

EESTI PANK

GOVERNOR'S DECREE

No 17, 30 December 2004

Amendments to Eesti Pank Governor's Decree no 13 of 3 December 2003 "Balance Sheet and Income Statement of Credit Institution; Balance Sheet, Income Statement and Off-Balance-Sheet Commitments of the Consolidation Group of Credit Institution"

Based on Subsection 91 (1) of Credit Institutions Act (RT I 1999, 23, 349; 2002, 17, 96; 21, 117; 23, 131; 53, 336; 63, 387; 102, 600; 105, 612; 2003, 17, 95; 23, 133; 81, 544; 2004, 30, 208; 36, 251; 37, 255).

Eesti Pank decrees:

1. To amend Appendix 1 "General principles of preparation and submission of balance sheet and income statement", Appendix 3 "Guidelines for preparation of balance sheet", and Appendix 6 "Guidelines for preparation of income statement" to the Eesti Pank Governor's Decree No 13 of 3 December 2003 "Balance sheet and income statement of credit institution; balance sheet, income statement and off-balance sheet commitments of the consolidated group of credit institution" (RTL 2003, 126, 2056) and to approve these in a new redaction (Appendices 1-3 to this decree).

2. This Decree shall be applied as of 1 January 2005.

Rein Minka

Deputy Governor
Acting Governor

Appendix 1

Approved by
Eesti Pank Governor's Decree
No 17 of 30 December 2004

GENERAL PRINCIPLES OF PREPARATION AND SUBMISSION OF BALANCE SHEET AND INCOME STATEMENT

General

The balance sheet of a credit institution on the solo and consolidated basis (hereinafter referred to as *the balance sheet*) and the income statement on the solo and consolidated basis (hereinafter referred to as *the income statement*) are prepared in monetary value and submitted in thousands of Estonian kroons. Financial assets and liabilities that are denominated in foreign currencies shall be revalued according to the current daily exchange rate of Eesti Pank.

Balance sheet data are submitted as of the end of every reporting period, income statement data cumulatively as of the beginning of a reporting year.

Preparing the balance sheet and income statement shall be based on the accounting policy, which is in compliance with subsection (17) 2 of the Accounting Act (RT I 2002, 102, 600; 2003, 88, 588).

Reflecting the assets of a credit institution and its customers

The assets of a credit institution are reflected at the respective items of the balance sheet, including cases when an asset is pledged as collateral for its own or someone else's liabilities.

All claims are indicated in the balance sheet until written off the balance sheet, even if some of them have been recorded in expenses as doubtful claims. Doubtful claims are recorded in the balance sheet at respective asset items with a minus sign.

Notification obligation

A credit institution is obliged to inform the Financial Supervision Authority in writing or in a format which can be reproduced in writing of the following accounting policies and/or intended changes thereof:

- 1) principles of classifying financial assets and financial liabilities of the credit institution and methods applied for the reflection of purchases and sales of financial assets included in different groups;
- 2) accounting principle(s) applied for the reflection of holdings in affiliated undertakings and subsidiaries of the credit institution;

3) accounting principles applied for reflection of investment properties and tangible fixed assets of the credit institution.

GUIDELINES FOR PREPARATION OF BALANCE SHEET

_____ Assets _____

1. Cash

This item includes cash and its equivalents (e. g. cheques in hand and other legal tenders similar to cash).

Foreign currency is revalued according to the exchange rate of Eesti Pank current on the balance sheet date. Profit or loss resulting from the revalue is recognised in the income statement under item 7 "Net profit/loss on financial operations".

This item includes cash:

- in the hands of the credit institution;
- in currency exchange points;
- in transit within the credit institution (e.g., from the head office to a branch).

2. Claims on the central bank

2.1 Demand deposits

Here are indicated settlement accounts and other demand deposits with central banks, including the reserve requirement with Eesti Pank.

2.2 Other deposits

Here are indicated all other accounts with the central bank, which are not included in item 2.1 or represented by tradable securities.

2.3 Securities underwritten and issued by the central bank

Here are indicated securities issued by central banks, central governments, and local governments, as well as other securities, which can be used for refinancing via the central bank of the country of the issuer. Securities used to comply with the reserve requirement pursuant to the procedure established by the Governor of Eesti Pank are not reflected in this item.

