



ESTONIAN FINANCIAL MARKET as at 30.06.2010

The objective of this analysis prepared by the Financial Supervision Authority is to provide an overview of the Estonian financial services market and market shares. Although the Financial Supervision Authority makes its best efforts to ensure that the information contained in this analysis is correct and precise, the Financial Supervision Authority does not assume nor undertake to inform in the future of each change in the factual circumstances specified in the analysis and the possible effect of such changes. The Financial Supervision Authority is not liable for damage and does not take obligations that arise from or are related to the use of this analysis and/or the information presented in it.

I. Volumes of financial services

In the first half of 2010, the Estonian financial services market showed signs of recovery from the economic downturn.

Year-on-year, the consolidated volume of deposits increased by 6.9%, including the volume of demand, and overnight deposits increased by 10.1%; the volume of fixed-term and savings deposits increased by 5.5%. As at 30.06.2010, the total volume of customer deposits amounted to EEK 161.4 billion.

The consolidated volume of loan portfolios in banks decreased by 5.1%, compared to June 2009. As at 30.06.2010, the amount of the consolidated loan portfolio for credit institutions was EEK 238.7 billion, including loans granted to Estonian residents in the amount of EEK 232.1 billion.

In the investment sector, clear signs of growth can be noticed: in the first half of 2010, the volume of premiums received in unit-linked life insurance increased 31% year-on-year, and the volume of consolidated assets of funds, including pension funds

increased 14%. The consolidated volume of individual portfolios of customers who are Estonian residents increased by 8%.

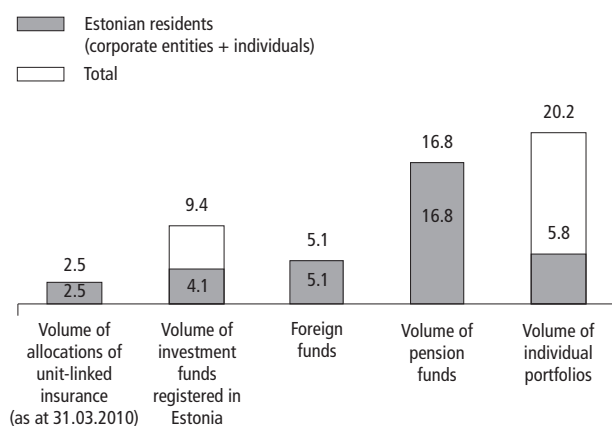
A total of EEK 133 billion (EEK 115 billion as at the end of June 2009) was invested in financial services aimed at saving, including unit-linked life insurance, investment funds, pension funds, individual portfolios, fixed-term and savings deposits and investment deposits.

Unit-linked life insurance supported the life insurance sector on a large scale, which ensured an increase of 10% in the volume of premiums received in life insurance as a whole, compared to 2009.

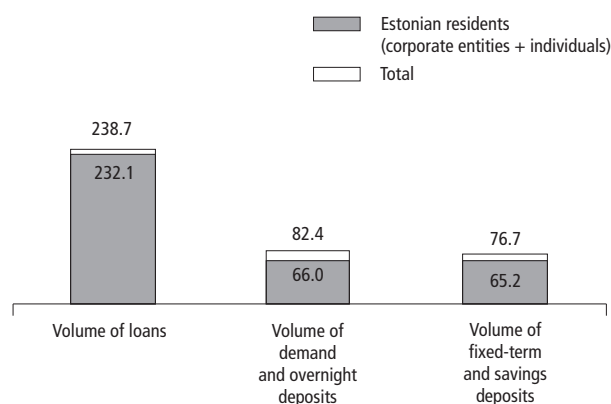
The volume of premiums received in non-life insurance decreased by 12%, compared to June 2009.

