

Estonian financial services market as at 30 June 2019

This review covers the services provided in Estonia by companies that come under the supervision of Finantsinspektsioon.



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1. General development of the financial market

The growth in volumes of most financial services accelerated in the first half of 2019.

Aggregate deposits grew by 6% in the first half of 2019, or 985 million euros, while growth in the first half of 2018 was 4%. Unlike in previous years, the growth was supported by demand and term deposits. The stock of demand and overnight deposits increased by 4%, or 622 million euros, while the stock of term and savings deposits increased by 12%, or 376 million euros, at the same time. At the end of June the total stock of deposits stood at 18.7 billion euros.

The consolidated stock of the loan portfolios of the banks grew by 4% in the first half of 2019, or 761 million euros, and at the end of June it was 19.8 billion euros. The consolidated stock of consumer loans from creditors grew in the same period by 5% or 48 million euros to 1.08 billion euros.

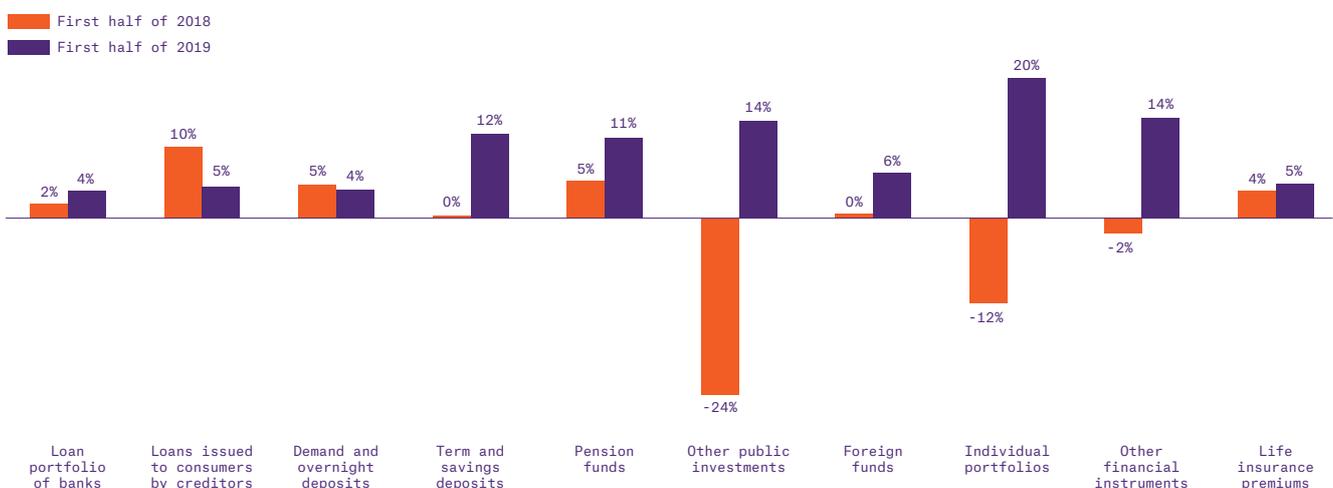
The amounts involved in investment services grew strongly in the first half of the year, as pension fund assets increased by 11%, public investment funds grew by 14%, and

investment in foreign funds¹ was up by 6% over the half year. The aggregate volume of individual portfolios grew by 20% at the same time and other investments in financial instruments, such as holdings of securities, did so by 14%.

In total, the assets invested in financial services aimed at savings and investment, which includes investment funds and pension funds, individual portfolios, other financial instruments, term and savings deposits, and investment and other deposits, increased by 3% to 10.0 billion euros at the end of June from 9.7 billion euros at the end of 2018. The amount held as deposits on current accounts increased by 4% over the half year to 15.3 billion euros at the end of June. This meant that a total of 25.3 billion euros was invested in all the different financial services in Estonia.

Insurance premiums in life insurance grew by 5% to 47 million euros. Premiums also grew in non-life insurance, but a change in the method for recording premiums meant that the data for the first half of 2019 are not comparable with those of the previous year.

Changes in volume of main financial services over the half year



¹ To avoid repeating data, investments by foreign investment funds show only investments that Estonian residents have made themselves, and not through Estonian insurers, investment and pension funds, or portfolio management services as part of a securities depositing service.

The volume of investment and banking services provided by financial institutions in Estonia at the end of June 2019 (million euros)

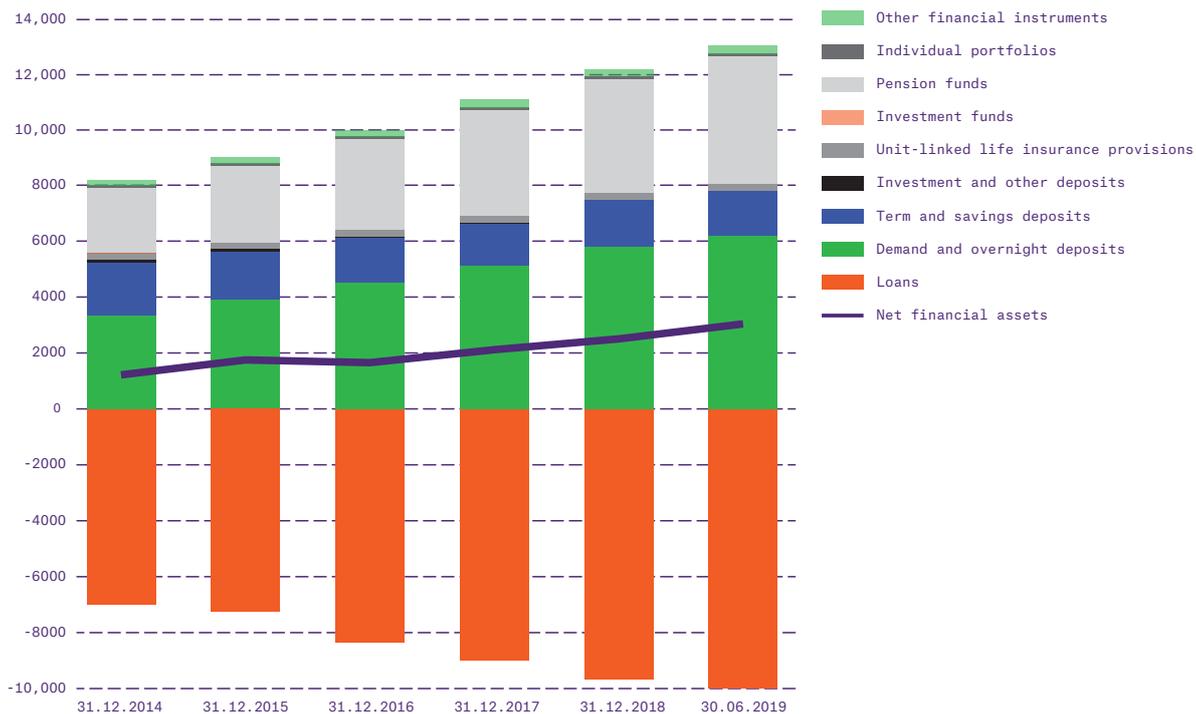
Teenus	Volume	of which private Estonian residents	
		volume	share of total for the service
Public investment funds	468	-	-
Pension funds	4563	4563	100%
Foreign funds offered in Estonia	83	68	81%
IRE provisions	264	264	100%
Individual portfolios	614	100	16%
Bank loans	19,835	8910	45%
Loans by creditors	1084	-	-
Demand and overnight deposits	15,286	6236	41%
Term and savings deposits	3391	1619	48%
Investment and other deposits	28	4	14%
Other financial instruments	633	208	33%

The financial assets of Estonian private residents were larger than their liabilities in the first half of 2019, as there were 13.1 billion euros of financial assets at the end of June, and 10.0 billion euros of financial liabilities. The financial assets of Estonian residents grew faster than their financial liabilities,

as aggregate financial assets increased by 7% and aggregate liabilities by 3%.

This meant the net financial assets of Estonian private residents were 3.1 billion euros at the end of June, which was up around 0.5 billion euros over the half year.

Financial assets and liabilities of private Estonian residents (million euros)



The average private resident of Estonia had financial assets at the end of June of 9860 euros, and outstanding loans of 7544 euros. This gave the average private resident net financial assets of 2316 euros, up from 1917 at the end of 2018.

Average net financial assets of private Estonian residents (euros)



2. Deposits²

Market share:

Swedbank	47%
SEB Pank	24%
LHV Bank	11%

Clients:

2,700,100 current contracts

Volume of services:

total deposits 18.7 billion euros

THE STOCK OF DEPOSITS

The stock of deposits held by banks in Estonia grew by 6% in the first half of 2019, or 985 million euros³, to 18.7 billion euros by the end of June. The growth in the first half of 2018 was 4%, or 680 million euros. Growth in deposits was last this strong in the second half of 2011, when the stock of deposits increased by 1.0 billion euros. The rapid growth in the stock of deposits in the first half of 2019 was driven by the deposits of the general government and private individuals.

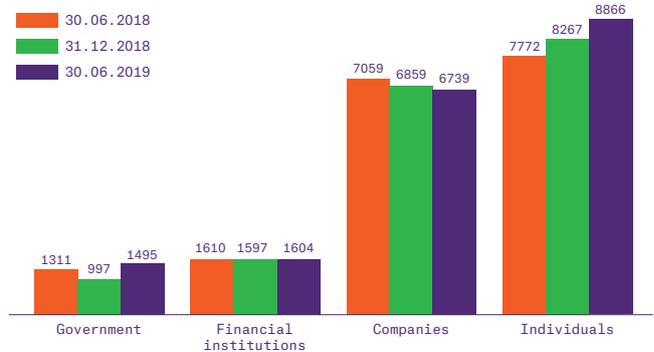
The stock of demand and overnight deposits increased by 4% over the half year to 15.3 billion euros at the end of June. The stock of term deposits and savings deposits grew by 12% over the half year to 3.4 billion euros at the end of June. Other deposits, including investment deposits, stood at 28 million euros.

The gap between private deposits and corporate deposits is growing ever wider. The stock of deposits of private individuals⁴ was larger at 8.9 billion euros than the 6.7 billion euros of corporate deposits. They held 47% of the total stock of deposits and the largest part of these were demand and overnight deposits, which totalled 6.5 billion euros or 73% of all private deposits. The other 27% were term deposits and savings deposits.

Companies⁵ held 36% of the stock of deposits. A large majority of 90% of corporate deposits were demand and overnight deposits, which totalled 6.1 billion euros, while the remaining 10% was in term deposits and savings deposits.

Financial institutions⁶ had a stock of 1.6 billion euros in deposits at the end of June 2019, and the government had 1.5 billion euros.

Stock of deposits (million euros)



2 The data cover credit institutions and Estonian branches of foreign credit institutions operating in Estonia, and so they cover the deposits of Estonian residents and non-residents. They do not cover deposits in the foreign branches of Estonian credit institutions.

3 Includes deposits taken through online deposit-taking platforms.

4 Includes non-profit organisations.

5 Includes state-owned and local government owned companies.

6 Includes insurers and pension funds.

MARKET SHARE OF BANK DEPOSITS

The stock of deposits at Estonian banks grew mainly in the first half of 2019 at LHV Pank, and so that bank's market share increased over the year from 9% to 11%. This made LHV Pank the third largest in Estonia for deposits, behind Swedbank with market share of 47% and SEB Pank with 24%.

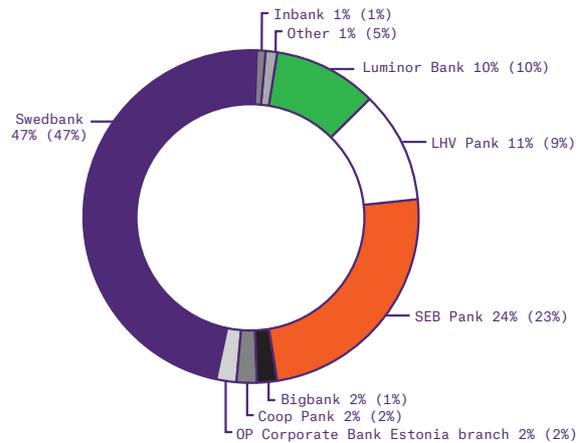
AS Holm Bank, which received authorisation to operate as a credit institution in April 2019, had market share in deposits of 0.1% at the end of June.

The biggest changes in the market for government deposits were driven by Danske Bank Estonia branch, from which deposits were withdrawn when the branch ceased operations in Estonia. Its market share of 10% was divided between the other banks. The biggest increases in market share were from 18% to 22% at Luminor Bank, from 1% to 5% at LHV Pank, and from 9% to 12% at OP Corporate Bank Estonia branch. Like a year earlier, Swedbank had the largest market share with 31%.

The biggest movements in the deposits of financial institutions came at LHV Pank and Luminor Bank. The market share of LHV Pank declined from 35% to 27%, while that of Luminor Bank increased from 9% to 16%. Swedbank held the largest market share with 33%.

