

Appendix 4 to
Eesti Pank Governor's Decree No 6 of 23 May 2014
"Establishment of substantive and formal requirements
for the balance sheet and income statement of credit institutions"

Explanation of income statement items

In the preparation of the reports stipulated in Appendix 6 to this Decree, income and expenses, profit and losses shall be recorded according to the following explanation of items.

ITEM	CONTENT OF ITEM
1.1 Interest income	Based on IFRS 7 and IAS 39, this item shows interest income and income of interest nature on financial assets, including financial instruments recorded under the balance sheet asset items 2 "Financial assets held for trading", 3 "Financial assets designated at fair value through profit or loss", 4 "Available-for-sale financial assets", 5 "Loans and receivables", 6 "Held-to-maturity investments", 8 "Derivatives – Hedge accounting" (derivatives hedging the interest rate risk) and 1 "Cash and cash balances at central banks".
1.2 Interest expenses	Based on IFRS 7 and IAS 39, this item shows interest income and income of interest nature on financial assets, including financial instruments recorded under the balance sheet liability items 1 "Financial liabilities held for trading", 2 "Financial liabilities designated at fair value through profit or loss", 3. "Financial liabilities measured at amortised cost" and 4. "Derivatives – Hedge accounting" (derivatives hedging the interest rate risk). Interest expenses and expenses of interest nature are not recognised here. They are recognised under income statement item 1.3 "Expenses on share capital repayable on demand". Interest expenses are shown with a plus sign.
1.3 Expenses on share capital repayable on demand	This item shows all expenses (including interest expenses and dividends) related to the financial liabilities recorded on the balance sheet liability item 8 "Share capital repayable on demand" in accordance with IFRIC 2. Expenses on share capital repayable on demand are shown with a plus sign.
1.4 Dividend income	This item shows dividend income in accordance with IFRS 7 and IAS 39, including on financial instruments recognised under the balance sheet asset item 2 "Financial assets held for trading", 3 "Financial assets designated at fair value through profit or loss", 4 "Available-for-sale financial assets", and 7 "Investments in associates and subsidiaries".
1.5 Fee and commission income	This item shows various fee and commission income, including fees for opening bank accounts, fees for making bank transfers, bank card maintenance fees and service fees related to financial instruments not measured at fair value through profit or loss. Fee and commission income of interest nature is recognised under income statement item 1.1 "Interest income".
1.6 Fee and commission	This items shows various fee and commission expenses.

expenses	Fee and commission expenses of interest nature are recognised under income statement item 1.2 „Interest expenses”. Fee and commission expenses are shown with a plus sign.
1.7 Realised gains/losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net (+/-)	Based on IFRS 7 and IAS 39, this item shows realised gains and losses on revaluation of financial assets and financial liabilities not measured at fair value through profit or loss, including financial instruments that were recognised under the balance sheet asset item 4 "Available-for-sale financial assets", 5 "Loans and receivables", 6 "Held-to-maturity investments" and balance sheet liability item 3 "Financial liabilities measured at amortised cost".
1.8 Gains or losses on financial assets and -liabilities held for trading, net (+/-)	Based on IFRS 7 and IAS 39, this item shows gains and losses on revaluation of financial instruments recognised under the balance sheet asset item 2 "Financial assets held for trading", and liability item 1 "Financial liabilities held for trading".
1.9 Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net (+/-)	Based on IFRS 7 and IAS 39, this item shows gains and losses on revaluation of financial instruments recognised under the balance sheet asset item 3 "Financial assets designated at fair value through profit or loss", and liability item 2 "Financial liabilities designated at fair value through profit or loss".
1.10 Gains or losses from hedge accounting, net (+/-)	Based on IAS 39, this item shows the profit and loss from revaluation of the fair value of the hedge and the hedged instrument or transaction, including the profit and loss of the effective portion of cash flows and hedges of net investments in foreign operations from derivatives recognised under the balance sheet asset item 8 "Derivatives – Hedge accounting" and liability item 4 "Derivatives – Hedge accounting".
1.11 Gains/losses from exchange differences, net (+/-)	This item shows unrealised and realised gains and losses on exchange differences in accordance with IAS 21.
1.12 Gains or losses on derecognition of non-financial assets, net (+/-)	This item shows realised gains and losses on disposal of assets not treated as non-current assets and disposal groups classified as held for sale, including realised gains and losses from disposal of assets recognised under balance sheet asset item 7 "Investments in associates and subsidiaries", 10 "Tangible assets" and 11 "Intangible assets".
1.13 Other operating income	This item shows other operating income not recorded under previous income statement items, including unrealised gain from revaluation of assets recognised under the balance sheet asset item 10 "Tangible assets" (if the assets are measured at fair value), rental income related to assets recognised under the balance sheet asset item 10.2 "Investment property", and operational lease income.
1.14 Other operating expenses	This item shows other operating income not recorded under previous income statement items, including unrealised gain from revaluation of assets recognised under the balance sheet asset item 10 "Tangible assets" (if the assets are measured at fair value), administrative expenses related to the management of assets

