

EESTI PANK
Governor's Decree no 8
6 November 2012

Establishment of requirements to the contents and form of savings and loan associations' balance sheet statement and income statement and the procedure of submitting the reports to Eesti Pank

This decree is established on the basis of subsection 34 (1) of Eesti Pank Act.

Chapter 1
GENERAL PROVISIONS

§ 1. Scope of decree

This decree establishes requirements to the contents and form of savings and loan associations' balance sheet statement and income statement and the deadlines and procedure of submitting the reports to Eesti Pank.

§ 2. Application of decree

This decree applies to all savings and loan associations operating in Estonia.

Chapter II
STATEMENTS, PRINCIPLES OF PREPARATION AND SUBMISSION THEREOF

§ 3. Statements

A savings and loan association is obliged to prepare and submit:

- 1) "Savings and loan association's balance sheet statement", code 26 (Appendix 1);
- 2) "Savings and loan association's income statement", code 28 (Appendix 2).

§ 4. Principles of preparing statements

(1) The balance sheet statement (hereinafter the "balance sheet statement") and income statement of a savings and loan association (hereinafter the "income statement") are prepared pursuant to subsection 17 (1) of the Accounting Act.

(2) The preparation of the balance sheet and the income statement are based on the Appendices of the decree:

- 1) "Balance sheet statement scheme" (Appendix 3);
- 2) "Guidelines for preparation of balance sheet statement" (Appendix 4);
- 3) "Income statement scheme of savings and loan association" (Appendix 5);
- 4) "Guidelines for preparation of income statement" (Appendix 6).

(3) The balance sheet statement and income statement of a savings and loan association are prepared in euros and rounded up to integers. The amounts stated in foreign currencies are converted into euros according to the exchange rate of Eesti Pank valid on the last banking day of the accounting period.

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

(5) The assets of a savings and loan association are recorded under the respective items of the balance sheet also in cases when an asset is pledged as collateral for its own or someone else's liabilities.

(6) All claims are recorded 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 under respective asset items with a minus sign.

§ 5. Reporting period and terms of submission of statements

(1) The reporting period of a savings and loan association's balance sheet statement is one month. The reporting period of a savings and loan association's income statement is one quarter.

(2) The statements are submitted by the tenth day after the end of the reporting period.

(3) If the due date for the submission of a statement falls on a day off, the statement will be submitted on the first working day following the day off.

§ 6. Submission of statements

(1) The statements are submitted to Eesti Pank electronically as XML-is (*eXtensible Markup Language*) format documents pursuant to the Eesti Pank Governor's Decree No. 9 "Requirements for submission of reports formatted as XML documents" dated 9 December 2011.

(2) If mistakes are identified in the statements or if calculation principles are changed, new, rectified electronic reports will be submitted to Eesti Pank.

Chapter III DEFINITIONS USED IN APPENDICES

§ 7. Definitions used

The definitions in Appendices 1-4 to this decree will be used as defined in sections 8 and 9 of the decree.

§ 8. Definitions used with regard to customers and issuers

(1) **Central government** encompasses the following institutions:

Chancellor, the Supreme Court, the State Chancellery, ministries and county governments and institutions in their area of government (including the embassies and consulates of the Republic of Estonia);

2) other legal persons in public law for the purposes of subsection 25 (2) of the General Part of the Civil Code Act, except Eesti Pank, the Guarantee Fund, the Estonian Health Insurance Fund, the Estonian Unemployment Insurance Fund, and trade associations in public law;

3) foundations established by the state and legal persons in public law whose expenses have been covered by the above-mentioned persons in the extent of more than 50 per cent.

(2) **Local governments** comprise all local government units, including municipal institutions administered by local government and foundations established by local government units whose expenses have been covered by the persons that established them in the extent of more than 50 per cent.

(3) **State social security funds** comprise all state and local institutional units whose principal area of activity includes offering social support, and that meet the following two criteria:

1) pursuant to law or other legislation certain population groups must participate in social security schemes or pay contributions;

2) the general government is responsible for management of the institution by imposing or approving contributions and social benefits, irrespective of its role as a supervisory body or employer.

For example, the Estonian Health Insurance Fund and Estonian Unemployment Insurance Fund are regarded as state social security funds.

(4) **Insurance company** is a company specified under subsection 3 (1) of the Insurance Activities Act.

(5) **Pension fund** is a contractual investment fund as provided in section 3 of the Funded Pensions Act.

(6) **Other financial institution** is a commercial undertaking as provided in section 5 of the Credit Institutions Act (e.g., investment fund, investment firm, savings and loan association, management company, payment institution, electronic money institution, undertaking rendering leasing services, undertaking providing foreign currency exchange services, operator of regulated securities markets, operator of the securities settlement system, undertaking providing securities listing services, firm offering financial consultation services, insurance broker, and other firm and ancillary undertaking rendering financial intermediation services). The Guarantee Fund is also recorded under other financial institutions.

(7) **Credit institution** is a commercial undertaking specified under subsection 3 (1) of the Credit Institutions Act.

(8) **Commercial undertaking of the state and local government** is a commercial undertaking, which is under dominant influence (control) of the central government, local government unit or any other legal person in public law for the purposes of the Securities Market Act, except for professional investors specified in subsection 6 (2)

of the Securities Market Act. Profit-making state agencies (e. g., the State Forest Management Centre) are also recorded under commercial undertakings of the state and local government.

