



---

**EESTI PANK**  
**Governor's Decree No 7**  
**Tallinn, 29 May 2014**

Establishment of supplementary reports on credit institution's balance sheet

This decree is established on the basis of clause 2 (2) 7) of the Eesti Pank Act and subsections 91 (1) and (3) of the Credit Institutions Act.

**Chapter 1**  
**GENERAL PROVISIONS**

**§ 1. Scope of decree**

This decree establishes:

- 1) requirements to the contents and structure of the reports listed in section 3 of this decree (hereinafter *reports*);
- 2) terms and procedure for submitting to the Financial Supervision Authority the reports listed under subsection 3 (1) of this decree;
- 3) terms and procedure for submitting to Eesti Pank the reports listed under subsections 3 (2) and (3) of this decree.

**§ 2. Application of decree**

All credit institutions and branches of credit institutions operating in Estonia (hereinafter *credit institutions*) are obliged to prepare and submit the reports laid down under this decree.

**Chapter 2**  
**REPORTS, PRINCIPLES OF PREPARATION AND SUBMISSION THEREOF**

**§ 3. Reports and preparing thereof**

- (1) Credit institutions are obliged to prepare and submit to the Financial Supervision Authority the following reports:
  - 1) "Report on the turnover of resources" with code 231" (Appendix 1);
  - 2) "Report on the balance of resources" with code 211 (Appendix 2);
  - 3) "Report on the turnover of loans" with code 232 (Appendix 3);
  - 4) "Report on the balance of loans" with code 212 (Appendix 4);
  - 5) "Report on changes in claims written off from the credit institution's balance sheet" with code 238 (Appendix 5);
  - 6) "Report on securities" with code 213 (Appendix 7);
  - 7) "Report on the turnover of liabilities related to securities" with code 247 (Appendix 8);

- 8) "Report on the balance of liabilities related to securities" with code 217 (Appendix 9);
  - 9) "Report on receipts and payments" with code 87 (Appendix 12);
  - 10) "Report on housing loans" with code 223 (Appendix 13).
- (2) Credit institutions are obliged to prepare and submit to Eesti Pank the following reports:
- 1) "Report on the regional breakdown of deposits and loans" with code 234 (Appendix 6);
  - 2) "Report on accounting of intangible assets and tangible fixed assets" with code 214 (Appendix 10);
  - 3) "Supplementary report on the balance of loans" with code 222 (Appendix 11).
- (3) Credit institutions having a branch outside Estonia are also obliged to prepare and submit to Eesti Pank the reports listed under clauses 1)–4) and 6)–8) of subsection 3 (1) of this decree, showing only the data of the structural unit (head office) of the credit institution which is located in Estonia.
- (4) Reports must show the values in euros, rounded to two decimal places, unless prescribed otherwise in this decree.
- (5) Reports must show interest rates, rates of return, coupons, annual percentage rate of charge and risk margin as a percentages over a year and in the format of interest rate divided by one hundred ( $i/100$ ) and rounded to four decimal places.
- (6) Reports must show housing loan servicing rate and other loan liabilities servicing rate in the format of a rate divided by one hundred ( $r/100$ ) and rounded to two decimal places.
- (7) The amounts recorded in foreign currency must be converted into euros according to the official exchange rate of the European Central Bank for the last banking day of the reporting period.

#### **§ 4. Reporting period and terms for submission of reports**

- (1) The reporting period for the reports listed under clauses 1)–4) and 6)–10) of subsection 3 (1) and clause 3) of subsection 3 (2) of this decree is one month. The reporting period for the reports listed under clause 5) of subsection 3 (1) and clause 2) of subsection 3 (2) of this decree is one quarter. The reporting period for the report listed under clause 1) of subsection 3 (2) of this decree is half-year.
- (2) The report listed under clause 10) of subsection 3 (1) of this Decree is submitted for January, April, July and October.
- (3) The reports listed under clauses 1)–4) and 6)–8) of subsection 3 (1) and clause 2) of subsection 3 (2) of this decree are submitted by the fifth banking day after the end of the reporting period; the reports listed under clauses 1) and 3) of subsection 3 (2) are submitted by the 10th banking day after the end of the reporting period; the report listed under clause 10) of subsection 3 (1) is submitted by the 20th banking day after the end of the reporting period; and the report listed under clause 5) of subsection 3 (1) is submitted within one month after the end of the reporting period.

