

Financial Supervision Authority Yearbook 2015



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1. Address of the Management Board



Dear Reader,

The state of the Estonian financial sector in 2015 was sound. The level of systemic risk perceived by financial markets was low. In the European Union, the focus shifted from legislative drafting to its implementation stage. The Financial Supervision Authority (FSA) took steps for the prevention of risks and for the elimination of adverse effects. We began to licence small creditors, launched the crisis resolution function and adopted a new strategy for years to come.

In 2015, the systemic risk perceived by markets was low across the entire European Union. Major risks included national debt burdens, the low profitability of banks, heterogeneity of the credit market, rapidly increasing prices of housing property and the effect of the low interest rate environment. From Estonia's perspective, the risk concerned the potential revaluation of risks arising from the economies and banks of Nordic countries by financial markets, which, if realised, would have increased the funding and liquidity risks of banks. Due to increased income and low interest rates, the risk of the acceleration of the rise of property prices in Estonia persisted. A tense situation in foreign policy also left its mark.

The regulative tsunami of the European Union moved step by step from the adoption phase to the application phase. An essential change had taken place in the capital regulation of banks through the adoption of a new, detailed and risk-sensitive capital requirements directive and its directly applicable regulation and its numerous accompanying legal acts. As of 1 January 2016, the risk-sensitive norms of the European Union in the area of insurance were transposed to Estonian law. The provisions governing the infrastructure of the securities market and new norms on investment funds entered into force; the provisions regulating the intermediation of financial services were harmonised, and initiatives and reforms concerning the safety net of the financial sector were launched. The new payment services framework and the Creditors and Credit Intermediaries Act of Estonia entered into force.

The state of the Estonian financial sector in 2015 was sound. The Estonian bank-centred financial market was as concentrated as before and the market share of branches was high. In 2015, an increased intention to enter into the Estonian regulated financial market either through the application of an authorisation or the acquisition of a company or a qualifying holding was notable. Some financial intermediaries changed their strategy of operating in the Estonian market. The volume of loans granted by credit institutions increased and the quality of the loan portfolio maintained its sound level, whereas the volume of deposits grew. The relative importance of non-resident customers in the entire customer base indicated a decrease. Investment funds grew mainly due to the growth of mandatory pension funds. The indicators in the insurance sector were generally good.

The Financial Supervision Authority as a supervisory body took steps for the prevention of risks and elimination of adverse effects. Under the guidance of the FSA, regulated financial intermediaries maintained sufficient capital buffers and in general, the sector adhered to the requirements of laws in the administration of their organisation and delivery of services.

The activities of the Financial Supervision Authority in 2015 focused mainly on the review process of authorisation applications submitted by creditors and credit intermediaries.

Some single risks in these areas were realised, but the FSA prevented or eliminated a wider adverse effect of these situations either in cooperation with market participants or by taking necessary measures.

In the centre of our activities in 2015 were also numerous and sometimes complicated reviews of authorisation applications submitted by creditors and credit intermediaries. With a view to international developments, we continued our efforts for the prevention of money laundering and terrorist financing. In the insurance market, an intensive dialogue between insurers and brokers took place, including on the legal issues concerning payments for services.

Judicial proceeding initiated on the basis of complaints filed against the activities of the FSA resulted in the resolution of several issues that are essential for both the lawful functioning of the Financial Supervision Authority and financial market. The Court of Justice of the European Union made a decision in which it specified the right to file a complaint against financial supervision authorities of member states to European supervision authorities.

The Financial Supervision Authority launched the setup of the resolution function and its inclusion in the resolution system of the euro area, and it also continued the integration of the activities in banking prudential supervision with the banking supervision of the euro area. The division of supervision over creditors and credit intermediaries was manned. Good cooperation with Eesti Pank, the Ministry of Finance and law enforcement authorities continued. The FSA assisted the Guarantee Fund in the performance of its tasks.

The Supervisory Board of the Financial Supervision Authority approved the new strategy for 2016–2018. The strategy was developed based on the experiences gained from the development and implementation of previous strategies as well as the fact that the strategy has to take into consideration the tasks resulting from the legislation of the European Union and Estonia and the strategies of its main partners.

In developing the strategy, the risks central to the financial sector were screened: the avalanche of regulations and the capability of financial intermediaries to adapt their organisation to new requirements; the implementation of the updated architecture of banking prudential supervision; business interruptions and their connection with the business continuity of IT, telecommunications and electricity supply and the dependence of operations on outsourcing; the quality of the management and organisations of new players, the origin of their capital, the law-abiding behaviour of certain subjects and the riskiness of their business models; mis-sale of certain widespread products, compliance with the requirements for understanding customers and related organisational solutions; and conflicts of interests in the activities of financial intermediaries.

In line with strategic choices we have to make sure that financial intermediaries have integral managers, transparent management practices and sustainable operations. We will see to it that the regulated financial market has carefully designed transparent and responsibly sold products and that financial intermediaries have sufficient controls in place which minimize the options of terrorists and other criminals to misuse the financial system. For every bank, the FSA will prepare a plan that will contribute to the solution of any serious crisis at the bank. If applicable, we will analyse potential supervision areas, provide advice for the improvement of the efficiency of a financial safety net and address the opportunities and risks of financial innovation. The FSA will integrate with the banking supervision and resolution system of the euro area.

In the performance of our tasks, we act based on risks, we stand for proportionality and uniformity, and we pursue a common conservative streak and deliver results.

2. Confirmation of the Management Board



Finantsinspektsioon

In Tallinn, 11 March 2016

This Annual Report was prepared by the Management Board of the Financial Supervision Authority and has been submitted for approval to the Supervisory Board of the Financial Supervision Authority. The annual report is presented to the Riigikogu.

This Annual Report includes the following documents of the Financial Supervision Authority:

- Management Report on page 14;
- Annual Report of Revenues and Expenditures on page 62;
- Balance Sheet on page 71;
- Auditor's Report on page 72.

The Management Board of the Financial Supervision Authority confirms that the Annual Report of Revenues and Expenditures of the Financial Supervision Authority is in conformity with the Financial Supervision Authority Act and the applied accounting policies.

Kilvar Kessler

Andres Kurgpõld

Andre Nõmm

3. Overview and strategy of the Financial Supervision Authority



In addition to supervision authority the FSA also started to act as a crisis resolution authority in 2015.

The Financial Supervision Authority is a financial supervision and resolution agency with autonomous competence and a separate budget, acting in the name of the state and being independent in its decisions.

Activities of the FSA are financed through supervisory and procedural fees that are paid by entities subject to financial supervision.

The FSA is a member of the European Single Supervisory Mechanism (SSM) that performs the supervision of significant banks and respective groups as of November 2014. The FSA is a member of the Single Resolution Mechanism (SRM) and its Single Resolution Board (SRB).

The FSA's activities are planned and its management is controlled by the Supervisory Board of the FSA. The Supervisory Board has six members and the Minister of Finance is acting as the Chairman of the Board.

Everyday activities of the FSA are directed by the Management Board consisting of three members, and the Board as a collective management body makes decisions by majority vote. The activities of the Management Board are directed by its Chairman.

Supervisory activities of the FSA are divided into market and business conduct supervision activities and prudential supervision activities. Prudential supervision is aimed at analysing the risks and business continuity of financial institutions. Market and business conduct supervision is aimed at ensuring transparency, credibility and effectiveness of financial services.

In addition to supervision authority the FSA also started to act as a crisis resolution authority in 2015. The main objective of resolution is to avoid negative effects to the financial stability stemming from a potential insolvency of credit institutions by also protecting the funds of the public sector, depositors as well as investors, and to ensure the continuity of the critical functions of credit institutions.

3.1. The strategy of the Financial Supervision Authority 2016-2018

In prudential supervision we will focus on integration with the European Single Supervisory Mechanism.

In market and business conduct supervision, we will focus on the life cycle of financial services and financial products.

In crisis resolution, we will focus on the integration with the European Single Resolution Mechanism.

A. Vision

We are an influential agency.

B. Mission

We maintain confidence in the financial market by exercising financial supervision in public interests and by resolving financial crises.

C. Values

Decisive. Competent.

D. Strategic choices

In prudential supervision we will focus on integration with the European Single Supervisory Mechanism, with emphasis on cooperation with Eesti Pank. In addition we will also focus on corporate governance, with emphasis on the suitability of managers, the internal control system, business continuity and outsourcing, and accuracy of reporting.

In market and business conduct supervision, we will focus on the life cycle of financial services and financial products, with emphasis on the prevention of money laundering and terrorist financing, oversight of the development of products and services and accuracy of disclosed information.

In crisis resolution, we will focus on the integration with the European Single Resolution Mechanism and the Single Resolution Board and also on the preparation of resolution plans.

In promoting public awareness, we will focus on supporting the supervision and resolution functions by providing information on relevant issues to consumers (better understanding of financial services) and thereby represent good practice in the financial market to professional market participants (more responsible delivery of services).

We will contribute to the analysis and optimisation of the institutional framework of financial crises resolution in Estonia, to the analysis of potential new supervision areas and to monitoring of financial innovation.

E. Principles in the performance of duties

We will apply the rules based on risks by achieving the desired result and disclosing our actions as applicable. We participate in the development of norms by observing uniformity and proportionality, by making sure that we achieve everything it takes to deliver our tasks and by facilitating involvement. We contribute to international cooperation actively and by demonstrating our values and by focusing on themes that are relevant for Estonia. We promote public awareness by notifying the public of our activities and those of the financial market and about financial services on a regular basis and in a targeted and understandable manner.

4. Financial Supervision Authority's Management Report



Supervisory Board

As at 31 December 2015, the Supervisory Board of the FSA included:

Chairman:
Sven Sester, Minister of Finance

Members:
Ardo Hansson, Governor of Eesti Pank;
Madis Müller, Deputy Governor of Eesti Pank;
Veiko Tali, Secretary-General of Ministry of Finance;
Valdo Randpere, member of Riigikogu;
Aivo Adamson, CEO of Starman AS.

Resolutions of the Supervisory Board

- In 2015, the Supervisory Board held four meetings.
- The Supervisory Board approved the Annual Report 2014 and transferred the operational profit of the financial year within the amount of 2,310,559.72 euros into the reserve of the FSA.
- The Supervisory Board approved the FSA's strategy for 2016–2018.
- As the FSA also started to act as a resolution authority in 2015, the Supervisory Board approved the principles of managing the conflict of interests and exchanging information between the resolution and supervision functions of the FSA.
- In addition, the Supervisory Board approved the 2016 budget of the FSA in the amount of 6,338,000 euros and the 2016 rates for the supervisory fee shares for financial institutions that were imposed with a Decree of the Ministry of Finance.

Activities of the Management Board

In 2015, the Management Board held 54 meetings and adopted 177 decisions concerning the management and responsibilities of the FSA, and 154 administrative decisions, including 8 injunctions.

Organisation of the Financial Supervision Authority

As of the end of 2015, the Financial Supervision Authority employed 84 people, including three members of the Management Board. The organisation consists of three separate business lines: prudential supervision, market and business conduct supervision and the resolution function. These are assisted by support and control functions such as public relations and consumer education, legal matters and reporting, the HR and training function, coordination of international relations, the internal auditor, IT, and accounting and secretarial.

The organisation of the Financial Supervision Authority consists of three business lines: prudential supervision, market and business conduct supervision and the resolution function.

For the sake of efficiency and the uniform treatment of all market participants, the Financial Supervision Authority reorganised its work in 2015 and thus since August, the Legal Department centrally conducts all suitability proceedings of supervision subjects and enforcement is also implemented centrally by one structural unit. In addition and due to its additional task as the financial crisis resolution agency the FSA set up the Resolution Department.

In accordance with new tasks imposed to the FSA by the Creditors and Credit Intermediaries Act, the areas of responsibilities and tasks of some structural units were revised and updated. As the areas of IT and reporting are highly intertwined, it was decided that the management of both will be integrated into the area of prudential supervision as of January 2016.

4.1. Personnel policy

As the FSA added new functions to its organisation in 2015, it brought along the need to grow its personnel. The number of employees increased – the FSA had 84 employees as at the end of 2015. 32% of them were men and 68% were women. The average age of employees was 37 and the average length of a service was 9.2 years. 7 employees left the organisation and 19 new employees were added to the FSA's personnel during 2015.

The most common professions in the FSA are lawyers and financial specialists (analysts, auditors). All employees of the FSA have a higher education.

In 2015, employees of the FSA participated in various trainings 230 times in total. 20% of those trainings were international. The trainings were most often supervision-focused, but language courses were popular as well. In 2015, the average cost of an international training was 927 euros per employee and that of a national training amounted to 133 euros per employee.

4.2. Summary of the activities of Internal Auditor

The mission of the Internal Audit of the FSA is to increase and maintain the value of the organisation by ensuring risk-based and objective assurance, advice and an integral view.

The Internal Auditor approaches internal audit engagements based on risks, compliance and reviews. In planning the scope and performance of their activities and in disclosing the results within the organisation, the Internal Auditor acts independently and autonomously. In 2015, the Internal Auditor was able to perform their professional duties autonomously and objectively.

In the opinion of the Internal Auditor, the discipline of the execution of the resolutions of the Supervisory Board and the Management Board was good, and the management and control systems within the FSA functioned.

In planning and organising their activities, the Internal Auditor followed the Code of Ethics of Internal Auditors set by the Institute of Internal Auditors and the basic principles of professional activities.

In the opinion of the Internal Auditor, the discipline of the execution of the resolutions of the Supervisory Board and the Management Board in 2015 was good and the management and control systems within the FSA functioned in line with reasonable expectations in all material respects.

The Internal Auditor finds that the attitude of the employees of the FSA towards the prevention of conflict of interest was sufficiently responsible and the measures for the prevention of conflict of interest functioned in accordance with the requirements set out in the Financial Supervision Authority Act.

Structure of the FSA as at 31.12.2015:

Andres Kurgpõld,
Member of the
Management Board



Priit Kiilmaa,
Head of Prudential
Supervision Division



Helene Trušina,
Head of Prudential
Policy and Financial
Reporting Division



Hannes Oja,
Head of Business
Conduct Supervision
Division



Siim Tammer,
Head of Legal
Department



Livia Vosman,
Head of
Communications



Piia Avaste,
Coordinator of
International
Cooperation



Stina Mander,
Coordinator of
International
Cooperation





Kilvar Kessler,
Chairman of the
Management Board



Andre Nõmm,
Member of the
Management Board

Kristjan-Erik Suurväli,
Head of Market
Supervision and
Enforcement
Division



Anneli Kivimägi,
Assistant to the
Administrative
Services
Department



Lilja Normak,
Head of Human
Resources



Raivo Linna,
Internal Auditor



Riin Heinaste,
Head of
Resolution
Department



5. Supervisory and crisis resolution activities of the Financial Supervision Authority



5.1. Financial market entries and exits, and assessment of the suitability of persons

In 2015, the FSA granted one credit institution authorisation, one payment institution authorisation, one money remittance service licence and two authorisations for granting consumer credit. In addition, the FSA granted a supplementary activity licence to one management company for the provision of an investment service and one supplementary payment institution authorisation. During the year, the FSA also revoked one investment firm authorisation, one management company authorisation and one payment institution authorisation.