(9) **Other commercial undertaking** is a commercial undertaking not specified under the subsections above. Other commercial undertakings also include sole proprietors who employ ten or more employees.

(10) **Non-profit institution** is a voluntary union of persons and other legal person in private law as provided in section 1 of the Non-profit Institutions Act and section 1 of the Foundations Act, except foundations which have to be recorded under central government or local government.

(11) **Private person** is a natural person or sole proprietor who employs up to nine employees. Private person is also a sole proprietor if it is impossible to identify the existence of employed persons.

(12) **Central bank** is a legal person whose principal task is to organise currency circulation both in their home country and with foreign countries, as well as partial or full holding of the country's international reserves (e.g., Eesti Pank in the Republic of Estonia).

§ 9. Definitions used with regard to claims and liabilities

(1) **Loan** constitutes a financial claim under a contract in compliance with loan agreement terms and conditions provided for under subsection 396 (1) of the Law of Obligations Act.

(2) **Overdraft facility** comprises loan resources at the client's disposal as provided in subsections 407 1)-4) of the Law of Obligations Act.

(3) **Subordinated loan** is a claim satisfied after the justified claims of any other creditors in the event of dissolution or declaration of bankruptcy of the debtor or a credit institution's liability that meets the conditions provided in section 72¹ of the Credit Institutions Act.

(4) **Deposit** is a financial obligation of the account manager to the account holder, which arises from the settlement contract or deposit agreement made between the account manager and account holder. Deposits also include registered acknowledgement of obligation (certificates of deposit) issued in respect of the deposit, if it is not transferable.

(5) **Demand deposit** is a deposit complying with the following conditions:

- 1) the deposit is intended for settlements;
- 2) the deposit is made for an unspecified term;
- 3) the deposited funds can be used and controlled freely (subject to up to 24-hour's advance notice).

(6) **Time deposit** is a deposit complying with the following conditions:

- 1) the deposit is intended for depositing money;
- 2) the deposit is not intended for settlements with third parties;

- 3) the term for the deposit is fixed by a contract;
- 4) the amount of the deposit and the interest paid are fixed by a contract and the basis for the calculation of interest is not subject to change;
- 5) violation of the contract conditions may result in contractual penalty (e.g., lower interest).

(7) **Savings deposit** is a deposit complying with the following conditions:

- 1) the deposit is intended for accumulating and depositing money;
- 2) the deposit is not intended for settlements with third parties;
- 3) the term for the deposit may be associated with a specific condition (e.g. wedding day, accumulation of a certain amount of money);
- 4) the amount deposited may be increased;
- 5) violation of the contract conditions entails penalty;
- 6) the origination of the right to withdraw the deposit may be tied to the obligation to notify the account holder thereof in advance;

(8) **Loan resource for specific purposes** is a resource that has been allocated to a savings and loan association for re-lending to a specific target group and/or under pre-determined conditions.

(9) **Share** is an equity instrument which proves the right of its owner to a part of the assets and earnings of a public limited company and grants its owner (shareholder) the right to participate in the general meetings of shareholders and in distribution of the earnings or the assets remaining after dissolution of the company, and other rights provided by the law and the articles of association.

(10) **Unit** is an equity instrument certifying its holder's right to a part of the assets and earnings of a private limited company and entitles the holder to participate in the management of a private limited company, distribution of earnings and, upon dissolution of the private limited company, distribution of remaining assets, and other rights provided by the law and the articles of association.

Chapter IV IMPLEMENTING PROVISIONS

§ 10. Repealing of decree

The Eesti Pank Governor's Decree No. 10 "Establishment of requirements to the contents and form of savings and loan associations' balance sheet statement and income statement" dated 7 November 2008 (RTL 2008, 92, 1289; RT I, 2010, 51, 324) shall be repealed).

§ 11. Entry into force of decree

This Decree enters into force on 1 January 2013 and it applies to the preparation and submission of statements starting from the accounting periods ending on 31 January 2013 or later.

Ardo Hansson
Governor

Appendix 1
to Eesti Pank Governor's Decree
No 8 of 6 November 2012

“Establishment of requirements to the contents and form
of savings and loan associations’ balance sheet statement and income statement
and the procedure of submitting the reports to Eesti Pank”

Balance sheet of a savings and loan association

1. Area of report

The balance sheet statement of a savings and loan association presents the financial status indicators of the savings and loan association pursuant to this decree's Appendix 3 “Balance sheet scheme of a savings and loan association” and Appendix 4 “Guidelines for preparation of balance sheet statement”.

