



# Krediidipank

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9 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	<a href="mailto:info@krediidipank.ee">info@krediidipank.ee</a>
Internet homepage	<a href="http://www.krediidipank.ee">http://www.krediidipank.ee</a>
Auditor:	From 2014 AS PricewaterhouseCoopers
Auditor's registry code:	10142876
Auditor's address:	Pärnu mnt 15, Tallinn 10141
Reporting date:	30.09.2014
Reporting period:	01.01.2014 – 30.09.2014
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

Marina Laaneväli  
Member of the  
Management Board

### 3. MANAGEMENT REPORT

#### 3.1. DESCRIPTION OF AS EESTI KREDIIDIPANK GROUP

As of 30.09.2014

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%
Krediidipank Finants AS	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 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.

28.04.2014

**Legitimacy of Krediidipank's Supervisory Board, elected in 2012, approved.** The Supreme Court announced its decision to allow Krediidipank's appeal in cassation in court action against the Bank of Moscow about election of the Supervisory Board of Krediidipank. The judgement means that the election of Bank's Supervisory Board was fully legitimate.

23.05.2014

**Scholarship laureates of ROF announced.** The Rein Otsason Foundation awarded three traditional scholarships of 2000€ to young Estonian researchers. The scholarship laureates were Karoline Jostov, Sten Sonts and Jürgen Kaevats.

15.07.2014

**Summer deposit campaign.** On July 15 Krediidipank launched deposit campaign allowing to conclude deposit agreements with up to twice as high interest rate than usual.

01.08.2014

**Settlements package.** Bank informed clients that several changes in Krediidipank price list will take effect on October 1. As a novelty, we offer our private clients the Settlements package for fixed monthly fee, which includes different popular banking services.

01.09.2014

**Deposit rates have increased.** Beginning from September 1 Krediidipank offers new increased interest rates for term deposits in euros. For instance, interest rate for a 6-month deposit increased by more than 50% from former yearly rate 0,50% to 0,80%, interest rate for a 25-60 month deposit increased up to 1,50%.

### 3.3 RATIOS OF AS EESTI KREDIIDIPANK GROUP

The ratios of Q3 have been calculated on the basis of Q3 indicators, i.e. the indicators of income statement date from July 2014 till September 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 Q3 2014.

The ratios of 9 months are calculated on the basis of 9 months indicators, i.e. the indicators of income statement date from January 2014 till September 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.

	Q3 2014	Q3 2013	9 months 2014	9 months 2013
Return on equity ROE net profit/shareholders' equity	-0,2%	8,7%	2,3%	3,1%
Equity multiplier EM total assets/shareholders' equity	9,3	10,5	9,8	11,4
Profit margin PM profit/total revenue	-0,5%	13,2%	4,3%	4,9%
Asset utilisation AU total revenue/assets	5,0%	6,3%	5,5%	5,5%
Return on assets ROA net profit/assets	-0,02%	0,8%	0,2%	0,3%
Net interest margin NIM net interest income/interest-bearing assets	2,4%	2,6%	2,3%	1,9%
Earnings per share EPS	-0,001 eur	0,1 eur	0,02eur	0,02eur
SPREAD interest income/interest-bearing assets - interest expense/interest-bearing liabilities	2,3%	2,6%	2,4%	1,9%

### 3.4 PENDING COURT CASES

As of September 30, 2014 the courts were proceeding 17 actions of the Group with total principal claims 799 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 shareholders 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	30.09.2014	31.12.2013
1. Cash and receivables from credit institutions	40 077	51 785
2. Financial assets measured at fair value	19 135	29 166
3. Available for sale financial assets	18	18
4. Loans and other similar receivables	157 425	143 205
5. Financial assets held to maturity	4 051	5 617
6. Fixed assets	6 202	6 207
7. Goodwill	4	4
8. Investment property	13 831	16 052
9. Other assets	7 404	7 593
<b>Total assets</b>	<b>248 147</b>	<b>259 647</b>
Liabilities		
1. Deposits of central banks	5 072	5 064
2. Deposits and other financial liabilities	212 855	226 190
incl. deposits of credit institutions	115	380
client deposits	199 491	212 420
subordinated liabilities	13 249	13 390
3. Other liabilities	4 068	2 656
<b>Total liabilities</b>	<b>221 995</b>	<b>233 910</b>
Shareholders' equity		
1. Share capital	25 001	25 001
2. Share premium	174	174
3. Mandatory reserve	2 057	2 027
4. Revaluation reserve	0	-11
5. Retained earnings	-1 563	-2 593
6. Profit/loss for the financial year (+/-)	444	1 060
7. Minority shareholding	39	79
<b>Total shareholders' equity</b>	<b>26 152</b>	<b>25 737</b>
<b>Total liabilities and shareholders' equity</b>	<b>248 147</b>	<b>259 647</b>