3. Claims on credit institutions

Here are indicated deposits with other credit institutions and other claims on other credit institutions. If the contractual currency of a placed deposit (a granted loan) is EEK, but the amount to be repaid is related to the exchange rate between EEK and a specific currency (e.g. EUR), the deposit (loan) shall be treated as placed (issued) in that currency (in this case EUR).

3.1 Demand deposits

Here are indicated settlement and correspondent accounts and overnight deposits with other credit institutions.

3.2 Time deposits

3.3 Overdraft facility

Here are indicated overdraft facilities and overnight loans granted to other credit institutions. The difference between the opened credit line and overdraft facility used is indicated as an off-balance sheet commitment.

3.4 Other claims

Here are indicated all other claims on other credit institutions, which are not presented in items 3.1, 3.2 and 3.3, including margin deposits, loans to other credit institutions, reverse repurchase agreements and similar transactions, such as securities buy/sellback agreements and securities lending agreements.

If the securities purchase and resale prices in the case of a reverse repurchase agreement are different, the difference is distributed over the term of the agreement and reflected in the income statement under item 1 "Interest income" and in the balance sheet under asset item 11 "Accrued income and prepaid expenses".

4. Claims on customers

Here are indicated claims (placed deposits, granted loans, reverse repurchase agreements and similar agreements, such as securities buy/sellback agreements, securities lending agreements, etc.) on the customers that are not credit institutions. This item does not include investments in customers' securities or claims arising from rendering consultation or any other services. Such claims are indicated in the balance sheet under asset items 6 "Securities" and 11 "Accrued income and prepaid expenses" respectively.

If the contractual currency of a granted loan (a placed deposit) is EEK, but the amount to be repaid is related to the exchange rate between EEK and a specific currency (e.g. EUR), the loan (deposit) shall be treated as issued (placed) in that currency (in this case EUR).

This item reflects claims on and loans to customers until written off the balance sheet, even if some of these are expensed as doubtful claims. Doubtful claims and loans indicated as expenses are shown in asset item 5 "Doubtful claims" with a minus sign.

4.A incl overdraft facility

Here are indicated overdraft facilities and/or overnight loans granted to customers by the credit institution. The difference between the opened credit line and overdraft facility used is indicated as an off-balance sheet commitment.

4.B incl loans collateralised by mortgage

Here are indicated loans granted to customers by the credit institution, which are collateralised by mortgage.

4.2.1 Deposits with financial institutions

Here are indicated deposits with financial institutions (e. g. margin deposits and guarantee funds).

5. Doubtful claims (minus)

Here are indicated loans granted by the credit institution and write-down of other claims.

The write-down of doubtful loans and other claims is indicated under item 10 "Value adjustments of claims and off-balance sheet liabilities" of the income statement.

5.1 Doubtful claims on credit institutions

Here is indicated the write-down of loans and other claims indicated in asset item 3 "Claims on credit institutions".

5.2 Doubtful claims on customers

Here is indicated the write-down of loans and other claims indicated in asset item 4 "Claims on customers".

5.3 Other doubtful claims

Here is indicated the write-down of other claims, which is not reflected under asset items 5.1 and 5.2.

6. Securities

Here are indicated all the securities of a credit institution (excl. securities that are indicated under asset item 2 "Claims on central bank") and securities sold (lent) by repurchase agreements (incl. securities buy/sellback agreements, securities lending agreements and other similar transactions).

This item does not include own debt securities redeemed by the credit institution before their redemption day. Redeemed own debt securities are reflected as a decrease in liability under liability item 5.1 "Issued debt securities".

Profit/loss arising from the revalue of securities acquired for trading is indicated in the income statement under item 7 "Net profit/loss from financial operations".

In case the fair value of securities, which are classified upon their acquisition as financial assets indicated in their fair value, changes in the income statement, the profit/loss arising from the revalue are indicated in the income statement under item 4 "Net profit/loss from financial investments".

The profit/loss arising from the revalue of spot securities is indicated under the balance sheet item 14 "Unrealised profit/loss reserve of revalue". If the fair value of a spot security has decreased below its acquisition cost, the spread between the fair value and the acquisition cost is reflected in the income statement under item 4 "Net profit/loss from financial investments".

The loss arising from the revalue of the securities kept until the redemption day is indicated in the income statement under item 11 "Value adjustments of long-term financial investments".

6.A incl repurchase agreements

Here are also indicated securities sold under an agreement to repurchase and lent securities.

