

The Estonian financial services market

as at 30 June 2024



Finantsinspektsioon

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



Finantsinspektsioon

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1. GENERAL DEVELOPMENT OF THE FINANCIAL SERVICES MARKET

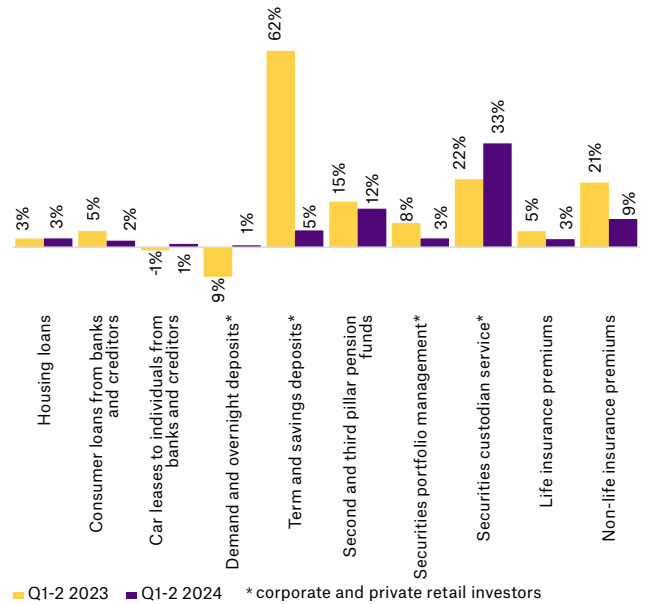
Financial services aimed at retail investors were affected most in the first half of 2024 by the continuing growth in stock markets and by high interest rates.

Growth in global stock markets increased the value of investments as the assets of pension funds grew, and there was also substantial growth in the independent investments of retail investors.

Interest rates on loans remained high and hindered growth in the consumer loan portfolios of banks and creditors. Euribor started to come down though, which aided a revival in the market for housing loans. Interest rates on deposits were attractive enough to drive growth in the volume of term deposits (see Figure 1).

Non-life insurance premiums continued to grow fast, largely because of tariffs rising.

Figure 1. Change in the volume of financial services aimed at retail investors in the first half of 2024



2. DEPOSITS¹

Volume of deposits:
Volume of term deposits:

30.5 billion euros
10.3 billion euros

2.1 MAIN DEVELOPMENT TRENDS

- The rapid growth in deposits continued as they increased by 4% in half a year.
- Term deposits increased to 34% of all deposits.
- The volume of private deposits increased, while the volume of corporate deposits declined.

Value of deposits

The total stock of deposits at banks operating in Estonia grew by 4% or 1 billion euros in the first half of 2024² to stand at 30.5 billion euros at the end of June (see Figure 2). This was notably faster than the growth of 1% or 358 million euros in the first half of 2023.

Maturity of deposits

The volume of deposits continued to grow in the first half of 2024. The interest rates offered by the banks to depositors were no longer as good as they were a year earlier, but they were still high. Term and savings deposits grew by 8% or 0.7 billion euros over the half year to reach 10.3 billion euros at the end of June (see Figure 3). Term deposits consequently increased to 34% of all deposits from 24% in the first half of 2023.

Figure 2. Client deposits (million euros)

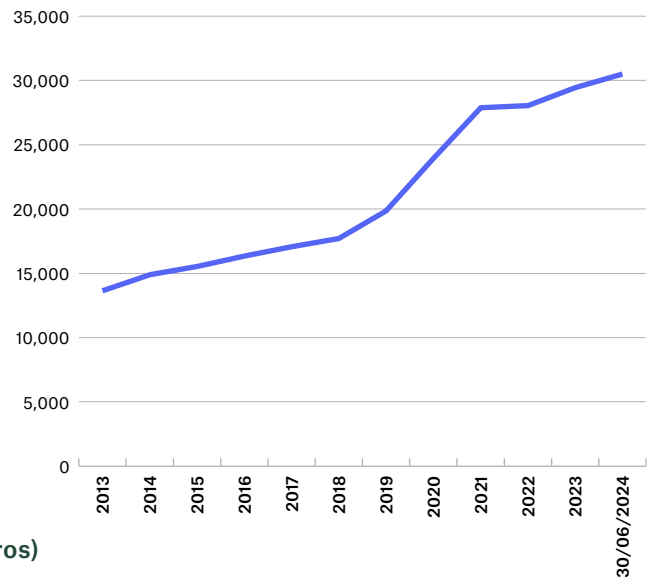
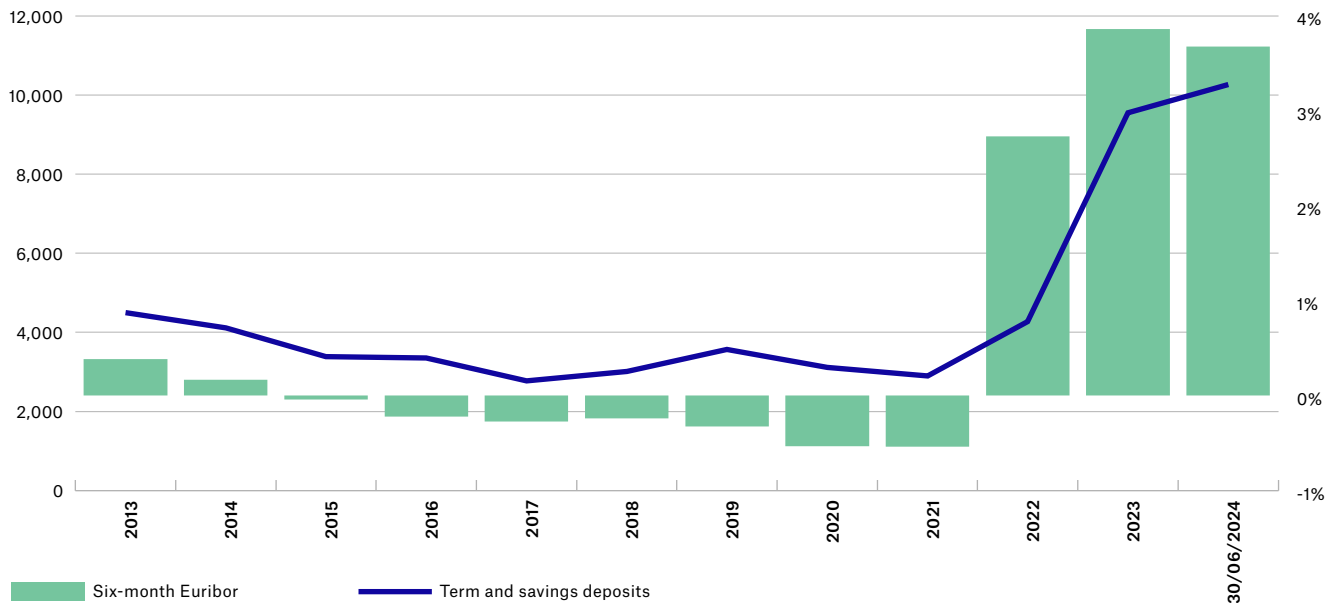


Figure 3. Term and savings deposits in banks (million euros)

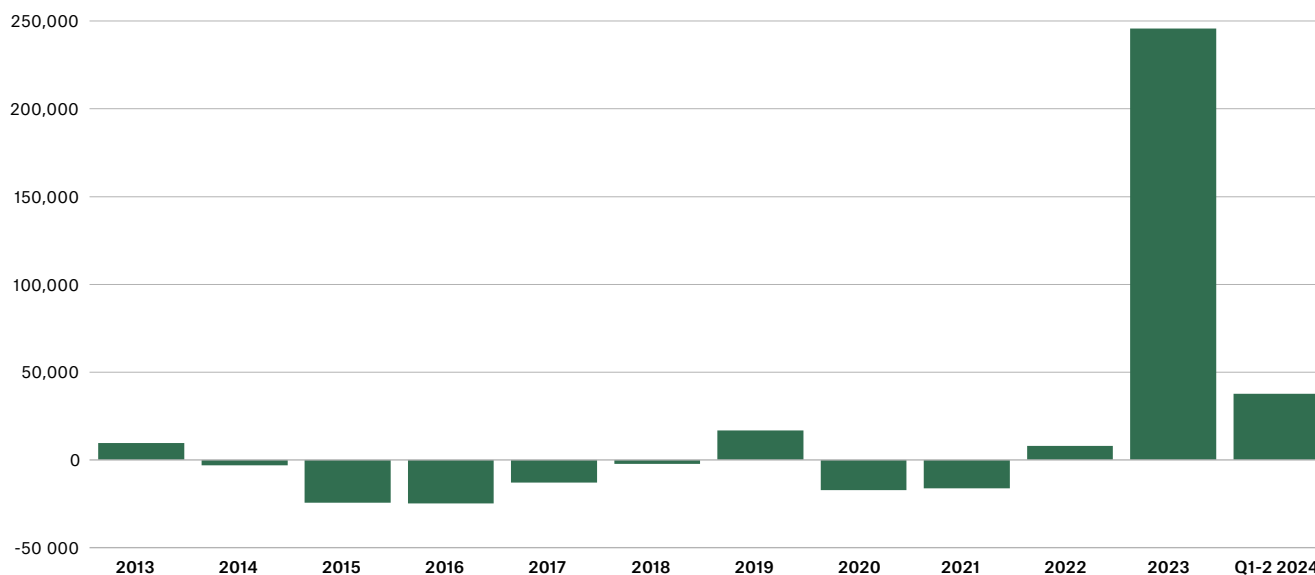


¹ The data cover credit institutions and Estonian branches of foreign credit institutions operating in Estonia, and so they cover the deposits of Estonian residents and non-residents. They do not cover deposits in the foreign branches of Estonian credit institutions.

² Includes deposits taken through online deposit-taking platforms.

The number of term deposits also rose as 38,000 new deposit contracts were signed in the first half of the year (see Figure 4), which is one of the largest ever rises for that indicator. As at the end of June, 672,000 term and savings deposits had been opened, and 93% of them or 625,000 were held by private individuals.

Figure 4. Change in the number of term and savings deposits



The amount held on the current accounts used for everyday transactions increased by 2% or 0.3 billion euros and bank clients held a total of 19.2 billion euros on their current accounts at the end of June, while other deposits totalled 1.1 billion euros.

There were 2.8 million current accounts used for settlements as at the end of June, which was about 2% more than half a year earlier. There were in total 3.6 million active deposit contracts³.

By client group

Private individuals⁴ were the group of bank clients that saw the most growth in deposits. The stock of private deposits increased by 5% or 0.7 billion euros over the half year and stood at 15.7 billion euros at the end of June (see Figure 5). The main growth was in the private deposits of Estonian residents.

The deposits of the general government⁵ also grew, adding 0.6 billion euros, while the deposits of companies⁶ and financial institutions⁷ declined. The stock of corporate deposits has not grown over the past year and a half, and has mostly remained in the range of 10.2-10.3 billion euros.

3 Deposits with money on account. The number covers both residents of Estonia and non-residents.

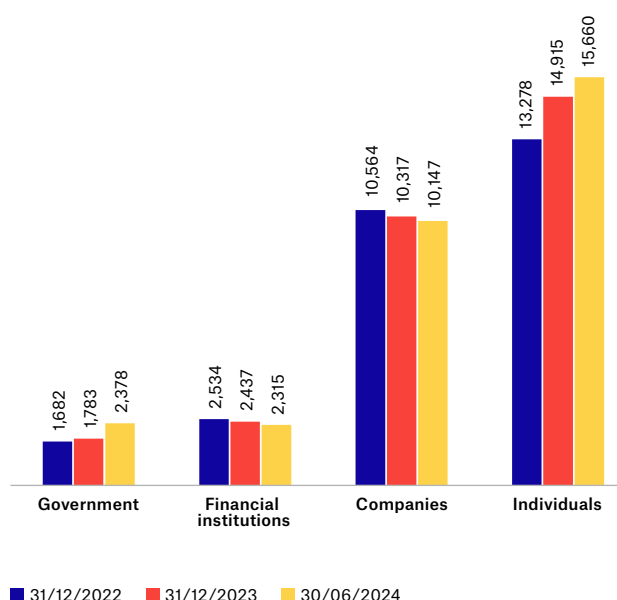
4 Includes non-profit organisations.

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

6 Includes state-owned and local government-owned companies.

7 Includes insurers and pension funds.

Figure 5. Stock of deposits (million euros)



2.2 MARKET SHARE OF BANK DEPOSITS

The biggest change in the market share for deposits in the first half of 2024 was the growth of the market share of Bigbank and LHV Pank, as Bigbank increased its market share from 5% to 6% and LHV Pank did so from 17% to 18% (see Figure 6). The market share of Swedbank, SEB Pank and Luminor Bank declined meanwhile. Swedbank still has clearly the largest market share with 40%, followed by SEB Pank with 21% and LHV with 18%.

Term deposits are mainly concentrated at four banks (see Figure 7), as Swedbank had 35% of them, LHV Pank and SEB Pank had 17% each, and Coop Pank had 11%. Term deposits grew most at Swedbank, and so its market share for term deposits increased from 25% to 35%.

Swedbank held the largest market share of corporate deposits with 38% followed by SEB Pank with 25%, while LHV Pank was in third place, having increased its market share faster than the other banks, gaining three percentage points from 21% to 24% (see Figure 8).

Figure 6. Market share of deposits as at the end of June 2024 (end of June 2023 in brackets)

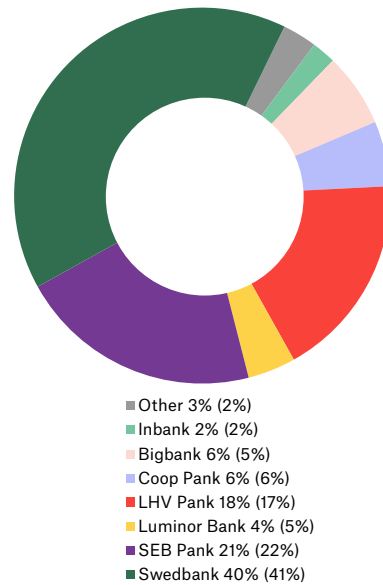


Figure 7. Distribution of term and savings deposits between banks as at the end of June 2024 (end of June 2023 in brackets)

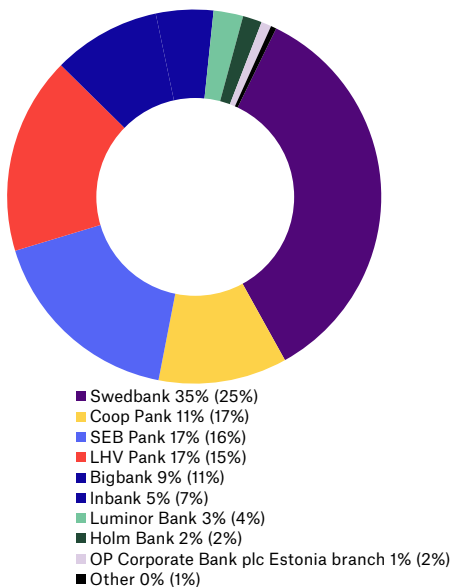
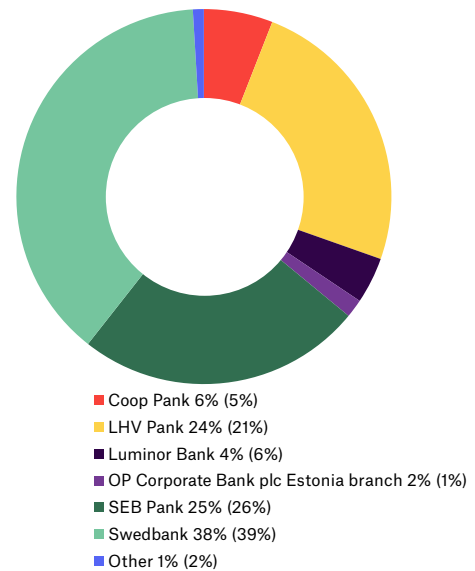
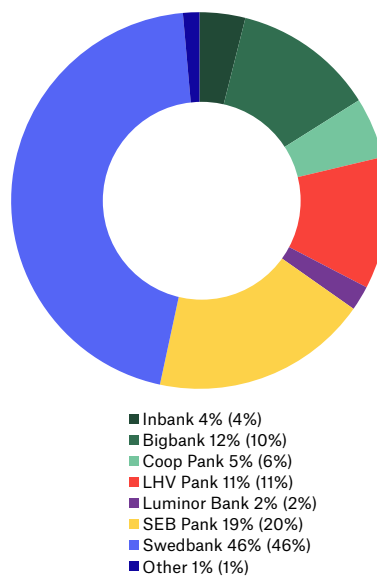


Figure 8. Market share of corporate deposits as at the end of June 2024 (end of June 2023 in brackets)



Swedbank again held the largest market share of private deposits (see Figure 9) with 46%, followed by SEB Pank with 19%, with Bigbank climbing to third place with 12%.