The FSA refused to grant authorisations to two companies. Applications of six companies applying for authorisation were not reviewed, as there were material shortcomings in the documents submitted to the FSA.

In 2015, the FSA reviewed the suitability of more than 180 persons and during the process, the person's conformity to legal requirements and their suitability to the financial sector was verified. The persons operating in the financial sector must conform to legal requirements and have an impeccable reputation.

Sector and company	Resolutions of the FSA Management Board
CREDIT INSTITUTIONS	
Cofi AS (later business name Inbank AS)	Credit institution authorisation was granted
INVESTMENT FIRMS	
Evli Securities AS	Investment firm authorisation was revoked
FUND MANAGEMENT COMPANIES	
AS EEREIF	Management company authorisation of was revoked
AS Trigon Asset Management	Supplementary management company authorisation for the provision of investment services, i.e. for the safekeeping of units or the shares of funds for customers was granted
PAYMENT INSTITUTIONS	
Tavid AS	Payment institution authorisation was revoked
AS Elementare (later business name AS Pocopay)	Payment institution authorisation was granted
IIZI Kindlustusmaakler Aktsiaselts	Activity license for a money remittance service was revoked
TransferFast OÜ	The activity license for a money remittance service was granted
GFC Good Finance Company AS	Supplementary payment institution authorisation for the issue and acquisition of means of payment or payment instruments was granted
CREDITORS	
Finora Capital OÜ	Authorisation for the issue of consumer credit was granted. In addition, Finora Capital OÜ was authorised to issue loans for the purchase, renovation or construction of housing property
IPFDigital OÜ (Credit24 and Sving brand names)	Authorisation for the issue of consumer credit was granted

5.2. Registration of investment and pension funds, amendments of rules and other procedures

In 2015, the Management Board of the FSA registered the rules of two new contractual investment funds and coordinated the establishment of one investment fund set up as a public limited company. During the year, the FSA also registered the amendments in the rules of ten funds; the amendments in the articles of associa-

tion of investment funds established as public limited companies were coordinated on three occasions, one authorisation was granted for funds' merger and one authorisation also for a cross-border merger. In 2015, one investment fund was dissolved.

Pursuant to § 81 of the Investment Funds Act, the FSA also registered one management company of a fund, which was established outside the scope of the Investment Funds Act: AS Etalon Varahaldus.

Investment and pension funds	Resolutions of the FSA Management Board
GPF Energy Fund	The rules of a contractual investment fund were registered
FB Opportunity Fund	The rules of a contractual investment fund were registered
EfTEN Real Estate Fund III AS	The establishment of an investment fund set up as a public limited company was coordinated
BPT Baltic Opportunity Fund	The amendments in fund rules were registered
Trigon Arenevate Turgude Finantssektori Fond	The amendments in fund rules were registered
Trigon Balti Fond	The amendments in fund rules were registered
Trigon Uus Euroopa Fond	The amendments in fund rules were registered
Trigon Venemaa Top Picks Fond	The amendments in fund rules were registered
Luka Adriatic Property Kinnisvarafond I	The amendments in fund rules were registered
SEB Ida-Euroopa Völakirjafond	The amendments in fund rules were registered
Mandatory and voluntary pension funds managed by Nordea Pensions AS	The amendments in fund rules were registered
Mandatory and voluntary pension funds managed by LHV Varahaldus AS	The amendments in fund rules were registered
Mandatory and voluntary pension funds managed by Swedbank Investeerimisfondid AS	The amendments in fund rules were registered
EfTEN Kinnisvarafond AS	The amendments in the articles of association of investment funds set up as public limited companies were coordinated
EfTEN Kinnisvarafond II AS	The amendments in the articles of association of investment funds established as public limited companies were coordinated
EfTEN Real Estate Fund III AS	The amendments in the articles of association of investment funds set up as public limited companies were coordinated
Trigon Arenevate Turgude Finantssektori Fond	Authorisation for merger with Trigon Venemaa Top Picks Fond was granted
LHV Pärsia Lahe Fond	Authorisation for a cross-border merger with the SEF - LHV Persian Gulf Fund UCITS established in the Grand Duchy of Luxembourg was granted
East Timberland Fund I	Authorisation for the dissolution of the investment fund was granted





5.3. Inclusion in and the deletion from the list of insurance intermediaries

In 2015, the FSA entered three new insurance brokers on the list of insurance intermediaries.

Insurance intermediaries in Estonia are insurance brokers and insurance agents. An insurance broker represents the interests of the insured person. An insurance agent represents the interests of an insurance company by intermediating the services of an insurer. An insurance agent is entered on the list of insurance agents by the insurance company whom they represent. In 2015, the FSA entered three new insurance brokers on the list of insurance intermediaries and deleted three insurance brokers from the list.

Insurance intermediaries	Resolutions of the FSA Management Board
1 Kindlustusmaakler OÜ	Entered on the list of insurance intermediaries
Pro Kindlustusmaakler OÜ	Entered on the list of insurance intermediaries
Northern1 Insurance Solutions Kindlustusmaakler OÜ	Entered on the list of insurance intermediaries
Insurance Broker services OÜ	Deleted from the list of insurance intermediaries
RW Kindlustusmaakler OÜ	Deleted from the list of insurance intermediaries
BBS Kindlustusmaakler OÜ	Deleted from the list of insurance intermediaries

Insurance intermediaries in Estonia	Number of insurance intermediaries, 31.12.2015	Number of insurance intermediaries, 31.12.2014
Insurance brokers	39	39
Insurance agents	399	460
Branches of foreign insurance brokers	6	6

5.4. Estonian market participants as providers of cross-border financial services

In 2015, the FSA granted authorisations to two payment institutions for operating in the countries of destination through respective agents. One payment institution was authorised to provide cross-border services in four member states of the European Union. In addition, authorisations for the provision of cross-border services were granted to two insurance intermediaries and one credit institution.

Sector and company	Resolutions of the FSA Management Board
PAYMENT INSTITUTIONS	
AS Eurex Capital	Authorisation for the provision of cross-border service (country of destination is the Republic of Latvia) was granted
AS Talveaed	Authorisation for the provision of cross-border service (country of destination is the Republic of Latvia) was granted
AS Pocopay	Authorisation for the provision of cross-border service (in four EU member states) was granted
INSURANCE INTERMEDIARIES	
Northern1 Insurance Solutions Kindlustusmaakler OÜ	Authorisation for the provision of cross-border service (in all EEA states) was granted
Toyota Baltic AS	Authorisation for the provision of cross-border service as a cross-border insurance agent (country of destination is the Republic of Lithuania) was granted
Versobank AS	Authorisation for the provision of cross-border service (as a cross-border provider of different banking services, countries of destination comprise 25 EEA states)

5.5. Freedom of establishment of branches

In 2015, the FSA issued four licences for the establishment of branches.

In 2015, the FSA issued licences for the establishment of branches to two non-life insurance companies, AB Lietuvos Draudimas and Compensa Vienna Insurance Group UADB. An authorisation was also granted for the establishment of a payment institution, Kortacaccept Nordic AB Estonia Branch. LHV Pank AS obtained authorisation for the establishment of a branch in the Republic of Latvia.

5.6. Cross-border provision of financial services

Financial institutions that have obtained authorisations subject to EU law in other EU Member States do not have to apply for a license from the Financial Supervision Authority for the provision of financial services in Estonia. They may commence the provision of cross-border services after the competent supervision agency of the respective EU member state has informed the Financial Supervision Authority of the financial institution's wish to provide its services in Estonia and has forwarded the information required by law to the FSA. The number of cross-border service providers in Estonia increased in 2015.

Providers of cross-border services in Estonia	Number of providers, 31.12.2015	Number of providers, 31.12.2014
Banking services	311	302
Investment services	1,692	1,639
Non-life insurance services	477	459
Life insurance services	92	103
Insurance broker services	988	933
Insurance agent services	1,452	1,450
Fund management services	58	43
Investment funds	125	110
E-money services	73	47
Payment services	271	215

¹ Pursuant to the Insurance Mediation Directive 2002/92/EC, the cross-border provision of services by insurance intermediaries is simplified and insurance intermediaries have no obligation to inform the country of destination before the provision of services. Thus, the data presented in this table includes only those insurance intermediaries who have been notified the Financial Supervision Authority of the provision of services.

6. Prudential supervision



6.1. Credit institutions

Supervision over credit institutions in Estonia which are significant in the meaning of the EU legislation is exercised by Joint Supervisory Teams (JSTs), which have been set up for the specialists of the European Central Bank and the Financial Supervision Authority. Significant credit institutions in Estonia are deemed to be SEB Bank and Swedbank. In 2015, JSTs were tasked with the supervisory review and evaluation process (SREP) and the preparation of joint decisions with regard to the adequacy of capital and liquidity.

In 2015, JSTs and the FSA also followed up on the elimination of shortcomings detected within a detailed assessment performed a year ago. In additions, JSTs mapped and analysed different risks and reviewed internal models and suitability, and performed joint thematic analyses of all significant credit institutions in the euro area within the Single Supervision Mechanism. The members of JSTs also participated in the work of the colleges of supervisors of Scandinavian banks, where the main emphasis was on the operational risks of banks, but also on activities and procedures arising from new legal acts, such as the initial evaluation of recovery plans.

The Financial Supervision Authority exercises supervision over other banks in Estonia by notifying the European Central Bank of significant developments, activities and decisions. In 2015, the FSA provided an overview of the business models and risk profiles of small banks and the main supervisory activities of the FSA to the European Central Bank.

Within the annual supervisory review and evaluation process, the FSA prepared an analysis on the risk profiles as well as capital and liquidity needs and adequacy of all credit institutions. The supervisory review and evaluation process takes, on average, three to nine months. During the period, numerous meetings are held with the representatives of credit institutions, at which all major risk areas are addressed (5–10 areas from every credit institution). In addition, approximately 400 pages of materials and analyses on each credit institution are reviewed during the process. The employees of the FSA prepare detailed analyses on the risk profile of each and every credit institution by taking into account the information published in supervisory reports, internal reports and financial forecasts of credit institutions.

The FSA complements risk analyses with supervisory stress testing with regard to each credit institution. In addition, the primary internal rules and internal management reports of credit institutions are also examined. To that end, the FSA requests on a quarterly basis internal reports and overviews on the revision of internal rules from credit institutions for the supervisory review and evaluation process. As a result of the supervisory review and evaluation process, the FSA prepared a 50 page report on every credit institution, in which each credit institution was assessed in 33 different areas. These reports also included the FSA's assessment on the capital and liquidity needs of the credit institution.

For the branches of significant foreign credit institutions operating in Estonia, the FSA prepared risk

assessments, which were submitted to the supervision authority of the domicile as input for the supervisory review and evaluation process of consolidation groups.

Within the supervisory review and evaluation process, the FSA may impose supplementary, Tier 2 capital requirements to credit institutions, provided that the regulatory or Tier 1 capital requirement is not sufficient for the coverage of the operational risks of the credit institution. The supplementary capital requirements of small banks totalled 62.4 million euros in 2015. For small banks, the Tier 2 capital requirement was 35.4% higher than the Tier 1 or regulatory capital requirement. The supplementary capital requirements of large banks totalled 132 million euros and their Tier 2 capital requirement was 26.5% higher than the regulatory capital requirement.

Similarly to previous years, the FSA also performed quarterly risk analyses in prudential supervision in 2015. This quarterly analysis, which is normally presented in nearly a hundred pages, includes the analysis of the quarterly results and risks of sectors and in addition, a separate assessment is prepared for each and every credit institution and insurance company. In the 2015 quarterly analyses of credit institutions, the FSA focused on the impacts of the conflict between Russia and Ukraine and the effects of the low interest rate environment and drop in oil prices as well as on the growth plans, changes in the business operations, management bodies and internal control systems of credit institutions and significant incidents of operational risks and major loss events.

In 2015, the FSA performed three on-site inspections in 15 risk areas at credit institutions, which complemented the thorough work done in the course of on-the-spot supervisory review and evaluation. The inspections mostly focused on the organisation of general management; the functioning of the internal control system; the management of credit, liquidity and operational risks; capital management, and the accuracy of reporting.

The Financial Crisis Prevention and Resolution Act provides that credit institutions and investment firms have to prepare a recovery plan and that credit institutions and investment firms may submit an application for the preparation of a simplified recovery plan. In 2015, the FSA reviewed nine such applications and defined the extent of simplification. In assessing the extent of simplification, the FSA took into account both the reasons provided by the applicants and supervisory evaluations. Credit institutions and investment firms were granted exemptions with regard to three to nine clauses of the plan set out in the Financial Crisis Prevention and Resolution Act. In addition, deadlines were set for credit institutions and investment firms for the preparation of their initial recovery plans.

In 2015, the FSA started to test the capability of credit institutions in order to assess whether they are prepared to present to the Guarantee Fund data on deposits subject to compensation.

6.2. Insurance sector

In the insurance sector, the main emphasis in 2015 was on making preparations for the application of the Solvency II framework as of 1 January 2016. Preparations were made both in cooperation with other supervision agencies and through evaluation of the preparedness of the Estonian insurance sector and supporting it.

The activities related to the preparation for Solvency II were also discussed at the colleges of insurance supervisors. In addition, meetings were held with the supervision agencies in Latvia and Lithuania, at which the activities and risks of insurers operating in several countries as well as the preparatory actions for the application of Solvency II were discussed.

In the insurance sector, the preparedness for the application of Solvency II was assessed.

In 2015, the FSA assessed the preparedness of the insurance sector for meeting the requirements of Solvency II. The capability of market participants to submit reports and to calculate capital requirements and technical provisions was assessed along with the preparedness for the application of the requirements of Solvency II in their management system. An impact assessment was prepared in order to prospectively measure the adequacy of the capitalisation of insurers for the application of the principles of the Solvency II framework. In addition, the FSA reviewed reports that insurers submitted for the first time and in which risks were prospectively addressed and provided feedback on them. The accuracy of quantitative and qualitative reports submitted was also checked. In addition, the FSA organised several briefing sessions on different subjects for insurance companies during the year. The issues related to preparations for Solvency II accounted for the major part of the supervisory activities performed in the insurance sector and during these activities, hundreds of pages of reports and analyses submitted by insurers were reviewed; numerous meetings were held with the representatives of insurers, and the FSA internally prepared voluminous analyses and assessments on the preparedness of insurance companies for compliance with Solvency II.