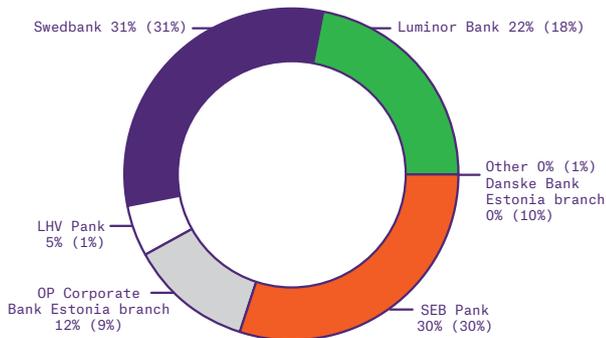
The market for corporate deposits was affected in the first half of 2019 by the continued exit of non-residents from the Estonian market, and the termination of the activities of Danske Bank Estonia branch. The market share of SEB Pank increased over the year from 22% to 25%, and that of LHV Pank increased from 8% to 11%. Swedbank again held the largest market share with 47%.

Market share of deposits as at the end of June 2019 (end of June 2018 in brackets)

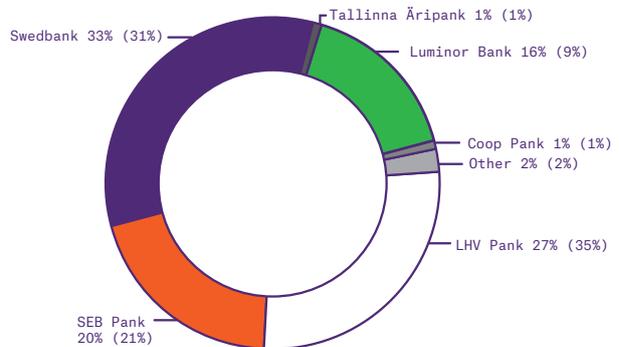


Strong growth in market share in the market for private deposits came at LHV Pank, from 5% to 9%, which made it the third largest bank in that market sector behind Swedbank and SEB Pank. Coop Pank also increased its market share over the year from 2% to 3%. The market share of Swedbank fell for the first time in a long time from 55% to 52%. Swedbank still remains clearly the largest bank in the private deposits sector, with more than half of those deposits.

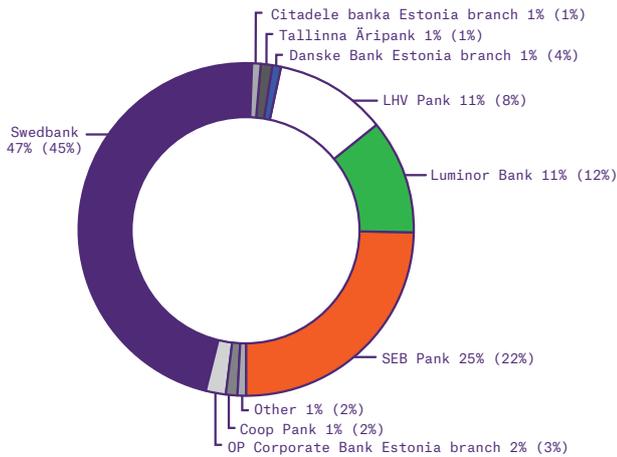
Market share of government deposits as at the end of June 2019 (end of June 2018 in brackets)



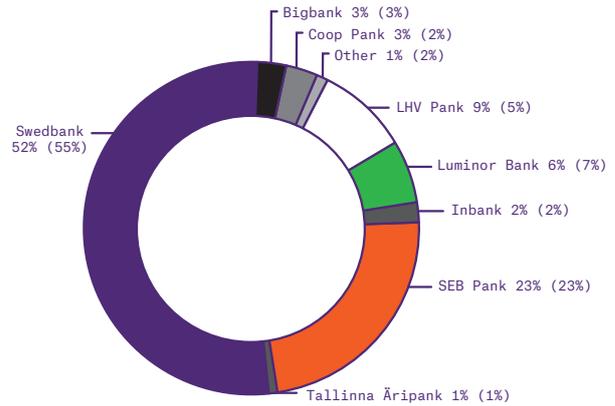
Market share of deposits for financial institutions as at the end of June 2019 (end of June 2018 in brackets)



Market share of corporate deposits as at the end of June 2019 (end of June 2018 in brackets)



Market share of private deposits as at the end of June 2019 (end of June 2018 in brackets)



NUMBER AND SIZE OF DEPOSITS

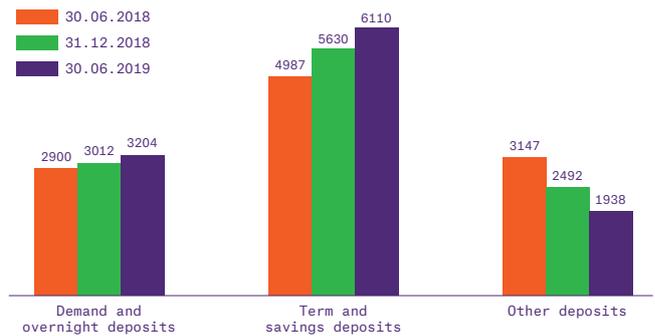
The number of demand and overnight deposits increased by 8917 in the first half of 2019, while the number of term deposits and savings deposits rose by 1629. The number of other deposits fell by 1172 at the same time though.

Number of current deposit contracts⁷ at the end of June 2019

• demand and overnight deposits,	2,297,571
• of which privately owned	2,017,726
• term and savings deposits,	398,658
• of which privately owned	392,001
• investment and other deposits,	3871
• of which privately owned	2734

The average size of private demand and overnight deposits was 3204 euros at the end of June 2019, up from 3012 euros at the end of 2018, while term and savings deposits averaged 6110 euros, up from 5630 euros, and investment and other deposits were 1938 euros, up from 2492 at the end of 2018.

Average stock of private deposits (euros)



7 Deposits with money on account.

3. Investment and pension funds⁸

Market share:

Swedbank Investeerimisfondid	41%
LHV Varahaldus	26%
SEB Varahaldus	17%

Total number of shareholders:

814,050 current contracts

Volume of services:

total value of funds 5.0 billion euros

VALUE OF THE ASSETS OF FUNDS⁹

The assets of public investment funds¹⁰, including pension funds, were 5.0 billion euros at the end of June 2019, and had grown by 12% or 524 million euros over the year. In the first half of the previous year the volume of assets had grown by 64 million euros. The extraordinarily fast growth was aided by a recovery in securities markets after their fall in 2018.

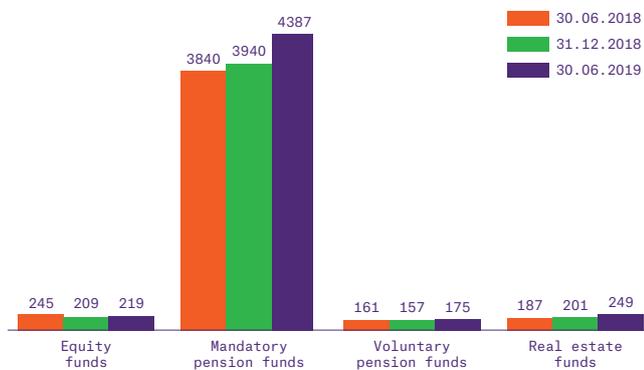
The growth in the funds was again led mainly by mandatory pension funds, whose assets increased by 447 million euros, or 11%, in the first half of 2019 to 4.4 billion euros by the end of June.

Pension funds were followed for growth by real estate funds, whose assets increased by 48 million euros, or 24%, in the first half of 2019 to 249 million euros by the end of June.

The assets of equity funds¹¹ stopped declining. Equity funds grew by 9 million euros in the first half of 2019 to reach 219 million euros at the end of June.

Mandatory pension funds are still the largest type of fund, accounting for 87% of the total assets of the public fund sector. They are followed by public real estate funds with 5% of the total assets, and equity funds with 4%. Voluntary pension funds had 3% of the total assets of public funds.

Market value of investments by public funds (million euros)



⁸ Investment fund data cover all the clients of public investment funds registered in Estonia, including foreign clients.

⁹ Asset volumes are recorded at market value.

¹⁰ Public investment funds are euro funds, alternative funds and pension funds. The Investment Funds Act that came into force at the start of 2017 subjects fund managers that nominate themselves as small funds to limited financial supervision and reporting obligations, and so they are not covered by this report.

¹¹ Local equity funds include funds of funds and mixed funds.

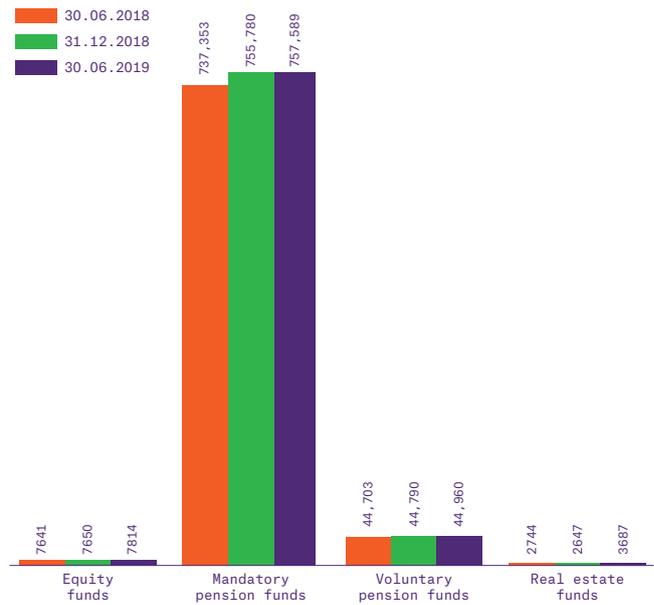
SHAREHOLDERS IN FUNDS

The number of shareholder contracts¹² at Estonian public funds increased by 3183 in the first half of 2019 to stand at 814,050¹³ at the end of June. The main growth was of 1809 in mandatory pension funds and of 1040 in real estate funds.

The number of shareholders in other types of funds also rose, by 170 in voluntary pension funds and by 164 in equity funds.

The biggest type of fund among public funds by number of contracts was mandatory pension funds with 757,589 contracts, followed by voluntary pension funds with 44,960, equity funds with 7814, and public real estate funds with 3687.

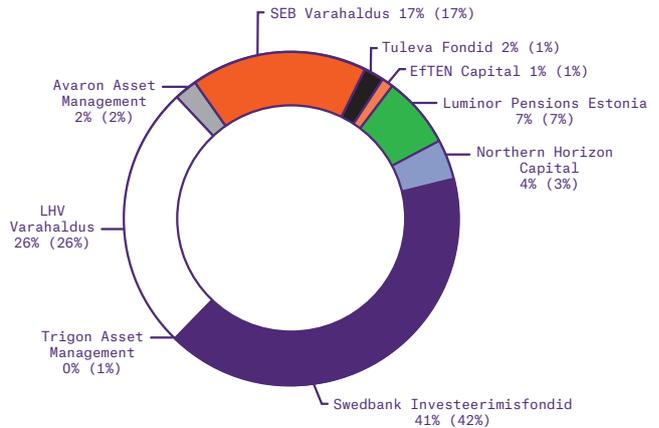
Public funds by number of shareholder contracts



FUND MANAGEMENT COMPANIES¹⁴

The market share of Northern Horizon Capital increased in the fund services market in the first half of 2019 from 3% to 4%, while that of Tuleva Fondid increased from 1% to 2%. The market share of Swedbank Investeerimisfondid fell from 42% to 41% though, and that of Trigon Asset Management fell from 1% to 0%. Despite losing some market share, Swedbank Investeerimisfondid remained the largest fund manager in the Estonian market. It was followed by LHV Varahaldus with 26% market share, and SEB Varahaldus with 17%.

Market share of fund services as at the end of June 2019 (end of June 2018 in brackets)



12 It should be remembered that many people make investments through multiple investment and pension funds, and so the actual number of people investing through funds is smaller than the number of contracts.
 13 The number of shareholders includes non-residents.
 14 The market shares of fund managers are calculated from the assets of public investment funds registered in Estonia.

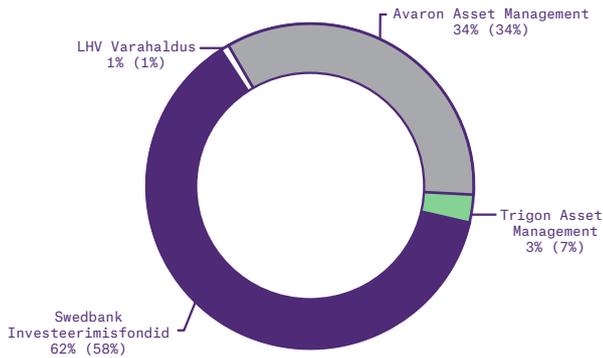
At the end of June 2019 Swedbank Investeerimisfondid had the largest market share for equity funds with 62%. It was followed by Avaron Asset Management with 34% and Trigon Asset Management with 3%.

Among mandatory pension funds, the market share of Tuleva Fondid increased from 1% to 2%, while that of LHV Varahaldus fell from 30% to 29%. Swedbank Investeerimisfondid again held the largest market share with 42%.