6.1 Debt securities and other fixed-income securities

Here are indicated debt securities and other fixed-income securities (including money market instruments, units earning income of interest nature and preferred shares) and other tradable rights, which entitle to the acquisition of the above-specified debt securities and other securities.

6.2 Shares and units

6.2.1 Shares and units of subsidiary undertakings

Here are indicated holdings in subsidiary undertakings, which have not been acquired for reselling, as well as subscription rights and other tradable rights, which entitle to the acquisition of shares and units of a subsidiary undertaking. Holdings in subsidiary undertakings, which have been acquired with the aim of reselling, are indicated under asset item 6.2.3 "Other shares and units".

6.2.2 Shares and units of affiliated undertakings

Here are indicated holdings in affiliated undertakings, which have not been acquired for reselling, as well as subscription rights and other tradable rights, which entitle to the acquisition of shares and units of an affiliated undertaking. Holdings in affiliated undertakings, which have been acquired with the aim of reselling, are indicated under assets item 6.2.3 "Other shares and units".

6.2.3 Other shares and units

Here are indicated other shares and units, subscription rights and other tradable rights, which entitle to acquisition thereof, units of investment funds (excl. units earning income of interest nature) and depositary receipts of securities, which have not been reflected under asset items 6.1, 6.2.1 and 6.2.2. This item also indicates acquired privatisation vouchers.

6.3 Derivative instruments

Here are indicated derivative instruments with positive market value acquired by the credit institution.

7. Intangible fixed assets

Here are indicated the credit institution's intangible fixed assets at their net book value. The depreciation and write-down of the intangible fixed assets are indicated in the income statement under item 9 "Value adjustments of investment properties, tangible and intangible fixed assets".

This item also includes prepayments for intangible fixed assets.

8. Tangible fixed assets

Here is indicated the credit institution's tangible fixed assets at their net book value. The depreciation and markdown of the tangible fixed assets are indicated in the income statement under item 9 "Value adjustments of investment properties, tangible and intangible fixed assets". If the fair value principle is used upon reflecting the fixed assets, the revalue spread of the tangible fixed assets is indicated in the balance sheet under item 14 "Unrealised profit/loss reserve of revalue".

This item also includes prepayments for tangible fixed assets.

9. Investment properties

Here is indicated property owned by the credit institution or leased by the credit institution under the terms of finance lease (land or building (or part of building) or both), which the credit institution keeps with the primary aim of earning rentals or for capital appreciation, or both.

If property investments are measured according to the fair value principle, profit/loss arising from a change of the property investment's value is shown in the income statement under items 12 "Other operating income" and 13 "Other operating expenses".

Upon applying the acquisition value method, the investment properties are indicated at their book value. The depreciation and write-down of the investment properties are indicated in the income statement under item 9 "Value adjustments of investment properties, tangible and intangible fixed assets".

10. Other assets

This item includes inter alia:

- payments in transit (e.g., claims related to payment orders and inter-bank settlements);
- tangible and intangible assets for sale;
- all precious metals;
- dividend claims;
- movable property for which no other balance sheet item is provided;
- amounts to be clarified.

Precious metals are indicated as claims on non-residents in the foreign currency column. Precious metals are revalued on the balance sheet day, in units used in the world market, according to the quotation of the London Stock Exchange expressed in US dollars before noon. Unrealised profit/loss arising from the revalue is indicated in the income statement under item 7 "Net profit/loss from financial operations".

11. Accrued income and prepaid expenses

This item includes:

- interest receivables and receivables of interest nature;
- receivable option premiums;
- accrued income arising from rendering services by the credit institution;
- accrued income arising from financial investments;
- other accrued income;
- prepayments of taxes;
- other prepaid expenses.

Prepayments include prepayments for future periods made by the balance sheet date (e. g. prepayments of insurance premiums and lease (rental) prepayments). Prepaid expenses for future periods are not accounted as expenses of the reporting period.

Liabilities and equity capital

1. Amounts owed to central bank

Here are indicated all amounts owed to the central bank.

2. Amounts owed to credit institutions

This item includes the deposits of other credit institutions and other amounts owed to them.

If the contractual currency of an accepted deposit (loan) is EEK, but the amount to be repaid is related to the exchange rate between EEK and a specific currency (e.g.

EUR), the deposit (loan) shall be treated as accepted in that currency (in this case EUR).

