



Krediidipank

**Disclosed information of AS
Eesti Krediidipank Group in
accordance with regulation
(EU) No 575/2013 of the
European Parliament and of
the Council**

2015



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General information

The information on capital adequacy and risk management, disclosed in current document and Annual Report 2015 of AS Eesti Krediidipank Group, has been compiled in accordance with the Capital Requirements Directive 2013/36/EL (CRD IV) and the Capital Requirements Regulation (EU) No 575/2013 (CRR).

The Annual Report 2015 of AS Eesti Krediidipank Group (published on bank's homepage www.krediidipank.ee) provides information on risk profile, amount and composition of capital requirements and of the own funds of the consolidation group, which form the basis for the calculation of the capital adequacy ratio.

The description of Group's risk management processes is published in the Annual Report 2015 as Note 2 "Risk management" (pp 38 – 52).

In addition to the information on risk management and capital adequacy, provided in Annual Report 2015, the current document provides information on risk strategy and remuneration policy of the Group according to Regulation (EU) No 575/2013 and publish the disclosed information forms of the Group, provided by Implementing Regulations (EU) No 1423/2013 and (EU) No 2016/200 of the Regulation (EU) No 575/2013.

Risk strategy of Krediidipank Group

Risk strategy of the Group functions in concordance with action strategy, approved by the Supervisory Board and it is reviewed parallel to the approval of Group's strategy plan.

The Group has implemented regular risk reporting system covering all major risks, incl. size of the risks, trend, results of stress-testing, capital requirements, etc. Bank's Management Board and Supervisory Board are immediately informed of large-scale realisation of risks or significant derogations from the general principles of risk management.

The Group employs risk-based management of capital, ensuring that all risks are adequately backed by own funds at all times. Management of capital occurs on the basis of balance sheet and profit forecasts that take into account the strategy, future expectations, risk profile and risk appetite of the group.

Significant risks, arising from the operations of Krediidipank Group, are following:

- credit risk, incl. concentration risk, collateral risk, counterparty risk;
- liquidity risk;
- market risks (interest rate risk, currency risk, equity risk);
- operational risk;
- interest rate risk of the bank portfolio;
- strategic risk;
- reputation risk;
- real estate risk.

Credit risk is has the largest share in Group's risk profile forming approximately 70% of the Group's internal capital requirement. According to the desirable risk profile credit risk forms 75-85% and market risk 3-5% of all capital requirements of the Group.

In 2015 the risk position of Group's credit risk decreased by 3.3% that corresponds to Group's strategy. The Group's objective is not expansive growth of risk positions, the strategy of Krediidipank is aimed at cost- and capital-effectiveness. The existing capital buffer is sufficient for constant coverage of all risks, taken for the purpose of fulfilling strategic goals of the Group.

Remuneration policy of Krediidipank Group

Krediidipank Group applies a single remuneration policy that has been approved by the Supervisory Board of the bank and the effectiveness, adherence to objectives and implementation of the policy is supervised by the Remuneration Committee.

The Remuneration Committee is comprised of 5 members. In 2015 one meeting was held, no external consultants were engaged in 2015.

The task of the Remuneration Committee is to assess:

- implementation of the principles of remuneration policy, approved by bank's Supervisory Board, and their consistency with bank's operational objectives;
- the effect of remuneration-related decisions on fulfilling the requirements set on bank's risk management, own funds and liquidity.

The Remuneration Committee supervises control over remuneration of Management Board members and employees, subject to the supervision of Remuneration Committee, at least once a year assesses implementation of remuneration principles and, if necessary, makes a proposal for updating the remuneration principles.

The remuneration policy applies equally to both employees and Management Board members of Group companies. Compensation structure, currently effective in Krediidipank Group, is comprised of three components:

- base salary (fixed pay and variable pay for successful performance, the latter does not exceed 25% of the fixed pay);
- performance pay according to the profitability of the Group, which is based on return on equity;
- bonus for outstanding accomplishments.

The right to the part of performance pay according to the profitability of the Group arises after the Group's average return on equity exceeds 5%. Performance pay is payable in cash in the period following the reporting period to those employees that have contributed to achieving the results, followed objectives and values of the Group and continue to be employed by the Group. 60% of the performance pay is paid on the year, following the financial year on which the calculation is based, 20% on the second, 10% on the third and 10% on the fourth year. Performance pays based on shares and options are not foreseen. Performance pay effectively supports risk management and does not encourage excessive risk-taking.

