ANNUAL ACCOUNTS OF EESTI PANK FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

THE FINANCIAL POSITION OF EESTI PANK

CAPITAL AND RESERVES

Eesti Pank had EUR 485.8 million of capital as at 31 December 2024. More detailed information on Eesti Pank's capital and reserves can be found under Item 33 “Capital and Reserves” in the notes on the Balance Sheet.

PROVISION FOR FINANCIAL RISKS

Following from risk assessments, Eesti Pank has made a provision for financial risks since 2012. The size of the provision and the continuing need for it is reassessed each year, and various factors are considered. The risk assessment is based on a calculation of the value at risk of risk-bearing assets, which takes into account the size of the risk-bearing assets, the extent of risks that have realised during the year, and the forecast for the year to come. As at 31 December 2023 the provision made to cover financial risks was EUR 90.8 million. The bank increased the risk provision by EUR 78.2 million in 2024 and as at 31 December 2024 the provision stood at EUR 169 million. See also Item 30 “Risk provisions” in the notes on the Balance Sheet.

PROVISION FOR THE LIABILITY TO EXCHANGE ESTONIAN KROONS FOR EUROS

Thirteen years have passed since the euro was introduced and there are still some EUR 43.5 million of Estonian kroons that have not been returned from circulation. It is highly probable that not all the kroons that were issued will be exchanged for euros, as some will have been destroyed and some retained as souvenirs. For this reason a special purpose provision of EUR 29.6 million was set up in 2016 to cover the exchange of kroons for euros. Future exchanges of kroons for euros will be funded from the provision. In the eight years since the provision was set up, EUR 2.3 million of Estonian kroons have been returned. The amounts of Estonian kroons exchanged are small and have been getting smaller each year. Following the forecast for the use of the provision, the Executive Board decided to reduce the provision for exchanging Estonian kroons by 90% on 31 December 2023 and to transfer EUR 24.8 million to income. The provision was reduced in 2024 by EUR 169,969 through the return of kroons to stand at EUR 2.6 million as at 31 December 2024; in 2023 it was reduced by EUR 165,516. See also Item 31 “Other provisions” in the notes on the Balance Sheet.

REVALUATION ACCOUNTS

Unrealised profit from gold, foreign currency and securities is not recorded as income in the Profit and Loss Account and is transferred to the revaluation accounts in the liabilities side of the Eesti Pank Balance Sheet. Assets on these accounts are used to reduce any future impact on the financial results of the bank from unfavourable developments in prices or exchange rates. In this way such financial buffers can help strengthen the resilience of the bank to underlying risks. The total value of the revaluation accounts for gold, currency and securities was EUR 60.7 million at the end of December 2024 and EUR 82.7 million at the end of 2023. For more details, see the notes on accounting principles, and Item 32 “Revaluation accounts” in the notes on the Balance Sheet.

FINANCIAL RESULTS FOR 2024

Eesti Pank’s net profit in 2024 was EUR 74.1 million, and it was EUR 0 in 2023.

The net interest income in 2024 was EUR -157.7 million, having been EUR -204.8 million in 2023. Interest expenses were again elevated because of the interest paid on the overnight deposits of banks. For more details, see Item 34 “Net interest income” in the notes on the Profit and Loss Account. The return on the investment portfolio was positive in 2024. Both the equity and bond portfolios contributed to the good results. The net result of financial operations and write-downs was EUR 64.1 million, having been EUR -9.4 million in 2023. For more details, see Item 35 “Net result of financial operations and write-downs” in the notes on the

Profit and Loss Account. The net result for Eesti Pank of the distribution of monetary income in 2024 was EUR 257.4 million; in 2023 it was EUR 287.3 million. For more details, see Item 36 “Net result of pooling of monetary income” in the notes on the Profit and Loss Account. Income from equity shares and participating interest was EUR 12.5 million in 2024, which included EUR 9.5 million of dividends from equity funds, and it was EUR 12.8 million in 2023 with EUR 9.8 million of dividends. For more details, see Item 38 “Income from equity shares and participating interests” in the notes on the Profit and Loss Account.

The total operating expenses of Eesti Pank, including depreciation, increased from EUR 25.6 million in 2023 to EUR 27.2 million in 2024. The largest expenses were on staff costs and information and communications technology. For more details, see Item 40 “Staff costs”, Item 41 “Administrative expenses”, Item 42 “Banknote production services” and Item 43 “Other expenses” in the notes on the Profit and Loss Account.

RISKS

Eesti Pank has a risk management system that covers all the processes of the bank and allows various risks to be handled. Risk management aims to reduce the adverse effect that unforeseen events can have on achievement of the bank’s objectives. To this end, risk management is integrated with the investment, planning, budgeting and management reporting processes.

Reporting and analysis of risks show that risks arising from the external environment have continued to increase. Contingency plans for services are used to reduce the impact of any possible interruption to activities the bank considers critical and to ensure the continuity of activity. The external auditors regularly assess the risk management of the bank.

Eesti Pank's continued high financial risks arise mainly from the volatility in financial markets and the large size of the balance sheet. The balance sheet is large following the purchases of securities under the asset purchase programme and the pandemic emergency purchase programme.

Eesti Pank’s assets are exposed to various risks such as market, credit and liquidity risks. The financial risks at Eesti Pank are assessed using both Value at Risk (VaR) and Expected Shortfall measures. Risks are managed constantly, with various risk limits set on investments and precautionary measures employed like the four-eyes principle and separation between decision-making and control functions.

Investment risk not related to monetary policy is measured where possible by the risk variable VaR (Value at Risk). The benchmark portfolio is approved by the Executive Board of Eesti Pank and sets the overall risk tolerance of Eesti Pank’s investments. The benchmark portfolio currently contains bonds and fund investments. The Executive Board also decides the acceptable level of foreign exchange risk for the benchmark portfolio. The foreign exchange risk of the securities portfolio is hedged with forward transactions for foreign currency. Risks that are not measured by VaR are limited by their amount or by other parameters. Counterparty risk is managed through contracts. The list of financial instruments that are permitted for managing investment assets is approved by the Governor of Eesti Pank. The risk management division observes that the risks remain within their permitted limits.

In addition to the risks from reserve management, the assets of Eesti Pank are subject to risks from monetary policy transactions. The risk management framework for monetary policy transactions is developed jointly by the Risk Management Committee of the European System of Central Banks, which comprises representatives of the central banks of the euro area, including Eesti Pank. The risk framework sets out conditions for transaction counterparties, assets that qualify as collateral for monetary policy operations, financial instruments to be purchased within the purchase programmes, and similar. Under Article 32.4 of the Statute of the ESCB, the Eurosystem central banks share any losses realised from securities bought in monetary policy operations or held under the Securities Market Programme and the expanded Asset Purchase Programme other than government bonds, in full in proportion to the prevailing ECB capital key shares[19].

19 Under Article 29 of the Statute of the ESCB and of the ECB, the central banks of the member states subscribe the capital of the European Central Bank in the proportions given by the capital key. The capital key is calculated by looking equally at each country's share of the European Union's population and GDP. The weightings are adjusted every five years or when the group of central banks of the countries in the ESCB changes. As the member states that are outside the euro area do not have a right to the distributed profit and loss of the European Central Bank under the capital key, Eesti Pank’s share of the risks of the European Central Bank has been 0.2980% since 1 January 2024, and was 0.2794% in 2023.

APPROVAL OF THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 BY THE EXECUTIVE BOARD OF EESTI PANK

The Executive Board confirms that it recognises its responsibility for the Annual Accounts of Eesti Pank for the financial year ended 31 December 2024.

The Annual Accounts of Eesti Pank have been drawn up in accordance with the rules based on Article 26.4 of the Statute of the European System of Central Banks and of the European Central Bank, in line with Guideline (EU) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31) (recast) and the Eesti Pank Act. The parts of the Annual Accounts that are not regulated by ECB guidelines have been drawn up in accordance with the financial reporting standards generally accepted in Estonia. The Annual Accounts give a true and fair view of the assets and liabilities, equity and financial performance of Eesti Pank.

The preparation of the Annual Accounts in conformity with the above requirements requires the Executive Board to provide estimates of the determinants affecting the assets and liabilities of Eesti Pank as at the accounting date and income and expenses during the accounting period. These estimates are based on the information available about Eesti Pank, and its intentions and risks as at the date of preparation of the Annual Accounts. The final outcome of the economic transactions reflected in the Annual Accounts may differ from the estimates of the Executive Board.

On 18 March 2025, all the members of the Executive Board of Eesti Pank on that day signed the Annual Accounts digitally.