Figure 9. Market share of private deposits as at the end of June 2024 (end of June 2023 in brackets)



3. BORROWING

Stock of loans from banks and creditors:	32.9 billion euros
Stock of housing loans:	11.4 billion euros
Stock of consumer and credit card loans:	1.4 billion euros
Stock of private leases:	0.9 billion euros

3.1 MAIN DEVELOPMENT TRENDS

- Growth in the total stock of loans from banks and creditors slowed in the first half of 2024 to 2%, as corporate loans⁸ grew by 1% and private loans⁹ by 3%.
- The housing loan market revived as the number of new housing loan contracts signed in the first half of the year was 6% higher than in the same part of 2023, while high interest rates started to fall.
- The market for consumer loans was down, as 21% fewer new consumer loan contracts were signed in the first half of the year than in the first half of 2023, though the average size of each loan was substantially larger, while the cost of loans remained high.
- There were 6% more new vehicle lease contracts signed with private individuals than in the first half of 2023.

The aggregate loan portfolio of banks and creditors

The aggregate loan portfolio of the banks and creditors operating in Estonia stood at around 33 billion euros at the end of June 2024 having grown by 2% over the half year. The largest part of this was the 28 billion euros in bank loans, while there was 5 billion euros in loans from creditors¹⁰ (see Figure 10).

The stock of corporate loans increased by 1% over the half year to stand at 17.8 billion euros at the end of June (see Figure 11).

Figure 10. Loan stock of banks and creditors (million euros)

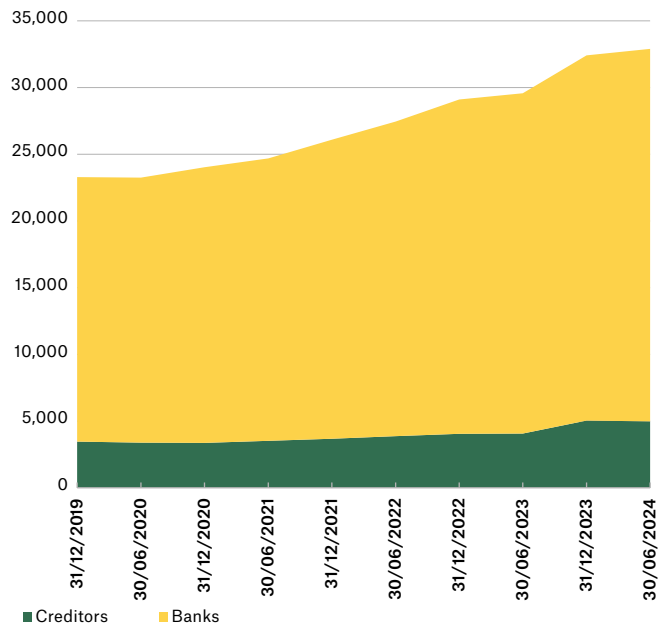
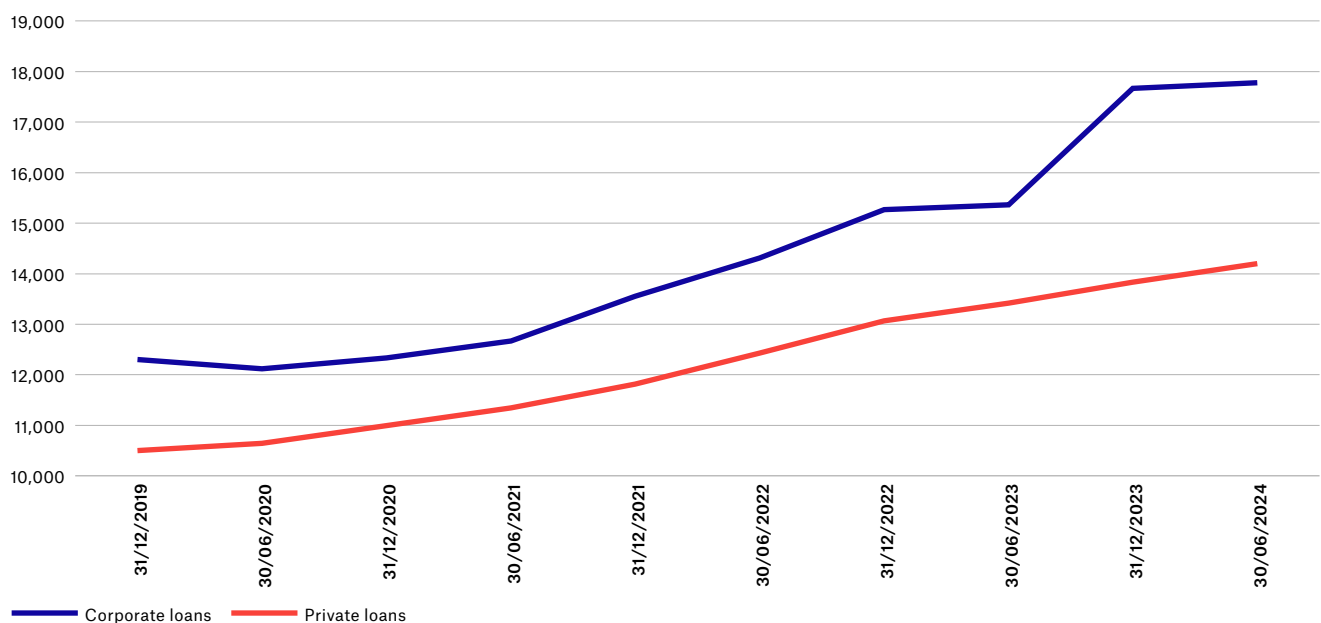


Figure 11. Stock of corporate loans and private loans from banks and creditors (million euros)



8 Corporate loans covers loans from banks to financing institutions and companies and the business loans of creditors

9 Private loans covers loans from banks to private individuals and consumer credit from creditors.

10 Total loans from creditors covers both consumer credit and other business loans.

The stock of private loans grew to 14.2 billion euros by the end of June having added 3% or around 0.4 billion euros over the half year. The growth in private loans was again driven by housing loans, which grew by 0.3 billion euros in the first half of 2024, having grown by the same amount in the first half of 2023. The stock of housing loans stood at 11.4 billion euros at the end of June.

The stock of consumer loans and credit card loans to private individuals totalled 1.4 billion euros at the end of June, having grown by 2% or 28 million euros over the half year. The growth in the stock of consumer loans and credit card loans was slower than it was in the first half of last year.

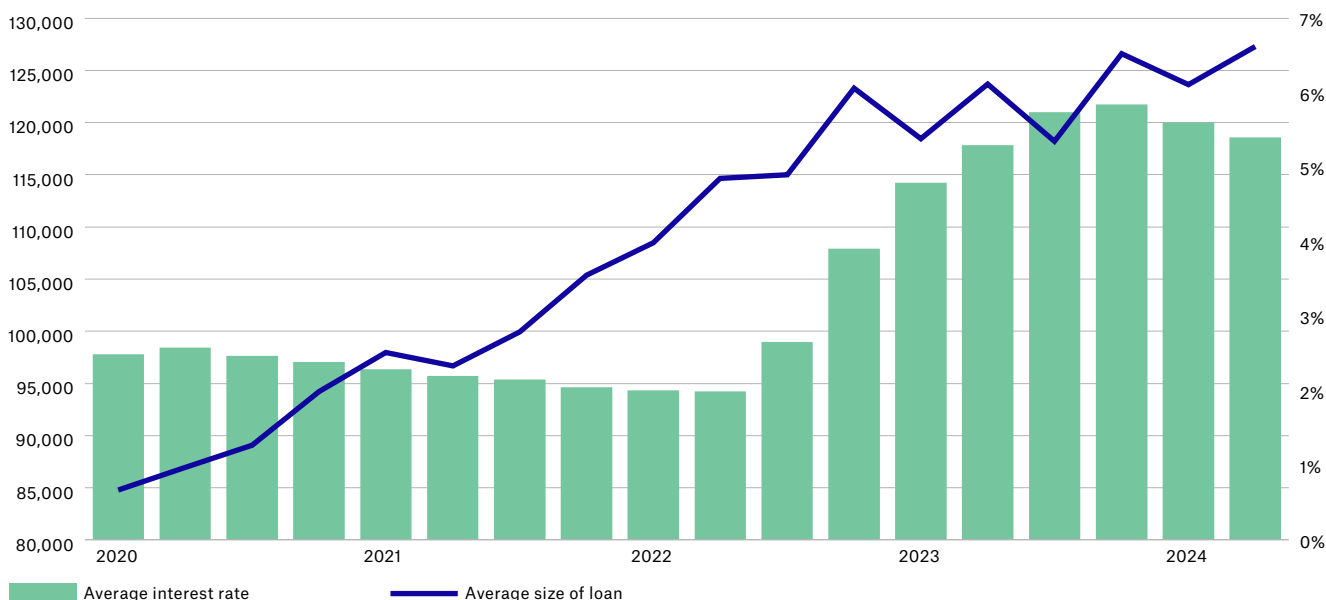
The stock of private leases was 0.9 billion euros in June, meaning it was 1% larger than a year ago.

Changes in the supply of housing loans

The small fall in Euribor in 2024 pulled loan interest rates down a little as well. **The average interest rate on new housing loans** fell from 5.8% to 5.4% in the first half of 2024.

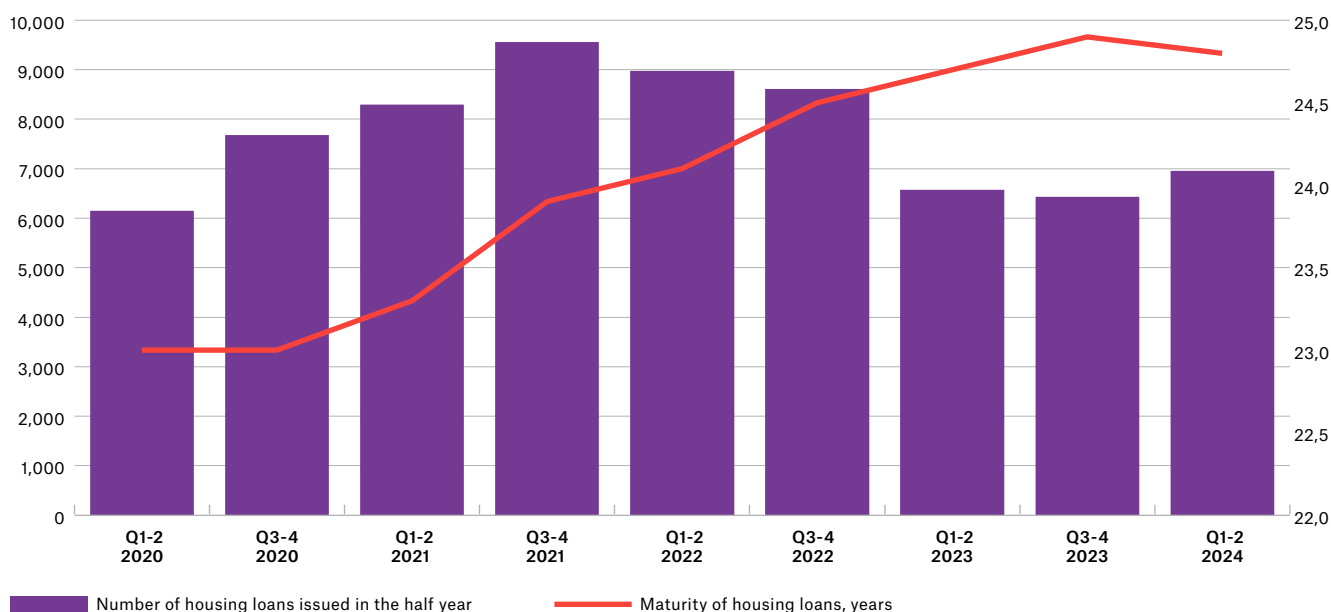
The average size of new housing loans increased by around 700 euros at the same time, and was 127,300 euros in the second quarter of 2024 (see Figure 12).

Figure 12. Average amount of new housing loans in euros and the average interest rate



The number of new housing loans started to rise (see Figure 13). Fewer and fewer new housing loan contracts were signed in 2022–2023, but the number of them showed some growth again in the first half of 2024. Some 6956 new housing loan contracts were signed in the half year, up from 6578 in the first half of 2023.

Figure 13. Number of new housing loans and their average maturity



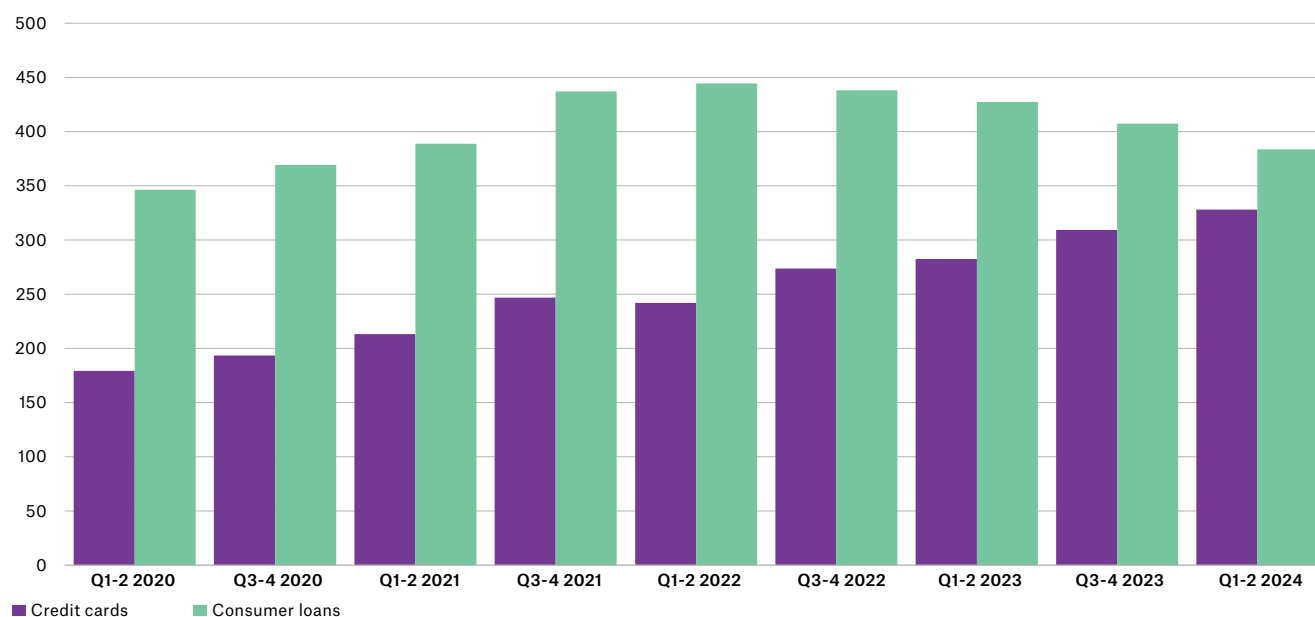
The average maturity of housing loans fell slightly during the half year from 24.9 years to 24.8 years. A few years ago the average maturity of housing loans in Estonia was 23 years.

A total of 876 million euros of new housing loans were issued in the first half of 2024, which was more than the 791 million euros in the first half of 2023.

Changes in the supply of consumer loans

Consumer loans are offered by both banks and creditors. New consumer loans¹¹ worth 384 million euros were issued in the first half of 2024, down from 427 million euros in the first half of 2023 (see Figure 14). Creditors issued around two thirds of the consumer loans by value. As well as consumer loans, private individuals paid for their everyday settlements and consumption in the first half of 2024 with a total of 328 million euros on credit cards, up from 282 million euros in the first half of 2023, and 23 million euros of overdrafts.