Other compensations are additional to the salary in the form of covering part of employees' costs on occupational health, sporting activities and language studies and other non-monetary benefits in the form of flexible working hours, different joint events and additional vacation, dependent on the length of service.

Quantitative aggregate data concerning remuneration is presented on page 9, information about compensations paid to the management is provided in Note 36 "Related parties" on page 67 of the Annual Report 2015.

No severance payments were made in 2015, except the redundancy benefits prescribed by law. All pays were made as monetary payments.

In 2015 financial year the Group employed no persons, whose remuneration was one MEUR or bigger.

Transitional own funds disclosure according to Annex VI in EU Regulation No 1423/2013

In thousands of euros

	(A)	(B)	
(A) amount			
(B) reference to the Article of (EU) Regulation No 575/2013			
(C) amounts, applicable to the approach valid before the Regulation (EU) No 575/2013 or residual amounts fixed by Regulation (EU) No 575/2013 - AS Eesti Krediidipank Group does not have amounts applicable to the mentioned Regulation, i.e. amounts to be disclosed in column C are not applicable to the Group.			
Common Equity Tier 1 capital : instruments and reserves			
31.12.2015			
1	Capital instruments and the related share premium accounts	25 175	26 (1), 27, 28, 29, EBA list according to 26 (3)
	of which: instrument type 1	25 175	EBA list according to 26 (3)
	of which: instrument type 2	0	EBA list according to 26 (3)
	of which: instrument type 3	0	EBA list according to 26 (3)
2	Retained earnings	58	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	0	26 (1)
3a	Funds for general banking risk	1 844	General banking reserve
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	0	486 (2)
	Public sector capital injections grandfathered until 1 January 2018	0	483 (2)
5	Minority interests (amount allowed in consolidated CET1)	0	84, 479, 480
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0	26 (2)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	27 077	
Common Equity Tier 1 capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-17	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-761	36 (1) (b), 37, 472 (4)
9	Empty set in the EU	N/A	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-1	36 (1) (c), 38, 472 (5)
11	Fair value reserves related to gains or losses on cash flow hedges	0	33 (a)
12	Negative amounts resulting from the calculation of expected loss amounts	0	36 (1) (d), 40, 159, 472 (6)
13	Any increase in equity that results from securitised assets (negative amount)	0	32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	33 (1) (b)

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15	Defined-benefit pension fund assets (negative amount)	0	36 (1) (e), 41, 472 (7)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	0	36 (1) (f), 42, 472 (8)
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	36 (1) (g), 44, 472 (9)
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	36 (1) (h), 43, 45, 46, 49 (2) and (3), 79, 472 (10)
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1)-(3), 79, 470, 472 (11)
20	Empty set in the EU	N/A	
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0	36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)	0	36 (1) (k) i, 89 - 91
20c	of which: securitisation positions (negative amount)	0	36 (1) (k) ii, 243 (1) (b), 244 (1) (b), 258
20d	of which: free deliveries (negative amount)	0	36 (1) (k) iii, 379 (3)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	0	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22	Amount exceeding the 15% threshold (negative amount)	0	
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0	36 (1) (i), 48 (1) (b), 470, 472 (11)
24	Empty set in the EU	N/A	
25	of which: deferred tax assets arising from temporary differences	0	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a	Losses for the current financial year (negative amount)	0	36 (1) (a), 472 (3)
25b	Foreseeable tax charges relating to CET1 items (negative amount)	0	36 (1) (l)
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	0	

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26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	0	
	of which: ... unrealised gains (phase out)	0	467
	of which: ... unrealised losses (phase out)	0	467
	of which: ... unrealised gains linked to exposures to central administrations (phase out)	0	468
	of which: ... unrealised losses linked to exposures to central administrations (phase out)	0	468
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	0	481
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	0	36 (1) (j)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-779	
29	Common Equity Tier 1 (CET1) capital	26 298	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	0	51,52
31	of which: classified as equity under applicable accounting standards	0	
32	of which: classified as liabilities under applicable accounting standards	0	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0	468 (3)
	Public sector capital injections grandfathered until 1 January 2018	0	468 (3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0	85, 86, 480
35	of which: instruments issued by subsidiaries subject to phase out	0	468 (3)
36	Additional Tier 1 (AT1) capital before regulatory adjustments	0	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	0	52 (1) (b), 56 (a), 57, 475 (2)
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	56 (b), 58, 475 (3)

