

The Estonian financial services market as at 31 December 2018

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



Contents

1.	General development of the financial market	3
2.	Deposits	6
3.	Investment and pension funds	9
4.	Payouts from the second pension pillar	12
5.	Management of securities portfolios	13
6.	The life insurance market	15
	6.1. Insurance companies providing life insurance	16
	6.2. Insurance brokers intermediating life insurance	18
7.	The non-life insurance market	19
	7.1. Insurance companies providing non-life insurance	19
	7.2. Insurance brokers intermediating non-life insurance	20
8.	Loans issued by credit institutions	23
9.	Loans issued by creditors	27
	9.1. Credit intermediaries	30
10.	Payment services	31

1. General development of the financial market

Growth in the volume of most financial services slowed in 2018, and it accelerated only for loans.

Aggregate deposits grew by 4% in 2018, or 655 million euros, while growth in 2017 was 5%. Unlike in previous years, the growth was supported by term and demand deposits. The stock of demand and overnight deposits grew by 3%, or 428 million euros, over the year while term deposits and savings deposits grew by 9%, or 246 million euros, at the same time. At the end of the year there was a total of 17.7 billion euros invested in deposits.

The consolidated stock of the loan portfolios of the banks grew by 5% in 2018, or 966 million euros, and at the end of the year it was 19.1 billion euros. The consolidated stock of consumer loans from creditors grew in the same period by 19%, or 168 million euros, to 1.04 billion euros.

Pension funds were the only investment service to see volumes increase, but the rate of increase slowed from 17% in 2017 to 8%.

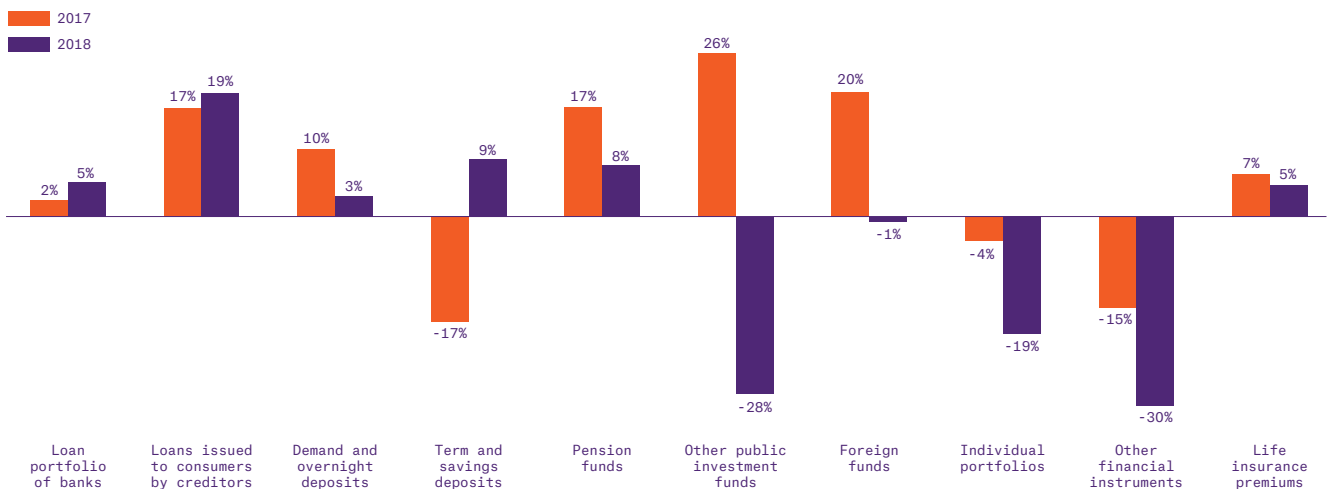
Public investment funds shrank in volume by 28% in 2018, while investment in foreign funds¹ shrank by 1% over the

year. The aggregate volume of individual portfolios shrank by 19% at the same time and other investments in financial instruments, such as holdings of securities, were down 30%. Other financial investments in financial instruments were reduced largely because of a fall in the number of non-residents.

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, fell by 1% to 9.7 billion euros at the end of December from 9.8 billion euros at the end of 2017. The amount held as deposits on current accounts increased by 3% over the year to 14.7 billion euros at the end of December. This meant that a total of 24.4 billion euros were invested in all the different financial services in Estonia.

Insurance premiums in life insurance grew by 5% to 95 million euros. Premiums also grew in non-life insurance, but a change in the method for recording premiums meant that the data for 2018 are not comparable with those of the previous year.

Changes in volume of main financial services in 2018



¹ To avoid repeating data, investments by Estonian insurers and investment and pension funds have been deducted from investments in foreign investment funds.

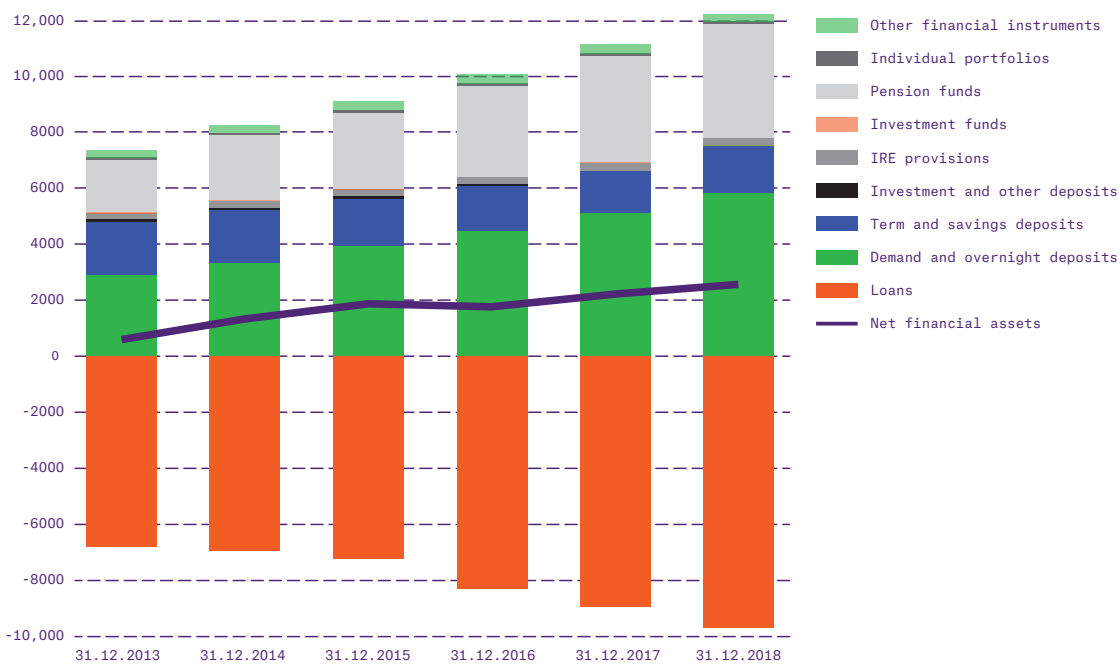
The volume of investment and banking services provided by financial institutions in Estonia at the end of 2018 (million euros)

Service	Volume	of which private Estonian residents	
		volume	share of total for the service
Public investment funds	411	-	-
Pension funds	4097	4097	100%
Foreign funds offered in Estonia	598	87	14%
IRE provisions	245	245	100%
Individual portfolios	513	90	18%
Bank loans	19,074	8653	45%
Loans by creditors	1036	-	-
Demand and overnight deposits	14,664	5835	40%
Term and savings deposits	3032	1688	56%
Investment and other deposits	41	8	20%
Other financial instruments	791	264	33%

The financial assets of Estonian private residents were larger than their liabilities in 2018, as there were 12.2 billion euros of financial assets at the end of the year, and 9.7 billion euros of financial liabilities. The financial assets of Estonian residents grew faster than their financial liabilities, as aggregate financial assets increased by 10% and aggregate liabilities by 8%.

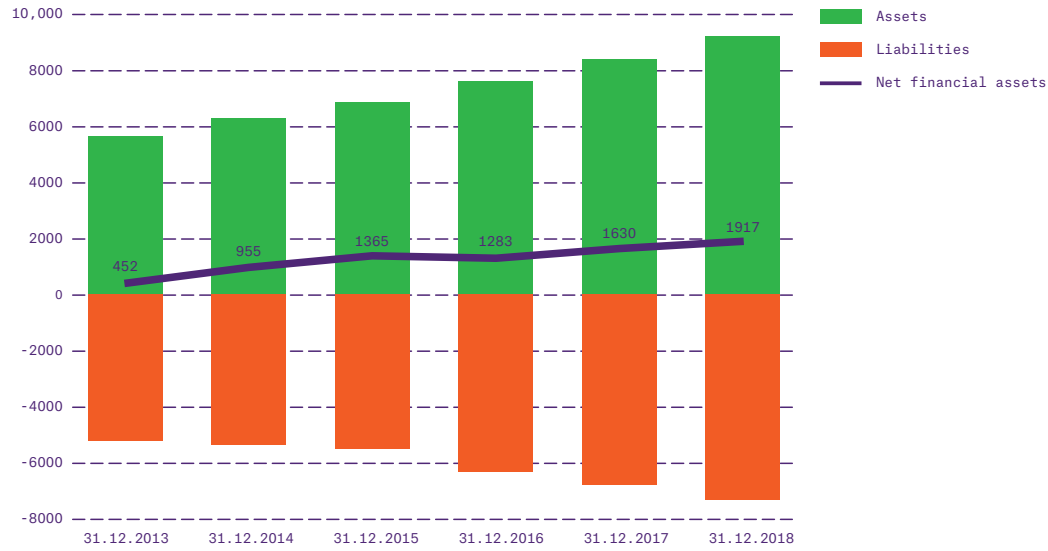
This meant the net financial assets of Estonian private residents were 2.6 billion euros at the end of the year, which was up around 0.3 billion euros on the year.

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



The average private resident of Estonia had financial assets at the end of the year of 9236 euros, and outstanding loans of 7319 euros. This gave the average private resident net financial assets of 1917 euros, up from 1630 at the end of 2017.

Average net financial assets of private Estonian residents (euros)



2. Deposits²

Market share:

Swedbank	49%
SEB Pank	25%
Luminor Bank	10%

Clients:

2,693,526 current contracts

Volume of services:

total deposits 17.7 billion euros

THE STOCK OF DEPOSITS

The stock of deposits held at banks in Estonia grew by 4% in 2018, or 655 million euros, to 17.7 billion euros by the end of the year. It grew mainly because private deposits increased.

Unlike in previous years, demand deposits and term deposits increased in 2018.

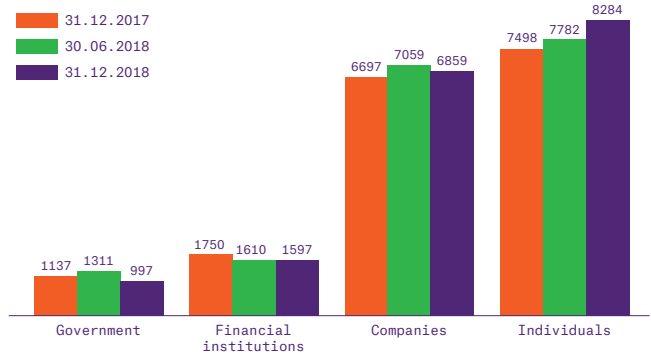
The stock of demand and overnight deposits increased by 3% over the year to 14.7 billion euros at the end of it. The stock of term deposits and savings deposits grew by 9% over the year to 3 billion euros at the end of it. Other deposits, including investment deposits, stood at 41 million euros.