2. Item structure

- 1) Item identifier
- 2) Total

1) Item identifiers

ITEM NAME	IDENTIFIER
Cash	7
Claims on the central bank	6
Claims on credit institutions	18
Demand deposits	20
Time deposits	21
Other claims	22
Funds of payment service customers	1436
Claims on customers	23
o/w overdraft facility	441
o/w mortgage-backed loans	25
o/w loans for performing payment transactions	1437
Claims on financial institutions	26
o/w deposits with financial institutions	1401
Loans to other commercial undertakings	29
Up to one year	1453
Over one year	1454
Loans to non-profit associations	1404
Up to one year	1455
Over one year	1456
Loans to individuals	30
Up to one year	1457
Over one year	1458
Doubtful claims (with a minus sign)	442
Doubtful claims on credit institutions	443
Doubtful claims on customers	444
Other doubtful claims	1405

Securities	1406
o/w repurchase agreements	1407
Debt securities and other fixed-income securities	31
Shares and units	1409
Shares and units in subsidiaries	446
Shares and units in associated undertakings	445
Other shares and units	38
Derivative instruments	1443
Intangible assets	44
Tangible assets	45
Investment properties	1444
Other assets	51
o/w payments in transit	52
Accrued income and prepaid expenses	53
o/w interest claims	55
TOTAL ASSETS	122
Liabilities to the central bank	57
Liabilities to credit institutions	70
o/w with maturity up to one year	1460
Liabilities to customers	75
Liabilities to the government	69
Central government	60
State social security funds	1431
Local governments	81
Liabilities to financial institutions	76
Demand deposits	1461
Time deposits	1462
Savings deposits	1463
Other liabilities	1464
Liabilities to commercial undertakings of state and local governments	86
Demand deposits	87
Time deposits	88
Savings deposits	89
Other liabilities	90
Liabilities to other commercial undertakings	91
Demand deposits	92
Time deposits	93
Savings deposits	94
Other liabilities	95
Liabilities to non-profit associations	1421
Demand deposits	1422
Time deposits	1423
Savings deposits	1424
Other liabilities	1425
Liabilities to individuals	96
Demand deposits	97
Time deposits	98

Savings deposits	99
Other liabilities	100
Liabilities to payment service customers	1466
Loan resource for specific purposes	68
Liabilities represented by securities	1445
Issued debt securities	101
Derivative instruments	1446
Other liabilities represented by securities	1447
Other liabilities	104
o/w payments in transit	447
Accrued expenses and deferred income	105
o/w interest liabilities	106
Provisions	107
Short-term provisions	1426
Long-term provisions	1427
Subordinated liabilities	448
TOTAL LIABILITIES	1450
Share capital	112
Registered share capital	1441
Unregistered share capital	1442
Share premium account	449
Statutory reserve capital	111
Other reserves	113
Retained profit/loss from previous years	115
Profit/loss for the financial year	116
Own units (with a minus sign)	452
TOTAL EQUITY	1435
TOTAL LIABILITIES AND EQUITY	123
Number of members in the savings and loan association	1465

2) Total

This shows the total claims and liabilities of the savings and loan association according to the item identifiers.

Appendix 2
to Eesti Pank Governor's Decree
No 8 of 6 November 2012
"Establishment of requirements to the contents and form
of savings and loan associations' balance sheet statement and income statement
and the procedure of submitting the reports to Eesti Pank"

Income statement of savings and loan association

1. 1. Area of report

The income statement of a savings and loan association presents the economic results formation indicators of the savings and loan association pursuant to this decree's Appendix 5 "Income statement scheme of savings and loan association" and Appendix 6 "Guidelines for preparation of income statement scheme".

2. Item structure

- 1) Item identifier
- 2) Total

1) Item identifiers

ITEM NAME	IDENTIFIER
Interest income	400
On loans	401
On deposits	402
On debt securities and other fixed-income securities	403
On derivative instruments	404
Other interest income	405
Interest expense	406
On loans	407
On demand deposits	408
On time and savings deposits	409
On debt securities and other fixed-income securities	410
On items of capital nature	1481
On derivative instruments	1482
Other interest expenses	411
Net profit/loss on interest (+/-)	412
Net profit/loss on financial investment (+/-)	413
On shares and units of subsidiaries (+/-)	1470
Dividend income	1471
Income calculated according to equity method	1493
Expenses calculated according to equity method	1494
Other (+/-)	1473
On shares and units of associated undertakings (+/-)	1474
Dividend income	1475
Income calculated according to equity method	1495
Expenses calculated according to equity method	1496
Other (+/-)	1477
On other shares and units (+/-)	1478

Dividend income	1479
Other (+/-)	1480
Fee and commission income	418
o/w fee and commission income from payment services	1498
Fee and commission expenses	419
Net profit/loss on financial operations (+/-)	420
Profit/income	1483
Loss/expenses	1484
Administrative expenses	421
Staff expenses	422
Social tax, unemployment insurance premium	423
Expenses related to pension (other than state pensions)	424
Other administrative expenses	425
Value adjustments of investment properties, tangible and intangible fixed assets (+/-)	426
Profit/income	1485
Loss/expenses	1486
Value adjustments of claims and off-balance sheet commitments (+/-)	427
Profit/income	1487
Loss/expenses	1488
o/w profit/loss on the value adjustment of off-balance-sheet liabilities	1497
Value adjustments of long-term financial investments (+/-)	428
Income	1489
Expenses	1490
Other operating income	429
Other operating expenses	430
Extraordinary income	1491
Extraordinary expenses	1492
Profit/loss before taxation (+/-)	432
Income tax expenses	433
Profit/loss (+/-) of the accounting period	434

2) Total

This shows the total income (profits) or expenses (losses) of the savings and loan association according to the item identifiers.