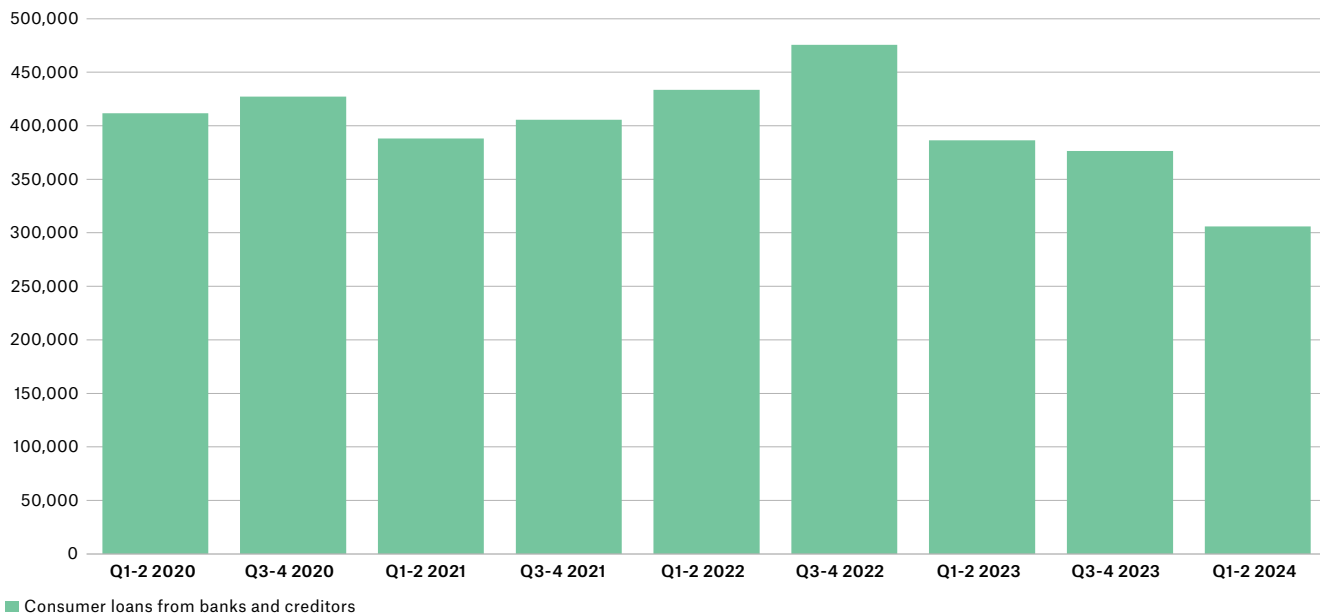
Figure 14. Half-yearly turnover of consumer loans and credit card loans (million euros)



¹¹ Consumer loans are loans from banks to private individuals for purchasing goods and services other than overdrafts and credit card loans, and unsecured small loans and instalment loans from creditors.

The number of new consumer loans was 21% lower than in the first half of last year (see Figure 15). A total of 306,000 new consumer loans were issued in the first half of 2024, after 386,000 in the first half of 2023.

Figure 15. Number of new consumer loans



The average amount issued in a consumer loan increased over the year, as the average loan from a bank was 4118 euros in the second quarter of 2024, but 2301 euros in the second quarter of 2023, while the most popular loan product of creditors, the unsecured small loan, averaged 1090 euros in the second quarter of 2024, but 893 euros in the second quarter of 2023. The exception to this trend was instalment loans from creditors, which were smaller on average than a year earlier at 857 euros, down from 892 euros in the second quarter of 2023.

Consumer loans remain more expensive for borrowers than other forms of loan. The cost of loans for consumers is mainly expressed using the total cost of credit (TCC), which covers the interest rate and also the other costs for consumers such as the contract fee. Consumer loans from banks had the lowest total cost of credit in the first half of 2024 at 15% on average in the second quarter, while the average TCC of instalment loans from creditors associated with banks and from those not associated with banks was 26% at the same time (see Figures 16 and 17). The TCC on unsecured small loans issued by creditors not associated with banks remained at 44%.

Figure 16. Total cost of credit at creditors associated with banks

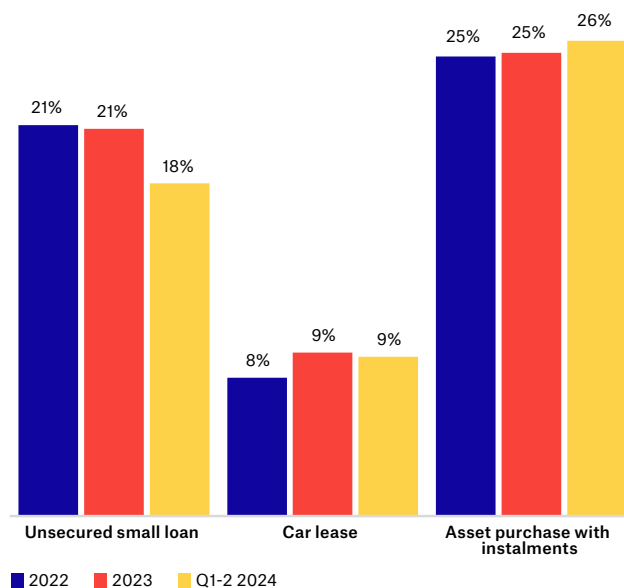
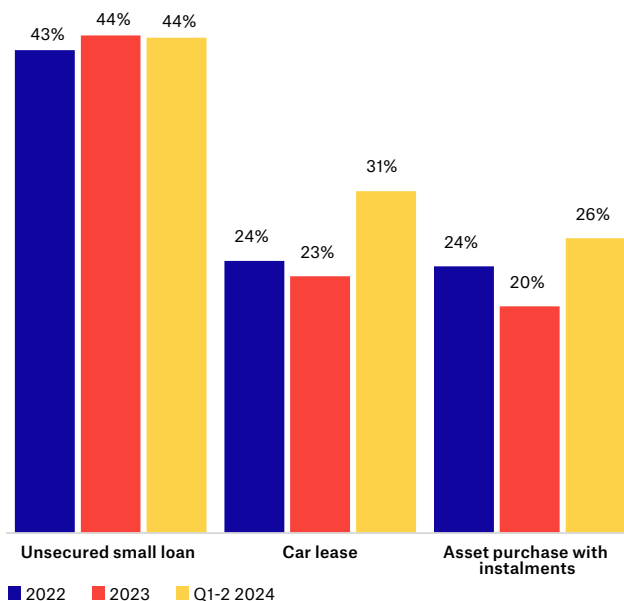


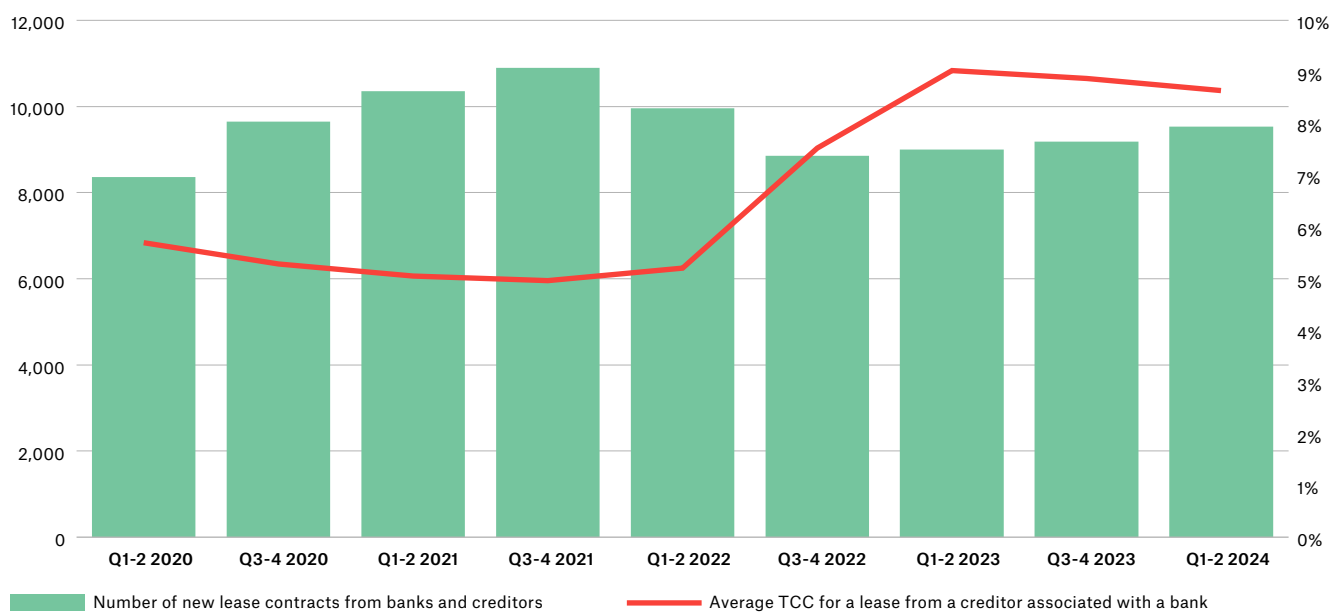
Figure 17. Total cost of credit at non-bank creditors



Changes in the supply of private car leases

There were 9534 new leases for vehicles signed in the first half of 2024 (see Figure 18), which was 6% or 532 more than in the first half of 2023. The average size of a car lease was 19,823 euros in the second quarter of 2024, up from 19,505 euros in the same quarter of 2023.

Figure 18. Number of new lease contracts for cars and total cost of credit



Car leases are mainly signed with creditors associated with banks, which were party to 95% of all new car leases in the first half of 2024.

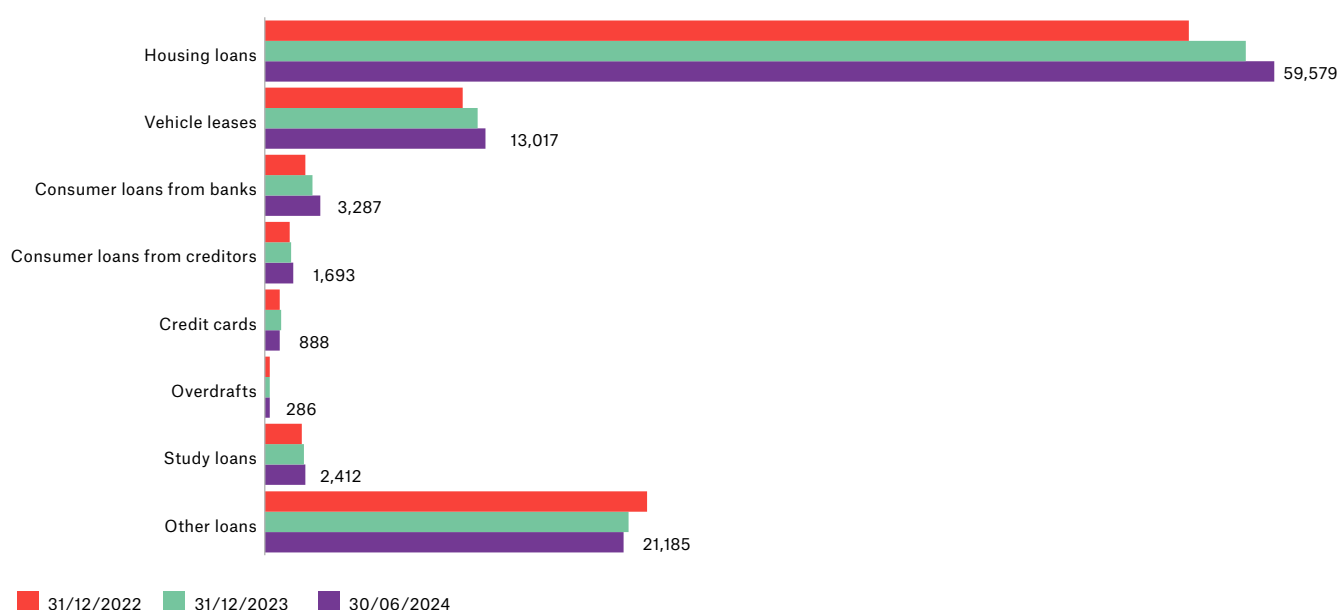
The average TCC for car leases from creditors associated with banks was 9% in the second quarter of 2024. Car leases provided by non-bank creditors were notably more expensive with an average TCC of 31%.

The average loan burden of private clients

New loans, which have increased in size in recent years, affect the average loan stock. The average outstanding amount of most types of loan increased in the first half of 2024. The exceptions were credit cards and other loans, where the average outstanding loan decreased.

The average amount outstanding on housing loans was 59,579 euros at the end of June (see Figure 19). This was followed by vehicle leases, for which the average outstanding lease was 13,017 euros.

Figure 19. Average outstanding amount of loans to private individuals (euros)



The average outstanding consumer loan taken from a bank was notably larger at 3287 euros than the average outstanding consumer loan¹² of 1693 euros from a creditor.

The average amount outstanding on credit cards was 888 euros and the average outstanding study loan was 2412 euros.

The average outstanding other loan¹³ was 21,185 euros. The outstanding amount of these loans was affected by relatively large loans taken out to fund business activities, as the average such loan was for 36,582 euros.

¹² Consumer loans from creditors cover the categories of unsecured small loans and instalment credit for asset purchases.

¹³ Reasons why private individuals and non-profit associations take other loans include purchases of securities, and starting or expanding businesses.

3.2 BANK LOANS

Loans issued from banks by client groups

The stock of loans issued by banks increased in the first half of 2024 by 0.5 billion euros or 2% to stand at 27.9 billion euros by the end of June, having grown 1.7% in the first half of 2023.

The largest part of the growth in loans came from loans to private individuals. The loan stock of private individuals grew by 448 million euros in the first half of 2024, while the stock of corporate loans grew by 129 million euros and those to the general government grew by 14 million euros. The stock of loans issued to financial institutions¹⁴ declined by 50 million euros.

The stock of loans to private clients was 12.7 billion euros at the end of June, and the stock of loans to companies was 10.1 billion euros (see Figure 20). The stock of loans issued to financial institutions was 4.2 billion euros, and that to the general government was 0.9 billion euros.

Figure 20. Outstanding loan stock (million euros)



14 Includes insurers and pension funds.

Market share of bank loans

The largest loan portfolios at the end of June were held by Swedbank with 37% of the market, SEB Pank with 24%, and LHV Pank with 13% (see Figure 21). The market share of Luminor Bank saw the largest growth over June of the previous year, increasing from 9% to 11%.

The biggest increase in market share for corporate loans (see Figure 22) was at LHV Pank, from 18% to 21%. Swedbank again held the largest market share with 32% followed by SEB Pank with 22%.

The dominant shares of loans to private borrowers (see Figure 23) were again held by Swedbank at 43% and SEB Pank at 26%, but they have lost some market share in recent years as smaller banks have become more active in lending.

Figure 21. Market share of bank loans as at the end of June 2024 (end of June 2023 in brackets)

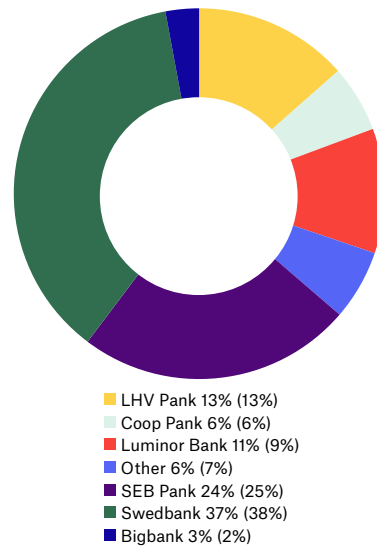


Figure 22. Market share for loans to companies as at the end of June 2024 (end of June 2023 in brackets)

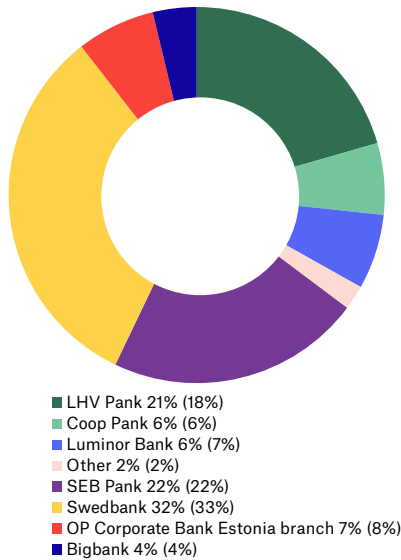
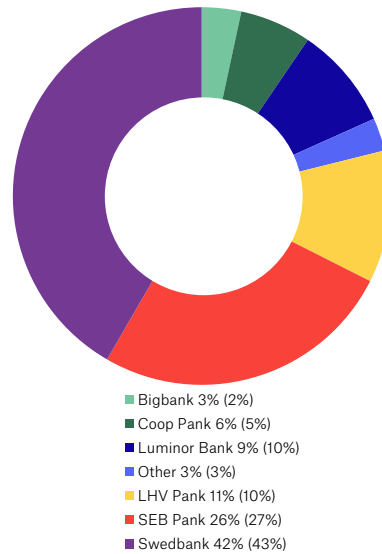


Figure 23. Market share for loans to private individuals as at the end of June 2024 (end of June 2023 in brackets)



The majority of loans to private clients were housing loans, which were 90% of private loans at the end of June. The market distribution of loans to private clients is consequently defined very much by the distribution of the market for housing loans. The market leaders for housing loans at the end of June remained Swedbank with 42% of the housing loan market and SEB Pank with 28% (see Figure 24).

