OVERVIEW OF THE ESTONIAN FINANCIAL MARKET 2019

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The review is based on data submitted to Finantsinspektsioon by supervised market participants

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BANKS

MAIN CHANGES

At the end of the year there were 15 banks operating in Estonia, of which six were branches of foreign banks. Following a precept issued in February 2019 for breaches of anti-money laundering regulations, Danske Bank Estonia Branch terminated its operations in Estonia in the second half of the year. Authorisation to operate as a credit institution was issued in first half of the year to Holm Bank AS.

The merger at Luminor Bank AS at the start of the year added the Luminor branches in Latvia and Lithuania to the Estonian banking sector, meaning the total loans of the sector grew to 27.7 billion euros by the end of the year from 19.4 billion euros at the end of 2018. Without the Luminor branches, the total volume of loans was 20.2 billion euros. The changes described below do not include the Luminor branches for the sake of comparability unless otherwise noted.

The total volume of loans issued by banks operating in Estonia continued to grow relatively quickly on average in 2019 as the comparative growth in lending was 7.3% on a yearly basis, exceeding the 5.7% growth in 2018. The growth in lending by banks can be attributed to increased economic activity, which was supported by low unemployment, low base interest rates and higher incomes. Yearly growth in lending to non-financial companies was 6.2%, and the growth in loans to households was 7.8%.

The comparative share of the loan portfolio that was long-term overdue by more than 90 days fell to 0.4% from 0.5% in 2018. Credit quality was improved by the volume of overdue loans growing more slowly than the loan portfolio. Including the Latvian and Lithuanian branches of Luminor puts the share of loans of the Estonian banking sector that were long-term overdue at 0.75% at the end of the year.

Yearly growth of 12% in deposits, which was faster than the growth in loans, brought the loan-to-deposit ratio down from 109% in the previous year to 101%. Demand deposits continued to make up the largest share of deposits.

The share of non-resident client deposits increased over the year from 7.9% to 10.0%. The growth mainly came from deposits taken in through household deposit platforms in the European Union. The share of deposits held by clients from low-tax regions fell further to below 0.5% of all deposits.

The return on equity of the Estonian banking sector, including the Luminor branches, was 9.0% in 2019, which substantially exceeds the equivalent figure for the European Union of 6.6% as at the end of the third quarter of 2019.

RISK ASSESSMENT

Estonian banks are more profitable than other banks in the European Union, and their liquidity and capitalisation remained at high levels. Around a quarter of the assets of the banks are liquid and the liquidity requirements are met with sufficient margin. The figures for capitalisation are the strongest in Europe.

The growth in the business activity of the banks, including lending, was supported in 2019 by a favourable economic climate. A deterioration in that climate or any recession could cause credit risks to materialise. The quality of loans would worsen if the economy develops unfavourably, and this would then have a negative impact on the financial indicators and capital bases of the banks.

The quality of the loan portfolio was improved in 2019 by the sale of non-performing loans. Sales conditions for non-performing loans may worsen and a deterioration in the economic environment may make such sales impossible. This means that banks using this business model need to have appropriate business continuity plans.

The banking sector is dependent on financial technology solutions. The banks need to devote sufficient resources to ensuring the operational security of digital solutions, including cyber security, the suitability of systems, and the application of innovative technology.

Estonian banks are connected to what happens in the Swedish economy through their parent banks, and a more difficult business environment for the parent banks also poses a risk to banking in Estonia. The Estonian banks also need to be aware of reputational risks materialising and the liquidity and funding difficulties that that could cause.

The merger of Luminor Bank AS and the establishment of the Latvian and Lithuanian branches makes risks coming from the economic environment in Latvia and Lithuania important for the Estonian banking sector.

Number of market participants

↓ 15

2018: 16

Value of assets

↑ 37.4 billion €

2018: 26.1 billion euros

Credit stock growth*

↑ 7.3%

2018: 5.7%

Growth in the value of deposits*

↑ 12.3%

2018: 4.0%

Return on equity

↓ 9.0%

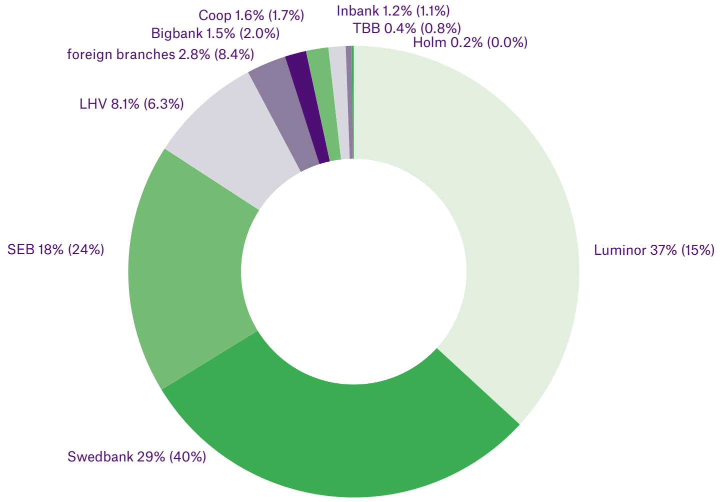
2018: 11.0%

Capitalisation (CET1 ratio)

↓ 25.8%

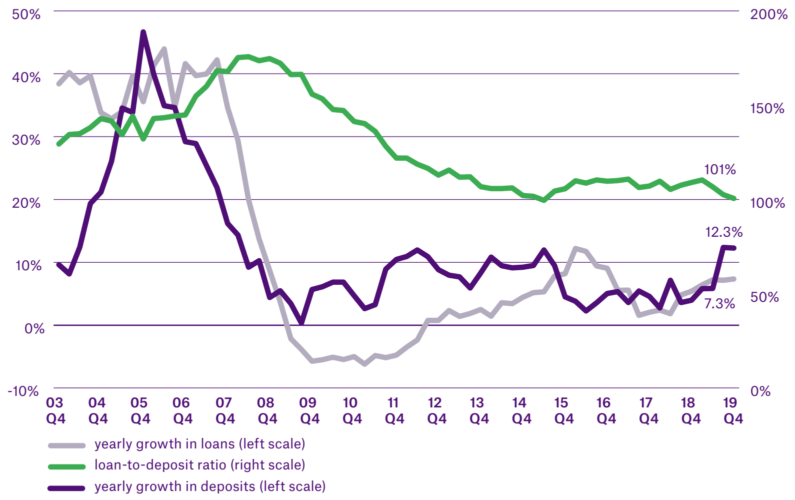
2018: 30.3%

*Without the Luminor branches



MARKET SHARE OF THE BANKS BY VOLUME OF ASSETS AT THE END OF 2019* (END OF 2018 IN BRACKETS)

* Market share was changed significantly from 2018 by the addition of the Latvian and Lithuanian branches of Luminor to the Estonian banking sector



CHANGE IN THE LOANS AND DEPOSITS OF THE ESTONIAN BANKING SECTOR

INVESTMENT FIRMS

MAIN CHANGES

Five investment firms are under the supervision of Finantsinspektsioon. The number of investment firms did not change over the year even though several businesses showed interest in getting authorisation to act as investment firms in Estonia.

