

**FOR
AGENDA**

SM/02/187
Correction 1

CONTAINS CONFIDENTIAL
INFORMATION

June 27, 2002

To: Members of the Executive Board
From: The Acting Secretary
Subject: **Republic of Estonia—Statistical Appendix**

The attached corrections to SM/02/187 (6/17/02) have been provided by the staff:

Page 20, footnote 1: for “includes all loans” read “includes deposits”

Page 23, Table 20: Unit statements “(In millions of kroons; end of period)” and
“(In percent of total loan portfolio)” added.

Page 25, under (units as indicated), line 2, last column: for “1,916” read “931”

Page 30, Table 28, last two lines, columns 3–5: for “0.6 0.5 0.2”
“0.6 0.4 0.7”
read “56.0 51.7 17.8”
“55.5 38.2 71.7”

Questions may be referred to Mr. Haas, EU2 (ext. 35630), Mr. Burgess, EU2 (ext. 37341),
Mr. Schipke, EU2 (ext. 34569), and Ms. Sheridan, EU2 (ext. 35681).

Att: (4)

Other Distribution:
Department Heads

Table 16. Estonia Banking Survey and Monetary Authorities: 1997-2002 1/
(in millions of EEK, unless otherwise indicated)

	1997	1998	1999	2000	2001	2002 Mar.
Banking Survey						
Net foreign assets	5,083	5,112	8,022	9,098	12,285	11,655
Net foreign assets (BOE)	10,096	10,493	12,932	15,167	14,319	13,644
Foreign assets 2/ 3/	10,901	10,909	13,334	15,540	14,573	15,476
Foreign liabilities	-805	-415	-402	-373	-254	-1,832
Net foreign assets (commercial banks)	-5,013	-5,381	-4,910	-6,068	-2,034	-1,988
Foreign assets	8,078	6,481	8,772	10,359	15,475	17,040
Foreign liabilities	-13,090	-11,862	-13,682	-16,427	-17,510	-19,028
Net domestic assets	15,383	16,216	18,368	24,064	28,518	29,267
Domestic credit	20,797	24,223	26,542	33,758	41,994	43,169
Net credit to general government	-1,716	-930	-197	-1,078	-575	-1,475
Credit to government (banks)	1,108	955	1,172	1,268	1,742	1,696
Government deposits (banks)	-2,473	-1,882	-1,345	-2,343	-2,311	-3,166
Net credit to government (BOE)	4	3	3	3	1	1
Government deposits (BOE)	-355	-6	-27	-7	-8	-7
Credit to nongovernment	22,512	25,153	26,739	34,837	42,570	44,644
Credit to nonfinancial public enterprises	329	226	372	263	142	112
Credit to private sector	16,953	18,590	19,877	22,203	26,321	27,245
Credit to enterprises	12,812	14,369	14,571	15,376	17,161	17,619
Credit to households	4,141	4,221	5,306	6,827	9,160	9,625
Credit to nonbank financial institutions	5,231	6,337	6,489	12,370	16,107	17,288
Other items (net)	-5,414	-8,007	-8,174	-9,695	-13,476	-13,901
Broad money	20,466	21,328	26,390	33,162	40,803	40,923
M1	13,998	13,120	17,336	20,869	24,948	23,964
Currency outside banks	4,588	4,539	5,711	6,201	6,952	6,848
Demand deposits	9,410	8,581	11,624	14,668	17,996	17,116
Time and savings deposits	6,468	8,208	9,054	12,293	15,855	16,958
Monetary Authorities						
Net foreign assets	10,096	10,493	12,932	15,167	14,319	13,644
Foreign assets 2/ 3/	10,901	10,909	13,334	15,540	14,573	15,476
of which: currency board cover 4/	8,527	9,070	11,526	13,207	11,910	11,123
Foreign liabilities	-805	-415	-402	-373	-254	-1,832
Net domestic assets	-1,569	-1,423	-1,406	-1,960	-2,409	-2,520
Net claims on Government	-351	-3	-24	-4	-6	-5
Claims on financial institutions	185	281	268	10	8	8
Claims on private sector	44	57	66	70	75	75
Other	-1,448	-1,758	-1,716	-2,035	-2,486	-2,599
Base money	8,527	9,070	11,526	13,207	11,910	11,123
Currency issue	5,439	5,391	6,649	7,277	8,067	7,736
Deposits of commercial banks	3,035	3,676	4,824	5,718	3,644	3,355
of which: required reserves 5/	2,000	2,675	2,734	4,634	5,904	6,140
Other deposits at BOE	53	4	54	211	28	31
Memorandum items:						
Base money multiplier	2.40	2.35	2.29	2.51	3.43	3.68
Currency-to-deposit ratio	0.29	0.27	0.28	0.23	0.21	0.20
Bank reserves-to-deposit ratio	0.25	0.27	0.28	0.25	0.14	0.12
Velocity (period average)	3.54	3.39	3.14	2.78	2.57	...
Gross international reserves (in millions of US\$) 2/	759	813	851	992	823	861
Net international reserves (in millions of euro) 6/	105	124	115	149	179	179
Government balances held abroad 7/	700	1,224	1,993	1,447
(percentage change from same period in preceding year)						
Net foreign assets of banking system	-24.4	0.6	56.9	13.4	35.0	17.3
Net domestic assets of banking system	89.2	5.4	13.3	31.0	18.5	16.3
Credit of banking system to non-government	79.0	11.7	6.3	30.3	22.2	23.1
Credit to the private sector	67.3	9.7	6.9	11.7	18.5	20.6
Credit to nonbank financial institutions	144.5	21.1	2.4	90.6	30.2	28.5
Broad money	37.8	4.2	23.7	25.7	23.0	16.6
M1	24.0	-6.3	32.1	20.4	19.5	16.2
Base money	37.7	6.4	27.1	14.6	-9.8	5.6

