Appendix
to Bank of Estonia Governor's
Decree No 10 of 10 June 2014

Bank of Estonia Governor's
Decree No 14 of 1 October 2007
'Establishment of balance of
payments reports of credit
institutions'
Appendix 1

Report on non-transactional financial flows

1. Report area

Non-transactional financial flows during the reporting period, except revaluations caused by changes in exchange rate.

A non-transactional financial flow is a change in the balance sheet value of an asset and/or liability not arising from the acquisition/realization of the asset or accepting/repaying the liability. Changes arising from renegotiation of agreements between a credit institution and a customer are not regarded as non-transactional financial flows. The area of the report does not comprise write-downs of loans or depreciation of tangible or intangible assets.

The following types of non-transactional financial flows are differentiated: revaluation due to price changes, write-off/recognition and reclassification. More detailed descriptions of non-transactional financial flows and examples are given in clause 3 (15).

All balance-sheet non-transactional changes are reflected in the report according to the double entry accounting principle (e.g., an increase in the fair value of shares due to a rise in the market price of the shares is reflected on the assets side and an equivalent increase in the equity capital item is reflected on the side of liabilities and equity capital). Therefore, the asset side non-transactional financial flows in the area of the report should generally be equal to the non-transactional financial flows on the side of liabilities and equity capital. In certain cases, a non-transactional change may occur only in the items of the assets or only in the items of the liabilities and equity capital of the balance sheet. For instance, if a loan is written off and collateral in the same amount is recognized in the balance sheet, both non-transactional financial flows are reflected on the assets side of the balance sheet. In case of reclassification, both positive and negative non-transactional financial flows are shown on the same side of the balance sheet.

2. Data aggregation

Non-transactional financial flows of assets and liabilities that have coinciding identifiers are totalled and shown as one line.

3. Structure of a report row
 1) Item category
 2) special condition
 3) reporting currency code
 4) country code
 5) customer
 6) sole proprietor
 7) additional identifier of the customer
 8) listing
 9) contractual maturity
 10) residual maturity
 11) period of notice for deposits redeemable at notice

12) period until next interest rate reset
13) purpose of loan
14) security
15) type of non-transactional financial flow
16) amount of non-transactional financial flow

1) Identifiers of item category

Assets

Cash	1
Syndicated loan	45
Credit card loan	46
Overdraft facility	47
Other loan	29
Money market instrument	7
Other debt security	9
Money market fund unit	48
Other investment fund unit	8
Share of an associated undertaking	10
Share of a subsidiary	11
Other share and unit	37
Derivative instrument	38
Other claim	39
Tangible and intangible assets	15
Other assets	16

Liabilities and equity capital

Overnight deposit and other demand	33
Time deposit	34
Savings deposit	35
Investment deposit	40
Other deposit	36
Syndicated loan	44
Other loan received	32
Money market instrument	24
Hybrid debt security	43
Other debt security	25
Share and unit	41
Derivative instrument	42
Other liability	28
Equity	27

The item category 'other asset' comprises non-transactional financial flows recorded under balance sheet items 'other assets', 'non-current assets and disposal groups classified as held for sale' and 'tax assets'.

The item category 'other liability' comprises non-transactional financial flows recorded under balance sheet items 'other liabilities', 'share capital repayable on demand', 'liabilities included in disposal groups classified as held for sale', and 'tax liabilities'.

The item category 'other claim' comprises non-transactional changes in deposits placed with central banks, credit institutions and other financial institutions.

2) Special condition identifiers

Subordinated claim/liability	8
Reverse repo/repo	7

Preferred share	5
Without special condition	4

3) Reporting currency code currency

The currency in which an asset was issued or a liability created is shown here.

If under the contract, the repayment amount of the assets issued or funds received may change due to fluctuations in the exchange rate of a certain currency, the currency the exchange rate of which the amount to be repaid depends on is shown here. If the contractual currency of the assets issued or funds received is the euro and the repayment amount is tied to the exchange rate of the euro and some other currency (e.g., CHF) at the moment of repayment, the currency the repayment amount of the assets issued or funds received is tied to (e.g., CHF) shall be shown as the reporting currency. For securities, the currency code is determined on the basis of the nominal value, even if the market price of the security is fixed in some other currency. For derivative instruments and equity capital, the reporting currency is the euro.