During on-site inspections performed over the year, the FSA also assessed the preparedness of insurance companies for compliance with Solvency II, the organisation of IT, the adequacy of technical provisions and other matters.

6.3. Investment firms

As with credit institutions, the FSA prepared an assessment on the risk profiles of investment firms and their capital and liquidity needs and adequacy within the supervisory review and evaluation process. The additional Tier 2 capital requirements were also defined. The supplementary capital requirements of investment firms totalled 22.6 million euros in 2015. For investment firms, the Tier 2 capital requirement was by 2.67 times higher than the Tier 1 or regulatory capital requirement.

The supervision of investment firms focused on their capitalisation.

The Financial Crisis Prevention and Resolution Act sets out that investment firms have to also prepare a recovery plan and similarly to credit institutions, they may submit an application for the preparation of a simplified plan. In 2015, the FSA reviewed applications of investment firms and defined the extent of simplification and the deadline for the preparation of initial recovery plans.

The FSA paid special attention to such matters as the retention of adequate capitalisation for the coverage of all risks, changes in the business model and the effect that high fluctuations in currency rates had on investment firms.

6.4. Management companies

Within the 2015 quarterly analyses, the FSA assessed the financial position, risk profile, profitability and compliance with prudential requirements of management companies. In addition to risk analyses prepared on the basis of regular reports, a self-assessment of subjects in the area of operational risks was performed in the sector of management companies and the volume of assets managed by management companies was measured.

In the management companies sector, the main focus was on capital management.

In the management companies sector, the main focus was on capital management and on securing sufficient capitalisation, including the verification of conformity to supplementary capital requirements that took effect for management companies of alternative funds. The issues related to the restructuring of groups were also in focus.

6.5. Payment institutions

In 2015, the FSA focused on those payment institutions whose own funds surplus was lower than the regulatory capital requirement and who are more exposed to the risk of own funds deficit. For the evaluation of the capitalisation of payment institutions, the FSA performed several extraordinary inquiries and analyses in order to monitor the sufficiency of own funds and the adequacy of capitalisation plans. In 2015, the FSA made a total of 33 additional inquiries to payment institutions.

In the supervision of payment institutions, the FSA paid the most attention to compliance requirements for own funds.

In 2015, the FSA also paid special attention to the customer base of payment institutions with emphasis on the potential risk of money laundering. The FSA established additional reporting requirements to payment institutions with the aim of monitoring their customers and analysing the content and objectives of business activities planned by payment institutions.

Supplementary capital requirements of banks

6. Prudential supervision





7. Market and business conduct supervision



7.1. Securities market

The FSA monitors trading on the regulated securities market operated by NASDAQ OMX Tallinn AS (Tallinn Stock Exchange) on a daily basis in order to detect potential market abuse incidences and the information disclosed by issuers, and based on this, it prepares weekly supervisory basic analyses for taking further steps.

The FSA exercises supervision over the public financial reporting of issuers whose shares have been listed for trading on the Tallinn Stock Exchange. As of the end of 2015, the FSA supervised 15 issuers on the Tallinn Stock Exchange. During the year, the FSA checked the financial statements and annual reports disclosed by a total of 29 issuers by focusing on the quality and reliability of reports and their disclosure to the public in a comparable form.

In 2015, the FSA checked the financial statements and annual reports of 29 listed issuers.

In 2015, the FSA published 476 warnings with regard to providers of investment services who may not hold an authorisation. The number of fraud schemes spread via the Internet has increased year by year. By describing the success stories of fictional individuals, fraud schemes invite people to invest via certain trading platforms and according to the instructions of people who spread the fraud scheme. During the year, FSA filed three criminal complaints with the police and prosecutor's office in connection with the provision of investment services in Estonia without authorisation.

In 2015, the FSA conducted proceeding of all issuers traded on the Tallinn Stock Exchange with regard to keeping insider lists and the disclosure of transactions made by the management of issuers. The FSA sent personal reminders to the managers of five issuers with a request to retroactively disclose the transactions made. Issuers were given admonitions with regard to keeping insider lists and shortcomings in internal rules.

In connection with potential market abuse incidents, the FSA conducted proceedings in cooperation with the supervision agencies of the US, Latvia and Cyprus.

In market supervision, an on-site inspection was performed at one credit institution, which focused on the treatment of transaction orders.

During 2015, the FSA was notified of 49 cross-border public offerings in Estonia. The majority of these were public offerings registered in Ireland and offered on a cross-border basis in Estonia as well. The purpose of such notifications is to render it possible to also offer publicly offered securities that are initially registered in another EU country in Estonia.

In 2015, the FSA registered two prospectuses for public offering and one prospectus for the listing of shares.

The registration of the prospectus of Nelja Energia AS for the listing of bonds was handed over to the supervision agency of Norway as required by the Securities Market Act.

In 2015, three buy-back programmes of shares in accordance with the European Commission Regulation (EC) No 2273/2003 were carried out for the shares of AS Silvano Fashion Group, AS Ekspress Grupp and AS Premia Foods.

In connection with trading on the energy market, the representatives of the FSA had several meetings with the Estonian Competition Authority in 2015. Their aim was to discuss the organisation of supervision over trading with spots and derivative instruments.

A representative of the FSA was also involved as a witness in the judicial proceedings of the criminal matter concerning the market manipulation of the shares of the AS Skano Group. Aare Nõges, Arvo Nõges and VIP Invest OÜ were found guilty of committing market manipulation both by Harju County Court and Tallinn Circuit Court.

In 2015, the FSA penalised AS PRFoods (former business name AS Premia Foods) according to misdemeanour procedure with a fine of 10,665 euros. The fine was imposed on AS PRFoods for the disclosure of misleading information via the information system of NASDAQ OMX Tallinn Stock Exchange on 6 October 2014, and for the failure to immediately disclose required information up to 20 February 2015. By this, AS PRFoods failed to comply with requirements for the disclosure of inside information.

In 2015, the FSA registered the amendments of the rules and regulations of the multilateral trading facility of the NASDAQ OMX Tallinn. The amendments were introduced within the drafting and specification of legal acts that govern the listing of debt instruments for trading.

Listing prospectuses registered in 2015

Company	Resolutions of the FSA Management Board
EfTEN Real Estate Fund III AS	Prospectus for the public offering of shares was registered
AS LHV Group	Prospectus for the public offering and listing of bonds was registered
City Service SE	Prospectus for the listing of shares was registered

7.2. Prevention of money laundering and terrorist financing

As the global community exerts increasing pressure for the detection of terrorist financing incidents and situations, where attempts are made to present the monies generated from criminal activities as seemingly lawful, it is increasingly important to ensure that Estonia's financial system is not used for such acts. One of the priorities of the FSA is therefore to make sure that the systems and control mechanisms used in credit and financing institutions conform to the purpose and idea of legislation and prevent Estonia's financial system and economic environment being used for money laundering and terrorist financing.

In order to specify the risks Estonia is exposed to and to control them, the FSA had 15 meetings with law enforcement bodies, 17 meetings with foreign supervision agencies and it also participated in 13 other relevant meetings in 2015. The importance of the prevention of money laundering and terrorist financing was also explained to the managers of credit institutions.

In order to ensure that systems and control mechanisms are in place and functioning, the FSA performed off-site inspections at nine credit institutions, seven branches of foreign credit institutions, three investment firms and 12 payment institutions in 2015. In order to draw the attention of market participant to most common shortcomings, the FSA met with market participants on 32 occasions and organised a briefing session both to credit and payment institutions.

For further assessment of systemic risks, the FSA measured the changes in the business volumes of riskier customers at credit institutions and branches and if applicable, specified the reasons for major changes. Such off-site inspections were performed at five credit institutions and at one branch of a credit institution.

For tackling the shortcomings identified and for the verification of disclosed and available information, and in line with the risk-based supervision model, the FSA performed one on-site inspection at a credit institution and four on-site inspections at life insurance companies. Upon entry into the market, the compliance of applicants' (including creditors and credit intermediaries) money laundering systems and control mechanism was inspected on 46 occasions. The FSA has also restricted the entry of those persons into the financial sector, whose reputation is not impeccable pursuant to the requirements for the prevention of money laundering.

It can be stated that exposure to risks decreased in Estonia in 2015 and the efficiency of control systems improved at the same time. In comparison with 2014, the relative importance of the deposits of non-residents decreased from 19.1% to 16.2% in the total volume of deposits in Estonia.

7.3. Credit institutions and branches of foreign credit institutions

In exercising market and business conduct supervision over credit institutions and the branches of foreign credit institutions, the FSA focused first and foremost on the evaluation of the lawfulness of investment services.

A total of three on-site inspections were performed at two credit institutions in order to assess the compliance of the structure of the depositary service with legal requirements. As a result of one on-site inspection, the FSA did not detect any non-compliance with laws and other applicable requirements, and two inspections will be completed in 2016.

Cross-sectoral off-site inspection was performed at eight credit institutions and eight branches of credit institutions. The aim of inspection was to specify the possible actual scope of investment services provided, including investment advice. Off-site inspection served as an input for the planning and performance of further supervisory activities.

At three credit institutions and in the course of on-site inspections, the FSA assessed the compliance with the requirements extending to the provision of investment advice to customers. As a consequence, these credit institutions undertook to update their internal rules. At one credit institution, the FSA assessed the compliance with the requirements extending to activities which are related to the receipt and registration of applications for subscription to and the changing of a II pillar pension fund. As a result of the inspection, the market participants brought its activity into conformity with the provisions of law.

An additional on-site inspection was performed at the branch of one credit institution in order to assess the application of responsible lending requirement in the evaluation of customers' solvency. As a result of the inspection, the market participants brought its activity into conformity with the provisions of law and the supervision agency of the participant's domicile was also notified of findings.

The number of complaints filed to the FSA in 2015 by type of serv

Settlements



Loan/credit



Travel insurance



Motor hull insurance



II and III pillars of pension



Loan insurance



Insurance intermediation



Liability insurance



ice provider:

Motor TPL insurance



Property insurance



Investment service



Legal expenses insurance



Pension insurance



Health insurance



Payment service



Other



The number of complaints filed to the FSA in 2015 by type of service provider:

Service provider	No of complaints	Market share in the respective sector
Swedbank AS	33	47%
AS SEB Bank	17	22%
Nordea Bank AB Estonia branch	8	10%
IF P&C Insurance AS	7	27%
Danske Bank A/S Estonia branch	6	7%
ERGO Insurance SE	4	17%
AS Eesti Krediidipank	3	2%
D.A.S. Õigusabikulude Kindlustuse AS	3	0%
AB Lietuvos draudimas Estonia branch	2	15%
AS LHV Varahaldus	2	17%
Folkefinans AS Estonia branch	2	N/A
Inges Kindlustus AS	2	1%
Salva Kindlustuse AS	2	7%
Swedbank P&C Insurance AS	2	16%
UAB DK PZU Lietuva Estonia branch	2	N/A
AS Inbank	1	0%
AS LHV Pank	1	4%
BTA Insurance Company SE Estonia branch	1	4%
Compensa Life Vienna Insurance Group SE	1	19%
Coop Finants AS	1	N/A
ERGO Life Insurance SE Estonia branch	1	8%
Financial Insurance Company Limited	1	N/A
L Kindlustus Kindlustusmaakler OÜ	1	0%
Seesam Insurance AS	1	10%
Swedbank Life Insurance SE	1	41%
Tallinna Äripanga AS	1	1%
Versobank AS	1	2%
Service provider not specified	5	N/A

² Market shares as of 31 December 2015. Market shares in the insurance sector are based on insurance premiums and do not include reinsurance premiums. Market shares in the banking sector are based on the total volume of deposits and for fund management companies and investment firms, based on the total volume of assets (the data concern companies operating in Estonia and do not include subsidiaries, affiliates or branches).

7.4. Creditors and credit intermediaries

On 18 February 2015, the Riigikogu passed the Creditors and Credit Intermediaries Act, which sets out that creditors and credit intermediaries have to apply to the Financial Supervision Authority for authorisation and bring their activities into conformity with the provisions of the Act by 21 March 2016. As a rule, supervision includes all creditors and credit intermediaries who grant or mediate consumer credit, and only specific singular companies have been excluded.

With regard to creditors and credit intermediaries, the FSA focused on the review of authorisation applications.

For the implementation of the Creditors and Credit Intermediaries Act, the FSA explained legal requirements to potential authorisation applicants and also published and explained the basic principles and policies of the supervision exercised over creditors and credit intermediaries. The FSA implemented the 'Responsible Lending Requirements' guidelines for creditors and credit intermediaries.

In 2015, a total of 63 creditors and credit intermediaries submitted an application for authorisation which were then reviewed by the FSA. In 2015, the FSA granted two authorisations. During the review process it was inspected whether the systems of applicants for granting and mediation of consumer credit comply with the responsible lending requirements. In addition, the suitability of managers and owners, the origin of monetary funds and other aspects were also verified. In the course of authorisations proceedings, the FSA made approximately 380 inquiries to both applicants and other agencies in order to check on the applicants.

7.5. Insurers

In exercising supervision over insurers, the FSA focused on one important sales channel, i.e. the performance evaluation of the activities of insurance agents. To this end, the FSA performed cross-sectoral off-site inspections at 12 insurers and four branches in order to determine the existence and content of processes in relation to the insurance agents of insurance companies.

With regard to insurers, the FSA focused on the performance evaluation of the activities of insurance agents.

Through off-site inspections, the FSA evaluated the activities of all, i.e. 389, insurance agents. As a result of off-site inspection, five on-site inspections were performed at different insurers, the contracts of which are mediated by agents. The FSA evaluated the existence of relevant internal rules and their lawfulness. As a result of inspections, the market participants brought their activity into conformity with the provisions of law.

7.6. Insurance intermediaries

In supervision over insurance intermediaries, the main emphasis in 2015 was still on the verification of the protection of customer rights.

In order to assess the activities of insurance brokers in complying to loyalty duties, the FSA performed cross-sector off-site inspection at 40 insurance brokers. The inspection did not reveal any major problems and as a result of inspection, one insurance broker brought its activity into conformity with the provisions of law.

One insurance broker was deleted from the list of insurance brokers, because it did not conform to the Insurance Activities Act.