Appendix 3
to Eesti Pank Governor's Decree
No 8 of 6 November 1012

“Establishment of requirements to the contents and form
of savings and loan associations’ balance sheet statement and income statement
and the procedure of submitting the reports to Eesti Pank”

BALANCE SHEET SCHEME OF A SAVINGS AND LOAN ASSOCIATION

ASSETS	
1. Cash	
2. Claims on the central bank	
3. Claims on credit institutions	
3.1. Demand deposits	
3.2. Time deposits	
3.3. Other claims	
4. Funds of payment service customers	
5. Claims on customers	
5A. o/w overdraft facility	
5B. o/w mortgage-backed loans	
5C. o/w loans for performing payment transactions	
5.1. Claims on financial institutions	
o/w deposits with financial institutions	
5.2. Loans to other commercial undertakings	
5.2.1. Up to one year	
5.2.2. Over one year	
5.3. Loans to non-profit associations	
5.3.1. Up to one year	
5.3.2. Over one year	
5.4. Loans to individuals	
5.4.1. Up to one year	
5.4.2. Over one year	
6. Doubtful claims (with a minus sign)	
6.1. Doubtful claims on credit institutions	
6.2. Doubtful claims on customers	
6.3. Other doubtful claims	
7. Securities	
7A. o/w repurchase agreements	
7.1. Debt securities and other fixed-income securities	
7.2. Shares and units	
7.2.1. Shares and units in subsidiaries	
7.2.2. Shares and units in associated undertakings	
7.2.3. Other shares and units	

7.3. Derivative instruments	
8. Intangible assets	
9. Tangible assets	
10. Investment properties	
11. Other assets	
11A. o/w payments in transit	
12. Accrued income and prepaid expenses	
12A. o/w interest claims	
13. TOTAL ASSETS	
LIABILITIES AND EQUITY	
1. Liabilities to the central bank	
2. Liabilities to credit institutions	
2A. o/w with maturity up to one year	
3. Liabilities to customers	
3.1. Liabilities to the government	
3.1.1. Central government	
3.1.2. State social security funds	
3.1.3. Local governments	
3.2. Liabilities to financial institutions	
3.2.1. Demand deposits	
3.2.2. Time deposits	
3.2.3. Savings deposits	
3.2.4. Other liabilities	
3.3. Liabilities to commercial undertakings of state and local governments	
3.3.1. Demand deposits	
3.3.2. Time deposits	
3.3.3. Savings deposits	
3.3.4. Other liabilities	
3.4. Liabilities to other commercial undertakings	
3.4.1. Demand deposits	
3.4.2. Time deposits	
3.4.3. Savings deposits	
3.4.4. Other liabilities	
3.5. Liabilities to non-profit associations	
3.5.1. Demand deposits	
3.5.2. Time deposits	
3.5.3. Savings deposits	
3.5.4. Other liabilities	
3.6. Liabilities to individuals	
3.6.1. Demand deposits	
3.6.2. Time deposits	
3.6.3. Savings deposits	
3.6.4. Other liabilities	
4. Liabilities to payment service customers	
5. Loan resource for specific purposes	

6. Liabilities represented by securities	
6.1. Issued debt securities	
6.2. Derivative instruments	
6.3. Other liabilities represented by securities	
7. Other liabilities	
7A. o/w payments in transit	
8. Accrued expenses and deferred income	
8A. o/w interest liabilities	
9. Provisions	
9.1. Short-term provisions	
9.2. Long-term provisions	
10. Subordinated liabilities	
11. TOTAL LIABILITIES	
12. Share capital	
Registered share capital	
Unregistered share capital	
13. Share premium account	
14. Statutory reserve capital	
15. Other reserves	
16. Retained profit/loss from previous years	
17. Profit/loss for the financial year	
18. Own units (with a minus sign)	
19. TOTAL EQUITY	
20. TOTAL LIABILITIES AND EQUITY	
Number of members in the savings and loan association	

GUIDELINES FOR PREPARATION OF BALANCE SHEET STATEMENT

Assets

1. Cash

This item includes the savings and loan association's cash and cash equivalents (e.g., cash cheques and other instruments similar to cash). This item does not cover the cash and cash equivalents of customers which have been given into possession to the savings and loan association active as a payment institution in relation with providing the payment services stated in subsection 3 (1) of the Payment Institutions and Electronic Money Institutions Act (MERAS). Those funds are covered in the balance sheet statement under asset item 4 “Funds of payment service customers”. Foreign currency is assessed according to the exchange rate of Eesti Pank valid on the balance sheet date. Foreign exchange profit or loss resulting from revaluation is covered in the income statement under item 7 “Net profit/loss on financial operations”.

2. Claims on the central bank

This item covers deposits with the central bank and other claims on the central bank. This item does not cover the cash of customers, which has been given into possession to the savings and loan association active as a payment institution in relation with providing the payment services stated in subsection 3 (1) of the MERAS and are held in the central bank. Those funds are covered in the balance sheet statement under asset item 4 “Funds of payment service customers”.

3. Claims on credit institutions

This item covers deposits with credit institutions and other claims on credit institutions. This item does not cover the cash of customers, which has been given into possession to the savings and loan association active as a payment institution in relation with providing the payment services stated in subsection 3 (1) of the MERAS and are held in a credit institution. Those funds are covered in the balance sheet statement under asset item 4 “Funds of payment service customers”.

3.1. Demand deposits

This item covers settlement accounts and overnight deposits with credit institutions.