Name	**Position**
Madis Müller	Governor of Eesti Pank, Chairman of the Executive Board
Ülo Kaasik	Deputy Governor of Eesti Pank, Member of the Executive Board
Veiko Tali	Deputy Governor of Eesti Pank, Member of the Executive Board

BALANCE SHEET AS AT 31 DECEMBER 2024

thousand euros

	Item	31.12.2024	31.12.2023*
ASSETS			
Gold and gold receivables	**1**	20,717	15,410
Claims on non-euro area residents denominated in foreign currency		1,968,956	2,328,556
Receivables from the IMF	**2**	495,626	483,616
Balances with banks, security investments and other external assets	**3**	1,473,330	1,844,940
Claims on euro area residents denominated in foreign currency	**4**	231,427	143,920
Claims on non-euro area residents denominated in euro	**5**	359,153	267,692
Other claims on euro area credit institutions denominated in euro	**6**	232	240
Securities of euro area residents denominated in euro		9,408,976	10,456,842
Securities held for monetary policy purposes	**7**	9,318,431	10,456,842
Other securities	**8**	90,546	0
Intra-Eurosystem claims		3,587,939	1,355,805
Participating interest in the ECB	**9**	103,500	95,252
Claims equivalent to the transfer of foreign reserves	**10**	120,890	113,648
Claims related to TARGET	**11**	2,075,787	0
Net claims related to the allocation of euro banknotes within the Eurosystem	**12**	1,029,855	858,769
Other claims within the Eurosystem (net)	**13***	257,907	288,135
Other assets		112,672	112,070
Tangible and intangible fixed assets	**14**	15,853	13,830
Other financial assets	**15**	234	234
Accruals and prepaid expenses	**16**	67,500	88,767
Sundry assets	**17**	29,085	9,239
TOTAL ASSETS		**15,690,072**	**14,680,535**

* The data for 2023 have been corrected (see “Changes to the presentation of the items in the annual report” in the notes on accounting principles).
Note. Owing to rounding, the totals in the tables in the notes on the balance sheet may not correspond to the sum of all figures shown.

The notes on pages 94-115 form an integral part of the Annual Accounts.

thousand euros

	Item	31.12.2024	31.12.2023*
LIABILITIES			
Banknotes in circulation	**18**	4,352,063	4,027,773
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro		9,896,569	8,793,139
Current accounts (covering the minimum reserve system)	**19**	359,425	398,529
Deposit facility	**20**	9,537,143	8,394,611
Other liabilities to euro area credit institutions denominated in euro	**21**	0	95,004
Liabilities to other euro area residents denominated in euro	**22**	37,462	191,569
General Government		12,304	170,443
Other liabilities		25,159	21,125
Liabilities to non-euro area residents denominated in euro	**23**	23	24
Liabilities to euro area residents denominated in foreign currency	**24**	114,785	205,056
Counterpart of the special drawing rights allocated by the IMF	**25**	370,606	359,172
Intra-Eurosystem liabilities		0	212,385
Liabilities related to TARGET	**26***	0	212,385
Other liabilities		126,438	134,285
Off-balance-sheet instruments revaluation differences	**27**	26,380	6,191
Accruals and income collected in advance	**28**	12,719	41,643
Sundry liabilities	**29**	87,338	86,452
Provisions		171,581	93,700
Risk provisions	**30**	169,000	90,829
Other provisions	**31**	2,581	2,871
Revaluation accounts	**32**	60,717	82,668
Capital and reserves	**33**	485,759	485,759
Capital		271,445	271,445
Reserves		214,314	214,314
Profit for the year		**74,070**	**0**
TOTAL LIABILITIES		**15,690,072**	**14,680,535**

* The data for 2023 have been corrected (see “Changes to the presentation of the items in the annual report” in the notes on accounting principles).
Note. Owing to rounding, the totals in the tables in the notes on the balance sheet may not correspond to the sum of all figures shown.

The notes on pages 94-115 form an integral part of the Annual Accounts.

2024 PROFIT AND LOSS ACCOUNT FOR THE YEAR 2024

thousand euros

	Item	2024	2023
Net interest income	**34**	**-157,664**	**-204,847**
Interest income		410,854	355,071
Interest expense		-568,517	-559,918
Net result of financial operations and write-downs	**35**	**64,098**	**-9,408**
Realised gains arising from financial operations		77,071	-2,496
Write-downs on financial assets		-12,973	-6,912
Net result of pooling of monetary income	**36**	**257,352**	**287,340**
Net income from fees and commissions	**37**	**559**	**303**
Income from equity shares and participating interests	**38**	**12,500**	**12,837**
Other income	**39**	**2,571**	**26,786**
Staff costs	**40**	**-15,185**	**-13,996**
Administrative expenses	**41**	**-8,336**	**-7,816**
Depreciation of tangible and intangible fixed assets	**14**	**-1,678**	**-1,623**
Banknote production services	**42**	**-657**	**-439**
Other expenses	**43**	**-1,319**	**-1,892**
Profit before the transfer to provisions		**152,240**	**87,245**
Transfer to provisions	**30**	**-78,171**	**-87,245**
Profit for the year		**74,070**	**0**

Note. Owing to rounding, the totals in the tables in the notes on the Profit and Loss Account may not correspond to the sum of all figures shown.

The notes on pages 94-115 form an integral part of the Annual Accounts.

NOTES ON THE ANNUAL ACCOUNTS OF EESTI PANK

ACCOUNTING POLICIES USED IN THE ANNUAL ACCOUNTS

GENERAL PRINCIPLES

The Annual Accounts of Eesti Pank have been drawn up in accordance with the rules based on Article 26.4 of the Statute of the European System of Central Banks and of the European Central Bank, in line with Guideline (EU) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31) (recast) and the Eesti Pank Act. The parts of the Annual Accounts that are not regulated by ECB guidelines have been drawn up in accordance with the financial reporting standards generally accepted in Estonia. The Estonian Financial Reporting Standard is a set of requirements for public financial reporting based on internationally accepted accounting and reporting principles, the core of which are established by the Accounting Act of the Republic of Estonia and supplemented by the guidelines of the Estonian Accounting Standards Board.

The preparation of the Annual Accounts requires the Executive Board to provide estimates of the determinants affecting the assets and liabilities of Eesti Pank and income and expenses during the accounting period as at the balance sheet date. These estimates are based on the information available about Eesti Pank and its intentions and risks as at the date of preparation of the Annual Accounts.

No Cash Flow Statement is presented as it does not provide significant or relevant information to the readers of the Annual Accounts of Eesti Pank, given the bank's role as the central bank.

The Annual Accounts have been prepared in thousands of euros unless indicated otherwise.

The Balance Sheet items are grouped by residency (euro area, non-euro area) and currency (euro, other currency). The assets and liabilities related to monetary policy are recorded on separate rows.

The Annual Accounts have been prepared on the historical cost basis, except in cases explained in the following accounting principles.

ASSETS AND LIABILITIES

Assets and liabilities are recognised in the Balance Sheet when it is probable that any associated future economic benefit will flow to or from Eesti Pank; almost all of the risks and rewards related to assets and liabilities have been transferred; and the cost or value of an asset or a liability and the resulting gains or losses can be measured reliably.

FINANCIAL ASSETS AND LIABILITIES

A financial asset is any asset that is cash, or a contractual right to receive cash or any other financial assets from another entity, or a contractual right to exchange financial assets with another entity under conditions that are potentially favourable. A financial liability is any liability that is a legal obligation to deliver cash or any other financial assets to another entity or to exchange financial assets with another entity under conditions that are potentially unfavourable.

Financial assets are initially recorded at their acquisition cost, which is the fair value of the amount paid for the financial asset in question. Financial liabilities are initially recorded at their acquisition cost, which is the fair value of the amount received for the financial liability in question. Subsequent measurement of financial assets and liabilities is based on the market value, the acquisition cost or the amortised cost depending on the type of the asset or liability. Market value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, disinterested and willing parties in an arm's length transaction. Financial assets recorded at market value are revalued on every balance sheet date.

Financial assets recorded at adjusted acquisition cost are written down if the recoverable amount of an asset is likely to be smaller than its carrying amount. The impairment of significant financial assets is measured for each object separately. The impairment of financial assets that are not individually significant and that are not expected to be impaired is measured for all assets together. Write-downs of financial assets are recorded as an expense of the accounting period in the Profit and Loss Account.

RECORDING OF TRANSACTIONS IN FOREIGN CURRENCY

With the exception of spot transactions in securities, transactions in financial instruments denominated in foreign currency are recorded in off-balance-sheet accounts on the trade date. On the settlement date, off-balance-sheet entries are reversed and transactions are recorded on the Balance Sheet. The purchase and sale of foreign currency affect the net foreign currency position on the trade date; realised results arising from sales are also calculated on the trade date. The interest accrued on financial instruments denominated in foreign currency and the premiums or discounts are calculated and recorded on a daily basis. These amounts also affect the foreign currency position on a daily basis.

Assets and liabilities denominated in foreign currencies are converted to euros at the official daily fixing of the European Central Bank effective on the balance sheet date. Income and expenses are converted at the official European Central Bank exchange rate prevailing on the trade date. The revaluation of on-balance-sheet and off-balance-sheet instruments and of foreign exchange assets and liabilities is performed on a currency-by-currency basis.

The special drawing right (SDR) of the International Monetary Fund (IMF) is defined in terms of a basket of currencies. To revalue Eesti Pank's holdings of SDRs, the value of the SDR was calculated as the weighted sum of the exchange rates of five currencies (the US dollar, the euro, the Japanese yen, the pound sterling and the Chinese renminbi) converted into euros as at 31 December 2024.