7.7. Investment and pension funds

Based on the monthly reports submitted to the FSA by management companies, it regularly inspects the compliance of the investments by investment and pension funds with the restrictions established in legal acts and fund rules. In 2015, the FSA received 732 monthly investment reports. Of these, 360 were the reports of II and III pillar pension funds.

Investment and pension funds comprise a total of 2,448 investments and 595 of these are in pension funds. The FSA has inspected the investment portfolios of pension funds on 360 occasions and it has also monitored new investments by funds and their dynamics.

Based on the information submitted, the FSA did not detect any material infringements in the course of inspecting investment restrictions.

In exercising supervision over investment and pension funds in 2015, the issues related to the remuneration of the management were assessed at two management companies of mandatory pension funds. As a result of on-site inspection, the FSA did not detect any material non-conformity to legal or other applicable requirements.

At one management company of mandatory pension funds, the FSA assessed the compliance with the requirements extending to activities which are related to the receipt and registration of applications for subscription to and the changing of the pillar II pension fund. As a result of the inspection, the management company brought its activity into conformity with the provisions of law.

Cross-sectoral off-site inspection was performed at 17 management companies in order to determine the potential actual scope of investment services, including investment advice. No material shortcomings were found in the course of off-site inspection.

7.8. Investment firms

Cross-sectoral off-site inspection was performed at four investment firms in order to determine the potential actual scope of investment services, including investment advice. No significant observations were made in the course of off-site inspection.

7.9. Transparency of financial services

The registration and systematisation of customer complaints provides the FSA with an overview of major disputes on the financial services market, which contributes to the application of a risk-based supervision model in the area of market and business conduct supervision.

The number of customer complaints related to financial services has remained stable over the last two years. In 2015, the FSA received a total of 112 complaints on financial services. As in previous years, the majority of complaints concerned banking and insurance services. The relative importance of complaints on banking service has somewhat increased. The most common subjects of dispute include disagreements over changes in the terms and conditions of services, e.g. in price lists, interest margins, mortgages, etc. Several complaints were also received in connection with ATMs: machines had allegedly counted notes incorrectly in cash dispensing or depositing transactions.

The majority of disputes concerning insurance services were mostly related with disagreements over the refusal to compensate for the loss.

In 2015, the FSA received 35 complaints or clarification requests in connection with companies who need to be authorised as a creditor or credit intermediary as of 21 March 2016. In order to find solution to these problems, the FSA referred the applicants to the Consumer Protection Board.

7.10. Promotion of financial literacy

Pursuant to law, one of the tasks of the FSA is to promote the awareness of the residents of Estonia of financial services and products. The FSA primarily focuses on achieving a better understanding of financial services and their more responsible offering, and to this end, it uses several different modes and channels of communication.

The FSA communicates information mostly via its official website www.fi.ee and www.minuraha.ee, which has been developed specifically for consumers of financial services. During 2015, the FSA updated nearly all subsections of the consumer web (25 different items) by paying special attention to the wider coverage of insurance matters. It also upgraded the financial service calculators on www.minuraha.ee and published information on the latest relevant legal amendments. The consumer web of the FSA is a great site for notifying consumers of possible threats and also for the comparisons of prices. The objective of the FSA is to provide objective and balanced information to consumers. The consumer web is also a good source for informing professional market participants of good practice on the financial market.

In addition, the FSA specialists were invited to speak on several radio and TV programmes which addressed financial services and the financial market and offered many explanations and comments to print and online media outlets during the year. The representatives of the FSA delivered lectures during the Money Smart Month that was organised on the initiative of Estonian Banking Association. Throughout the year, they delivered lectures at schools, explaining the nature of financial services. According to media monitoring, the issues related to the FSA were covered in the media in 2015 on at least 1,100 occasions.

The number of complaints has increased over the recent years:

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Banking	24	95	97	88	101	80	64	72	78
Insurance	56	54	55	89	45	34	33	33	31
Other	2	4	5	4	2	5	5	3	3
Total	82	153	167	181	148	119	102	108	112

8. Crisis resolution



As of 2015, the FSA also performs the duties of a resolution authority. At the FSA, the resolution function is carried out by the Resolution Department.

The focus was on recruiting staff to the Resolution Department, establishment of internal rules and participation in the activities of the Single Resolution Board.

The objective of resolution is to prevent negative effects arising from the potential insolvency of credit institutions on financial stability; to protect the means of the public sector, depositors, investors and other customers; and to ensure the continuity of the critical functions of credit institutions.

The Resolution Department acts independently of the supervision function and in order to prevent potential conflicts of interests, it reports to the member of the Management Board who is not directly responsible for the prudential supervision of banks. The internal rules and procedures of the FSA adopted in 2015 ensure the functional independence of the resolution function.

Pursuant to law, the FSA as the resolution authority is the main national partner to the Single Resolution Board (SRB) in Brussels. SRB is in charge of the resolution issues of significant credit institutions in the euro area. And for that reason, one of the main strategic objectives of the FSA for the years to come is to integrate with the procedures and processes of the Single Resolution Board.

The main courses of action in 2015 were the staffing of the Resolution Department, the development and establishment of internal rules and procedures that would support the organisational structure of the resolution function and also participation in the development of the work organisation of the SRB.

Through European working groups, the FSA has actively participated in the preparation of the SRB's *Resolution Planning Manual* and crisis management manual as well as in the development of cooperation frameworks between the SRB, national resolution authorities and other stakeholders.

Significant banks in the meaning of the Single Supervision Mechanism on the Estonian market are the subsidiaries of Swedish banking groups. The resolution strategies of these banks will be developed by resolution colleges, which are managed by the Swedish resolution agency. In 2015, resolution colleges were not yet set up, as Sweden transposed Directive 2014/59/EU on the recovery and resolution only in 2016. However, several unofficial meetings were held at the end of 2015, at which priorities were set for resolution colleges for 2016.

For the financing of resolution in banks, a compartment has been established at the Guarantee Fund, into which banks pay regular contributions and its means are transferred to the Single Resolution Fund (SRF), established under an international agreement at the European level. According to applicable law, contributions from credit institutions and investment firms to the compartment of the resolution fund are collected by the Guarantee Fund.

In December 2015, the FSA organised a briefing session on the organisation of resolution to market participants, during which the roles of the Single Resolution Board, the Single Supervisory Mechanisms and the FSA were discussed.

9. Legal environment



Pursuant to the acts that entered into force in 2015, creditors and credit intermediaries were transferred under the supervision of the FSA. In addition, the FSA was mandated with resolution functions.

On 18 February 2015, the Riigikogu passed the Financial Crisis Prevention and Resolution Act, which governs the application of crisis prevention and resolution tools and powers to credit institutions and investment firms. In addition to acting as a supervision authority, the FSA is also a resolution authority pursuant to the Act. The Financial Crisis Prevention and Resolution Act entered into force on 29 March 2015.

On 18 February 2015, the Riigikogu passed the Creditors and Credit Intermediaries Act, which sets out that creditors and credit intermediaries have to apply to the Financial Supervision Authority for authorisation and bring their activities into conformity with the provisions of the Act by 21 March 2016. As a rule, supervision covers all creditors and credit intermediaries who grant or mediate consumer credit.

As of 1 January 2016, insurance activities are governed by the new Insurance Activities Act that was passed in 2015 and with which the risk-sensitive norms of the European Union or Solvency II are transposed into Estonian law. Solvency II established common requirement for the assets and liabilities and management systems of insurance intermediaries in all Member States. In addition to this Act, insurers will be governed by the directly applicable resolution of the European Union and implementation standards and guidelines that describes the principles of Solvency II written into the Insurance Activities Act in greater detail. These rules will have a significant effect on insurers and their activities.

Other important changes included the enforcement of provisions governing the infrastructure of the securities market, new provisions on investment funds, new legal acts for the prevention of market abuse, the harmonisation of provisions governing the intermediation of financial services, initiatives and reforms concerning the security net of the financial sector, the enforcement of a new framework of payment services, the Creditors and Credit Intermediaries Act, etc.

In the harmonised legal environment, the following agencies of the European Union play an increasing role: the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA). They substantiate the framework acts of the European Union with implementation acts and guidelines. In cooperation with the European Commission, these agencies define the harmonised plan of legislative drafting and legislative practices at the technical level for the forthcoming period.

In terms of legislative drafting, 2015 was very labour intensive for the FSA. Several draft Acts and the materials based on which they were developed needed to be commented on and coordinated. Throughout the year, the specialists of the FSA worked on almost all special acts that govern the financial sector, including the Law of Obligations Act, the Guarantee Fund Act, the Emergency Act, the Act that amends the Accounting Act, the draft Act of Investment Funds, the Ratification Act of the Intergovernmental Agreement on the Transfer and Mutualisation of Contributions to Single Resolution Fund, and other draft Acts.

9.1. Litigation

In 2015, the FSA worked on a total of 17 complicated court actions, of which five were resolved during the year. In addition, two constitutional review proceedings were concluded with the Supreme Court's decisions of principle on the formation of the financial sector.

In case No. 3-4-1-54-14, 27 February 2015, the Constitutional Review Chamber of the Supreme Court reviewed the constitutionality of subsection 2 of § 50 of the Credit Institutions Act and declared the relevant norm unconstitutional and repealed. The Supreme Court found that in the meaning of clause 14 of subsection 2 of § 104 of the Constitution, this provision constitutes a judicial proceedings act that has not been passed by a majority vote of the composition of the Riigikogu. Pursuant to subsection 2 of § 50 of the Credit Institutions Act, the FSA submitted a petition to the civil court for the removal of a person from the position of a member of the supervisory board of a credit institution. This provision of the Act sets out that the FSA has the right to demand the removal of a manager of the credit institution by a court if a credit institution fails to comply with a precept specified in subsection 1 of § 50 in full or within the specified term. Subsection 1 of § 50 establishes the grounds based on which the FSA has the right to demand the removal of a manager of the credit institution with a precept. To date, the Credit Institution Act has in this matter been amended in a manner which allows the FSA to interfere in the management of a bank in accordance with European Union law, and the temporary vacuum resulting from constitutional review proceedings has thus been removed.

Within the other constitutional review proceedings, the Supreme Court en banc reviewed in case No. 3-4-1-20-15, 1 July 2015, the constitutionality of § 106 of the Credit Institutions Act. This norm gives the FSA the right to submit a petition to the court if it wishes to dispute a resolution of the general meeting of a credit institution. The meaning of this provision is substantially the same as the meaning of subsection 2 of § 50. In this case the Supreme Court en banc concluded that the relevant norm is not in conflict with the Constitution and does not have to be passed by a majority vote of the composition of the Riigikogu and the FSA is therefore entitled to have recourse to the court.

A total of 12 court actions will continue in 2016.

9.2. Guidelines issued by the Financial Supervision Authority

The FSA issues advisory guidelines that explain the provisions of legal acts which regulate activities in the financial sector and guide supervision subjects to comply with legislative requirements. In 2015, the FSA established a total of 46 advisory guidelines.

No.	Guideline	Resolution of the Management Board
1	Guidelines of the European Banking Authority. On passport notifications for credit intermediaries under the Mortgage Credit Directive	11.12.2015
2	Responsible Lending Requirements	11.12.2015
3	On the management of interest rate risk arising from non-trading activities	04.12.2015
4	Guidelines on the application of simplified obligations under Article 4(5) of Directive 2014/59/EU	04.12.2015
5	Alternative Performance Measures	04.12.2015
6	Guidelines on the extension of the recovery period in exceptional adverse situations	12.11.2015
7	Guidelines on exchange of information on a systematic basis within colleges	12.11.2015
8	Guidelines on own risk and solvency assessment	12.11.2015
9	Requirements for the disclosure of information on insurance contracts	30.10.2015
10	Guideline on Reporting and Public Disclosure	23.10.2015
11	Guidelines on recognition and valuation of assets and liabilities other than technical provisions	23.10.2015
12	Guidelines on methods for determining the market shares for supervisory reporting	23.10.2015
13	Guidelines on reporting for financial stability purposes	23.10.2015
14	Guidelines on the implementation of long-term guarantee measures	16.10.2015
15	Guidelines on the determination of when the liquidation of assets or liabilities under normal insolvency proceedings could have an adverse effect on one or more financial markets under Article 42(14) of Directive 2014/59/EU	02.10.2015
16	Guidelines on the interpretation of the different circumstances when an institution shall be considered as failing or likely to fail under Article 32(6) of Directive 2014/59/EU	25.09.2015
17	Guideline on the minimum list of services or facilities that are necessary to enable a recipient to operate a business transferred to it under Article 65(5) of Directive 2014/59/EU	25.09.2015
18	Guidelines on factual circumstances amounting to a material threat to financial stability and on the elements related to the effectiveness of the sale of business tools under Article 39(4) of Directive 2014/59/EU	25.09.2015
19	Guidelines on triggers for use of early intervention measures pursuant to Article 27(4) of Directive 2014/59/EU	25.09.2015

No.	Guideline	Resolution of the Management Board
20	Guidelines on the minimum list of qualitative and quantitative recovery plan indicators	25.09.2015
21	The application of guidelines entitled "The application of the definitions in Sections C6 and C7 of Annex I of Directive 2004/39/EC (MiFID)" in supervisory proceedings performed by the Financial Supervision Authority	03.07.2015
22	Guidelines on the specification of measures to reduce or remove impediments to resolvability and the circumstances in which each measure may be applied under Directive 2014/59/EU	04.06.2015
23	Guidelines on the types of tests, reviews or exercises that may lead to support measures under Article 32(4)(d)(iii) of the Bank Recovery and Resolution Directive	04.06.2015
24	Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013	10.04.2015
25	Guidelines on the methodology for equivalence assessments by National Supervisory Authorities under Solvency II	27.03.2015
26	Guidelines on group solvency	27.03.2015
27	Guidelines on operational functioning of colleges	27.03.2015
28	Guidelines on undertaking-specific parameters	20.03.2015
29	Guidelines on the health catastrophe risk sub-module	20.03.2015
30	Guidelines on application of outwards reinsurance arrangements to the nonlife underwriting risk sub-module	20.03.2015
31	Guidelines on basis risk	20.03.2015
32	Guidelines on the treatment of market and counterparty risk exposures in the standard formula	13.03.2015
33	Guidelines on application of the life underwriting risk module	13.03.2015
34	Guidelines on the supervisory review process	13.03.2015
35	Guidelines on the valuation of technical provisions	13.03.2015
36	Guidelines on the loss-absorbing capacity of technical provisions and deferred taxes	13.03.2015
37	Guidelines on the use of internal models	13.03.2015
38	Guidelines on contract boundaries	13.03.2015
39	Guidelines on the look-through approach	13.03.2015
40	Guidelines on treatment of related undertakings, including participations	06.03.2015
41	Guidelines on ring-fenced funds	06.03.2015
42	Guidelines on classification of own funds	06.03.2015
43	Guidelines on ancillary own funds	06.03.2015
44	Guidelines on disclosure of indicators of global systemic importance	27.03.2015
45	Guidelines on the range of scenarios to be used in recovery plans	13.02.2015
46	Guidelines on Significant Credit Risk Transfer relating to Articles 243 and Article 244 of Regulation 575/2013	16.01.2015

10. International cooperation



10.1. Participation in the European financial supervision authorities

Estonia as an EU Member State is a part of the common financial services market and its financial stability also depends on its cooperation with other EU Member States.