3.2. Time deposits

3.3. Other claims

This item covers all other claims on credit institutions, which are not covered under items 3.1 and 3.2, including margin deposits, loans to other credit institutions, reverse repurchase agreements and similar transactions, such as securities buy/sellback agreements and securities lending agreements.

Reverse repurchase agreements are covered in the same way as lending. Securities are covered in the balance sheet of the seller (borrower), irrespective of whether or not the ownership of the securities is transferred to the buyer (lender). If, according to the contract, the buyer of the securities is entitled to resell the securities, and they use the right to resell, they will have a liability expressed in securities to the seller of the securities.

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

An agreement in the case of which the buyer has no obligation to sell back the bought securities at an agreed price, but has an option to do so, is covered by the lender as a reverse repurchase agreement for as long as it remains likely for the buyer to use the right to sell back. If it is likely the buyer is not going to use the right to sell back, such reverse repurchase agreement will become a security purchase transaction.

Agreements similar to reverse repurchase agreements, such as securities buy/sellback agreements and securities lending agreements, are covered in the same way as reverse repurchase agreements.

4. Funds of payment service customers

This item covers the customers' assets and the assets acquired with those assets, which have been given into possession to the savings and loan association active as a payment institution in relation with providing the payment services stated in subsection 3 (1) of the MERAS to the customers. If the savings and loan association has no license for acting as a payment institution, this item shows the value 0 (zero).

5. Claims on customers

This item covers claims (placed deposits, issued loans, reverse repurchase agreements and similar agreements, such as securities buy/sellback agreements, securities lending agreements, etc.) on customers that are not credit institutions. This item does not cover investment in customers' securities or claims arising from rendering consultation or any other services. Such claims are covered under the balance sheet items 7 "Securities" and 12 "Accrued income and prepaid expenses", respectively.

This item covers claims on and loans to customers until these are written off the balance sheet even if some of these are expensed as doubtful claims. Doubtful claims entered into expenses are covered under the asset item 6 "Doubtful claims" with a minus sign.

5A. o/w overdraft facility

This item covers overdraft facilities and/or overnight loans granted to customers by the savings and loan association. The difference between the opened credit line and the overdraft facility granted on its account is covered as an off-balance sheet commitment.

5B. o/w mortgage-backed loans

This item covers loans granted to customers by the savings and loan association, which are collateralised by mortgage.

5C. o/w loans for performing payment transactions

This item covers loans granted by the savings and loan association acting as a payment institution to the customers for performing payment transactions within the meaning of clause 3 (1) 4) of the MERAS. If the savings and loan association has no license for acting as a payment institution, this item shows the value 0 (zero).

6. Doubtful claims (with a minus sign)

This item covers the impairment of the loans issued by the savings and loan association and other claims.

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

6.1. Doubtful claims on credit institutions

This item covers the impairment of the claims recorded under the asset item 3 "Claims on credit institutions".

6.2. Doubtful claims on customers

This item covers the impairment of the loans and other claims recorded under the asset item 5 "Claims on customers".

6.3. Other doubtful claims

This item covers the impairment of all other claims that are not covered under asset items 6.1 and 6.2.

7. Securities

This item covers all the saving and loan association's securities and securities sold (lent out) by repurchase agreements (including securities buy/sellback, securities lending and other similar agreements). This item does not cover the securities acquired with customers' assets, which have been given into possession to the savings and loan association active as a payment institution in relation with providing the payment services stated in subsection 3 (1) of the MERAS to the customers. Those securities are covered in the balance sheet statement under asset item 4 "Funds of payment service customers".

Securities are recognised either on the transaction date or the value date, depending on the method of calculation the accounting savings and loan association uses. If the reporting savings and loan association uses the value date method for covering securities, prepayments for securities are also covered under the item.

The item does not cover securities obtained by reverse repurchase agreements (securities buy/sellback agreements, securities lending and other similar agreements), though ownership of such securities may belong to the accounting savings and loan association. These securities are covered in the balance sheet of the seller (lender).

In addition, the item does not cover own debt securities redeemed by the savings and loan association before the redemption date. Redeemed own debt securities are covered as a decrease in liability under the liability item 6.1 "Issued debt securities".

Profit/loss arising from the revaluation of securities acquired for trading or reselling is covered in the income statement under item 7 "Net profit/loss on financial operations".

Profit/loss arising from the revaluation of the securities acquired for long-time holding is covered in the income statement under item 11 "Value adjustments of long-term financial investments".

Profit/loss arising from participation in subsidiaries and associated undertakings calculated using the equity method is covered in the income statement under item 4 "Net profit/loss on financial investment".

Profit/loss arising from the revaluation of the short-term participation in subsidiaries and associated undertakings acquired for reselling within 12 months from the date of acquiring is covered in the income statement under item 7 "Net profit/loss on financial operations".

7A. o/w repurchase agreements

Repurchase agreements are covered in the balance sheet of the accounting savings and loan association (borrower), irrespective of whether or not the ownership of the securities is transferred to the buyer (lender). Securities sold and lent by a repurchase transaction are also covered under this item.

7.1. Debt securities and other fixed-income securities

Here are covered 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.