The balance sheets of investment firms totalled 72 million euros. This was an increase of 20% over the year.

Investment firms invested 54% of their assets in liquid assets like deposits in monetary financial institutions and low-risk liquid bonds.

Investment firms issued loans to clients that made up 32% of assets. The largest share of loans to clients were backed by securities.

The market risk exposures of investment funds totalled 114 million euros and equalled 205% of own funds. The majority of market risk exposures came from open currency positions.

Investment firms managed or held on their own accounts 331 million euros of client assets. The value of client assets fell by 51% over the year, the majority of the fall occurring in the last quarter of the year.

At the end of the year, 54% of the invested assets of clients of investment firms were in shares, and 36% were in bonds. A further 7% was in uninvested monetary funds. The largest part of the shares and bonds owned by clients were from Russian issuers, which accounted for 37%, followed by securities from the US with 24% and from the United Kingdom with 6%.

Investment firms earned 44 million euros in gross revenue over the year, which is the same amount as in the previous year. Some 79% of gross revenue was earned from instruments traded at fair value. Service fees for investment services provided 9% of gross revenues, with the largest part coming from intermediation of securities transactions and investment advice.

Investment firms earned 6 million euros in net profit over the year. The net profit was 43% less than in the previous year. The profit fell largely because of rises in administration costs, including staff costs.

The return on equity of the sector was 10.9%, having been 21.5% the year before.

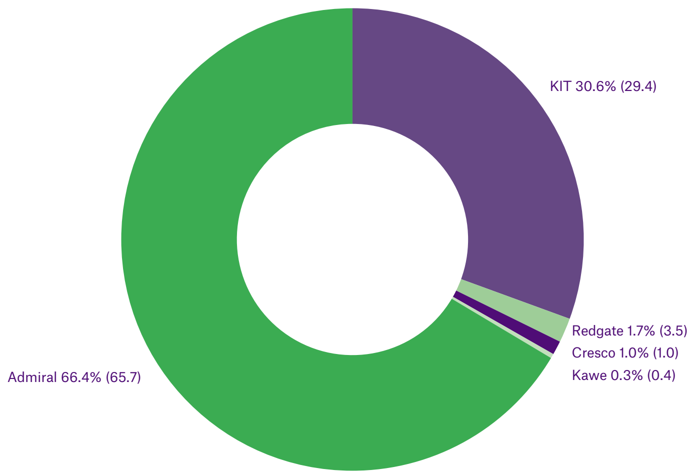
RISK ASSESSMENT

Investment firms earn a large part of their profit from trading in instruments that bear market risk. In doing so they hold a large amount of positions that are exposed to market risk. This allows them to earn large profits, but also creates risks that could materialise in a short time if the market were to develop unfavourably.

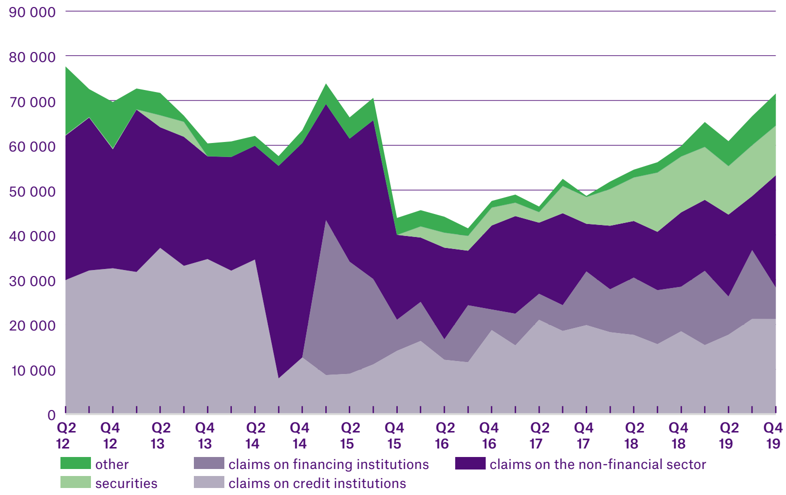
The revenues and profitability of the investment fund sector are volatile because they are heavily dependent on income from trading. The revenues and profitability are very changeable from quarter to quarter, but they still earn sufficient profits over the year on average.

The client assets of non-residents at investment firms declined over the year. Serving mainly non-residents and holding the assets of non-residents increases the risk of money laundering.

The large volume and complexity of the regulations that apply to investment firms are a challenge for Estonian market participants with slim organisations.



MARKET SHARE OF INVESTMENT FIRMS BY VOLUME OF ASSETS AT THE END OF 2019 (END OF 2018 IN BRACKETS)



STRUCTURE OF ASSETS OF INVESTMENT FIRMS

Number of market participants

5

2018: 5

Value of client assets

↓ 331 million €

2018: 674 million euros

Value of assets

↑ 72 million €

2018: 60 million euros

Gross income

44 million €

2018: 44 million euros

Fixed costs as a ratio to net income

↑ 76%

2018: 62%

Return on equity

↓ 10.9%

2018: 21.5%

Capitalisation (CET1 ratio)

↓ 26.0%

2018: 33.3%

FUND MANAGEMENT COMPANIES

MAIN CHANGES

At the end of the year there were 15 fund managers operating in the market, of which four were small fund managers without authorisation and the rest were fully authorised fund managers. There were five fund managers operating in the market with an authorisation as pension fund managers.

The assets managed by fund managers grew by 20.8% over the year to reach 7.48 billion euros by the end of 2019. This was the strongest growth ever seen in one year.

The consolidated balance sheet of the fund managers fell by 4% over the year to 134 million euros.

The annual profit of the fund managers of 17.9 million euros was 5.7% larger than the 16.9 million euros earned in the previous year.

One fund manager with a full authorisation ended the year in loss, after two had done so in 2018. The other fund managers with full authorisation were profitable in their operations.

The capitalisation of the sector was 84 percentage points lower than in the previous year, ending the year at 421% coverage, which remains a large enough buffer for conservative operation.