4) Country code

The country code shown here is based on the residency of the customer or issuer of the security (for derivative instruments - the counterparty to the transaction). If the instrument does not have residency or it cannot be determined (e.g., item categories 'tangible and intangible assets', 'other assets', 'other liabilities' and 'equity, the country code is indicated as XX.

5) Customer identifiers

Central government	1
Local government	2
Social security fund	13
Central bank	12
Credit institution	6
Other deposit taking corporation	15
Money market fund	16
Insurance corporation	17
Pension fund	18
Other investment fund	19
Other financial institution	20
Non-financial corporation of the state or local government	7
Other non-financial corporation	8
Household	10
Non-profit institution serving households	9
Unidentified	11

With issued debt securities, the customer is the primary purchaser of the security. For shares, the identifier of the customer is determined according to the issuer.

With item categories 'cash', 'money market fund unit', 'other investment fund unit', 'tangible and intangible assets', 'other assets', 'equity' and 'other liability', the customer identifier may be 'unidentified' In all other cases, the customer must be identified.

6) Identifiers of sole proprietors

The customer is a sole proprietor	1
The customer is not a sole proprietor	0

If the customer presented in the fifth column of the report row 'household' operates as a sole proprietor, the identifier is set as 1. In other cases, including if the customer 'household' is not a sole proprietor, the identifier is 0.

7) Additional customer identifiers

Monetary financial institution	6
Central counterparty	4
Financial vehicle corporation	5

European Investment Bank (EIB)	20
European Stability Mechanism (ESM)	21
International organization	9

Here it is specified whether the customer in the fifth column of the row is a monetary financial institution, a central counterparty, a financial vehicle corporation, EIB, ESM or an international organization. If the customer presented in the fifth column of the row is none of the above-mentioned, the value of the field is to be set as 0 (zero).

Only those central banks, credit institutions, money market funds and other deposit taking corporations, which have been entered in the list of EU's monetary financial institutions published on the website of the European Central Bank.

Additional customer definition identifiers 4 (central counterparty) and 5 (financial vehicle corporation) are used only when specifying the customer 'other financial institution' shown in the fifth column of the row.

Additional customer definition identifier 9 is used to differentiate between international organizations, except the EIB and ESM. International organizations may be shown in the fifth column of the row only under items 'central government' and 'central bank',
'credit institution' and 'other financial institution'.

8) Listing identifiers

Not listed	0
Listed	1

The identifier 'listed' is used only for shares and debt securities that are listed on securities exchanges. For the remaining assets and liabilities and the equity item, the identifier is set as 'not listed'.

9) Identifiers for contractual maturity

Without maturity	1
On demand	2
Up to 1 year	31
Between 1 and 2 years	6
Between 2 and 5 years	24
Over 5 years	25

The maturity is established on the basis of the contractual maturity of an asset/liability and, for a debt security, on the basis of the redemption date. If the item has no contractual maturity (e.g., 'equity ', 'cash', 'unit in a money market fund', 'unit in another investment fund'), the identifier of the contractual maturity is set as 'without maturity'.

10) Identifiers of residual maturity

Without maturity	1
Up to 1 year	31
Between 1 and 2 years	6
Between 2 and 5 years	24
Between 5 and 10 years	9
Between 10 and 20 years	52
Between 20 and 30 years	53
Over 30 years	54

The identifier is set on the basis of the time period between the reporting period and the maturity date of the loan.

The identifier of the residual maturity must be determined only for asset items 'syndicated loan', 'overdraft facility' and 'other loan', if the beneficiary is a 'household', 'non-profit institution serving households', 'other non-financial corporation' or 'non-financial corporation of the state or local government'

In the remaining cases, including the case where the final deadline has passed, the identifier is set as 0 (zero).

11) Identifier of the period of notice for deposits redeemable at notice
Up to 3 months   3
Over 3 months   47

The identifier of the period of notice for a deposit redeemable at notice, based on the mandatory period of notice, is set only for the liability types 'demand deposit', 'savings deposit', 'investment deposit' and 'other deposit'. For all other item categories and if any deposit type mentioned before has no period of advance notice fixed, the identifier of the period of notice for deposits redeemable at notice is 0 (zero).

12) Identifiers of the period until next interest rate reset
Up to 1 year   31
1 to 2 years   6
2 to 5 years   24
Over 5 years   25

The time period between the reporting period and the date of the next resetting of the interest rate is shown here.