Volumes of financial services offered by the Estonian financial institutions:

Volumes of different investment services as at 30.06.2010 (billion EEK)



Volumes of different banking services as at 30.06.2010 (billion EEK)



The volume of investment and banking services provided by the Estonian financial institutions, including data on private individuals who are Estonian residents, is presented in the table below (billion EEK, as at 30.06.2010):

Service	Total, billion EEK	Including private persons who are Estonian residents	
		billion EEK	share in total services
Volume of investment funds	9.4	1.1	12%
Volume of pension funds	16.8	16.8	100%
Foreign funds offered in Estonia	5.1	1.4	27%
Volume of allocations of unit-linked life insurance (NB! Data of 1st quarter 2010)	2.5	2.5	100%
Volume of individual portfolios	20.2	1.1	5%
Volume of loans	238.7	113.3	47%
Volume of demand and overnight deposits	82.4	27.4	33%
Volume of fixed-term and savings deposits	76.7	30.3	40%
Volume of investment and other deposits	2.3	1.6	70%

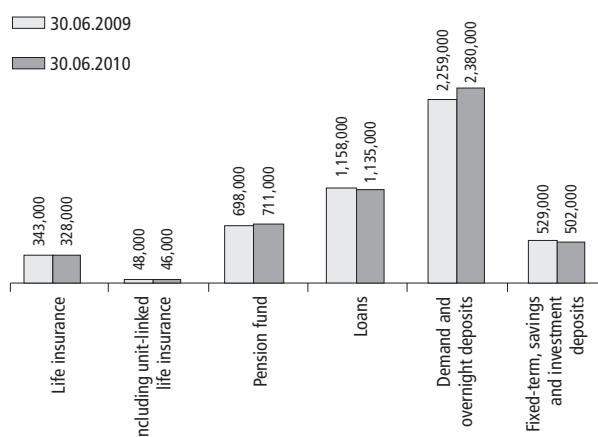
2. Division of private customers by service

Considering the number of contracts, demand deposit (current) accounts are the most used service in Estonia. As at 30.06.2010, private customers held **2 380 000 current accounts**¹ (many private individuals hold multiple current accounts).

Loans are another financial service most used by private customers. As at 30.06.2010, the number of **loan agreements entered into with private customers** was **1 135 219**².

Over the year, the number of contracts concluded with pension funds has increased from 698 000 to 711 000. The number of fixed-term, savings and investment deposit contracts decreased from 529 000 to 502 000. In life insurance, including unit-linked life insurance, the number of contracts decreased from 343 000 to 328 000 and from 48 000 to 46 000, respectively.

Number of contracts of individuals for financial services



¹ Only cash deposits are included.

² Important note: The analysis does not take into account the fact that some individuals may have entered into several contracts.

3. Life insurance

In the first half of 2010, insurance companies in **Estonia** collected **insurance premiums** in the amount of **EEK 618 million**³ (in the first half of 2009: EEK 563 million). Year-on-year, **the volume of premiums increased by nearly 10%. The increase in premiums is primarily caused by the increase in unit-linked life insurance premiums by 31%.**

Unit-linked life insurance continues to be the most voluminous life insurance product with a volume of EEK 315 million (in the first half of 2009: EEK 240 million) and a share of 51% (43%) respectively.

Unit-linked life insurance was followed by endowment insurance with a volume of EEK 183 million (in the first half of 2009: EEK 206 million). Under other contracts for life insurance products, a total of EEK 120 million was received (EEK 118 million).

a. Consumers

As at the end of June 2010, the number of **basic life insurance contracts**⁴ entered into with life insurance companies operating in Estonia was **208 221** (as at 30.06.2009: 216 462 basic contracts). Year-on-year, the number of contracts entered into decreased in almost all life insurance classes (the only exception was term and whole life insurance).