The official daily fixings applied on 31 December 2024 and 2023 were as follows:

	31.12.2024	31.12.2023
USD	1.0389	1.1050
GBP	0.82918	0.86905
JPY	163.06	156.33
CNY	7.5833	7.8509
SDR	0.797194	0.822571

GOLD

Gold is valued at the market price prevailing at the year-end, and no distinction is made between the price and currency revaluation differences for gold. Instead, a single gold valuation is accounted for on the basis of the price in euro per fine ounce of gold, which, for the year ending 31 December 2024, was derived from the exchange rate of the euro against the US dollar on 31 December 2024.

SECURITIES

Securities held for monetary policy purposes

Securities held for monetary policy purposes are accounted for at amortised cost subject to impairment.

Other securities

Marketable securities (other than securities held for monetary policy purposes) and similar assets are valued either at the mid-market prices or on the basis of the relevant yield curve prevailing on the balance sheet date, on a security-by-security basis. For the year ending 31 December 2024, mid-market prices on 31 December 2024 were used.

INCOME RECOGNITION

Income and expenses are recorded in the Profit and Loss Account during the accounting period on an accrual basis regardless of when cash was received or paid. Realised gains and losses arising from the sale of foreign exchange, gold and securities are calculated from the average prices of each asset taken to the Profit and Loss Account.

Unrealised gains are not taken to the Profit and Loss Account, but are recognised on the Balance Sheet under "Revaluation accounts".

Unrealised losses are recorded in the Profit and Loss Account under "Write-downs on financial assets" if, at the year-end, they exceed previous revaluation gains registered in the corresponding revaluation account.

Unrealised losses on any one currency or security or on gold are not netted against unrealised gains on other currencies or securities or gold. In the event of an unrealised loss on any currency or security or on gold at the year-end, the average cost of that item is reduced to the year-end exchange rate or market price.

Premiums or discounts arising on purchased securities are recorded as part of interest income and are amortised on a daily basis over the remaining life of the securities.

The interest income and expenses from monetary policy operations are presented on a net basis for each balance sheet item or sub-item.

REVERSE TRANSACTIONS

Repurchase transactions (sale/repurchase transactions) are recorded as collateralised loans taken at their fair value, meaning securities are recorded as assets on the Balance Sheet and the repurchase amount as a liability.

Reverse repurchase transactions (purchase/resale transactions) are recorded as collateralised loans. Securities used as collateral for reverse repurchase transactions are not recorded on the Balance Sheet of Eesti Pank.

INVESTMENTS IN SHARES

Investment in shares is recorded at market value if it can be assessed reliably. The assessment of the market value of shares is not reliable if they are not actively traded and there are no alternative methods for assessing their value reliably. In this case shares are recorded at their acquisition cost subject to impairment. Profits and losses on the sale of shares are recorded in the Profit and Loss Account after all conditions of sale have been fulfilled. Dividend income is recorded as income for the period.

FIXED ASSETS

Fixed assets are assets with a useful life over a year and an acquisition cost in excess of EUR 10,000. Fixed assets are recorded at their acquisition cost, which is the purchase price and other expenditures directly related to bringing assets to the location and condition necessary for their intended use. Land, buildings, utility systems of buildings, IT hardware, software, and other assets with long-term useful lives are recorded as fixed assets on the Balance Sheet. Prepayments for fixed assets are also recorded as fixed assets.

Land and objects of art and culture are not depreciable assets. Other fixed assets are depreciated on a straight-line basis over the estimated useful lives of the assets at the following rates.

Fixed assets	Years	Rate
Buildings	33	3%
Parts of buildings	10–33	3–10%
Technical equipment	10	10%
Hardware	5	20%
Software	2–10	10–50%
Motor vehicles	4–8	12.5–25%
Inventory	5–10	10–20%
of which cash processing and security equipment	5–15	7–20%

The need to differentiate between software depreciation rates arises from the use of application software with varying useful life.

Subsequent expenditure incurred for items of fixed assets is recognised as fixed assets when it is probable that Eesti Pank will derive future expected benefits from the asset and the cost of the asset can be measured reliably. Current maintenance and repair costs are recognised as expenses for the period.

PROVISION FOR FINANCIAL RISKS

Given the nature of the operations of the central bank, Eesti Pank may set up a provision on the balance sheet for financial risks. The management of the bank decides to increase or reduce the provision, using a reasonable estimate of the bank's exposure. The provision is used to cover the uncovered losses in revaluation accounts to the extent approved by the Executive Board. If the size of the provision is reduced because of risk estimates, the amount it is reduced by is recorded as income for the recording period.

CLAIMS AND LIABILITIES TO FINANTSINSPEKTSIOON

The Balance Sheet of Eesti Pank contains a claim on Finantsinspektsioon for services provided and acquisition of low-value assets by Eesti Pank, and a liability to Finantsinspektsioon in relation to its current account held with Eesti Pank.

OFF-BALANCE-SHEET INSTRUMENTS

Currency instruments, namely foreign exchange forward instruments, forward legs of foreign exchange swaps and other currency instruments involving an exchange of one currency for another at a future date, are included in the net foreign currency position for the purpose of calculating foreign exchange gains and losses. The difference between the spot and forward exchange rates is treated as an interest liability or receivable on an accrual basis for both purchases and sales.

Daily changes in the variation margin of open interest rate futures contracts are recorded in the Profit and Loss Account.

CONTINGENT LIABILITIES

Contingent liabilities are recorded in the Notes on the Annual Accounts and include commitments, guarantees and other liabilities which may, under certain conditions, become liabilities in the future, though the probability of their realisation is considered lower by the management of the bank than the probability of their non-realisation.

POST-BALANCE-SHEET EVENTS

Assets and liabilities are adjusted for events that occur between the balance sheet date and the date of compilation of the Annual Accounts but are related to transactions during the accounting period or earlier periods or materially affect the condition of assets and liabilities on the balance sheet date. Important post-balance-sheet events that do not affect the condition of assets and liabilities on the balance sheet date are disclosed in the Notes.

BANKNOTES IN CIRCULATION

The European Central Bank and the euro area national central banks, which together comprise the Eurosystem, issue euro banknotes[20]. The total value of euro banknotes in circulation is allocated to the Eurosystem central banks on the last working day of each month in accordance with the banknote allocation key[21].

The European Central Bank has been allocated a share of 8% of the total value of euro banknotes in circulation, and the remaining 92% has been allocated to the Eurosystem central banks according to their weightings in the capital key of the ECB. Eesti Pank's share of the total of banknotes allocated to the Eurosystem central banks is disclosed in the Balance Sheet under the liability item "Banknotes in circulation".

The difference between the value of euro banknotes allocated to each Eurosystem central bank in accordance with the banknote allocation key and the value of euro banknotes that it actually puts into circulation also gives rise to remunerated intra-Eurosystem balances. These claims or liabilities[22] are disclosed under the sub-item "Intra-Eurosystem balances: net claims/liabilities related to the allocation of euro banknotes within the Eurosystem" (see "Intra-Eurosystem balances" in the notes on accounting policies).

From the cash changeover year until five years following the cash changeover year[23] the intra-Eurosystem balances arising from the allocation of euro banknotes are adjusted in order to avoid significant changes from previous years in the relative income positions of the Eurosystem central banks. The adjustments are effected by taking into account the differences for the reference period[24] between the average value of banknotes released into circulation by the central banks of the Eurosystem countries and the average value

20 Decision of the ECB of 13 December 2010 on the issue of euro banknotes (recast) (ECB/2010/29), OJ L 35, 9.2.2011, p 26.

21 Banknote allocation key – the percentages that result from taking the ECB's share in the total euro banknote issue and applying the subscribed capital key to the NCBs' share of that total.

22 Decision of the ECB of 3 November 2016 on the allocation of monetary income of the national central banks of Member States whose currency is the euro (recast) (ECB/2016/36), OJ L 347, 20.12.2016, p 26.

23 The year of changeover to the euro is the year when euro banknotes become the legal tender of a Member State.

24 The period is 24 months long and starts 30 months before the day that the euro banknotes become the legal tender of the country in question.

of the banknotes that would have been allocated to them during that period under the ECB's capital key. The adjustments are reduced in annual stages until the first day of the sixth year after the cash changeover year, when income on banknotes is allocated fully in proportion to each Eurosystem central bank's paid-up shares in the ECB's capital. The interest income and expense on these balances is cleared through the accounts of the ECB and is disclosed under "Net interest income" in the Profit and Loss Account.

EURO COINS

The nominal value of euro coins issued is recorded as a liability in the Balance Sheet under the item "Sundry liabilities". The nominal value of collector coins that have been issued is no longer recorded as a liability in the Balance Sheet as the probability of the coins being repurchased is very low and their value as precious metal exceeds their nominal value.

Income from the sale of collector coins is recorded in the Profit and Loss Account as it is incurred.