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39	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	56 (c), 59, 60, 79 475 (4)
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	56 (d), 59, 79 475 (4)
41	Regulatory adjustments applied to Additional Tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	0	
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	0	472, 472 (3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	0	477, 477 (3), 477 (4) (a)
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre CRR	0	467, 468, 481
	of wich ... possible filter for unrealised losses	0	467
	of wich ... possible filter for unrealised gains	0	468
	of wich ...	0	481
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	0	56 (e)
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	0	
44	Additional Tier 1 (AT1) capital	0	
45	Tier 1 capital (T1=CET1+AT1)	26 298	

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Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	4 000	62,63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	0	486 (4)
	Public sector capital injections grandfathered until 1 January 2018	0	483 (4)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 and 34) issued by subsidiaries and held by third parties	0	87, 88, 480
49	of which: instruments issued by subsidiaries subject to phase out	0	486 (4)
50	Credit risk adjustments	0	62 (c) and (d)
51	Tier 2 (T2) capital before regulatory adjustments	4 000	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0	63 (b) (l), 66 (a), 67, 477 (2)
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	66 (b), 68, 477 (3)
54	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	66 (c), 69, 70, 79, 477 (4)
54a	Of which new holdings not subject to transitional arrangements	0	
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements	0	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0	66 (d), 69, 79, 477 (4)
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	0	

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56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	0	472, 472 (3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	0	475, 475 (2) (a), 475 (3), 475 (4) (a)
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR	0	467, 468, 481
	of which ... possible filter for unrealised losses	0	467
	of which ... possible filter for unrealised gains	0	468
	of which ...	0	481
57	Total regulatory adjustments to Tier 2 (T2) capital	0	
58	Tier 2 (T2) capital	4 000	
59	Total capital (TC=T1+T2)	30 298	
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	N/A	
	of which: CET1 instruments of financial sector entities not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts)	N/A	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)
	of which: AT1 instrument of financial sector entities not deducted from AT1 (Regulation (EU) No 575/2013 residual amounts)	N/A	475, 475 (2) (b) and (c), 475 (4) (b)
	of which: Tier 2 instrument of financial sector entities not deducted from Tier 2 (Regulation (EU) No 575/2013 residual amounts)	N/A	477, 477 (2) (b) and (c), 477 (4) (b)
60	Total risk weighted assets	140 667	

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<u>Capital ratios and buffers</u>			
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	18,69%	92 (2) (b), 465
62	Tier 1 (as a percentage of risk exposure amount)	18,69%	92 (2) (b), 465
63	Total capital (as a percentage of risk exposure amount)	21,54%	92 (2) (b), 466
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	9,00%	128, 129, 130
65	of which: capital conservation buffer requirement	2,50%	
66	of which: countercyclical buffer requirement	0,00%	
67	of which: systemic risk buffer requirement	2,00%	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	N/A	131
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	14,2%	128
69	[non relevant in EU regulation]	N/A	
70	[non relevant in EU regulation]	N/A	
71	[non relevant in EU regulation]	N/A	
<u>Amounts below the thresholds for deduction (before risk weighting)</u>			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0	36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0	36 (1) (i), 45, 48, 470, 472 (11)
74	Empty set in the EU	N/A	
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	0	36 (1) (c), 38, 48, 470, 472 (5)
<u>Applicable caps on the inclusion of provisions in Tier 2</u>			
76	Credit risk adjustments included in Tier 2 in respect of exposures subject to standardized approach (prior to the application of the cap)	0	62
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	0	62
78	Credit risk adjustments included in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	0	62
79	Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach	0	62

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Capital instruments subject to phase-out arrangements (only applicable between 1Jan 2014 and 1 Jan 2022)

80	Current cap on CET1 instruments subject to phase out arrangements	N/A	484 (3), 486 (2) and (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A	484 (3), 486 (2) and (5)
82	Current cap on AT1 instruments subject to phase out arrangements	N/A	484 (4), 486 (3) and (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A	484 (4), 486 (3) and (5)
84	Current cap on T2 instruments subject to phase out arrangements	N/A	484 (5), 486 (4) and (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N/A	484 (5), 486 (4) and (5)