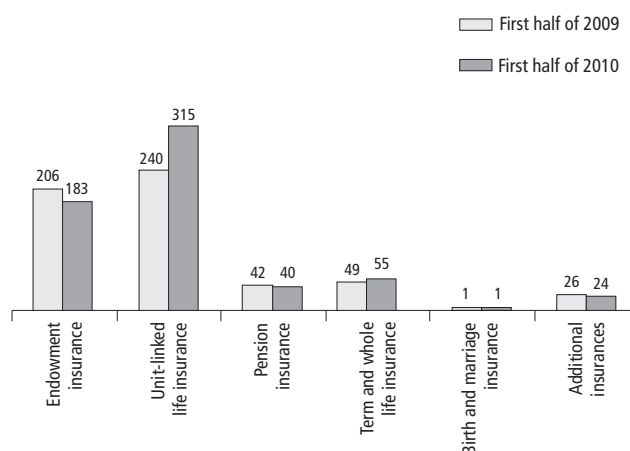
Despite the decline, endowment insurance with 83 796 contracts remained the largest basic insurance class on the basis of the number of contracts (as at 30.06.2009: 93 538 contracts).

The only life insurance class where the number of contracts increased year-on-year was term and whole life insurance, where the number of contracts in force increased from 57 630 to 62 855.

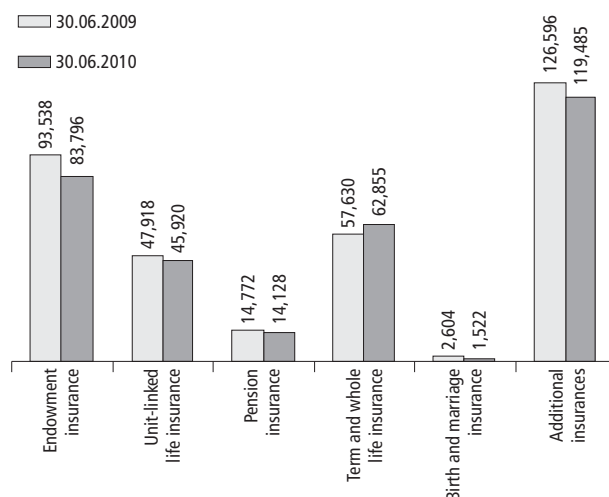
A total of 119 485 additional insurance contracts were concluded (as at 30.06.2009: 126 596 contracts).

General market	Swedbank Life Insurance	35%
breakdown:	Mandatum Life Insurance Baltic	30%
	SEB Elu- ja Pensionikindlustus	23%
Customers:	327 706 contracts in force	
Volume of service:	Premiums received in the first half of 2010 in total EEK 618 million	

Premiums by life insurance classes (million EEK)



Number of life insurance contracts in force (pc) concluded in Estonia



³ The data does not include premiums collected outside Estonia.

⁴ The data include only life insurance contracts concluded in Estonia.

Despite the decrease in the volume of premiums and the number of contracts, the average volume of premiums practically remained constant in all insurance classes in the first half of 2010, compared to the level a year-ago. Only unit-linked life insurance was exceptional, where the average amount of insurance contributions paid into the contract over the six months grew more than one-third – from EEK 5 001 to EEK 6 860, which is the highest level in the last three years. In the first half of 2008, the average volume of unit-linked life insurance was EEK 6 210. Thus, the largest insurance class by volume still remains unit-linked life insurance.

Year-on-year the average amount of pension insurance contributions has increased from EEK 2 820 to EEK 2 831. The average amount of endowment insurance contributions decreased from EEK 2 200 to EEK 2 184.