2.1 Demand deposits

Here are indicated settlement and correspondent accounts and overnight deposits of other credit institutions.

2.2 Time deposits

2.3 Overdraft facility

Here are indicated overdraft facilities and overnight loans received from other credit institutions. The difference between the opened credit line and overdraft facility received is indicated as an off-balance sheet claim.

2.4 Other liabilities

Here are indicated all other arrears to other credit institutions, which have not been indicated under items 2.1, 2.2 and 2.3, including margin deposits, loans received from other credit institutions (excl. settlement and overnight loans), repurchase agreements (incl. securities buy/sellback agreements, securities borrowing agreements, and other similar transactions) and other transactions similar to loans.

If securities' sales price and repurchase price in the case of a repurchase agreement are different, the difference is distributed over the term of the agreement and reflected in the income statement under item 2 "Interest expenses" and in the balance sheet liabilities under item 7 "Accrued expenses and deferred income".

Transactions similar to repurchase agreements are indicated similarly to repurchase agreements.

3. Amounts owed to customers

Here are indicated the deposits and loans of customers who are not credit institutions.

If the contractual currency of an accepted deposit (loan) is EEK, but the amount to be repaid is related to the exchange rate between EEK and a specific currency (e.g. EUR), the deposit (loan) shall be treated as accepted in that currency (in this case EUR).

The following is indicated by customer groups 3.1 to 3.6:

- 1) demand deposits;
- 2) time deposits;
- 3) savings deposits;
- 4) other liabilities.

4. Government loan funds and counterpart funds

Here is indicated the specific-purpose resource of government loan funds and counterpart funds. The remainder of these funds is shown in the balance sheet under

liabilities item 3 "Amounts owed to customers" in sub-item 3.1 "Amounts owed to government".

5. Liabilities represented by securities

Here are indicated the financial liabilities of the reporting credit institution, which are represented by securities. The liabilities subject to reflection in the balance sheet under liability item 9 "Subordinated liabilities" are not indicated under this item.

Profit/loss arising from the revalue of derivative instruments and other liabilities represented by securities is shown in the income statement under item 7 "Net profit/loss from financial operations".

5.1 Issued debt securities

This item indicates debt securities issued by the credit institution and other tradable rights entitling to their acquisition. Here are also indicated bills of exchange issued by the credit institution to cover its obligations.

Own debt securities redeemed before the redemption date are shown as a deduction from this item. The difference between the book value and acquisition cost is shown in the income statement under item 2 "Interest expense".

5.2 Derivative instruments

Here are indicated derivative instruments acquired by the credit institution, which have a negative market value.

5.3 Other liabilities represented by securities

Here are indicated other liabilities of the credit institution represented by securities, e.g., a liability created by the sales of securities acquired under reverse repurchase agreements (including securities buy/sellback agreements, securities borrowing agreements and other similar agreements).

6. Other liabilities

This item includes, *inter alia*:

payments in transit (e.g., claims related to payment orders and inter-bank settlements);
dividend liabilities

7. Accrued expenses and prepaid income

This item includes:

interest payables and payables of interest nature;
option premiums payable;
payables to employees, including holiday pay liabilities;
payables to suppliers;

payables arising from issued debt securities;
tax arrears and interest on arrears;
other accrued expenses;
prepaid income.

Prepayments include prepayments for future periods made by the balance sheet date (e. g. lease (rent) received for the next month). Prepaid income of future periods are not accounted as income in the reporting period.

8. Provisions

8.1 Short-term provisions

This item includes liabilities the realisation period and amount of which is uncertain and which will be realised within the next 12 months.

8.2 Long-term provisions for pensions

This item includes long-term provisions related to the obligation of the credit institution to pay pension or any other labour-related benefits to its former employees after the end of their employment relationship.

8.3 Other provisions

This item includes liabilities the realisation period and amount of which is uncertain and which are likely to be realised later than within the next 12 months.

9. Subordinated liabilities

Here are indicated the obligations of the credit institution, which will be satisfied after the satisfaction of justified claims of other creditors in the event of the credit institution being dissolved or declared bankrupt.

11. Share capital

This item includes issued shares at nominal value.

The total amount of share capital is indicated separately according to shares held by residents or non-residents, and the figures must be updated at least quarterly (i. e. at the end of the quarter).