INTERIM PROFIT DISTRIBUTION OF THE ECB

The Governing Council of the ECB has decided that the seigniorage income of the ECB, which arises from the 8% share of euro banknotes allocated to the ECB, and the ECB's income arising from securities purchased under the Securities Markets Programme (SMP), the third covered bond purchase programme (CBPP3), the asset-backed securities purchase programme (ABSPP), the public sector purchase programme (PSPP) and the pandemic emergency purchase programme (PEPP) shall be due in full to the Eurosystem central banks in the same financial year it accrues. Unless otherwise decided by the Governing Council, the European Central Bank distributes this income in January of the following year in the form of an interim distribution of profit[25]. It is distributed in full, unless the European Central Bank's net profit for the year is less than its income earned. The distributed profit may be reduced if the Governing Council decides to make transfers to the provision for financial risks. The Governing Council may also decide to charge costs incurred by the European Central Bank in connection with the issue and handling of euro banknotes against income earned on euro banknotes in circulation.

The amount distributed to the Eurosystem central banks is disclosed in the Profit and Loss Account under "Income from equity shares and participating interests".

INTRA-EUROSYSTEM BALANCES

Intra-Eurosystem claims arising from Eesti Pank's participating interest in the ECB are reported under "Participating interest in the European Central Bank". This item covers the paid-up share of national central banks in the subscribed capital of the ECB, any net amounts paid by the national central banks because of an increase in their share in the equity capital of the ECB[26] resulting from all previous adjustments of the capital key, and contributions under Article 48.2 of the Statute of the ESCB in relation to the central banks of member states whose derogations have been abrogated.

Intra-Eurosystem balances arising from the transfer of foreign reserve assets to the ECB by NCBs joining the Eurosystem are denominated in euro and reported under "Claims equivalent to the transfer of foreign reserves".

Intra-Eurosystem balances arising from the allocation of euro banknotes within the Eurosystem are included as a net single asset or liability under "Net claims related to the allocation of euro banknotes within the Eurosystem" or "Net liabilities related to the allocation of euro banknotes within the Eurosystem" (see "Banknotes in circulation" in the notes on accounting policies).

Intra-Eurosystem balances result primarily from cross-border payments in the European Union that are settled in central bank money in euro. These transactions are for the most part initiated by private entities,

25 Decision of the ECB of 15 December 2014 on the interim distribution of the income of the European Central Bank (recast) (ECB/2014/57) (OJ L 53, 25.2.2015, p 24).

26 The total value of equity capital covers all the reserves of the European Central Bank, revaluation accounts and a provision equivalent to reserves, minus any loss carried forward from previous periods. If the capital key is adjusted during the financial year, the value of equity capital also includes the accumulated net profit or net loss of the European Central Bank at the date of the adjustment.

meaning credit institutions, corporations and individuals. These transactions are settled in TARGET[27] and give rise to bilateral balances in the TARGET accounts of EU central banks. Payments made by the ECB and the NCBs also affect those accounts. All the settlements are aggregated automatically and adjusted so that they make up the position of each NCB relative to the ECB. Movements in the TARGET accounts are recorded each day in the accounting of the ECB and the NCBs. Intra-Eurosystem balances of euro area NCBs towards the ECB arising from TARGET are presented in the Balance Sheet as a single asset or liability position and disclosed under "Claims related to TARGET" or "Liabilities related to TARGET".

Other intra-Eurosystem balances denominated in euro such as interim profit distributions to NCBs and monetary income reallocation are presented in the Balance Sheet as a single net asset or liability position and disclosed under "Other claims within the Eurosystem (net)" or "Other liabilities within the Eurosystem (net)".

CHANGES TO THE PRESENTATION OF THE ITEMS IN THE ANNUAL REPORT

The new Guideline (EU) 2024/2941 of the ECB of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31) introduced changes to the layout of the balance sheet and profit and loss account of the NCBs. These changes aimed to foster transparency and increase the information value of the financial statements for the readers.

Amongst these changes, the intra-Eurosystem claim or liability of Eesti Pank towards the ECB arising from TARGET was previously presented together with other items under "Other claims within the Eurosystem (net)" or "Other liabilities within the Eurosystem (net)". These are now presented separately under "Claims related to TARGET" or "Liabilities related to TARGET". The 2023 numbers have been restated accordingly.

The change altered the size of the balance sheet for 2023 because the liabilities related to TARGET were previously presented on the asset side of the balance sheet netted against other intra-Eurosystem claims. The liabilities related to TARGET are now presented on the liabilities side of the balance sheet on a separate row.

thousand euros

	Item	Initial 31.12.2023	Adjustment	Adjusted 31.12.2023
Intra-Eurosystem claims		1,143,419	212,385	1,355,805
Other claims within the Eurosystem (net)	13	75,750	212,385	288,135
TOTAL ASSETS		**14,468,149**	**212,385**	**14,680,535**
Intra-Eurosystem liabilities		0	212,385	212,385
Liabilities related to TARGET	26	-	212,385	212,385
TOTAL LIABILITIES		**14,468,149**	**212,385**	**14,680,535**

27 The Trans-European Automated Real-time Gross Settlement Express Transfer system.

NOTES ON THE BALANCE SHEET

ITEM 1 – GOLD AND GOLD RECEIVABLES

Changes in the value of Eesti Pank's gold reserves are as follows:

	31.12.2024	31.12.2023
Gold (ounces)	8250.171	8250.171
Ounce market value (EUR)	2511.069	1867.828
Revaluation (thousand EUR)	13,529	8,222
Market value (thousand EUR)	**20,717**	**15,410**

The value in euro of the Eesti Pank gold reserves increased because the market price of gold in euro rose (see Item 32 "Revaluation accounts" in the notes on the Balance Sheet).

ITEM 2 – RECEIVABLES FROM THE IMF

Receivables from the IMF are the SDR account in the IMF, the reserve position in the IMF, and the PRGT and RST loans.

thousand euros

	31.12.2024	31.12.2023
SDR account in the IMF	375,378	361,162
Reserve position in the IMF	76,344	79,905
Participation in the IMF	305,649	296,469
IMF No.1 account	-229,305	-216,564
PRGT and RST loans	43,904	42,549
Total	**495,626**	**483,616**

The SDR account in the IMF

An SDR account is generated for each IMF Member State for conducting loan transactions and various other related operations. The SDR account is used to record the SDRs distributed to support the foreign reserves of IMF Member States and to increase global liquidity (see Item 25 "Counterpart of the Special Drawing Rights Allocated by the IMF" in the notes on the Balance Sheet).

At the end of 2021, Eesti Pank joined the voluntary trading agreement for SDRs. One transaction was made under this agreement in 2024 and the result was a decrease of SDR 1.8 million in the SDR account. The SDR rose in value in euro because the SDR appreciated against the euro in 2024 and because of interest earned during the year.

Reserve position in the IMF

Eesti Pank represents the Republic of Estonia in the IMF. A quota has been established for each IMF member determining its participation (subscription) and voting power in the IMF. Participation in the IMF is recorded under assets on the Balance Sheet and is equal to the country's quota. At the end of 2024 the quota of the Republic of Estonia was SDR 243.6 million.

The reserve position in the IMF comprises the net amount of the quota and the IMF No.1 account. The size of the reserve position is affected by the participation of the Republic of Estonia in the IMF's Financial Transactions Plan (FTP). The decrease in the reserve position in 2024 was due to repayments of the FTP loans of SDR 4.9 million; in 2023 it increased by SDR 4 million because of payments in to the FTP. Estonia has participated in the IMF's FTP since 2012.

PRGT and RST loans

Eesti Pank decided in 2023 to hold a part of the SDRs distributed to Estonia in 2021 in the IMF's Poverty Reduction and Growth Trust (PRGT) and in its new Resilience and Sustainability Trust (RST), which provides long-term financing to tackle structural macroeconomic challenges, primarily climate investment. The SDR rose in value in euro because the SDR appreciated against the euro in 2024.

ITEM 3 – BALANCES WITH BANKS, SECURITY INVESTMENTS AND OTHER EXTERNAL ASSETS

Item 3 reflects bank balances in foreign currency with credit institutions outside the euro area; equity and securities funds and term deposits denominated in US dollars; and security investments denominated in United States, Canadian and Australian dollars, and British pounds of non-euro area residents. The fair value of investments is based on the prices quoted in active markets.

thousand euros

	31.12.2024	**31.12.2023**
Securities	1,227,912	1,343,956
Securities funds	179,517	177,072
Equity funds	41,120	237,278
Fixed-term deposits	24,256	22,353
Current accounts	524	64,281
Total	**1,473,330**	**1,844,940**

thousand euros

	31.12.2024	**31.12.2023**
USD	724,288	1,021,240
CAD	281,538	284,837
AUD	267,662	291,604
GBP	199,793	183,500
JPY	23	63,741
NZD	14	14
CHF	10	2
SEK	1	1
Total	**1,473,330**	**1,844,940**

ITEM 4 – CLAIMS ON EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

Item 4 reflects the balances of reverse repo transactions, equity funds and bank balances in foreign currency with credit institutions in the euro area.

thousand euros

	31.12.2024	**31.12.2023**
Reverse repos	114,785	143,179
Equity funds	113,885	0
Current accounts	2,757	741
Total	**231,427**	**143,920**

thousand euros

	31.12.2024	**31.12.2023**
USD	116,280	400
GBP	114,841	143,237
CAD	177	141
AUD	123	134
JPY	7	7
Total	**231,427**	**143,920**

ITEM 5 – CLAIMS ON NON-EURO AREA RESIDENTS DENOMINATED IN EURO

As at 31 December 2024 this item reflected investment of EUR 359.2 million in bond funds; it was EUR 267.7 million in 2023.