7.2. Shares and units

7.2.1. Shares and units in subsidiaries

This item covers holdings in subsidiaries, 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. Holdings in subsidiaries that have been acquired with the aim of reselling within 12 months as from the date of purchase are covered under the asset item 7.2.3 "Other shares and units".

7.2.2. Shares and units in associated undertakings

Here are covered holdings in associated 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 associated undertaking. Holdings in associated undertakings that have been acquired with the aim of reselling within 12 months as from the date of purchase are covered under the asset item 7.2.3 "Other shares and units".

7.2.3. Other shares and units

Here are covered other shares and units, subscription rights and other tradable

rights, which entitle to acquisition thereof, investment funds units (excl. units earning income of interest nature) and depositary receipts of securities, which have not been covered under asset items 7.1, 7.2.1 and 7.2.2.

7.3. Derivative instruments

This item covers derivative instruments with positive market value acquired by the savings and loan association.

8. Intangible assets

This item covers the savings and loan association's intangible assets at their carrying value. The depreciation of the intangible fixed assets is covered in the income statement under item 9 "Value adjustments of investment properties, tangible and intangible fixed assets".

This item also covers prepayments for intangible fixed assets.

9. Tangible fixed assets

This item covers the savings and loan association's tangible assets at their net book value. The depreciation of the tangible fixed assets is covered in the income statement under item 9 "Value adjustments of investment properties, tangible and intangible fixed assets".

This item also covers prepayments for tangible fixed assets.

10. Investment properties

Here is covered property owned by the savings and loan association or leased by the savings and loan association on the terms of finance lease (land or building (or part of a building) or both), which the savings and loan association keeps with the primary aim of earning rentals or for capital appreciation, or both.

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

When the acquisition method is applied, the investment properties are covered at their net book value. The depreciation and impairment of the investment properties are covered in the income statement under item 9 "Value adjustments of investment properties, tangible and intangible fixed assets".

11. Other assets

This item covers, among other things:

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

12. Accrued income and prepaid expenses

This item covers:

- Interest receivables and receivables of interest nature;

- receivable option premiums;
- accrued income arising from rendering services by the savings and loan association;
- 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 in the accounting period.

Liabilities and equity

1. Liabilities to the central bank

This item covers all the liabilities to the central bank.

2. Liabilities to credit institutions

This item covers all the liabilities to credit institutions, including margin deposits, loans received from credit institutions, reverse repurchase agreements (including securities buy/sellback agreements and securities lending agreements) and other transactions similar to loans.

Reverse repurchase agreements are covered in the same way as lending. Securities are covered in the balance sheet of the seller (borrower), irrespective of whether or not the ownership of the securities is transferred to the buyer (lender).

If, in the case of a repurchase agreement, the securities selling and repurchase prices are different, the difference is distributed over the term of the agreement and covered in the income statement under item 2 "Interest expenses" and under the balance sheet liability item 8 "Accrued income and prepaid expenses".

An agreement in the case of which the lender has no obligation to sell back the bought securities at an agreed price, but has an option to do so, is recorded by the seller as a repurchase agreement for as long as it remains likely for the buyer to use the right to sell back. If it is likely the buyer is not going to use the right, such repurchase agreement will become a security sales transaction.

Agreements similar to repurchase agreements are covered in the same way as repurchase agreements.

3. Liabilities to customers

This item covers the deposits and loans of such customers who are not credit institutions. This item does not cover liabilities resulting from customers' assets and the assets acquired with those assets, which the savings and loan association active as a payment institution incurs in relation with providing the payment services stated in subsection 3 (1) of the MERAS. Those liabilities are covered in the balance sheet statement under liability item 4 "Liabilities to payment service customers".

4. Liabilities to payment service customers

This item covers the liabilities resulting from customers' assets and the assets acquired with those assets, which the savings and loan association active as a payment institution incurs in relation with providing the payment services stated in subsection 3 (1) of the MERAS. If the savings and loan association has no license for acting as a payment institution, this item shows the value 0 (zero).

5. Loan resource for specific purposes

This item covers the loan resource allocated to a savings and loan association for re-lending to a specific target group and/or under pre-determined conditions.

6. Liabilities represented by securities

This item covers the accounting savings and loan association's liabilities represented by securities. The liabilities subject to recognition under the balance sheet liability item 10 "Subordinated liabilities" are not covered here.

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

6.1. Issued debt securities

This item indicates debt securities issued by the savings and loan association and other tradable rights entitling to their acquisition. The item covers also the savings and loan association's bills issued by the savings and loan association to cover its own liabilities.

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 covered in the income statement under item 2 "Interest expense".

6.2. Derivative instruments

This item covers derivative instruments with negative market value acquired by the savings and loan association.

6.3. Other liabilities represented by securities

This item covers the savings and loan association's other liabilities represented by securities, e.g., a liability created under a reverse repurchase agreement (including securities buy/sellback agreements, securities borrowing agreements and other similar agreements).

7. Other liabilities

This item covers, among other things:

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

8. Accrued expenses and deferred income

This item covers:

- interest payables and payables of interest nature;
- option premiums payable;
- payables to employees, including holiday pay liability;
- 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 for future periods is not accounted as income in the accounting period.

9. Provisions

9.1. Short-term provisions

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

9.2. Long-term provisions

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

10. Subordinated liabilities

This item covers the saving and loan association's liabilities which will be satisfied after the satisfaction of justified claims of other creditors in the case of dissolution or bankruptcy of the savings and loan association.