The return on equity was a little higher than in the previous year at 14.2%. The return on equity of pension fund managers was 12.3%, while for other fund managers it was 29%.

Pension funds with low fees and passive investments in other index funds increased their market share among other pension funds from 1.8% to 3.3%.

The low price ceiling that was applied for base management fees from 2 September 2019 started to have an effect in the third quarter of 2019, as a notable fall was seen in management fees and consequently to some extent in profit as well.

RISK ASSESSMENT

As around 80% of the total funds managed by Estonian fund managers, including non-public funds and funds registered abroad, come from mandatory pension funds, changes to the pension system could have a substantial impact in the fund management sector.

A cut in base management fees to 1.2%, which will for the first time be applied as the management fee rate from 1 February 2020, will also impact the profitability of pension fund managers. It should equally be noted that management fees have been affected by competition and by increased awareness among investors.

The position of financial markets at the end of 2019 did not favour strong growth in funds, and this will probably also have a negative impact on the profitability of fund managers.

The fund management sector paid out notably more in dividends in 2019 and so 42% more was paid in income tax to the state than in 2018.

Although the own funds requirement of the sector is covered more than four times over, individual fund managers still come under close supervisory attention as their capitalisation is notably below the average for the sector.

Number of market participants

↓ 11

2018: 15

Value of assets on balance sheets

↓ 134 million €

2018: 139.5 million euros

Value of assets managed

↑ 7.48 billion €

2018: 6.19 billion euros

Fixed costs as a ratio to net service fee income

↓ 47%

2018: 48%

Return on equity

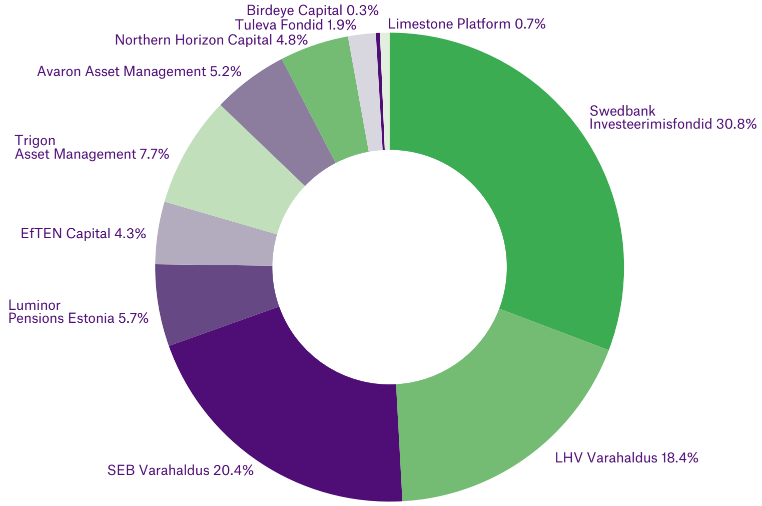
↑ 14.2%

2018: 13.6%

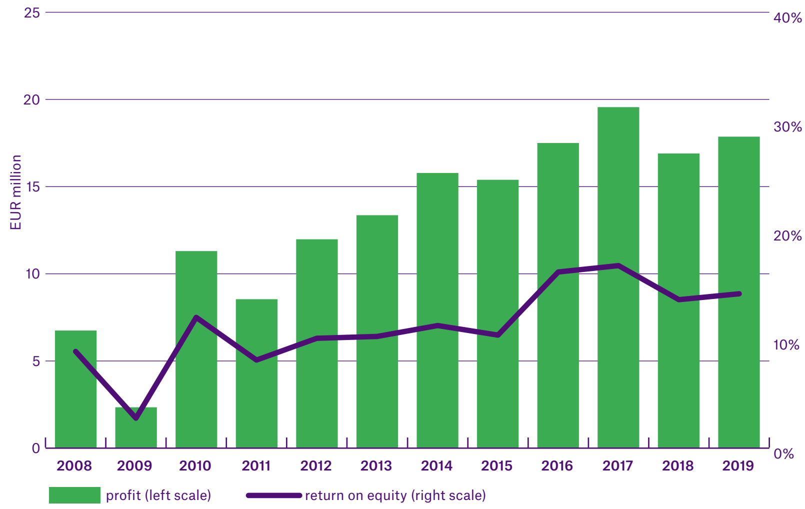
Equity coverage ratio

↓ 421%

2018: 505%



MARKET SHARE OF FUND MANAGERS BY VOLUME OF ASSETS UNDER MANAGEMENT AS AT 31.12.2019



PROFIT AND RETURN ON EQUITY OF FUND MANAGERS

INVESTMENT AND PENSION FUNDS

MAIN CHANGES

There were 47 public investment funds operating in Estonia in 2019 with combined assets of 5.5 billion euros, which was 944 million euros or 21% more than a year before.

One mandatory pension fund and two voluntary pension funds were added to the market during the year.

As in previous years, the growth in the market for funds was driven by mandatory pension funds, whose assets grew over the year by 816 million euros to stand at 4.8 billion euros in December.

The assets of voluntary pension funds grew by 27% over the year from 157 million euros to 200 million euros.

Pension funds with low fees that entered the market a few years ago and have invested passively in other index funds have tightened price competition between fund managers. There is a lot of interest in such pension funds. There are eight index funds operating in the market, five of them mandatory pension funds and three voluntary ones. Although their aggregate assets are still small at 2% of the assets of mandatory pension funds and 7% of the assets of voluntary pension funds, the number of investors in them is growing fast. This may make the index funds a significant sub-branch of pension funds in the near future.

The assets of public real estate funds grew by 37% over the year from 200 million euros to 275 million euros, overtaking the assets of equity funds.

The volume of assets in equity funds grew by 5% in 2019 from 209 million euros to 220 million euros.

Mandatory pension funds continue to dominate in the structural funds types, and their share of the total fund market has risen to 87%. They are followed by public real estate funds with 5% of the total assets, and equity funds with 4%. Voluntary pension funds also have 4% of the assets of public funds.

The division of the market for public fund services in Estonia was relatively stable in 2019 as market shares moved by only 1-2%. Swedbank Investeerimisfondid AS continued to hold the largest market share with 40%, followed by AS LHV Varahaldus with 25% of the assets of public funds in the market, and AS SEB Varahaldus with 17%.

In 2019 Finantsinspektsioon coordinated changes to the conditions of three new pension funds and 26 contractual investment funds.