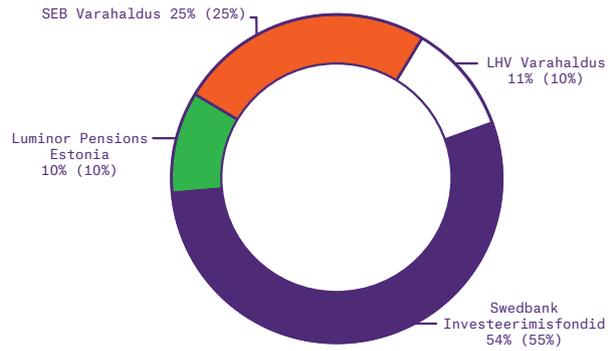
Swedbank Investeerimisfondid had the largest market share for voluntary pension funds at the end of the year with 54%, followed by SEB Varahaldus with 25%.

There were only two fund managers in the public real estate funds market, Northern Horizon Capital with 73% of the market and EFTEN Capital with 27%.

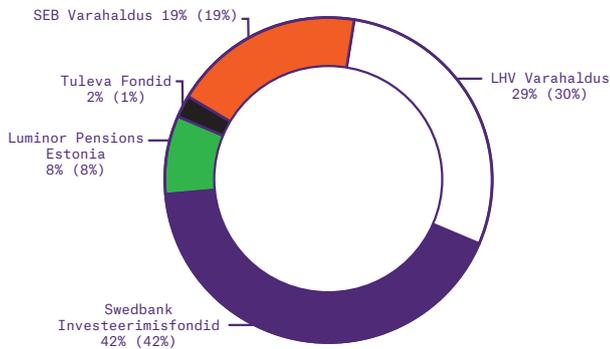
Market share of equity funds as at the end of June 2019 (end of June 2018 in brackets)



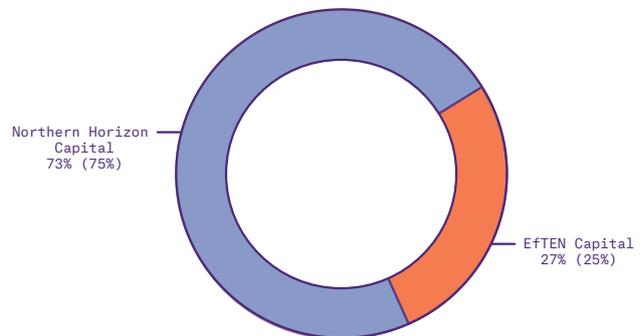
Market share of voluntary pension funds as at the end of June 2019 (end of June 2018 in brackets)



Market share of mandatory pension funds as at the end of June 2019 (end of June 2018 in brackets)



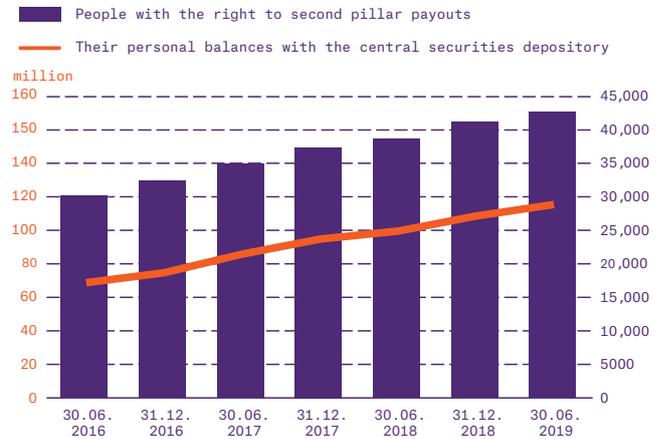
Market share of public real estate funds as at the end of June 2019 (end of June 2018 in brackets)



4. Payouts from the second pension pillar

Data from the Estonian Central Securities Depository show that 42,687 people had the right to payouts from the second pension pillar at the end of June 2019, which was 4006 more than a year earlier. Of these, 36% were men and 64% were women. The Estonian Central Securities Depository recorded 115.5 million euros of money not paid out on those accounts¹⁵.

Number of people with the right to payouts and their account balances with the Estonian Central Securities Depository

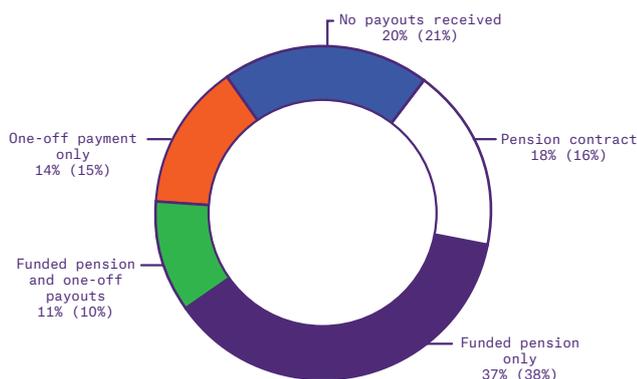


The share of people who had signed pension contracts¹⁶ rose by the end of June from 16% to 18% of those receiving payouts. The only declines were from 38% to 37% in the share who had chosen funded pensions¹⁷ and from 15% to 14% in the share of people who had chosen one-off payments¹⁸. The share of those receiving payouts as payments through funds and one-off payments rose from 10% to 11%.

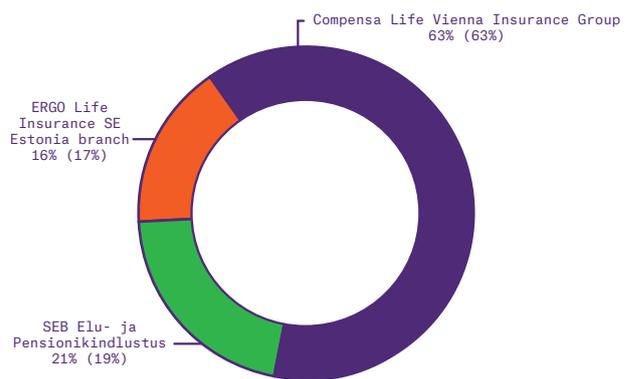
The other 20% of those with the right to receive payouts from the second pension pillar had not yet applied to do so.

The life insurance company with the largest market share for the second pension pillar was Compensa Life Vienna Insurance Group with 63%.

Pensioners with a second pillar pension by type of payout as at the end of June 2019 (end of June 2018 in brackets)



Market share of insurers by number of second pension pillar contracts as at the end of June 2019 (end of June 2018 in brackets)



15 The account balance at the Estonian Central Securities Depository consists primarily of the account balances of people who have chosen a funded pension, and of those who have not yet made a choice. Under a pension

16 The pension contract is an insurance contract signed between a shareholder and a life insurance company under which the insurance company makes pension payments until the contract holder dies.

17 A funded pension is an agreed timetable schedule between the shareholder and the pension fund manager under which payments are made from the pension fund to the shareholder on a regular basis over a fixed period.

18 One-off payments are when the whole pension fund is taken out at once.

5. Management of securities portfolios¹⁹

Market share:

Swedbank grupp	54%
Luminor Bank	18%
LHV Pank	14%

Volume of services:

total value of portfolio 614 million euros

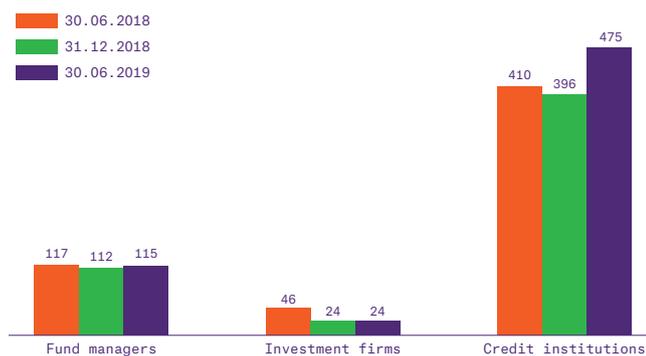
VALUE OF PORTFOLIOS

Portfolio management is provided by fund managers, banks and investment firms. The aggregate value of portfolios increased by 15% in the first half of 2019 to 614 million euros, having declined by 9% in the first half of 2018. This sharp jump was extraordinary and came in the portfolios managed by the banks, which increased on aggregate over the half year from 396 million euros to 475 million. This was due to Luminor Bank, which took over the business operations from Latvian and Lithuania at the start of the year.

The portfolio of clients managed by the fund managers increased in the size from 112 million euros to 115 million over the year, while the portfolio managed by investment firms remained the same size at 24 million euros.

The growth in the portfolios was linked to the growth in global financial markets, and to the increase in the number of non-resident clients. The aggregate portfolio for private non-resident clients grew by 48 million euros in the first half of 2019, which is more than half of the total growth of 82 million euros in the portfolios.

Portfolio volumes (million euros)



PORTFOLIO MANAGEMENT CLIENTS

Luminor Bank transferring its business activities to Estonia meant that the assets in the portfolios of its Latvian and Lithuanian branches were now recorded under the Estonian unit, and this increased the share of non-resident assets in the aggregate portfolio substantially. At the end of 2018 the share of non-residents in the aggregate portfolio was 8%, but by the end of June this had risen to 15%, of which more than half was in the Baltic states.

At the end of June 2019, residents of Estonia had 520 million euros in the portfolio, up from 493 million euros at the end of June 2018. Of this, 290 million euros belonged to financial institutions, 128 million euros to companies, 100 million euros to private individuals²⁰, and 2 million euros to the government.

Aggregate volume of individual portfolios by residency (million euros)



¹⁹ Data on portfolio management cover all the market participants in Estonia who provide that service, including consultation. Their clients may be in Estonia or abroad.

²⁰ Financing institutions here cover insurers, pension funds, credit institutions and other financing institutions. Companies includes state-owned and local government owned companies. Private individuals includes non-profit organisations. Government includes the state social assistance funds.

PORTFOLIO MANAGERS

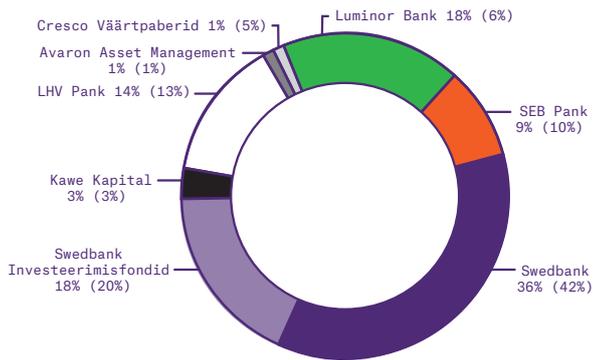
Companies in the Swedbank group had the largest market share for portfolio management at the end of June 2019, with 54%, Luminor Bank climbed into second place with 18% market share, followed by LHV Pank with 14%.

Among the banks, Swedbank had the largest portfolio with 46% of the market, followed by Luminor Bank with 24% and LHV Pank with 19%.

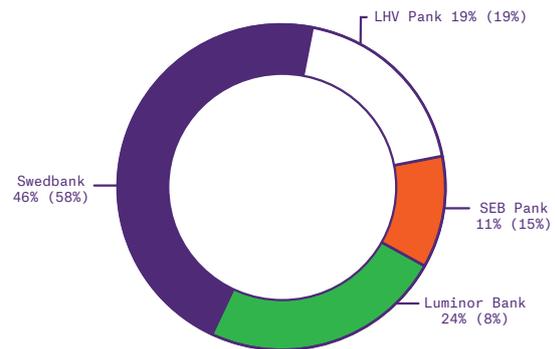
Only two managers offered a securities portfolio management service, and of these, Swedbank Investeerimisfondid had the largest portfolio.

There were also only two investment funds that offer portfolio management, and the one with the largest portfolio was Kawe Kapital.

Market share of portfolio management by service provider as at the end of June 2019 (end of June 2018 in brackets)



Market share of portfolio management by fund managers as at the end of June 2019 (end of June 2018 in brackets)



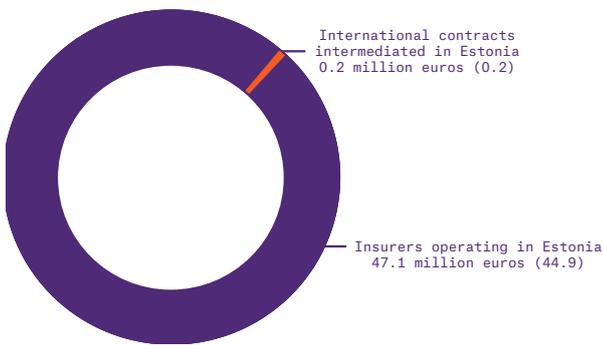
6. The life insurance market

Life insurance contracts are provided in Estonia by insurers registered in Estonia, Estonian branches of foreign insurers, and foreign insurers operating internationally. Cross-border services are mainly provided in Estonia through Estonian insurance brokers and the volume of cross-border contracts was practically non-existent in the first half of 2019 at 0.2 million euros.

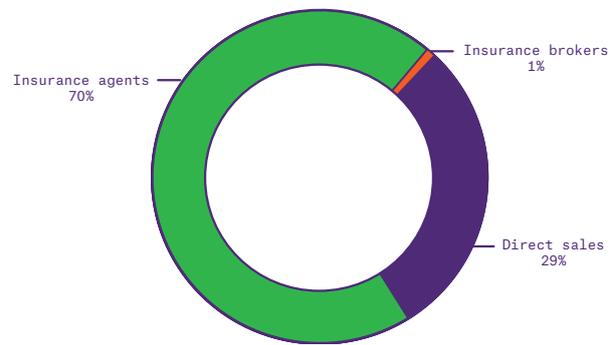
This means the Estonian life insurance market is almost entirely in the hands of insurers operating in Estonia.