The market distribution of consumer loans from banks (see Figure 25) was affected most by the creditor Coop Finants merging with Coop Pank, which resulted in all the consumer loans of Coop Finants being added to those of Coop Pank. Coop Pank consequently increased its market share to 15% by the end of June. Only Swedbank with 40% and TF Bank Estonia branch with 16% had larger market share.

Figure 24. Market share for housing loans to private individuals as at the end of June 2024 (end of June 2023 in brackets)

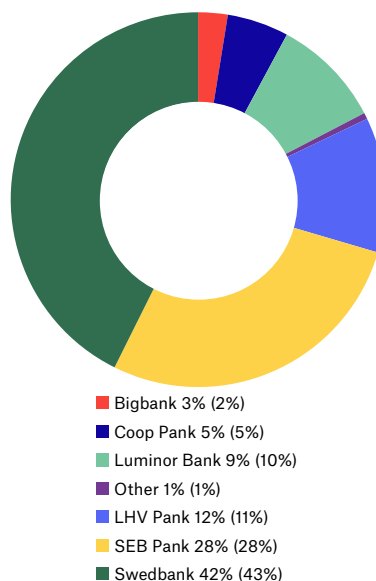
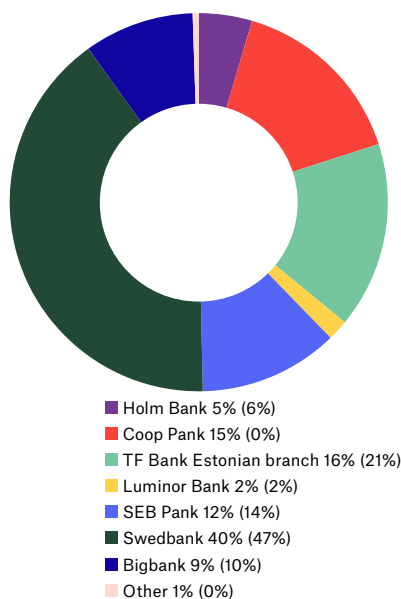


Figure 25. Market share for consumer loans to private individuals as at the end of June 2024 (end of June 2023 in brackets)

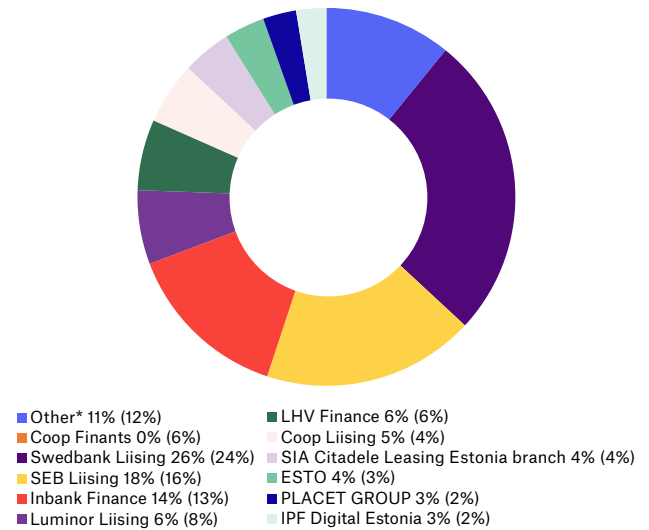


3.3 LOANS ISSUED BY CREDITORS¹⁵

The creditor Coop Finants AS merged with Coop Pank AS at the start of 2024, meaning the consumer loans granted by Coop Finants are no longer recorded in the statistics for creditors. This caused a small reduction in the aggregate data for creditors. The stock of loans from creditors to private individuals decreased by 77 million euros or 5% in the first half of 2024 to stand at 1.5 billion euros at the end of June.

At 1.2 billion euros, the large majority of this was the loans issued by creditors associated with banks to private individuals. The loan portfolio of non-bank creditors was worth 283 million euros.

Figure 26. Market share of all creditors by stock of the loan portfolio as at the end of June 2024 (end of June 2023 in brackets)



* The market shares of other creditors were: Monefit Estonia OÜ 1.80%, Creditstar Estonia AS 1.78%, Telia Eesti AS 1.27%, BB Finance OÜ 1.26%, Hüpoteeklaen AS 0.87%, Primero Finance OÜ 0.78%, Svea Finance AS 0.73%, Rävåla Laenu OÜ 0.48%, OÜ AIRES LAENU OÜ 0.42%, Omega Laen AS 0.24%, Modena Estonia OÜ 0.21%, Medicredit OÜ 0.11%, aktsiaselts Saare Kalur 0.09%, Eesti Ühistuliising OÜ 0.09%, OÜ Citadele Leasing & Factoring 0.08%, RE Invest OÜ 0.07%, Ehital Krediit OÜ 0.07%, Nordic Hypo AS 0.07%, Baltasar Liising OÜ 0.06%, Mercury Credit OÜ 0.05%, AS Finora Capital 0.03%, Clementer OÜ 0.03%, Invest in OÜ 0.03%, Tenor OÜ 0.02%, Fresh Finance OÜ 0.02%, OREON OÜ 0.02%, Berger Financial Group OÜ 0.01%, Best Capital OÜ 0.01%, Kemotex Finance OÜ 0.01%, Autokiirpant OÜ 0.01%, AS Varalaen 0.01%, Kinnistulaen OÜ 0.001%, TBB Liisingu AS 0.001%, TKM Finants 0.0004% and ON24 Aktsiaselts 0.00001%.

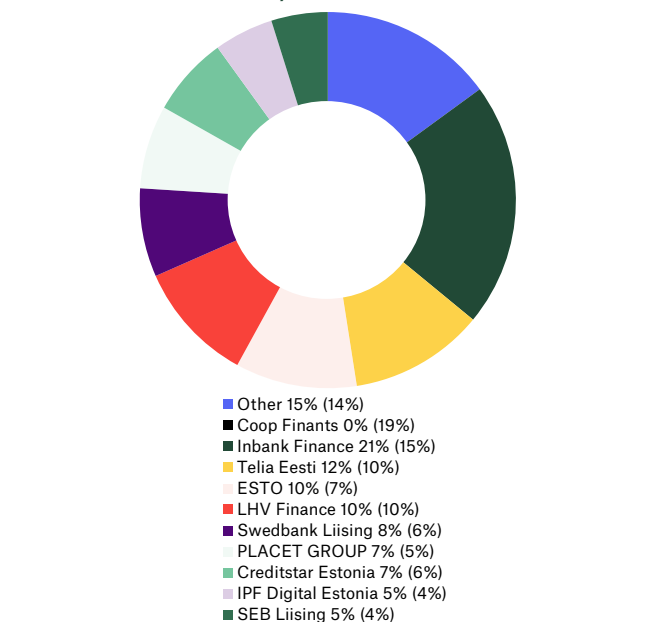
The market distribution of loans from creditors

The market share of creditors depends very much on whether they are part of a bank group and on the type of loan they issue. The average amount of a car lease is substantially more than the amounts of other consumer loans, and so the creditors that issue leases generally have larger market share.

The largest loan portfolios at the end of June were held by Swedbank Liising with 26% of the market, SEB Liising with 18%, and Inbank Finance with 14% (see Figure 26). The largest market share among the non-bank creditors was held by ESTO, which had the eighth largest loan portfolio among all creditors with 3.5% market share. It was followed by PLACET GROUP with 2.9% and IPF Digital with 2.6%.

The largest market share by number of loan contracts (see Figure 27) was held by Inbank Finance with 21%. It was followed by Telia Eesti with 12% and ESTO and LHV Finance with 10% each.

Figure 27. Market share of all creditors by number of loan contracts as at the end of June 2024 (end of June 2023 in brackets)



¹⁵ The data cover the consumer loans to private individuals that Finantsinspeksioon supervises.

3.4 LOANS INTERMEDIATED BY CREDIT INTERMEDIARIES

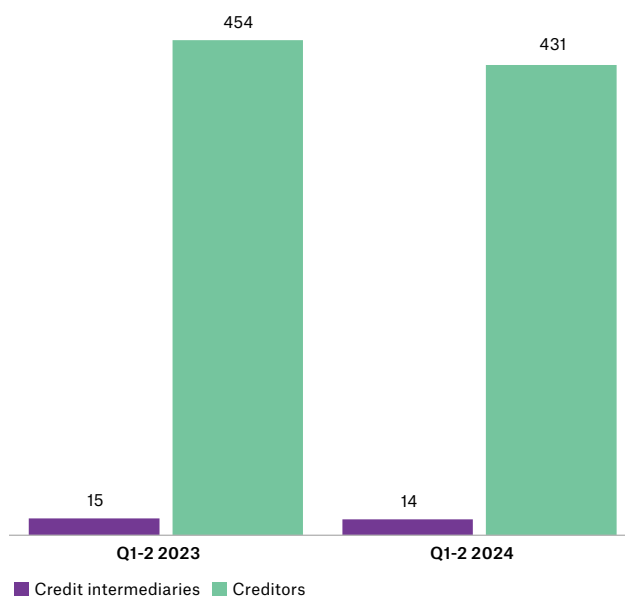
Alongside providers of consumer credit there are credit intermediaries operating in the market, and there were six of them in June 2024.

The total turnover of credit intermediaries was 14 million euros in the first half of 2024, and 15 million euros in the first half of 2023, which is a long way below the 431 million euros of turnover of creditors (see Figure 28).

The credit intermediary with the largest market share was Altero OÜ, which had 58% and was followed by Omaraha OÜ with 20% and Moneyzen OÜ with 12%.

A total of 13,730 consumer credit contracts were intermediated, down from 15,682 in the first half of 2023. The largest share of these contracts was handled by Omaraha OÜ, which had 36% of them and was followed by Montonio Finance OÜ with 35% and OÜ Altero with 22%.

Figure 28. Turnover of creditors and credit intermediaries (million euros)



4. INVESTMENT BY RETAIL INVESTORS

Retail investors are taken to be private individuals engaging in financial investment and various non-financial companies.

4.1 MAIN DEVELOPMENT TRENDS

- All of the investment services provided in Estonia increased in volume in the first half of 2024. The value of investments by retail investors increased by 11% in second pillar pension funds, by 21% in third pillar funds, by 3% in portfolio management services, by 14% in the securities accounts of Estonian banks, and by as much as 92% in the securities accounts of Estonian investment firms.
- The assets of index funds increased further for both pension pillars, as did the number of clients who had chosen such funds.
- There was a sharp increase in trading through Estonian investment firms, as 1.8 million securities transactions were intermediated in the half year with a total value of 4.1 billion euros, which was several times more than a year earlier.

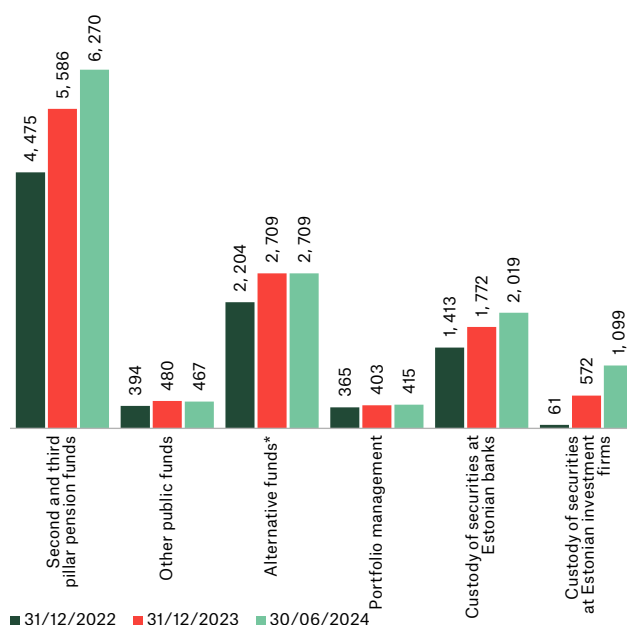
Volume of investment

There are many various options for making financial investments in Estonia. Investors can use the ready-made solutions of banks and other financial institutions, where the service provider takes investment decisions for the investor. Investors can also choose their own personal investment strategy or accumulate pension assets independently in a pension investment account.

The largest part of the investments made by retail investors at the end of June 2024 was the 6.3 billion euros of investment made through pension funds (see Figure 29). These were followed by alternative funds, where 2.7 billion euros were invested. The value of financial investments made independently by retail investors through the banks in Estonia using a securities custodian service reached 2 billion euros, and those through investment firms were of 1.1 billion euros. Investments in other alternative funds totalled 467 million euros, and investments using portfolio management services were 415 million euros.

Second pillar pension funds:	5.5 billion euros
Third pillar pension funds:	0.7 billion euros
Alternative funds (as at 2023):	2.7 billion euros
Portfolio management (retail investors):	0.4 billion euros
Securities custodian service (retail investors; banks and investment firms total):	3.1 billion euros

Figure 29. Value of investments by retail investors (million euros)

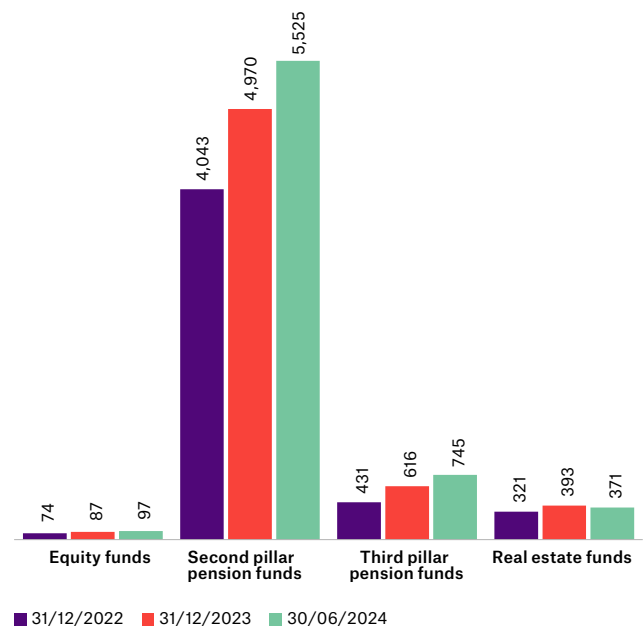


* data on alternative funds are only available on an annual basis

4.2 INVESTMENT THROUGH PUBLIC FUNDS REGISTERED IN ESTONIA

The assets of public investment funds registered in Estonia, including pension funds, grew by 0.7 billion euros or 11% over the first half of 2024 to stand at 6.7 billion euros at the end of June; in the first half of 2023 they grew by 0.8 billion euros or 16%. The main growth came at pension funds (see Figure 30).

Figure 30. Market value of investments by public funds (million euros)



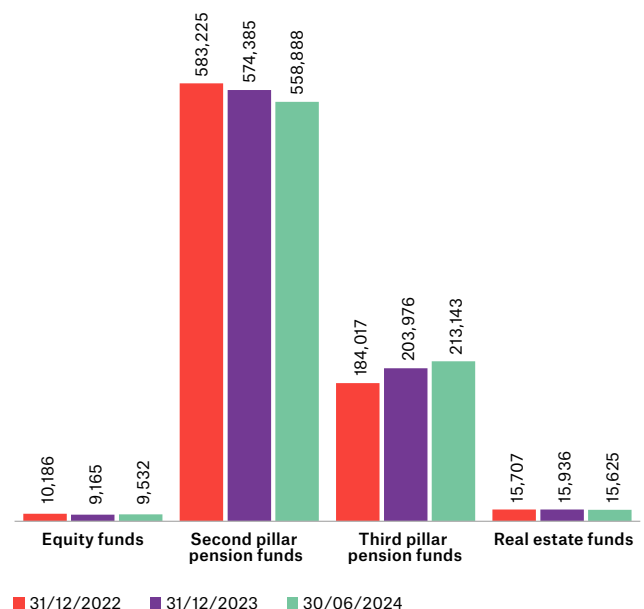
Changes at pension funds

The value of assets in second pillar funded pension funds grew by 556 million euros or 11% over the half year to stand at 5.5 billion euros.

The assets of third pillar funded pension funds grew by 128 million euros, or 21%, over the half year. The assets of third pillar funded pension funds exceed those of both real estate funds and equity funds in value, and they totalled 745 million euros at the end of June.