RISK ASSESSMENT

Amendments to the Investment Funds Act in 2019 eased several requirements for how investments and risks are distributed at pension funds. These changes combined with low interest rates to steer fund managers towards alternative investments, with investments in unlisted bonds, funds and real estate projects for example. Investment in riskier instruments changes the composition of the portfolios of pension funds and increases their liquidity and credit risk.

The most important event in the Estonian fund sector was the reform of funded pensions, which will allow investors to leave their pension fund before reaching retirement age. Large-scale exits from the fund could substantially reduce the size of pension funds and the number of investors in them, and the exit of investors would create various risks, especially liquidity risks and net asset value (NAV) risks. Possible liquidity problems could drive fund managers to terminate or reduce their less liquid investments, which would include projects connected to Estonia. NAV risk would be caused by rapid sales of assets and could seriously affect the value of pension fund assets.

The number of public investment funds

↑ 47

2018: 44

of which pension funds

↑ 35

2018: 32

other public funds

12

2018: 12

The value of the assets of public investment funds

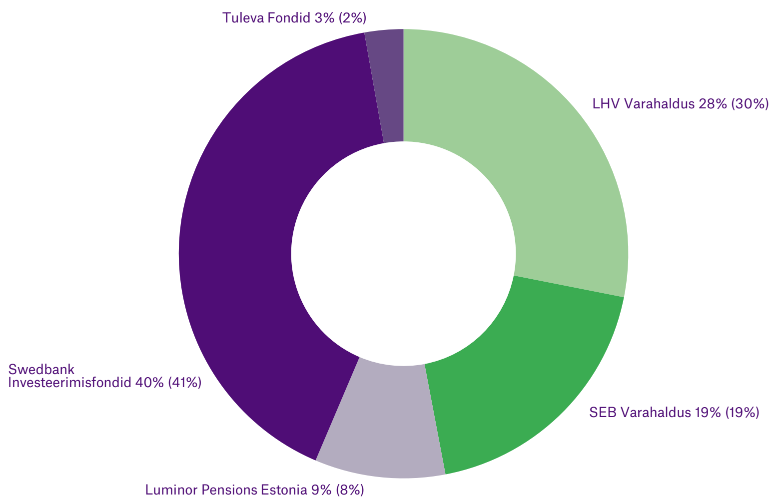
↑ 5.5 billion €

2018: 4.5 billion €

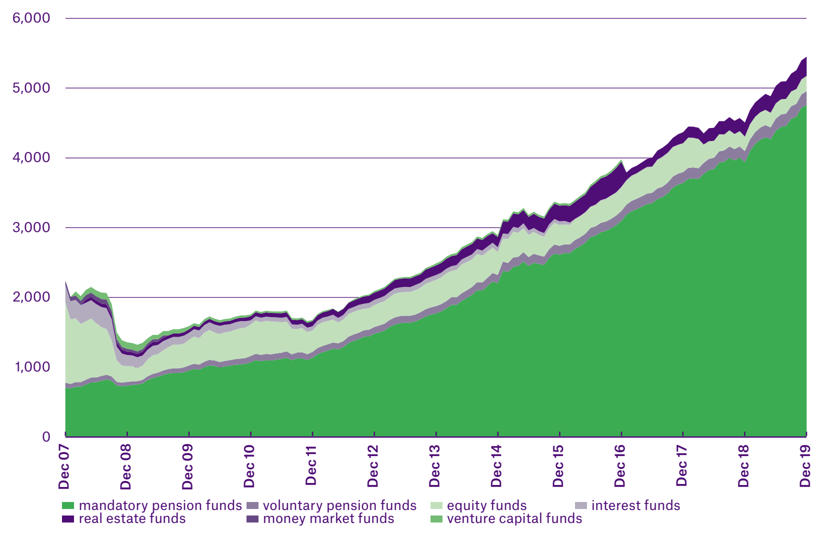
of which assets of pension funds

↑ 5 billion €

2018: 4.1 billion €



THE MARKET SHARE OF MANDATORY PENSION FUND MANAGERS AT THE END OF 2019 (END OF 2018 IN BRACKETS)



THE MARKET SHARE OF FUNDS BY TYPE OF FUND (MILLION EUROS)

LIFE INSURANCE

MAIN CHANGES

There are two life insurance companies and three branches of foreign insurers that are authorised to operate in the life insurance market in Estonia. One life insurer merged with the Latvian life insurer from the same group in 2019, and it continued its operations in Estonia as a branch.

The assets of the Estonian life insurance companies fell by 1% over the year as one life insurer changed to become a branch. Technical provisions also declined for the same reason. As the cross-border merger and transfer of the insurance portfolio happened in the fourth quarter of 2019, the volume of insurance premiums reflects those received by insurers in the first three quarters of the year.

The insurance premiums received by Estonian life insurers grew by 6% in 2019 to 254 million euros. Over 70% of the premiums were received from outside Estonia. The most popular insurance products remained unit-linked life insurance and insurance with profit-sharing.

The capital requirement coverage of the life insurance sector was 158% at the end of 2019, and both insurers met the requirement.

The Estonian life insurance market was worth 95.9 million euros in 2019, of which 23.3 million euros was the insurance premiums received by branches abroad.

Second pillar pension contracts could be signed with three companies in 2019, one Estonian company and two branches of foreign insurers. As at 31 December 2019, 7938 people were insured under a second pillar pension contract, representing growth of 10% over the year. Planned changes to the pension system meant that the growth came mainly in the first half of the year, when the number insured rose by 8%. Over the year insurers made pension payments of 5.4 million euros, which is 0.9 million euros more than in 2018. The technical provision for pension contracts was 97.3 million euros at the end of the year, which was up 12% on the year.

RISK ASSESSMENT

Low interest rates remain a complication for insurers with long-term liabilities, for whom reinvestment is a serious challenge. It is becoming harder and harder to find a suitable level of risk and return for investments. European life insurers are buying more and more sovereign bonds with negative returns.