In the first half of the year, 70% of life insurance contracts were signed through insurance agents, 29% were signed with the insurer or an employee as a direct sale, and 1% were signed through insurance brokers.

Life insurance premiums paid in the first half of 2019 (the first half of 2018 in brackets)



Insurance contracts signed through different sales channels by number of contracts in the first half of 2019



6.1. Insurance companies providing life insurance

Market share:

Swedbank Life Insurance SE	39%
SEB Elu- ja Pensionikindlustus	26%
Compensa Life Vienna Insurance Group SE	22%

Volume of services:

premiums of 47 million euros were received in the first half of 2019

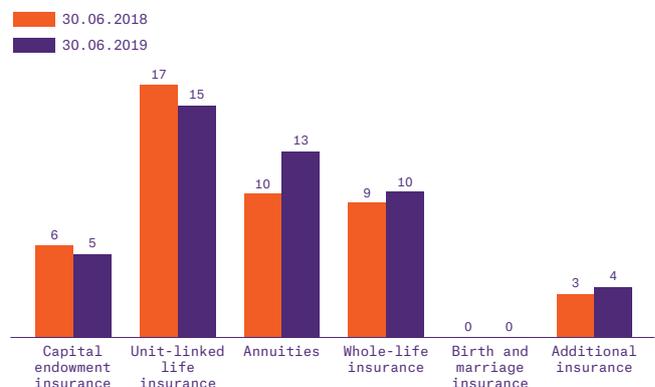
INSURANCE PREMIUMS

In the first half of 2019 the life insurance companies in Estonia received 47 million euros in insurance premiums²¹. In the first half of the previous year they received 45 million euros in premiums, meaning the volume had increased by 5% over the year.

The largest part of the growth in insurance premiums came from annuities, which increased in volume over the year from 10 million euros to 13 million. Premiums for whole life insurance also increased, from 9 million euros to 10 million. There was a decline though in products designed for saving for pensions, as unit linked life insurance was down from 17 million euros to 15 million, and capital endowment insurance was down from 6 million euros to 5 million.

The life insurance product that received the largest amount of premiums was again unit linked life insurance, which accounted for 33% of all life insurance products in the first half of 2019, down from 38% a year earlier. It was followed by annuities, which accounted for 26% at the end of June, up from 21% a year earlier. Whole life insurance was in third place with a share of 21%, up from 20% the year before. Capital endowment insurance accounted for 12% of all life insurance products, having been 13% a year previously.

Life insurance premiums by type of insurance (million euros)



6.1. Insurance companies providing life insurance

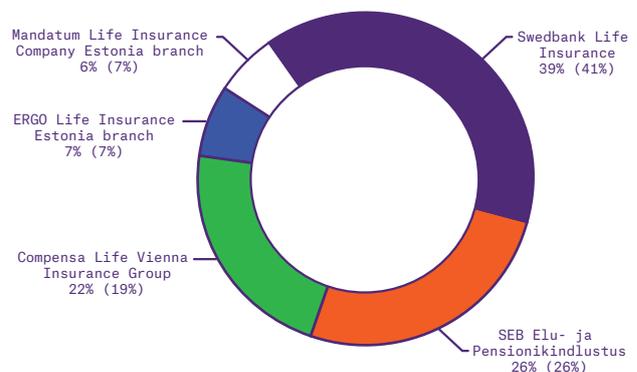
LIFE INSURANCE PROVIDERS

Swedbank Life Insurance SE, SEB Elu- ja Pensionikindlustus and Compensa Life Vienna Insurance Group SE, the three largest life insurance companies, received a total of 87% of all insurance premiums in the first half of 2019, up from 86% a year earlier.

The biggest growth over the year was in the amount of premiums received by Compensa Life Vienna Insurance Group SE, which increased its market share from 19% to 22%. The volume of insurance premiums increased with support from annuities.

The market share of Swedbank Life Insurance SE fell from 41% to 39%, while that of SEB Elu- ja Pensionikindlustus remained at 26%.

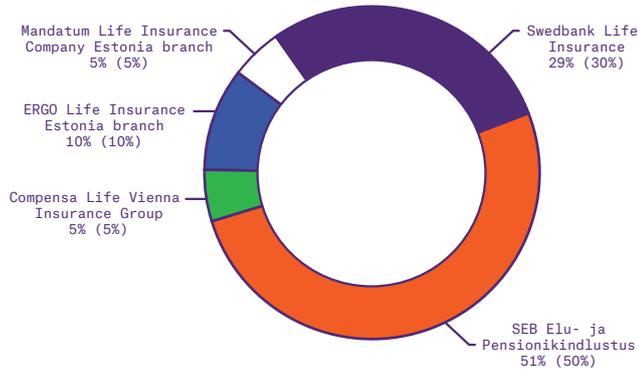
Market share of life insurance by premiums received in the first half of 2019 (the first half of 2018 in brackets)



²¹ The data do not cover insurance premiums received from outside Estonia.

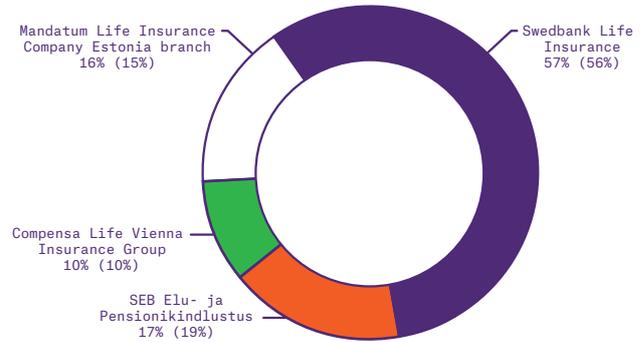
The volume of capital endowment insurance payments fell constantly throughout the year at all life insurers. The market shares of insurers did not particularly change. The biggest provider of capital endowment insurance in Estonia at the end of June was SEB Elu- ja Pensionikindlustus, which had 51% of the market.

Market share of capital endowment insurance as at the end of June 2019 (end of June 2018 in brackets)



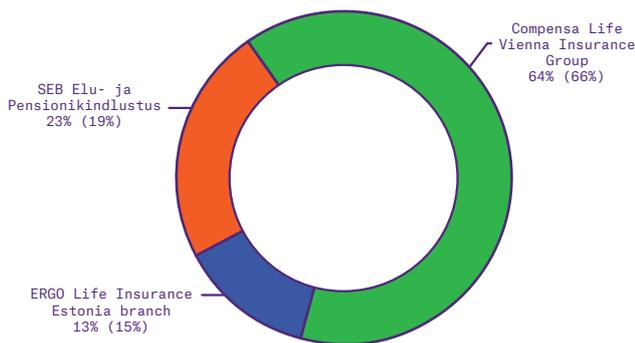
Unit linked life insurance also received less in premiums than a year earlier. Premiums were down at all life insurers, but especially at SEB Elu- ja Pensionikindlustus. Swedbank Life Insurance SE was again the largest provider of unit linked life insurance in Estonia, with 57% of the market at the end of June.

Market share of unit-linked life insurance as at the end of June 2019 (end of June 2018 in brackets)



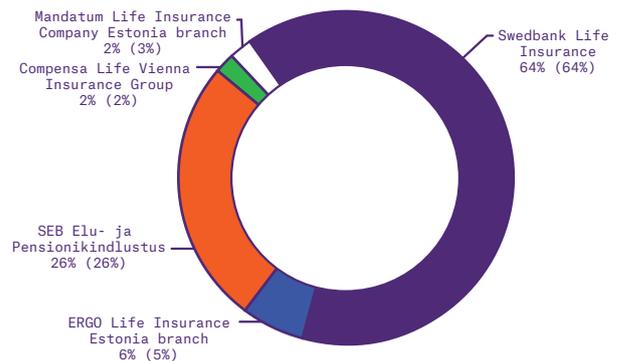
Inflows of annuity payments were the highest ever in the first half of 2019, as a total of 13 million euros of payments were received. There were also some changes in market share. Compensa Life Vienna Insurance Group SE was again the largest provider of annuity services in Estonia, though its market share fell from 66% to 64%. It was followed by SEB Elu- ja Pensionikindlustus, which increased its market share over the year from 19% to 23%.

Market share of annuities as at the end of June 2019 (end of June 2018 in brackets)



The market shares of whole life insurance providers did not change meaningfully during the year. Swedbank Life Insurance SE had the largest market share with 64%, followed by SEB Elu- ja Pensionikindlustus with 26%.

Market share of whole life insurance as at the end of June 2019 (end of June 2018 in brackets)



6.2. Insurance brokers intermediating life insurance

Market share:

KindlustusEst Kindlustusmaakler	37%
UADBB Aon Baltic Estonia branch	31%
IIZI Kindlustusmaakler	23%

Clients:

449 contracts intermediated

Volume of services:

premiums of 430,445 euros were intermediated in the first half of 2019

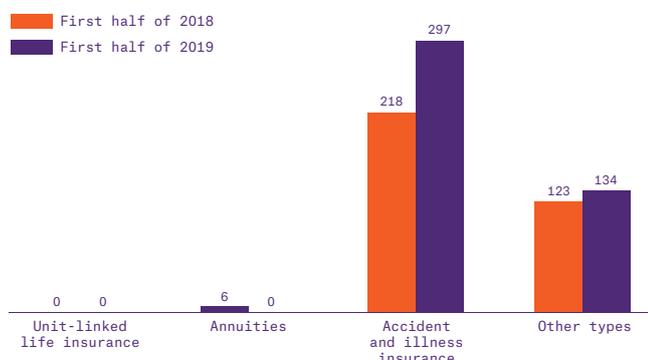
INSURANCE PREMIUMS INTERMEDIATED

Data received by Finantsinspektsioon show that insurance brokers registered in Estonia intermediated a total of 430,445 euros of life insurance premiums in the first half of 2019. Although the volume of insurance premiums intermediated increased by 24% over the year, the amount collected by brokers remains very small at below 1% of the life insurance premiums of Estonian insurers.

Insurance brokers mainly intermediated accident and illness insurance, for a total of 297,000 euros, and other life insurance contracts worth 134,000 euros. The most popular type of insurance among other life insurance contracts was risk life insurance. Annuity payments of 6000 euros were intermediated, while no premiums for unit linked life insurance were intermediated at all.

The life insurance brokers in Estonia also intermediate a lot of contracts from insurers in countries of the European Economic Area, and in the first half of 2019 these accounted for 56%, or 241,000 euros, of the insurance premiums of brokers, having been 46% or 161,000 euros a year earlier.

Insurance premiums intermediated through insurance brokers by type of life insurance (thousand euros)



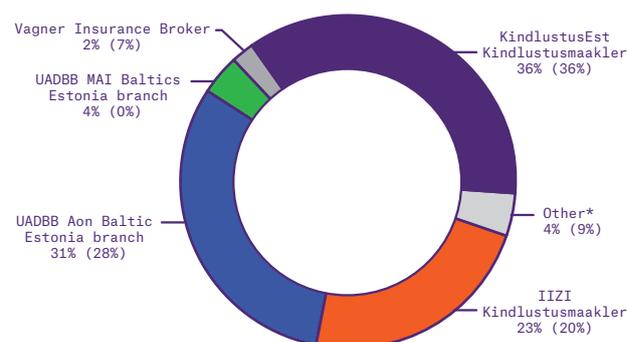
INSURANCE BROKERS

In the first half of 2019, 10 insurance brokers intermediated life insurance contracts.

Because the volume of premiums intermediated is small, the market shares of life insurance brokers are quite volatile, as each new contract can affect the market share of its broker substantially.

KindlustusEst Kindlustusmaakler had the largest share in the first half of 2019 with 37%. It was followed by UADBB Aon Baltic Estonia branch with 31% and IIZI Kindlustusmaakler with 23%.

Market share of insurance brokers by life insurance premiums received in the first half of 2019 (the first half of 2018 in brackets)



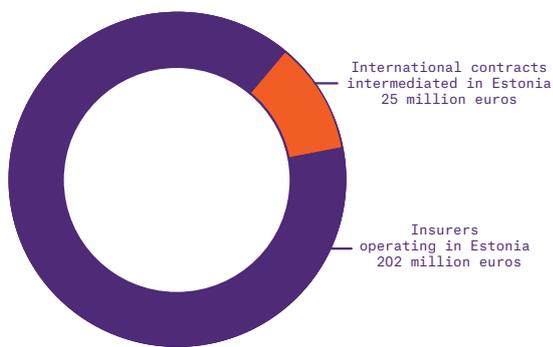
* The market shares of other insurance brokers intermediating life insurance were: Kominsur Kindlustusmaakler OÜ 2.1%, Pro Kindlustusmaakler OÜ 0.7%, OÜ Marks ja Partnerid Kindlustusmaaklerid 0.4%, OÜ ABC Kindlustusmaaklerid 0.3%, and Ultima Kindlustusmaakler OÜ 0.0%.