12. Share premium account

This item includes amounts received upon issue of the credit institution's shares above par value, from the difference between the acquisition cost and selling price of shares upon sale of treasury shares, from the difference between the acquisition cost and nominal value of shares upon redemption of treasury shares, less direct costs related to share transactions.

13. General banking reserve

Here is indicated the reserve based on Subsection 71 (6) of Credit Institutions Act (RT I 1999, 23, 349; 2002, 17, 96; 21, 117; 23, 131; 53, 336; 63, 387; 102, 600; 105, 612; 2003, 17, 95; 23, 133; 81, 544; 2004, 30, 208; 36, 251; 37, 255) and the Income Tax Act effective until the end of 1999.

14. Unrealised profit/loss revalue reserve

Here is indicated the revalue sum of spot securities.

15. Other reserves

This item is used for recording the legal reserve formed by annual profit distributions in accordance with the Commercial Code (RT I 1995, 26-28, 355; 1998, 91-93, 1500; 1999, 10, 155; 23, 355; 24, 360; 57, 596; 102, 907; 2000, 29, 172; 49, 303; 55, 365; 57, 373; 2001, 34, 185; 56, 332, 56, 336; 89, 532; 93, 565; 2002, 3, 6; 35, 214; 53, 336; 61, 375; 63, 387; 63, 388; 96, 564; 102, 600; 110, 657; 2003, 4, 19; 13, 64; 18, 100; 78, 523, 88, 591) and other reserves the formation of which on account of profit is prescribed by legislation and the Articles of Association.

16. Profit/ (-) loss retained from previous years

Here is indicated the retained profit or loss of previous years.

17. Profit/ (-) loss for the financial year

This item shows profit or loss for the financial year.

18. Treasury shares (minus)

Here are indicated the reporting credit institution's reacquired treasury shares at acquisition cost with a minus sign.

GUIDELINES FOR PREPARATION OF INCOME STATEMENT

1. Interest income

Here are indicated all interest income and income of interest nature. Income of interest nature is income related to the original maturity/redemption date of an asset or to the amount of an asset (e. g. issued loan), and it is distributed over the term of claims.

1.1 On loans

Here are indicated the following income calculated in the reporting period:

- a) interest income on loans (including securities loans), less interest claims calculated in the reporting period but regarded doubtful.
- b) distributed interest income on reverse repurchase agreements and similar agreements, like securities buy/sellback agreements and securities lending agreements;
- c) income of interest nature related to loans.

1.2 On deposits

Here are indicated interest income and income of interest nature on deposits, less interest claims calculated in the reporting period but regarded doubtful.

1.3 On debt securities and other fixed-income securities

Here is indicated the following income calculated in the reporting period:

- a) interest income on debt securities and other fixed-interest securities (excl. preferred shares);
- b) distributed income in the case of debt securities and other fixed-income securities acquired below nominal value (excl. preferred shares);
- c) income of interest nature related to debt securities and other fixed-income securities.

1.4 On derivative instruments

Here are indicated:

- a) interest income arising from covered forward agreements;
- b) positive gap between received and paid interest for hedging the claim risk in the case of interest and foreign exchange transactions made;
- c) in the case of a foreign exchange forward transaction made for hedging the risk the gap between the transaction price and exchange rate as of the day of concluding the contract, which falls within the reporting period.

1.5 Other interest income

Here is indicated, *inter alia*, the following income calculated in the reporting period:

- a) interest income on other claims;
- b) interest income on finance lease;
- c) income of interest nature on fees and commissions;
- d) operating income of interest nature.

2. Interest expense

Here are indicated all interest expenses and expenses of interest nature. Expenses of interest nature are expenses related to the original maturity/redemption date of an asset or to the amount of an asset (e. g. accepted loan), and it is distributed over the term of claims.

2.1 On loans

Here are indicated the following expenses calculated in the reporting period:

- a) interest expense on loans (including securities loans);
- b) distributed interest expenses on reverse repurchase agreements and similar agreements, like securities buy/sellback agreements and securities lending agreements;
- c) expenses of interest nature related to loans.

2.2 On demand deposits

This item indicates interest expenses and expenses of interest nature on demand deposits calculated in the reporting period.

2.3 On time and savings deposits

This item indicates interest expenses and expenses of interest nature on time and savings deposits calculated in the reporting period.