The number of shareholder contracts¹⁶ at second pillar funds has fallen again, while the number at third pillar funds has risen. In all, 97% of all the contracts with public funds were with pension funds, as there were 558,888 contracts with second pillar funds and 213,143 with third pillar funded pension funds (see Figure 31). The number of contracts with shareholders in other types of funds was much smaller.

Figure 31. Public funds by number of shareholder contracts

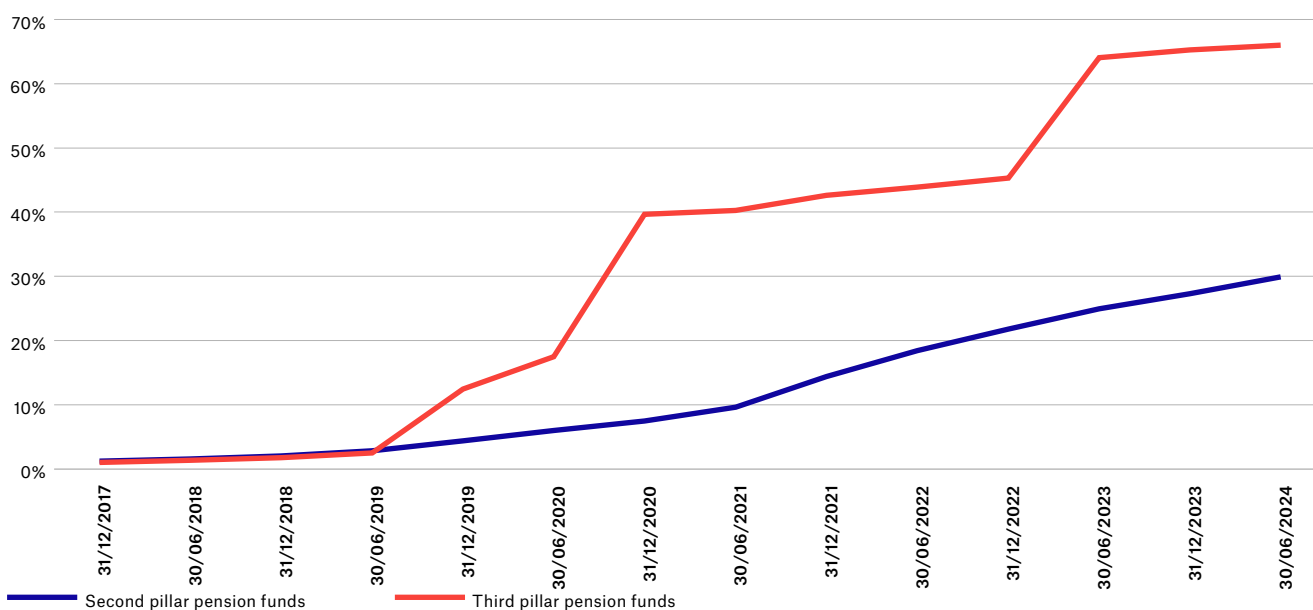


¹⁶ Many people make investments through multiple investment and pension funds, and so the actual number of people investing through funds is smaller than the number of contracts.

People were again interested in the first half of 2024 in saving for pensions through index funds, and the number of shareholders who have chosen such funds grew again. Index funds were 30% of all the contracts with second pillar pension funds at the end of June, up from 27% in 2023, and 66% of the contracts with third pillar funded pension funds, up from 65% (see Figure 32).

Index funds were 25% of the value of assets in second pillar pension funds, and 20% in 2023, and 52% at third pillar funds, up from 49% in 2023.

Figure 32. People choosing index tracking funds as a share of all shareholders in pension funds



Market share of fund services¹⁷

The largest changes in the Estonian market for public funds in the first half of 2024 were the growth in the market share of Tuleva Fondid from 10% to 13%, and the decline in the market share of LHV Varahaldus from 26% to 23% (see Figure 33). The market share of other fund managers has either stayed the same or lost a percentage point. The largest fund manager at the end of June was Swedbank Investeerimisfondid, which had market share of 36%. It was followed by LHV Varahaldus with 23% market share, and SEB Varahaldus with 15%.

Tuleva Fondid increased its market share among pension funds, increasing it from 9% to 11% for second pillar funds (see Figure 34) and from 30% to 36% for third pillar funds (see Figure 35). It is notable that Tuleva Fondid has grown to become the largest fund manager in the third pillar pension fund sector.

The largest second pillar pension fund remains Swedbank Investeerimisfondid with 40% market share. It was followed by LHV Varahaldus with 26% market share, and SEB Varahaldus with 16%.

Tuleva Fondid rose to become leader in the market for third pillar funds with market share of 36%. The second largest was Swedbank Investeerimisfondid with market share of 35%. LHV Varahaldus had 13% of the market for third pillar funds, and SEB Varahaldus had 12%.

Figure 33. Market share of fund services as at the end of June 2024 (end of June 2023 in brackets)

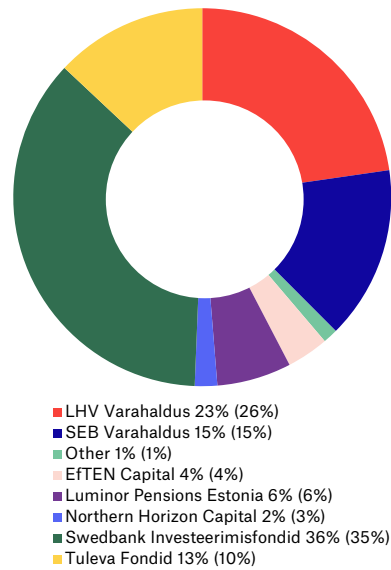


Figure 34. Market share of second pillar pension funds as at the end of June 2024 (end of June 2023 in brackets)

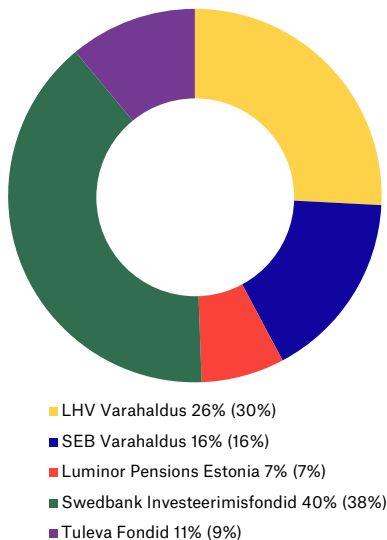
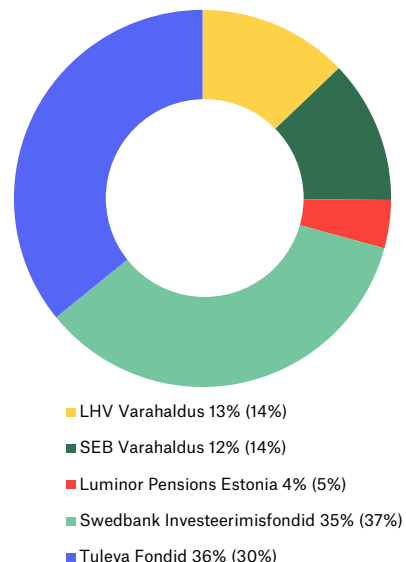


Figure 35. Market share of third pillar pension funds as at the end of June 2024 (end of June 2023 in brackets)



¹⁷ The market shares of fund managers are calculated from the assets of public investment funds registered in Estonia.

4.3 INVESTMENT THROUGH ALTERNATIVE FUNDS REGISTERED IN ESTONIA

Investment in Estonia can be made through small alternative funds as well as through public funds. The aggregate assets of alternative funds were around 2.8 billion euros at the end of 2023.

4.4 MANAGEMENT OF SECURITIES PORTFOLIOS

Investments by retail investors made through securities management services totalled 415 million euros at the end of 2024 (see Figure 36). This total increased by 3% or 11 million euros over the half year.

Retail investors mainly used the services of banks for securities portfolio management at a total of 400 million euros.

The largest market share of portfolio investment services for retail investors was held by LHV Pank with 48%. Swedbank was in second with 24%, followed by SEB Pank with 13% of the market (see Figure 37).

Figure 36. Portfolio volumes of retail investors at different service providers (million euros)

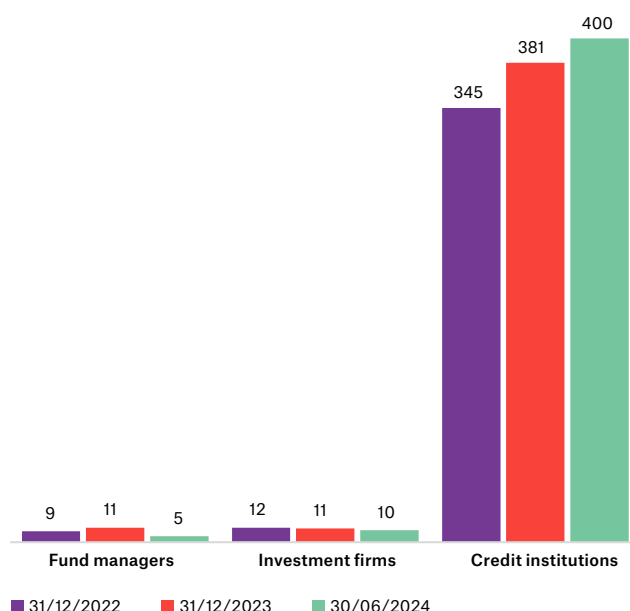
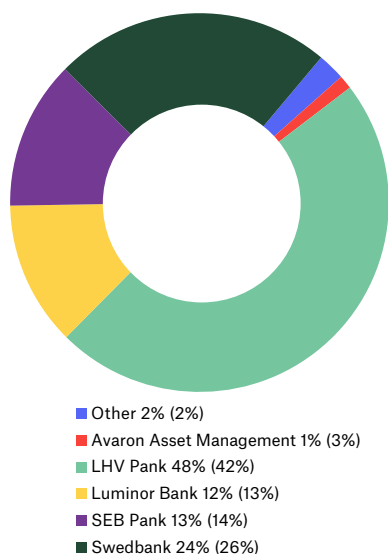


Figure 37. Market share of portfolio management by service provider as at the end of June 2024 (end of June 2023 in brackets)



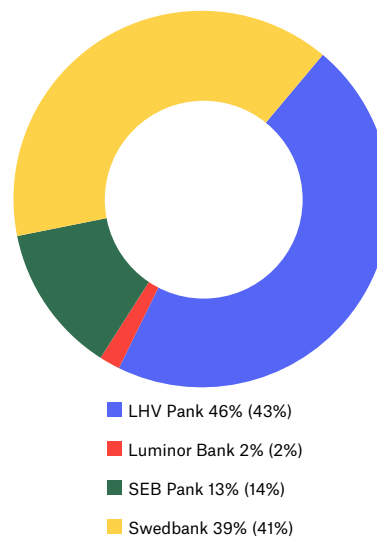
4.5 SECURITIES CUSTODIAN SERVICE

Client investments held by banks

Retail investors held 2 billion euros of securities in banks in Estonia at the end of June 2024. The stock of securities increased by 14% or 247 million euros over the half year.

The largest shares of the investments of retail investors were held by LHV Pank with 46% and Swedbank with 39% (see Figure 38).

Figure 38. Distribution of investment by retail investors at Estonian banks as at the end of June 2024 (end of June 2023 in brackets)



Investments through pension investment accounts

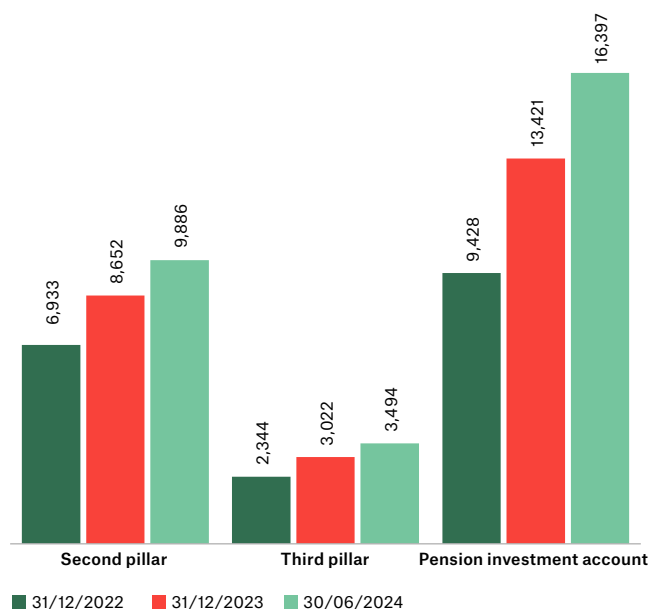
At the end of June, 4% of investments by retail investors were made through pension investment accounts at a total of 80 million euros. The market value of these investments increased by 23% or around 15 million euros over the half year. The great majority at 92% of these investments were in equities.

There were 4893 individuals who had invested through pension investment accounts at the end of June, and 4852 at the end of 2023.

The value of pension investment account investments was on average larger than those in the second and third pension pillars (see Figure 39). The average value of investments in pension investment accounts was 16,397 euros at the end of June 2024, the average investment in a second pillar pension fund was 9886 euros, and the average third pillar pension fund investment was 3494 euros.

LHV Pank handled 75% of pension investment account investments and Swedbank had market share of 20%.

Figure 39. Value of the average contract of pension savers (euros)

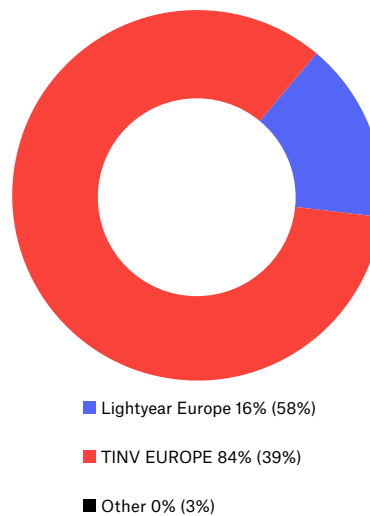


Client investments held by investment firms

The amount traded by retail investors through Estonian investment firms leapt up in the first half of 2024. There were 1.8 million transactions worth a total of 4.1 billion euros under securities custodian and management services, which is many times more than in the first half of 2023, when there were 0.4 million transactions worth 0.4 billion euros in total. TINV Europe AS had the largest market share by turnover with 84%, followed by Lightyear Europe AS with 16% market share (see Figure 40). All of the other market participants together had less than 0.5%.

The stock of client investments grew, as retail investors held 1.1 billion euros of securities at Estonian investment firms at the end of June 2024, having had 572 million euros of them at the end of 2023. Residents of Estonia had 224 million euros of that, up from 115 million euros at the end of 2023.

Figure 40. Market share of investment firms by turnover of securities transactions as at the end of June 2024 (end of June 2023 in brackets)

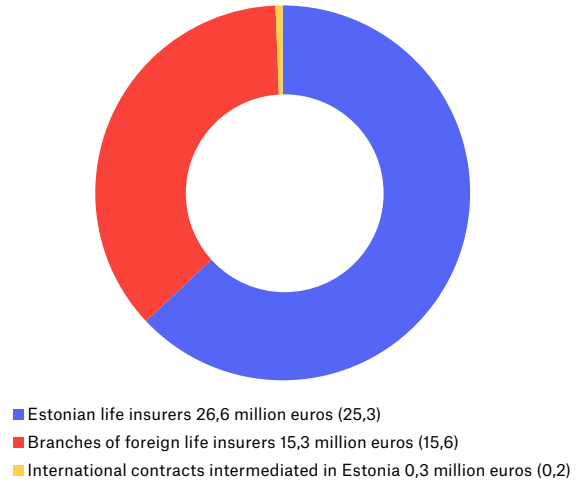


5. THE LIFE INSURANCE MARKET

Life insurance contracts are provided in Estonia by insurers registered in Estonia and Estonian branches of foreign insurers. Life insurance contracts can also be provided cross-border in Estonia, mainly through insurance brokers, but the volume of such contracts is small (see Figure 41).