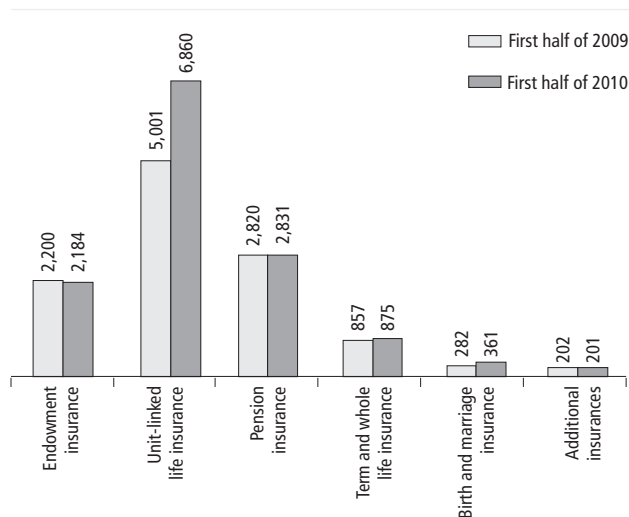
b. Service providers

The leading three in life insurance, including Swedbank Life Insurance, Mandatum Life Insurance Baltic (former name Sampo Life Insurance Baltic) and SEB Elu- ja Pensionikindlustus, received 88% of all premiums as at 30.06.2010.

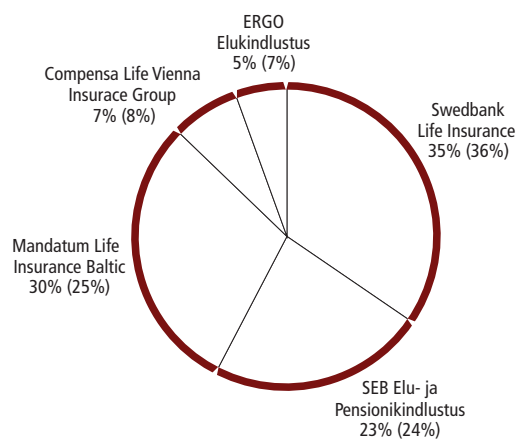
Year-on-year, premiums increased in the above-mentioned three largest life insurance companies, the volume of premiums decreased in ERGO Kindlustus and Compensa Life Vienna Insurance.

Mandatum Life Insurance Baltic had the highest growth in premiums, where premiums increased by 29% compared to the first half of 2010. As a result of this, the market share of Mandatum Life Insurance Baltic has significantly increased from 25% to 30%. The shares of other market participants have diminished respectively:

Average amount of premiums paid to contract over half a year (EEK)



Market shares of life insurance companies by premiums received in the first half of 2010 (data for the first half of 2009 is presented in the brackets)

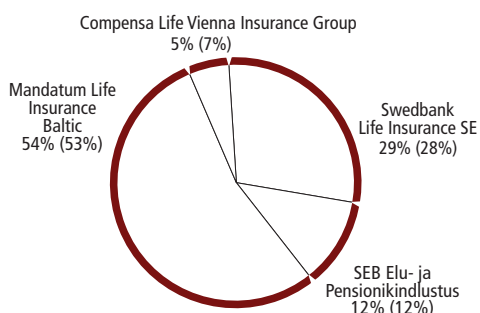


In terms of market share, the largest changes occurred in pension insurance and term and whole life insurance.

In pension insurance, the market share of SEB Elu- ja Pensionikindlustus increased from 9% to 17%. The market share of ERGO Kindlustus decreased from 40% to 34% and the market share of Compensa Life Vienna Insurance decreased from 49% to 48%.

Market shares: unit-linked life insurance

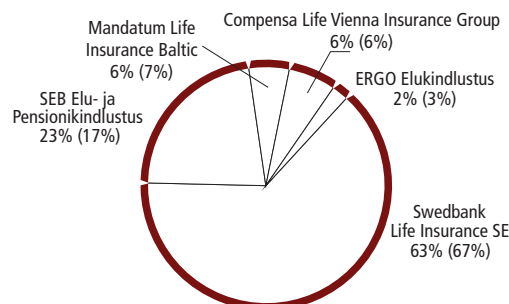
as at 30.06.2010 (as at 30.06.2009 in brackets)



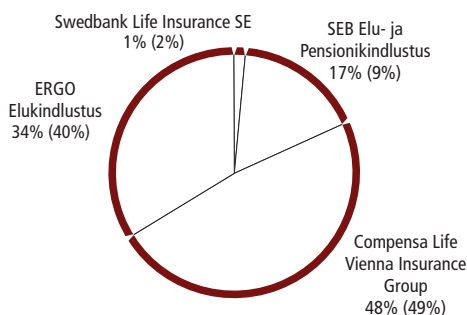
In term and whole life insurance, the market share of SEB Elu- ja Pensionikindlustus increased from 17% to 23% and the market share of Swedbank Life Insurance decreased from 67% to 63%.