7. The non-life insurance market

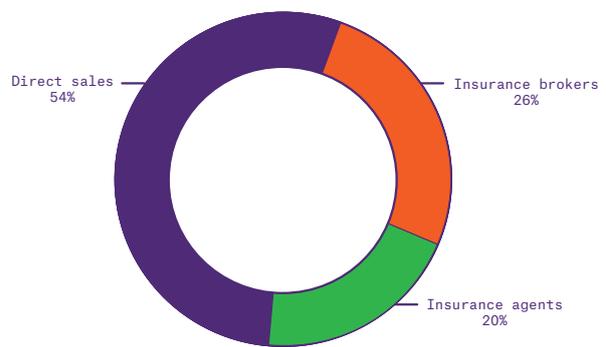
Non-life insurance contracts are provided in Estonia by insurers registered in Estonia, Estonian branches of foreign insurers, and foreign insurers operating internationally. Cross-border services are mainly provided in Estonia through Estonian insurance brokers and the value of cross-border insurance contracts increased from 24 million euros to 25 million euros in the first half of 2019.

In the first half of the year, 20% of non-life insurance contracts were signed through insurance agents²², 54% were signed with the insurer or an employee as a direct sale, and 26% were signed through insurance brokers.

Volume of insurance premiums in non-life insurance in the first half of 2019



Insurance contracts signed through different sales channels by number of contracts in the first half of 2019



22 This amount includes internal group agents.

7.1. Insurance companies providing non-life insurance²³

Market share:

IF P&C Insurance AS	19%
Swedbank P&C Insurance	18%
ERGO Insurance	17%

Clients:

information unavailable

Volume of services:

premiums of 202 million euros were received in the first half of 2019

INSURANCE PREMIUMS

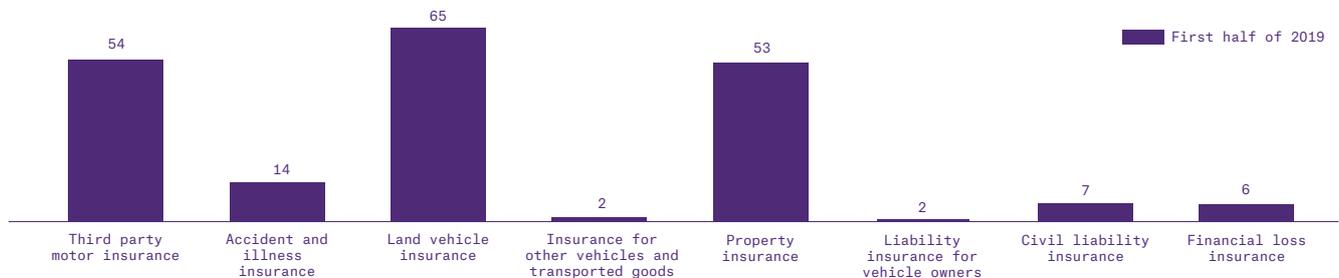
From 2018 the method used by insurers operating in Estonia for recording insurance premiums changed²⁴, and so the statistics on insurance premiums for 2019 are not comparable with those from earlier years. For this reason this report does not contain a separate comparison with earlier periods for non-life insurance.

Non-life insurance companies operating in Estonia and branches of foreign non-life insurers received a total of 202 million euros in insurance premiums in the first half of 2019. Estonian branches of foreign insurers received 28% of all insurance premiums, or 57 million euros.

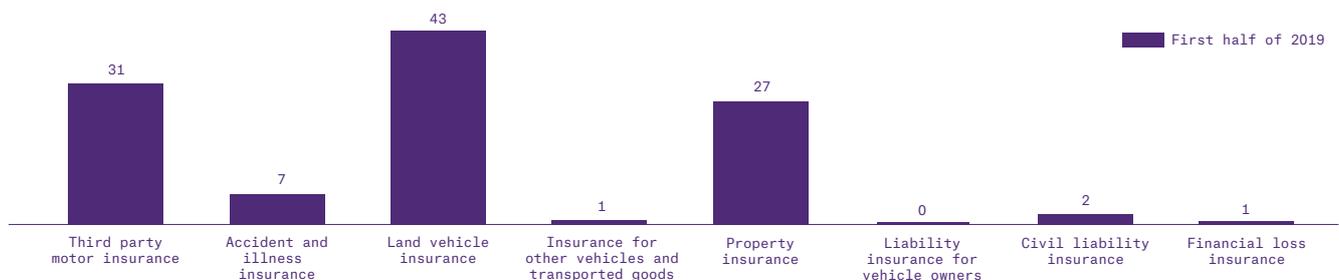
The most popular type of insurance was again land vehicle insurance, or comprehensive insurance, for which 65 million euros in insurance premiums was paid in the first half of the year. This was followed by 54 million euros paid for third-party motor insurance and 53 million euros for property insurance.

Insurance payouts of 112 million euros were made during the first half of the year, the largest part of which was the 43 million euros paid out for land vehicle insurance. A further 31 million euros was paid out for third-party motor insurance and 27 million euros for property insurance.

Non-life insurance premiums by type of insurance (million euros)



Non-life insurance payouts by type of insurance (million euros)



²³ Data on non-life insurance cover only contracts signed in Estonia and do not include contracts signed by branches of Estonian insurers abroad.

²⁴ Since 2018, insurance companies operating in Estonia have recorded insurance premiums using the accrual method, like insurance brokers do, not the revenue method as they did earlier. This change meant that the insurance premiums received in 2018 were much larger than those in previous years, as future payments from the insurance contract are considered as receipts.

INSURANCE PROVIDERS

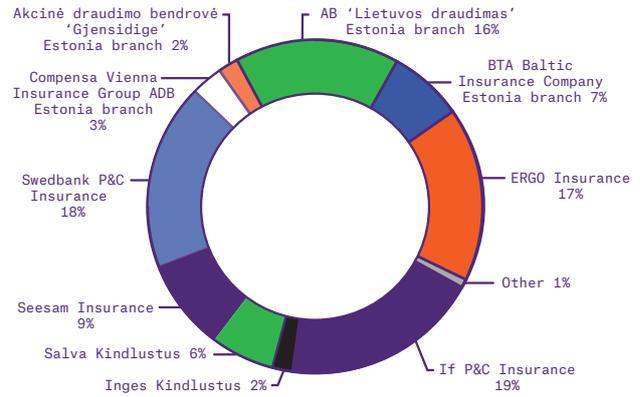
The largest market share by insurance premiums received was the 19% share held by If P&C Insurance. This was followed by Swedbank P&C Insurance with 18% and ERGO Insurance with 17%.

The largest market share in third-party motor insurance was held by ERGO Insurance SE with 22%, followed by AB Lietuvos draudimas Estonia branch with 16% and If P&C Insurance with 14%.

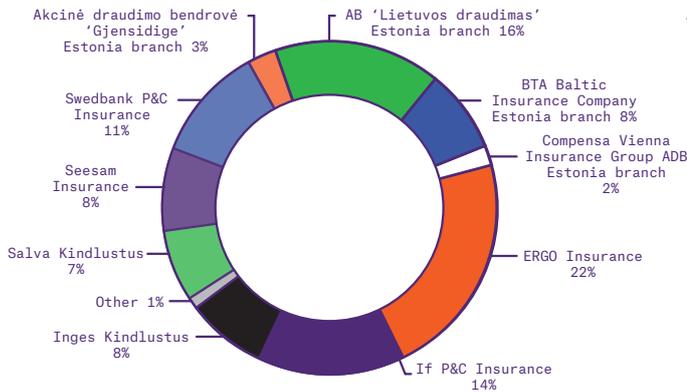
Swedbank P&C Insurance had the largest share of land vehicle insurance with 21%, while If P&C Insurance and AB Lietuvos draudimas Estonia branch each had 19%.

If P&C Insurance had 24% market share in property insurance, Swedbank P&C Insurance had 20% and AB Lietuvos draudimas Estonia branch had 15%.

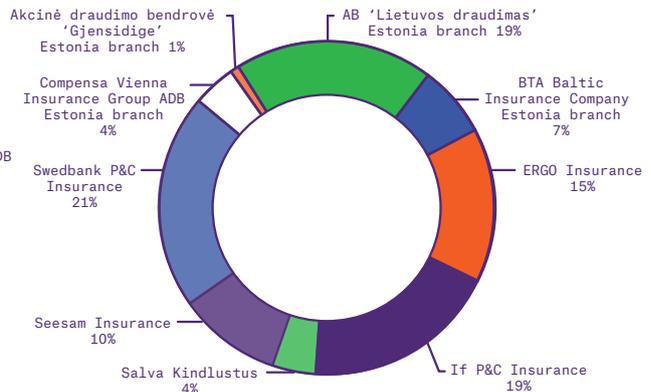
Market share of non-life insurance premiums received in the first half of 2019



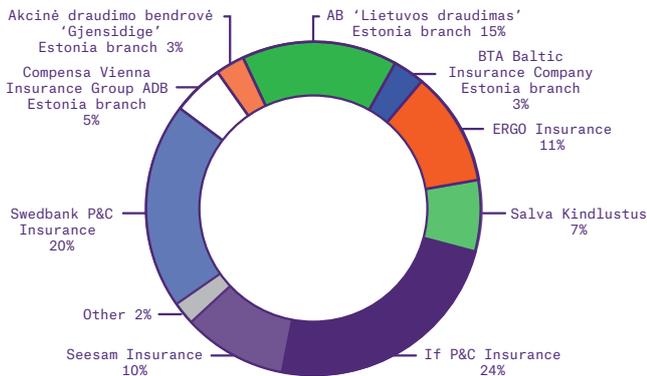
Market share for motor insurance as at the end of June 2019



Market share for land vehicle insurance as at the end of June 2019



Market share for property insurance as at the end of June 2019



7.2. Insurance brokers intermediating non-life insurance

Market share:

IIZI Kindlustusmaakler	31%
Marsh Kindlustusmaakler	15%
Vandeni Kindlustusmaakler	8%

Clients:

407,565 contracts intermediated

Volume of services:

premiums of 99 million euros were intermediated in the first half of 2019

INSURANCE PREMIUMS INTERMEDIATED

Data received by Finantsinspektsioon show that insurance brokers registered in Estonia intermediated a total of 99 million euros in premiums under non-life insurance contracts in the first half of 2019²⁵, which was 7 million euros more than a year previously. At the same time the number of contracts fell by 2% to 407,565.

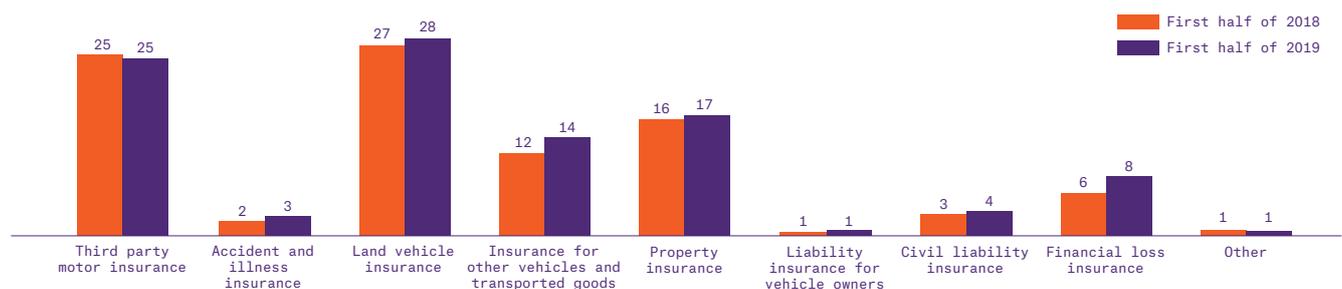
The largest type of insurance by insurance premiums intermediated by brokers was insurance for land vehicles, where 28 million euros of insurance premiums were intermediated. The next most popular types of insurance were third-party motor insurance with 25 million euros, and property insurance with 17 million euros.

Estonian insurance brokers intermediate contracts from both Estonian and foreign insurance companies.

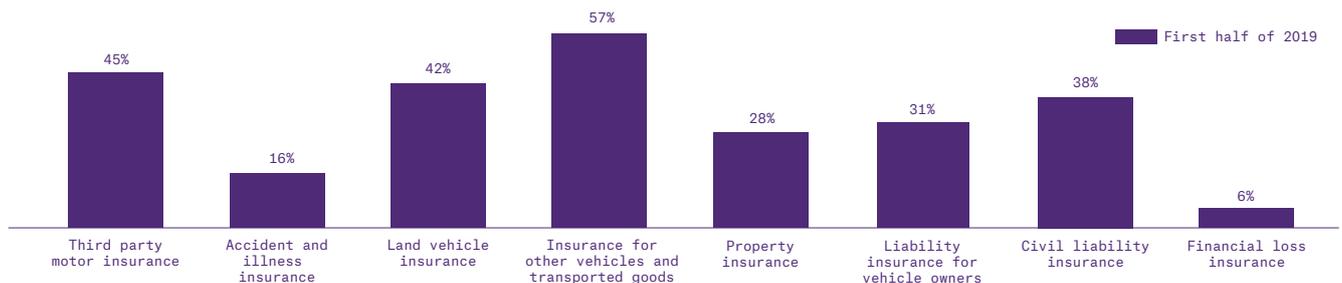
In the first half of the year, 75% or 74 million euros of all the insurance premiums intermediated were those of Estonian insurance companies, and 25%, or 25 million euros, went to foreign insurers. The largest share of the contracts of foreign insurers were the 12 million euros of insurance for other vehicles and goods under transport, followed by 8 million euros of insurance against monetary loss, and 2 million euros of property insurance.

