



Public Interim Report
Quarter IV **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	31.12.2015
Reporting period	01.01.2015 - 31.12.2015
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 31.12.2015 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.

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 and Tartu branches celebrated their round anniversary

In February the Võru branch and in April the Tartu branch of Krediidipank celebrated their 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 state began to offer the service itself.

Krediidipank has new Management Board member

In May 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.

Two bank offices were closed

In the middle of September bank closed its Paldiski and Nõmme offices.

Sihtlaen (Target loan) has proved its value

Loan portfolio of bank's subsidiary company Krediidipank Finants AS reached 10 million euros. This result exceeds almost twice the forecasted volume.

Cooperation with Catwees

In November and December Krediidipanga Liising and OÜ Catwees organised joint campaign for introducing new Hondas and leasing terms.

Two branches received fresh appearance

In November the newly redecorated Kuressaare branch reopened its doors.

In December the Maardu branch moved back to Maxima Centre in Keemikute Street.

Ratios of AS Krediidipank Group

	12 months 2015	12 months 2014
Ratios (year-on-year)		
Return on equity ROE		
Net profit/shareholders' equity	6.3%	5.2%
Return on assets ROA		
Net profit/assets	0.6%	0.5%
Equity multiplier EM		
Total assets/shareholders' equity	10.0	9.8
Profit margin PM		
Profit/total income	10.4%	9.2%
Asset utilisation AU		
Total income/assets	6.1%	5.8%
Earnings per share EPS (euros)		
Net profit per common share eligible for dividends	0.05	0.04

* 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	31.12.2015	31.12.2014
Tier 1 capital		
Paid-in share capital and share premium	25 175	25 175
Statutory reserve capital	1 844	1 813
Retained earnings (+) / accumulated loss (-)	58	-1 308
Intangible assets (-)	-761	-733
Deferred tax asset depending on future tax profits	-1	-1
Adjustment of value arising from requirements of reliable measurement (-)	-17	-13
Total Tier 1 capital	25 298	24 933
Subordinated debt	4 000	6 923
Tier 2 capital	4 000	6 923
Eligible capital for capital adequacy calculation	30 298	31 402
Risk-weighted assets		
Central government and central banks using the Standardised Approach	526	2 670
Credit institutions, investment companies and local governments using the Standardised Approach	13 774	7 171
Companies using the Standardised Approach	4 404	9 553
Retail claims using the Standardised Approach	16 718	13 246
Claims secured by mortgage on real estate using the Standardised Approach	55 353	54 842
Claims past due using the Standardised Approach	2 874	5 418
Items subject to particularly high risk using the Standardised Approach	9 962	10 406
Equity investments	13	13
Other assets using the Standardised Approach	18 771	23 237
Total credit risk and counter-party credit risk	122 395	126 556
Operational risk using the Basic Indicator Approach	18 272	19 706
Total risk-weighted assets	140 667	146 262
Capital adequacy (%)	21.54	21.47
Tier 1 Capital Ratio (%)	18.69	17.05

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
Systemic risk buffer	2.00%	of total risk exposure
Capital preservation buffer	2.50%	of total risk exposure

The systemic risk buffer of Krediidipank Group amounts 2 813 thousand euros as of 31.12.2015, as of 31.12.2014, the amount was 2 925 thousand euros.

The capital conservation buffer of Krediidipank Group amounts 3 517 thousand euros as of 31.12.2015, as of 31.12.2014, the amount was 3 656 thousand euros.

The leverage ratio of Krediidipank Group, calculated as simple arithmetical mean of leverage ratios of each month of the quarter, yielded 8.48% as of 31.12.2015, as of 31.12.2014, the ratio was 9.37%.