The FSA is an active participant in the European banking, insurance and securities market supervision.

Representatives of EU national supervision authorities participate in the Board of Supervision of each European Supervision Authority (ESA) founded in 2010 – the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA).

All three supervision authorities are connected by the Joint Committee of the European Supervision Authorities. In 2015, the Joint Committee, among other topics, dealt with the budgets and strategies of the European supervision authorities, and consumer protection and anti-money laundering issues, as well as prepared surveys on financial market development and risks. Experts of the FSA acted as members in two Joint Committee working groups and participated in five meetings of these working groups.

In 2015, the representatives of the FSA acted as members in 32 different committees or working groups of the European supervision authorities and attended 95 meetings.

10.2. European Banking Authority (EBA)

Mr Andres Kurgpõld, Member of the FSA Management Board, is the voting member of the Board of Supervisors of the European Banking Authority and Chairman of the Management Board, Mr Kilvar Kessler is the alternate member.

In 2015, a representative of the FSA participated in six meetings of the EBA Board of Supervisors.

The development of banking guidelines and technical standards accounted for a large part of the activities of the EBA. One key issue addressed in 2015 was the development of the implementation measures for the Bank Recovery and Resolution Directive, but the EBA also set plans and priorities for the development of guidelines and regulatory technical standards on the evaluation methods based on internal ratings. In 2015, the FSA transposed 19 guidelines and one recommendation issued by the EBA. In addition, the activities in 2015 focused on the development of the timeline, scenario and methods of the EBA stress testing in 2016.

In 2015, the experts of the FSA participated in 12 standing committees and working groups of the EBA and attended a total of 26 meetings.

10.3. European Insurance and Occupational Pensions Authority (EIOPA)

Mr Kilvar Kessler, Chairman of the FSA Management Board, is the voting member of the EIOPA's Board of Supervisors, and Mr Andres Kurgpõld, Member of the

FSA's Management Board, is the alternate member.

Representatives of the FSA participated in six meetings and two teleconference of the EIOPA's Board of Supervisors in 2015.

The activities related to the implementation of the new Solvency II capital framework for insurers, which entered into force on 1 January 2016, and the development of implementation measures played an important role in the activities of the EIOPA. In the second half of the year, the development of the timeline and methods of the EIOPA stress testing were at the forefront. Stress testing will be performed in the summer of 2016 and the results will be published at the end of the year. In 2015, the FSA transposed 28 guidelines on Solvency II.

In line with the guidelines on Solvency II, which entered into force as of January 2016, the FSA concluded agreements with authorities that exercise supervision over insurers and reinsurers who belong to the same consolidation group. In March 2015, agreements were signed for the supervision of the following insurance groups:

- VIG (in Estonia: Compensa Life Vienna Insurance Group SE) and
- Munich Re (in Estonia: ERGO Insurance SE and D.A.S. Öigusabikuluude Kindlustuse AS).

In October 2015, agreements were signed for the supervision of the following insurance groups:

- Sampo (in Estonia: If P&C Insurance AS and Mandatum Life Insurance Baltic SE) and
- PZU (in Estonia: AB Lietuvos draudimas Estonia branch).

In December 2015, an agreement was signed for the supervision of the SEB Life and Pensions Group.

In October 2015, the review panel of the EIOPA visited Estonia. The main issues addressed were the development of the Estonian insurance market, the supervisory approach to insurance undertakings and the preparedness of the FSA and the market for the implementation of the Solvency II Directive in the beginning of 2016.

In 2015, experts of the FSA participated in the work of six committees and working groups of the EIOPA, in total in 25 meetings.

10.4. European Securities and Markets Authority (ESMA)

Mr Andre Nõmm, Member of the FSA Management Board, is the voting member of the ESMA's Board of Supervisors, and Mr Kilvar Kessler, Chairman of the Management Board, is the alternate member.

A representative of the FSA participated in seven meetings and three teleconference of the ESMA's Board of Supervisors in 2015.

In 2015, ESMA continued to primarily focus on the issues related to the Markets in Financial Instruments Directive (MiFID II), Market Abuse Directive (MAD), Market Abuse Regulation (MAR) and European Market Infrastructure Regulation (EMIR). The FSA transposed two ESMA guidelines in 2015. ESMA plays a key role in the establishment and development of the Capital Markets Union, and this issue was elaborated

on and the action plan of the European Commission was approved.

In 2015, the experts of the FSA participated in 12 working groups or committees of the ESMA, in total in 39 meetings.

10.5. Single Supervisory Mechanism (SSM)

The year 2015 was the first full year of working for the Single Supervisory Mechanism (SSM), which was launched on 4 November 2014. Alongside the Single Resolution Mechanism, the SSM is the other pillar of the European Banking Union, which incorporates the European Central Bank and the supervision agencies of the euro area countries. Within the Single Supervisory Mechanism, supervision is exercised over 123 significant banking groups of the euro area. Of the banks operating in Estonia, the European Central Bank exercises direct supervision over Swedbank AS and AS SEB Pank. The FSA exercises supervision over other, smaller credit institutions, but if applicable, the FSA has to follow the guidelines and standards of the European Central Bank, if issued on specific matters.

As of the autumn of 2014, the FSA exercises prudential supervision in cooperation with the banking supervision at the European Central Bank.

The draft supervisory decisions of the SSM are approved by the Supervisory Board. Mr Kilvar Kessler, Chairman of the FSA Management Board, is the member and Mr Andres Kurgpõld is the alternate member of the Supervisory Board. The draft decisions approved by the Supervisory Board are endorsed by the Governing Council of the European Central Bank and one of its members is Mr Ardo Hansson, Governor of Eesti Pank. Besides participating in the work of the SSM's Supervisory Board, Mr Kilvar Kessler, Chairman of the FSA Management Board, participated in the work of the SSM's Steering Committee during their first quarter of 2015. The Steering Committee is a body consisting of eight members, three of them from the ECB and five from national supervision authorities, based on the rotation principle.

In 2015, a total of 38 meetings of the Supervisory Board were held, 22 of them in Frankfurt and 16 over teleconference. All in all, 283 items in the agenda were discussed at the meetings. In addition, four joint meetings with the ECB's Governing Council were held, which focused on the issues of macro-prudential oversight.

The decisions adopted at the meetings of the SSM's Supervisory Board have shifted from procedural and general matters towards issues that concern the supervision of specific subjects. Key issues discussed were concerned with the liquidity of Greek banks and the implementation of relevant measures. Other issues addressed were the performance of on-site inspections at banks supervised by the SSM, the management of the supervisory review and evaluation process, the remuneration policy, the process of the evaluation of recovery plans and the establishment of terms for the payment of dividends. In addition, the Supervisory Board adopted its Code of Ethics and approved the regulation of the European Central Bank on reporting and the crisis management framework of the SSM. The

principles of cooperation with the SRM were also set and the priorities for the supervisory review process of the SSM for 2016 were approved.

The Supervisory Board of the SSM also makes decisions in the form of written proceedings. In 2015, the Supervisory Board made 984 decisions by way of written proceedings and the majority of them were related to issues that concerned specific banks under the SSM.

From 12 to 13 August 2015, the Chair of the SSM Supervisory Board, Ms Danièle Nouy also visited the FSA in the course of her annual visit and the themes discussed at the meeting focused on the operational functioning of the SSM.

In 2015, the experts of the FSA participated in the 24 working groups and cooperation networks of the SSM, in total in 84 meetings.

10.6. Single Resolution Board (SRB)

The Single Resolution Board became functional in March 2015. The Single Resolution Mechanism together with the SSM are the two main pillars of the European Banking Union and the SSM incorporates the Single Resolution Board and the national resolution authorities of the euro area countries. As of the spring of 2015, the national resolution authority in Estonia is the FSA. The objective of the SRB is to ensure the orderly resolution of failing banks, with minimum impact on the real economy and the public finances in the euro area countries and elsewhere. The representative of the FSA in the SRB is Riin Heinaste.

Within the Single Resolution Mechanism, which was established with EU Regulation No 806/2014, five plenary sessions were held in 2015, which mainly focused on reaching an agreement over the general resolution framework so to be well prepared for specific resolution cases in 2016. Among important aspects addressed were the issues related to the establishment of national resolution authorities and the cooperation between the SRB and the national resolution authorities of the member states. The issues of the classification of banks and the preparation of recovery plans were also discussed. One of the key issues was also the Single Resolution Fund (SRF). The Fund will be established in 2016 and after that an eight-year transition period will begin. By the end of the transition period, the Fund aims to collect at least 1% of the total volume of covered deposits per all credit institutions that hold the authorisation of the SSM. The SRB has calculated that this volume will be approximately 55 billion euros. In 2015, the national resolution authorities were responsible for the collection of contributions, and collected funds were transferred in January 2016.

Similarly to the SSM, Joint Resolution Teams (JRTs) for different banking groups were also established within the SRM. They were first and foremost set up for large banking groups, but the formation of JRTs was also relevant in connection with Swedish groups, whose parent banks are located outside the euro area. In 2015, transitional resolution plans were prepared for priority banking groups and in 2016, fully fledged resolution plans will be prepared for all groups.

Six working groups and networks have been established within the SRB, and the experts of the FSA are represented in four of them.

10.7. Cooperation with other international organisations

Together with Eesti Pank, the FSA participated in the work of the European Systemic Risk Board (ESRB) under the auspices of the European Central Bank in 2015. The FSA participated in the sessions of the highest decision-making body, the General Board of the ESRB, as a member without voting rights and as a full member of the Advisory Technical Committee established at the ESRB. In 2015, the FSA participated in four meetings of the General Board and two meetings of the Advisory Technical Committee, where the issues of ensuring financial stability were discussed.

In addition, the FSA participated in the work of the following global organisations in 2015: the International Association of Insurance Supervisors (IAIS); the Bank for International Settlements (BIS), including its Group of Banking Supervisors from Central and Eastern Europe (BSCEE); the International Organisation of Securities Commissions (IOSCO); and the Organisation for Economic Cooperation and Development (OECD).

Meetings were also held within traditional annual visits of rating agencies to Estonia: Fitch Ratings in April, Standard & Poor's in May and Moody's in July. In the course of the evaluation visits of rating agencies, the FSA presented a traditional overview of the developments and risks in the financial sector.

In October, the representatives of the FSA met with the delegation of the IMF within the IMF's Article IV Mission. In November, the FSA met with the delegation of the European Commission in connection with the Macroeconomic Imbalance Procedure.

In the framework of activities concerning the supervision and resolution of cross-border financial groups, the FSA participated in the work of 14 supervisory colleges in 2015.

Colleges of insurance supervisors	Colleges of banking supervisors	Resolution colleges
Munich RE Group	SEB Group	Swedbank Group
Sampo Group	Swedbank Group	SEB Group
SEB Life and Pensions Group	Danske Group	Nordea Group
Vienna Insurance Group	Nordea Group	Danske Group
Capital Group PZU	DNB Group	

11. Financial Supervision Authority's 2015 Annual Report of Revenues and Expenditures



Accounting policies

General

The Annual Report of Revenues and Expenses has been compiled according to the Financial Supervision Authority Act and applied accounting policies. According to the Eesti Pank Act, the Financial Supervision Authority does not pay income tax or other taxes related to business activities, except for taxes related to natural persons. Based on § 21 of the Value Added Tax Act, the Financial Supervision Authority is registered as a taxable person with limited liability and calculates VAT on the turnover of goods and services imported or acquired within the European Union. Revenues and expenses of the Financial Supervision Authority are recorded during the accounting period on an accrual basis, regardless of the date when the cash was received or paid. Financial transactions are recorded according to their acquisition cost and at the moment of their completion. The Report of Revenues and Expenses is compiled in thousands of euros, unless another currency is specified.

Transactions in foreign currency

Foreign currency includes all currencies other than euro (i.e. accounting currency of the FSA). Reporting of any foreign currency transaction is based on the official exchange rate of the European Central Bank on the day of the transaction.

Operating lease

Operating lease shall mean a leasing contract where all important material risks and benefits related to the property are not conveyed to the lessee. Operating lease is reported straightline during the leasing period on the Revenue and Expenditure Account as an expense.

Revenue and expenditure account (in thousands of euros)

	ANNEX	2015	2014
REVENUE			
Supervisory fees	1	4,958	7,843
Other revenue	2	80	22
Total operational revenue		5,038	7,865
EXPENDITURE			
Personnel expenditure	3	3,252	2,942
Misc. operational expenditure	4	1,862	2,551
Other expenditure	5	55	58
Total operational expenditure		5,169	5,551
Loss of core activities		-131	2,314
Financial income and expenditure	6	-8	-3
Loss for the accounting year		-139	2,311

Annexes to the Annual Report of Revenues and Expenditures

Annex 1

The financing principles of the Financial Supervision Authority are provided in the Financial Supervision Authority Act.

As to the supervisory fee of fund management companies, different shares are applied to different types of funds.

Supervisory fees consist of two shares: firstly, the capital share, which is the amount that equals one percent of the total of the minimum (net) own funds, equity or share capital of the supervised entity; secondly, the share calculated on the basis of assets, which is the amount that equals the percentage of the supervised entity's assets, total amount of insurance

payments, calculated assets or commission fees established by the Minister of Finance at the proposal of the Supervisory Board of the FSA.

Pre-payments of the capital share and the share calculated on the basis of assets are made to the FSA by 31 December of the year preceding the financial year. The final payment is made by 1 September of the financial year.

Supervised entities entering the market during the financial year must pay only the capital share of the supervisory fee in 30 days of acquiring the right to operate.