In the first half of the year, 36% of all the non-life insurance premiums taken in by Estonian insurers came through brokers. The biggest shares of premiums through brokers were of 57% in insurance for other vehicles, covering air and water transport, and of 45% in third-party motor insurance.

Insurance premiums intermediated through insurance brokers by type of non-life insurance (million euros)



Share of insurance premiums intermediated through insurance brokers of insurers operating in Estonia

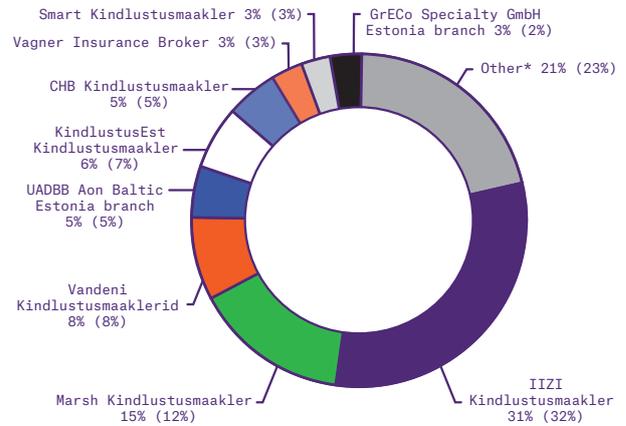


25 As well as contracts with insurers, contracts with foreign reinsurers were also intermediated by brokers, but they are not covered in this review. They received 0.2 million euros in insurance premiums in the first half of 2019.

INSURANCE BROKERS

There were 37 insurance brokers intermediating non-life insurance contracts in the first half of 2019. IIZI Kindlustusmaakler held the largest market share among them with 31%, followed by Marsh Kindlustusmaakler with 15% and Vandeni Kindlustusmaakler with 8%.

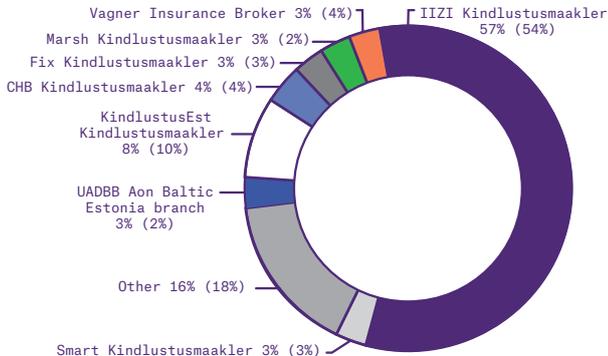
Market share of insurance brokers by non-life insurance premiums received in the first half of 2019



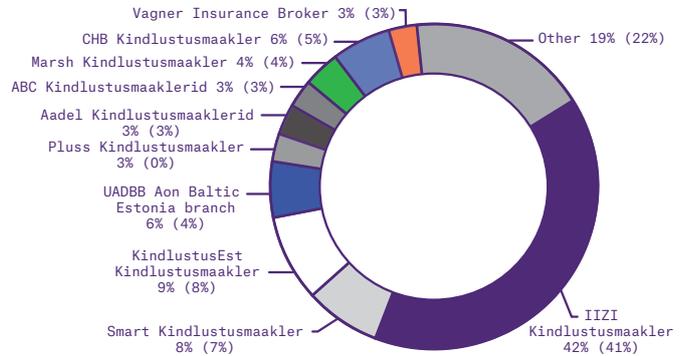
At the end of June 2019 IIZI Kindlustusmaakler had the largest market share for third-party motor insurance with 57%, followed by KindlustusEst Kindlustusmaakler with 8% and CHB Kindlustusmaakler with 4%.

The largest market share for insurance of land vehicles was held by IIZI Kindlustusmaakler with 42%, followed by KindlustusEst Kindlustusmaakler with 9% and Smart Kindlustusmaakler with 8%.

Market share of insurance brokers for third party motor insurance as at the end of June 2019 (end of June 2018 in brackets)



Market share of insurance brokers for land vehicle insurance as at the end of June 2019 (end of June 2018 in brackets)

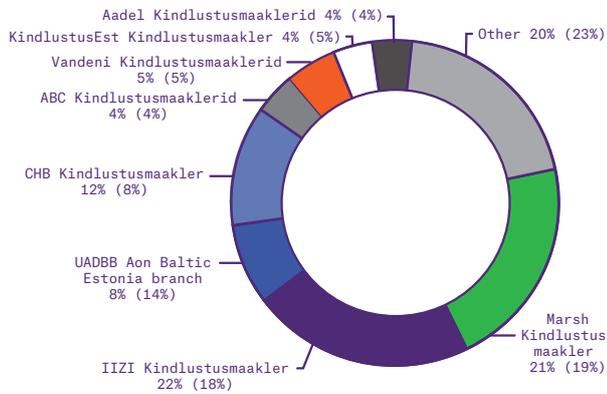


* The market shares of other insurance brokers intermediating non-life insurance were: Kominsur Kindlustusmaakler OÜ 2.4%, OÜ ABC Kindlustusmaaklerid 2.1%, Aadel Kindlustusmaaklerid OÜ 2.1%, Fix Kindlustusmaakler OÜ 1.8%, Pluss Kindlustusmaakler OÜ 1.8%, Optimal Kindlustusmaakler OÜ 1.5%, Credo Kindlustusmaaklerid OÜ 1.2%, Ultima Kindlustusmaakler OÜ 1.1%, NB Kindlustusmaakler OÜ 0.9%, Marine Insurance Services SIA Estonia branch 0.9%, OÜ TIIB Kindlustusmaakler 0.7%, Foxtall Kindlustusmaakler OÜ 0.7%, Pro Kindlustusmaakler OÜ 0.6%, UADBB MAI Baltics Estonia branch 0.6%, OÜ Kindlustusmaakler Tiina Naur 0.6%, OÜ Marks ja Partnerid Kindlustusmaaklerid 0.5%, Lõuna Kindlustusmaakler OÜ 0.3%, FS Kindlustusmaakler OÜ 0.3%, Northern1 Insurance Solutions Kindlustusmaakler OÜ 0.3%, 1 Kindlustusmaakler OÜ 0.2%, Clemenc Kindlustusmaakler OÜ 0.2%, AVC Advisory Kindlustusmaakler OÜ 0.2%, Premium Kindlustusmaakler OÜ 0.1%, AID Kindlustusmaakler OÜ 0.0%, Direct Kindlustusmaakler OÜ 0.0%, Vector Kindlustusmaakler OÜ 0.0%, Allier Kindlustusmaakler OÜ 0.0%, and OÜ INZMO Kindlustusmaakler 0.0%.

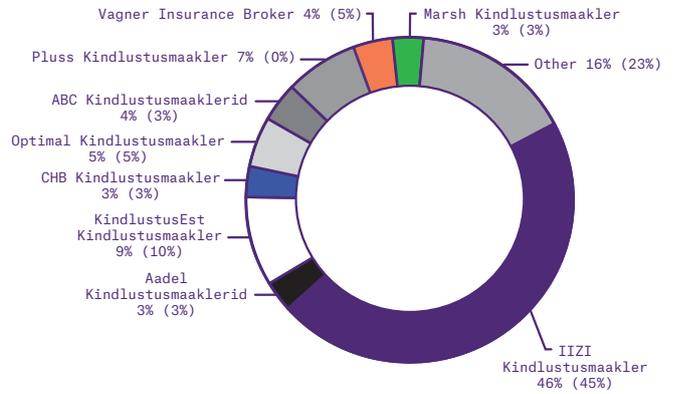
The market leader in property insurance was IIZI Kindlustusmaakler with 22% followed by Marsh Kindlustusmaakler with 21% and CHB Kindlustusmaakler with 12%.

IIZI Kindlustusmaaklerile also had the largest market share for travel insurance with 46%, followed by KindlustusEst Kindlustusmaakler with 9% and Pluss Kindlustusmaakler with 5%.

Market share of insurance brokers for property insurance as at the end of June 2019 (end of June 2018 in brackets)



Market share of insurance brokers for travel insurance as at the end of June 2019 (end of June 2018 in brackets)



Non-life insurers received 12.7 million euros in intermediation fees in the first half of 2019, up from 12.0 million euros a year earlier, and 91% of those fees were received by 15 of the 37 insurance brokers.

8. Loans issued by credit institutions²⁶

Market share:

Swedbank	40%
SEB Pank	27%
Luminor Bank	15%

Private clients:

814,757 current contracts

Volume of services:

total value of the consolidated loan portfolio 19.8 billion euros

THE LOAN PORTFOLIO

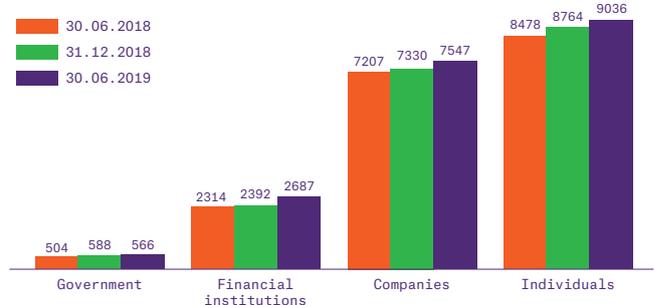
The stock of loans issued by credit institutions increased by 4.0% or 761 million euros in the first half of 2019 to stand at 19.1 billion euros by the end of June, having grown by 2.2% or 397 million euros in the first half of 2018.

The loan stock of private individuals²⁷ grew by 272 million euros in the first half of 2019, loans to businesses²⁸ increased by 217 million, and those to financial institutions grew by 295 million. The stock of loans issued to the general government declined by 22 million euros.

At the end of June, 9.0 billion euros had been issued in private loans, and 7.5 billion euros in corporate loans. Private loans accounted for 46% of the total portfolio and corporate loans for 38%. Loans to financial institutions²⁹ totalled 2.7 billion euros, and loans to the general government³⁰ 0.6 billion. The largest part of the loan growth came from loans to financial institutions.

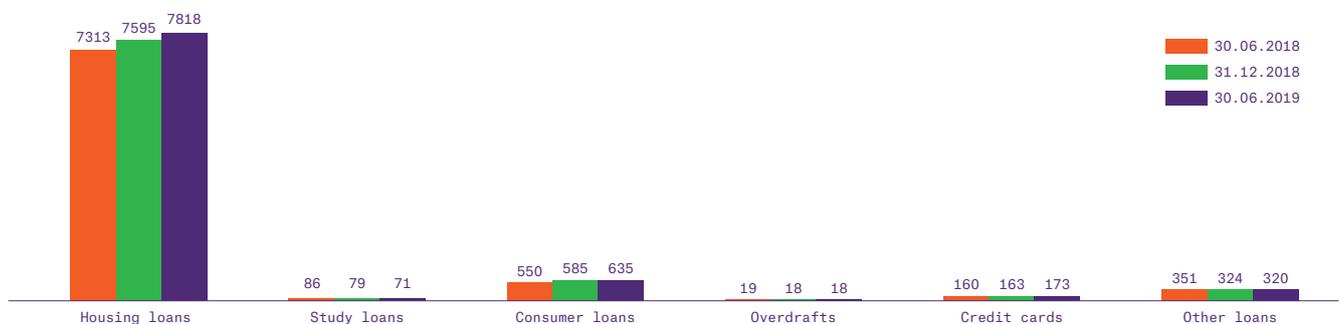
The biggest growth in the first half of 2019 among loans issued to private clients was of 223 million euros in housing loans, which brought the stock of such loans up to 7.8 billion euros by the end of June, meaning it exceeded the stock of loans to businesses. The stock of consumer loans grew by 51 million euros to 635 million euros by the end of June. The stock of study loans declined over the first half of the year though by 8 million euros to 71 million by the end of June.

Loan stock (million euros)



8. Loans issued by credit institutions

Stock of loans to private individuals (million euros)



26 Loans issued in Estonia by credit institutions.

27 Also includes non-profit institutions serving households (NPISHs).

28 Includes state-owned and local government owned companies.

29 Includes insurers and pension funds.

30 The general government covers the central government, local governments, state social insurance fund and other off-budget funds.

THE AVERAGE LOAN BURDEN OF PRIVATE CLIENTS

Like previously, the largest part of the loan burden of private clients was made up of housing loans in the first half of 2019. The average outstanding housing loan grew by 596 euros over the half year to 42,800 euros by the end of June. Next came vehicle leases, and the average outstanding lease of 10,463 euros was 246 euros more than six months earlier.

The average outstanding other loan³¹ increased from 15,826 euros to 16,108 euros. The average amount outstanding in other loans is so large because such loans are also used to finance business activities.