The stock of deposits of private individuals³ was larger at 8.3 billion euros than the 6.9 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 6.1 billion euros, or 73% of all private deposits. The other 27% were term deposits and savings deposits.

Companies⁴ held 39% of the stock of deposits. A large majority of 91% of corporate deposits were demand and overnight deposits, which totalled 6.2 billion euros, while the remaining 9% was in term deposits and savings deposits.

Financing institutions⁵ had a stock of 1.6 billion euros in deposits at the end of 2018, and the government had 1 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 non-profit organisations.

4 Includes state-owned and local government owned companies.

5 Includes insurers and pension funds.

MARKET SHARE OF BANK DEPOSITS

The stock of deposits at Estonian banks grew mainly in 2018 at Swedbank and SEB, and so Swedbank's market share increased over the year from 46% to 49%, while that of SEB rose from 22% to 25%. The market share of Luminor Bank, formed by the merger of Nordea and DNB Pank, was unchanged at 10%, while the market share of LHV fell from 9% to 8%.

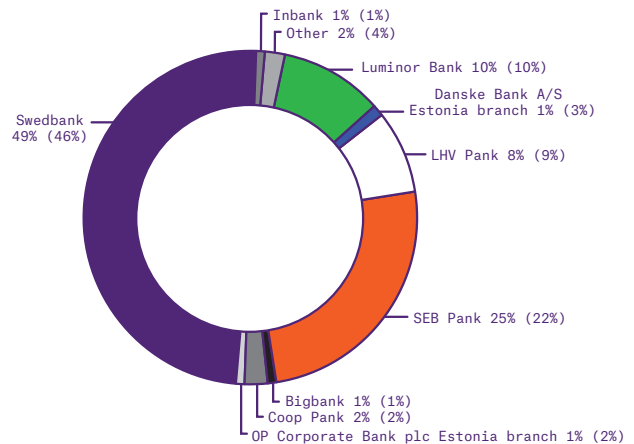
The biggest change in market share in the market for government deposits was at SEB, where it rose from 27% to 46%. The next biggest changes were the falls at the Estonian branch of OP Corporate Bank from 16% to 4% and at the Estonian branch of Danske Bank from 11% to 0%.

The biggest movements in the deposits of financing institutions came at LHV, Swedbank and SEB. Swedbank had the largest market share again with 37%, followed by SEB with 26% and LHV with 21%.

The biggest change in the market share of corporate deposits came at SEB, whose market share increased over the year from 21% to 24%. Swedbank continues to hold the largest market share with 47%.

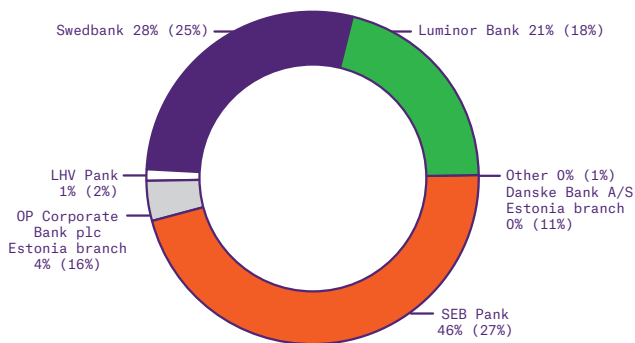
For the first time in a long time there were also changes in the private deposit market. The fastest growth in market share was at Inbank, where it increased from 1% to 3% over the year, giving Inbank 10% of the market for private term deposits. The market share of Coop Bank increased over the

Market share of deposits at the end of 2018 (end of 2017 in brackets)

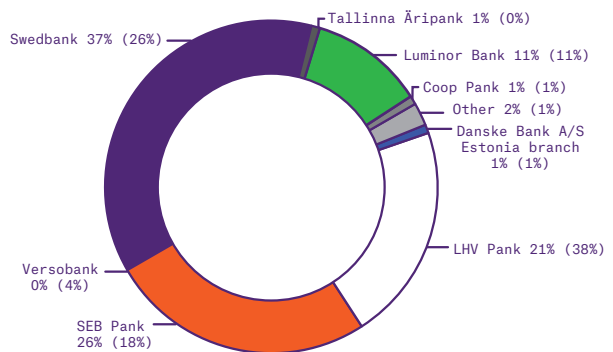


year from 2% to 3%, while that of Luminor Bank fell from 7% to 6%. Swedbank continued to hold more than half of private deposits, with 55% of the market, and it was followed by SEB with 23% market share.

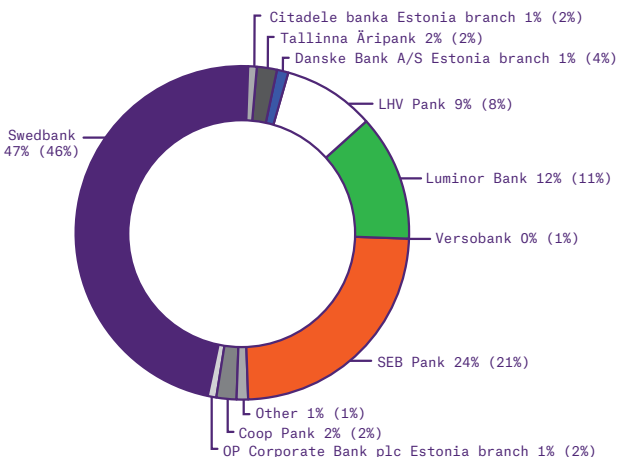
Market share of government deposits at the end of 2018 (end of 2017 in brackets)



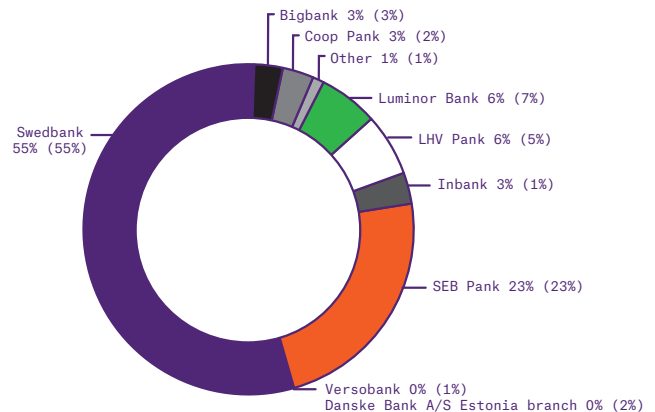
Market share of deposits for financial institutions at the end of 2018 (end of 2017 in brackets)



Market share of corporate deposits at the end of 2018 (end of 2017 in brackets)



Market share of private deposits at the end of 2018 (end of 2017 in brackets)



NUMBER AND SIZE OF DEPOSITS

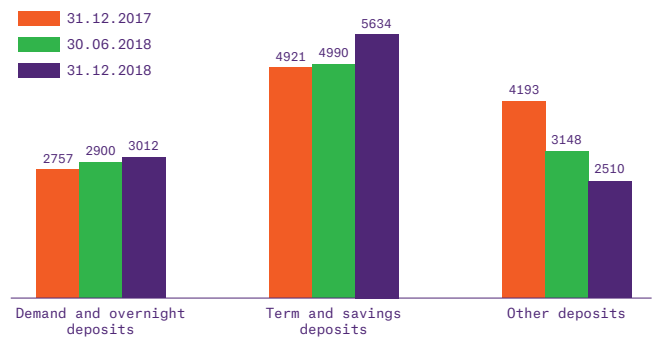
The number of demand and overnight deposits increased by 8620 in 2018, while all other deposits with fixed limits were down, with the number of term and savings deposits falling by 897, and other deposits by 5326.

Number of current deposit contracts⁶ at the end of 2018

• demand and overnight deposits	2,288,654
of which privately owned	2,011,737
• term and savings deposits	399,823
of which privately owned	393,281
• investment and other deposits	5049
of which privately owned	3773

The average size of private demand and overnight deposits was 3012 euros in 2018, up from 2757 euros at the end of 2017⁷, while term and savings deposits averaged 5634 euros, up from 4921 euros, and investment and other deposits were 2510 euros, down from 4193 at the end of 2017.

Average stock of private deposits (euros)



6 Deposits with money on account.

7 The data for 2017 and June 2018 are not the same as in the previous review, as one credit institution corrected its data.

3. Investment and pension funds⁸

Market share:

Swedbank Investeerimisfondid	41%
LHV Varahaldus	27%
SEB Varahaldus	17%

Total number of shareholders:

810,867 current contracts

Volume of services:

total value of funds 4.5 billion euros

VALUE OF THE ASSETS OF FUNDS⁹

The assets of public investment funds¹⁰, including pension funds, were 4.5 billion euros at the end of 2018, and had grown by 3% or 140 million euros over the year. This growth was notably slower than in the preceding years.

The assets of equity funds¹¹ declined by 206 million euros over 2018 to 209 million euros at the end of the year. This reduction was largely driven by the transfer to Luxembourg of the Trigon Uus Euroopa Fond equity fund managed by AS Trigon Asset Management.

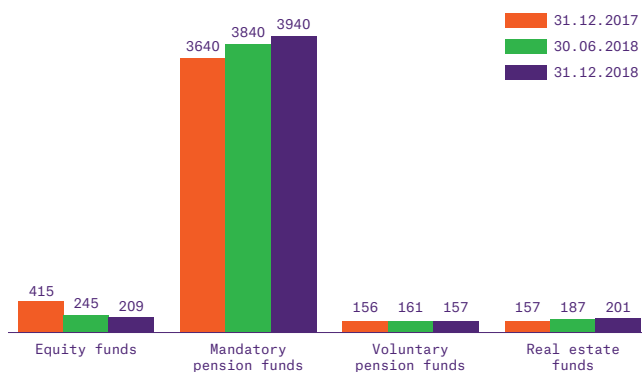
The fall in the value of equity funds was compensated for to some extent by the growth in the volume of assets of mandatory pension funds. The assets of mandatory pension funds grew by 8%, or 300 million euros, over the year to reach 3.9 billion euros at the end of the year. This growth is still

smaller than in previous years given the size of the assets of the pension funds, as growth in the volume of pension fund assets has averaged 20% a year in earlier years. The assets of public real estate funds grew by 44 million euros over 2018 to 201 million euros at the end of the year.

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

Alongside the public investment funds, there were 23 non-public investment funds operating in the Estonian market. Finantsinspeksioon believes that their total assets were 517 million euros.

Market value of investments by public fund (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.

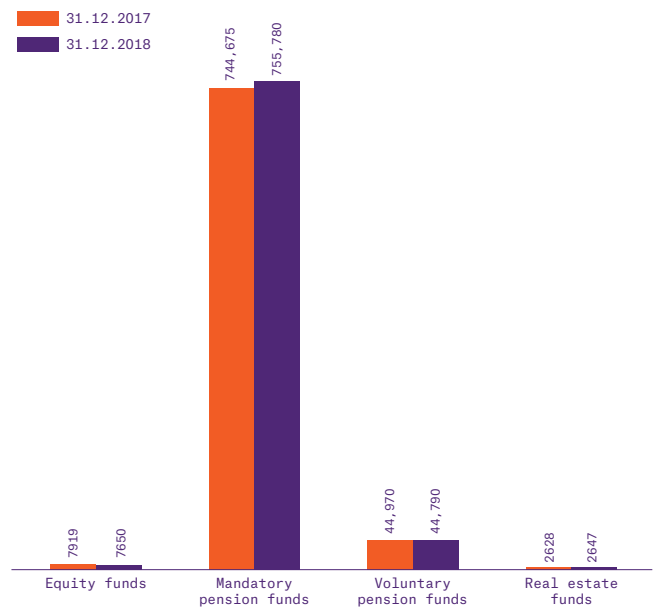
SHAREHOLDERS IN FUNDS

The number of shareholder contracts¹² at Estonian public funds increased by 10,675 in 2018 to 810,867¹³ at the end of the year. The main growth was 11,105 at mandatory pension funds, while there was an increase of 19 in real estate funds.