Source: Bank of Estonia and Fund staff estimates

1/ The monetary authorities' accounts and the monetary survey have been revised, following the recommendations of the 1999 STA mission on money and banking statistics. The main changes affect the monthly revaluation of the monetary authorities' gold, the coverage of government entities and depository institutions, and the inclusion of financial derivatives in the balance sheet of commercial banks.

2/ Excludes foreign assets of the central government's Stabilization Reserve Fund.

3/ The Bank of Estonia's foreign assets rose sharply in December 1999 as commercial banks shifted funds into their accounts with the Bank of Estonia to enhance domestic liquidity in anticipation of Y2K problems.

4/ Currency board cover is equivalent to base money (e.g., the sum of currency issue plus the kroon liabilities of the Bank of Estonia in its correspondent accounts).

5/ Requirement to be met on the basis of daily average of deposits over month. Up to June 2000, it includes liquidity requirement equivalent to 3 percent of the reserve requirement base (imposed since December 1997). After June 2000, the liquidity requirement was incorporated in the reserve requirement. Starting in January 2001, 3 percentage points of the 13 percent reserve requirement can be met with high quality euro-denominated foreign instruments.

6/ Net of currency board cover (program definition).

7/ Including balances in the Stabilization Reserve Fund (SRF).

Table 17. Estonia: Maturity and Currency Composition of Deposits, 1997-2002

	1997	1998	1999	2000	2001	2002 Mar
	(In millions of kroons)					
Total deposits	21,401	21,470	26,412	34,773	42,680	43,529
<i>Of which:</i>						
Demand Deposits	14,500	12,763	16,627	21,198	26,762	25,863
In EEK	10,744	9,826	12,490	15,722	19,585	18,585
In Foreign Currency	3,756	2,938	4,137	5,476	7,177	7,277
Time Deposits	6,901	8,707	9,784	13,575	15,918	17,667
In EEK	4,871	5,572	5,713	7,243	10,244	12,093
<i>Of which:</i>						
up to 3 months	1,799	1,985	1,830	2,257	3,074	4,420
3-6 months	476	615	718	913	1,493	1,637
6-12 months	1,805	2,373	2,463	3,085	4,526	4,882
over 1 year	789	599	694	973	1,121	1,111
In Foreign Currency	2,029	3,135	4,071	6,332	5,675	5,573
<i>Of which:</i>						
up to 3 months	965	1,358	1,667	2,932	2,620	2,524
3-6 months	396	347	417	668	524	554
6-12 months	505	695	920	1,432	1,507	1,467
over 1 year	163	734	1,067	1,300	1,019	1,028
	(In percent of total deposits)					
Demand Deposits	67.8	59.4	63.0	61.0	62.7	59.4