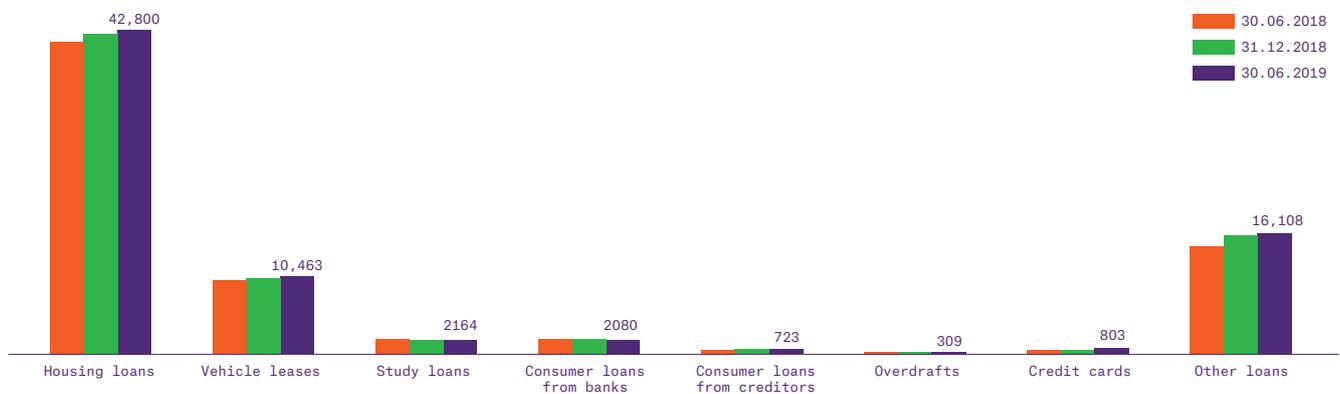
The changes in the average stock of other loan types were smaller.

Consumer loans from banks, which average 2080 euros, are much larger than those from creditors, which average 723 euros. The average amount outstanding on credit cards was 803 euros at the end of June. The average outstanding study loan was 2164 euros.

The number of contracts with private clients increased by 56,352 in the first half of the year. The increase was so large primarily because of Holm Bank receiving its authorisation to operate, which meant that the new and former loan contracts of Holm Bank were recorded under credit institutions. The majority of the growth came from consumer loans as 47,888 contracts were added over the half year.

The number of housing loan contracts with private clients was 182,663 at the end of June, up from 179,967 at the end of 2018. There were 305,390 consumer loan contracts, up from 257,502 at the end of 2018; 216,004 credit card contracts, up from 208,768; 58,142 overdraft agreements, up from 55,004; 32,684 study loan contracts, down from 36,705; and 19,874 other loan contracts, down from 20,459.

Average outstanding loans issued to private individuals (euros)



8. Loans issued by credit institutions

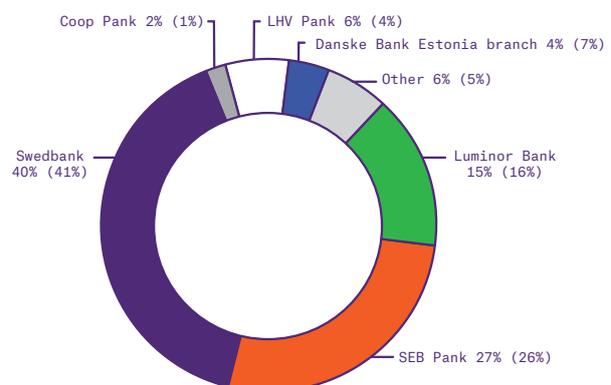
THE MARKET SHARE FOR BANK LOANS

Like it was earlier, the Estonian loan market was mainly divided between three large credit institutions in the first half of 2019, and they had 82% of the market. Swedbank had the largest market share in the total loan portfolio with 40%, followed by SEB with 27% and Luminor Bank with 15%.

Danske Bank Estonia branch, which terminated its activities in autumn 2019, had 4% of the loan market at the end of June.

Holm Bank, which entered the market in spring, had less than 1% of the loan market at the end of June.

Market share of bank loans as at the end of June 2019 (end of June 2018 in brackets)



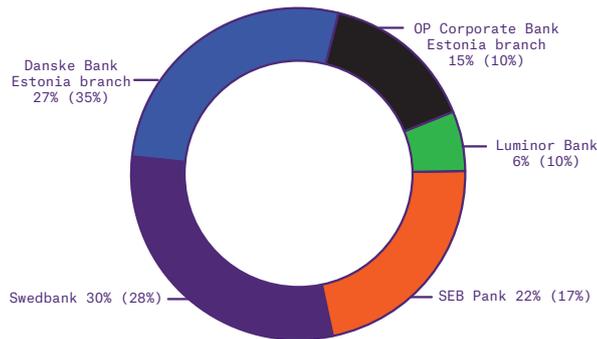
31 Reasons why private individuals and non-profit associations take other loans include purchases of securities, and starting or expanding businesses.

The biggest lenders to the general government at the end of June were Swedbank, with market share of 30%, and Danske Bank Estonia branch with 27%. These two were followed by SEB, whose market share increased from 17% to 22%, and OP Corporate Bank Estonia branch, whose share increased from 10% to 15%.

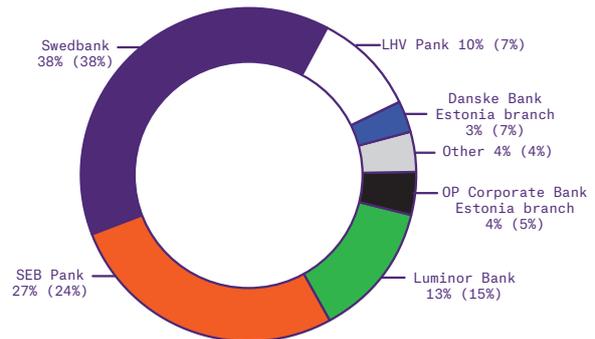
The largest shares of loans to financial institutions were at Swedbank, which provided 33% of them, Luminor Bank with 27% and SEB Pank with 25%.

The biggest changes in corporate loans were the increases in market share from 24% to 27% for SEB Pank, and from 7% to 10% for LHV Pank. The market share of Danske Bank Estonia branch fell from 7% to 3%, while Swedbank maintained its market share of 38%, the largest share in the market. Luminor Bank's share of the market for corporate loans fell from 15% to 13%.

Market share of loans to government as at the end of June 2019 (end of June 2018 in brackets)



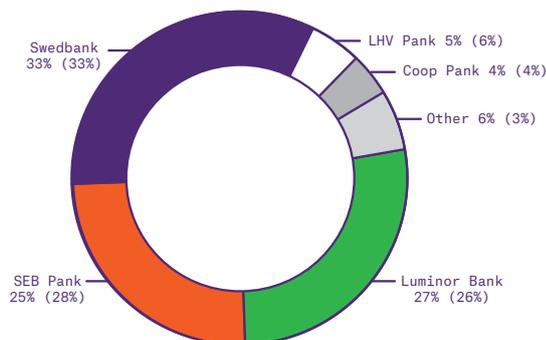
Market share of loans to companies as at the end of June 2019 (end of June 2018 in brackets)



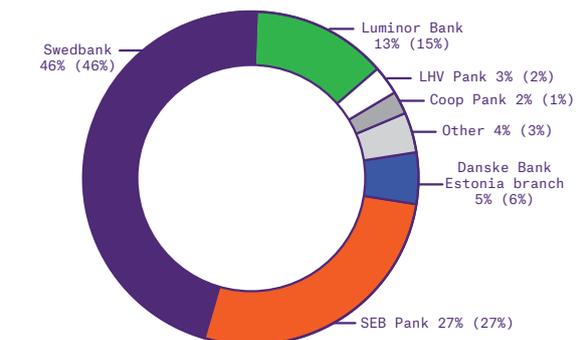
Swedbank with 46% and SEB with 27% again had the largest shares of the stock of loans to private individuals. The market share of Luminor Bank fell over the year from 15% to 13%.

The market share of LHV Pank increased from 2% to 3% and that of Coop Pank from 1% to 2%.

Market share of loans to financial institutions as at the end of June 2019 (end of June 2018 in brackets)



Market share of loans to private individuals as at the end of June 2019 (end of June 2018 in brackets)

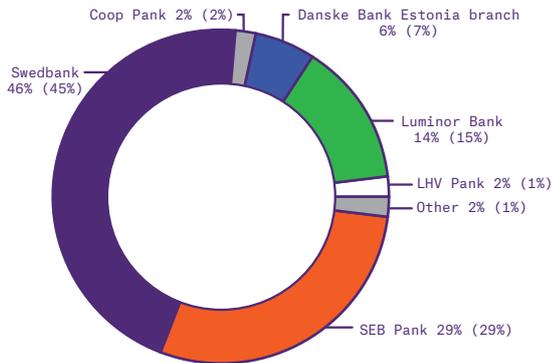


The majority of loans to private clients were housing loans, which were 87% of private loans in June 2019.

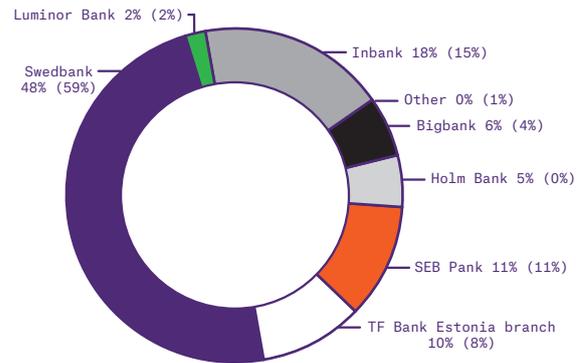
The market leader for housing loans was again Swedbank, with 46%, followed by SEB with 29% and Luminor with 14%. The market share of Danske Bank Estonia branch fell from 7% to 6%.

The biggest change in consumer loans was that the market share of the market leader Swedbank fell from 59% to 48%, while the market share of smaller banks grew from 15% to 18% at Inbank, from 8% to 10% at TF Bank Estonia branch, and from 4% to 6% at Bigbank. A new entrant in the market was Holm Bank, which had earlier operated as a creditor and which had market share of 5% at the end of June.

Market share of housing loans to private individuals as at the end of June 2019 (end of June 2018 in brackets)



Market share of consumer loans to private individuals as at the end of June 2019 (end of June 2018 in brackets)



Swedbank had the largest share of the credit card market the end of the year with 67%, followed by SEB with 17% and Holm Bank with 8%.

9. Loans issued by creditors³²

Market share:

Swedbank Liising	26%
Luminor Liising	20%
SEB Liising	20%

Private clients:

471,174 current contracts

Volume of services:

value of the consolidated loan portfolio 1.084 billion euros

At the end of June 2019, 49 companies were licensed as creditors. Alongside them in the market were 12 creditors associated with banks and eight credit intermediaries.

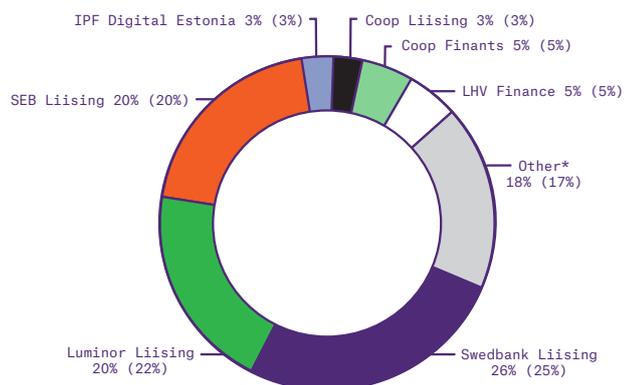
The stock of the loan portfolio of authorised creditors and creditors operating with an exception grew by 5% in the first half of the year, or 46 million euros, to stand at 1.084 billion euros³³ at the end of June; in the first half of 2018 it grew by 10%, or 87 million euros. The growth was slower because AS Koduliising moved from being a creditor to being a credit institution, and so its loan stock was no longer recorded in the loan portfolio of creditors.

The majority of the growth in the loan stock came from lenders associated with banks, which have some 82% of the market for creditors. The remaining 18% of the market was held by creditors that are not associated with credit institutions. The largest market share among these was held by IPF Digital Estonia OÜ with 3% of the market, and PLACET GROUP and Creditstar Estonia with 2% each.

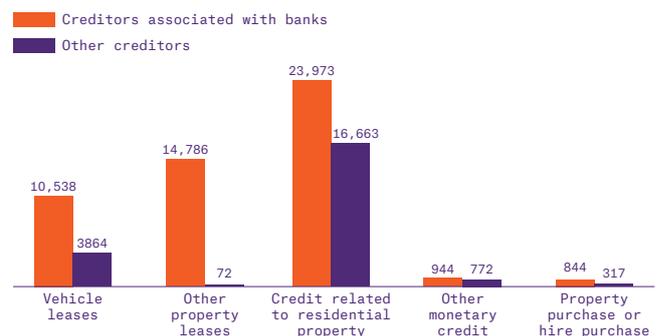
Creditors associated with banks mainly operate as leasing companies and are different from other creditors in the structure of the loan portfolios and their lending conditions.