Number of market participants

5

2018: 5

Value of assets

↓ 1057.3 million €

2018: 1063.5 million €

Volume of technical provisions

↓ 748.7 million €

2018: 764.3 million €

Value of insurance premiums*

↑ 254.4 million €

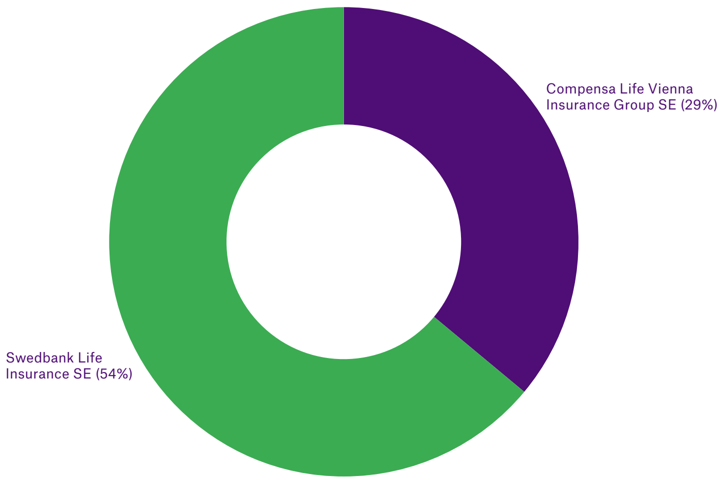
2018: 240.2 million €

Solvency capital requirement met by

↑ 158%

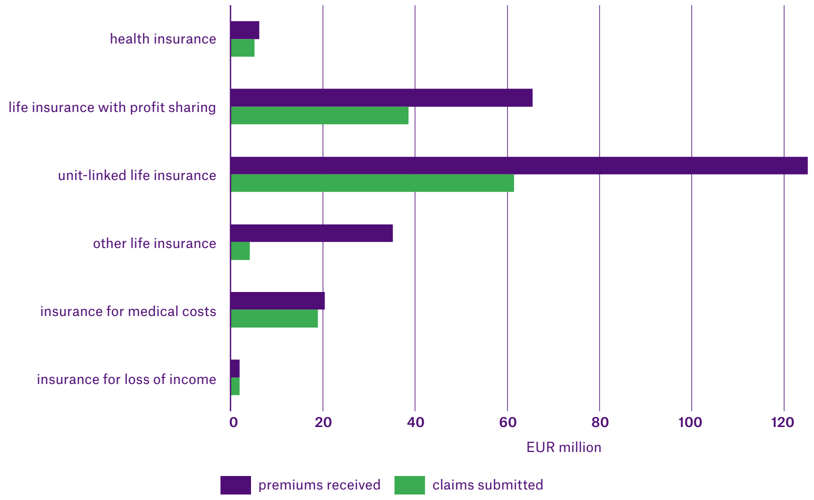
2018: 155%

*Insurance premiums in 2019 include nine months of premiums to AS SEB Elu- ja Pensionikindlustus, which became a branch in the fourth quarter of 2019. Other financial indicators are given for two insurers registered in Estonia, meaning branches of foreign insurance companies are not covered



MARKET SHARE OF ESTONIAN LIFE INSURANCE COMPANIES BY VOLUME OF ASSETS AT THE END OF 2019 (END OF 2018 IN BRACKETS)

* There was one market participant more at the end of 2018



PREMIUMS RECEIVED AND CLAIMS SUBMITTED IN 2019

NON-LIFE INSURANCE

MAIN CHANGES

There are seven non-life insurers operating with authorisations in Estonia, and six branches of foreign non-life insurers.

The insurance premiums of non-life insurers grew by 4.5% in 2019, and by 16% in 2018. The total value of the non-life insurance market was 398 million euros, and it grew by 3.5% over the year. These figures do not necessarily indicate an actual increase, as some non-life insurers have changed their principles for recording insurance premiums in the past two years.

The net combined ratio of non-life insurers fell a little to 87.4% in 2019 from 87.9% in 2018. As in previous years, the fall came from a decline in the expense ratio, while the loss ratio remained at the same level of 58.1%.

The division of insurance premiums collected in the Baltic states by Estonian non-life insurers was essentially unchanged from 2018, as 48% of all non-life premiums were received from Estonia, 20% from Latvia, and 32% from Lithuania. The four largest Estonian non-life insurers have branches in Latvia and Lithuania.

Non-life insurers earned 74 million euros in profit in 2019 and all the main business lines had positive operating results.

The non-life insurance sector is well capitalised. All the non-life insurers met the solvency capital requirements with eligible funds.

RISK ASSESSMENT

The non-life insurance sector was under pressure in 2019 to reduce its tariffs, especially for vehicle insurance. Expenses related to losses continue to grow though. The combination of these two factors means that insurance technical results will not necessarily remain at the same level in 2020.

Number of market participants

13

2018: 13

Value of assets

↑ 937.3 million €

2018: 833.8 million €

Volume of technical provisions

↑ 408.7 million €

2018: 377 million €

Value of insurance premiums

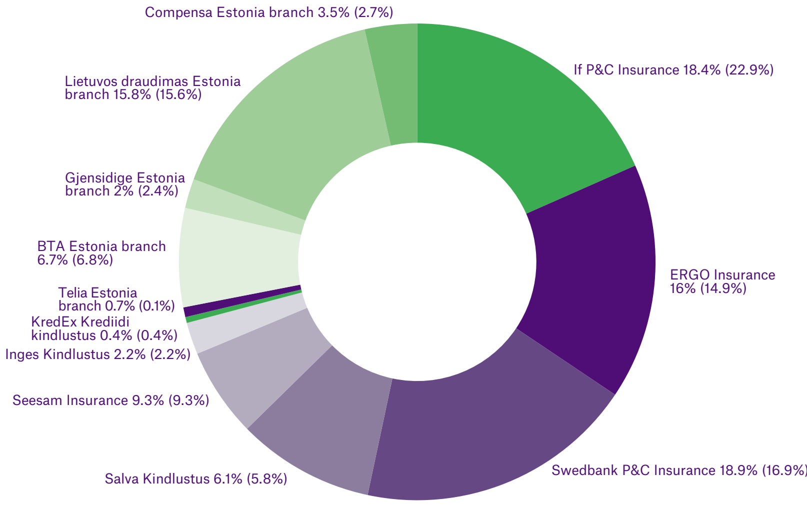
↑ 592.4 million €

2018: 567.2 million €

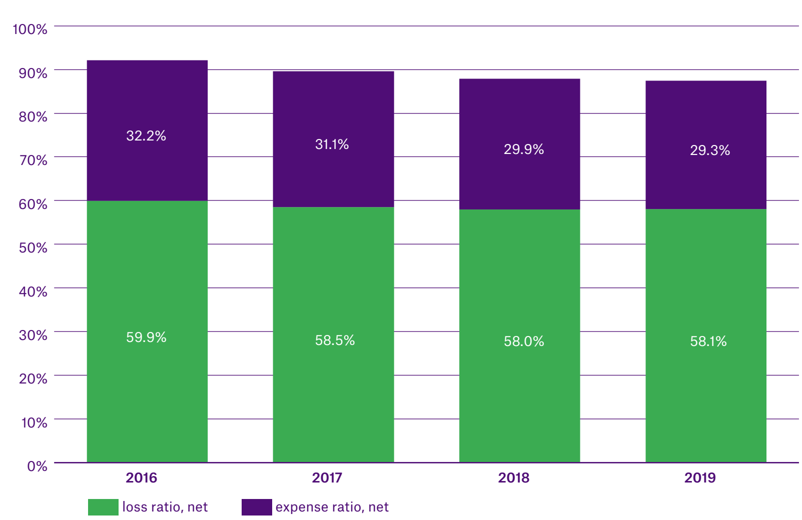
Solvency capital requirement coverage ratio