	<p>recognised under the balance sheet asset item 10.2 "Investment property", and operational lease expenses. Other operating expenses are shown with a plus sign.</p>
1.15 TOTAL OPERATING INCOME, NET (+/-)	<p>This item shows the total amount added or deducted based on the following items of the income statement: 1.1-1.2-1.3+1.4+1.5-1.6+1.7+1.8+1.9+1.10+1.11+1.12+1.13-1.14.</p>
2. Administrative expenses	<p>This item shows:</p> <ol style="list-style-type: none"> costs related to the employees of the credit institution, including calculated wages, bonuses, holiday pay, and other monetary and non-monetary compensations to employees, calculated social tax and unemployment insurance premium as well as expenditure related to non-governmental pensions and other post-employment benefits payable by the enterprise; general and administrative costs of the credit institution, including rental costs, operational lease expenses, office expenses, advertising expenses, insurance costs. <p>Administrative expenses are shown with a plus sign.</p>
3. Depreciation	<p>This item shows the depreciation of assets recognised at cost under the balance sheet asset item 10. "Tangible assets" and 11. "Intangible assets". Depreciation is shown with a plus sign.</p>
4. Provisions (+) or reversal of provisions (-)	<p>This item shows the amounts related to the establishment of various provisions recognised under the balance sheet liability item 6 "Provisions", or the enhancement of existing provisions and any growth in the discount amount due to temporal differences and potential changes in the discount rate.</p> <p>Increase in provisions is shown with a plus sign.</p> <p>This item also shows reversals of unused amounts recognised under the balance sheet liability item 6 "Provisions". Reversal of provisions is shown with a minus sign.</p>
5. Impairment (+) or reversal of impairment (-) on financial assets not measured at fair value through profit or loss	<p>This item shows the impairment loss of financial assets not measured at fair value through profit or loss, including impairment of financial assets recognised under the balance sheet asset item 4 "Available-for-sale financial assets", 5 "Loans and receivables", 6 "Held-to-maturity investments", and 7 "Investments in associates and subsidiaries". The impairment loss of financial assets is shown with a plus sign.</p> <p>This item also shows reversal of impairment. Reversal of impairment of financial assets is shown with a minus sign.</p>
6. Impairment (+) or reversal of impairment (-) on non-financial assets	<p>This item shows the impairment of non-financial assets, including impairment of assets recognised under the balance sheet asset item 10.1 "Tangible assets", 10.2 "Investment property" (if measured at cost), and 11 "Intangible assets". Impairment losses of non-financial assets are shown with a plus sign.</p> <p>This item also shows reversal of impairment of non-financial assets. Reversal of impairment of non-financial assets is shown with a minus sign.</p>
7. Profit/loss from non-current assets and disposal groups classified as held for sale, not qualifying as discontinued	<p>This item shows the gains and losses from revaluation of assets recognised under the balance sheet asset item 14 "Non-current assets and disposal groups classified as held for sale" in accordance with IFRS 5.</p>

operations (+/-)	
8. Profit/loss before income tax from continuing operations (+/-)	This item shows the total amount added or deducted based on the following items of the income statement: 1.15-2.-3.-4.-5.-6.+7.
9. Income tax expense (+) or income (-) related to profit or loss from continuing operations	This item shows the income tax payable on the profit from continuing operations (recognised at the time of announcement of the dividends) or tax income.
10. Profit/loss after income tax from continuing operations (+/-)	This item shows the result of deducting the following items of the income statement: 8-9.
11. Profit/loss after income tax from discontinued operations (+/-)	This item shows the profit/loss related to discontinued lines of business in accordance with IFRS 5, and the related tax expenses or tax income.
12. Profit/loss (+/-) for the financial year	This item shows the sum of the following items of the income statement: 10+11.