In EEK	50.2	45.8	47.3	45.2	45.9	42.7
In Foreign Currency	17.5	13.7	15.7	15.7	16.8	16.7
Time Deposits	32.2	40.6	37.0	39.0	37.3	40.6
In EEK	22.8	26.0	21.6	20.8	24.0	27.8
<i>Of which:</i>						
up to 3 months	8.4	9.2	6.9	6.5	7.2	10.2
3-6 months	2.2	2.9	2.7	2.6	3.5	3.8
6-12 months	8.4	11.1	9.3	8.9	10.6	11.2
over 1 year	3.7	2.8	2.6	2.8	2.6	2.6
In Foreign Currency	9.5	14.6	15.4	18.2	13.3	12.8
<i>Of which:</i>						
up to 3 months	4.5	6.3	6.3	8.4	6.1	5.8
3-6 months	1.8	1.6	1.6	1.9	1.2	1.3
6-12 months	2.4	3.2	3.5	4.1	3.5	3.4
over 1 year	0.8	3.4	4.0	3.7	2.4	2.4
<i>Memorandum Items:</i>						
Total foreign currency deposits (in EEK millions)	5,785	6,073	8,208	11,808	12,852	12,851
	(In percent of total foreign currency deposits)					
<i>Of which:</i>						
DM/euro 1/	27.1	44.4	35.7	31.8	31.9	30.5
US \$	64.2	47.1	58.7	63.0	62.4	64.8
Other	8.6	8.5	5.6	5.2	5.6	4.7

Source: Bank of Estonia.

1/ After January 1, 1999 includes deposits denominated in euros.

Table 20. Estonia: Nonperforming Loans of Commercial Banks, 1997-2002

	1997	1998	1999	2000	2001	2002
						Mar
	(In millions of kroons; end of period)					
Total	248	326	461	358	543	697
Overdue up to 30 days	74	75	14	40	64	300
Overdue from 30-60 days	14	27	12	3	13	19
Overdue over 60 days	160	224	435	315	466	379
	(In percent of total loan portfolio)					
Total	1.2	1.4	1.7	1.0	1.3	1.6
Overdue up to 30 days	0.3	0.3	0.1	0.1	0.2	0.7
Overdue from 30-60 days	0.1	0.1	0.0	0.0	0.0	0.0
Overdue over 60 days	0.8	0.9	1.6	0.9	1.1	0.9

Source: Bank of Estonia.

Table 21. Estonia: Commercial Bank Profits (on a consolidated basis), 1997-2002

	1997	1998	1999	2000	2001	2002
	Year					Q1
Total profits (pre-tax)	1,069	-501	657	625	1,706	262
<i>Of which:</i>						
Net interest income	1,441	1,391	1,721	1,932	2,183	555
Interest income	2,659	3,085	3,512	3,744	4,308	1,000
Interest expenses	1,217	1,694	1,791	1,812	2,126	445
Net commission income	548	466	575	709	780	208
Commission income	799	693	826	965	1,063	271
Commission expenses	251	228	251	256	283	63
Income from financial investments	117	21	134	37	710	11
Net income from financial operations	715	-235	417	506	443	79
Administrative expenses	1,244	1,069	1,319	1,375	1,584	413
Valuation adjustments	-500	-961	-860	-1,106	-697	-147
<i>Memorandum items:</i>						
Return on assets 1/	2.6	-1.2	1.4	1.1	2.5	...
Return on capital 2/	19.9	-6.4	7.8	8.6	18.8	...

Sources: Bank of Estonia; and Fund staff estimates.

1/ Defined as ratio of pre-tax profits to total assets.

2/ Defined as ratio of pre-tax profits to capital.