The period until the next resetting of the interest rate is determined only for asset items 'syndicated loan', 'credit card loan', 'overdraft facility' and 'other loan' if the beneficiary is a 'household', 'non-profit institution serving households', 'other non-financial corporation' or 'non-financial corporation of the state or local government'.
In the rest of the cases, including when the loan has a fixed interest rate or the maturity date of the loan has passed, the identifier will be 0 (zero).

13) Loan purpose identifiers
Acquisition/renovation of dwelling   11
Acquisition of goods and services (incl. day-to-day settlements)   12
Other   24

The purpose of the loan issued is shown here.

The purpose of the loan must be determined only for asset items 'syndicated loan', 'credit card loan', 'overdraft facility' or 'other loan' if the beneficiary is a 'household' or 'non-profit institution serving households'. In the rest of the cases, the identifier of the purpose of the loan will be 0 (zero).

14) Loan collateral identifier

First ranking mortgage   1

The collateral type 'first-ranking mortgage' is set only for asset items 'syndicated loan', 'credit card loan', 'overdraft facility' and 'other loan' if the beneficiary is a   'household',
'non-profit institution serving households', 'other non-financial corporation' or 'non-financial corporation of the state or local government'.

In the rest of the cases, the loan collateral identifier will be 0 (zero).

15) Identifiers of non-transactional financial flow type
Revaluation due to change in price   1
Write-off/recognition   3
Reclassification   4

Revaluation due to change in price
Includes non-transactional financial flows shown under assets, liabilities and equity items that arise from changes in the prices of the instruments recorded under the respective items during the reporting period.

For example, the investment portfolio of a credit institution may include ten listed shares of company X the market price of which was EUR 100 at the beginning of the reporting period and EUR 120 at the end of the period and no transactions in these shares were made during the reporting period. T h e   r evaluation due to price change is thus 10 x

(120-100) = EUR 200.

<u>Write-off/recognition</u>
Includes the write-off/recognition, either in full or in part, of financial and non-financial assets in the balance sheet.

Write-offs may be caused by the debtor's bankruptcy or other circumstances affecting the solvency of the customer. The reason of writing off tangible and intangible assets may be a fire, flood, assets becoming unfit for use, etc.

The reason of recognition may be, for instance, the need to record in the balance sheet the assets that secured a written off loan.

All write-offs must be shown as a negative amount and all recordings as a positive amount.

Non-transactional financial flows due to write-off/recognition must be mandatorily shown only for item categories 'syndicated loan', 'credit card loan', 'overdraft facility', 'other loan', 'tangible and intangible assets', 'other assets' and 'equity'

<u>Reclassification</u>

Includes non-transactional financial flows caused by reclassification (incl. correction of reporting errors).

Changes in the identifiers of this report not caused by changes in the contract between the reporting credit institution and the customer (e.g., additional information is received about the institutional sector or residency of the customer, a sole proprietor discontinues business activities, the money market or investment fund that issued a unit changes its investment policies) must be interpreted as reclassification. If the credit institution and the customer amend an existing contract or enter into a new one as a result of which the earlier contract changes (e.g., a loan contract becomes an overdraft agreement, a contractual deadline is changed, etc.), this is treated as a transaction-related change and is not reflected in this report.

Example.

At the end of the period preceding the reporting period the bank has a EUR 100,000 credit claim with five months residual maturity against another financial institution During the reporting period the other financial institution repays to the bank EUR 20,000 and at the end of the reporting period the outstanding debt is EUR 80,000. During the reporting period, Statistics Estonia publishes an updated list of units belonging to the government sector. According to the updated list, the other financing institution mentioned above has been included in the list of the government sector. The bank changes the customer's identifier in its reports and records the reclassification as follows:

Type of entry	Type of customer	Type of non-transactional financial	Deadline	Amount
29	19	4	31	- 100,000
29	1	4	31	+100,000

16) Amount of non-transactional financial flow
Here the amount of non-transactional financial flow is shown (increase with a plus sign and decrease with a minus sign) in euro and rounded to two places after the decimal point.

Any increase/decrease of the equity capital is shown only if this is due to non-transactional financial flows in the report area. If the equity capital increases, for instance, due to interest income earned in the reporting period, it is not shown in this report.