Consolidated financial statements of AS Eesti Krediidipank Group **Quarter IV 2015**

Consolidated statement of financial position of AS Eesti Krediidipank

In thousands of euros

Assets	Note	31.12.2015	31.12.2014
Cash on hand		2 342	2 576
Balances with central banks	2	65 126	30 475
Loans and advances to credit institutions	3	57 716	29 836
Financial assets held for trading	7	28	0
Financial assets designated at fair value through profit or loss at inception	7	6 078	13 184
Loans and advances to customers	4,5,6	152 652	150 705
Held-to-maturity financial assets	7	503	3 921
Available-for-sale financial assets	7	13	18
Other assets	8	20 892	25 270
Total assets		305 350	255 985
Liabilities			
Due to central banks		0	5 073
Financial assets held for trading		276	0
Due to credit institutions		115	356
Due to customers	9	267 395	207 779
Other liabilities	10	4 627	2 261
Subordinated debt		4 039	13 390
Total liabilities		276 452	228 859
Shareholders' equity			
Share capital		25 001	25 001
Share premium		174	174
Reserves		1 844	1 813
Retained earnings/accumulated loss		1 838	89
Shareholders' equity attributable to owners of the parent company		28 857	27 077
Non-controlling interest		41	49
Total shareholders' equity		28 898	27 126
Total liabilities and shareholders' equity		305 350	255 985

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

In thousands of euros

	Note	2015		2014	
		12 months	Q4	12 months	Q4
Interest income	12	8 261	2 104	8 723	2 216
Interest expense	13	-2 367	-532	-2 810	-708
Net interest income		5 894	1 572	5 913	1 508
Fee and commission income	14	3 364	1 026	2 643	674
Fee and commission expense	15	-713	-233	-602	-152
Net fee and commission income		2 651	793	2 041	522
Revenue from sale of assets		3 609	776	1 640	463
Cost of assets sold		-3 143	-850	-1 057	-157
Change in fair value of investment property		115	75	893	433
Net income (expense) from financial assets designated at fair value	16	-353	-22	-559	-65
Payroll expenses		-4 978	-1 407	-4 892	-1 183
General and administrative expenses		-2 565	-697	-2 749	-767
Other income		1 727	226	1 029	262
Other expenses		-376	-109	-654	-240
Depreciation		-486	-120	-534	-128
Net impairment losses/ reversal of impairment losses on loans and advances		-169	-373	307	326
Profit/loss before income tax		1 926	-136	1 378	974
Income tax		-154	0	0	0
Net profit		1 772	-136	1 378	974
Incl. share of profit/loss attributable to non-controlling interest		-8	-48	-30	10
Incl. share of profit/loss attributable to the owners of the parent company		1 780	-88	1 408	964
Other comprehensive income/ expense					
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
Comprehensive income for the financial year		1 772	-136	1 389	974
Incl. share of profit/loss attributable to non-controlling interest		-8	-48	-30	10
Incl. share of profit/loss attributable to the owners of the parent company		1 780	-88	1 419	964

Consolidated statement of changes in shareholders' equity of AS Eesti Krediidipank

In thousands of euros

	Share capital premium	Share premium	Statu- tory reserve capital	Unrealised foreign currency gains and losses	Retained earnings	Total equity attributable to the shareholders of the parent company	Non- controlling interest	Total share- holders' equity
Balance as of 31.12.2013	25 001	174	1 791	-11	-1 297	25 658	79	25 737
Net profit for the financial year	0	0	0	0	1 408	1 408	-30	1 378
Other comprehensive income	0	0	0	11	0	11	0	11
Total comprehensive income for the period	0	0	0	11	1 408	1 419	-30	1 389
Formation of statutory reserve	0	0	22	0	-22	0	0	0
Balance as of 31.12.2014	25 001	174	1 813	0	89	27 077	49	27 126
Net profit for the financial year	0	0	0	0	1 780	1 780	-8	1 772
Total comprehensive income for the period	0	0	0	0	1 780	1 780	-8	1 772
Formation of statutory reserve	0	0	31	0	-31	0	0	0
Balance as of 31.12.2015	25 001	174	1 844	0	1 838	28 857	41	28 898