↓ 201.2%

2018: 201.7%



THE ESTONIAN NON-LIFE INSURANCE MARKET BY INSURANCE PREMIUMS AT THE END OF 2019 (END OF 2018 IN BRACKETS)



THE COMBINED NET RATIO OF NON-LIFE INSURERS FROM SOLVENCY II DATA

PAYMENT INSTITUTIONS

MAIN CHANGES

There were 12 payment institutions in the market at the end of 2019, two of them operating with an exemption. The requirements are not as strict for payment institutions with an exemption from the authorisation as either the volume of payments they can intermediate is limited or they only provide account information services. There is also one branch of a foreign payment institution registered in Estonia.

The value of the average payment transaction at payment institutions with a full authorisation fell from 123 euros to 56 euros. Cross-border payments accounted for 31% of payments by value, and 28% were transactions initiated with a card payment.

The payment institution sector earned a third of its income from providing payment services. Interest income on lending was the largest form of income for payment institutions.

All payment institutions met the standards for own funds at the end of the year.

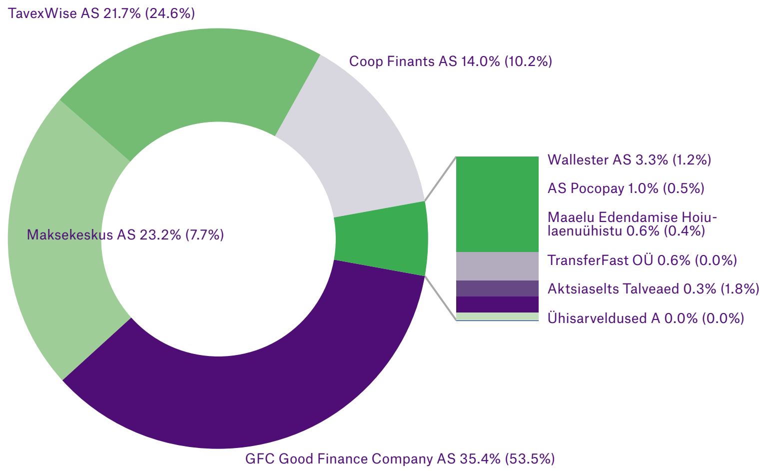
RISK ASSESSMENT

Finantsinspektsioon withdrew the authorisations from three payment institutions in 2019 because of serious breaches in their compliance with legal requirements, and this substantially reduced the money laundering risk of the sector.

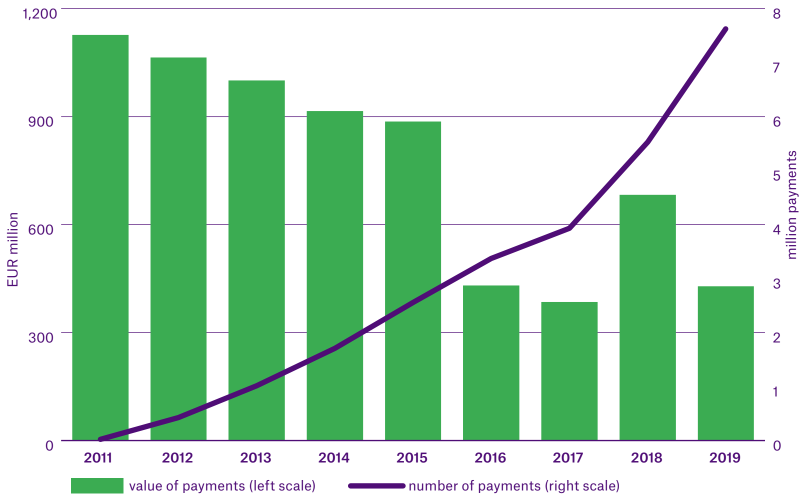
The capitalisation of the sector has improved each year in recent years.

Finantsinspektsioon continued to monitor problematic and risky market participants through on-site inspections, investigations and more detailed reporting.

Payment service providers that manage payment accounts that can be accessed over the internet had to provide data exchange interfaces by 14 September 2019 at the latest to allow access for third parties providing payment services. Finantsinspektsioon has received confirmation from all those affected that they have met the requirements.



MARKET SHARE OF PAYMENT INSTITUTIONS BY VALUE OF PAYMENTS AT THE END OF 2019 (END OF 2018 IN BRACKETS)



VALUE AND NUMBER OF PAYMENTS OF PAYMENT INSTITUTIONS

Number of market participants

10*

2018: 10

Value of payments

↓ 429 million €

2018: 682 million €

Number of payments

↑ 7.6 million

2018: 5.5 million

Profit

↑ 5.2 million €

2018: 4.3 million €

Return on equity

↑ 24%

2018: 22.2%

Equity coverage ratio

↑ 1414%

2018: 968%

* The data do not cover statistics on companies operating with an exemption.

CREDITORS AND CREDIT INTERMEDIARIES

MAIN CHANGES

At the end of 2019 there were 48 creditors not associated with credit institutions, 11 creditors associated with credit institutions, and nine credit intermediaries operating in the market.

The stock of the loan portfolio of creditors increased by 12% in 2019 to reach 1.162 billion euros. A large majority of 81% of the total portfolio was the 946 million euros issued by creditors associated with credit institutions. The loan portfolio of creditors associated with credit institutions mainly comprises vehicle leases, which make up 83% of the portfolio. The largest market share among them was held by Swedbank Liising with 26%.

The most common product in the loan portfolio of creditors not associated with credit institutions is unsecured small loans and instalment credit for asset purchases, which make up a total of 78% of their aggregate loan portfolio. The largest market share among such creditors was held by IPF Digital Estonia with 3% of the market.

New loans of 878 million euros were issued in 2019, which was 21% more than in 2018. Around half of these loans were unsecured small loans, which totalled 445 million euros, followed by car leases at 336 million euros.