In unit-linked life insurance, the market shares remained relatively stable. As at 30.06.2010, the market share of Mandatum Life Insurance Baltic was 54%. Swedbank Life Insurance had 29%, SEB Elu- ja Pensionikindlustus had 12% and Compensa Life Vienna Insurance Group had 5% of the unit-linked life insurance market.

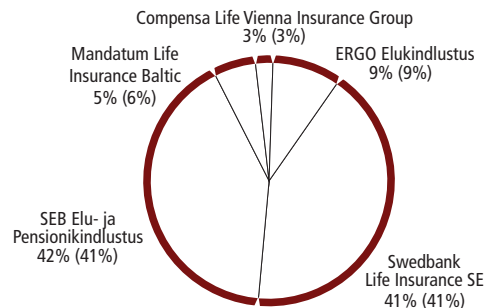
Market shares: term and whole life insurance



Market shares: pension insurance



Market shares: endowment insurance



4. Non-life insurance⁵

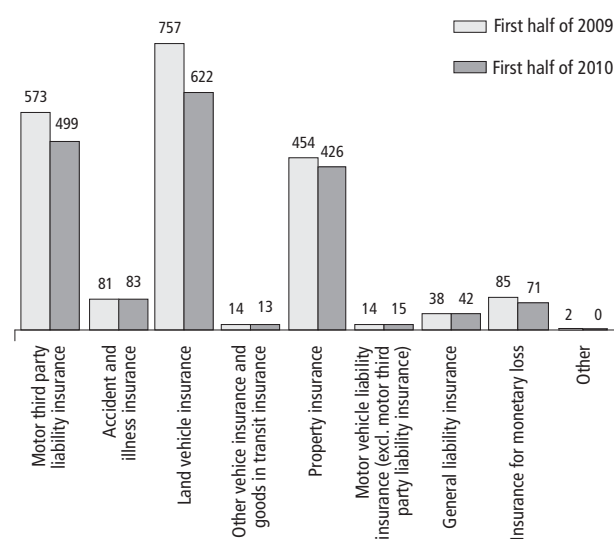
In the first half of 2010, non-life insurance companies registered in Estonia and branches of foreign non-life insurance companies received **premiums in the amount of EEK 1.8 billion** (in the first half of 2009: EEK 2.0 billion), of which EEK 278 million or 15% of all premiums collected was received by the Estonian branches of foreign insurance companies (in the first half of 2009: EEK 329 million or 16% of all premiums collected). **In almost all classes of non-life insurance, fewer premiums were received than a year ago.**

The largest share or 35%, is still that of land vehicle insurance or **Casco insurance** (with the volume of premiums being EEK 622 million), followed by **motor third party liability insurance** with 28% (with the volume of premiums being EEK 499 million). These are followed by property insurance with a share of 24% and the volume of premiums being EEK 426 million.