12. Share capital

This item covers the shares issued in the nominal value.

13. Share premium account

This item covers the amounts received in issuing the savings and loan association's shares above the par value, from the difference between the acquisition cost and selling price of shares upon the sale of own shares and from the difference between the acquisition cost and par value of shares upon redemption of own shares less direct costs related to share transactions.

14. Statutory reserve capital

This item covers the statutory reserve capital formed pursuant to section 24 of the Savings and Loan Associations Act.

15. Other reserves

This item covers other reserves the formation of which on account of profit is prescribed by legislation or articles of association.

16. Retained profit/loss from previous years

This item covers the retained profit or loss of previous years.

17. Profit/ loss for the financial year

This item covers the profit or loss for the financial year.

18. Own units (with a minus sign)

This item covers the accounting savings and loan association's own units redeemed at acquisition cost with a minus sign.

Appendix 5
to Eesti Pank Governor's Decree
No 8 of 6 November 2012

“Establishment of requirements to the contents and form
of savings and loan associations' balance sheet statement and income statement
and the procedure of submitting the reports to Eesti Pank”

INCOME STATEMENT SCHEME OF SAVINGS AND LOAN ASSOCIATION

ITEM NAME	
1. Interest income	
1.1. On loans	
1.2. On deposits	
1.3. On debt securities and other fixed-income securities	
1.4. On derivative instruments	
1.5. Other interest income	
2. Interest expense	
2.1. On loans	
2.2. On demand deposits	
2.3. On time and savings deposits	
2.4. On debt securities and other fixed-income securities	
2.5. On items of capital nature	
2.6. On derivative instruments	
2.7. Other interest expense	
3. Net profit/loss on interest (+/-)	
4. Net profit/loss on financial investment (+/-)	
4.1. On shares and units of subsidiaries (+/-)	
4.1.1 Dividend income	
4.1.2 Income calculated according to equity method	
4.1.3 Expenses calculated according to equity method	
4.1.4 Other (+/-)	
4.2 On shares and units of associated undertakings (+/-)	
4.2.1 Dividend income	
4.2.2 Income calculated according to equity method	
4.2.3 Expenses calculated according to equity method	
4.2.4 Other (+/-)	
4.3 On other shares and units (+/-)	
4.3.1 Dividend income	
4.3.2 Other (+/-)	
5. Fee and commission income	
5A. o/w fee and commission income from payment services	
6. Fee and commission expenses	
7. Net profit/loss on financial operations (+/-)	
7.1 Profit/income	
7.2 Loss/expenses	
8. Administrative expenses	
8.1 Staff expenses	

8.2 Social tax, unemployment insurance premium	
8.3 Expenses related to pension (other than state pensions)	
8.4 Other administrative expenses	
9. Value adjustments of investment properties, tangible and intangible fixed assets (+/-)	
9.1 Profit/income	
9.2 Loss/expenses	
10. Value adjustments of claims and off-balance sheet commitments (+/-)	
10.1 Profit/income	
10.2 Loss/expenses	
o/w profit/loss on the value adjustment of off-balance-sheet liabilities	
11. Value adjustments of long-term financial investments (+/-)	
11.1 Income	
11.2 Expenses	
12. Other operating income	
13. Other operating expenses	
14. Extraordinary income	
15. Extraordinary expenses	
16. Profit/loss before taxation (+/-)	
17. Income tax expenses	
18. Profit/loss (+/-) of the accounting period	

GUIDELINES FOR PREPARATION OF INCOME STATEMENT

1. Interest income

This item covers all the 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

This item covers the following calculated in the accounting period:

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

1.2 On deposits

This item covers interest income and income of interest nature on deposits in the accounting period, less interest claims calculated in the accounting period but regarded doubtful.

1.3 On debt securities and other fixed-income securities

This item covers the following calculated in the accounting 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

This item covers:

- a) interest income arising from covered forward agreements;
- b) positive gap between received and paid interest for hedging the claim's 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 accounting period.

1.5 Other interest income

This item covers, among other things the following calculated in the accounting 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

This item covers all the interest expenses and expenses of interest nature. Expenses of interest nature are expenses related to the original maturity/redemption day of a liability or to the amount of a liability (e. g. received loan), and it is distributed over the term of claims.

2.1 On loans

This item covers the following calculated in the accounting period:

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

2.2 On demand deposits

This item covers interest expenses and expenses of interest nature on demand deposits calculated in the accounting period.

2.3 On time and savings deposits

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

2.4 On debt securities and other fixed-income securities

This item covers the following calculated in the accounting 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 covers interest expenses and expenses of interest nature on funds included in own funds (e. g. subordinated liabilities). Expenses on subordinated liabilities with the residual maturity up to one year are covered 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

This item covers:

- a) interest expenses arising from covered forward agreements;
- b) negative gap between received and paid interest for hedging the claim's 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 concluding the contract, which falls within the accounting period.

2.7 Other interest expense

This item covers, among other things the following calculated in the accounting period:

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

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

This item covers the difference between the income statement items 1 "Interest income" and 2 "Interest expense".

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

This item covers profit/loss arising from shares and units acquired by the savings and loan association 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 covered as total net profit/loss.

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

4.1.1 Dividend income

This item covers dividend income on shares and units of subsidiaries.