The interest rates charged for credit are quite different at creditors associated with credit institutions and at other creditors, as the average interest rate at the end of 2019 at creditors associated with credit institutions was 10%, while at other creditors it was 41%.

RISK ASSESSMENT

The most serious risk for creditors remains their compliance with requirements for responsible lending. As responsibility for meeting the requirements for responsible lending lies with the managers of the creditor, one risk is in the structural design of the creditor as an organisation. The second risk point in meeting the requirements for responsible lending is the obligation for creditors to check the information submitted by consumers, and how available, comprehensive and accurate the information on the customer is.

The volume of unsecured lending by creditors not associated with credit institutions is growing rapidly and the interest rates on such loans are higher at 45% than those of 15%-36% on other credit products, making them the most expensive loan product for clients. Despite this, the creditors that come under supervision have minimised the risks in the consumer credit market and the quality of the loan portfolio of creditors not associated with credit institutions and credit intermediaries has slowly but surely improved in the past year. This trend shows that creditors and credit intermediaries are observing the legal requirements for responsible lending and are issuing credit to borrowers when they are convinced of their capacity for credit. It may be noted that one of the main factors reducing risks in the consumer credit market has been that creditors and credit intermediaries have been brought under effective supervision. Creditors and credit intermediaries are directly aware of supervision, and effective supervision makes it possible to get a better view of the consumer credit market and to improve the quality and reliability of service providers in it.

Number of market participants

↓ 68

2018: 71

Stock of loans issued

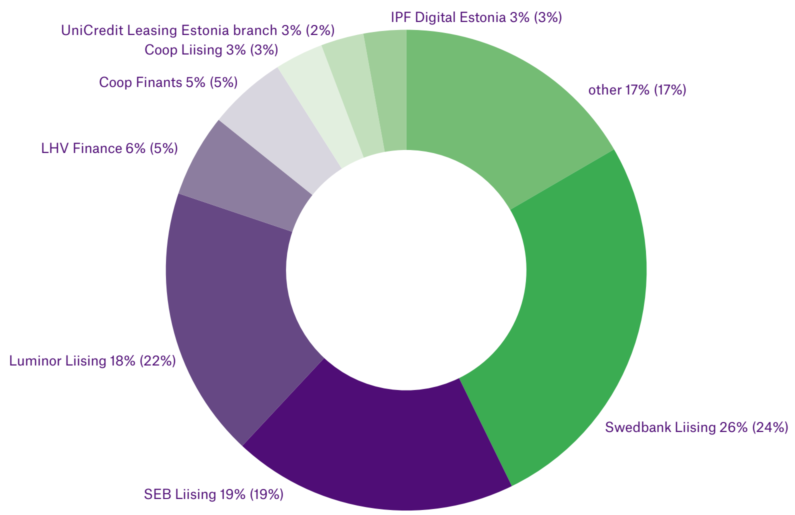
↑ 1162 million €

2018: 1036 million €

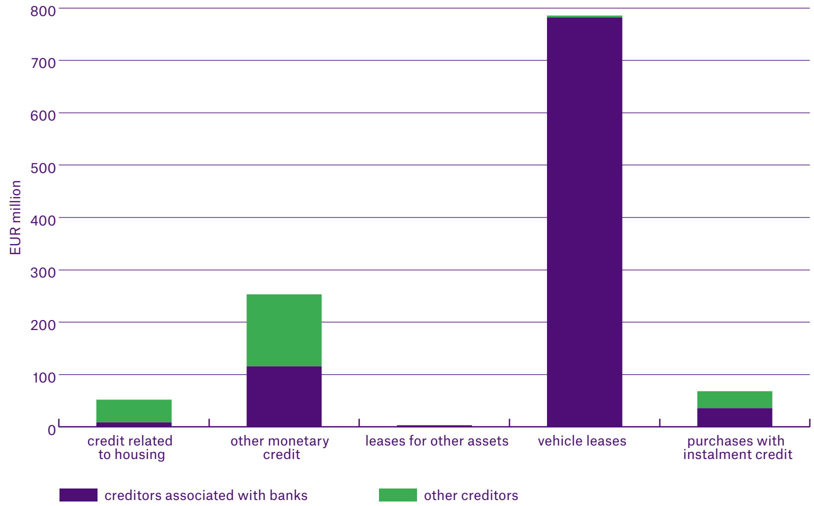
Net interest income

↓ 106.9 million €

2018: 108.8 million €



MARKET SHARE OF CREDITORS BY LOAN PORTFOLIO STOCK AT THE END OF 2019 (END OF 2018 IN BRACKETS)



STOCK OF LOANS ISSUED BY CREDITORS AT THE END OF 2019

INSURANCE BROKERS

MAIN CHANGES

There were 40 insurance brokers on the list of insurance intermediaries at the end of 2019 and seven branches of foreign insurance brokers. Finantsinspektsioon entered three insurance brokers into the list of insurance intermediaries in 2019, and deleted four insurance brokers from it. One branch was added to the list of branches of foreign insurance brokers in 2019, and one was deleted from it.

Insurance brokers registered in Estonia intermediated a rounded total of 176 million euros of non-life insurance premiums in 2019[1]. The main types of insurance they handled were 49 million euros of insurance for land vehicles, 45 million euros of third-party motor insurance, and 35 million euros of property insurance. Non-life insurance premiums of 138 million euros, or 35% of all the premiums received by Estonian non-life insurers, came through insurance brokers.

Insurance brokers registered in Estonia intermediated a total of 689,000 euros of life insurance premiums in 2019. The most common types of life insurance contract were accident and illness insurance, for which premiums totalled 424,000 euros. A further 262,000 euros in other life insurance contracts, including risk insurance, were intermediated. Life insurance premiums of 243,000 euros were intermediated for Estonian insurers through insurance brokers, accounting for 0.3% of the life insurance premiums received by Estonian insurers.

RISK ASSESSMENT

There have been cases where the insurance broker has not signed the liability insurance contract that is mandatory for an intermediary. Insurance brokers are not subject to mandatory elevated capital requirements. If clients submit claims for compensation of loss caused by breach of the obligations arising from marketing insurance, the mandatory liability insurance contract should ensure that such claims are satisfied before they expire. This means the interests of the client of the insurance broker could be harmed if the broker does not sign the liability insurance contract that is mandatory for an intermediary and does not set up insurance protection for clients whose insurance contract the broker has intermediated. Finantsinspektsioon will continue in future to ensure that intermediaries have the mandatory liability insurance contract.

1 As well as contracts with insurers, contracts with foreign reinsurers were also intermediated in Estonia, but they are not covered in this review. They received 0.4 million euros in insurance premiums in 2019.