The number of shareholders in other types of funds fell, by 269 in equity funds and by 180 in voluntary pension funds.

The biggest type of fund among public funds by number of contracts was mandatory pension funds with 755,780 contracts, followed by voluntary pension funds with 44,790, equity funds with 7650, and public real estate funds with 2647.

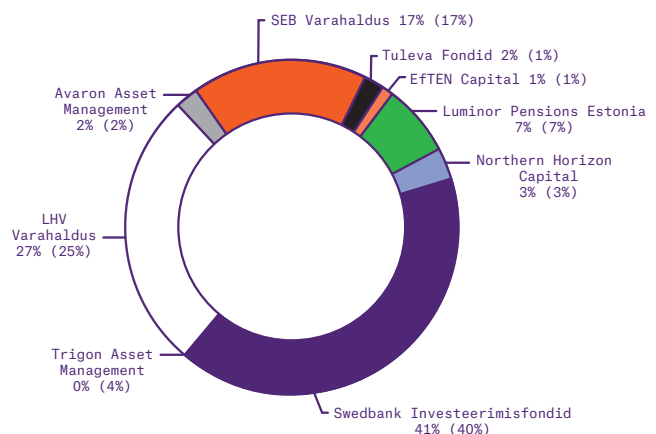
Public funds by number of shareholder contracts



FUND MANAGEMENT COMPANIES¹⁴

The biggest decline in market share in the fund services market was that of Trigon Asset Management from 4% to 0%, which happened because the Trigon Uus Euroopa Fond exited the Estonian market to move to Luxembourg. Swedbank Investeerimisfondid had the largest market share and increased it further from 40% to 41%. The market share of LHV Varahaldus grew from 25% to 27% over the year, while that of SEB Varahaldus remained at 17%. The market share of Tuleva Fondid, which manages pension funds and entered the market in 2017, grew from 1% to 2% in 2018.

Market share of fund services at the end of 2018 (end of 2017 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.

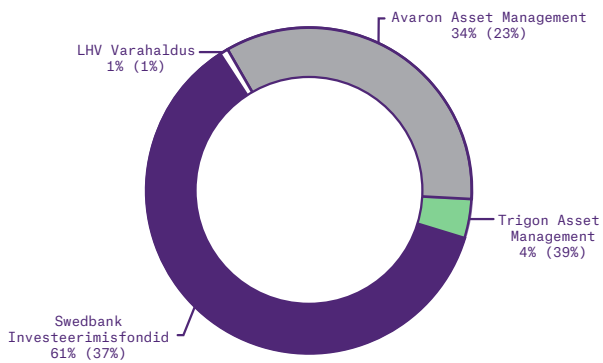
There was a redistribution of market share in the equity funds market in the first half of 2018 following the departure of Trigon Uus Euroopa Fond from the Estonian market. The consequence of this was that the market share of Trigon Asset Management fell from 39% to 4%. Swedbank Investeerimisfondid increased its market share at the same time from 37% to 61%, while Avaron Asset Management did so from 23% to 34%, with the result that Swedbank Investeerimisfondid again became the largest fund manager.

The volume of assets at all pension funds increased for mandatory pension funds. The market share of Swedbank Investeerimisfondid fell from 42% to 41%, and that of Tuleva Fondid increased from 1% to 2%. LHV Varahaldus had 30% of the total assets of pension funds at the end of the year, and SEB Varahaldus had 19%.

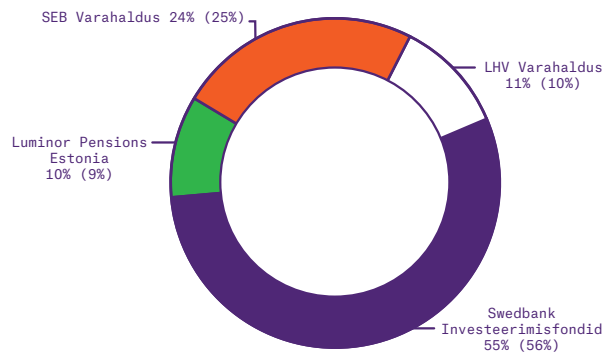
Swedbank Investeerimisfondid had the largest market share of voluntary pension funds at the end of the year with 55%, followed by SEB Varahaldus with 24%.

There were only two fund managers in the public real estate funds market, Northern Horizon Capital with 75% of the market and EftEN Capital with 25%.

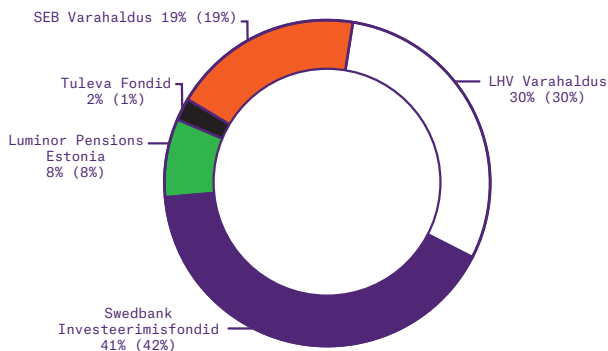
Market share of equity funds at the end of 2018 (end of 2017 in brackets)



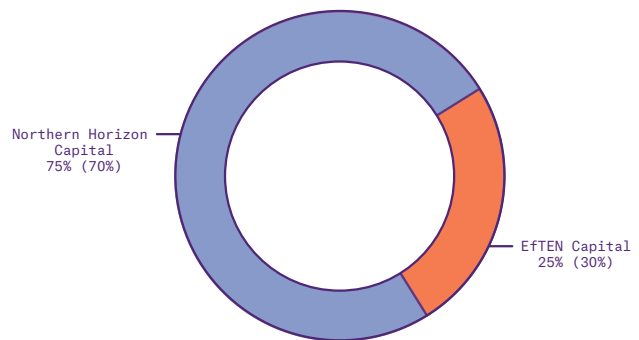
Market share of voluntary pension funds at the end of 2018 (end of 2017 in brackets)



Market share of mandatory pension funds at the end of 2018 (end of 2017 in brackets)



Market share of public real estate funds at the end of 2018 (end of 2017 in brackets)



4. Payouts from the second pension pillar

Data from the Estonian Central Securities Depository show that 41,273 people had the right to payouts from the second pension pillar at the end of 2018, which was 3900 more than a year earlier. Of these, 37% were men and 63% were women.

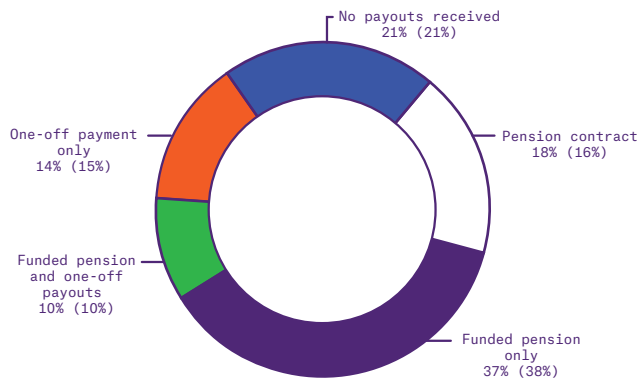
The share of people who had signed pension contracts¹⁵ rose in 2018 from 16% to 18% of those receiving payouts. The only declines were from 38% to 37% in the share who had chosen funded pensions¹⁶ and from 15% to 14% in the share of people who had chosen one-off payments¹⁷.

Payments through funds and one-off payments went to 10% of those receiving payouts.

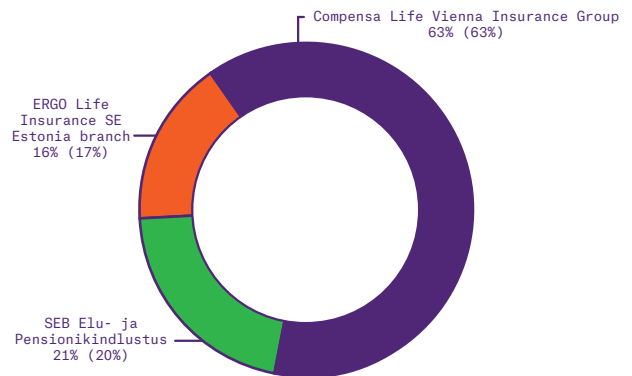
The other 21% of those with the right to receive payouts from the second pension pillar had not yet applied to do so. The Estonian Central Securities Depository recorded 67.6 million euros of money not paid out on those accounts at the end of 2018.

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

Pensioners with a second pillar pension by type of payout at the end of 2018 (end of 2017 in brackets)



Market share of insurers by number of second pension pillar contracts at the end of 2018 (end of 2017 in brackets)



15 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.

16 A funded pension is an agreed 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.

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

5. Management of securities portfolios¹⁸

Market share:

Swedbank grupp	65%
SEB Bank	11%
LHV Pank	11%

Volume of services:

total value of portfolio 513 million euros

VALUE OF PORTFOLIOS

Portfolio management is provided by fund managers, banks and investment firms. The aggregate value of portfolios fell by 19% in 2018, to 513 million euros from 631 million euros a year earlier.

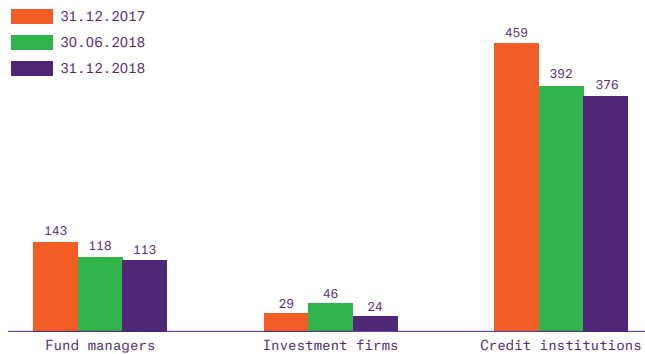
The portfolios managed by banks fell from 459 million euros to 376 million, and the client portfolios managed by fund managers fell from 143 million euros to 113 million. At the same time the portfolios managed by investment firms declined from 29 million euros to 24 million.

The decline in the portfolios was linked to the fall in global financial markets, and to the reduction in the number of non-resident clients. The aggregate portfolio for private non-resident clients shrank by 64 million euros in 2018, which is more than half of the total decline of 118 million euros in the portfolios.

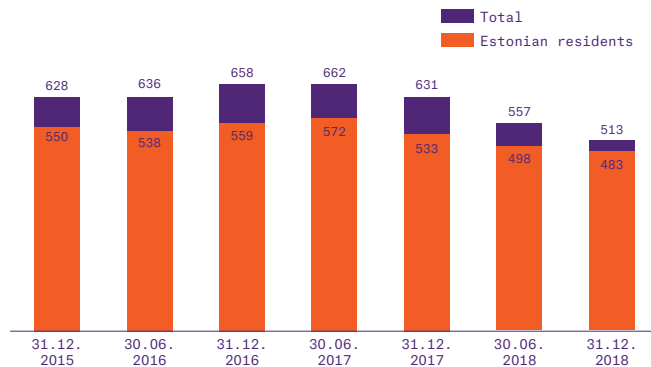
PORTFOLIO MANAGEMENT CLIENTS

Most of the clients in the aggregate portfolio at the end of 2018 were residents of Estonia, who accounted for 94% of the total volume, or 483 million euros, which was down from 533 million euros at the end of 2017. Of this, 277 million euros belonged to financing institutions, 113 million euros to companies, 90 million euros to private individuals¹⁹, and 3 million euros to the government.

