

**EESTI PANK**  
**Governor's Decree No 17**  
**26 November 2007**

**Amendments to Eesti Pank Governor's Decree No 4 of 27 March 2007 "Reports on prudential ratios of credit institutions and consolidation groups of credit institutions"**

The Decree is established under subsection 71 (7) of the Credit Institutions Act.

§ 1. Eesti Pank Governor's Decree No 4 of 27 March 2007 "Reports on prudential ratios of credit institutions and consolidation groups of credit institutions" (RTL 2007, 28, 510) shall be amended as follows:

(1) The phrase "foreign exchange risk" shall be substituted by the phrase "exchange risk" throughout the text.

(2) In Section 1 the phrase "credit institutions and consolidation groups of credit institutions" shall be substituted by the phrase "credit institutions, consolidation groups of credit institutions and branches of credit institutions".

(3) Section 3 shall be worded as follows:

**"§ 3. Reports**

(1) Credit institutions shall be obliged to draw up the following reports on a solo and consolidated basis:

- 1) "Capital adequacy report" in accordance with Appendix 1;
- 2) "Report on credit risk and counterparty credit risk under the Standardised Approach" in accordance with Appendix 2;
- 3) "Report on credit risk and counterparty credit risk under the Internal Ratings Based Approach" in accordance with Appendix 3;
- 4) "Report on equity investment under the Internal Ratings Based Approach" in accordance with Appendix 4;
- 5) "Report on exchange risk" in accordance with Appendix 5;
- 6) "Report on commodities risk" in accordance with Appendix 6;
- 7) "Report on interest position risk" in accordance with Appendix 7;
- 8) "Report on equity position risk" in accordance with Appendix 8;
- 9) "Report on trading book exposures exceeding the limits of large exposures" in accordance with Appendix 9;
- 10) "Report on options" in accordance with Appendix 10;
- 11) "Report on settlement/delivery risk associated with the trading book" in accordance with Appendix 11;
- 12) "Report on operational risk" in accordance with Appendix 12;
- 13) "Report on large exposures" in accordance with Appendix 13;
- 14) "Report on holdings" in accordance with Appendix 14;
- 15) "Report on subordinated liabilities" in accordance with Appendix 15;
- 16) "Report on liquidity" in accordance with Appendix 16.

(2) Branches of credit institutions shall be obliged to draw up the "Report on liquidity" in accordance with Appendix 16."

(4) Section 4 shall be worded as follows:

**"§ 4. Content of reports**

The reports shall include information about own funds, capital adequacy, concentration of exposures, qualifying holdings, subordinated liabilities of credit institutions and consolidation groups of credit institutions and liquidity of credit institutions, consolidation groups of credit institutions and branches of credit institutions proceeding from the definitions, principles and methods laid down in the Eesti Pank Governor's decree No. 13, 29 December 2006, "Procedure for application and calculation of prudential ratios of credit institutions and consolidation groups of credit institutions" (hereinafter *decree on prudential ratios*).”.

(5) Section 7 shall be worded as follows:

**“§ 7. Reporting period and terms for submission of reports**

(1) The reporting period regarding reports on a solo basis indicated in clauses 3 1)-14) of this decree shall be a calendar month, and a quarter on a consolidated basis.

(2) The reporting period regarding reports on solo and consolidated bases indicated in clause 3 15) shall be six months.

(3) The reporting period regarding reports on a solo basis indicated in clause 3 16) of this decree shall be a calendar month.

(4) The reports on a solo basis indicated in clauses 3 1)-15) of this decree shall be submitted by the 13th banking day of the month following the reporting period at the latest while reports calculated on a consolidated basis shall be submitted within a month following the month of the reporting period.

(5) The reports on a solo basis indicated in clause 3 16) of this decree shall be submitted by the 5th banking day of the month following the reporting period at the latest.”.

(6) Subsection 8(2) shall be supplemented with clauses 15) and 16) in the following wording:

“15) "Report on subordinated liabilities": 86 on solo basis 86 and 686 on consolidated basis;

16) "Report on liquidity ": 87 on solo basis.”.

(7) Section 9 shall be worded as follows:

**“§ 9. Use of classification and international standards**

(1) In reports, the code of the currency shall be determined in accordance with the table of currency codes of the international standard ISO 4217 and indicated in capital letters.

(2) In reports, the code of the country shall be determined in accordance with the two-letter codes table of countries and territories of the international standard ISO 3166 and indicated in capital letters.

(3) In reports, the format of the date shall be determined according to the international standard ISO 8601.”.

(8) Section 11 shall be repealed.