Volume of life insurance premiums: 42 million euros
of which premiums intermediated by brokers: 850,000 euros

Figure 41. Life insurance premiums paid in the first half of 2024 (first half of 2023 in brackets)

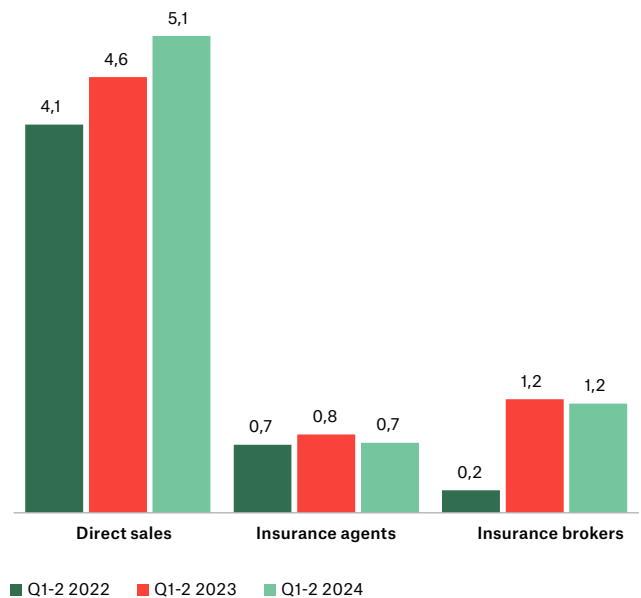


5.1. NEW SALES OF LIFE INSURANCE CONTRACTS

In the first half of 2024, 12,938 new life insurance contracts were signed in Estonia, which was fewer than the 14,624 new contracts signed in the first half of 2023. More was received in premiums under them though, at around 7 million euros after 6.7 million euros in the first half of 2023. Direct sales by insurers increased, but the number of contracts sold through insurance brokers and agents did not change over the half year (see Figure 42).

Direct sales remain the main sales channel for life insurers, as 73% of the premiums under new contracts came from direct sales.

Figure 42. New life insurance contracts signed through different sales channels by premiums (million euros)



5.2. INSURANCE COMPANIES PROVIDING LIFE INSURANCE

Insurance premiums¹⁸

In the first half of 2024 the life insurance companies in Estonia received 42 million euros in insurance premiums¹⁹ from new contracts and ones signed in earlier years, which was 3% more than the 41 million euros received in 2023. There has been no notable growth in the premiums received in Estonia over the past 14 years.

The life insurance product that received the largest amount of premiums was again unit-linked life insurance, which took 15 million euros of premiums in the first half of 2024 and 14 million euros a year earlier (see Figure 43). It was followed by whole life insurance premiums of 11 million euros, which was the same amount as a year earlier.

Insurance payouts of 34 million euros were made during the first half of the year, while 47 million euros were paid out in the same period of 2023. The largest part of the payouts were the 16 million euros for unit-linked life insurance, while 7 million euros was paid out for each of endowment insurance and annuities (see Figure 44).

Figure 43. Life insurance premiums by type of insurance (million euros)

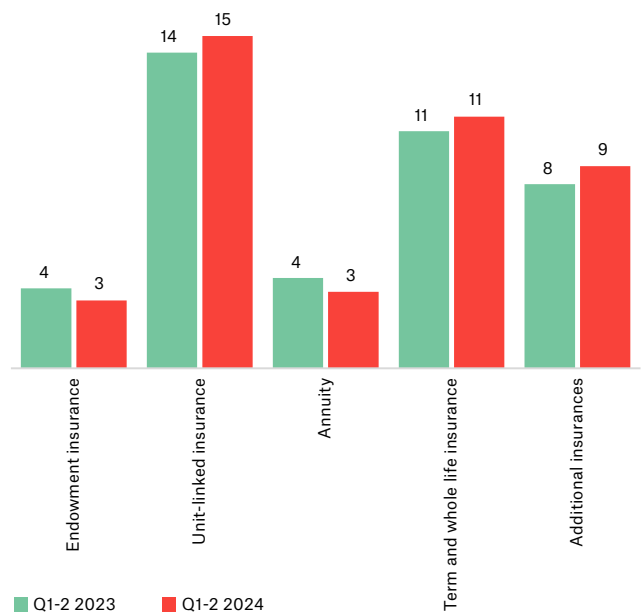
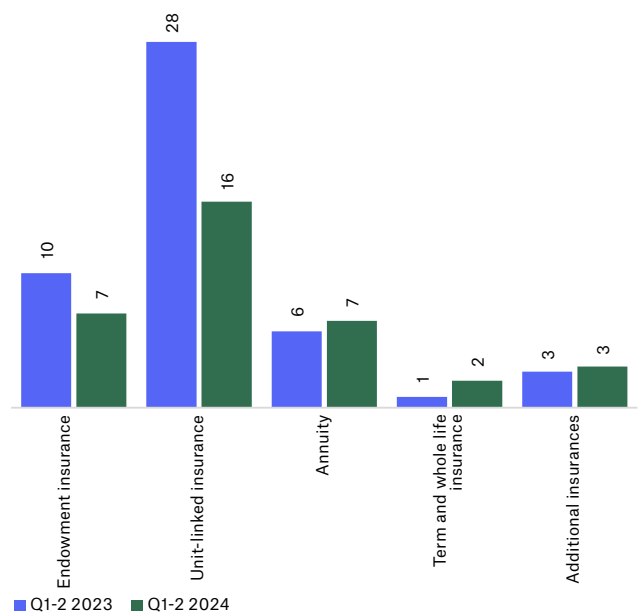


Figure 44. Claims paid out on life insurance by type of insurance (million euros)



¹⁸ The data on insurance premiums and payouts come from Statistics Estonia.

¹⁹ The data do not cover insurance premiums received from outside Estonia.

Life insurers

The biggest change in the distribution of the life insurance market was the growth in the position of Compensa Life Vienna Insurance Group SE, which increased from 16% of the life insurance market to 18% (see Figure 45). Swedbank Life Insurance SE had the largest market share with 45%, followed by SEB Life and Pension Baltic SE Estonia branch with 23%.

The number of life insurers operating in Estonia has increased in recent years. Gyvybės draudimo UAB SB draudimase Estonia branch entered the life insurance market in the closing months of 2023 when it took over the insurance portfolio of INVL Life uždaroji akcinė draudimo bendrovė Estonia branch. It had 3% of the life insurance market in June 2024.

The biggest market share in the first half of 2024 for the main life insurance products was held by Swedbank Life Insurance SE for unit-linked insurance with 59% and whole life insurance with 54%; SEB Life and Pension Baltic SE Estonia branch for endowment insurance with 56%; and Compensa Life Vienna Insurance Group SE for annuities with 92%.

Figure 45. Market share of life insurance by premiums received in the first half of 2024 (first half of 2023 in brackets)

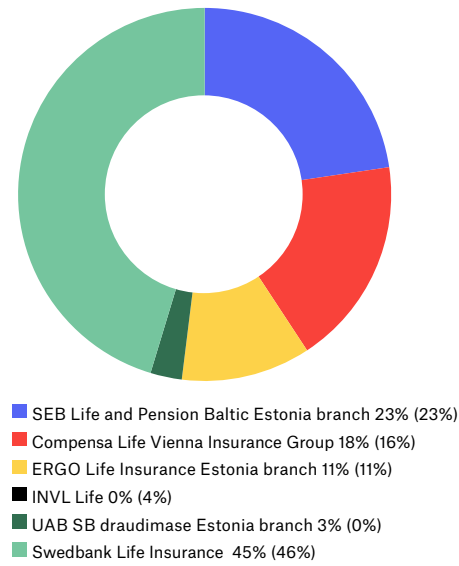


Figure 46. Market share of capital endowment insurance by premiums received as at the end of June 2024 (end of June 2023 in brackets)

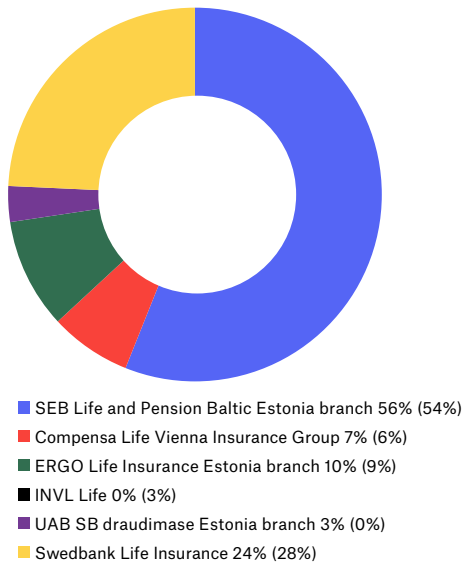


Figure 47. Market share of unit-linked life insurance as at the end of June 2024 (end of June 2023 in brackets)

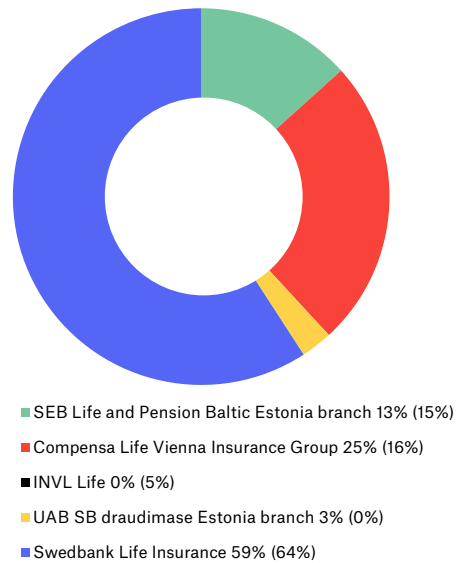


Figure 48. Market share of annuities as at the end of June 2024 (end of June 2023 in brackets)

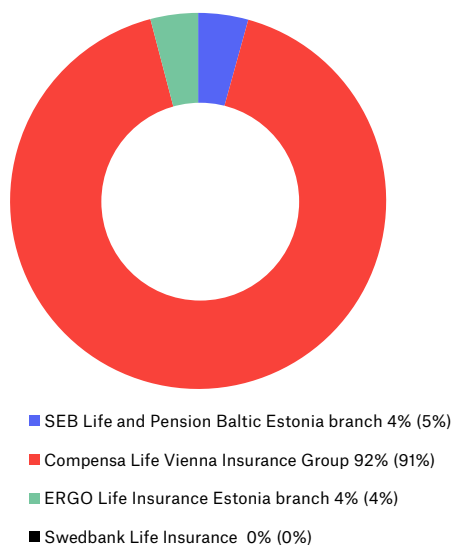
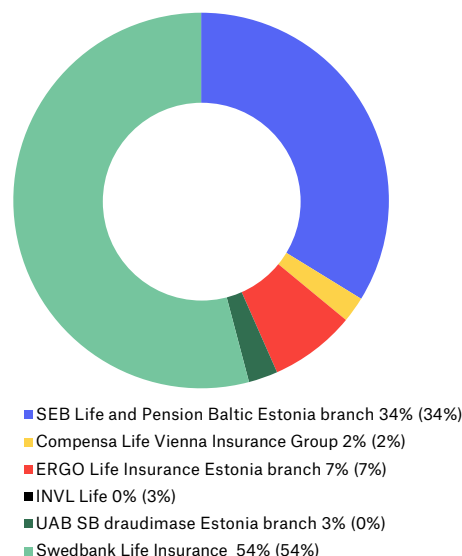


Figure 49. Market share of whole life insurance as at the end of June 2024 (end of June 2023 in brackets)



5.3. INSURANCE BROKERS INTERMEDIATING LIFE INSURANCE

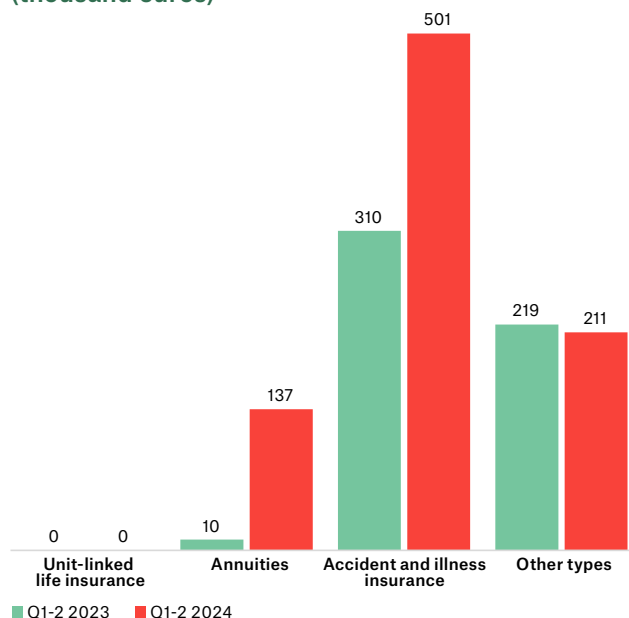
Insurance premiums intermediated

Insurance brokers registered in Estonia intermediated a total of around 850,000 euros of life insurance premiums in the first half of 2024. The amount of insurance premiums intermediated was 57% more than in the previous year. Even so, the amount of life insurance premiums collected through brokers was 1% of the life insurance premiums of Estonian insurers.

Insurance brokers mainly intermediated accident and illness insurance, for a total of some 501,000 euros, and other life insurance contracts worth some 211,000 euros (see Figure 50). The most popular type of insurance among other life insurance contracts was whole life insurance. Annuity payments of 137,000 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 other countries. These accounted for 259,000 euros, or 31%, of the insurance premiums of brokers in the first half of 2024, having been 248,000 euros a year earlier.

Figure 50. Insurance premiums intermediated through insurance brokers by type of life insurance (thousand euros)

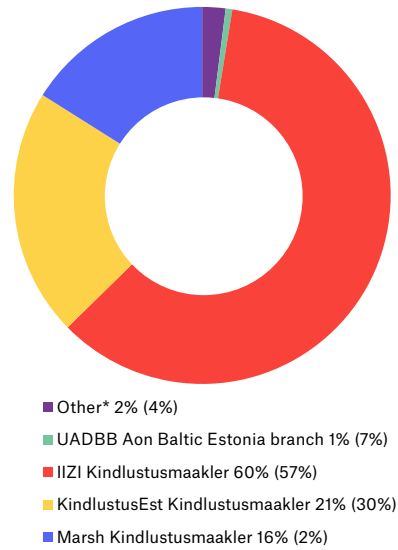


Insurance brokers

In the first half of 2024, eight 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 them substantially. IIZI Kindlustusmaakler had the largest market share in the first half of 2024 with 60% (see Figure 51). It was followed by KindlustusEst Kindlustusmaakler with 21% of the market and Marsh Kindlustusmaakler with 16%.

Figure 51. Market share of insurance brokers by life insurance premiums received in the first half of 2024 (first half of 2023 in brackets)



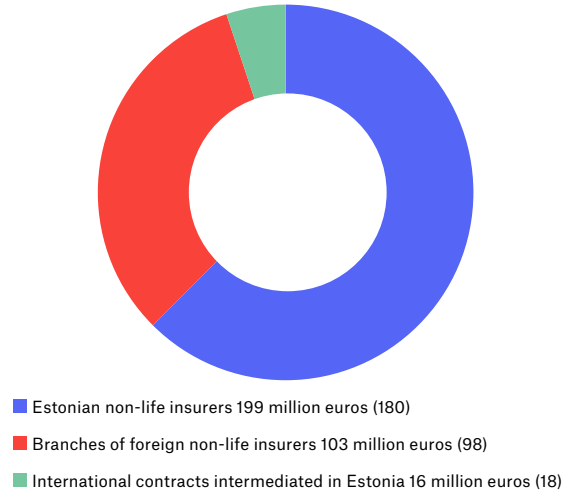
* The market shares of other insurance brokers intermediating life insurance were: UADBB Aon Baltic Estonia branch 2%, Kominsur Kindlustusmaakler OÜ 1%, Vagner Insurance Broker AS 1%, Ultima Kindlustusmaakler OÜ 0.2% and Howden Kindlustusmaakler OÜ 0.2%.

6. 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 (see Figure 52).

Volume of non-life insurance premiums: 303 million euros
of which premiums intermediated by brokers: 111 million euros

Figure 52. Volume of insurance premiums in non-life insurance in the first half of 2024 (first half of 2023 in brackets)

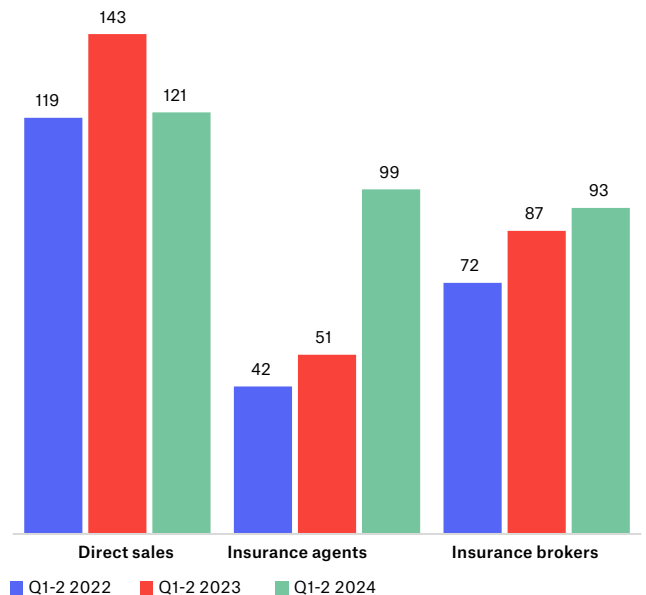


6.1. NEW SALES OF NON-LIFE INSURANCE CONTRACTS

In the first half of 2024, 1,814,874 new insurance contracts were signed in Estonia, which was 5% more than the 1,728,126 new contracts signed in the first half of 2023. The volume of premiums grew much more though, gaining 11%, and insurers wrote premiums of 313 million euros, up from 282 million euros in the first half of 2023 (see Figure 53).