Table 22. Estonia: Balance of Payments 1997-2001

	1997	1998	1999	2000	2001
	(In millions of euro)				
Current Account	-497	-428	-231	-348	-394
Trade Balance	-996	-997	-773	-862	-882
Exports	2,027	2,399	2,364	3,579	3,747
Imports	-3,024	-3,396	-3,137	-4,441	-4,629
Services Balance	524	511	533	587	629
Receipts	1,169	1,321	1,403	1,628	1,840
of which:					
Transportation	581	636	658	785	886
Travel	419	484	518	549	568
Construction	52	52	29	43	87
Payments	-645	-810	-870	-1,041	-1,211
of which:					
Transportation	-593	-719	-694	-891	-545
Travel	-210	-271	-395	-432	-214
Construction	-36	-54	-36	-37	-35
Income	-128	-74	-96	-223	-327
Employee compensation	125	74	93	214	325
Investment Income	-253	-148	-190	-437	-652
of which:					
Direct Investment	-201	-130	-176	-410	-646
Portfolio Investment	-15	61	46	40	57
Current Transfers	103	132	106	150	187
Capital and Financial Account	697	436	378	399	366
Capital Transfers	0	2	1	18	6
Financial Account	697	435	377	381	360
Direct Investment	113	508	205	358	391
From abroad 1/	235	513	284	425	598
of which:					
Equity	170	708	319	491	376
Reinvested dividends	163	49	90	227	473
Other capital	129	253	147	113	320
Outward (by Estonians)	-122	-5	-79	-67	-207
Net equity investment 1/	33	57	222	-31	49
Loans and other investments 2/	551	-130	-50	54	-79
of which:					
Banks	406	19	6	134	-118
Government	-40	-52	-31	-22	-7
Monetary Authorities	-19	-19	-13	-8	-12
Errors and Omissions	-24	0	-33	13	6
Overall balance	176	8	115	64	-22
Change in official reserves (- increase)	-176	-8	-115	-64	22
Memorandum Items:	(units as indicated)				
Euro/US\$ exchange rate (period average)	1.13	1.12	1.12	1.12	1.11
Gross International Reserves 3/ 4/ 5/	(Euro millions)				
(Euro millions)	694	696	852	993	931
In months of imports 6/	3.2	3.0	4.1	3.9	3.2
	(in percent)				
Trade Balance/GDP	-24.4	-21.4	-15.8	-15.8	-14.5
Current Account/GDP	-12.2	-9.2	-4.7	-6.4	-6.5

Sources: Bank of Estonia and Fund staff estimates.

1/ The large flows in 1998 were associated with the purchase by Swedish banks of substantial interests in the two largest Estonian banks.

2/ Includes operations in debt securities.

3/ Excludes Government deposits held abroad (including in the SRF).

4/ Changes in gross international reserves may differ from flows implied by overall balance of payments due to valuation changes.

5/ Gross international reserves at end-1999 were inflated by banks shifting resources from accounts abroad to the Bank of Estonia to enhance liquidity in anticipation of Y2K-related problems.

6/ Excludes imports of goods for processing.

Table 23. Estonia: Direction of Trade - Exports by Countries 1997-2001

	1997	1998	1999	2000	2001
	(In millions of kroons)				
Finland	5,994	8,310	8,136	17,393	19,411
Sweden	5,395	7,333	7,875	10,992	8,071
Germany	2,124	2,344	2,968	4,563	3,997
Latvia	2,662	3,295	2,873	3,761	3,980
Russia	4,552	3,940	1,884	1,083	1,575
Denmark	1,215	1,500	1,640	1,839	2,028
Great Britain	1,383	1,707	1,600	2,308	2,430
Lithuania	1,449	1,543	1,174	1,487	1,725
Netherlands	1,032	823	899	1,308	1,601
Italy	272	303	394	530	563
Other 1/	5,529	6,446	6,371	10,238	12,136
Total	31,607	37,545	35,813	55,502	57,517
	(Shares in total exports)				
Finland	19.0	22.1	22.7	31.3	33.7
Sweden	17.1	19.5	22.0	19.8	14.0
Germany	6.7	6.2	8.3	8.2	6.9
Latvia	8.4	8.8	8.0	6.8	6.9
Russia	14.4	10.5	5.3	2.0	2.7
Denmark	3.8	4.0	4.6	3.3	3.5
Great Britain	4.4	4.5	4.5	4.2	4.2
Lithuania	4.6	4.1	3.3	2.7	3.0
Netherlands	3.3	2.2	2.5	2.4	2.8
Italy	0.9	0.8	1.1	1.0	1.0
Other 1/	17.5	17.2	17.8	18.4	21.1
Total	100.0	100.0	100.0	100.0	100.0

Source: Bank of Estonia.