Capital instruments' main features in scope of Krediidipank Group as at 31.12.2015

according to Annex II in EU Regulation No 1423/2013

1	Issuer	AS Eesti Krediidipank
2	Unique identifier (ISIN)	EE3100007857
3	Governing law(s) of the instrument	Estonian jurisdiction
	Regulatory treatment	
4	Transitional CRR rules	CET1
5	Post-transitional CRR rules	CET1
6	Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated	Solo and (sub-) consolidated
7	Instrument type (types to be specified for each jurisdiction)	Ordinary share, CET1 as published in the EBA list (CRR art. 28,29)
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 25 mil
9	Nominal value of instrument (in issuance currency)	Non par value share, according to § 222 ¹ in Commercial Code of Estonia
9a	Issue price	EUR 25 mil
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	19.07.1999
12	Undated or dated	Undated
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	NO
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons/dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step-up or other incentive to redeem	N/A
22	Cumulative or non-cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, instrument type convertible into	N/A

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29	If convertible, issuer of instrument it converts to	N/A
30	Write-down features	NO
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	NO
37	If yes, non-compliant features	N/A

CRR Leverage ratio disclosure as of 31.12.2015

according to Annex I in EU Regulation No 2016/200

In thousands of euros

Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

1	Total assets as per published financial statements	305 350
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-761
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	0
4	Adjustments for derivative financial instruments	207
5	Adjustment for securities financing transactions (SFTs)	0
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	7 871
6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	0
6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	0
7	Other adjustments	0
8	Leverage ratio total exposure measure	312 667

Table LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	305 322
2	(Asset amounts deducted in determining Tier 1 capital)	-761
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	304 561
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	28

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5	Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	207
5a	Exposure determined under Original Exposure Method	0
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted CCP leg of client-cleared trade exposures)	0
9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	Total derivatives exposures (sum of lines 4 to 10)	235
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	0
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	Counterparty credit risk exposure for SFT assets	0
14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	0
15	Agent transaction exposures	0
15a	(Exempted CCP leg of client-cleared SFT exposure)	0
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	0
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	7 871
18	(Adjustments for conversion to credit equivalent amounts)	0
19	Other off-balance sheet exposures (sum of lines 17 and 18)	7 871
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		
19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	0

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Capital and total exposure measure		
20	Tier 1 capital	26 298
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	312 667
Leverage ratio		
22	Leverage ratio	8,4%
Choice on transitional arrangements and amount of derecognised fiduciary items		
23	Choice on transitional arrangements for the definition of the capital measure	Fully phased in
24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	N/A

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

CRR leverage ratio exposures		
1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	304 561
2	Trading book exposures	0
3	Banking book exposures, of which:	304 561
4	Covered bonds	0
5	Exposures treated as sovereigns	66 275
6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	0
7	Institutions	59 820
8	Secured by mortgages of immovable properties	121 082
9	Retail exposures	21 660
10	Corporate	5 729
11	Exposures in default	2 598
12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	27 397

Table LRQua: disclosure on qualitative items

1 Description of processes, used for management of the risk of excessive leverage:

In management of Eesti Krediidipank relies on the requirements, provided in Article 82² of Estonian Credit Institutions Act. For the purpose of evaluation and control of excessive leverage risk, the means and risk control structure have been established in Eesti Krediidipank Group in accordance with legislative regulations and risk profile. The Group monitors quantitative dynamics of leverage risk, using the leverage indicator provided in regulation (EU) No 575/2013. For the purpose of excessive leverage risk management the Management Board of the bank and ALCO - working body formed by the Management Board – monitor the leverage ratio, analyse changes in balance sheet structure and forecasts and, if the necessity emerges, establish action plan for response to the changes in leverage ratio.

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2 Description of factors that influence the leverage ratio during the reporting period:

In compliance with point (1) of Commission delegated Regulation (EU) No 2015/62, the leverage ratio of the Group was 8.4% in 2015 and 9.4% in 2014, calculated as a simple arithmetic mean of monthly leverage ratios during one quarter. The decrease of leverage ratio was mainly caused by the increase of total risk exposure, which, in turn, was chiefly caused by the change of on-balance sheet exposure. The on-balance sheet exposure usually appears to be the most significant component of total risk exposure (see AS Eesti Krediidipank Group Annual Report 2015, table on page 16).