Portfolio volumes (million euros)



Aggregate volume of individual portfolios by residency (million euros)



¹⁸ 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.

¹⁹ Financing institutions here covers 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

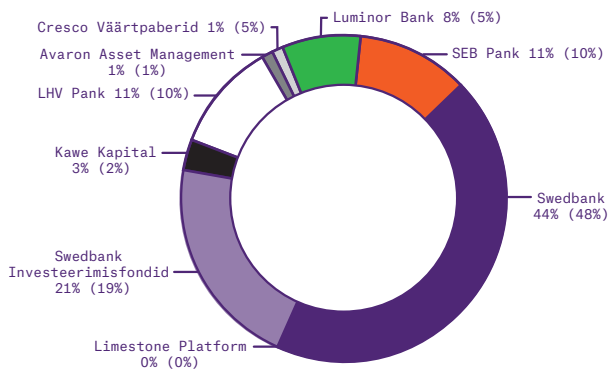
Companies in the Swedbank group had the largest market share of portfolio management at the end of 2018, with 65%, while SEB and LHV had 11% market share.

Among fund managers, Swedbank Investeerimisfondid managed the largest portfolio, and its market share increased over the year from 85% to 94%. Avaron Asset Management had 5% and Limestone Platform had 1% of the fund manager market.

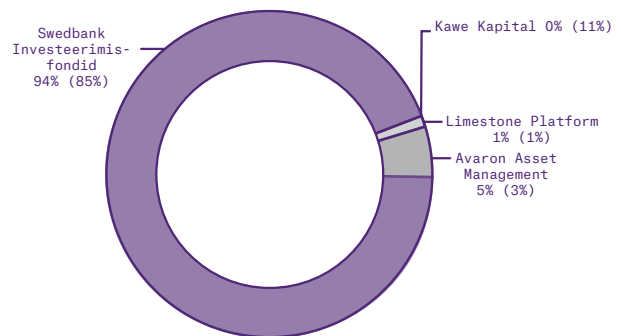
AS Kawe Kapital ceased to be a fund manager, having received its operating licence as an investment firm in spring 2018.

Among the banks, Swedbank had the largest portfolio with 60% of the market, followed by LHV with 16% and SEB with 14%.

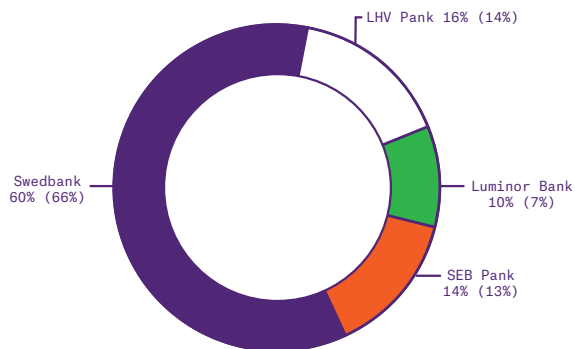
Market share of portfolio management by service provider at the end of 2018 (end of 2017 in brackets)



Market share of portfolio management by fund managers at the end of 2018 (end of 2017 in brackets)



Market share of portfolio management by credit institutions at the end of 2018 (end of 2017 in brackets)

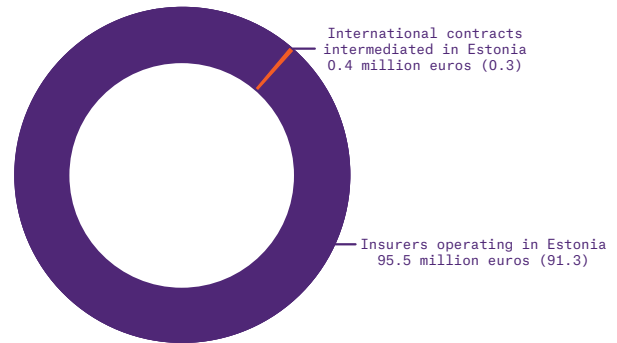


6. The life insurance market

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 2018 at 0.4 million euros.

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

Volume of insurance premiums in life insurance in 2018 (2017 in brackets)



6.1. Insurance companies providing life insurance

Market share:

Swedbank Life Insurance SE	40%
SEB Elu- ja Pensionikindlustus	26%
Compensa Life Vienna Insurance Group SE	21%

Volume of services:

premiums of 95 million euros were received in 2018

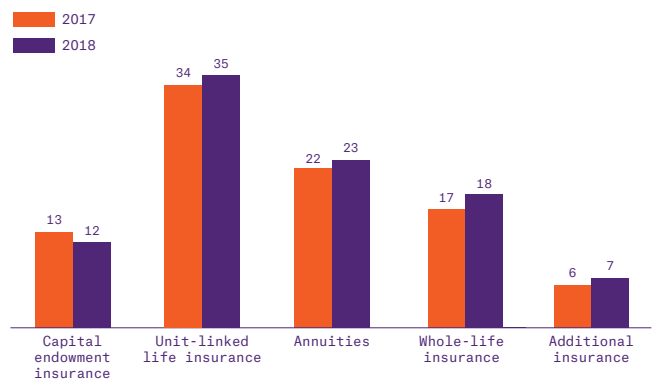
INSURANCE PREMIUMS

In 2018 the life insurance companies in Estonia received 95 million euros in insurance premiums²⁰. In the previous year they receive 91 million euros in premiums, meaning the volume had increased by 5% over the year.

The largest part of the growth in insurance premiums came again from whole life insurance premiums, which increased in volume over the year from 16.5 million euros to 18.5 million. At the same time the premiums for investment risk life insurance increased from 34 million euros to 35 million, and annuity premiums increased from 22 million euros to 23 million. The volume of capital endowment insurance fell by 13 million euros to 12 million though.

The life insurance product that received the largest amount of premiums was again unit-linked life insurance, which accounted for 37% of all life insurance products in 2018, the same as in the previous year. It was followed by annuities, which accounted for 24% at the end of the year, the same as in the previous year. Whole life insurance moved into third place with a share of 19%, up from 18% the year before. Capital endowment insurance accounted for 12% of all life insurance products, having been 14% in the previous year.

Insurance premiums by type of life insurance (million euros)



6.1. Insurance companies providing life insurance

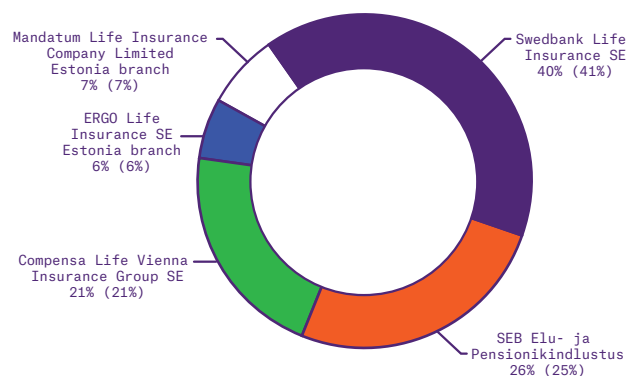
LIFE INSURANCE PROVIDERS

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 2018, the same as in the previous year.

The biggest growth over the year was in the amount of premiums received by SEB Elu- ja Pensionikindlustus, which increased its market share from 25% to 26%. The volume of insurance premiums increased with support from unit linked life insurance, and whole life insurance.

The market share of Swedbank Life Insurance SE fell from 41% to 40%, while that of Compensa Life Vienna Insurance Group SE remained at 21%.

Market share of life by premiums received at the end of 2018 (end of 2017 in brackets)



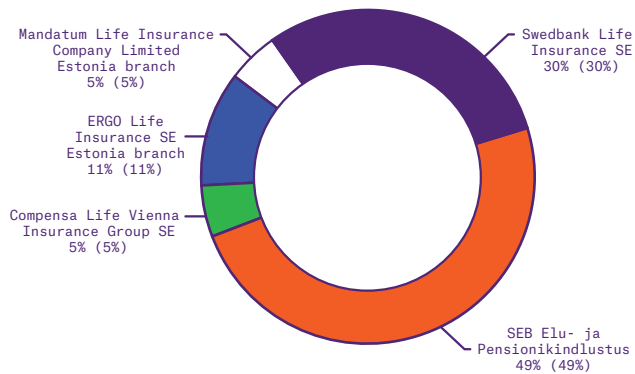
²⁰ The data do not cover insurance premiums received from outside Estonia.

The volume of capital endowment insurance payments fell constantly throughout the year at all life insurers. There was no change in the market shares of the insurance companies. The biggest provider of capital endowment insurance in Estonia in 2018 was SEB Elu- ja Pensionikindlustus, which had 49% of the market.

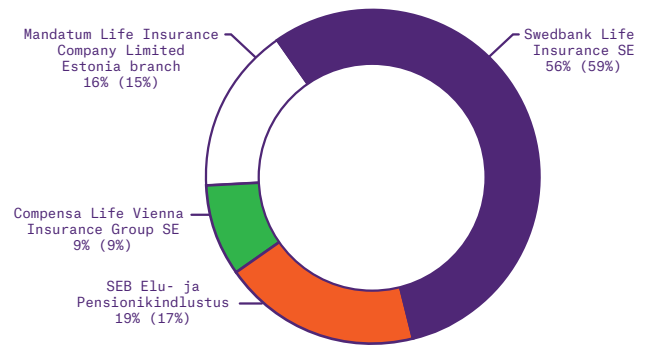
Receipts of premiums increased for unit-linked life insurance at almost all life insurers except Swedbank Life

Insurance SE. As the volumes of premiums grew at different rates at different companies, market shares changed. The biggest growth was at SEB Elu- ja Pensionikindlustus, where market share increased from 17% to 19%, and at the Estonian branch of Mandatum Life Insurance Company Limited, where it increased from 15% to 16%. Swedbank Life Insurance SE remains the market leader, though its market share fell from 59% to 56%.

Market share of capital endowment insurance at the end of 2018 (end of 2017 in brackets)



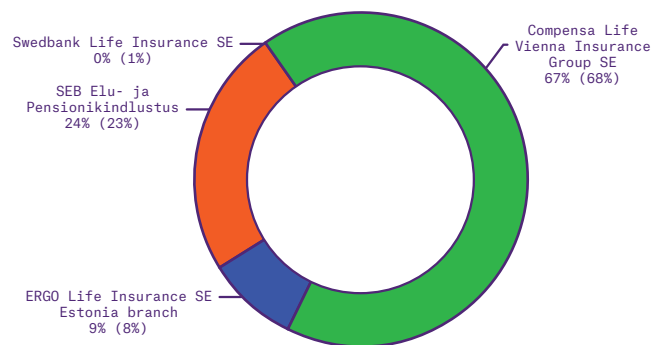
Market share of unit-linked life insurance at the end of 2018 (end of 2017 in brackets)



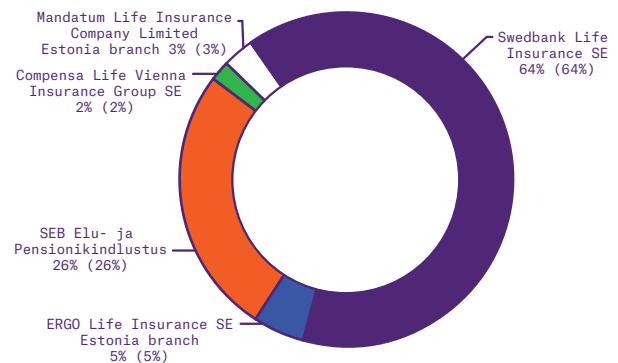
Inflows of annuity payments were the highest ever in 2018, as a total of 23.2 million euros of payments were received. There were no major changes in market share though, as the market shares of all insurers varied within a range of 1%. Compensa Life Vienna Insurance Group SE was again the largest provider of annuity services in Estonia, with 67% of the market at the end of the year.