ITEM 6 – OTHER CLAIMS ON EURO AREA CREDIT INSTITUTIONS DENOMINATED IN EURO

As at 31 December 2024 this item reflected the account balances in euro of euro area credit institutions of EUR 231,733; it was EUR 239,936 in 2023.

ITEM 7 – SECURITIES HELD FOR MONETARY POLICY PURPOSES

Item 7 reflects securities acquired by Eesti Pank within the scope of the third covered bonds purchase programme (CBPP3), the public sector asset purchase programme (PSPP), and the pandemic emergency purchase programme (PEPP).

	Start date	End date	Decision	Universe of eligible securities[1]
Asset purchase programme				
Third covered bond purchase programme	October 2014	June 2023	ECB/2020/8 as amended	Covered bonds of euro area residents
Public sector purchase programme	March 2015	June 2023	ECB/2020/9	Bonds issued by euro area central, regional or local government or recognised agencies and those issued by international organisations and multilateral development banks in the euro area
Pandemic emergency purchase programme				
Pandemic emergency purchase programme	March 2020	December 2024	ECB/2020/17 as amended	All asset categories eligible under the APP

[1] Further eligibility criteria for the specific programmes can be found in the Governing Council's decisions.

In 2024 the asset purchase programme (APP)[28] portfolio continued to decline, as the Eurosystem, since July 2023, no longer reinvests the principal payments from maturing securities[29].

As concerns the PEPP[30], following the Governing Council decision in December 2023[31], during the first half of 2024 the Eurosystem continued to reinvest, in full, the principal payments from maturing securities. Over the second half of the year, the PEPP portfolio declined by EUR 7.5 billion per month on average, as the Eurosystem did not reinvest all of the principal payments from maturing securities. The reinvestments under the PEPP were discontinued at the end of 2024.

Securities purchased under all the purchase programmes are valued on an amortised cost basis subject to impairment (see "Securities" in the notes on accounting policies). The amortised cost and market value[32] of Eesti Pank's securities, which are not recorded on the Balance Sheet or Profit and Loss Account and are presented only for the purposes of information, are:

thousand euros

	31.12.2024		31.12.2023	
	Amortised acquisition cost	Market value	Amortised acquisition cost	Market value
Public sector purchase programme	5,198,387	4,700,346	6,137,188	5,549,220
Pandemic emergency purchase programme	3,720,005	3,313,658	3,921,283	3,442,332
Third covered bond purchase programme	400,038	397,533	398,372	385,959
Total	**9,318,431**	**8,411,537**	**10,456,842**	**9,377,511**

The Governing Council of the ECB assesses on a regular basis the financial risks associated with the securities held under these programmes. Annual impairment tests are conducted, using the data as at year end, and the results are approved by the Governing Council of the ECB. Indicators of impairment of the assets are assessed for each purchase programme separately. If an indication of impairment is observed, additional analysis is performed to confirm that the impairment has not affected the cash flow of the security.

28 Further details on the APP can be found on the ECB's website.

29 See the press release of 15 June 2023 on the Governing Council's decisions.

30 Further details on the PEPP can be found on the ECB's website.

31 See the press release of 14 December 2023 on the Governing Council's decisions.

32 Market values are approximate and are derived from quoted market values. If no market quotation is available, the market value is calculated using the internal models of the Eurosystem.

Under Article 32.4 of the Statute of the ESCB, any losses on the securities other than sovereign bonds purchased under these purchase programmes, if they were to materialise, are shared in full by the Eurosystem central banks in proportion to the prevailing ECB capital key shares.

Following the results of this year's impairment tests, no losses have been recorded by Eesti Pank for the securities held in its monetary policy portfolios in 2024.

ITEM 8 – OTHER SECURITIES

As at 31 December 2024 this item reflected investment of EUR 90.5 million in securities of euro area residents denominated in euro; it was 0 in 2023.

ITEM 9 – PARTICIPATING INTEREST IN THE ECB

Item 9 reflects the participating interest of Eesti Pank in the ECB. Article 28 of the Statute of the ESCB states that the national central banks of the ESCB are the sole subscribers of the capital of the ECB. Subscriptions depend on the capital key weighting, which is set out in Article 29 of the ESCB Statute, and which is adjusted every five years or when the composition of national central banks in the ESCB changes.

For Eesti Pank this item covers the paid-up share in the subscribed capital of the ECB, the net amounts paid by Eesti Pank because of the increase in its share in the equity capital of the ECB resulting from all previous ECB capital key adjustments, and contributions under Article 48.2 of the Statute of the ESCB.

Following the five-yearly adjustment of the capital key under Article 29 of the Statute of the ESCB, the capital key subscriptions of the national central banks changed on 1 January 2024. Eesti Pank's share in the capital key increased from 0.2291% to 0.2437%.

thousand euros

	31.12.2024	**31.12.2023**
Paid up share capital	26,381	24,800
Eesti Pank's share in the equity of the ECB	77,120	70,452
Total	**103,500**	**95,252**

The adjusted capital key was used for revaluing the payments of the central banks of the EU member states to the core capital and equity of the ECB. Following the adjustment of the capital key, Eesti Pank paid an additional EUR 1.6 million in core capital to the ECB and EUR 6.7 million into the ECB's reserves, revaluation accounts and risk provision in line with the capital key.

ITEM 10 – CLAIMS EQUIVALENT TO THE TRANSFER OF FOREIGN RESERVES

Item 10 reflects the claims of Eesti Pank arising from the transfers of foreign reserves assets to the ECB when Eesti Pank joined the Eurosystem. These foreign reserves were 85% in Japanese yen and 15% in gold. The claims are denominated in euro at a value fixed at the time of their transfer. Article 30.2 of the Statute of the ESCB states that these amounts are fixed by the weighting of the national central banks in the subscribed capital of the ECB. The remuneration of these claims was calculated daily at the latest available marginal interest rate used by the Eurosystem in its tenders for main refinancing operations, adjusted to reflect a zero return on the gold component.

Following the adjustment to the capital key, Eesti Pank paid an additional amount of EUR 7.2 million to the foreign reserves of the ECB on 2 January 2024, and the claim stood at EUR 120.9 million as at 31 December 2024; it was EUR 113.6 million in 2023.

ITEM 11 – CLAIMS RELATED TO TARGET

This item records the balance of the Eesti Pank TARGET account (see "Intra-Eurosystem balances" in the notes on accounting policies). The balance was EUR 2.076 billion at the end of 2024. The remuneration of the TARGET balance was calculated daily at the latest available marginal interest rate used by the Eurosystem in its tenders for main refinancing operations. The balance on the Eesti Pank TARGET account was negative at the end of 2023 and is recorded under Item 26 "Liabilities related to TARGET".

ITEM 12 – NET CLAIMS RELATED TO THE ALLOCATION OF EURO BANKNOTES WITHIN THE EUROSYSTEM

Item 12 reflects Eesti Pank's claims towards the Eurosystem relating to the allocation of euro banknotes within the Eurosystem (see "Banknotes in circulation" and "Intra-Eurosystem balances" in the notes on accounting policies and Item 18 "Banknotes in circulation" in the notes on the Balance Sheet)[33].

thousand euros

	31.12.2024	31.12.2023
Adjustments of euro banknotes	1,408,564	1,209,114
ECB banknotes (8%)	-378,709	-350,345
Total	**1,029,855**	**858,769**

The remuneration of these claims was calculated daily at the latest available marginal interest rate used by the Eurosystem in its tenders for main refinancing operations.

ITEM 13 – OTHER CLAIMS WITHIN THE EUROSYSTEM (NET)

thousand euros

	31.12.2024	31.12.2023
Monetary income reallocation	257,412	287,484
Adjustment for the monetary income of previous years	-180	-23
Other claims within the Eurosystem	675	675
Total	**257,907**	**288,135**

Item 13 reflects net claims arising from the difference between the monetary income pooled from and allocated to the Eurosystem central banks (see Item 36 "Net result of pooling of monetary income" in the notes on the Profit and Loss Account).