2.4 On debt securities and other fixed-income securities

Here are indicated the following expenses calculated in the reporting period:

- a) interest expenses on debt securities and other fixed-income securities ;
- b) distributed expenses in the case of debt securities and other fixed-income securities acquired above nominal value;
- c) expenses of interest nature related to debt securities and other fixed-income securities.

2.5 On items of capital nature

This item indicates interest expenses and expenses of interest nature on funds included in own funds (e. g. subordinated liabilities and preferred shares). Expenses on subordinated liabilities with the remaining maturity up to 1 year are indicated in the income statement under the items corresponding to the instruments in which the particular subordinated liabilities were made (e. g. interest expense on deposits, loans, debt securities).

2.6 On derivative instruments

Here are indicated:

- a) interest expenses arising from covered forward agreements;

- b) negative gap between received and paid interest for hedging the claim risk in the case of interest and foreign exchange transactions made;
- c) in the case of a foreign exchange forward transaction made for hedging the liability risk, the gap between the transaction price and exchange rate as of the day of making the contract, which falls within the reporting period.

2.7 Other interest expense

Here are indicated, *inter alia*, the following expenses calculated in the reporting period:

- a) interest expenses on other claims;
- c) expenses of interest nature on fees and commissions;
- d) operating expenses of interest nature.

3. Net interest profit/loss (+/-)

Here is indicated the difference between the income statement item 1 "Interest income" and 2 "Interest expenses".

4. Net profit/loss (+/-) on financial investments

This item shows profit/(-) loss arising from shares and units acquired by the credit institution for a long-term holding with the aim of earning proprietary income. Income and expense items (profit and loss items) calculated on the net basis are summarised and indicated as total net profit/loss.

4.1. On shares and units of subsidiaries (+/-)

4.1.1 Dividend income

Here is indicated dividend income on shares of subsidiary undertakings.

4.1.2 Income calculated according to equity method

The item is not used

4.1.3 Expenses calculated according to equity method

The item is not used

4.1.4 Other (+/-)

This item indicates, *inter alia*, realisation profit/(-) loss from the revalue and sale of subsidiary undertakings' shares and units, except for the shares and units recognised in the balance sheet asset item 6.2.3 "Other shares and units".

4.2 On shares and units of affiliated undertakings (+/-)

4.2.1 Dividend income

Here is indicated dividend income on shares and units of affiliated undertakings.

4.2.2 Income calculated according to equity method

The item is not used

4.2.3 Expenses calculated according to equity method

The item is not used

4.2.4 Other

This item indicates, inter alia, realisation profit/(-) loss from the revalue and sale of affiliated undertakings' shares and units, except for the shares recognised in the balance sheet asset item 6.2.3 "Other shares and units".

4.3 On other shares and units (+/-)

4.3.1 Dividend income

Here is indicated dividend income on other shares and units.

4.3.2 Other

This item includes profit/(-) loss arising from the revalue and sale of other shares and units acquired by the credit institution for a long-term holding with the aim of earning proprietary income.

5. Fee and commission income

Here is indicated fee and commission income generated during the reporting period, incl. account opening charges, money transfer charges, maintenance fee, securities transaction fee, etc. Fee and commission income of interest nature is indicated in the income statement under item 1 "Interest income".

6. Fee and commission expenses

Here are indicated fee and commission expenses, except for fee and commission expenses of interest nature, which are indicated in the income statement under item 2 "Interest expense".

7. Net profit/loss (+/-) on financial operations

Here is indicated profit/(-) loss arising from securities (shares, debt securities) acquired with the aim of intermediation for trading or reselling, trading liquidity management, etc., from liabilities represented by securities recognised under liability items 5.2 "Derivative instruments" and 5.3 "Other liabilities represented by securities", and various foreign exchange operations.

Income and expense items (profit and loss items) calculated on the net basis, are summarised and indicated as total net profit/loss.

7.1 Profit/income

Here are indicated *inter alia*:

a) unrealised profit and realisation profit from value adjustment of securities acquired for trading or reselling;

- b) unrealised profit and realisation profit from value adjustment of liabilities represented by securities;
- c) dividend income on securities acquired for trading or reselling;
- d) profit on debt securities issued by the credit institution, but redeemed prior to the redemption day;
- e) unrealised profit and profit from the change in currency exchange rates and prices of precious metals recognised under asset item 10 "Other assets" (excl. covered forward agreements which are recognised in the income statement under item 1 "Interest income").