There was major growth in the first half of 2024 in sales of non-life insurance through insurance agents²⁰, which increased from around 18% of new contracts previously to 32% now. The share of direct sales fell meanwhile from 51% to 39%. The share of sales through insurance brokers remained at 30%.

Figure 53. New non-life insurance contracts signed through different sales channels by premiums (million euros)



²⁰ This amount includes internal group agents.

6.2 INSURANCE COMPANIES PROVIDING NON-LIFE INSURANCE²¹

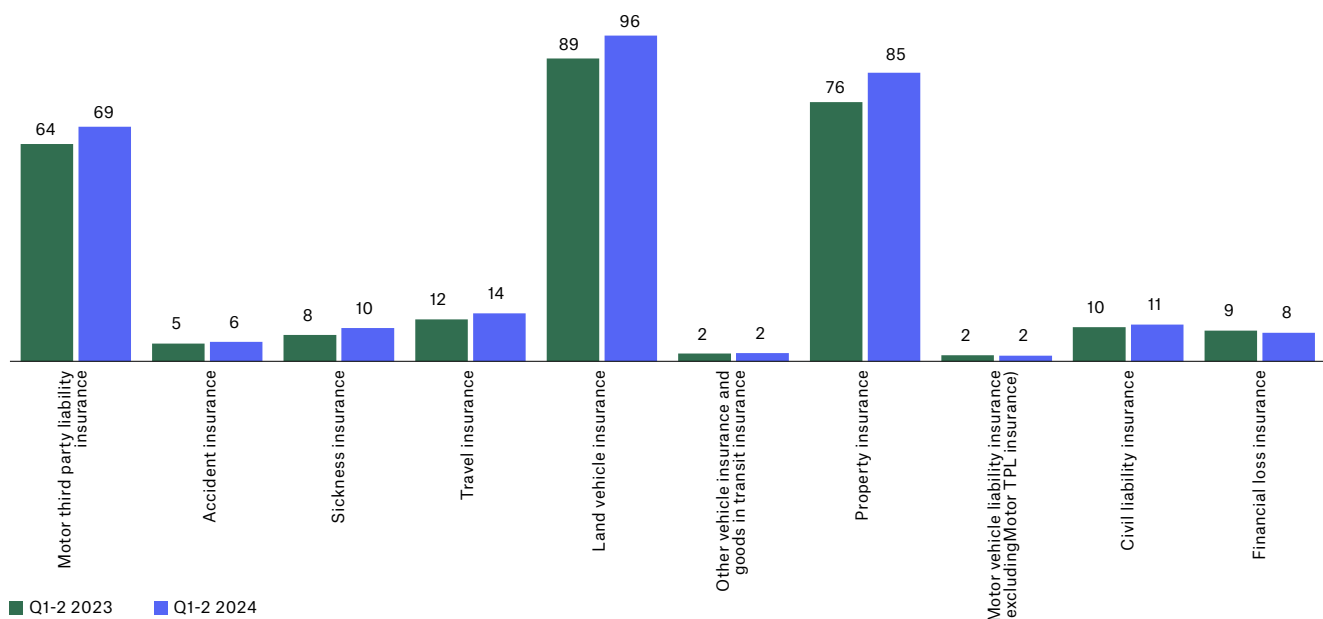
INSURANCE PREMIUMS²²

Receipts of non-life insurance premiums increased by 9% in the first half of 2024, which is slower growth than a year ago, as it was 21% in the first half of 2023.

Non-life insurance companies operating in Estonia and branches of foreign non-life insurers received a total of 303 million euros in insurance premiums in the first half of 2024, up from 278 million a year earlier.

Premiums were up for all types of insurance. As in previous years, the largest aggregate volumes of premiums were the 96 million euros paid for land vehicle insurance, and the 85 million euros of property insurance (see Figure 54). Insurance premiums of 69 million euros were received for motor third-party liability insurance. Premiums received for sickness insurance, which has become increasingly popular in recent years, increased from 8 million euros to 10 million euros. This is a supplementary insurance with the state health insurance system that employers take out on behalf of their employees.

Figure 54. Non-life insurance premiums by type of insurance (million euros)

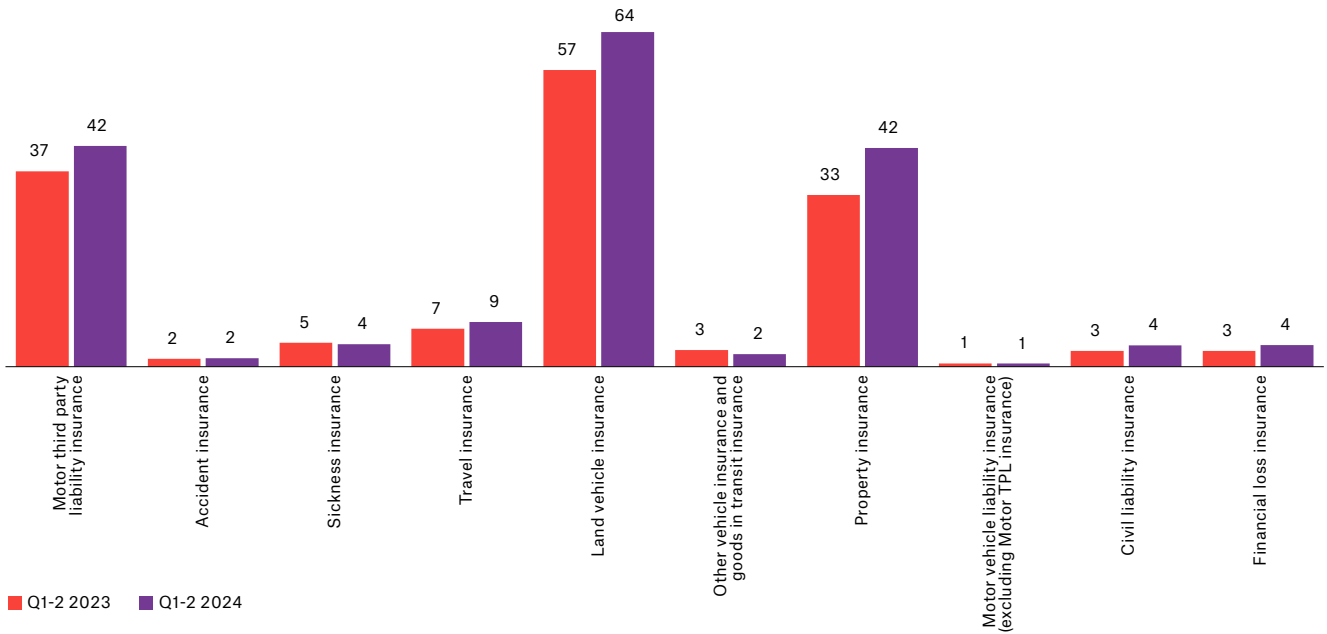


²¹ Data on non-life insurance cover only contracts signed in Estonia and do not include contracts signed by branches of Estonian insurers abroad.

²² The data on insurance premiums and payouts come from Statistics Estonia.

The total amount paid out in compensation increased more slowly than premiums, gaining 16% over the year to reach 173 million euros. There were 150 million euros paid out in the previous year. The largest compensation was the 64 million euros paid out for land vehicle insurance, while 42 million euros were paid out for motor third-party liability insurance and property insurance (see Figure 55).

Figure 55. Non-life insurance payouts by type of insurance (million euros)



INSURANCE COMPANIES

There were no major changes in the distribution of the non-life insurance market in the first half of 2024.

Swedbank P&C Insurance had the largest market share at 18% (see Figure 56), followed by If P&C Insurance AS with 17%. ERGO Insurance and AB Lietuvos draudimas Estonia branch had 15% each.

For market share by product, the biggest market share for land vehicle insurance was held by Swedbank P&C Insurance with 20%. If P&C Insurance held the largest market share for property insurance with 22%, while the largest market share in motor third-party liability insurance was held by ERGO Insurance SE with 19%.

Figure 56. Market share of non-life insurance by premiums received in the first half of 2024 (first half of 2023 in brackets)

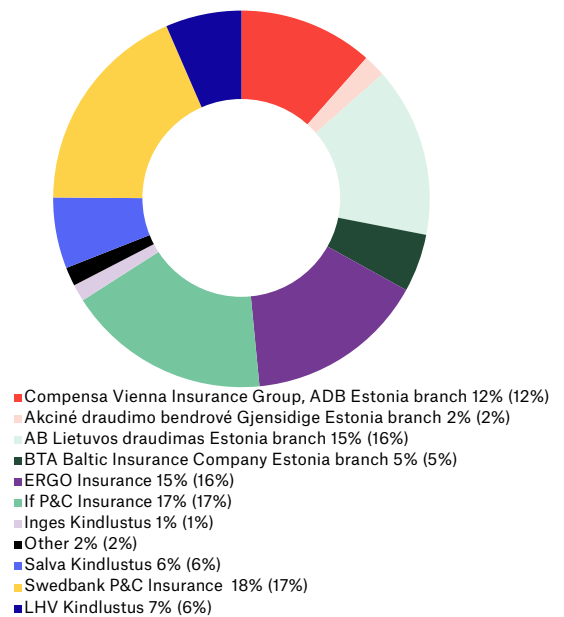


Figure 57. Market share for motor third party liability insurance as at the end of June 2024 (end of June 2023 in brackets)

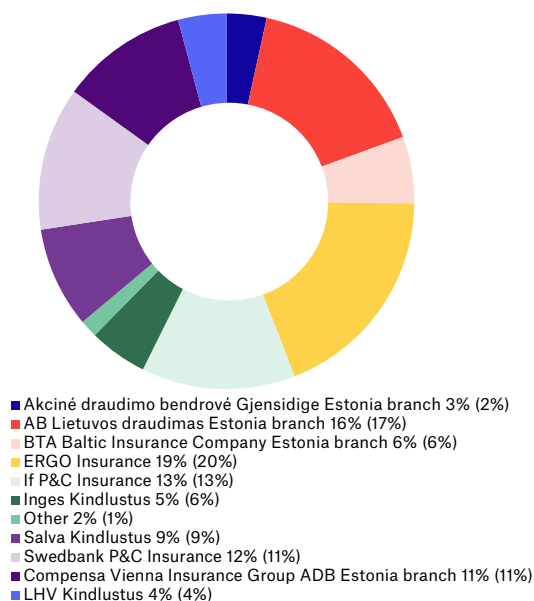


Figure 58. Market share for land vehicle insurance as at the end of June 2024 (end of June 2023 in brackets)

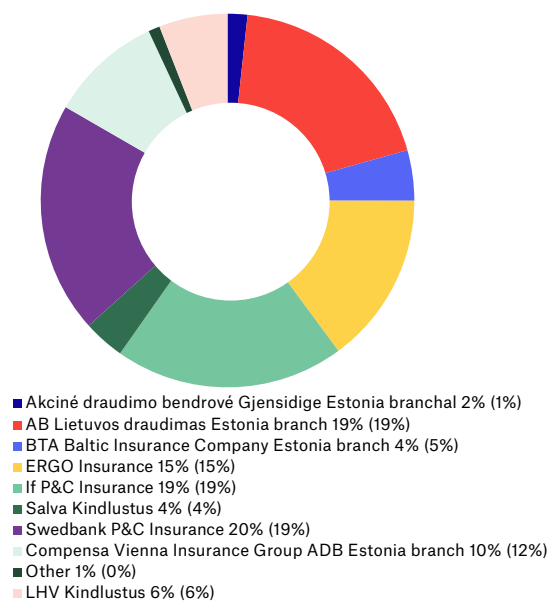
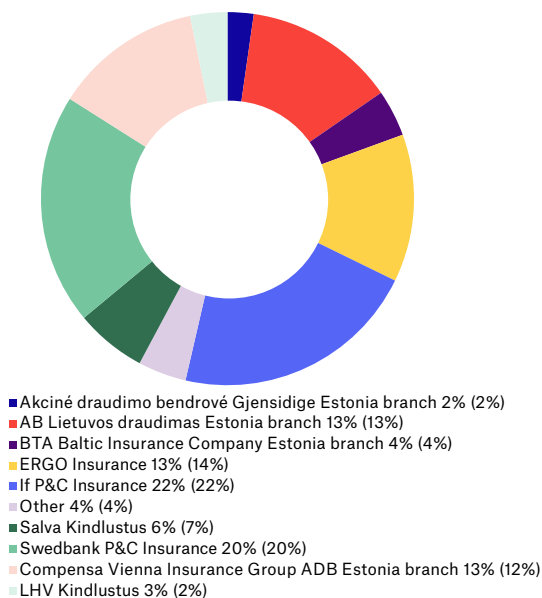


Figure 59. Market share for property insurance as at the end of June 2024 (end of June 2023 in brackets)



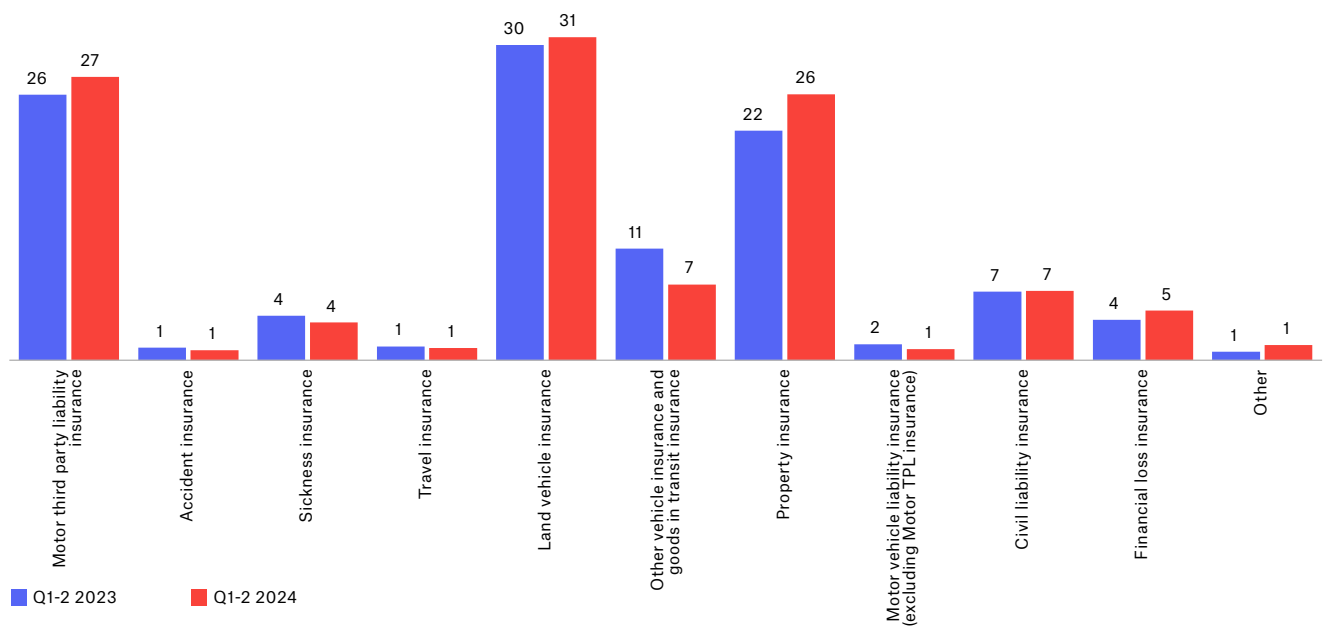
6.3 INSURANCE BROKERS INTERMEDIATING NON-LIFE INSURANCE

Insurance premiums intermediated

Insurance brokers registered in Estonia intermediated non-life insurance premiums of 111 million euros in the first of 2024²³, which was 2% more than the 109 million euros in the first half of 2023. The number of contracts intermediated rose by 6794 to 387,279.

As previously, the largest type of insurance by insurance premiums intermediated by brokers was insurance for land vehicles, where 31 million euros of insurance premiums were intermediated (see Figure 60). The second largest type of insurance was motor third-party liability with 27 million euros of insurance premiums, while premiums of 26 million euros in property insurance were intermediated.