Consolidated cash flow statement of AS Eesti Krediidipank

In thousands of euros

Cash flows from operating activities (indirect method)	2015	2014
Net profit	1 780	1 408
Adjustments		
Change in provisions for loans and advances	169	-307
Depreciation and impairment of non-current assets	499	548
Impairment of available-for-sale financial assets	171	37
Change in fair value of financial assets designated at fair value through profit or loss at inception	372	559
Revaluation of investment property	-115	-893
Net gain/loss on sale of non-current assets	-2	52
Effect of changes in currency exchange rates	-1	15
Net interest income	-5 894	-5 913
Interest received	6 828	8 698
Interest paid	-2 614	-2 234
Change in loans and advances related to customers of credit institutions and leasing companies	-1 320	-7 243
Change of financial assets designated at fair value through profit or loss at inception	7 307	15 423
Change in long-term deposits in credit institutions	-80	15
Change in deposits of credit institutions	-241	-23
Change in deposits	59 439	-5 209
Change in assets for sale	2 116	466
Change in other assets and liabilities related to operating activities	1 234	487
Total cash flows from operating activities	69 648	5 886
Cash flows from investment activities (direct method)		
Redemption and sale of held-to-maturity financial assets	4 412	1 696
Proceeds from sale of non-current assets and investment property	2 474	3 977
Purchase of non-current assets and investment property	-317	-877
Total cash flows from investment activities	6 569	4 796
Cash flows from financing activities (direct method)		
Repayment of loans to credit institutions	-14 000	0
Total cash flows from financing activities	-14 000	0
Total cash flows	62 217	10 682
Change in cash and cash equivalents	62 217	10 682
Cash and cash equivalents at beginning of the period	62 467	51 785
Cash and cash equivalents at end of the period	124 684	62 467
Cash and cash equivalents balance is comprised of:	124 684	62 467
Cash on hand	2 342	2 576
Demand deposits in central banks	65 126	30 475
Demand and short-term deposits in credit institutions	57 216	29 416

Notes to the interim report

Note 1. Accounting principles

The interim report of AS Eesti Krediidipank Group for Quarter IV 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 IV 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		
	31.12.2015	31.12.2014
Demand deposits		
Incl. minimum reserve requirement	2 221	1 606
Incl. demand deposits, cash equivalents	62 905	28 869
Total	65 126	30 475

Note 3. Loans and advances to credit institutions

In thousands of euros		
	31.12.2015	31.12.2014
EU countries, except Estonia	25 582	3 855
Estonia	11 941	1 629
All other countries	20 193	24 352
Total	57 716	29 836

Note 4. Loans and advances to customers

In thousands of euros		
	31.12.2015	31.12.2014
Total receivables from corporates	38 901	40 927
Total receivables from private individuals	116 245	112 797
Total receivables	155 146	153 724
Allowance for doubtful receivables (note 5)	-2 494	-3 019
Total	152 652	150 705

Note 5. Impairment of loans and advances

In thousands of euros		
	31.12.2015	31.12.2014
Balance at the beginning of the reporting period	-3 019	-3 249
Impairments posted during the reporting period	-1 600	-1 236
Adjustment of previous impairments	1 249	1 101
Loans written off during the reporting period	876	365
Balance at the end of the reporting period	-2 494	-3 019

Note 6. Past due receivables

In thousands of euros

	31.12.2015		31.12.2014	
	Loan balance	Collateral coverage ratio	Loan balance	Collateral coverage ratio
Private individuals				
1-30 days	3 814	47.6%	5 037	56.9%
31-60 days	1 391	36.0%	1 453	43.8%
61-90 days	395	24.2%	450	53.9%
more than 90 days	3 206	60.3%	3 126	65.3%
Total	8 806		10 066	

	31.12.2015		31.12.2014	
	Loan balance	Collateral coverage ratio	Loan balance	Collateral coverage ratio
Corporates				
1-30 days	593	42.7%	469	62.9%
31-60 days	410	79.5%	88	46.1%
61-90 days	228	19.3%	15	32.8%
more than 90 days	4 027	27.7%	1 205	82.9%
Total	5 258		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