The market shares of whole life insurance providers did not change 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 annuities at the end of 2018 (end of 2017 in brackets)



Market share of whole life insurance at the end of 2018 (end of 2017 in brackets)



6.2. Insurance brokers intermediating life insurance

Market share:

KindlustusEst Kindlustusmaakler	39%
IIZI Kindlustusmaakler	21%
BALTO LINK, UADBB Estonia branch	17%

Clients:

845 contracts intermediated

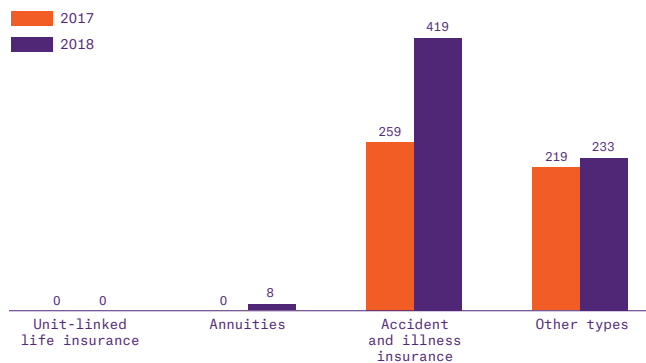
Volume of services:

premiums of 660,000 euros were intermediated in 2018

INSURANCE PREMIUMS INTERMEDIATED

Data received by Finantsinspektsioon show that insurance brokers registered in Estonia intermediated a total of 660,000 euros of life insurance premiums in 2018. Although the volume of insurance premiums intermediated increased by 38% over the year, the amount collected through brokers remains very small at below 1% of the life insurance premiums of Estonian insurers.

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



Insurance brokers mainly intermediated accident and illness insurance, for a total of 419,000 euros, and other life insurance contracts worth 233,000 euros. The most popular type of insurance among other life insurance contracts was risk life insurance.

Annuity premiums were also intermediated for the first time since 2014, to a value of 8000 euros. No premiums for unit-linked life insurance were intermediated at all.

The life insurance brokers in Estonia also intermediated a lot of contracts from insurers in countries of the European economic area, and in 2018 these accounted for 54%, or 359,000 euros, of the insurance premiums of brokers, having been 71% or 342,000 euros a year earlier.

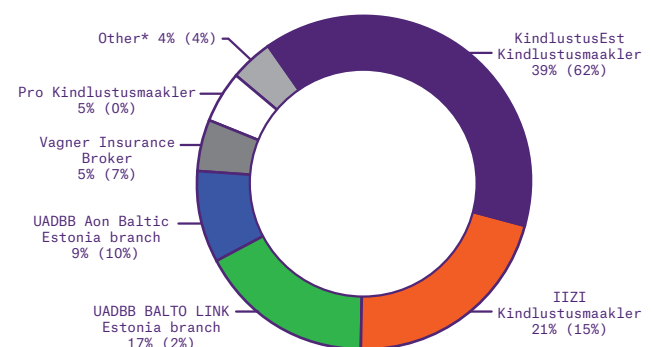
INSURANCE BROKERS

There were 12 insurance brokers intermediating life insurance contracts in 2018.

There were major changes in the market share of the insurance brokers over the year. The premiums intermediated by KindlustusEst Kindlustusmaakler declined, and so its market share fell from 62% to 39%. KindlustusEst Kindlustusmaakler still had the largest market share though.

At the same time premiums of IIZI Kindlustusmaakler increased and so did its market share from 15% to 21%, while premiums also increased at the Estonian branch of Balto Link UADBB, and its market share rose from 2% to 17%.

Market share of insurance brokers by life insurance premiums received at the end of 2018 (end of 2017 in brackets)

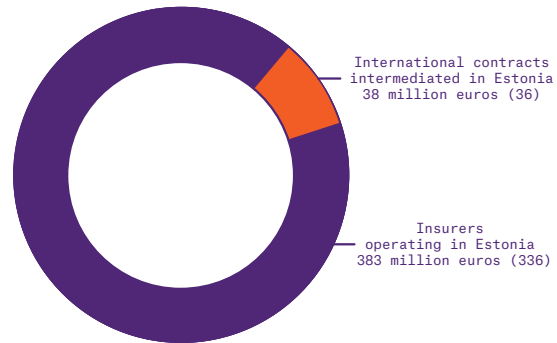


* The market shares of other insurance brokers intermediating life insurance were: Kominsur Kindlustusmaakler OÜ 1%, Pluss Kindlustusmaakler OÜ 1%, OÜ ABC Kindlustusmaaklerid 1%, OÜ Marks ja Partnerid Kindlustusmaaklerid 0%, Ultima Kindlustusmaakler OÜ 0%, and the Estonian branch of GrECo JLT Baltic GmbH 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 36 million euros to 38 million euros in 2018.

Volume of insurance premiums in non-life insurance in 2018 (2017 in brackets)



7.1. Insurance companies providing non-life insurance²¹

Market share:
information unavailable

Clients:
information unavailable

Volume of services:
insurance premiums were 383 million euros in 2018

INSURANCE PREMIUMS

From 2018 the method used by insurers operating in Estonia for recording insurance premiums changed²², and so the statistics on insurance premiums for 2018 are not comparable with those from earlier years. For this reason this report does not contain a separate detailed analysis of non-life insurance.

A recalculation to the previous methodology using data received by Finantsinspektsioon for 2018 shows that non-life insurance companies operating in Estonia and branches of foreign non-life insurers received a total of 383 million euros in insurance premiums, up from 336 million euros a year before.

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 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.

7.2. Insurance brokers intermediating non-life insurance

Market share:

IIZI Kindlustusmaakler	34%
Marsh Kindlustusmaakler	13%
KindlustusEst Kindlustusmaakler	7%

Clients:

805,582 contracts intermediated

Volume of services:

premiums of 170 million euros were intermediated in 2018

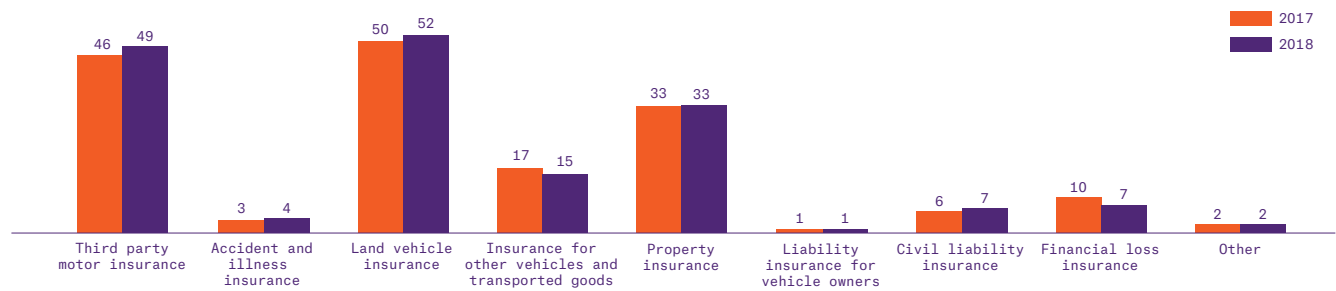
INSURANCE PREMIUMS INTERMEDIATED

Data received by Finantsinspektsioon show that insurance brokers registered in Estonia intermediated a total of 170 million euros in premiums under non-life insurance contracts in 2018²³, which is the same amount as in the previous year. At the same time the number of contracts fell by 3% to 805,582.

The largest type of insurance by insurance premiums intermediated by brokers was insurance for land vehicles, where 52 million euros of insurance premiums were intermediated. The next most popular types of insurance were third party motor insurance with 49 million euros, and property insurance with 33 million euros.

Estonian insurance brokers intermediate contracts from both Estonian and foreign insurance companies. In 2018, 78% or 132 million euros of all the insurance premiums intermediated were those of Estonian insurance companies, and 22%, or 38 million euros, went to foreign insurers. The largest share of the contracts of foreign insurers were the 14 million euros of insurance for other vehicles and goods under transport, followed by 9 million euros of property insurance, and 6 million euros of insurance against monetary loss.

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

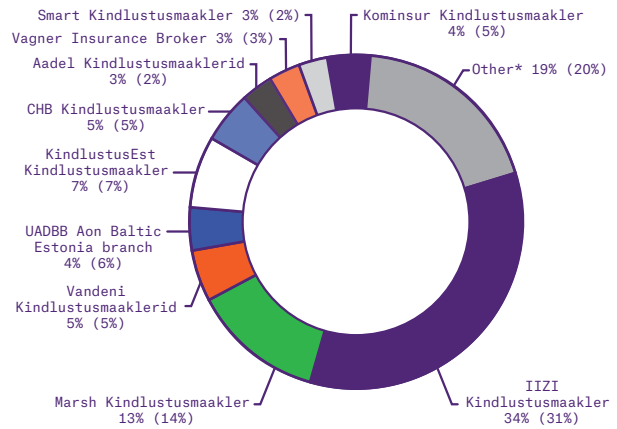


23 As well as contracts with insurers, contracts with foreign reinsurers were also intermediated by brokers, but they are not covered in this review. They received 4.8 million euros in insurance premiums in 2018.

INSURANCE BROKERS

There were 41 insurance brokers intermediating non-life insurance contracts in 2018, and IIZI Kindlustusmaakler held the largest market share with 34%. It was followed by Marsh Kindlustusmaakler with 13% and KindlustusEst Kindlustusmaakler with 7%.

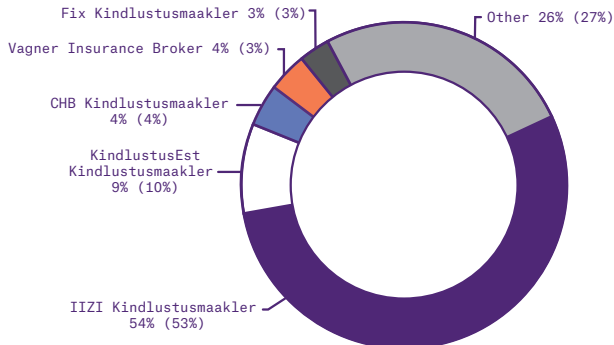
Market share of insurance brokers by non-life insurance premiums received at the end of 2018 (end of 2017 in brackets)



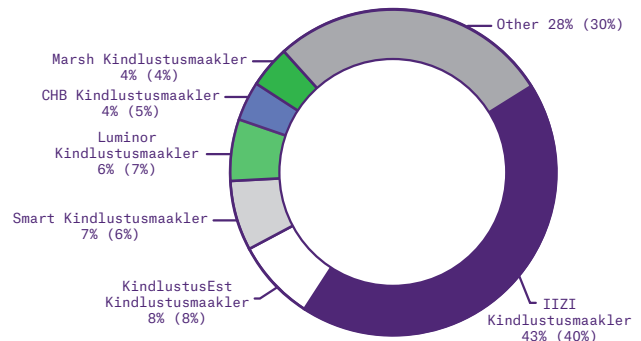
At the end of 2018 IIZI Kindlustusmaakler had the largest market share of third-party motor insurance with 54%, followed by KindlustusEst Kindlustusmaakler with 9% and CHB Kindlustusmaakler with 4%.