#### **§ 5. Submission of reports**

(1) The reports are submitted to the Financial Supervision Authority and Eesti Pank electronically as documents in the XML (eXtensible Markup Language) format as pursuant to Eesti Pank Governor's Decree No 9 of 9 December 2011 "Requirements for submission of reports formatted as XML documents".

(2) If a credit institution has branches outside Estonia, then a four-digit report code must be used when submitting reports to Eesti Pank, whereas the first three digits of the report code must be made up by the code used for identifying the reporting credit institution in transactions between Estonian banks and the fourth digit must be 1 (one).

(3) If errors are detected in the reports and accounting principles are changed, new, rectified reports will be electronically submitted.

(4) In the absence of data on a reporting area an empty report will be submitted.

## **§ 6. Use of classifications and international standards**

(1) Currency codes in the reports are established according to the currency codes table of the international standard ISO 4217 and the codes are indicated in capital letters.

(2) The country code of the customer and claim owner is shown according to the 2-letter codes in the table of countries and territories under the international standard ISO 3166 and indicated in capital letters.

(3) Sectors of the economy in the reports are shown according to the Statistical Classification of Economic Activities in Estonia (EMTAK).

(4) Dates in the reports are indicated according to the date format (yyyy/mm/dd) of the International standard ISO 8601.

## **Chapter 3 DEFINITIONS USED IN APPENDICES**

### **§ 7. Definitions used**

The definitions in Appendices 1–13 to this Decree are used as defined in sections 8–16.

### **§ 8. Definitions used with regard to customers and issuers**

(1) **Central government** is a general term that comprises all administrative departments of the state and other agencies whose competence extends over the whole economic territory of the country. Included are also enterprises and non-profit institutions whose competence extends over the whole economic territory and which are controlled by the central government, who covers their expenses in the extent of more than 50%. Excluded are state social security funds. In Estonia, central government comprises the following institutions:

- 1) Riigikogu, the Office of the President of the Republic, the State Audit Office, the Legal 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%.

(2) **Local government** is a general term that comprises all local government units, including municipal institutions administered by local government, enterprises established by local government units and non-profit institutions whose expenses are covered by local government units in the extent of more than 50%.

(3) **Social security fund** is a general term that comprises all state and local institutional units whose principal area of activity includes offering social support and which meet the following two criteria:

- 1) pursuant to law or other legislation certain population groups are obliged to 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.

In Estonia the Estonian Health Insurance Fund and the Estonian Unemployment Insurance Fund are regarded as state social security funds.

(4) **Central bank** is a legal person whose principal task is to issue currency and maintain the value of currency, as well as partial or full holding of the country's international reserves. The Estonian central bank is Eesti Pank.

(5) **Credit institution** is a financial corporation whose principal and permanent activity is to receive cash deposits and other repayable funds from the public and to grant loans on its own account and provide other financing.

In Estonia a credit institution is a commercial undertaking as defined in the Credit Institutions Act.

(6) **Money market fund** is an investment fund which issues shares and units that serve as an alternative to deposits in terms of liquidity, and which invests in the shares and units of other money market funds and/or other debt instruments with residual maturity of up to one year, and/or deposits with a return similar to that of money market instruments.

(7) **Other deposit-taking corporation** is a non-credit financial institution that receives deposits and/or other similar funds from the public and grants loans on its own account and/or invests in debt securities. Includes electronic money institutions who issue payment instruments in the form of electronic money.

In Estonia other deposit-taking corporations include savings and loan associations.

(8) **Pension fund** is a pool of assets collected by a person who holds units in the fund and/or by the person's employer with the purpose of providing additional income after reaching pensionable age or in the case of incapacity for work.

In Estonia a pension fund is an investment fund as defined under subsection 3(1) of the Funded Pensions Act.