	31.12.2015	31.12.2014
Financial assets held for trading	28	0
Derivative agreements with credit institutions and financing institutions	28	0
Financial assets designated at fair value through profit or loss at inception	6 078	13 184
Government debt securities	1 053	5 340
Debt securities of credit institutions and financing institutions	1 327	1 387
Debt securities of other non-financial companies	3 698	6 457
Held-to-maturity financial assets	503	3 921
Debt securities of other non-financial companies	503	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

	31.12.2015	31.12.2014
Other financial assets	1 161	843
Property, plant and equipment	5 088	5 360
Intangible assets	761	733
Investment property	11 220	13 515
Assets held for sale	2 422	4 538
Other assets	240	281
Total	20 892	25 270

Note 9. Due to customers

In thousands of euros

	31.12.2015	31.12.2014
Private individuals	151 633	147 190
Corporates	115 762	60 589
Total	267 395	207 779
Demand deposits	105 386	79 872
Term deposits	162 009	127 907
Total	267 395	207 779

Note 10. Other liabilities

In thousands of euros

	31.12.2015	31.12.2014
Other financial liabilities	3 928	1 463
Other liabilities	699	798
Total	4 627	2 261

Note 11. Off-balance-sheet claims and liabilities

In thousands of euros

31.12.2015	Claims	Liabilities
Financial assets held for trading	20 437	20 685
incl. currency-related derivative transactions	20 437	20 685
Contingent liabilities	0	7871
incl. financial guarantees	0	1 253
incl. undrawn lines of credit and overdraft facilities	0	6 618
31.12.2014		
Contingent liabilities	0	5 179
incl. financial guarantees	0	1 041
incl. undrawn lines of credit and overdraft facilities	0	4 138
Total	20 437	20 685

Note 12. Interest income

In thousands of euros

	2015		2014	
	12 months	Q4	12 months	Q4
On loans and lease receivables	7 665	2 012	7 272	1 955
On financial assets measured at fair value	423	79	1 070	208
On held-to-maturity financial assets	160	8	326	49
On other assets	13	5	55	4
Total	8 261	2 104	8 723	2 216

Note 13. Interest expense

In thousands of euros

	2015		2014	
	12 months	Q4	12 months	Q4
On term deposits	1 804	453	1 932	490
On subordinated loans	558	78	866	218
On loans	1	0	8	0
On demand deposits	4	1	4	0
Total	2 367	532	2 810	708

Note 14. Fee and commission income

In thousands of euros

	2015		2014	
	12 months	Q4	12 months	Q4
Bank transfer fees	1 139	343	1 155	296
Gains from foreign exchange transactions	808	291	482	100
Charges on card transactions	368	97	373	100
Account opening and management fees	450	122	250	92
Fees related to securities	21	6	16	7
Other fees	578	167	367	79
Total	3 364	1 026	2 643	674

Note 15. Fee and commission expense

In thousands of euros

	2015		2014	
	12 months	Q4	12 months	Q4
Charges on card transactions	435	151	385	96
Bank transfer fees	192	51	191	49
Securities transaction and custodial fees	10	3	11	2
Other fees	76	28	15	5
Total	713	233	602	152

Note 16. Net income (expense) from financial assets designated at fair value

In thousands of euros

	2015		2014	
	12 months	Q4	12 months	Q4
Derivative transactions	19	19	0	0
Currency-related derivative transactions	19	19	0	0
Financial assets designated at fair value	-372	-41	-559	-65
Change in fair value of financial assets designated at fair value through profit or loss at inception	-372	-41	-559	-65
Total	-353	-22	-559	-65

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

	31.12.2015	31.12.2014
Credit institution with significant interest		
Deposits in credit institution with significant interest	30	100
Deposits from credit institution with significant interest	28	32
Subordinated loan	4 000	13 000
Interest expense of reporting period	534	866
Members of the management board and supervisory board, and persons and companies associated with them		
Loans	131	119
Deposits	158	436
Interest income of the reporting period	4	3
Interest expense of the reporting period	0	7
Sale of other goods and services	14	8
Purchase of other goods and services	0	4
Compensation paid and payable to members of the Management Board and Supervisory Board	423	443
Maximum termination benefits payable to members of the management board, on a contingent basis	156	141