This item covers dividend income on shares and units of subsidiaries.

This item covers unrealised income of subsidiaries calculated using the equity method.

4.1.3 Expenses calculated according to equity method

This item covers unrealised expenses of subsidiaries calculated using the equity method.

4.1.4 Other (+/-)

This item covers, inter alia, realisation profit/loss from the sale of subsidiaries' shares and units, except for the shares and units covered in the balance sheet under asset item 7.2.3 "Other shares and units".

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

4.2.1 Dividend income

This item covers dividend income on shares and units of associated undertakings.

4.2.2 Income calculated according to equity method

This item covers unrealised income of associated undertakings calculated using the equity method.

4.2.3 Expenses calculated according to equity method

This item covers unrealised expenses of associated undertakings calculated using the equity method.

4.2.4 Other

This item covers, inter alia, realisation profit/loss from the sale of associated undertakings' shares and units, except for the shares and units covered in the balance sheet under asset item 7.2.3 "Other shares and units".

4.3 On other shares and units (+/-)

4.3.1 Dividend income

This item covers dividend income on other shares and units.

4.3.2 Other

This item covers, among other things, realisation profit/loss from the sale of other shares and units acquired for a long-term holding with the aim of earning proprietary income.

5. Fee and commission income

This item covers fee and commission income generated during the accounting period, including account opening charges, money transfer charges, maintenance fee and securities transaction fee. Fee and commission income of interest nature is covered in the income statement under item 1 "Interest income".

5A. o/w fee and commission income from payment services

This item covers the fee and commission income of a savings and loan association active as a payment institution, generated from providing the payment services stated in subsection 3 (1) of the MERAS. If the savings and loan association has no license for acting as a payment institution, this item shows the value 0 (zero).

6. Fee and commission expenses

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

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

This item covers profit/loss arising from securities (shares, units, debt securities) acquired with the aim of intermediation for trading or reselling, trading liquidity management, etc., from liabilities represented by securities recognised under the balance-sheet liability items 6.2 "Derivative instruments" and 6.3 "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 covered as total net profit/loss.

7.1 Profit/income

This item covers, among other things:

- 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 savings and loan association, but redeemed prior to the redemption day;
- e) unrealised profit and loss from exchange rate difference (excluding covered forward agreements, which are covered under the income statement item 1 "Interest income").

7.2 Loss/expenses

This item covers, among other things:

- 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 savings and loan association, but redeemed prior to the redemption day;
- e) unrealised profit and loss from exchange rate difference (excluding covered forward agreements, which are covered under the income statement item 1 "Interest income").

8. Administrative expenses

8.1 Staff expenses

This item covers wages and salaries, bonuses, benefits, additional pays, fees calculated in the accounting period, holiday pay earned during the accounting 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 covers social tax and unemployment insurance premium calculated in the accounting period.

8.3 Expenses related to pension (other than state pensions)

This item covers non-state pension liability costs, which occur upon the establishment of a respective legislative act or on the basis of an agreement made by the accounting savings and loan association.

8.4 Other administrative expenses

This item covers other expenses related to the operation of the savings and loan association, including lease expenses, advertising expenses, office expenses, audit expenses, insurance costs for the accounting 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 (+/-)

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

9.1 Profit/income

This item covers, inter alia, impairment adjustments of investment properties, and tangible and intangible fixed assets during previous reporting periods.

9.2. Loss/expense

This item covers, among other things:

- a) depreciation/amortisation of investment properties, tangible and intangible fixed assets;

b) impairment of investment properties, tangible and intangible fixed assets in the reporting periods.

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

This item covers profit/loss from the valuation 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 covered as total net profit/loss.

10.1 Profit/income

This item covers, inter alia, the recovery of loans previously written off the balance sheet during earlier accounting periods.

10.2 Loss/expenses

o/w profit/loss on the value change of off-balance-sheet liabilities

This item covers, inter alia, the impairment 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 (+/-)

This item covers the revaluation of financial investment held until the redemption day and acquired for a long time holding. Income and expense items (profit and loss items) calculated on the net basis are summarised and covered as total net profit/loss.

11.1 Income

This item covers the income from the revaluation of financial investment held until the redemption day and acquired for a long time holding.

11.2 Expenses

This item covers the expenses from the revaluation of financial investment held until the redemption day and acquired for a long time holding.

12. Other operating income

This item covers operating lease income, unrealised profit from revaluation of investment properties (if the fair value method is applied for measuring), realised profit from the sale of investment properties and tangible and intangible fixed assets, lease income, received fines, arrears, compensations, and other operating income not recognised above. Operating income of interest nature is covered in the income statement under item 1 "Interest income".

13. Other operating expenses

This item covers unrealised loss from revaluation of investment properties (if the fair value method is applied for measuring), realised loss from the sale of investment properties and tangible and intangible fixed assets, paid fines, arrears, compensations and any other costs following the matching principle, which are related to the income covered in the income statement under item 12 "Other operating income". Operating expense of interest nature is covered in the income statement under item 2 "Interest expense". Contributions to the Deposit Guarantee Fund/foundation are also covered under this item.

14. Extraordinary income

This item covers income resulting from force majeure.

15. Extraordinary expenses

This item covers expenses resulting from force majeure.

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

17. Income tax expenses

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