- (9) **Other investment fund** is a collective investment scheme for financial intermediation, which comprises raising capital from the public and investing it in financial and non-financial assets (primarily real estate). Investment funds include:
- 1) entities whose shares or units are repurchased on the request of the holder or redeemed directly or indirectly on account of the undertaking's assets;
  - 2) entities who have issued a fixed number of shares and whose shareholders must buy or sell existing shares to enter or exit the fund.

Excluded are money market and pension funds.

For the purpose of this term, "the public" means retail, professional and institutional investors.

In Estonia an investment fund is a fund established in line with section 1 of the Investment Funds Act and a private capital fund in compliance with the definition of investment fund as set out by the European Central Bank.

- (10) **Other financial institution** is:

- 1) financial intermediary – an enterprise that renders financial intermediation services by taking liabilities in other form than money, deposits, investment fund shares/units or in relation to insurance and pension schemes. Included are investment firms, leasing companies, factoring companies, pawn shops, other undertakings specialised in borrowing, paying authorities, securitisers, risk and development capital undertakings, and central counterparties.
- 2) financial auxiliary – an undertaking that renders auxiliary financial intermediation services. The latter are services used for transactions with financial assets and liabilities or transformation of funds. Financial auxiliary is mainly engaged in activities related to financial intermediation, while it is not a financial intermediary itself, as it does not take risks related to the acquisition of financial assets or liabilities. Included are regulated securities market operators, securities settlement system operators, undertakings providing securities listing services, undertakings providing financial consultation services, fund managers, securities brokers, insurance brokers, financial market supervisory authorities, and currency exchangers. Included are also head offices, all or most of whose subsidiaries provide financial intermediation and/or ancillary financial intermediation services as their main area of activity. Financial auxiliaries also comprise non-profit institutions that are established by financial institutions and that service the latter.
- 3) financial undertaking holding assets – an undertaking that is not engaged in financial intermediation or rendering ancillary financial intermediation services. Included are trust funds, estate units, letter-box companies, and state investment funds. Included are also holding companies whose single task is to hold the shares/units of subsidiaries and who do not participate in the management of subsidiaries nor render any services to them.

In Estonia other financial institutions are companies as defined in section 5 of the Credit Institutions Act (excluding investment funds, savings and loan associations, and electronic money institutions), supervisory authorities (e.g. Financial Supervision Authority) funded mainly by market participants and non-profit institutions (e.g. Estonian Banking Association, Estonian Leasing Association, Estonian Insurance Association) serving financial sector entities.

- (11) **Financial vehicle corporation** is an entity who is primarily engaged in performing securitisation transactions.

In Estonia a financial vehicle corporation is an undertaking established for performing one or more transactions set out in subsection 86<sup>35</sup> (1) of the Credit Institutions Act.

(12) **Central counterparty** is an entity that legally interposes itself between counterparties to contracts traded in financial markets, becoming the buyer to every seller and the seller to every buyer.

(13) **Insurance corporation** is a financial undertaking whose principal and permanent activity is the compensation of damage created upon and as a result of insured events, or payment of agreed sums of money mainly in the form of insurance or reinsurance. In Estonia an insurance company is an undertaking as defined under subsection 3 (1) of the Insurance Activities Act.

(14) **Non-financial corporation of the state and local government** is an independent legal entity whose main area of activity is production of market products and provision of non-financial services and who is controlled by central government or local government, while the latter covers its expenses in the extent of less than 50%. Included are non-profit institutions established by and serving a state or local government.

In Estonia this definition covers undertakings that are under the 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 under subsection 6 (2) of the Securities Market Act. Profit-making state agencies (e.g. the State Forest Management Centre) are also regarded as non-financial corporation of the state and local government. Excluded are corporations within the central government and local government.

(15) **Other non-financial corporation** is an independent legal entity whose main area of activity is production of market products and provision of non-financial services and who is not controlled by the central government or local government. Included are non-profit institutions established by and serving other non-financial undertakings. In Estonia this includes corporations providing non-financial market services, sole proprietors with ten and more employees and holders of offices in public law (e.g. notaries, sworn translators, bailiffs). Included are also non-profit associations (e.g. Estonian Association of SMEs, Estonian Traders Association, Concrete Association of Estonia) serving non-financial corporations.