## 4.2. INCOME STATEMENT OF AS EESTI KREDIIDIPANK GROUP

In thousands of euros

Continued operations	9 months 2014	9 months 2013
1. Financial and operating income and expenses	5 597	5 490
1.1 Interest income	6 013	5 607
1.1.1 From cash and deposits with central banks	51	83
1.1.2 From trading portfolio	2	238
1.1.3 From financial assets at fair value with changes through profit and loss	366	654
1.1.4 From loans (incl. financial lease)	5 316	4 387
1.1.5 From financial investments held to maturity	278	245
1.2 Interest expense ( - )	-2 102	-2 013
1.2.1 From trading portfolio	0	-68
1.2.2 From financial liabilities recorded based on the amortised acquisition cost method	-2 102	-1 945
1.3 Fee and commission income	1 969	2 489
1.4 Fee and commission expense (-)	-450	-593
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 (+/-)	28	-6
1.7. Net foreign exchange gains/losses (+/-)	4	-46
1.8 Profit/loss from assets not held for trading (+/-)	19	-16
1.9 Other operating income	2 363	3 125
1.10 Other operating expense (-)	-2 247	-3 027
2. Administrative expenses (-)	-4 761	-5 021
2.1 Wages and salaries	-3 709	-3 923
2.2 Administrative and general expenses	-1 052	-1 098
3. Depreciation of fixed assets (-)	-406	-398
4. Change in value of assets (+/-)	-26	506
5. Profit/loss from continued operations, before income tax (+/-)	404	577
6. VAT expense of continued operations (-)	0	0
7. Net profit/loss from continued and discontinued operations (+/-)	404	577
8. Part of profit/loss of minority shareholding (+/-)	-40	0
<b>Total profit/loss of the Group (+/-)</b>	<b>444</b>	<b>577</b>

In thousands of euros

<b>Comprehensive income statement</b>		
1. Net profit of the Group	444	577
2. . Difference of unrealised foreign exchange rate generated by recalculation of financial indicators of foreign business unit	0	11
<b>Total comprehensive income/expense of the Group</b>	<b>444</b>	<b>588</b>

### 4.3. CASH FLOW STATEMENT OF AS EESTI KREDIIDIPANK GROUP

In thousands of euros

	Group 9 months 2014	Group 9 months 2013
a) Cash flow from operating activities		
Net profit	444	577
+ correction of profit with non-cash expenses and losses	6 419	6 167
- correction of profit with non-cash incomes and profits	-5 781	-8 564
- change in assets related to operating activities	-2 353	-3 568
- change in liabilities related to operating activities	-12 183	-43 199
Net cash flow from operating activities	-13 454	-48 587
b) Cash flow from investing activities		
+ contributions	2 305	2 173
- disbursements	-560	-184
Net cash flow from investing activities	1 745	1 989
c) Cash flow from financing activities		
+ contributions	0	0
- disbursements	0	-5 000
Net cash flow from financing activities	0	-5 000
d) Net change in cash and cash equivalents	-11 709	-51 598
cash and cash equivalents at the beginning of the period	51 785	109 627
cash and cash equivalents at the end of the period	40 076	58 029
Balance of cash and cash equivalents:	40 076	58 029
Cash in hand	2 222	2 405
Demand deposits with Central Bank	18 041	25 654
Demand deposits and short-term deposits with credit institutions	19 813	29 970

#### 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
<b>Shareholder's equity 31.12.2013</b>	25 001	174	2 027	-11	-1 533	79	25 737
Formation of reserves	0	0	30	0	-30	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	444	0	444
Minority shareholding	0	0	0	0	0	-40	-40
<b>Shareholder's equity 30.09.2014</b>	25 001	174	2 057	0	-1 119	39	26 152

In thousands of euros

Group	Share capital	Share premium	Reserves	Revaluation reserve	Retained earnings/ accumulated loss (+/-)	Minority shareholding	Total shareholders' equity
<b>Shareholder's equity 31.12.2012</b>	25 001	174	1 908	-130	-2 474	0	24 479
Formation of reserves	0	0	119	0	-119	0	0
Difference of unrealised foreign exchange rate generated by recalculation of financial indicators of foreign business unit	0	0	0	141	0	0	141
Rounding	0	0	0	0	0	0	0
Profit/loss from the period (+/-)	0	0	0	0	577	0	577
Minority shareholding	0	0	0	0	0	98	98
<b>Shareholder's equity 30.09.2013</b>	25 001	174	2 027	11	-2 016	98	25 295

## 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	30.09.2014	30.09.2013
Balance of allowance made for uncollectible loans and claims at the beginning of the period	-3 249	-3 529
Write-downs of the period	-857	-908
Correction of previous write-downs	835	1 425
Repayment of off-balance sheet loans	-138	-254
Loans written off from the balance sheet during the period	243	305
Balance of allowance made for uncollectible loans and claims at the end of the period	-3 166	-2 961

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

In thousands of euros

Due for	30.09.2014	30.09.2013
up to 30 days	11 253	12 661
31 - 60 days	1 524	1 458
61 - 90 days	725	1 613
over 90 days	5 147	7 929
Total receivables due for payment	18 649	23 661

#### 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 similar economic interests to directors and companies related to them.

Loans issued to related parties do not differ in terms from those 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
<b>Credit institution with qualifying holding and credit institutions of its group</b>		
Deposits with credit institution with qualifying holding 30.09	37	28
Deposits of credit institution with qualifying holding 30. 09	32	110
Subordinated loan 30. 09	13 000	13 000
Interest income calculated during the period	0	0
Interest expenses calculated during the period	648	659
<b>Directors and persons / companies related to them</b>		
Loans 30. 09	222	213
Deposits 30. 09	624	909
Interest income calculated during the period	6	7
Interest expenses calculated during the period	7	8
Management Board and Supervisory Board members' remuneration	473	407