

CHRONICLE OF MONETARY POLICY OF 2000

FEBRUARY

1 February

The advanced team of the International Monetary Fund (IMF) and the World Bank for the **Financial System Assessment Programme** (FSAP) arrived in Eesti Pank to collect background information on the Estonian financial sector before the arrival of the regular mission. The advanced team worked at the central bank until 11 February.

8 February

Lennart Meri, President of the Republic of Estonia, signed a decree on decorating 168 persons on the occasion of the 82nd Anniversary of the Republic of Estonia for merits rendered to Estonia and its people. Among others, the **Order of the National Coat of Arms, Class III**, was awarded to academician **Raimund Hagelberg**, adviser at Eesti Pank and a long-time member of the Board, founder of the Institute of Finance and Accounting at University of Tartu, one of the ideologists of the Estonian monetary reform of 1992 and member of the Academic Council of the President of Republic.

9 February

Decree of the Governor of Eesti Pank

On Amendments in the 19 October 1999 Decree On Public Disclosure Reports of Credit Institutions

Proceeding from Sections 1 and 3 of Article 91 and Section 2 of Article 92 of the Credit Institutions Act the following amendments were introduced in the **Procedure for the Preparation of Public Disclosure Reports by Credit Institutions** (see on pp 10-21) **enforced by the Decree of the Governor of Eesti Pank of 19 October 1999** (see Eesti Pank Bulletin (EPB) No 6, 1999, p 13).

1. Clause 5.4.1 of Chapter 2 was reworded into:

The balance sheet of the credit institution shall be compiled according to the Decree of the Governor of Eesti Pank of 17 December 1999 No 28 "Reports of Credit Institutions".

2. In Chapter 2 Clauses 5.4.4 and 5.4.5 were inserted after Clause 5.4.3 in the following wording:

5.4.4. In the Interim Disclosure Report, the balance sheet shall be presented pursuant to the credit institution's balance sheet items confirmed by the Decree of the Governor of Eesti Pank of 17 December 1999 No 28 "Reports of Credit Institutions", and only the column "Total" shall be published.

5.4.5. In the Annual Disclosure Report, the credit institution's balance sheet items shall be shown in accordance with balance sheet items of its Group, their order and break-up.

3. In Chapter 2 Clauses 5.6.4 and 5.6.5 were inserted after Clause 5.6.3 in the following wording:

5.6.4. In the Interim Disclosure Report, the profit and loss statement (income statement) of the credit institution shall be presented pursuant to the items of the credit institution's profit and loss statement confirmed by the Decree of the Governor of Eesti Pank of 31 January 1997 No 2 "Reports of Credit Institutions" and only the column "Total" shall be published.

5.6.5. In the Annual Disclosure Report the items of the credit institution's profit and loss statement (income statement) shall be shown in accordance with profit and loss statement items of its Group, their order and break-up.

Credit institutions will have to act in accordance with these amendments when compiling their Interim Disclosure Report for the 12 months of 1999.

11 February

The Government of the Republic of Estonia and Eesti Pank conducted the Memorandum of Economic Policies of the Republic of Estonia, describes the policies the Government and Eesti Pank intend to follow until September 2001, to the International Monetary Fund (IMF).

15 February

**Regulations of the Governor of Eesti Pank
*On Establishing the Y2K Coordination Centre***

In view of the fact that 29 February 2000 is considered a critical date for the Y2K problem, a **provisional Y2K coordination centre** was set up for the period from 14 February until 2 March 2000.

16 February

Eesti Pank promotion day was held at University of Tartu. Members of the Board of Eesti Pank and the Executive Management led by Governor Vahur Kraft met with the professors and students of the Faculty of Economics and Business Administration. The Board of Eesti Pank held an economic policy seminar. Representatives of Eesti Pank and the Faculty of Economics and Business Administration discussed the progress of the cooperation agreement and visited the new building of the faculty.

21 February

Decrees of the Governor of Eesti Pank

On Revoking the Decree of the Governor of Eesti Pank from 31 December 1997 On the Procedure for Calculating General Risk Reserve

Pursuant to the enforcement of the new Credit Institutions Act, **the 31 December 1997 Decree** (see EPB No 8, 1997, p 6) **was declared null and void as of 31 December 1999.**

The 1997 Decree did not allow commercial banks to make disbursements from profits unless the level of the bank's own funds in the risk reserves amounted to at least 5% of the accounting basis (risk-weighted assets and off-balance sheet positions). Back then the restriction was

imposed due to the risks arising from the quick increase of the banks' loan and security portfolios. In revoking the Decree it was taken into account that the legal framework of the banking sector had considerably improved over the past two years, the quality of intrabank risk management had increased and the level and make-up of the reserves has to correspond, first of all, to the risk profile of a concrete credit institution.

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On issuing 500kroon banknotes

Under Article 2 of the Currency Law and the Decision of the Board of Eesti Pank from 28 October 1999, **500kroon banknotes of a new design and improved security features were issued into circulation as of 22 February 2000**. The design of the new banknote is by **Vladimir Taiger** who has designed most of the older banknotes as well. This was the last banknote to be renewed before the planned switchover to the euro. The old 500kroon banknotes will also remain in circulation.

25 February

Decree of the Governor of Eesti Pank

On Forming a Work Group for Coordinating Eesti Pank Participation in the Financial Sector Assessment Pilot Project

In connection with Estonia's participation in the IMF and World Bank organised Financial System Assessment Programme (FSAP) and in view of the need to guarantee the coordination of information and activities between the Government and Eesti Pank, a six-member work group was set up under Deputy Governor **Helo Meigas**. The group will be dismissed on 30 September 2000.

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Exhibition of prints by the well-known Estonian artist **Vive Tulli** was opened in the art gallery of Eesti Pank.