(16) **Household** comprises mainly individuals or groups of individuals acting as consumers. Included are also households acting as employers and sole proprietors, when their primary income is income from production of market products or provision of services. In case the household's business is extensive and separable into an independent entity, this part of the household's activity is classified under non-financial corporations or other financial institutions.

In Estonia this includes, apart from private persons, sole proprietors who employ up to nine employees. Sole proprietors in the case of whom it is not possible to establish their status as employer to up to nine employees are also classified under households.

(17) **Non-profit institution serving households** is a legal entity who serves households and whose purpose of activities is not to profit from economic activity. Primary resources of this entity include voluntary financial or non-financial contributions by households, general government's payments and property income.

In Estonia this includes apartment associations, garage associations, cultural clubs, trade unions, churches, political parties and other similar non-profit institutions and foundations.

(18) **Monetary financial institution** comprises the European Central Bank, national central banks of the EU Member States and credit institutions, electronic money institutions and other deposit-taking corporations as defined in the relevant ECB regulation (Regulation (EU) No 1071/2013 of the European Central Bank of 24 September 2013 concerning the balance sheet of monetary financial institutions sector). The comprehensive list of monetary financial institutions is available on the European Central Bank's website.

(19) **International organisation** is an organisation with international territory and membership.

## § 9. Definitions used with regard to residency

(1) **Resident** is:

- 1) state authority and agency of the Republic of Estonia in the broadest sense (legislative, executive and judicial power and its agency, constitutional institution), as well as local government unit and its agency;
- 2) Estonia's diplomatic, consular and other official representative office abroad, as well as other representative office of an Estonian agency or organisation abroad not involved in economic or commercial activities;
- 3) legal person in public law and its agency established by the laws of the Republic of Estonia;
- 4) legal person in private law or its representation (including cross-border service provider) registered in the Republic of Estonia;
- 5) commercial undertaking established in the Republic of Estonia under the statutes of the European Company (*Societas Europaea*), the European Cooperative Society (*Societas Cooperativa Europaea*) or their representation;
- 6) branch of a foreign legal person registered in the Republic of Estonia;
- 7) Estonian citizen residing in the Republic of Estonia;
- 8) alien residing in the Republic of Estonia with a permanent residence permit or temporary residence permit for at least one year;
- 9) person listed under clause 7 or 8 studying or undergoing medical treatment abroad, regardless of the duration of the studies or medical treatment;
- 10) person staying abroad, listed under clause 7 or 8, who is a member of a ship crew or a seasonal or cross-border worker, regardless of the duration of the stay abroad;
- 11) diplomat, military service person, employee of consular or other representative office and their family member staying abroad and enjoying immunity and diplomatic privileges.

(2) **Non-resident** is every person not covered by the term **resident**.

## § 10. Definitions used with regard to loans

(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) **Reverse-repurchase agreement** is a contract under which the accountable credit institution buys securities or commodities or tradable certificates representing securities or commodities with an obligation to sell the purchased assets or similar assets back at a fixed price at an agreed time.

(3) **Repurchase agreement** is a contract under which the accountable credit institution sells securities or commodities or tradable certificates representing securities or commodities with an obligation to buy them or similar assets back at a fixed price at an agreed time.

(4) **Overdraft facility** is loan resource in use by the customer as specified under subsections 407 (1) to (4) of the Law of Obligations Act.

(5) **Credit card loan** is the used amount of credit limits of credit cards (including charge cards) issued by a credit institution.

(6) **Loan for specific purposes with interest rate restriction** is a loan issued on account of resource for specific purposes and whose interest margin is restricted. Such loan also includes classified transaction loans with limited interest margin. Loans that are based on a resource for specific purposes but have unrestricted interest margin are recorded as market interest rate loans.

(7) **Other loan with interest rate restriction** is a loan issued with an interest rate lower than the market interest rate (for example, a loan issued to a commercial undertaking belonging to the same consolidation group as the credit institution).