ITEM 14 – TANGIBLE AND INTANGIBLE FIXED ASSETS

thousand euros

Acquisition cost	Buildings	Hardware	Software	Other fixed assets	Motor vehicles	Total
Balance at the end of 2023	28,728	3,821	5,854	6,336	10	44,748
Acquisitions	1,140	290	543	1,497	24	3,494
Disposals	-195	-157	-309	-33	0	-693
Balance at the end of 2024	**29,673**	**3,954**	**6,088**	**7,800**	**34**	**47,549**
Accumulated depreciation						
Balance at the end of 2023	19,356	3,314	3,863	5,557	10	32,100
Accepted	711	250	460	250	6	1,678
Disposals	-131	-157	-309	-33	0	-629
Balance at the end of 2024	**19,937**	**3,408**	**4,015**	**5,774**	**16**	**33,149**
Carrying amount						
Balance at the end of 2023	9,372	507	1,991	779	0	12,649
Balance at the end of 2024	**9,737**	**547**	**2,073**	**2,026**	**18**	**14,400**

33 In accordance with the accounting methods chosen by the Eurosystem for euro banknotes, 8% of the total value of euro banknotes in circulation is allocated to the ECB on a monthly basis. The remaining 92% of the value of the euro banknotes in circulation is allocated to the national central banks on a monthly basis, and the NCBs reflect their percentages of the euro banknotes in their balance sheets in proportion to their paid-up contributions to the ECB capital. In accordance with these accounting methods, the difference between the value of euro banknotes allocated to a national central bank and the amount of euro banknotes issued into circulation is recorded under "Intra-Eurosystem net claims/liabilities related to the allocation of euro banknotes within the Eurosystem".

thousand euros

Acquisition cost	Buildings	Hardware	Software	Other fixed assets	Motor vehicles	Total
Prepayments for fixed assets						
Balance at the end of 2023	301	14	866	0	0	1,182
Balance at the end of 2024	**44**	**49**	**1,360**	**0**	**0**	**1,453**
Total fixed assets						
Balance at the end of 2023	9,673	521	2,857	779	0	13,830
Balance at the end of 2024	**9,781**	**595**	**3,434**	**2,026**	**18**	**15,853**

The cost of fixed assets acquired in 2024 was EUR 3,494,400; in 2023 it was EUR 1,543,918. Under the buildings procurement, the reconstruction of the old banking hall at Estonia pst 13 was completed and the windows of various buildings were renovated. Hardware spending went on acquiring additional network equipment and server computers. The largest software procurements were for common software of the European System of Central Banks, development of the register of securities market participants, and licences for statistical software. The major part of inventory acquisition was the fittings for the rebuilt banking hall.

ITEM 15 – OTHER FINANCIAL ASSETS

Item 15 reflects the shares in the Bank for International Settlements and SWIFT.

Eesti Pank holds 214 shares (200 voting shares) in the Bank for International Settlements at an acquisition cost of EUR 217,118 (see Item 45 “Contingent liabilities” in the notes), and five shares in SWIFT at an acquisition cost of EUR 17,150. There were no changes to this item in 2024.

ITEM 16 – ACCRUALS AND PREPAID EXPENSES

Item 16 records accrued interest from financial instruments, and various prepayments for services. It also records a claim on Finantsinspektsioon in relation to services provided by Eesti Pank and acquisition of current assets.

thousand euros

	31.12.2024	31.12.2023
Interest claims	63,689	85,471
Securities	38,648	42,177
Intra-Eurosystem balances	17,890	13,474
Derivative instruments	3,967	25,904
IMF	2,742	3,338
Reverse repurchase transactions	412	561
Fixed-term deposits and current accounts	24	10
Loans	5	7
Prepaid expenses	1,725	1,573
Claims on Finantsinspektsioon	1,721	1,258
Other claims	365	465
Total	**67,500**	**88,767**

ITEM 17 – SUNDRY ASSETS

thousand euros

	31.12.2024	31.12.2023
Foreign exchange transactions	27,820	7,755
Loans to employees of Eesti Pank	1,167	1,438
Other assets	98	45
Total	**29,085**	**9,239**

Housing loans secured by real estate have been granted to employees of Eesti Pank for a maximum of 30 years. The interest rate on housing loans granted before 2012 is the deposit facility interest payable to credit institutions plus the risk margin but together not more than the upper limit of the interest rate. The deposit facility rate equals the ECB deposit interest rate, which was between 3% and 4% in 2024; in 2023 it was 2% to 4%. The upper limit on the interest rate is twice the interest rate on the European Central Bank's main refinancing operations. The interest rate on housing loans granted since 2012 is the six-month Euribor plus 0.5% but no more than the upper limit on the interest rate. The interest rate on housing loans granted since June 2014 is the six-month Euribor plus 1.25%. From 1 July 2015, Eesti Pank ceased providing loans to employees.

The item reflects balances related to transactions in foreign currency outstanding at year-end (see Item 44 "Derivative instruments" in the notes). These balances arise from the conversion of such transactions into their euro equivalents at the respective currency's average cost on the balance sheet date, compared with the euro values at which the transactions were initially recorded (see "Off-balance-sheet instruments" in the notes on accounting policies).

ITEM 18 – BANKNOTES IN CIRCULATION

Item 18 reflects Eesti Pank's share of the total euro banknotes in circulation (see "Banknotes in circulation" in the notes on accounting policies). The value of euro banknotes actually issued by Eesti Pank is smaller than the allocation of such banknotes to Eesti Pank. The claim arising from this difference is reflected in Item 12 "Net claims related to the allocation of euro banknotes within the Eurosystem".

thousand euros

	Item	31.12.2024	31.12.2023
Euro banknotes		3 322 208	3 169 004
Adjustments of euro banknotes	12	1 408 564	1 209 114
ECB banknotes (8%)	12	-378 709	-350 345
Total		**4 352 063**	**4 027 773**

ITEM 19 – CURRENT ACCOUNTS (COVERING THE MINIMUM RESERVE SYSTEM)

Item 19 reflects the current accounts of credit institutions with Eesti Pank except for those funds of credit institutions that are not freely disposable, which are covered separately under liability item 21 "Other liabilities to euro area credit institutions denominated in euro". From 21 December 2022 to 19 September 2023 these balances were remunerated at the Eurosystem's deposit facility rate. On 27 July 2023 the Governing Council decided that from 20 September 2023 the remuneration would be 0%.

The net balance of the current accounts of credit institutions at the end of 2024 was EUR 359.4 million, having been EUR 398.5 million in 2023.

ITEM 20 – DEPOSIT FACILITY

Item 20 reflects overnight deposits placed by the banks that access the Eurosystem's standing facility at the pre-specified rate, which was between 3% and 4% in 2024, and between 2% and 4% in 2023.

The balance of the overnight deposits of the banks at the end of 2024 was EUR 9.537 billion, having been EUR 8.395 billion in 2023.

ITEM 21 – OTHER LIABILITIES TO EURO AREA CREDIT INSTITUTIONS DENOMINATED IN EURO

Item 21 reflects the earmarked funds of credit institutions (see Item 19 in the notes on the Balance Sheet). As at 31 December 2024 there were no balances under this item. The balance at the end of 2023 was EUR 95 million.

ITEM 22 – LIABILITIES TO OTHER EURO AREA RESIDENTS DENOMINATED IN EURO

Item 22 reflects mainly the current accounts of the Ministry of Finance, Finantsinspektsioon and the Guarantee Fund held with Eesti Pank. The balance on those accounts at the end of 2024 was EUR 37.5 million, having been EUR 191.6 million in 2023. Interest on those accounts was calculated monthly from the daily balance of the current account using the €STR–20bp (euro short-term rate) interest rate.

ITEM 23 – LIABILITIES TO NON-EURO AREA RESIDENTS DENOMINATED IN EURO

Item 23 reflects the euro deposits of non-euro area residents. As at 31 December 2024 those deposits stood at EUR 23,445; they were EUR 23,832 in 2023.

ITEM 24 – LIABILITIES TO EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

Item 24 reflects the US dollar denominated repo transactions of euro area residents. As at 31 December 2024 the balance of those transactions stood at EUR 114.8 million; they were EUR 205.1 million in 2023.

ITEM 25 – COUNTERPART OF THE SPECIAL DRAWING RIGHTS ALLOCATED BY THE IMF

Item 25 reflects the liability to the IMF arising from the IMF's decision of 7 August 2009 to increase the SDR issues for all of its member states. This was done in order to increase global liquidity using support from the foreign reserves of the member states. As a result, Estonia received 61,965,241 SDRs. On 2 August 2021 the IMF decided to increase the SDR issues for all of its member states. The aim was to increase the liquidity of global reserves and support countries in a weaker economic position. As a result, Estonia received SDR 233,479,644 (see Item 2 "Receivables from the IMF" in the notes on the Balance Sheet). As at 31 December 2024 the balance of the item stood at EUR 370.6 million; they were EUR 359.2 million in 2023. The SDR rose in value in euro because the SDR appreciated against the euro in 2024.

ITEM 26 – LIABILITIES RELATED TO TARGET

This item records the balance of the Eesti Pank TARGET account at the end of 2023 of EUR 212.4 million (see "Intra-Eurosystem balances" in the notes on accounting policies). The remuneration of the TARGET balance was calculated daily at the latest available marginal interest rate used by the Eurosystem in its tenders for main refinancing operations.

The balance on the Eesti Pank TARGET account was positive at the end of 2024 and is recorded under Item 11 "Claims related to TARGET".

ITEM 27 – OFF-BALANCE-SHEET INSTRUMENTS REVALUATION DIFFERENCES

Item 27 reflects valuation changes in swap and forward transactions in foreign currency outstanding at year-end (see Item 44 "Derivative instruments" in the notes). The balance of those changes as at 31 December 2024 was EUR 26.4 million, having been EUR 6.2 million in 2023. These valuation changes are the result of the conversion of such transactions into their euro equivalents at the exchange rates prevailing on the balance sheet date, compared with the euro values resulting from the conversion of the transactions at the average cost of the respective foreign currency on that date.