Number of market participants

↓ 47

2018: 48

Value of payments intermediated

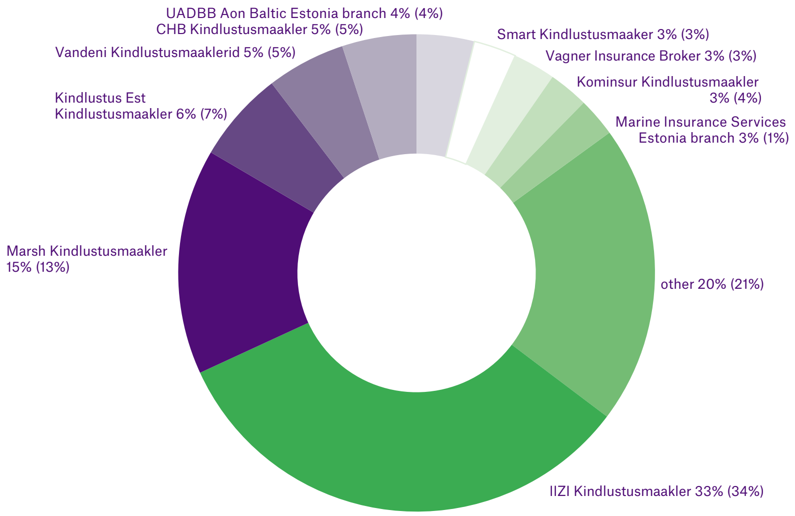
↑ 176 million €

2018: 170 million €

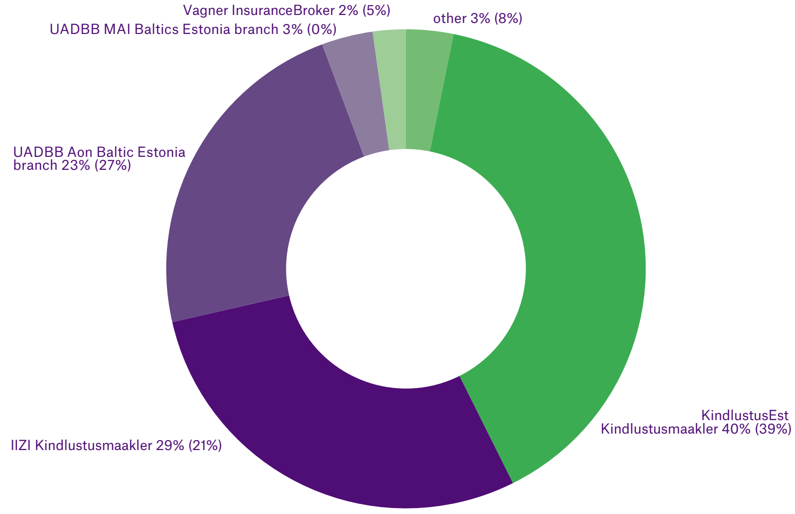
Intermediation fees as a ratio to payments

↓ 13.3%

2018: 13.4%



MARKET SHARE OF INSURANCE BROKERS BY NON-LIFE PREMIUMS IN 2019 (2018 IN BRACKETS)



MARKET SHARE OF INSURANCE BROKERS BY LIFE INSURANCE PREMIUMS IN 2019 (2018 IN BRACKETS)

THE SECURITIES MARKET

MAIN CHANGES

The Nasdaq OMX Tallinn stock exchange index rose by 8.6% in 2019 to stand at 1279.7 points by the end of December.

Trading activity increased on the Tallinn exchange and there were 76,369 transactions in 2019, which was 18.73% more than in the previous year. The turnover of the exchange fell at the same time and it was 170 million euros at the end of the year, which was 23% lower than a year earlier. One reason for the fall in turnover was undoubtedly the de-listing of Olympic Entertainment Group in 2018.

Shares of 17 companies were listed on the primary list of the Tallinn exchange at the end of 2019, and the shares of two were on the additional list. There were eight corporate bonds listed on the bond market and three on the alternative First North market. Shares of one company and one exchange-tradable fund were also listed on First North.

The most active trading in 2019 was with shares of Tallinna Kaubamaja Group, followed by shares in Tallink Group and in the Port of Tallinn.

The biggest rises on the primary list in 2019 were of 27.45% in the shares of LHV Group and of 21.88% in the shares of Tallinna Vesi. The biggest falls were of 66.97% in the shares of Baltika and of 24.59% in the shares of PRFoods.

The market capitalisation of the Tallinn exchange at the end of 2019 was 2.78 billion euros, up from 2.57 billion euros at the end of 2018. This meant the capitalisation of the market was 210 million euros higher than in 2018. The increase in capitalisation was supported mainly by the listing of shares in Coop Pank AS in December.

At the end of 2019, 24 companies were listed on the Tallinn exchange.

Shares listed on the Tallinn exchange

Primary list

↑ 17

2018: 15

Additional list

2

2018: 2

Turnover of the Tallinn exchange

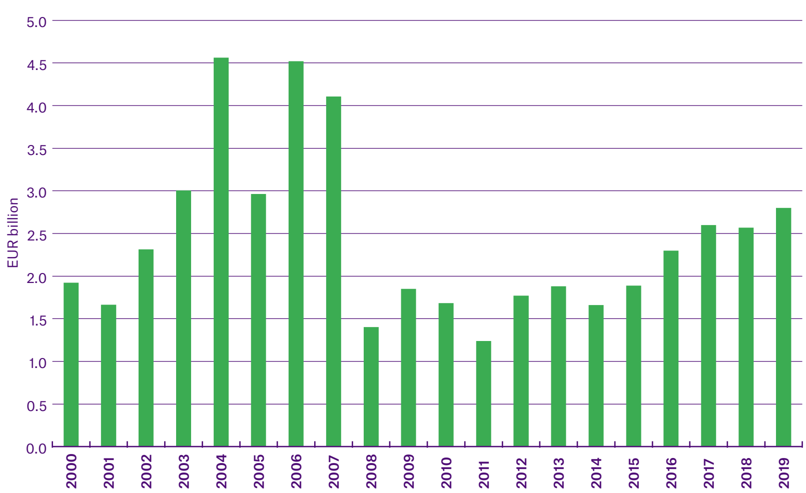
↓ 171 million €

2018: 221.9 million €

Market capitalisation of the Tallinn exchange

↑ 2.78 billion €

2018: 2.57 billion €



MARKET CAPITALISATION OF THE TALLINN STOCK MARKET 2000-2019

OMXT INDEX IN 2019