(8) **Subordinated loan** is a credit institution's 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 established in section 72<sup>1</sup> of the Credit Institutions Act.

(9) **Other loan** is a loan that cannot be identified as a loan for specific purposes with interest rate restriction, other loan with interest rate restriction, overdraft facility, credit card loan, syndicated loan, financial lease, factoring or subordinated loan. Other loan is also a used-up part of a line of credit.

(10) **Financial lease** is a claim resulting from financing the purchase of an asset, whereas the acquirer of the asset becomes the owner of the lease object at the end of the lease period. Operating lease similar to a financial lease is also shown as financial lease.

(11) **Factoring** means financing of circulating capital under security of invoice amounts receivable from buyers.

(12) **Syndicated loan** is a loan provided to the borrower by several lenders on the basis of a common loan contract.

(13) **Loan restructured due to solvency problems** is a loan regarding which the credit institution has applied at least one of the following measures due to existing or potential solvency problems of the customer:

- 1) period of grace;
- 2) capitalisation of interests and delay penalties;
- 3) issuing a new loan (including refinancing of existing loan(s)) or increasing the existing loan for the purpose of repaying the main loan amount, interests, delay penalties or other related payments;
- 4) partial or full waiver of a right of claim;
- 5) partial or full sale of the securing assets;



- 6) amending other terms and conditions of the loan agreement due to the deteriorating credit quality of the customer.

Claims resulting from obligations redistributed pursuant to the Debt Restructuring and Debt Protection Act are also considered to be loans restructured due to solvency problems.

(14) **Loan not repaid in due time** is a loan regarding which a payment of the main amount or interests has not been received according to the repayment schedule.

(15) **New agreement** is the first agreement signed by the reporting credit institution during the reporting period. New agreements do not include agreements transferred from other Estonian credit institutions or Estonian subsidiaries of foreign credit institutions, and amendments to agreements signed earlier by the reporting credit institution.

## § 11. Definitions used with regard to deposits

(1) **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.

(2) **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 advance notice of up to 24 hours).

(3) **Overnight deposit** is a deposit with the term being the time between two consecutive banking days and which is not intended for settlements.

(4) **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 cannot be changed;
- 5) violation of the contract conditions may result in contractual penalty (e.g. lower interest).

(5) **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 in the account);
- 4) the amount deposited may be increased;
- 5) violation of the contract conditions entails penalty;
- 6) withdrawal of the deposit may require giving advance notice.

(6) **Investment 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 and cannot be changed;
- 4) the interest paid on the deposit depends partly or fully on a change in the value of certain investments;
- 5) premature termination of the contract may entail penalty.

(7) **Other deposit** is a deposit that cannot be identified as a demand deposit, overnight deposit, time deposit, savings deposit, or investment deposit. For example, a security deposit is considered to be other deposit.

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

## § 12. Definitions used with regard to securities

(1) **Debt security** is a security which proves the debt obligation of the borrower and sets out that the borrower is required to repay the loan to the lender on an agreed date and pay the interest due and that the lender has a right of claim with regard to the loan.

(2) **Subordinated debt security** is a security representing a credit institution's claim satisfied after the justified claims of any other creditors in the event of dissolution or declaration of bankruptcy of the debtor or a security representing a credit institution's liability that meets the conditions established in section 72<sup>1</sup> of the Credit Institutions Act.

(3) **Equity instrument** is any contract certifying a holding in a company's outstanding assets after all its liabilities have been deducted.

(4) **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.

(5) **Preferred share** is a non-voting equity instrument which gives its holder a pre-emptive right to dividends and assets remaining after dissolution of the company.

(6) **Unit** is an equity instrument certifying its holder's right to a part of the assets and earnings of a private limited company and entitling 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.

(7) **Money market instrument** is a security specified under clause 2 (1) 5) of the Securities Market Act.

(8) **Fund unit (investment fund unit / money market fund unit)** is a registered security denoting the right of the holder of the unit to a proportional part of the fund's assets.

(9) **Privatisation voucher** is a security specified under subsection 28 (1) of the Privatisation Act and similar securities of other countries.