(9) Appendix 1 "Capital adequacy report" shall be amended as follows:

1) item 2113 “Unrealised gain from cash flow hedges of financial instruments brought forward” and item 2143 “Unrealised gain from cash flow hedges of financial instruments for the reporting period” shall be repealed under clause 4;

2) item 2115 “Change in the value of debt instruments issued by credit institutions themselves brought forward”, item 2145 “Change during the reporting period in the

value of debt instruments issued by credit institutions themselves” and item 2554 “Other assets under the Internal Ratings Based Approach” shall be added to clause 4;

3) in the second sentence of clause 5.1 the phrase “with identification codes 2100 to 2199” shall be substituted by “with identification codes 2101 to 2150”;

4) subclauses 5.1 7) and 16) shall be repealed;

5) subclauses 8<sup>1</sup>) and 17<sup>1</sup>) shall be added to clause 5.1 in the following wording:

**“8<sup>1</sup>) Item 2115 “Change in the value of debt instruments issued by credit institutions themselves brought forward”**

This comprises revenue and expenditure arising from changes in the value of liabilities reflected at fair value, which are not included in own funds under subsection 7(8) of the decree on prudential ratios. Loss shall be marked with a plus sign and profit with a plus sign.”;

**17<sup>1</sup>)Item 2145 “Change during the reporting period in the value of debt instruments issued by credit institutions themselves”**

This comprises revenue and expenditure arising from changes in the value of liabilities reflected at fair value, which are not included in own funds under subsection 7(8) of the decree on prudential ratios. Loss shall be marked with a plus sign and profit with a plus sign.”;

6) in subclause 5.1 19) the phrase “items 2101 to 2199“ shall be substituted by the phrase “items 2101 to 2150“;

7) in clause 5.2 the phrase “with identification codes 2200 to 2211“ shall be substituted by the phrase “with identification codes 2201 to 2211“;

8) subclause 5.2 30) shall be worded as follows:

**“30) Item 2211 “Tier 2 own funds exceeding limitations”**

This comprises Tier 2 own funds exceeding the limitations on Tier 2 own funds under subsection 78(1) of the Credit Institutions Act (a sum by which total Tier 2 own funds shown under items marked with identification codes 2201 to 2210 exceed total Tier 1 own funds shown under the item marked with identification code 2100). The sum exceeding Tier 1 own funds shall be shown with a minus sign. If the sum of Tier 2 own funds is smaller than the sum shown under Item 2100, the value of the item shall be 0 (zero).”;

9) subclause 5.3 32) shall be worded as follows:

**“32) Item 2260 “Qualifying holdings in credit and financial institutions”**

This comprises qualifying holdings, subordinated claims and other instruments included in Tier 2 own funds in other credit and financial institutions pursuant to clause 75(1) 1) of the Credit Institutions Act at balance sheet value as at the end of the reporting period.”;

10) subclause 5.3 33) shall be worded as follows:

**“33) Item 2261 “Qualifying holdings in insurers”**

This comprises qualifying holdings, subordinated claims and other instruments included in Tier 2 own funds in insurers, re-insurers and insurance holding companies pursuant to clause 75(1) 3) of the Credit Institutions Act at balance sheet value as at the end of the reporting period.”;

11) subclause 5.3 34) shall be worded as follows:

**“34) Item 2262 “Other holdings”**

This comprises holdings smaller than qualifying holdings, subordinated claims and other instruments included in Tier 2 own funds in other credit and financial institutions pursuant to clause 75(1) 2) of the Credit Institutions Act at balance sheet value as at the end of the reporting period.”;

12) in subclauses 5.5 43) and 44) the phrase “with identification codes 2260 to 2264“ shall be substituted by the phrase “with identification codes 2260 to 2265”;

13) clause 5.6 shall be worded as follows:

**“5.6 Capital requirements**

Capital requirements are reflected in accordance with the provisions laid down in Chapter 3 of the decree on prudential ratios. To reflect capital requirements the coefficients indicated under subsection 9(2) of the decree on prudential ratios are used. Capital requirements are marked with identification codes 2501 to 2803. “;

14) sub-subclauses 5.6 62) a)–c) shall be substituted by sub-subclauses a)–b) in the following wording:

“a) during reporting periods from 1 January 2008 to 31 December 2008, 90 per cent of total capital requirements calculated in accordance with Eesti Pank Governor's Decree No 12 of 2 July 2002, Prudential ratios of credit institutions, in the wording valid on 31 December 2006 (henceforth *earlier decree*);

b) during reporting periods from 1 January 2009 to 31 December 2009, 80 per cent of total capital requirements calculated in accordance with the earlier decree.”.