Supervisory fees (in thousands of euros)

	2015	2014
Credit institutions	2,953	5,920
Non-life insurers	741	686
Fund management companies	396	394
Life insurers	391	375
Investment firms	159	175
Insurance brokers	162	154
Payment institutions	126	110
Registrar of Central Register of Securities	5	55
Operator of regulated securities market	29	29
Creditors	1	0
TOTAL	4,958	7,843

Supervisory fee shares calculated on the basis of assets (%)

	2015	2014
Credit institutions	0.0121	0.0288
Non-life insurers	0.097	0.097
Fund management companies	0.007/0.0013	0.007/0.013
Life insurers	0.023	0.023
Investment firms	0.23	0.23
Insurance brokers	0.92	0.92
Payment institutions	0.22	0.22
Registrar of Central Register of Securities	0.5	0.5
Operator of regulated securities market	0.5	0.5

Operational expenditure of the Financial Supervision Authority:

(in thousands of euros)

11. Financial Supervision Authority's 2015 Annual Report of Revenues and Expenditures





5,551



5,169



Annex 2

According to the Financial Supervision Authority Act, any natural person, legal person or branch of a foreign company that applies to the FSA to have an application reviewed or an operation completed pays a processing fee to the FSA.

Other revenue (in thousands of euros)

	2015	2014
Processing fees	80	13
Other revenue	0	9
TOTAL	80	22

Annex 3

Salary expenditures include salary expenditures together with bonuses, compensations for members of the Management Board, termination payments, and the increase in the estimated vacation liability for the unused vacation of the FSA's employees (including social taxes) amounting to 22,000 euros.

At the end of 2015, the average salary of an employee of the FSA amounted to 2,276 euros.

In 2015, the total sum of compensation paid to the members of the Supervisory Board and Management Board amounted to 278,000 euros (275,000 euros in 2014). Total bonuses paid to employees accounted for 8.2% of salary expenditures.

The number of employees totalled 84 as at 31 December 2015 (including members of the Management Board).

Personnel expenditure (in thousands of euros)

	2015	2014
Salaries	2,390	2,158
Taxes	815	741
Supervisory Board's compensations	47	43
TOTAL	3,252	2,942

Annex 4 - Operational expenditure

The item *Membership fees* includes membership fees paid by the FSA to the following international organisations: ESMA, EIOPA, EBA, IAIS, BSCEE, IOSCO and OECD.

The item *Real estate lease* includes the office space leased from Eesti Pank with a total area of 1,515 m² at a price of 16.16 euros per m² each month. Real estate lease includes all costs related to the administration of the office space and renovation works made on the 5th floor of the Sakala 4 building.

The item *IT infrastructure, software and development* includes IT services bought from Eesti Pank at an estimated value of 3,561 euros per user as well as the FSA's IT infrastructure and development projects.

The item *Business trips* includes all trips related to representing the FSA and supervisory cooperation. Business trips were primarily related to ECB/SSM and ESA committee and sub-committee meetings and bilateral meetings with other supervisory authorities. In total, there were 296 business trips in 2015 (337 in 2014).

The item *Office expenses* includes expenses for periodicals and books, translation, postal services, office supplies and small appliances, meetings and representation, phone and transport.

The item *Communication expenses* includes the cost of the FSA's consumer education program and the website www.minuraha.ee, and the expenses for publishing the FSA Yearbook.

The item *Training expenses* includes the expenses for training locally and abroad, including travel expenses. In 2015, the average cost for training abroad (together with travel expenses) was 927 euros and for local training 133 euros (1,079 euros and 251 euros, respectively, in 2013).

The item *Accounting expenses* includes cost accounting, partial management accounting, payroll accounting, loan accounting, performance of payments and settlements, purchased from Eesti Pank.

The item *Legal assistance and consultation* had no expenses in 2015.

The item *Expenses for information agencies* includes the user fee for information agencies.

The item *Personnel work* includes recruitment costs for the employees of the FSA.

The item *Lease for fixed assets* includes the lease paid by the FSA to Eesti Pank. The lease for fixed assets used by the FSA, including IT hardware and software as well as inventory, is paid per year. The amount of the lease is equal to the depreciation rate at Eesti Pank for the specific fixed assets.

The item *Auditing expenses* includes the expenses of auditing the Report of Revenues and Expenses of the FSA. According to Article 51(3) of the Financial Supervision Authority Act, the report is audited by an auditor of Eesti Pank.

Misc. operational expenditure (in thousands of euros)

	2015	2014
Membership fees of international organisations	506	519
Real estate lease	364	300
IT infrastructure, software and development	517	327
Business trips	217	244
Office expenses	87	70
Communication expenses	29	33
Training expenses	66	53
Accounting expenses	54	52
Legal assistance and consultation	0	933
Expenses for information agencies	8	9
Personnel work	8	4
Lease for fixed assets	2	3
Auditing expenses	4	4
TOTAL	1,862	2,551

Annex 5

The item *Compensation and benefits* includes maternity support, special support, expenses involved in guaranteeing the health care of employees and expenses related to sporting activities. This item also reflects the compensation of 1/3 of the contributory pension payments to the employees of the FSA, but not more than 10% of the gross annual salary of an employee.

The item *Culture and sports* reflects the expenditures for events organised for the employees of the FSA.

The item *Legal expenses* reflects the decline in expenses based on the actual reimbursements connected to the court action that started in 2014 and found its conclusion in 2015.

Other expenditure (in thousands of euros)

	2015	2014
Compensation and benefits	33	30
Culture and sports	25	23
Legal expenses	-3	5
TOTAL	55	58

Annex 6

The FSA keeps its reserves in Eesti Pank. Since 1 October 2014, Eesti Pank pays interests on the FSA's assets based on Eonia interest rate.

Financial income and expenditure
(in thousands of euros)

	2015	2014
Financial income and expenditure	-8	-3
TOTAL	-8	-3

Explanatory notes for the 2015 Balance Sheet

The item *Cash and bank accounts* shows the balance of current accounts in the Eesti Pank.

The item *Supervisory fees receivable* shows prepayments of supervisory fees for 2016 not yet received by the FSA in the amount of 48,000 euros.

The item *Payables to employees* includes vacation liabilities. Vacation liabilities include the estimated vacation liability for vacation not taken by FSA employees in the amount of 121,000 euros.

The item *Misc. payables* includes expenditures by the FSA covered by Eesti Pank in 2015, which the FSA will compensate to Eesti Pank in 2016. The expenses of the FSA are recorded in the annual report according to the accrual method.

The item *Deferred income* shows prepayments of 2016 supervisory fees.

Profit for 2014 within the amount of 2,311,000 euros was transferred to the reserve pursuant to the Resolution of 27 March 2015 of the Supervisory Board of the FSA. The balance of the reserve totalled 4,894,000 euros by year 2015.

The loss for the accounting year 2015 was 139,000 euros.

Balance Sheet (in thousands of euros)

	31.12.2015	31.12.2014
ASSETS		
Cash and bank accounts	11,874	8,576
Supervisory fees receivable	48	1,843
TOTAL ASSETS	11,922	10,419
LIABILITIES AND RESERVE		
Payables to employees	121	99
Misc. payables	839	656
Deferred income	6,207	4,765
Reserve for potential future liabilities	0	5
Total liabilities	7,167	5,525
Reserve	4,894	2,583
Profit/loss for the accounting year	-139	2,311
Total reserve and profit/loss for the accounting year	4,755	4,894
TOTAL LIABILITIES, RESERVE AND LOSS FOR THE ACCOUNTING YEAR	11,922	10,419

12. Independent Auditor's Report

[Translation from Estonian original]

INDEPENDENT CERTIFIED AUDITOR'S REPORT

To the Supervisory Board of the Financial Supervision Authority:

We have audited the annual statement of revenue and expenditure of Financial Supervision Authority, which comprise the balance sheet as at 31 December 2015, the statement of revenue and expenditure for period then ended and a summary of significant accounting policies and other explanatory notes.

Management Board's Responsibility for the preparation of Financial Statements

Management Board is responsible for the preparation and fair presentation of the annual statement of revenue and expenditure in accordance with Financial Supervision Authority Act and accounting principles described in the annual statement of revenue and expenditure, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Certified Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (Estonia). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual statement of revenue and expenditure is free from material misstatement.

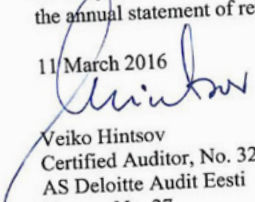
An audit involves performing procedures to obtain audit evidence about the amounts and disclosed information. The procedures selected depend on the certified auditor's judgment, including the assessment of the risks of material misstatement of the annual statement of revenue and expenditure, whether due to fraud or error. In making those risk assessments, the certified auditor considers internal control relevant to the entity's preparation and fair presentation of the annual statement of revenue and expenditure in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the annual statement of revenue and expenditure.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual statement of revenue and expenditure present fairly, in all material respects, the financial position of Financial Supervision Authority as at 31 December 2015, and its financial performance and for the year then ended in accordance with Financial Supervision Authority Act accounting principles described in the annual statement of revenue and expenditure.

11 March 2016


Veiko Hintsov
Certified Auditor, No. 328
AS Deloitte Audit Eesti
License No. 27

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Estonian Financial Market Overview 2015

The overview is based on the data presented by the market participants under the supervision of the Financial Supervision Authority (FSA).

Tallinn 2016

Banking	4
Non-life insurance	8
Life insurance	12
Management companies	16
Investment firms	20
Investment and pension funds	24
Payment institutions	28
Insurance brokers	32
Securities market	36

Banking

Number of market participants:

16

Volume of assets:

↑ 23.1 bn €

(2014: 21.3 bn €)

Year-over-year increase in loan stock:

↑ 5.5%¹

(2014: 4.4%)

Year-over-year increase in the volume of deposits:

↓ 4.5%

(2014: 9.2%)

Return on equity:

↓ 6.6%

(2014: 10.2%)

¹ The total balance of loans issued by credit institutions increased 8.2%, but it included one market participant's loan commitment of approximately 0.4 billion euros within the Group, which distorted the growth of the total loan portfolio.

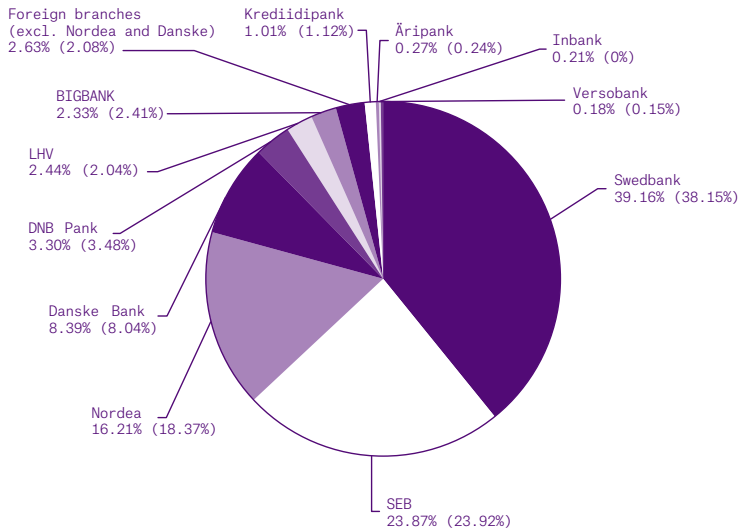
Main developments in banking in 2015

- Growth of bank loans accelerated. The stock of loans granted to companies grew the most, i.e. 5.6%, and it was driven by single major projects. The stock of loans granted to households increased 4.1% and the stock of issued housing loans by 4.4%.
- Lending terms and conditions remain conservative. The emphasis in issuing loans is on the quality of the loans rather than on growth rate. The quality indicators of housing loans have improved and meet the terms and conditions established by Eesti Pank. The increase in loans is based on higher demand, which is supported by a lower unemployment rate and wage increases.
- The quality of loans improved. The share of loans in default and restructured loans has decreased, but the trends differ by economic sectors. The number of problem loans is the highest in agriculture.
- The volume of the deposits of non-residents decreased. The deposits of non-residents decreased 11% over the year. The volume of the deposits of residents, on the other hand, increased.
- The banks' total profit for the year stood at 612 million euros. The profitability of banks is increasingly influenced by the drop in EURIBOR.
- Credit institutions are strongly capitalised. There are some indications of the intention to optimise capital more than so far.

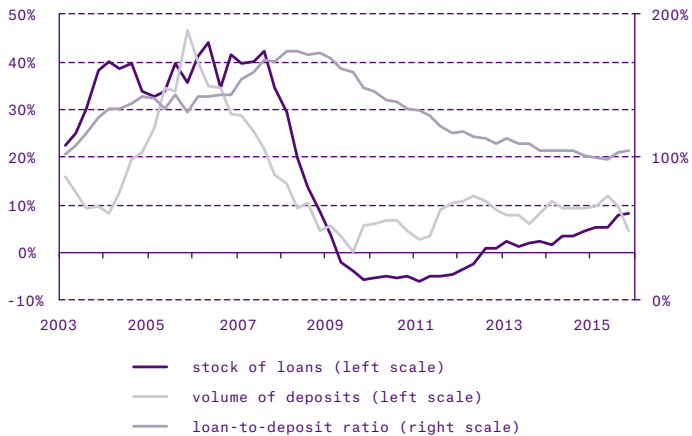
Assessment of risks

Banks in Estonia are profitable, well capitalised and liquid. Slow economic growth poses a risk from the medium-term perspective, as this might impair the quality of loan portfolio, because the customers' ability to repay their loans will deteriorate. Continually low interest rates will exert pressure on the interest income and profitability of banks. Potential realisation of risks on the Swedish market might also negatively affect Estonia. However, the banks operating in Estonia have large capital buffers for the successful management of risks.