The largest market share of insurance of land vehicles was held by IIZI Kindlustusmaakler with 43%, followed by KindlustusEst Kindlustusmaakler with 8% and Smart Kindlustusmaakler with 7%.

Market share of insurance brokers for third party motor insurance at the end of 2018 (end of 2017 in brackets)



Market share of insurance brokers for land vehicle insurance at the end of 2018 (end of 2017 in brackets)

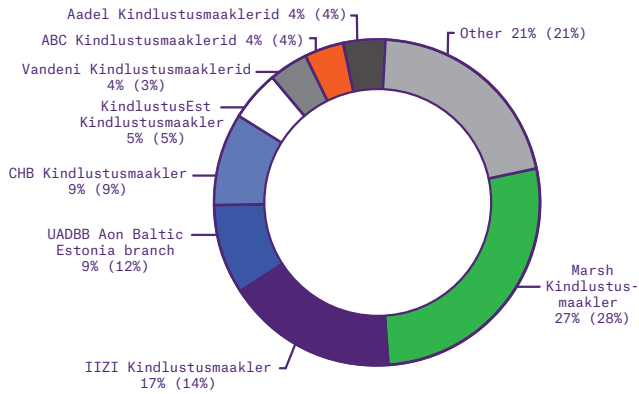


* The market shares of other insurance brokers intermediating non-life insurance were: OÜ Luminor Kindlustusmaakler 2%, OÜ ABC Kindlustusmaaklerid 2%, Fix Kindlustusmaakler OÜ 2%, Optimal Kindlustusmaakler OÜ 2%, GrECo JLT Baltic GmbH Estonia branch 1%, Credo Kindlustusmaaklerid OÜ 1%, NB Kindlustusmaakler OÜ 1%, Ultima Kindlustusmaakler OÜ 1%, Foxtall Kindlustusmaakler OÜ 1%, Pro Kindlustusmaakler OÜ 1%, OÜ TIIB Kindlustusmaakler 1%, OÜ Kindlustusmaakler Tiina Naur 1%, OÜ Marks ja Partnerid Kindlustusmaaklerid 1%, UADBB BALTO LINK Estonia branch 0%, UADBB MAI Baltics Estonia branch 0%, FS Kindlustusmaakler OÜ 0%, Avor Kindlustusmaakler OÜ 0%, Lõuna Kindlustusmaakler OÜ 0%, K. Kindlustusmaakler OÜ 0%, Clemenc Kindlustusmaakler OÜ 0%, 1 Kindlustusmaakler OÜ 0%, Premium Kindlustusmaakler OÜ 0%, 2D Kindlustusmaakler OÜ 0%, Pluss Kindlustusmaakler OÜ 0%, Northern1 Insurance Solutions Kindlustusmaakler OÜ 0%, AID Kindlustusmaakler OÜ 0%, AVC Advisory Kindlustusmaakler OÜ 0%, OÜ INZMO Kindlustusmaakler 0%, Direct Kindlustusmaakler OÜ 0%, Vector Kindlustusmaakler OÜ 0%, Allier Kindlustusmaakler OÜ 0%, and Kredix Kindlustusmaakler OÜ 0%.

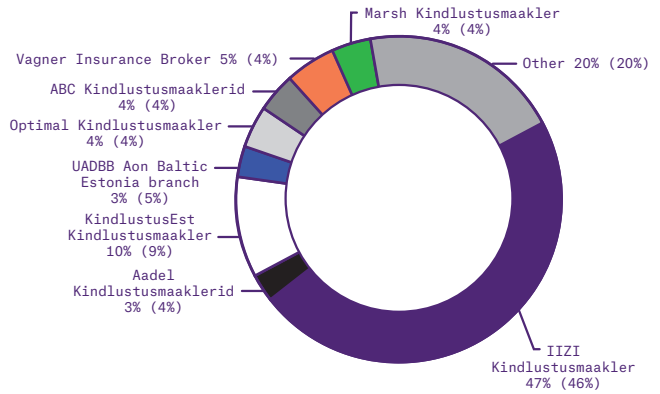
The market leader in property insurance was Marsh Kindlustusmaakler with 27% followed by IIZI Kindlustusmaakler with 17% and the Estonian branch of UADBB Aon Baltic with 9%.

IIZI Kindlustusmaakler also had the largest market share of travel insurance with 47%, followed by KindlustusEst Kindlustusmaakler with 10% and Vagner Insurance Broker with 5%.

Market share of insurance brokers for property insurance at the end of 2018 (end of 2017 in brackets)



Market share of insurance brokers for travel insurance at the end of 2018 (end of 2017 in brackets)



Non-life insurers received 22.7 million euros in intermediation fees in 2018, up from 22 million euros a year earlier, and

90% of those fees were received by 14 of the 41 insurance brokers.

The largest non-life insurance brokers by intermediation fees received

Broker	Market share	
	2018	2017
IIZI Kindlustusmaakler AS	39%	35%
Marsh Kindlustusmaakler AS	8%	7%
KindlustusEst Kindlustusmaakler OÜ	8%	8%
UADBB Aon Baltic Estonia branch	4%	6%
CHB Kindlustusmaakler OÜ	4%	5%
Kominsur Kindlustusmaakler OÜ	4%	5%
AS Vandeni Kindlustusmaaklerid	4%	4%
Vagner Insurance Broker AS	3%	3%
AS Smart Kindlustusmaakler	3%	3%
Aadel Kindlustusmaaklerid OÜ	3%	3%
OÜ DnB Kindlustusmaakler	3%	3%
OÜ ABC Kindlustusmaaklerid	3%	3%
Fix Kindlustusmaakler OÜ	2%	2%
Optimal Kindlustusmaakler OÜ	2%	2%

8. Loans issued by credit institutions²⁴

Market share:

Swedbank	41%
SEB Pank	26%
Luminor Bank	15%

Private clients:

758,405 current contracts

Volume of services:

total value of the consolidated loan portfolio 19.1 billion euros

THE LOAN PORTFOLIO

The stock of loans issued by credit institutions increased by 5.3%, or 966 million euros, in 2018 to stand at 19.1 billion euros by the end of the year, having grown by 2.4%, or 418 million euros, in the previous year.

The loan stock of private individuals²⁵ grew by 522 million euros in 2018, loans to businesses²⁶ increased by 252 million, and those to financial institutions grew by 117 million. The stock of loans issued to the general government increased by 74 million euros.

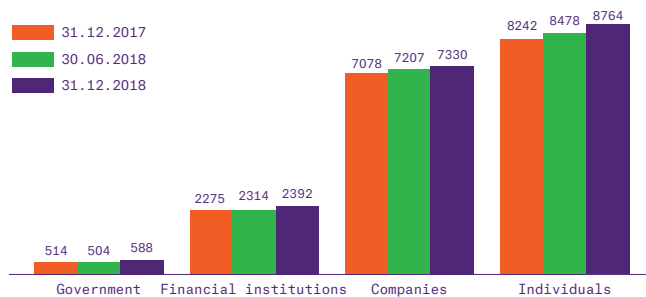
At the end of the year, 8.8 billion euros had been issued in private loans, and 7.3 billion euros in corporate loans. Private loans accounted for 46% of the total portfolio and

corporate loans for 39%. The largest part of the loan growth came from private clients.

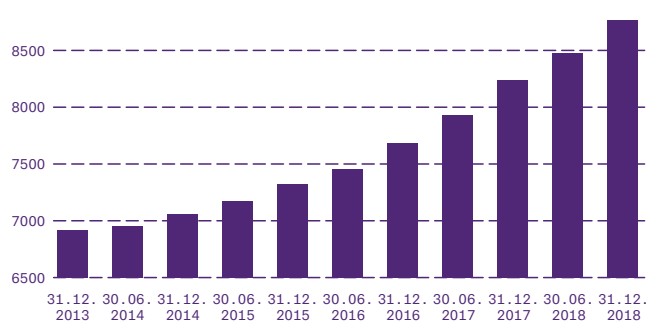
Loans to financial institutions²⁷ totalled 2.4 billion euros, and loans to the general government²⁸ 0.6 billion.

The biggest growth in 2018 among loans issued to private clients was of 497 million euros in housing loans, which brought the stock of such loans up to 7.6 billion euros at the end of the year, meaning it exceeded the stock of loans to businesses. The stock of consumption loans grew by 63 million euros to 585 million euros by the end of the year. The stock of study loans declined though by 17 million euros to 79 million at the end of the year.

Loan stock (million euros)



Stock of loans issued to private individuals (million euros)



24 Loans issued in Estonia by credit institutions.

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

26 Includes state-owned and local government owned companies.

27 Includes insurers and pension funds.

28 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

The loan burden of private clients was affected most in 2018 by housing loans. The average outstanding housing loan grew by 1677 euros over the year to 42,204 euros at the end of the year. Next came vehicle leases, and the average outstanding lease of 10,216 euros was up 820 euros over the year.

The average outstanding other loan²⁹ increased from 14,334 euros to 15,826 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. The average outstanding study loan decreased from 2180 euros to 2143 euros.

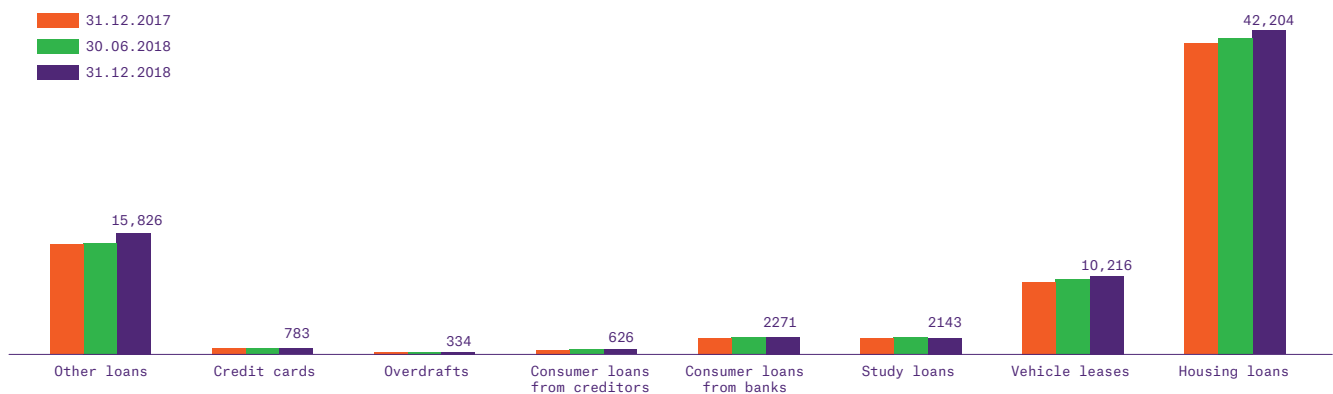
Consumption loans from banks, which average 2271 euros, are much larger than those from creditors, which

average 626 euros. The average amount outstanding on credit cards was 783 euros at the end of the year.

The number of contracts with private clients increased by 29,708 in 2018, and the majority of the growth came from credit cards as 23,361 contracts were added over the year. There was a notable rise of 17,239 over the year in the number of consumption loan contracts to 257,502.

The number of housing loan contracts with private clients was the highest ever at 179,967 at the end of the year, up from 175,149 a year earlier. There were 36,705 study contracts signed, down from 43,742 a year earlier, while overdraft contracts were down from 60,005 to 55,004, credit card contracts increased from 185,470 a year earlier to 208,768, and other loan contracts fell from 24,131 to 20,459.