(10) Appendix 2 “Report on credit risk and counterparty credit risk under the Standardised Approach” shall be amended as follows:

1) the following sentence shall be added to subclause 4 4):

“If there is no original position, the indicated value shall be 0 (zero).”;

2) the following sentence shall be added to the second paragraph of subclause 4 11):

“The value of the financial collateral deducted must not exceed the value of the exposure.”.

(11) Appendix 3 “Report on credit risk and counterparty credit risk under the Internal Ratings Based Approach” shall be amended as follows:

1) in the table under subclause 4 2) the identification code “3“ marking the class of exposures regarding credit institutions, investment firms and local authorities shall be substituted by the identification code “2”;

2) in subclause 4 6) the phrase “rounded to the nearest thousand (with three digits after the decimal point)” shall be substituted by the phrase “rounded to five digits after the decimal point”;

3) the phrase “with the plus sign“ shall be added to subclause 4 17).

**(12)** Appendix 5 “Report on foreign exchange risk” shall be amended as follows:

1) the type of position “Position deducted from own funds“ with the respective identification code “6“ shall be added to the table under subclause 4 1);

2) a sentence will be added to the third paragraph of the explanation under subclause 4 1) in the following wording:

“Identification code 3 shall also indicate foreign exchange positions in case of which the sum of long and short positions after conversion into Estonian kroons is smaller than 200,000 EEK (code XXZ).”;

3) in subclause 4 5) the phrase “absolute value of a long position” shall be substituted by the phrase “value of a long position”;

4) a sentence on a new line shall be added to subclauses 4 5) and 6) in the following wording:

“Positions in gold and CIUs shall be shown as converted into Estonian kroons.”.

**(13)** In Annex 6 “Report on commodities risk”, Annex 7 “Report on interest position risk” and Appendix 8 “Report on equity position risk” the phrase “absolute value of long position“ shall be substituted by the phrase “value of long position”.

**(14)** Appendix 9 “Report on trading book exposures exceeding limits of large exposures” shall be amended as follows:

1) in subclause 3 3) the phrase “original capital requirement” shall be substituted by the phrase “rate of capital requirement”;

2) subclause 4 3) shall be worded as follows:

“3) Rate of capital requirement

This comprises the rate of capital requirement regarding specific risk and/or trading book settlement/delivery risk of the instrument presented on the report line and counterparty credit risk under subdivisions 2 and 3 of Division 6 of Chapter 3. The rate of capital requirement shall be indicated as a coefficient rounded to four digits after the decimal point.”.

**(15)** Appendix 13 “Report on large exposures” shall be amended as follows:

1) in clause 2 the text “subsection 85(1<sup>1</sup>)” shall be substituted by the text “subsection 85(1<sup>2</sup>)”;

2) a sentence on a new line shall be added to subclause 4 7) in the following wording:

“If there is no deduction, the identification code of deduction shall be 0 (zero).”;

3) the last sentence of the third paragraph of subclause 4 8) shall be deleted;

4) a sentence on a new line shall be added to subclause 4 8) in the following wording:

“If there is no deduction, the value of deduction shall be 0 (zero).”.

**(16)** Appendix 14 “Report on holdings” shall be amended as follows:

1) the last sentence of subclause 4 6) shall be worded as follows:

“In case of insignificant holdings or if there is no exemption from restrictions, the identification code shall be 0 (zero).”;

2) the last sentence of subclause 4 7) shall be worded as follows:

“In case of insignificant holdings or if there is exemption from restrictions the value of the entry shall be 0 (zero).”.

**(17)** Appendix 15 “Report on subordinated liabilities” (Appendix 1) and Appendix 16 “Report on liquidity” (Appendix 2) shall be added to the Decree.

**§ 2.** This Decree shall enter into force on 1 January 2008.

Andres Lipstok  
Governor

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Appendix 1  
Eesti Pank Governor's Decree No 4 of 27  
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credit institutions and consolidation groups  
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Appendix 15

## REPORT ON SUBORDINATED LIABILITIES

### **1. Purpose of report**

The purpose of the report is to obtain data required for monitoring capital adequacy calculation.

### **2. Area of report**

The area of report covers the liabilities of credit institutions which comply with the conditions laid down in section 72<sup>1</sup> of the Credit Institutions Act.

### **3. Structure of report line**

- 1) Client name
- 2) Currency code
- 3) Outstanding amount of subordinated liability
- 4) Interest rate
- 5) Date of conclusion of contract
- 6) Date of expiry of contract
- 7) Amount included in own funds
- 8) Level of own funds

### **4. Explanation of the structure of report lines**

- 1) Client name

This comprises the name of the creditor. The name shall be presented in such a way that it contains no quotation marks or semicolons.