ITEM 28 – ACCRUALS AND INCOME COLLECTED IN ADVANCE

thousand euros

	31.12.2024	**31.12.2023**
Interest liabilities	7,682	35,981
Derivative instruments	5,154	27,054
IMF	2,060	2,496
Repurchase transactions	405	718
Deposits of credit institutions	62	486
Current accounts	1	0
TARGET	0	3,361
Monetary policy operations	0	1,865
Tax liabilities	1,334	1,456
Accounts payable	1,161	1,905
Vacation reserve	841	793
Employee salaries payable	667	629
Other liabilities	1,034	878
Total	**12,719**	**41,643**

Item 28 reflects accrued interest on financial instruments, most of which are interest liabilities from derivative transactions. The item also reflects liabilities that were expected but unpaid on the balance sheet date, most of which are unpaid bills for services provided to Eesti Pank.

ITEM 29 – SUNDRY LIABILITIES

thousand euros

	31.12.2024	31.12.2023
Euro coins	86,294	84,066
Credits related to margin calls	1,032	2,349
Forward transactions in foreign currency	0	23
Other liabilities	12	14
Total	**87,338**	**86,452**

Item 29 mainly reflects euro coins issued.

ITEM 30 – RISK PROVISIONS

Item 30 reflects the risk provision, which is the provision set up to cover financial risk. The aim of the risk provision is to cover the financial risks of monetary policy operations and investment assets with a provision. Under Article 32.4 of the Statute of the ESCB, the Eurosystem central banks share any losses that materialise from securities other than government bonds held under the Securities Market Programme, the expanded Asset Purchase Programme and the pandemic emergency purchase programme, in full in proportion to the prevailing ECB capital key shares. The risk provision is measured from various risk assessments using Value at Risk, Expected Shortfall and other measures. The size of the provision reflects the risks from monetary policy operations and the investment portfolio, and considers the increase in volatility in the markets and the balances on the revaluation accounts among other things. As at 31 December 2023, the general risk provision stood at EUR 90.8 million. Eesti Pank increased the risk provision in 2024 by EUR 78.2 million. As at 31 December 2024 the risk provision stood at EUR 169 million.

ITEM 31 – OTHER PROVISIONS

thousand euros

	31.12.2024	31.12.2023
Exchange liability for Estonian kroons	2,581	2,751
Write-downs of securities held for monetary policy purposes	0	120
Total	**2,581**	**2,871**

Item 31 reflects the provision to cover the exchange liability for the kroon, and at the end of 2023 it reflected the provision for the impairment of securities held for monetary policy purposes.

A provision of EUR 29.6 million was set up in 2016 to cover the liability for exchanging kroons for euros, which covered 66% of the amount of the exchange liability. Statistics from other central banks on the coverage of earlier exchange liabilities were used in deciding the size of the provision. Exchanges of kroons for euros are funded from the provision. In the eight years since the provision was set up in 2016, EUR 2.3 million of Estonian kroons have been returned. The amounts of Estonian kroons exchanged are small and have been getting smaller each year. Following the forecast for the use of the provision the Executive Board decided to reduce the provision for exchanging Estonian kroons by 90% on 31 December 2023 and to transfer EUR 24.8 million to income (see item 39 “Other income” in the notes on the Profit and Loss Account). The provision was reduced in 2024 by EUR 169,969 through the return of kroons to stand at EUR 2.6 million as at 31 December 2024; in 2023 it was reduced by EUR 165,516. Estonian kroon banknotes and coins can be exchanged for euros at the shop of the Eesti Pank Museum with no limit of amount or duration at the rate of 1 EUR = 15.6466 EEK.

In line with the decision of the Governing Council of the ECB and under Article 32.4 of the Statute of the ESCB the provision to cover credit risks stemming from monetary policy operations is funded by all the national central banks of participating member states in proportion to their subscribed capital key shares

in the ECB prevailing in the year when the initial impairment occurred. Taking into account the provisions of all the central banks in the ESCB made in 2023 for credit risks related to monetary policy operations, EUR 43 million was used to cover a loss in 2024 realised on the sale of securities purchased and impaired by a Eurosystem central bank under the pandemic emergency purchase programme. Of this amount, EUR 119,926 was covered by the provision set up by Eesti Pank in 2023 (see item 36 "Net result of pooling of monetary income" in the notes on the Profit and Loss Account).

ITEM 32 – REVALUATION ACCOUNTS

thousand euros

	Item	31.12.2024	31.12.2023
Equity funds		27,453	60,182
Foreign currency		14,976	171
Gold	1	13,529	8,222
Securities		4,759	11,190
Securities funds		0	2,903
Total		**60,717**	**82,668**

Revaluation accounts represent revaluation reserves that arise from unrealised gains on assets and liabilities. The unrealised losses at the end of the year are recognised in the Profit and Loss Account under "Write-downs on financial assets".

ITEM 33 – CAPITAL AND RESERVES

There were no changes in capital and reserves in 2024.

thousand euros

	31.12.2024	31.12.2023
Fixed capital	100,000	100,000
Reserve capital	171,445	171,445
Special purpose reserve	214,314	214,314
Total	**485,759**	**485,759**

Under Section 30 of the Eesti Pank Act, at least 25% of the annual profit must be allocated to increasing statutory capital up to the amount set by the Riigikogu[34]. The amount set by the Riigikogu in the statutory capital is given in the Eesti Pank Act as EUR 100 million[35]. At the decision of the Supervisory Board of Eesti Pank, Eesti Pank directs at least 25% of its annual profits to building up its reserve capital[36]. Following the decision of the Eesti Pank Supervisory Board of 28 April 2015 on the distribution of Eesti Pank's profits for 2014, Eesti Pank's reserve capital was equal to its statutory capital. When Eesti Pank's reserve capital became equal to its statutory capital, the Riigikogu decided on 12 April 2016 to continue increasing Eesti Pank's reserve capital to EUR 300 million. After these allocations, part of the profit can be allocated for establishing and supplementing endowments and foundations for specific purposes, at the decision of the Supervisory Board of Eesti Pank. The remaining part of the profit is transferred to the state budget. Net profit in 2023 was 0 and so there was no allocation of profit. The net profit in 2024 was EUR 74.1 million. The Supervisory Board will decide on the distribution of profit when it approves the annual report.

34 Eesti Pank Act § 30 (2)
35 Eesti Pank Act § 25 (2)
36 Eesti Pank Act § 30 (3)

NOTES ON THE PROFIT AND LOSS ACCOUNT

ITEM 34 – NET INTEREST INCOME

thousand euros

	Item	2024	2023
Net interest income		**-157,664**	**-204,847**
Interest income		**410,854**	**355,071**
Derivative instruments		171,414	192,814
Intra-Eurosystem balances	36	153,541	76,946
Securities		57,622	59,109
IMF		15,758	14,726
Reverse repurchase transactions		9,245	9,100
Securities lending		1,618	412
Fixed-term deposits		1,214	1,184
Current accounts		210	110
Loans to employees of Eesti Pank		66	79
Other interest income		165	590
Interest expense		**-568,517**	**-559,918**
Intra-Eurosystem balances	36	-353,123	-311,805
Derivative instruments		-182,885	-208,239
IMF		-13,976	-13,901
Repurchase transactions		-13,032	-14,667
Deposits		-3,534	-8,755
Securities		-1,753	-2,285
Current accounts		-27	-51
Other interest expenses		-186	-215

thousand euros

	Item	2024	2023
Intra-Eurosystem interest income	**36**	**153,541**	**76,946**
TARGET		51,994	0
Securities held for monetary policy purposes		51,443	36,406
Allocation of banknotes within the Eurosystem		44,707	34,636
Transfer of foreign currency reserves		4,316	3,729
Monetary policy operations		2	2,112
Other interest income		1,078	63
Intra-Eurosystem interest expenses	**36**	**-353,123**	**-311,805**
Monetary policy operations		-350,826	-246,398
TARGET		-2,252	-65,407
Other interest expenses		-45	0

ITEM 35 – NET RESULT OF FINANCIAL OPERATIONS AND WRITE-DOWNS

thousand euros

	2024	2023
Net result of financial operations and write-downs	**64,098**	**-9,408**

thousand euros

	2024	2023
Realised gains arising from financial operations	**77,071**	**-2,496**
Equity funds	75,468	2,536
Exchange rate income/expenses	2,833	1,903
Securities	1,583	-6,850
Securities funds	223	0
Financial asset management costs	-204	-158
Derivative instruments	-2,832	72

Write-downs on financial assets	**-12,973**	**-6,912**
Unrealised losses from securities	-11,200	-3,701
Unrealised losses from bond funds	-980	0
Unrealised losses from equity funds	-740	0
Unrealised losses from exchange rates	-55	-3,253
Net change of loan portfolio write-downs	2	41

ITEM 36 – NET RESULT OF POOLING OF MONETARY INCOME

thousand euros

	Item	2024	2023
Net result of pooling of monetary income		**257,352**	**287,340**
Monetary income reallocation	13	257,412	287,484
Monetary income pooled by Eesti Pank		123,192	173,589
Monetary income allocated to Eesti Pank		134,220	113,895
Adjustment for the monetary income of previous years	13	-180	-23
Write-downs of securities held for monetary policy purposes		120	-120

The net result of pooling of monetary income from the Eurosystem central banks in 2024 totalled EUR 45 billion, which includes the share of Eesti Pank. The monetary income pooled by the Eurosystem is allocated between the Eurosystem central banks in line with their subscription to the ECB's capital key. The difference between the monetary income pooled by Eesti Pank of EUR -123.2 million and that reallocated to Eesti Pank of EUR 134.2 million is the net result EUR 257.4 million in monetary income. The monetary income pooled by Eesti Pank consists of intra-Eurosystem interest revenues and expenses, which are recorded under item 34 "Net interest income". The monetary income has been allocated to Eesti Pank in proportion to its paid up share of the ECB capital key. Eesti Pank's share in the capital key is 0.2980%.