1/ Includes exports to "customs-free" zones that were established in November 1999.

Table 26. Estonia: Composition of Trade - Imports by Commodities 1997-2001

	1997	1998	1999	2000	2001
	(In millions of kroons)				
Foodstuffs	6,206	6,260	5,454	6,182	7,063
Mineral products	3,857	3,198	3,028	4,416	4,617
Chemical industry products	5,980	6,382	6,438	8,051	8,863
Clothing, footwear, headgear	5,358	6,070	5,666	6,892	7,741
Timber and paper products	2,301	2,729	2,642	3,508	3,929
Metal and metal products	4,137	5,114	4,134	5,872	6,116
Machinery and equipment	12,349	16,262	15,525	27,789	25,189
Transport vehicles	5,173	5,305	3,829	4,999	6,680
Furniture	1,279	1,440	1,289	1,628	1,940
Other goods	2,228	2,454	2,471	2,898	3,024
Total	48,869	55,215	50,477	72,236	75,163
	(Shares in total imports)				
Foodstuffs	12.7	11.3	10.8	8.6	9.4
Mineral products	7.9	5.8	6.0	6.1	6.1
Chemical industry products	12.2	11.6	12.8	11.1	11.8
Clothing, footwear, headgear	11.0	11.0	11.2	9.5	10.3
Timber and paper products	4.7	4.9	5.2	4.9	5.2
Metal and metal products	8.5	9.3	8.2	8.1	8.1
Machinery and equipment	25.3	29.5	30.8	38.5	33.5
Transport vehicles	10.6	9.6	7.6	6.9	8.9
Furniture	2.6	2.6	2.6	2.3	2.6
Other goods	4.6	4.4	4.9	4.0	4.0
Total	100.0	100.0	100.0	100.0	100.0

Source: Bank of Estonia.

Table 27. Estonia: Foreign Direct Investment Inflows by Countries 1997-2001

	1997	1998	1999	2000	2001
	(In millions of kroons)				
Denmark	212	469	309	109	67
Finland	1,128	1,741	1,713	2,600	2,457
Germany	183	225	60	195	109
Latvia	5	-25	40	-6	156
Lithuania	-37	4	105	-14	173
Netherlands	205	46	-21	272	1,738
Norway	747	231	191	52	-179
Russia	-54	-193	74	-86	58
Sweden	366	4,780	1,435	2,645	2,282
United Kingdom	188	387	116	117	715
USA	139	145	400	144	1,335
Other	606	263	26	617	442
Total	3,694	8,074	4,448	6,645	9,353
<i>Memorandum Items:</i>	(In percent of total)				
Finland	30.5	21.6	38.5	39.1	26.3
Sweden	9.9	59.2	32.3	39.8	24.4
USA	3.8	1.8	9.0	2.2	14.3

Source: Bank of Estonia.

Table 28. Estonia: Foreign Direct Investment Outflows by Countries 1997-2001 1/

	1997	1998	1999	2000	2001
	(In millions of kroons)				
Finland	-26	42	46	131	-6
Lithuania	-480	-35	-689	-398	-2,324
Latvia	-878	-332	-694	-539	-578
Russia	-102	31	4	-97	1
Sweden	-1	-23	-21	-3	-3
Ukraine	-94	-76	-3	8	-40
Other	-332	312	118	-143	-291
Total	-1,913	-82	-1,240	-1,043	-3,241
<i>Memorandum Items:</i>	(In percent of total)				
Latvia	45.9	406.7	56.0	51.7	17.8
Lithuania	25.1	43.1	55.5	38.2	71.7

Source: Bank of Estonia.

1/ A negative sign indicates an investment outflow.