Figure 60. Insurance premiums intermediated through insurance brokers by type of non-life insurance (million euros)



Estonian insurance brokers intermediate premiums under contracts from both Estonian and foreign insurance companies. In the first half of 2024, 85% or 95 million euros of all the insurance premiums intermediated were those of Estonian insurance companies, and 15%, or 16 million euros, went to foreign insurers. The largest share of the contracts of foreign insurers were the 6 million euros of insurance for other vehicles, and the same amount for goods under transport. They were followed by 4 million euros for financial

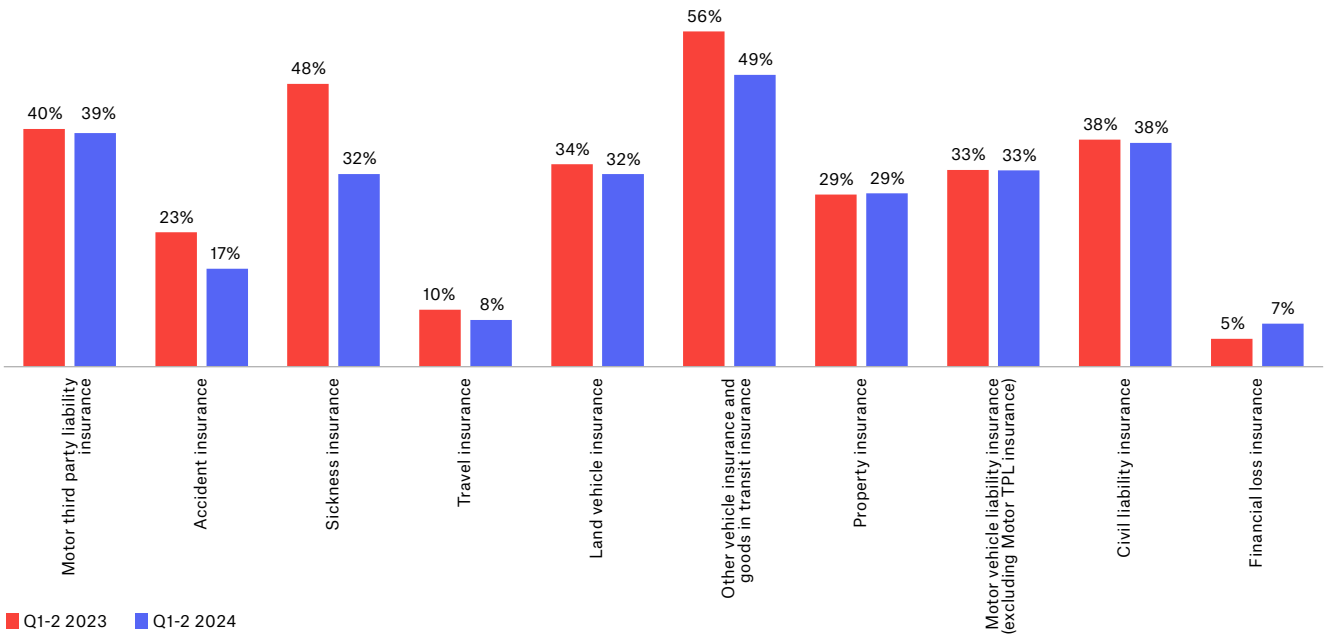
²³ As well as contracts with insurers, contracts with foreign reinsurers were also intermediated by brokers, but they are not covered in this review. They received 0.2 million euros in insurance premiums in the first half of 2024.

loss insurance and 3 million euros for civil liability insurance.

The share of brokers in the sales volumes of Estonian insurers fell over the year from 33% to 31%.

Brokers have the largest share of Estonian non-life insurance premiums by product at 49% in insurance for other vehicles, covering rail, air and water transport, down from 56% in the first half of 2023 (see Figure 61), while 39% of the motor third-party liability insurance premiums and 38% of the civil liability insurance premiums of Estonian insurers were intermediated through brokers. Brokers generally intermediate 30-33% of the premiums of Estonian insurers for other types of insurance.

Figure 61. Share of insurance premiums intermediated through insurance brokers of insurers operating in Estonia



Insurance brokers

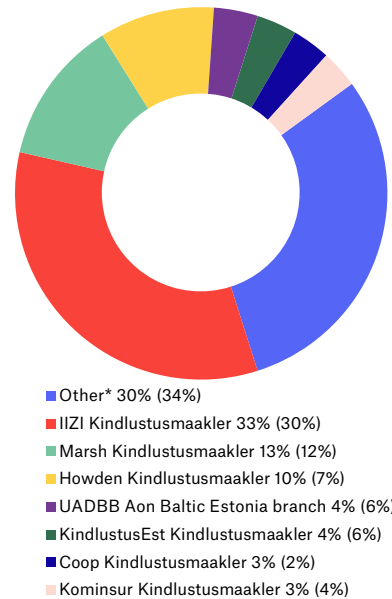
There were 41 insurance brokers intermediating non-life insurance contracts in the first half of 2024. The majority of the market is divided between only a few brokers though, as 78% of insurance premiums were intermediated by ten insurance brokers (see Figure 62), while 22 brokers had market share of less than 1%.

IIZI Kindlustusmaakler held the largest market share by premiums with 33%, followed by Marsh Kindlustusmaakler with 13% and Howden Kindlustusmaakler with 10%.

IIZI Kindlustusmaakler had the largest share of motor third-party liability insurance premiums intermediated with 55%, of land vehicle insurance premiums with 34%, and of property insurance premiums with 26%. The largest market shares for other vehicles, covering rail, air and water craft, were held by Kominsur Kindlustusmaakler OÜ with 32% and Marine Insurance Services SIA Estonia branch with 30%. Marsh Kindlustusmaakler had the largest share of sickness insurance premiums intermediated with 51%.

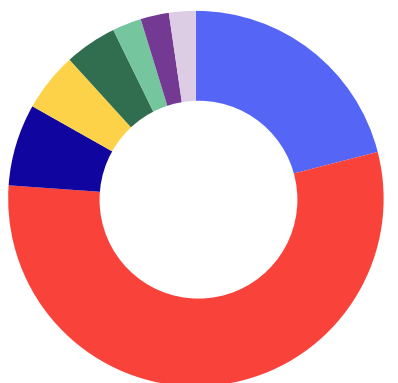
Non-life insurance brokers received 16 million euros in intermediation fees in the first half of 2024, up from 15.7 million euros a year earlier. Just 20 of the 41 insurance brokers earned 95% of the intermediation fees.

Figure 62. Market share of insurance brokers by non-life insurance premiums received in the first half of 2024 (first half of 2023 in brackets)



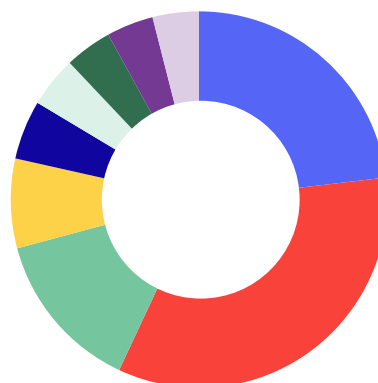
* The market shares of other insurance brokers intermediating non-life insurance were: AS Vandeni Kindlustusmaaklerid 2.8%, OÜ ABC Kindlustusmaaklerid 2.8%, Aadel Kindlustusmaaklerid OÜ 2.6%, Vagner Insurance Broker AS 2.6%, Marine Insurance Services SIA Estonia branch 2.5%, Fix Kindlustusmaakler OÜ 2.3%, OÜ Kindlustusmaakler Tiina Naur 1.8%, Optimal Kindlustusmaakler OÜ 1.6%, Ultima Kindlustusmaakler OÜ 1.5%, NB Kindlustusmaakler OÜ 1.4%, Cachet Insurance Broker OÜ 1.2%, 1Kindlustusmaakler OÜ 1.1%, OÜ TIIB Kindlustusmaakler 0.9%, Pro Kindlustusmaakler OÜ 0.9%, GrECo Specialty GmbH Estonia branch 0.8%, InPro Insurance Brokers OÜ 0.5%, OÜ Marks ja Partnerid Kindlustusmaaklerid 0.5%, AS Smart Kindlustusmaakler 0.4%, Lõuna Kindlustusmaakler OÜ 0.3%, FS Kindlustusmaakler OÜ 0.3%, Avor Kindlustusmaakler OÜ 0.3%, Northern1 Insurance Solutions Kindlustusmaakler OÜ 0.2%, Clemenc Kindlustusmaakler OÜ 0.2%, AVC Advisory Kindlustusmaakler OÜ 0.2%, Foxtall Kindlustusmaakler OÜ 0.1%, Premium Kindlustusmaakler OÜ 0.1%, SEE Insurance Broker OÜ 0.1%, EURORISK Kindlustusmaakler OÜ 0.04%, AID Kindlustusmaakler OÜ 0.04%, Vector Kindlustusmaakler OÜ 0.03%, Herrmann, Huebner & Partner Insurance Broker OÜ 0.03%, Direct Kindlustusmaakler OÜ 0.02%, Allier Kindlustusmaakler OÜ 0.01% and Mede Kindlustusmaakler OÜ 0.01%.

Figure 63. Market share of insurance brokers for motor third-party liability insurance as at the end of June 2024 (end of June 2023 in brackets)



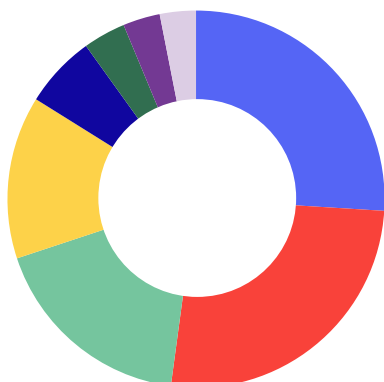
- Other 21% (22%)
- IIZI Kindlustusmaakler 55% (52%)
- Howden Kindlustusmaakler 7% (4%)
- KindlustusEst Kindlustusmaakler 5% (8%)
- UADBB Aon Baltic Estonia branch 5% (7%)
- Vagner Insurance Broker 3% (3%)
- Fix Kindlustusmaakler 2% (3%)
- Cachet Insurance Broker 2% (1%)

Figure 64. Market share of insurance brokers for land vehicle insurance as at the end of June 2024 (end of June 2023 in brackets)



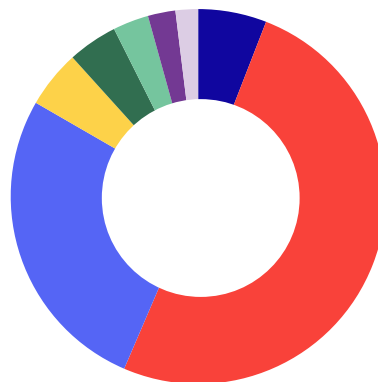
- Other 23% (31%)
- IIZI Kindlustusmaakler 34% (31%)
- Howden Kindlustusmaakler 14% (8%)
- Coop Kindlustusmaakler 8% (5%)
- KindlustusEst Kindlustusmaakler 5% (8%)
- Kindlustusmaakler Tiina Naur 4% (5%)
- Marsh Kindlustusmaakler 4% (4%)
- Aadel Kindlustusmaaklerid 4% (4%)
- ABC Kindlustusmaaklerid 4% (4%)

Figure 65. Market share of insurance brokers for property insurance as at the end of June 2024 (end of June 2023 in brackets)



- Other 26% (26%)
- IIZI Kindlustusmaakler 26% (24%)
- Marsh Kindlustusmaakler 18% (18%)
- Howden Kindlustusmaakler 14% (13%)
- Vandeni Kindlustusmaaklerid 6% (6%)
- UADBB Aon Baltic Estonia branch 4% (6%)
- Aadel Kindlustusmaaklerid 3% (3%)
- ABC Kindlustusmaaklerid 3% (4%)

Figure 66. Market share of insurance brokers for sickness insurance as at the end of June 2024 (end of June 2023 in brackets)

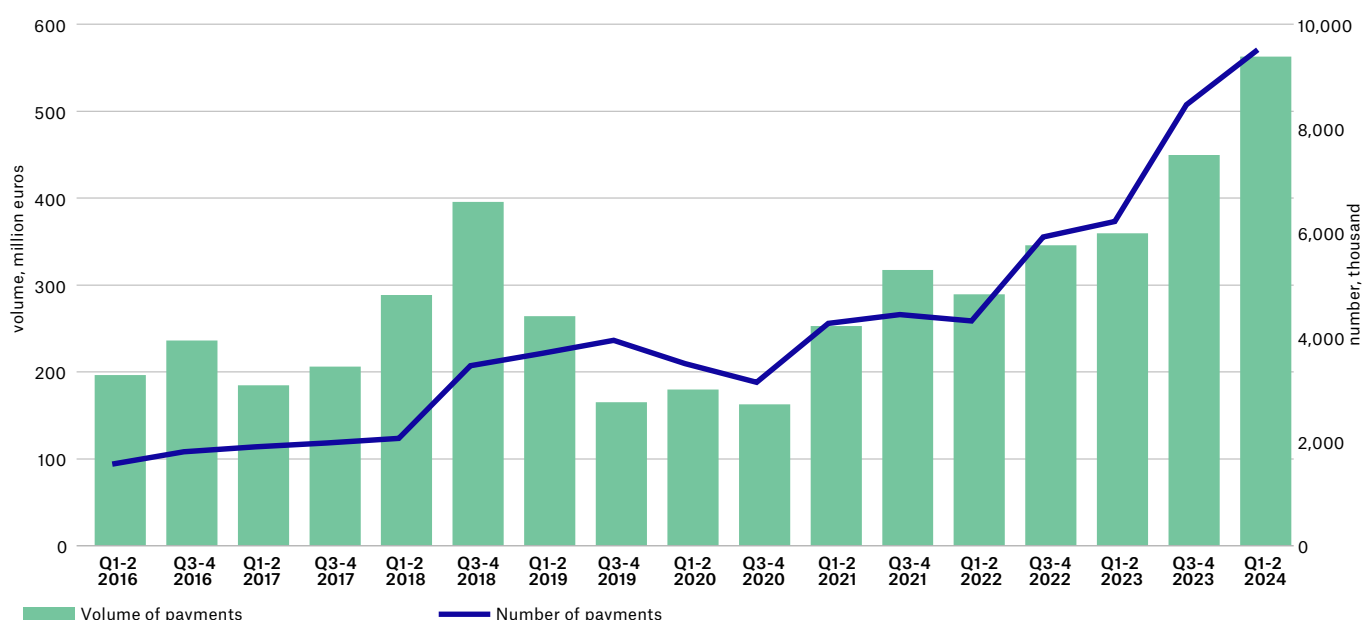


- Other 6% (2%)
- Marsh Kindlustusmaakler 51% (53%)
- IIZI Kindlustusmaakler 27% (23%)
- AVC Advisory Kindlustusmaakler 5% (4%)
- Kominsur Kindlustusmaakler 4% (4%)
- InPro Insurance Brokers 3% (6%)
- Howden Kindlustusmaakler 2% (6%)
- KindlustusEst Kindlustusmaakler 2% (2%)

7. PAYMENT SERVICES OF PAYMENT INSTITUTIONS AND E-MONEY INSTITUTIONS

Payment and e-money institutions intermediated payments of 563 million euros in the first half of 2024, up from 360 million a year earlier, and 9.5 million payments were made in total, up from 6.2 million (see Figure 67).

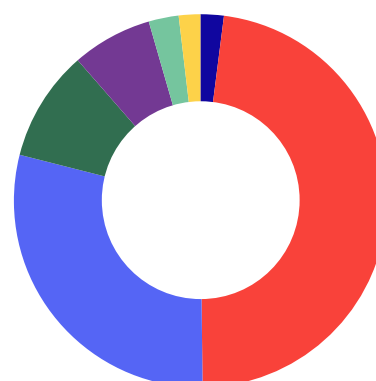
Figure 67. Half-yearly volume and number of payments at payment institutions



Despite the strong growth, the volume of payments at payment institutions is substantially less than that at the banks. Data from Eesti Pank show that the volume of domestic payments at the banks was 109 billion euros in the first half of 2024.

The largest volume of payments in the first half of 2024 was at Wallester, which had 47% of all payments, followed by Maksekeskus with 29% and Ühisarveldused with 10% (see Figure 68). The largest market share by number of payments was held jointly by Maksekeskus and Wallester, which each intermediated 46% of all payments.

Figure 68. Market share of payment institutions as at the end of June 2024 (end of June 2023 in brackets)



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