2) Currency code

This comprises the currency in which the subordinated liability has been fixed.

3) Outstanding amount of subordinated liability

This comprises the outstanding amount of the subordinated liability as at the end of the reporting period in the currency indicated under item 2 in integers (in thousands).

4) Interest rate

The interest rate of the subordinated liability shall be indicated as a coefficient per annum rounded to four digits after the decimal point. If the contract foresees a floating interest rate, the interest rate fixed as at the end of the reporting period shall be indicated.

5) Date of conclusion of contract

This comprises the date of concluding the subordinated liability contract.

6) Date of expiry of contract

This comprises the date of expiry of the subordinated liability contract. If the date of expiry of the contract has not been fixed, XX shall be indicated.

7) Amount included in own funds

This comprises the amount in the extent of which the subordinated liability has been included in own funds as at the end of the reporting period. The amount shall be presented in the currency indicated under item 2 in integers (in thousands).

8) Level of own funds

This shows in which tier own funds the subordinated liability has been included. The identification codes of the tiers of own funds are as follows:

Tier 2 own funds	2
Tier 3 own funds	3

If the subordinated liability is not included in own funds, the identification code of the entry shall be 0 (zero).



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Appendix 2

Eesti Pank Governor's Decree No 4 of 27  
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credit institutions and consolidation groups  
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Appendix 16

## REPORT ON CREDIT INSTITUTIONS`LIQUIDITY

### 1. Purpose of report

The purpose of the report is to obtain data in order to verify that meeting the justified claims of creditors, i.e. liquidity, is guaranteed pursuant to subsection 80 (1) of the Credit Institutions Act.

### 2. Area of report

The report includes only such on-balance sheet and off-balance sheet transactions that involve or may involve cash flow. The sum of those outstanding liabilities or claims that have coinciding identification codes has to be shown as one line.

### 3. Structure of report line

- 1) Item type
- 2) Item class
- 3) Country code
- 4) Client
- 5) Maturity
- 6) Balance

### 4. Explanation of report line structure

- 1) Item type

Item type identification codes are as follows:

Liability	1
Claim	2

- 2) Item class

Item class identification codes are as follows:

On-balance sheet items:	
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Deposit	1
Loan	2
Debt instrument	3
Equity instrument	4
Derivative instrument	10
Other liabilities or claims	6
Subordinated liabilities	7
Off-balance sheet items:	
liabilities and claims involving cash flows	8
liabilities and claims possibly involving cash flows	9

### 3) Country code

This comprises the country code based on the client's residency. If it is impossible to identify the client's residency, the code shall be marked as XX.

### 4) Client

Client identification codes are as follows:

Central government	1
Local government	2
State social security fund	13
Insurer and pension fund	4
Other financial institution	5
Credit institution	6
Commercial undertaking of state or local government	7
Other commercial undertaking	8
Non-profit association	9
Private person	10
Central bank	12

In case of debt instruments issued by credit institutions, the purchaser of the debt instrument shall be the client. In case of equity instruments and derivative instruments, the client identification code shall be determined according to the issuer. In case of derivative instruments, the counterparty to a transaction shall be the issuer.

### 5) Maturity

Identification codes for maturity are as follows:

Demand	2
Unpaid by the maturity date	26
Up to 1 banking day	14
1 to 2 banking days	15
2 to 3 banking days	16
3 to 4 banking days	17
4 to 5 banking days	18
5 to 10 banking days	19
10 banking days to 1 month	20

1 to 2 months	12
2 to 3 months	13
3 to 4 months	21
4 to 5 months	22
5 to 6 months	23
6 to 12 months	5
1 to 2 years	6
2 to 5 years	24
More than 5 years	25

The identification code for maturity shall be determined according to the residual maturity of the transaction.

Incoming cash flows shall be treated according to the latest receipt and outgoing cash flows according to the earliest outgoings. In the given context, possible termination of the contract prior to the maturity date of the contract shall not be considered as residual maturity of the contract. Assets which are not liquid and do not have a specific residual maturity shall be indicated under maturity exceeding 5 years.

Liquid assets shall be indicated in the period of time during which it is actually possible to create a cash flow as a result of marketing such assets.

#### 6) Balance

The balance shall be the net liabilities or claims corresponding to the identification codes as at the end of the reporting period. Liquid assets shall be indicated in the value in which such assets can be rapidly realised without any significant financial losses. Doubtful claims shall be deducted from claims.