Market shares of banks by loans in 2015 (2014 data in brackets)



Annual growth of loans and deposits, and loan-to-deposit ratio



Non-life insurance

Number of market participants:

8 non-life insurers

3 branches

Volume of assets:

↑ 637.8 mln €

(2014: 593 mln €)

Volume of insurance obligations:

↑ 294.6 mln €

(2014: 273.3 mln €)

Volume of insurance premiums:

↑ 395.5 mln €

(2014: 359.2 mln €)

Volume of insurance premiums of the Estonian
non-life insurancemarket:

↑ 279.7 mln €

(2014: 262 mln €)

Return on equity:

↑ 12.9%

(2014: 11.4%)

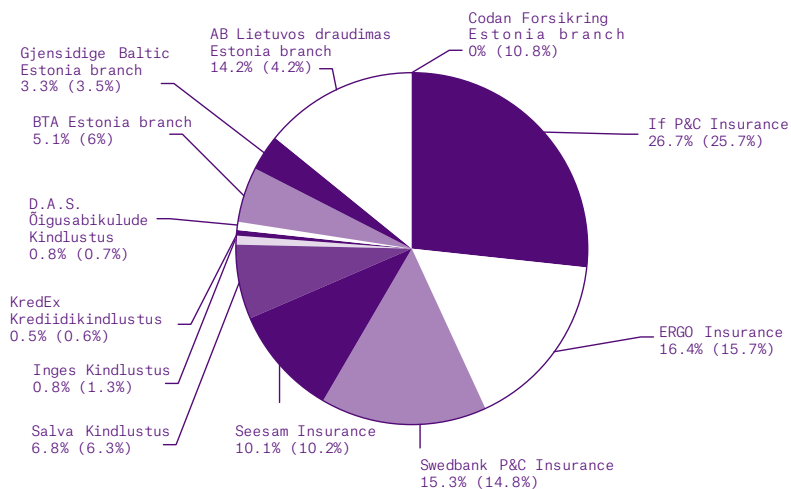
Main developments in non-life insurance in 2015

- Growth of non-life insurance accelerated. The volume of insurance premiums increased 10.1% (2014: 2.9%). The Estonian non-life insurance market grew by 6.8% over the year (2014: 6.8%).
- Non-life insurers earned 36.2 million euros in profit in 2015. The main revenue was earned from insurance activity. Profit earned from investments was modest with a return of 1.2%.
- The annual result of motor TPL insurance was negative.
- The structure of the insurance portfolio has remained stable. The majority of insurance premiums are still collected from different vehicle-related classes of insurance and property insurance, which account for approximately 80% of the total portfolio.
- The four largest non-life insurers operate across the Baltics. Estonian non-life insurers collected 54.8% of their premiums in Estonia, 18.9% in Latvia and 26.3% in Lithuania. The growth in the volume of insurance markets was similar in all Baltic states.
- The sector was strongly capitalised. All non-life insurers met supervisory norms.

Assessment of risks

Major risks arise from the development of the economic environment and tightened competition, should new participants enter the market. However, non-life insurers are well capitalised and existing capital buffers enable potential risks to be managed. The new supervision requirements of Solvency II, which entered into force in 2016, enable the activities of insurers to be evaluated based on risks considerably more than before. Based on the reports on the preparation period it could be assumed that non-life insurers are prepared to also meet the new Solvency II capital requirements.

Market shares of non-life insurers by insurance premiums in 2015 (2014 data in brackets)



Net combined ratio of non-life insurance companies (combined ratio = claims ratio + expense ratio)



Life insurance

Number of market participants:

4 life insurers

1 branch

Volume of assets:

↑ 1,042.4 mln €

(2014: 959.9 mln €)

Volume of insurance obligations:

↑ 935.8 mln €

(2014: 869.8 mln €)

Volume of insurance premiums:

↑ 218.1 mln €

(2014: 201.8 mln €)

Volume of insurance premiums of the Estonian
life insurance market:

↑ 83.3 mln €

(2014: 80.8 mln €)

Return on equity:

↑ 24.1%

(2014: 14.1%)

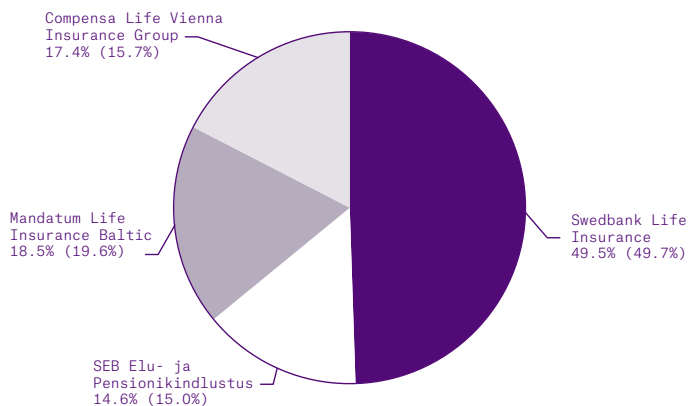
Main developments in life insurance in 2015

- The growth of the life insurance market is still driven by life-insurance products with investment risks and products with investment risks. The low interest rate environment does not facilitate the offer of products with an interest rate guarantee.
- Three Estonian life insurers operate across the Baltics. 35.1% of insurance premiums were collected in Estonia, 17.6% in Latvia and 47.3% in Lithuania.
- The Estonian life insurance market grew 3.2% in 2015. The growth was supported by risk products and the II pillar pension insurance.
- The volume of insurance premiums collected in the Lithuanian market is increasing more rapidly than in other Baltic states. The premiums collected by the Lithuanian branches of Estonian insurers increased 12.5%.
- Due to the low interest rate environment and volatile financial markets, the investment gains of life insurers notably decreased (-81.7%).
- The total profit of the market was 19.9 million euros, whereas the operating result of one life insurer accounts for the overwhelming part of it.
- All life insurers meet supervisory capital requirements.

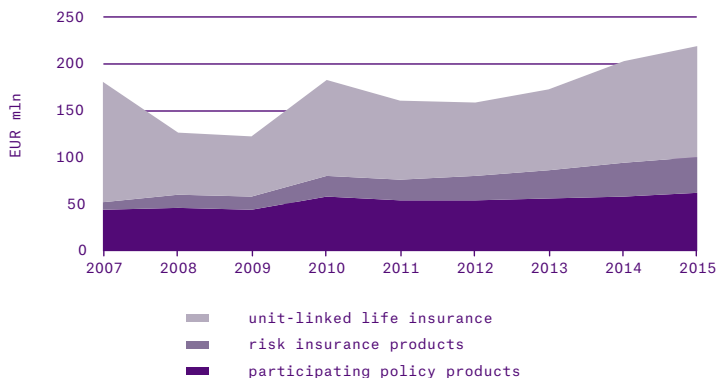
Assessment of risks

The most critical risk for Estonian life insurers arises from the possibility that the low interest rate environment may continue for a long period of time. For the management of the risk, life insurers have decreased interest rate guarantees offered to new insurance contracts or have suspended the provision of products with an interest rate guarantee altogether. In investing activities, the compatibility of the duration of investments and obligations is monitored increasingly more. The new insurance requirements of Solvency II allow insurers to apply several transitional measures and additional measures designed for long-term insurance obligations for the calculation of their capital requirements. So far, Estonian life insurers have not seen any need for the use these measures.

Market shares of life insurers by liabilities based on insurance contracts in 2015 (2014 data in brackets)



Volumes of insurance premiums by business segments



Management companies

Number of market participants:

17

Volume of assets of management companies:

↑ 159.6 mln €

(2014: 156.3 mln €)

Volume of customer assets managed:

↑ 4.6 bn €

(2014: 4.3 bn €)

Ratio of fixed costs to net service charges:

↓ 46%

(2014: 50%)

Return on equity:

↓ 10.5%

(2014: 11.3%)

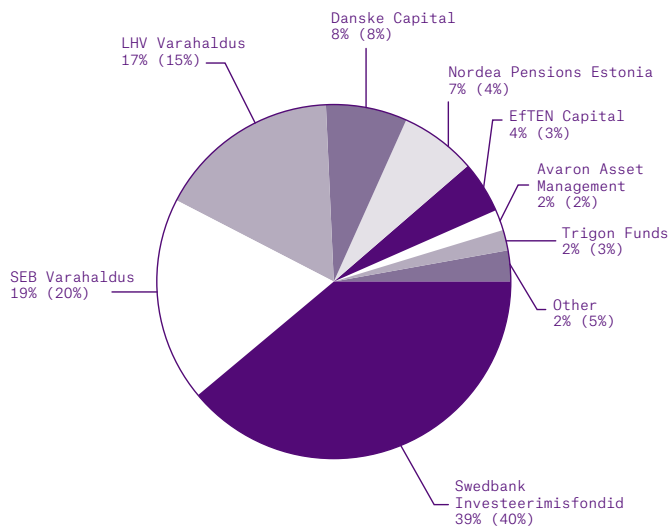
Main developments in management companies in 2015

- The number of management companies decreased. AS EEREIF Management surrendered its activity licence.
- The modes of operation in foreign markets became more diverse. Among other things, the management of funds registered in another country was launched (under the UCITS Directive) and subsidiaries were acquired in other countries.
- Alongside the management of one's own funds, it is still popular to manage the investments of the funds of other management companies through outsourcing. Of all customer assets managed by management companies, the total volume of managed funds accounted for 75% and customer assets managed within subcontracting accounted for 21%, respectively.
- The accumulation of profit has started to decline. The number and volume of payments made from equity capital has increased.
- Profit before tax grew 12%, to 18.3 million euros. The annual net profit of the sector decreased because the income tax expenses from dividends were higher than usual. Investment gains did not change considerably, but the ratio of fixed overheads to service charges decreased.
- The capitalisation of the sector is strong regardless of the fact that the coverage for own funds requirement decreased.

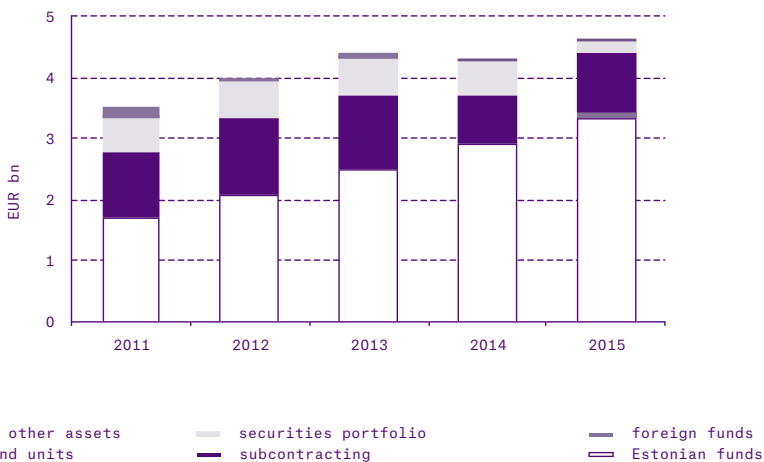
Assessment of risks

The most critical risks for management companies are market risk and operational risk. However, risks and their importance vary significantly from the perspective of management companies. The management companies of pension funds are more exposed to market risk because the units of the pension funds that they manage account for a significant part of their assets. The realisation of the market risk will, however, decrease the volume of pension funds and thereby the requirement for the minimum amount of own funds as well, which will in turn mitigate the risk of noncompliance with prudential requirements.

Market shares of management companies by volumes of investment funds in 2015 (2014 data in brackets)



Customer assets managed by management companies by business segments



Investment firms

Number of market participants:

3

Volume of assets:

↓ 43.9 mln €

(2014: 63.9 mln €)

Net service charges:

↑ 20.5 mln €

(2014: 16.4 mln €)

Return on equity:

↓ 5.4%

(2014: 10.0%)

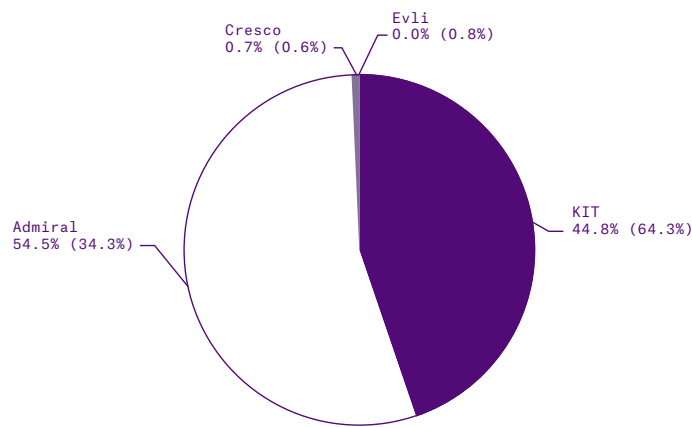
Main developments in investment firms in 2015

- The number of investment firms decreased by one service provider. Evli Securities, which belongs to the Evli Bank Group in Finland, exited the market.
- As compared to the previous year, investment firms earned 25% more in net service charges from the sale of investment services. Higher volatility in capital and foreign exchange markets kept up active trading and as a result, the sector earned higher revenues from intermediation services.
- Due to a steep and extensive rise in the value of the Swiss franc in January 2015, customers of investment firms suffered large losses. The losses of customers created a counterparty risk to the sector and investment firms were forced to write down irrevocable receivables from customers and counterparties.
- Despite extraordinary losses, the investment firms sector ended the year with a modest profit of 1.5 million euros, and this to a great extent is thanks to good sales of investment services and cuts in the cost base.
- The capitalisation of investment firms is sufficient for the coverage of all risks, but due to increased risks, their capitalisation is notably lower than a year ago.

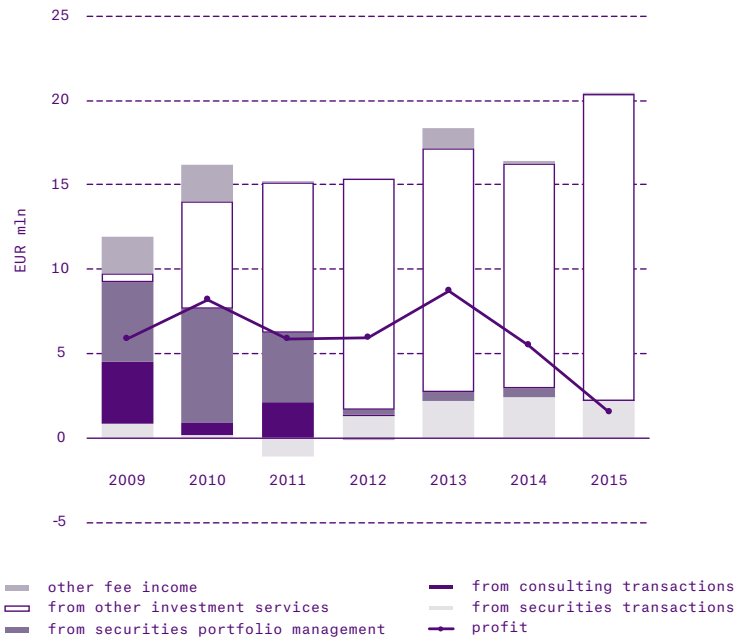
Assessment of risks

Investment firms take a significant open foreign currency position and are therefore affected by the events in foreign exchange markets. For a sector that mostly consists of small firms, it is challenging to ensure compliance with new and complex capital and other legal requirements and the compliance risks are therefore high.