(10) **Derivative instrument** is a derivative security as provided in section 2 of the

Securities Market Act and similar tradable security expressing the rights or obligations to acquire, exchange or transfer.

(11) **Hybrid debt security** is a financial instrument that combines simultaneously a debt instrument and a hidden derivative and the value of which depends on changes in the value of the derivative's component.

### § 13. Definitions used with regard to holdings

(1) **Subsidiary** is an undertaking controlled by a parent undertaking. Control is assumed to exist if the parent undertaking holds, directly or through subsidiary undertakings, more than 50% of the subsidiary's voting rights, except for the cases when it is possible to clearly prove that such voting right does not involve control. Control also exists when the parent company holds 50% of voting rights or less, but the parent company:

- 1) has actual control over more than 50% of the voting rights based on an agreement with other investors;
- 2) controls the undertaking's financial and operating policy pursuant to articles of association or an agreement;
- 3) is able to appoint or remove the majority of members of the executive management and the highest supervisory body (e.g. executive board and supervisory board of a commercial undertaking); or
- 4) is able to appoint the executive management and exercise a significant influence over the resolutions of the highest supervisory body.

(2) **Associated undertaking** is an undertaking which is dominantly influenced by the parent undertaking, but which is not subject to its control. Dominant influence is assumed to exist if one investing undertaking holds, directly or through subsidiary undertakings, more than 20% of the associated undertaking's voting rights, except in cases when it is possible to clearly prove that such voting right does not involve dominant influence. In exceptional cases dominant influence may also exist with less than 20% holding.

The following circumstances normally characterise the existence of dominant influence:

- 1) representation in the executive management or the highest supervisory body of the investment object;
- 2) participation in business policy decision-making of the investment object;
- 3) significant transactions between the investor and the investment object;
- 4) partial overlap of the management of the investor and the investment object;
- 5) exchange of technical information between the investor and the investment object.

### § 14. Definitions used with regard to loan collaterals

(1) **Collateral** is an asset or right which is used for securing the repayments of the main loan amount and the interests in case of solvency problems of the debtor.

(2) **First ranking mortgage** is a mortgage established for the benefit of the mortgagee pursuant to section 325 of the Law of Property Act or section 15 of the Law of Maritime Property Act, securing a claim of the credit institution which shall be satisfied from the mortgaged real estate at the first priority.

(3) **Other mortgage** is a mortgage established for the benefit of the mortgagee pursuant to section 325 of the Law of Property Act or section 15 of the Law of Maritime Property Act, securing a claim of the credit institution which shall be satisfied from the mortgaged real estate according to the ranking of the mortgage after satisfying the claims secured by the first ranking mortgage.

(4) **Pledge of register** is a pledge established pursuant to section 297 of the Law of Property Act on an asset entered into a public registry which is kept according to the procedure prescribed in legal acts, whereas the claim of the credit institution secured by the pledge shall be satisfied from the pledged asset. Pledge of register is a pledge established on securities within the meaning of subsection 2 (1) of the Securities Market Act, on constructions, on a motor car, on a commercial vehicle used for business purposes or on other movables, and a commercial pledge established pursuant to section 1 of the Commercial Pledges Act on movables of an entrepreneur entered into the Commercial Registry.

(5) **Surety, guarantee** is an obligation of the guarantor towards the credit institution, resulting from a surety contract or guarantee, pursuant to sections 142, 143 and 155 of the Law of Obligations Act.

(6) **Deposit with the same credit institution** is a deposit which is assigned for satisfying a claim of the credit institution, is opened in the credit institution owning the claim, and the funds on which cannot be used or disposed by the depositary before the satisfying of the secured claim.

(7) **Other collateral** is an asset or right which cannot be identified as first ranking mortgage, other mortgage, pledge of register, surety, guarantee or deposit with the same credit institution.

## **§ 15. Definitions used with regard to loan purposes**

(1) **Acquisition/renovation of dwelling** is acquisition/renovation of real estate used as a dwelling, or acquisition/renovation of real estate not used as a dwelling but intended to be adapted into a dwelling. Acquisition of dwelling is also considered to be acquisition of land (e.g. a plot) if the purpose of the acquisition is to build a dwelling there.