This item contains the Eesti Pank share in the realised loss in relation to the corporate restructuring in 2024 of an issuer whose securities were held by a Eurosystem NCB in its CSPP and PEPP-CORP portfolio (see Item 31 "Other provisions" in the notes on the Balance Sheet).

The amount of each national central bank's monetary income is determined by measuring the actual annual income that derives from the earmarkable assets held against its liability base.

Earmarkable assets are: lending to euro area credit institutions related to monetary policy operations denominated in euro; securities held for monetary policy purposes; claims equivalent to the transfer of foreign reserve assets to the ECB; net intra-Eurosystem claims resulting from TARGET transactions; net intra-Eurosystem claims related to the allocation of euro banknotes within the Eurosystem; interest claims accrued recorded at the end of the month on monetary policy transactions with a maturity of over one year; and a limited amount of each national central bank's gold holdings in proportion to each national central bank's capital key share.

The liability base consists mainly of: banknotes in circulation; liabilities to euro area credit institutions related to monetary policy operations denominated in euro; net intra-Eurosystem liabilities resulting from TARGET transactions; net intra-Eurosystem liabilities related to the allocation of euro banknotes within the Eurosystem; and interest liabilities accrued recorded at the end of the month on monetary policy operations with a maturity of over one year. Any interest paid on liabilities included within the liability base is to be deducted from the monetary income to be pooled.

The monetary income of each national central bank is found by measuring the actual income from the assets earmarked in the accounts. Gold is considered to generate no income, and the following are considered to generate income at the latest available marginal interest rate used by the Eurosystem in its tenders for main refinancing operations: i) securities held for monetary policy purposes under Decision ECB/2009/16 of 2 July 2009 on the implementation of the covered bonds purchase programme; ii) securities held for monetary policy purposes under Decision ECB/2011/17 of 3 November 2011 on the implementation of the second covered bond purchase programme; and iii) debt instruments issued by central, regional or local governments and recognised agencies and substitute debt instruments issued by public non-financial corporations under Decision ECB/2020/9 of 3 February 2020 on the implementation of a secondary markets public sector asset purchase programme or Decision ECB/2020/17 of 24 March 2020 on a temporary pandemic emergency purchase programme.

Where the value of an NCB's earmarkable assets exceeds or falls short of the value of its liability base, the difference is offset by applying to the value of the difference the latest available marginal rate for the Eurosystem's main refinancing operations and the total income or expense for the year is considered in the allocation of monetary income.

ITEM 37 – NET INCOME FROM FEES AND COMMISSIONS

thousand euros

	2024	2023
Net income from fees and commissions	**559**	**303**
Fees and commissions income	**572**	**393**
Current accounts service fees	495	374
Fines, arrears and other	78	18
Fees and commissions expenses	**-13**	**-90**
Commission fees	-9	-86
Other fees and commissions	-4	-3

ITEM 38 – INCOME FROM EQUITY SHARES AND PARTICIPATING INTERESTS

thousand euros

	2024	2023
Income from equity shares and participating interests	**12,500**	**12,837**
Dividends from equity and bond funds	9,487	9,827
Dividends from participation in the IMF	2,916	2,936
Dividends from the Bank for International Settlements	97	74

The item mainly reflects dividend income from equity and securities funds.

ITEM 39 – OTHER INCOME

thousand euros

	2024	2023
Other income	**2,571**	**26,786**
Expenses reimbursed by Finantsinspektsioon	1,335	1,106
Income from the sale of collector coins and numismatic products	837	575
Income on financial asset management	247	210
Exchange liability for euro collector coins	134	108
Income from sales of assets	3	2
Rental income	2	8
Exchange liability for Estonian kroons	2	24,760
Other income	11	17

Under the cooperation agreement between Finantsinspektsioon and Eesti Pank, Finantsinspektsioon reimburses monthly 100% of the cost of the support services provided by Eesti Pank. Eesti Pank provides Finantsinspektsioon with information technology, accounting, real estate, and administration services. Finantsinspektsioon covers the depreciation costs of the fixed assets used.

Income from asset management includes the service fee paid by the Guarantee Fund to Eesti Pank for investing their assets. Income from the rent of the training centre of Eesti Pank is recorded under “Rental income”.

Other income reflects income in 2023 from the reduction in the provision for exchanging Estonian kroons (see Item 29 “Provisions” in the notes on the Balance Sheet).

ITEM 40 – STAFF COSTS

thousand euros

	2024	2023
Staff costs	**-15,185**	**-13,996**
Salaries	-11,003	-10,057
Social tax	-3,746	-3,450
Compensations and benefits	-351	-411
Unemployment insurance tax	-84	-78

Compensation and benefits is mainly pension benefits and various sundry benefits.

On average, there were 232.4 full-time equivalent employees at Eesti Pank in 2024, and 229.5 in 2023.

ITEM 41 – ADMINISTRATIVE EXPENSES

thousand euros

	2024	2023
Administrative expenses	**-8,336**	**-7,816**
Information technology maintenance	-3,424	-2,978
Real estate renovation and management	-1,409	-1,675
Financial asset management	-1,386	-1,358
Public relations and publications	-419	-400
Business travel	-382	-348
Economic research	-344	-220
Training	-265	-210
Office	-198	-176
Communications and transport	-63	-59

thousand euros

	2024	2023
Legal expertise and arbitration	-57	-41
Other administrative expenses	-390	-353

The rise in administrative expenses in 2024 came mainly from an increase in administrative expenses for information and communications technology. Maintenance costs for information technology cover the costs of maintenance of software and hardware, data communication and consultation for procurements.

The costs of financial asset management comprise the cost of purchasing market information, and fees for cross-border payments.

The costs of public relations and publications cover the costs of public events, publications, information agencies, the public website and online databases, public relations research polls, information campaigns, and the Museum of Eesti Pank.

Business travel expenses reflect the costs of staff business travel on behalf of Eesti Pank and for work with international organisations and financial institutions. There were a total of 423 business trips in 2024; there were 408 in 2023.

ITEM 42 – BANKNOTE PRODUCTION SERVICES

Eesti Pank participates in the production of euro banknotes together with other central banks of the euro area. The Governing Council of the ECB sets the amount of euro cash that must be produced each year for the euro area countries. Eesti Pank procured its euro banknotes through a joint tender with eight other euro area central banks. EUR 656,744 was paid in 2024 for production of the second series of 50-euro banknotes for the Eurosystem, and EUR 438,900 was paid in 2023.

ITEM 43 – OTHER EXPENSES

thousand euros

	2024	2023
Other expenses	**-1,319**	**-1,892**
Production of collector coins and numismatic products	-423	-1,184
Production of coins	-326	-221
Cash circulation management	-174	-91
Expense from write-downs and sales of fixed assets	-65	-126
Expense from earlier periods	-6	0
Other expenses	-326	-270

ITEM 44 – DERIVATIVE INSTRUMENTS

thousand euros

	Item	31.12.2024	31.12.2023
Foreign exchange swap and forward transactions	17, 27		
Purchase		1,346,827	1,488,357
Sale		-1,347,120	-1,487,684
Value of interest rate future contracts			
Purchase		5,053	3,620
Sale		-22,211	-2,262

ITEM 45 – CONTINGENT LIABILITIES

Bank for International Settlements

Since 1930 Eesti Pank has had a contingent liability to the Bank for International Settlements for the unpaid part of the share capital (75%) of the BIS denominated in Swiss gold francs. This totalled EUR 700,798 at the end of 2024 and 658,877 at the end of 2023 (see Item 15 “Other financial assets” in the notes on the Balance Sheet).

Production of banknotes

At the end of 2024, the contractual liabilities of Eesti Pank for printing banknotes in 2025 amounted to EUR 630,480.

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Translation of the Estonian Original

INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board of Eesti Pank

Opinion

We have audited the financial statements of Eesti Pank, which comprise the balance sheet as at 31 December 2024, and the profit and loss account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Eesti Pank as at 31 December 2024, and its financial performance for the year then ended in accordance with the Guideline of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31) (recast), and the Bank of Estonia (Eesti Pank) Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of Eesti Pank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) together with the ethical requirements that are relevant to our audit of financial statements in Estonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of an overview of the financial position of Eesti Pank, but does not consist of the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as indicated below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of central Banks (ECB/2024/31) (recast), and the Bank of Estonia (Eesti Pank) Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Eesti Pank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Eesti Pank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Eesti Pank's financial reporting process.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Eesti Pank's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Eesti Pank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Eesti Pank to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tallinn, 18 March 2025

/signed digitally/

Olesia Abramova
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