Market shares of investment firms by volumes of assets in 2015
(2014 data in brackets)



Net fee income and profit of investment firms



Investment and pension funds

Total number of investment funds:

65

Number of pension funds:

30

Volume of the assets of investment funds:

↑ 3.3 bn €

(2014: 2.9 bn €)

Volume of the assets of pension funds:

↑ 2.7 bn €

(2014: 2.3 bn €)

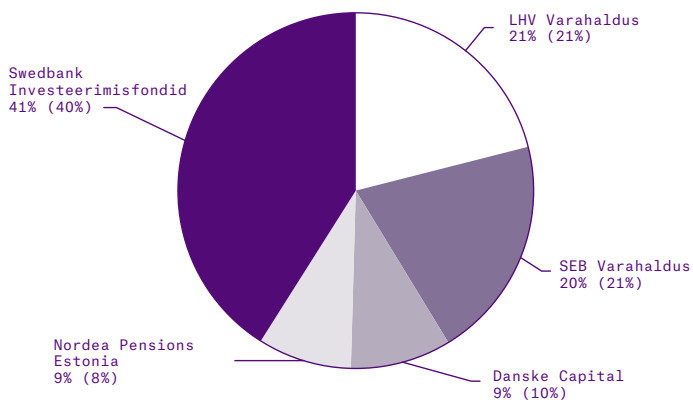
Main developments in investment and pension funds in 2015

- The growth of the fund sector was still driven by mandatory pension funds. The volume of the assets of mandatory pension funds increased by 408 million euros over the year.
- The volume of the assets of equity funds decreased. The volume of the assets of equity funds decreased 9% or by 31 million euros over the year. As of the end of 2015, the volume of equity funds stood at 299 million euros.
- The volume of the assets of real estate funds increased. In 2015, the volume of the assets of real estate funds increased 55%, i.e. from 144 million euros to 224 million euros. In terms of the volume of assets, real estate funds have already outperformed voluntary pension funds and are almost as large as equity funds.
- Among the types of funds in Estonia, mandatory pension funds still prevail. By the end of 2015, the relative importance of mandatory pension funds had risen to 78% of the entire fund market (by the end of 2014: 76%). With their 9% share, equity funds remain the second largest. Property funds have risen by 7% to third place.
- In 2015, the Financial Supervision Authority performed several proceedings:
 - the FSA registered the rules of two new contractual investment funds and coordinated the establishment of one investment fund set up as a public liability company;
 - it registered the amendments to the rules of 25 investment funds and coordinated the amendments to the articles of association of three investment funds; and
 - it issued one authorisation for the merger of funds in Estonia and one authorisation for a cross-border merger.

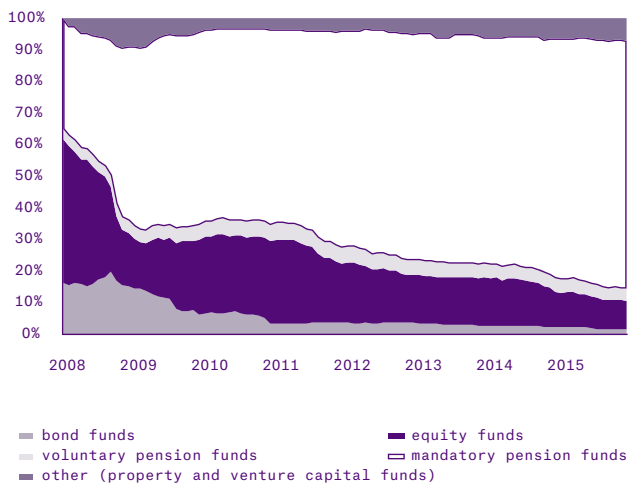
Assessment of risks

The funds sector is still dominated by mandatory pension funds, as their relative importance in the total assets of the Estonian funds sector grows year by year. Another trend in the funds sector is that while the volume of the assets of mandatory pension funds increases year after year, that of equity funds is decreasing.

Market shares of fund management companies by volumes of mandatory pension funds in 2015 (2014 data in brackets)



Fund market structure by fund types



Payment institutions

Number of market participants:

12

Volume of payments:

↓ 886.5 mln €

(2014: 916 mln €)

Return on equity:

↓ 5.2%

(2014: 9.9%)

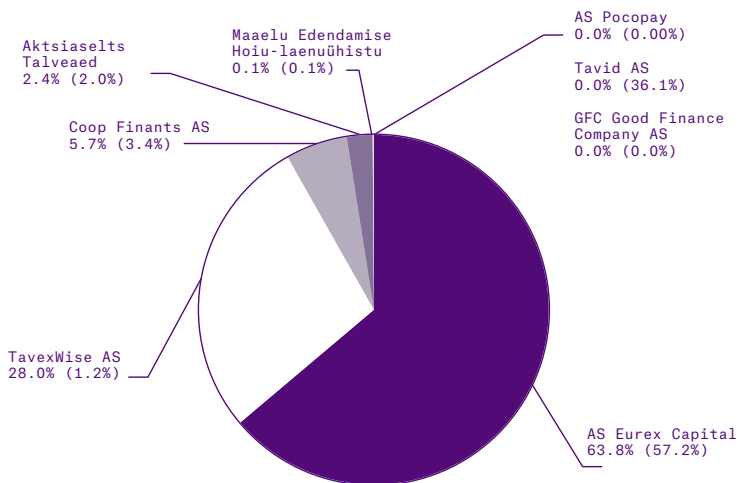
Main developments in payment institutions in 2015

- As of the end of 2015, the total number of market participants stood at 12 and five operated under exemption authorisation. Exemption authorisation means that regulatory requirements are more lenient and the volume of payments to be mediated is limited.
- IIZI Kindlustusmaakler Aktsiaselts and Tavid AS surrendered their payment institution authorisation. In 2015, the FSA issued an authorisation to AS Pocopay for the provision of services related to payment accounts and means of payment and an exemption authorisation to TransferFast OÜ.
- The number of payments by fully authorised payment institutions has steadily increased, in 2015 by 50%. The volume of payments has at the same time decreased: 4.4% over the year. The average amount of payment was 346 euros.
- The market share of the two largest payment institutions totals 91.8%.
- Payment institutions earned 580 thousand euros in profit in 2015. Approximately a fourth of the total sales revenue was generated from the provision of payment services.
- The overall capitalisation of the sector is good.

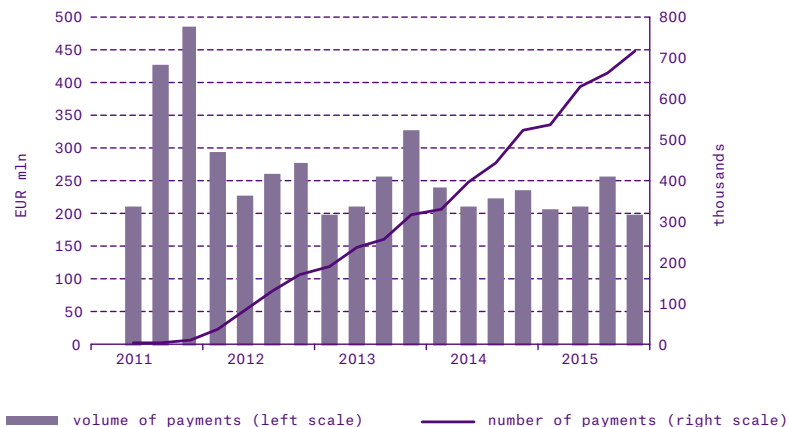
Assessment of risks

The exposure to money laundering risk, which is related to servicing high-risk customers, did not increase in the payment institutions sector in 2015, because new market participants have entered the market who focus on the intermediation of smaller payments. The sector has not yet achieved sufficient business volumes and the profitability of payment institutions remains low. Market participants invest in the implementation of a profitable business model or in the improvement of the existing model. The focus in supervision is on the capitalisation, risk management and internal control systems of payment institutions.

Market shares of payment institutions in 2015 (2014 data in brackets)



Quarterly volume and number of payments in payment institutions sector



Insurance brokers

Number of market participants:

45

including 6 branches of foreign brokers

Volume of premiums mediated:

↑ 140 mln €

(2014: 136 mln €)

Ratio of brokerage fees to premiums:

13.2%

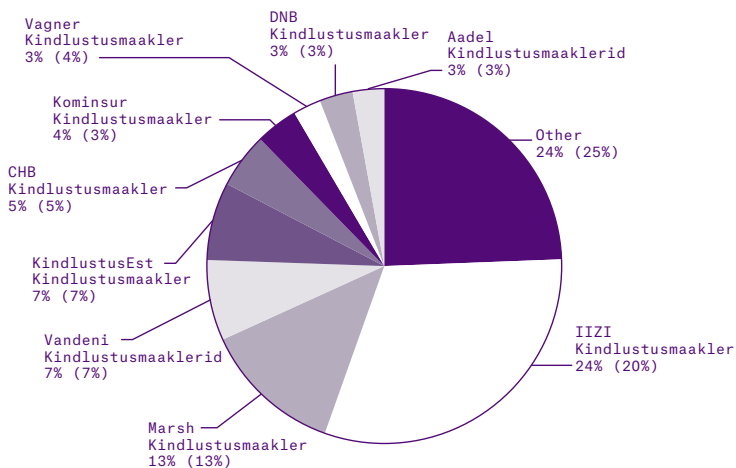
(2014: 13.2%)

Main developments in insurance brokerage in 2015

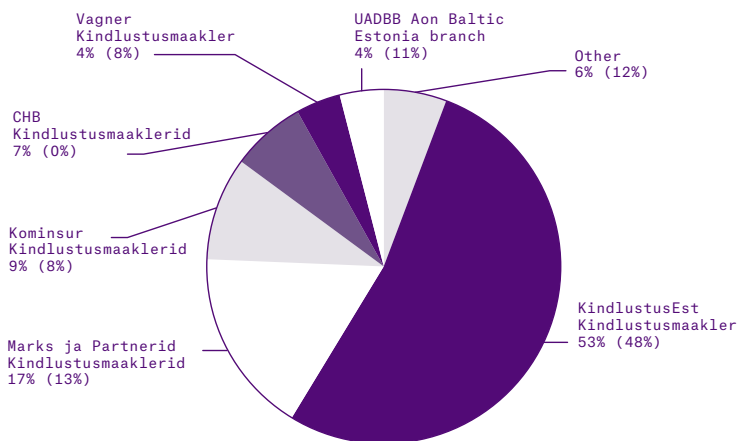
- The number of insurance brokers did not change. The FSA entered three new insurance brokers on the list of insurance intermediaries and deleted three insurance brokers.
- The ratio of brokerage fees to mediated insurance premiums remained the same. The total volume of brokerage fees received increased in proportion to the total volume of premiums mediated.
- In life insurance, the insurance brokers registered in Estonia mediated insurance premiums for a total of 491 thousand euros in 2015, i.e. by 14% more than in the previous year. A total of 662 life insurance contracts were entered into during the year (2014: 599 contracts). Accident insurance and life insurance contracts with sickness insurance formed the largest part in mediated insurance with 250 thousand euros in insurance premiums.
- In non-life insurance, the insurance brokers registered in Estonia mediated insurance contracts for a total of 139 million euros in insurance premiums (2014: 134 million euros). Based on the volume of insurance premiums mediated, the largest classes of insurance in 2015 were land vehicle insurance (46 million euros), motor TPL insurance (36 million euros) and property insurance (26 million euros).

² In addition to the contracts of insurers, the contracts of foreign reinsurers were also mediated in Estonia. Their volume of insurance premiums was 8 million euros in 2015. These are not included in this overview.

Market shares of insurance brokers by non-life insurance payments in 2015 (2014 data in brackets)



Market shares of insurance brokers by life insurance payments in 2015 (2014 data in brackets)



Securities market

Listed shares:

13 companies on the main list

2 companies on the secondary list

Total turnover:

↑ 148.1 mln €

(2014: 127.3 mln €)

Market capitalisation:

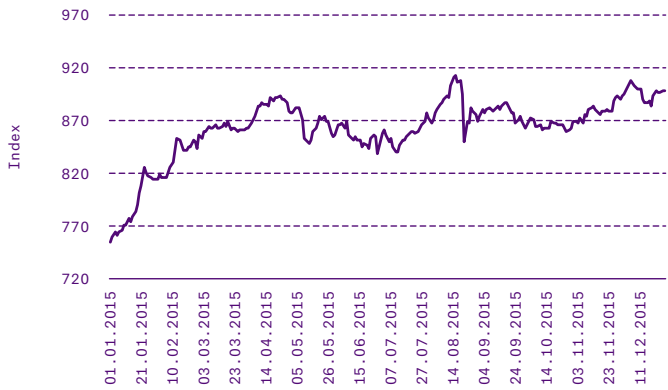
↑ 1.88 bn €

(2014: 1.66 bn €)

Main developments in securities market in 2015

- In 2015, the Tallinn Stock Exchange saw a notable rise, remaining intact from the drop in oil prices, which hit global markets. The Nasdaq OMX Tallinn index rose 19.1%, i.e. to 898.99 points.
- The situation in Ukraine somewhat stabilised and as interest rates were low, investors returned to the market.
- Trading activity on the Tallinn Stock Exchange increased over the year and the total turnover amounted to 148.1 million euros, which is 20.8 million euros more than in 2014.
- On the main list, the shares of Arco Vara (+38.9%) and the Tallinna Kaubamaja Grupp (+32.2%) rose the most in 2015. However, due to the payment of dividends, the shares of PRFoods (-41.8%) and Baltika (-26%) fell the most.
- As of the end of 2015, the market capitalisation of the Tallinn Stock Exchange stood at 1.88 billion euros (2014: 1.66 billion euros). The capitalisation of the market increased by 220 million euros, whereas the major part of it came from the rise of share prices.
- In 2015, a total of 49,107 transactions with shares were made on the Tallinn Stock Exchange, which is 13.6% more than in the previous year (2014: 43,227 transactions).
- The most actively traded shares in the previous year were the shares of the Tallink Grupp, followed by the shares of the Olympic Entertainment Group and Tallinna Vesi. As of the end of the year, the Tallinn Stock Exchange had 21 members.
- In terms of turnover, the most active members of the Tallinn Stock Exchange in 2015 were SEB Pank (40.1% of the total turnover), Swedbank (29.5%) and LHV Pank (20.8%). In terms of transactions, however, the most active member was Swedbank (32.2% of all transactions).
- In 2015, the FSA designed the share of the Olympic Entertainment Group as an additional liquid share admitted to trading on the market.

Changes in the OMX Tallinn stock market index in 2015



Financial Supervision Authority
Sakala 4
15030 Tallinn

Phone: + 372 668 0500
Fax: + 372 668 0501
E-mail: info@fi.ee
Homepage: www.fi.ee

Beginning of financial year:	1 January 2015
End of financial year:	31 December 2015
Principal area of activity:	Financial supervision
Management Board:	Kilvar Kessler, Andres Kurgpõld, Andre Nõmm
Auditor:	AS Deloitte Audit Eesti