(2) **Acquisition of real estate for one's own use** is acquisition/renovation of real estate not used as a dwelling and not intended to be adapted into a dwelling in the future. For a private person, acquisition of real estate for one's own use is purchase of e.g. a summer cottage, a garage, land where no dwelling will be built, etc. For a company, acquisition of real estate for one's own use is purchase of e.g. a production and office building/premises (incl. the furnishing purchased with the same loan agreement) which is intended to be used by the company itself and not to be resold.

(3) **Commercial real estate** is a real estate project for commercial purposes, intended for building and/or renovating a real estate object which will generate revenue via resale or lease. Commercial real estate is considered to be development projects for dwellings (e.g. apartment buildings and community land development projects), trading premises (e.g. retail stores and shopping centres), office premises (e.g. office buildings), warehouse and production premises (e.g. factories, technology parks, goods warehouses, wholesale bases, workshops) and other commercial real estate (e.g.

medical centres, hotels, restaurants and other public use constructions not being trading premises).

(4) **Acquisition of other fixed assets** is acquisition and/or renovation of other fixed assets which are not real estate. Other fixed assets are e.g. production equipment and machines of a factory, workshop equipment and furnishing, motor vehicles, and furnishing of stores, restaurants and offices.

(5) **Acquisition of securities** is purchasing a proprietary right or contract listed under subsection 2 (1) of the Securities Market Act.

(6) **Acquisition of other current assets** is purchasing raw materials, other materials and stock, and financing other short-term expenditure.

(7) **Commencing commercial activity of a company** is granting a loan to a company commencing its commercial activity, when a loan is granted according to a business plan where a loan serves more than one purpose, or when it is impossible to determine the particular purpose.

(8) **Expanding the commercial activity of a company** is expanding the commercial activity of an already active company, when a loan is granted according to a business plan where a loan serves more than one purpose, or when it is impossible to determine the particular purpose.

(9) **Financing trade activities** is customer financing via special forms of financing the sale of goods, products and services (bank guarantee, factoring, letter of credit, etc.).

(10) **Acquisition of goods and services (incl. daily settlements)** is purchasing goods and services intended for everyday consumption (not for resale).

(11) **Financing acquisition of education** is taking a loan for paying a tuition fee and monthly living costs during the acquiring of education. This includes loans for the purpose of financing studies as taken by the person acquiring the education and as taken by other persons (e.g. parents) on his or her behalf.

## § 16. Definitions used with regard to loan classes

(1) **Low risk** denotes a loan regarding which there are no known circumstances that could cause a non-performance of a payment obligation resulting from the loan agreement.

(2) **Moderate risk** denotes a loan regarding which there are evident circumstances that may deteriorate the customer's solvency and may cause a non-performance of a payment obligation resulting from the loan agreement (e.g. increase of risk in the field of activities of the customer, deterioration of the customer's financial ratios).

(3) **Average risk** denotes a loan, the customer of which has a deteriorated solvency rate, where incidental solvency problems have become evident and where the credit institution has justified grounds for an opinion that a full repayment of the loan according to the terms and conditions of the loan agreement is unlikely.

(4) **High risk** denotes a loan, the customer of which has a significantly deteriorated solvency rate, where the customer has ongoing solvency problems and where a full repayment of the loan according to the terms and conditions of the loan agreement or a full elimination of the loan from the collateral is unlikely.

(5) **Hopeless** denotes a loan, the customer of which has probably permanent solvency problems and where it is not possible or not economically feasible for the credit institution to apply measures for collecting the loan.

## **Chapter 4 IMPLEMENTING PROVISIONS**

### **§ 17. Repeal of decree**

Eesti Pank Governor's Decree No 4 of 25 May 2012 "Establishment of supplementary reports on credit institutions' balance sheet" (RT I, 07.01.2014, 13) is repealed.

### **§ 18. Entry into force and application of decree**

(1) The decree will enter into force on 1 December 2014.

(2) The decree will be applied to the drafting and submission of reports starting from the accounting periods ending on 31 December 2014 or later.