total risk exposure

Consolidated financial statements of Eesti Krediidipank Group **Quarter I 2016**

Consolidated statement of financial position of Eesti Krediidipank

In thousands of euros

Assets	Note	31.03.2016	31.12.2015
Cash on hand		1 780	2 342
Balances with central banks	2	47 090	65 126
Loans and advances to credit institutions	3	67 451	57 716
Financial assets held for trading		0	28
Financial assets designated at fair value through profit or loss at inception	7	8 005	6 078
Loans and advances to customers	4,5,6	151 020	152 652
Held-to-maturity financial assets	7	511	503
Available-for-sale financial assets	7	13	13
Other assets	8	20 904	20 892
Total assets		296 774	305 350
Liabilities			
Financial liabilities at fair value through profit or loss		216	276
Due to credit institutions		118	115
Due to customers	9	258 144	267 395
Other liabilities	10	5 000	4 627
Subordinated debt		4 038	4 039
Total liabilities		267 516	276 452
Shareholders' equity			
Share capital		25 001	25 001
Share premium		174	174
Reserves		1 844	1 844
Retained earnings/accumulated loss		2 183	1 838
Shareholders' equity attributable to owners of the parent company		29 202	28 857
Non-controlling interest		56	41
Total shareholders' equity		29 258	28 898
Total liabilities and shareholders' equity		296 774	305 350

Consolidated income statement and statement of comprehensive income of Eesti Krediidipank

In thousands of euros

	Note	3 months 2016	3 months 2015
Interest income	12	2 113	1 995
Interest expense	13	-447	-678
Net interest income		1 666	1 317
Fee and commission income	14	832	691
Fee and commission expense	15	-206	-145
Net fee and commission income		626	546
Revenue from sale of assets		719	378
Cost of assets sold		-564	-357
Change in fair value of investment property		0	17
Net income/expense from financial instruments designated at fair value through profit or loss at inception	16	22	-129
Payroll expenses		-1 177	-1 172
General and administrative expenses		-638	-597
Other income		190	210
Other expenses		-92	-99
Depreciation		-122	-124
Net impairment losses/ reversal of impairment losses on loans and advances		-270	722
Profit/loss before income tax		360	712
Income tax		0	0
Net profit		360	712
Other comprehensive income/ expense		0	0
Comprehensive income for the financial year		360	712
incl. share of profit/loss attributable to non-controlling interest		15	-6
incl. share of profit/loss attributable to the owners of the parent company		345	718

Consolidated statement of changes in shareholders' equity of Eesti Krediidipank

In thousands of euros

	Share capital	Share premium	Reserves	Retained earnings	Total share of the share- holders of parent company	Non- controlling interest	Total share- holders' equity
Shareholder's equity as at 01.01.2015	25 001	174	1 813	89	27 077	49	27 126
Net profit for the period	0	0	0	718	718	-6	712
Comprehensive income for the period	0	0	0	718	718	-6	712
Shareholder's equity as at 01.04.2015	25 001	174	1 813	807	27 795	43	27 838
Change in the balance of shareholder's equity during 01.04 - 31.12.2015	0	0	31	1 031	1 062	-2	1060
Shareholder's equity as at 01.01.2016	25 001	174	1 844	1 838	28 857	41	28 898
Comprehensive income for the period	0	0	0	345	345	15	360
Shareholder's equity as at 01.04.2016	25 001	174	1 844	2 183	29 202	56	29 258

Consolidated cash flow statement of Eesti Krediidipank

In thousands of euros

Cash flows from operating activities (indirect method)	3 months 2016	3 months 2015
Net profit	345	718
Adjustments		
Change in provisions for loans and advances	270	-722
Depreciation and impairment of non-current assets	122	124
Change in fair value of financial assets designated at fair value through profit or loss at inception	22	129
Net gain/loss on sale of non-current assets	1	5
Effect of changes in currency exchange rates	2	-11
Net interest income	-1 666	-1 317
Interest received	1 984	1 947
Interest paid	-960	-655
Change in loans and advances related to customers of credit institutions and leasing companies	1 581	1 830
Change of financial assets designated at fair value through profit or loss at inception	-2 021	3 868
Change in deposits of credit institutions	3	-198
Change in deposits	-8 738	33 511
Assets for sale	542	-122
Change in other assets and liabilities related to operating activities	-300	958
Total cash flows from operating activities	-8 813	40 065
Cash flows from investment activities (direct method)		
Redemption and sale of held-to-maturity financial assets	0	0
Proceeds from sale of non-current assets and investment property	12	1 054
Purchase of non-current assets and investment property	-64	-237
Total cash flows from investment activities	-52	817
Cash flows from financing activities (direct method)		
Repayment of loans to credit institutions	0	-5 000
Total cash flows from financing activities	0	-5 000
Total cash flows	-8 865	35 882
Change in cash and cash equivalents	-8 865	35 882
Cash and cash equivalents at beginning of the period	124 684	62 467
Cash and cash equivalents at end of the period	115 819	98 349
Cash and cash equivalents balance is comprised of:	115 819	98 349
Cash on hand	1 780	2 683
Demand deposits in central banks	47 090	17 136
Demand and short-term deposits in credit institutions	66 949	78 530

Notes to the interim report

Note 1. Accounting principles

The interim report of Eesti Krediidipank Group for Quarter I 2016 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 2016 are in conformity with the accounting principles used in the annual report for the year ended on 31 December 2015.