Average outstanding loans issued to private individuals (euros)

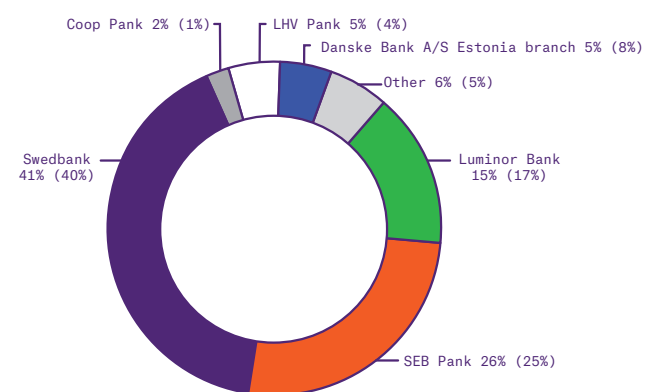


THE MARKET SHARE OF BANK LOANS

The Estonian loan market was mainly divided between three large credit institutions in 2018, and they had 82% of the market. Swedbank had the largest market share in the total loan portfolio with 41%, followed by SEB with 26% and Luminor Bank with 15%.

The loan stock of Danske Bank Estonia branch declined in 2018, and so its market share fell from 8% to 5%.

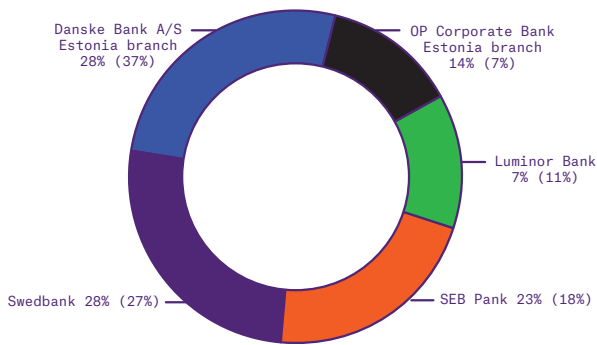
Market share of bank loans at the end of 2018 (end of 2017 in brackets)



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

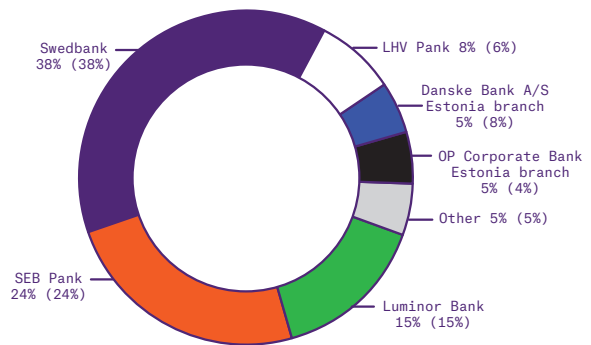
The biggest lenders to the general government at the end of the year were Danske Bank Estonia branch and Swedbank, each of which had 28% of the market. The market share of Danske Bank Estonia branch dropped substantially over the year, as in 2017 it had provided 37% of the loans to the general government. These two were followed by SEB, whose market share increased from 18% to 23%, and OP Corporate Bank Estonia branch, whose share increased from 7% to 14%.

Market share of loans to government at the end of 2018 (end of 2017 in brackets)



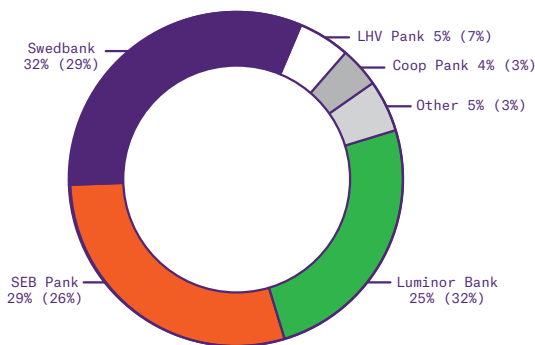
The biggest changes in corporate loans were the increase in market share from 6% to 8% for LHV, and from 4% to 5% for OP Corporate Bank Estonia branch. The market share of Danske Bank Estonia branch fell from 8% to 5%, while the banks with the largest market share maintained those shares of 38% at Swedbank and 24% at SEB. Luminor Bank had 15% of the market for corporate loans.

Market share of loans to companies at the end of 2018 (end of 2017 in brackets)



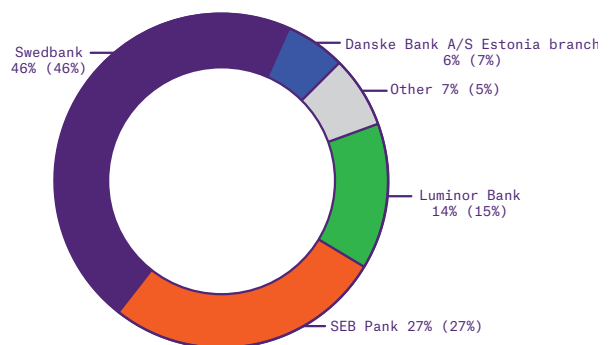
The largest share of loans to financial institutions were again at Swedbank, which provided 32% of them, while SEB had 29% of such loans. Luminor Bank, which had earlier had the largest market share, saw that share fall from 32% to 25%.

Market share of loans to financial institutions at the end of 2018 (end of 2017 in brackets)



Swedbank with 46% and SEB with 27% again had the largest shares of the stock of loans to private individuals. Luminor Bank had 14% of the market at the end of the year. The growth in the market share of other banks from 5% to 7% came from the growth in private loans at smaller banks, especially LHV, Inbank and the Estonian branch of TF Bank AB.

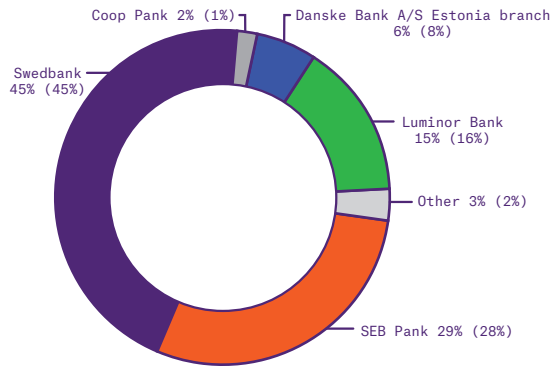
Market share of loans to private individuals at the end of 2018 (end of 2017 in brackets)



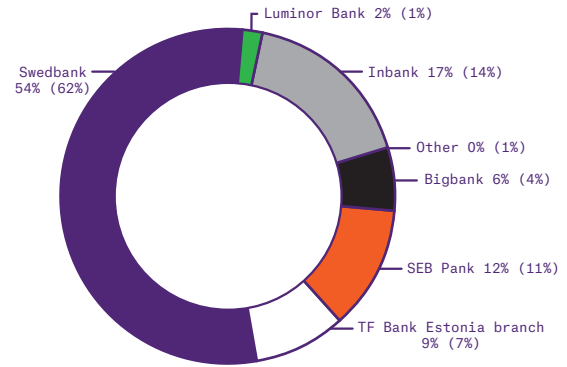
The majority of loans to private clients were housing loans, and the share of such loans increased further in 2018 from 86% to 87%. The market leader for housing loans was again Swedbank, with 45%, followed by SEB with 29% and Luminor with 15%. The market share of Danske Bank Estonia branch fell from 8% to 6%.

The biggest change in consumer loans was that the market share of the market leader Swedbank fell from 62% to 54%, while the market share of smaller banks grew from 14% to 17% at Inbank, from 7% to 9% at TF Bank Estonia branch, and from 4% to 6% at Bigbank.

Market share of housing loans to private individuals at the end of 2018 (end of 2017 in brackets)



Market share of consumer loans to private individuals at the end of 2018 (end of 2017 in brackets)



Swedbank had the largest share of the credit card market the end of the year with 72%, followed by SEB with 18%.

9. Loans issued by creditors

Market share:

Swedbank Liising	24%
Luminor Liising AS	22%
SEB Liising	19%

Private clients:

539,764 current contracts

Volume of services:

value of the consolidated loan portfolio 1.036 billion euros

At the end of 2018, 51 companies were licensed as creditors. Alongside them in the market were 12 creditors associated with banks and eight credit intermediaries.

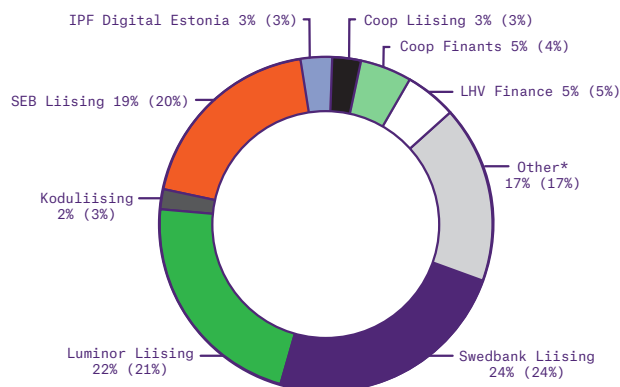
The stock of the loan portfolio of licensed creditors and creditors operating with an exemption grew by 19% in 2018, or 34 million euros, to stand at 1.036 billion euros at the end of the year³⁰. The majority of the growth in the loan stock came from lenders associated with banks, which have some 80% of the market for creditors. The remaining 20% 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 OÜ Koduliising with 2%.

Creditors associated with banks mainly operate as leasing companies and are different from other creditors in

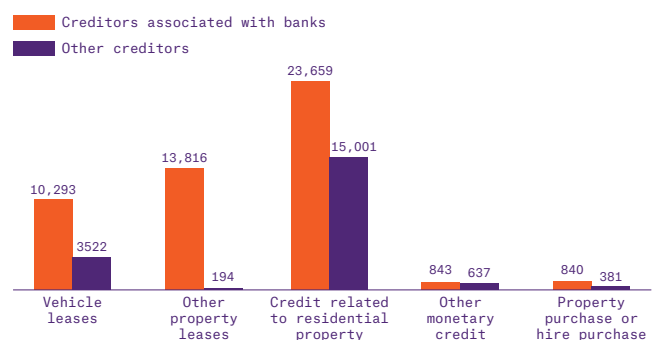
the structure of the loan portfolios and in their lending conditions.

The average loan amount outstanding is very different for different types of credit contract. The largest average outstanding loan amount at the end of the year was for loans associated with real estate, and was for 23,659 euros on average to creditors associated with banks, and for 15,001 euros to other creditors. The average outstanding loan amount for vehicle leases was of 10,293 euros to creditors associated with banks, and of 3522 euros to other creditors. The average outstanding value of other credit for everyday use was of 843 euros at creditors associated with banks and 637 euros at other creditors, and the outstanding amount on hire purchase contracts was of 840 euros at creditors associated with banks and 381 euros at other creditors.