7.2 Loss/expenses

Here are indicated *inter alia*:

- a) unrealised loss and realisation loss from value adjustment of securities acquired for trading or reselling;
- b) unrealised loss and realisation loss from value adjustment of liabilities represented by securities;
- d) loss on debt securities issued by the credit institution, but redeemed prior to the redemption day;
- e) unrealised loss and loss from the change in currency exchange rates and prices of precious metals recognised under asset item 10 "Other assets" (excl. covered forward agreements which are recognised in the income statement under item 1 "Interest income").

8. Administrative expenses

8.1 Wages and salaries

This item indicates wages and salaries, bonuses, benefits, additional pays, fees calculated in the reporting period, holiday pay earned during the reporting period, but yet unpaid, and other expenses related to employees, which are considered equal to wages and salaries, including payment in kind and any other non-monetary benefits to employees.

8.2 Social tax, unemployment insurance premium

This item includes social tax and unemployment insurance premium calculated in the reporting period.

8.3 Expenses related to pension (other than state pensions)

Here are indicated non-state pension liability costs, which occur upon the establishment of respective legislation or on the basis of an agreement made by the reporting credit institution.

8.4 Other administrative expenses

Here are indicated other expenses related to the operations of the credit institution, including lease expenses, advertising expenses, office expenses, audit expenses, insurance costs for the reporting period, and other administrative expenses. Expenses on acquired objects of small value are also included in other administrative expenses.

9. Value adjustments of investment properties, tangible and intangible fixed assets (+/-)

Here are indicated value adjustments of investment properties (if the acquisition method is applied for evaluation), and tangible and intangible fixed assets. Income and expense items (profit and loss items) calculated on the net basis, are summarised and indicated as total net profit/loss.

9.1 Profit/income

Here is indicated, *inter alia*, write-down adjustment of investment properties, and tangible and intangible fixed assets during previous reporting periods.

9.2. Loss/expenses

Here are indicated *inter alia*:

- a) depreciation/amortisation of investment properties, tangible and intangible fixed assets;
- b) write-down of investment properties, tangible and intangible fixed assets in the reporting periods.

10. Value adjustments of claims and off-balance sheet commitments (+/-)

Here are indicated profit/(-) loss from the evaluation of balance sheet claims and off-balance sheet commitments. Income and expense items (profit and loss items) calculated on the net basis, are summarised and indicated as total net profit/loss.

10.1 Profit/income

Here are indicated *inter alia* the recovery of loans previously written off the balance sheet during earlier reporting periods.

10.2 Loss/expenses including loss/expenses from value adjustments of off-balance sheet commitments

This item includes *inter alia* the write-down of claims considered doubtful during the reporting period, which arises from the evaluation of asset items by applying the prudence principle, and loss arising from the evaluation of off-balance sheet commitments.

11. Value adjustments of long-term financial investments (+/-)

Here are indicated the revalue of financial investments held until maturity date and acquired for long-term holding. Income and expense items (profit and loss items) calculated on the net basis, are summarised and indicated as total net profit/loss.

12. Other operating income

This item includes operating lease income, unrealised profit from revalue of investment properties (if the fair value method is applied for evaluation), realised profit from the sale of investment properties and tangible and intangible fixed assets,

lease income, received fines, arrears, compensations, and other operating income unspecified above. Fee and commission operating income of interest nature is indicated in the income statement under item 1 "Interest income".

13. Other operating expenses

This item indicates unrealised loss from revalue of investment properties (if the fair value method is applied for evaluating), realised loss from the sale of investment properties and tangible and intangible fixed assets, lease income, paid fines, arrears, compensations and any other costs following the matching principle, which are related to the income specified in the income statement under item 12 "Other operating costs". Fee and commission operating expenses of interest nature are indicated in the income statement under item 2 "Interest expenses". This item also includes contributions to the Guarantee Fund and supervision fees to the Financial Supervision Authority.

14. Extraordinary income

Here is indicated the income generated as a result of *force majeure* (e. g. natural disaster, fire, and expropriation).

15. Extraordinary expenses

Here are included expenses generated as a result of *force majeure* (e. g. natural disaster, fire, and expropriation).

16. Profit/loss before taxation (+/-)

17. Income tax expenses

Here is included income tax on dividends (recognised at the time of declaring dividends).

18. Profit/loss (+/-) of the reporting period