Note 2. Balances with central banks

In thousands of euros	31.03.2016	31.12.2015
Demand deposits		
Incl. minimum reserve requirement	2 152	2 221
Incl. demand deposits, cash equivalents	44 938	62 905
Total	47 090	65 126

Note 3. Loans and advances to credit institutions

In thousands of euros	31.03.2016	31.12.2015
EU countries, except Estonia	50 890	25 582
Estonia	9 260	11 941
All other countries	7 301	20 193
Total	67 451	57 716

Note 4. Loans and advances to customers

In thousands of euros	31.03.2016	31.12.2015
Total receivables from private individuals	117 095	116 245
Total receivables from corporates	36 619	38 901
Total receivables	153 714	155 146
Impairment of loans and advances (note 5)	-2 694	-2 494
Total	151 020	152 652

Note 5. Impairment of loans and advances

In thousands of euros	31.03.2016	31.12.2015
Balance at the beginning of the reporting period	-2 494	-3 019
Impairments posted during the reporting period	-429	-1 600
Adjustment of previous impairments	156	1 425
Receipts from off-balance sheet loan receivables	-25	-176
Loans written off during the reporting period	98	876
Balance at the end of the reporting period	-2 694	-2 494

Note 6. Past due receivables

In thousands of euros

	31.03.2016		31.12.2015	
	Loan balance	Collateral coverage ratio	Loan balance	Collateral coverage ratio
Private individuals				
1-30 days	6 720	48.5%	3 814	47.6%
31-60 days	1 665	59.3%	1 391	36.0%
61-90 days	771	58.0%	395	24.2%
more than 90 days	2 979	89.3%	3 206	60.3%
Total	12 135		8 806	

	31.03.2016		31.12.2015	
	Loan balance	Collateral coverage ratio	Loan balance	Collateral coverage ratio
Corporates				
1-30 days	1 251	19.1%	593	42.7%
31-60 days	667	54.8%	410	79.5%
61-90 days	18	0.0%	2285	19.3%
more than 90 days	4 065	3.9%	4 027	27.7%
Total	6 001		5 258	

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

	31.03.2016	31.12.2015
Financial assets held for trading	0	28
Currency-related derivative agreements with credit institutions	0	28
Financial assets designated at fair value through profit or loss at inception	8 005	6 078
Government bonds	1 053	1 053
Bonds of credit institutions and financing institutions	2 336	1 327
Bonds of other non-financial companies	4 616	3 698
Held-to-maturity financial assets	511	503
Bonds of other non-financial companies	511	503
Available-for-sale financial assets	13	13
Shares of other non-financial companies	13	13

Note 8. Other assets

In thousands of euros

	31.03.2016	31.12.2015
Other financial assets	1 728	1 161
Assets held for sale	1 880	2 422
Investment property	11 220	11 220
Property, plant and equipment	5 038	5 088
Intangible assets	743	761
Other assets	295	240
Total	20 904	20 892

Note 9. Due to customers

In thousands of euros		
	31.03.2016	31.12.2015
Private individuals	145 636	151 633
Corporates	112 508	115 762
Total	258 144	267 395
Demand deposits	128 434	105 386
Term deposits	129 710	162 009
Total	258 144	267 395

Note 10. Other liabilities

In thousands of euros		
	31.03.2016	31.12.2015
Other financial liabilities	4 175	3 928
Other liabilities	825	699
Total	5 000	4 627

Note 11. Contingent assets and liabilities

In thousands of euros		
31.03.2016	Assets	Liabilities
Financial assets held for trading	27 794	28 009
incl. underlying assets of currency related derivatives	27 794	28 009
Contingent liabilities	0	6 706
incl. financial guarantees	0	839
incl. lines of credit and overdraft facilities	0	5 867
31.12.2015		
Financial assets held for trading	20 437	20 685
incl. underlying assets of currency related derivatives	20 437	20 685
Contingent liabilities	0	7 871
incl. financial guarantees	0	1 253
incl. lines of credit and overdraft facilities	0	6 618

Note 12. Interest income

In thousands of euros		
	3 months 2016	3 months 2015
On loans and lease receivables	1 993	1 802
On financial assets measured at fair value	85	139
On cash and loans and advances to banks	27	5
On held-to-maturity financial assets	8	49
Total	2 113	1 995

Note 13. Interest expense

In thousands of euros		
	3 months 2016	3 months 2015
On term deposits	369	462
On subordinated loans	77	215
On demand deposits	1	1
Total	447	678

Note 14. Fee and commission income

In thousands of euros		
	3 months 2016	3 months 2015
Bank transfer fees	250	265
Gains from foreign exchange transactions	199	132
Account opening and management fees	108	100
Charges on card transactions	75	87
Fees related to securities	6	7
Other fees	194	100
Total	832	691

Note 15. Fee and commission expense

In thousands of euros		
	3 months 2016	3 months 2015
Charges on card transactions	97	89
Bank transfer fees	52	46
Securities transaction and custodial fees	2	2
Other fees	55	8
Total	206	145

Note 16. Net income/expense from financial instruments designated at fair value

In thousands of euros		
	3 months 2016	3 months 2015
Derivative transactions	56	0
Currency-related derivative transactions	56	0
Financial assets designated at fair value	-34	-129
Change in fair value of financial assets designated at fair value through profit or loss at inception	-34	-129
Total	22	-129

Note 17. 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

	31.03.2016	31.03.2015
Credit institution with significant interest		
Deposits in credit institution with significant interest	19	46
Deposits from credit institution with significant interest	28	28
Subordinated loan	4 000	13 000
Interest expense of reporting period	77	215
Members of the management board and supervisory board, and persons and companies associated with them		
Loans	134	144
Deposits	396	1 405
Interest income of the reporting period	1	1
Interest expense of the reporting period	1	2
Sale of other goods and services	1	13
Purchase of other goods and services	0	0
Compensation paid and payable to members of the Management Board and Supervisory Board	98	103
Maximum termination benefits payable to members of the management board, on a contingent basis	138	141