Market share of all creditors by stock of the loan portfolio at the end of 2018 (end of 2017 in brackets)



Average outstanding loan contract 31.12.2018 (euros)

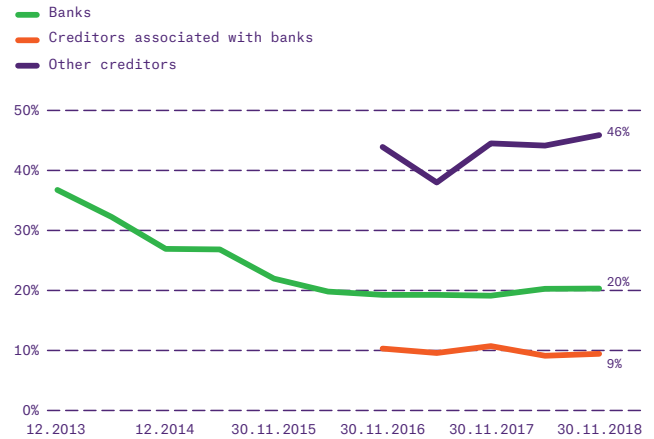


³⁰ As well as making consumption loans to private individuals, creditors also issue loans to businesses. Finantsinspektsioon does not supervise these. The stock of loans to businesses stood at 2.3 billion euros at the end of 2018. A year earlier the stock had been 2.1 billion euros.

* The market shares of other creditors were: Creditstar Estonia AS 2%, PLACET GROUP OÜ 2%, mogo OÜ 2%, SIA UniCredit Leasing Estonia branch 2%, Telia Eesti AS 2%, BB Finance OÜ 1%, Hüpeteeklaen AS 1%, AB Kreditex AS 1%, OÜ Citadele Leasing & Factoring 1%, Tele2 Eesti AS 1%, OÜ AIRES LAENUD 0%, Svea Finance AS 0%, Omega Laen AS 0%, Nordic Hypo AS 0%, Monefit Estonia OÜ 0%, BestCredit OÜ 0%, Rävåla Laenud OÜ 0%, Express Credit AS 0%, AS Finora Capital 0%, ESTO AS 0%, Medicredit OÜ 0%, ALG Liisingu AS 0%, Credit.ee OÜ 0%, Ehital Krediid OÜ 0%, AS Saare Kalur 0%, Baltasar Liising OÜ 0%, Mercury Credit OÜ 0%, Stokker Finance OÜ 0%, ON24 AS 0%, Berger Financial Group OÜ 0%, RE Invest OÜ 0%, SigmaCapital OÜ 0%, OP Finance AS 0%, AS UUEMÕISA INVEST 0%, OÜ Nemm Auto 0%, Best Capital OÜ 0%, AS ESTRAVEL 0%, Saare Finants OÜ 0%, Kinnistulaen OÜ 0%, AARE AUTOPOOD OÜ 0%, Autokiiirpant OÜ 0%, OÜ AAKinnisvaralaen 0%, Kemotex Finance OÜ 0%, Invest in OÜ 0%, Digiteks OÜ 0%, OÜ LAENUKESKUS 0%, PC Finance OÜ 0%, TBB Liisingu AS 0%, Eesti Uhistuliising OÜ 0%, Bondora AS 0%, Blond Finance OÜ 0%, and Sofi OÜ 0%.

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% creditors associated with banks and 46% at other creditors. The annual percentage rate for credit at the banks averaged 20%.

Annual interest rate on consumer loans



CREDITORS ASSOCIATED WITH BANKS

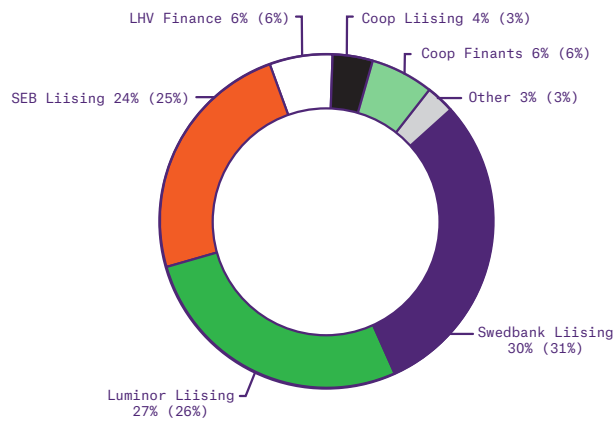
The market for creditors operating with an exemption is dominated by the leasing companies of three large banks. At the end of the year Swedbank Liising had 30% of the loan stock of creditors associated with banks, Luminor Liising had 27% and SEB Liising 24%, making 81% of the market between them.

The loan portfolio of creditors associated with banks stood at 832 million euros at the end of the year, which was up 21%, or 143 million euros, on a year earlier.

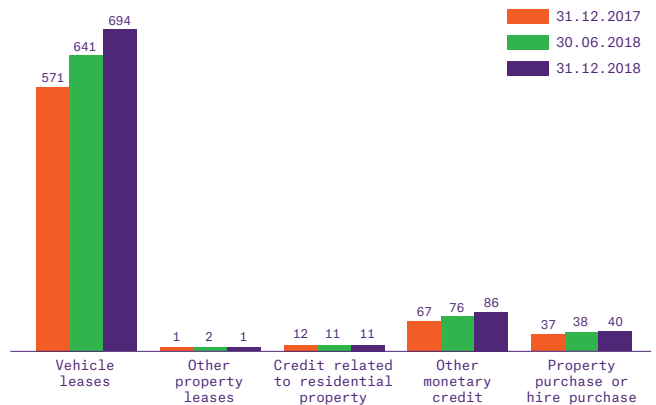
The structure of the loan portfolio of creditors associated with banks did not change over the year. The majority of the portfolio contained vehicle leases, which provided 83% of it, and the stock of them increased over the year from 571 million euros to 694 million.

The number of loan contracts increased by 7389 to 217,931.

Market share of creditors associated with banks by stock of the loan portfolio at the end of 2018 (end of 2017 in brackets)



Outstanding loans to creditors associated with banks (million euros)



OTHER CREDITORS

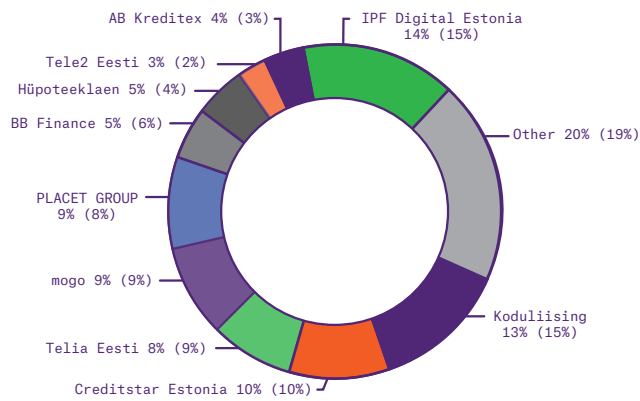
The majority of the market for creditors is held by fewer than half of the creditors in it as 81% of the stock of the loan portfolio at the end of the year was held by 10 of the 51 creditors. The creditors with the largest market share were IPF Digital Estonia with 14% of the loan portfolio, followed by Koduliising with 13% and Creditstar Estonia with 10%.

The loan portfolio of other creditors stood at 204 million euros at the end of the year, which was up 14% or 25

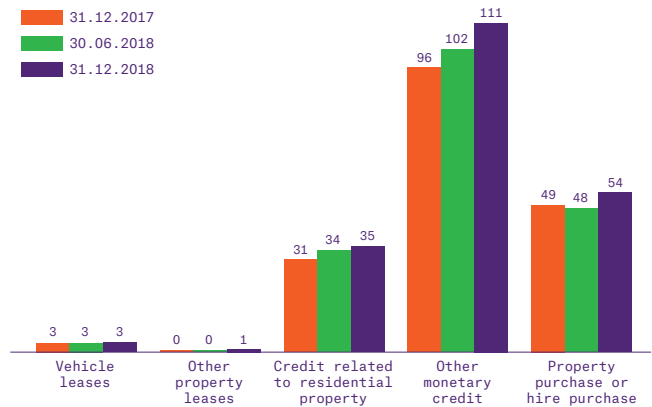
million euros on a year earlier. The majority of this was the 111 million euros in the loan portfolio of other creditors that was issued as other monetary credit, which in essence means unsecured small loans.

The number of loan contracts increased by 35,193 in 2018 to 321,833 at the end of the year. The majority of the growth in the number of contracts came from other monetary credit contracts, which increased in number by 32,947.

Market share of other creditors by stock of the loan portfolio at the end of 2018 (end of 2017 in brackets)



Outstanding loans to other creditors (million euros)



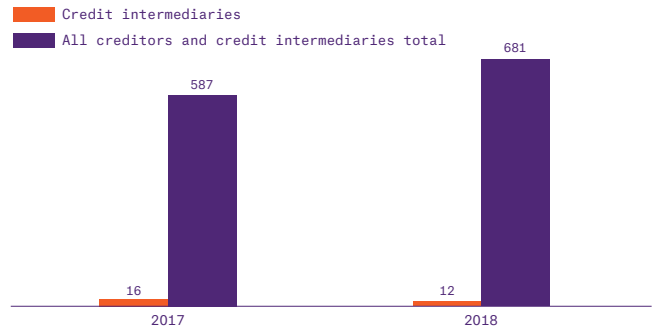
9.1. Credit intermediaries

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. At the end of 2018 there were eight licensed credit intermediaries operating in the market, of which four were active. the turnover of those four credit intermediaries was 12.5 million euros at the end of 2018.

The credit intermediary with the largest market share at the end of the year was Omaraha OÜ, which had 83% and was followed by Ühisraha OÜ with 13%.

A total of 19,288 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	53%
TavexWise	24%
Coop Finants	10%

Volume of services:

volume of payments 689 million euros

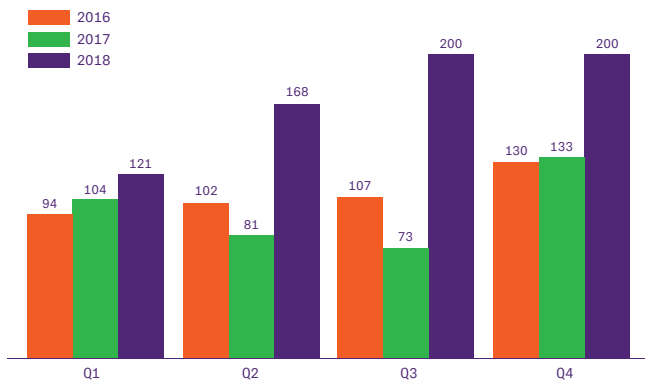
There were 13 payment institutions operating in Estonia in 2018, of which three had an exemption to the licence³¹.

The volume of payments intermediated by Estonian payment institutions increased by 76% in 2018, while the number of payments increased by 40%. Some 689 million euros in payments were intermediated, up from 390 million euros a year earlier, and 5,527,104 payments were made in total, up from 3,935,065.

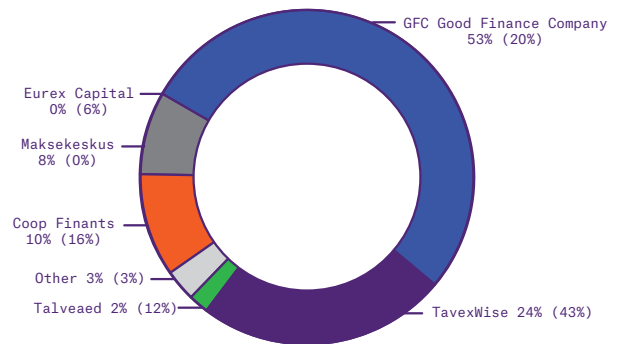
GFC Good Finance Company increased its market share by value of payments from 20% to 53% in 2018, while the market share of TavexWise fell from 43% to 24% at the same time.

The largest market share by number of payments was held though by Coop Finants, which intermediated 72% of all payments, down from 96% a year earlier.

Turnover of transactions intermediated by payment institutions (million euros)



Market share of payment institutions at the end of 2018 (end of 2017 in brackets)



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