The average loan amount outstanding is very different for different types of credit contract. The largest average outstanding loan amount at the end of June was for loans associated with real estate, and was for 23,973 euros on average to creditors associated with banks, and for 16,663 euros to other creditors. The average outstanding loan amount for vehicle leases was of 10,538 euros to creditors associated with banks, and of 3864 euros to other creditors. The average outstanding value of other credit for everyday use was of 944 euros at creditors associated with banks and 772 euros at other creditors, and the outstanding amount on hire purchase contracts was of 844 euros at creditors associated with banks and 317 euros at other creditors.

Market share of all creditors by stock of the loan portfolio as at the end of June 2019 (end of June 2018 in brackets)



Average outstanding loan contract as at the end of June 2019 (euros)



³² The data cover consumer loans to private individuals.

³³ As well as making consumer loans to private individuals, creditors also issue loans to businesses. Finantsinspeksioon does not supervise these. The stock of loans to businesses stood at 2.3 billion euros at the end of June 2019, having been 2.2 billion euros a year earlier.

* The market shares of other creditors were: SIA UniCredit Leasing Estonia branch 2.4%, PLACET GROUP OÜ 2.0%, Creditstar Estonia AS 2.0%, mogo OÜ 1.7%, Telia Eesti AS 1.4%, Hüpoteeklaen AS 1.1%, BB Finance OÜ 1.1%, AB Kreditex AS 0.8%, OÜ Citadele Leasing & Factoring 0.7%, Monefit Estonia OÜ 0.7%, OÜ AIRES LAENUUD 0.5%, Tele2 Eesti Aktsiaselts 0.5%, ESTO AS 0.4%, Svea Finance AS 0.4%, Omega Laen AS 0.3%, Nordic Hypo AS 0.3%, BestCredit OÜ 0.3%, Rävåla Laenuud OÜ 0.2%, Express Credit AS 0.2%, AS Finora Capital 0.1%, Medicredit OÜ 0.1%, ALG Liisingu Aktsiaselts 0.1%, Ehital Kreiidit OÜ 0.1%, Credit.ee OÜ 0.1%, Baltasar Liising OÜ 0.1%, Stokker Finance OÜ 0.1%, aktsiaselts Saare Kalur 0.1%, Mercury Credit OÜ 0.1%, Berger Financial Group OÜ 0.1%, SigmaCapital OÜ 0.1%, RE Invest OÜ 0.05%, ON24 Aktsiaselts 0.04%, aktsiaselts UUEMÕISA INVEST 0.03%, OP Finance AS 0.03%, OÜ Nemm Auto 0.02%, Best Capital OÜ 0.02%, AARE AUTOPOOD OÜ 0.02%, Aktsiaselts ESTRAVEL 0.02%, Kemotex Finance OÜ 0.02%, Kinnistulaen OÜ 0.01%, Saare Finants OÜ 0.01%, PC Finance OÜ 0.01%, Autokiripant OÜ 0.01%, Invest in OÜ 0.01%, OÜ AAKinnisvaralaen 0.01%, Digiteks Osühing 0.01%, osühing LAENUKESKUS 0.01%, TBB Liising AS 0.00%, Eesti Ühistuliising OÜ 0.00%, Bondora AS 0.00%, Blond Finance OÜ 0.00%.

The average annual percentage rates on consumer loans are very different at creditors associated with banks and at other creditors. At the end of the year the average annual percentage rate on consumer loans, which means leases, other credit and hire purchase taken together, was 9% at creditors associated with banks and 47% at other creditors. The annual percentage rate for credit at the banks averaged 19%.

Annual percentage rate on consumer loans



CREDITORS ASSOCIATED WITH BANKS

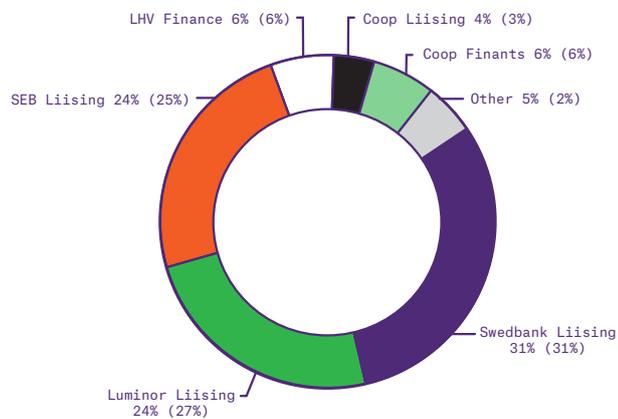
The market for creditors operating with an exemption is dominated by the leasing companies of three large banks. At the end of the year Swedbank Liising had 31% of the loan stock of creditors associated with banks, Luminor Liising had 24% and SEB Liising 24%, making 79% of the market between them.

The loan portfolio of creditors associated with banks stood at 891 million euros at the end of June, which was up 16% or 123 million euros on a year earlier.

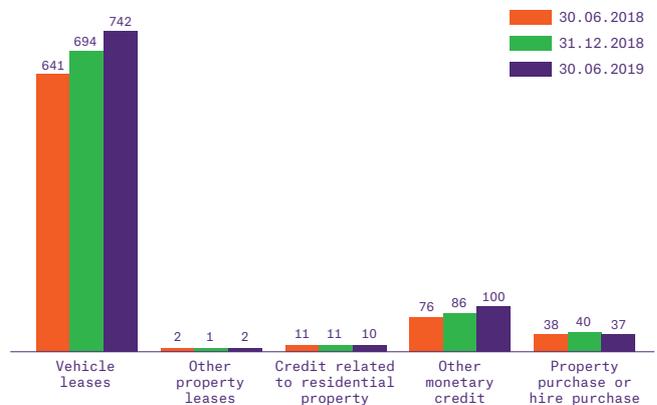
The structure of the loan portfolio of creditors associated with banks did not change over the year. The majority of the portfolio contained vehicle leases, which provided 83% of it, and the stock of them increased over the year from 641 million euros to 742 million.

The number of loan contracts increased by 2750 to 220,681.

Market share of creditors associated with banks by stock of the loan portfolio as at the end of June 2019 (end of June 2018 in brackets)



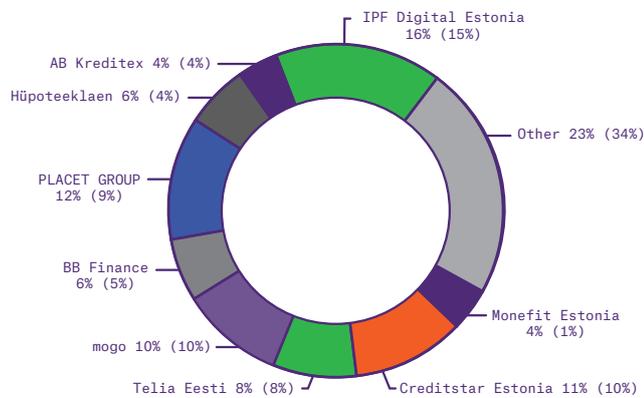
Outstanding loans to creditors associated with banks (million euros)



OTHER CREDITORS

The majority of the market for creditors is held by fewer than half of the creditors in it as 80% of the stock of the loan portfolio at the end of June was held by 10 of the 49 creditors. The creditors with the largest market share were IPF Digital Estonia with 16% of the loan portfolio, followed by PLACET GROUP with 12% and Creditstar Estonia with 11%. The growth in the market share of the creditors in the first half of 2019 did not come from the automatic growth that followed AS Koduliising exiting the market, but from growth in business volumes. Particularly fast growth was seen in the loan portfolios of PLACET GROUP OÜ, Monefit Estonia OÜ and Hüpoteeklaen AS.

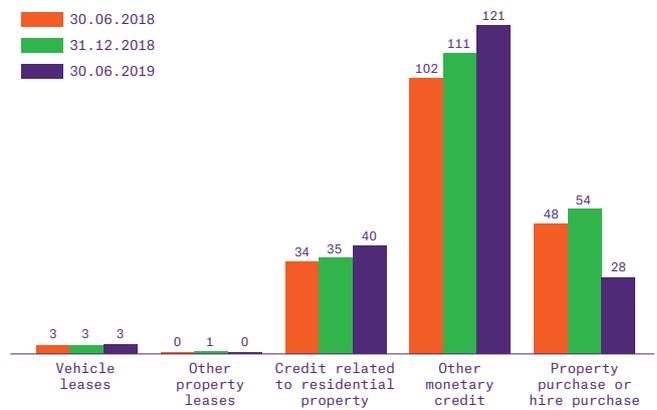
Market share of other creditors by stock of the loan portfolio as at the end of June 2019 (end of June 2018 in brackets)



The loan portfolio of other creditors stood at 193 million euros, having fallen by 5% or 11 million euros over the half year. The majority of this was the 121 million euros in the loan portfolio of other creditors that was issued as other monetary credit, which in essence means unsecured small loans. The reduction from 54 million euros to 28 million in the loan stock of loans classed as hire purchase for assets came mainly from AS Koduliising ceasing to be a creditor.

The number of loan contracts fell by 71,340 over the half year to stand at 250,493 at the end of June. The fall occurred because of AS Koduliising ceasing to be a creditor.

Outstanding loans to other creditors (million euros)



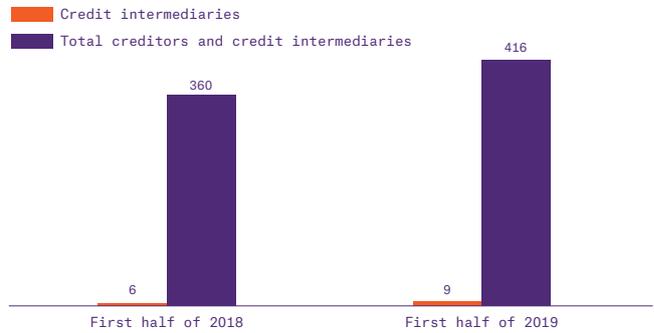
9.1. Credit intermediaries

Alongside providers of consumer credit there are credit intermediaries operating in the market. A few years ago it was mainly creditors who operated in the consumer credit market, but the number of credit intermediaries that have applied for an operating licence has by now risen substantially. In the first half of 2019 there were eight authorised credit intermediaries in the market. Their turnover totalled 9.2 million euros in the first half of 2019, which is a long way below the 407.2 million euros of turnover of creditors.

The credit intermediary with the largest market share at the end of the year was Omaraha OÜ, which had 89% and was followed by Ühisraha OÜ with 8%.

A total of 10,807 consumer credit contracts were intermediated and the largest share of these contracts was handled by Omaraha OÜ.

Turnover of creditors and credit intermediaries (million euros)



10. Payment services

Market share:

GFC Good Finance	35%
Maksekeskus	23%
TavexWise	22%

Volume of services:

volume of payments 264 million euros

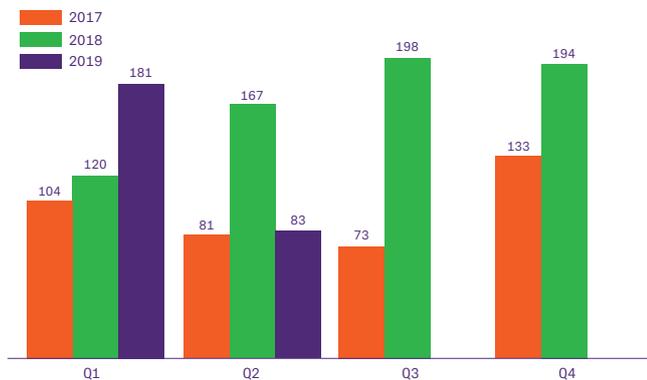
There were 11 payment institutions operating in Estonia in the first half of 2019, of which three were operating with an exemption³⁴.

The volume of payments intermediated by Estonian payment institutions fell by 8% in the first half of the year, while the number of payments increased by 79% at the same time. The sharp growth in the number of payments was partly a consequence of some market participants reclassifying certain types of transaction as payment services. Some 264 million euros in payments were intermediated, down from 288 million euros a year earlier, and 3,687,102 payments were made in total, up from 2,056,559.

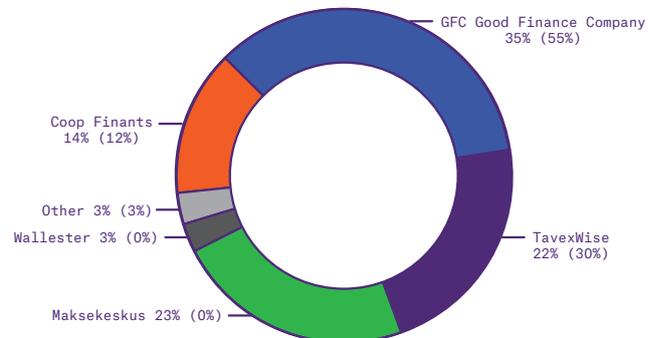
GFC Good Finance Company had the largest volume of payments in the first half of 2019, with 35% of all payments. It was followed by Maksekeskus with 23% of the market, and TavexWise with 22%.

The largest market share by number of payments was held though by Coop Finants, which intermediated 57% of all payments, down from 95% a year earlier.

Turnover of transactions intermediated by payment institutions (million euros)



Market share of payment institutions as at the end of June 2019 (end of June 2018 in brackets)



34 Exemptions to the authorisations are issued to providers of e-money services under § 12 of the Payment Institutions and E-money Institutions Act.