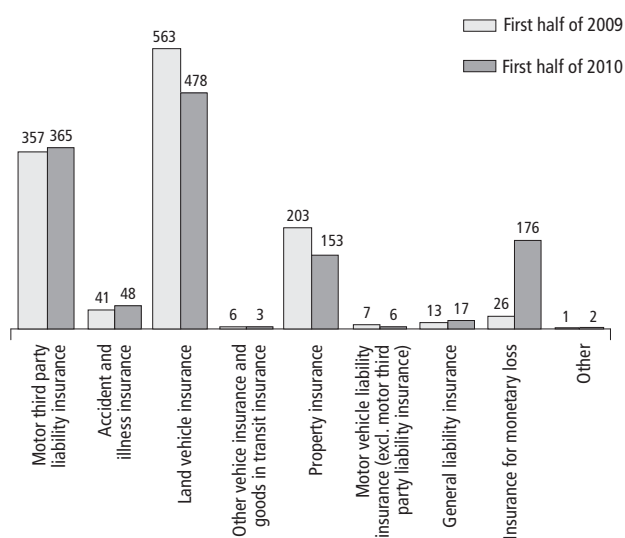
In the first half of 2010, the amount paid out in indemnities was EEK 1.2 billion (in the first half of 2009: EEK 1.2 billion). Year-on-year, indemnities decreased in land vehicle insurance and property insurance. At the same time, the volume of indemnities paid out in financial loss insurance increased over the year: from EEK 26 million to EEK 176 million.

General market	IF P&C Insurance	27%
breakdown:	ERGO Kindlustus	20%
	Swedbank Varakindlustus	15%
Customers:	Information is not available	
Volume of service:	Premiums received in the first half of 2010 EEK 1.8 billion	

Premiums by class of non-life insurance (million EEK)



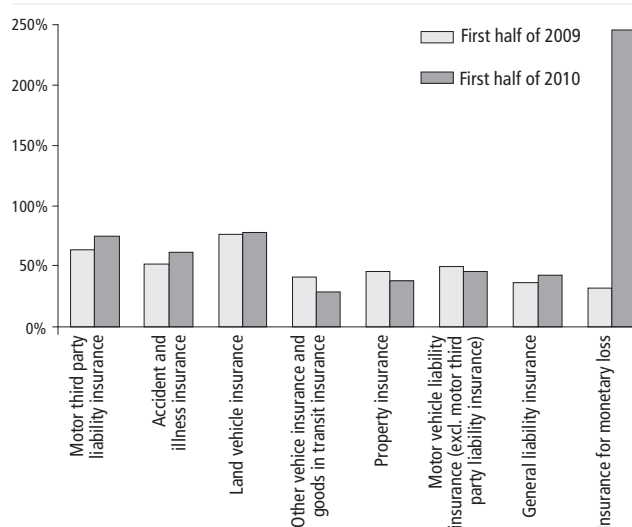
Paid indemnities by classes of non-life insurance (million EEK)



The highest ratio of paid indemnities to premiums is that of financial loss insurance, where the percentage increased from 30% to 247%, year-on-year.

In Casco insurance, the ratio of paid indemnities to premiums was 77%, in motor third party insurance 73% and in accident and illness insurance 59%.

Ratio of indemnities to premiums



a. Service providers

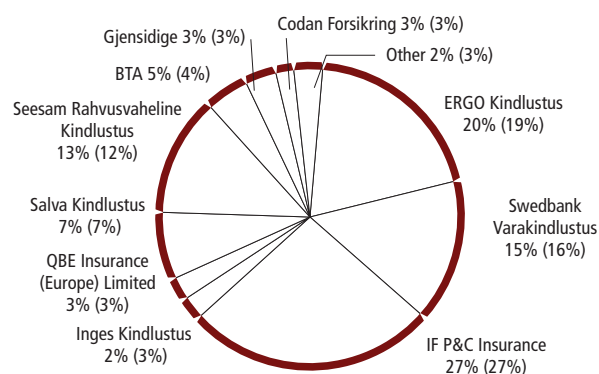
Market shares

In the first half of 2010, the market for non-life insurance is characterised by stability: market share fluctuations did not exceed 1%.

As at 30.06.2010, IF P&C Insurance had the largest market share at 27%. The market share of ERGO Kindlustus was 20% and Swedbank Varakindlustus had 15% of the market.

The total market share of the branches of foreign insurance companies is 15%. The largest is the Estonian branch of BTA Apdrošināšanas akciju sabiedrība with a market share of 5%.

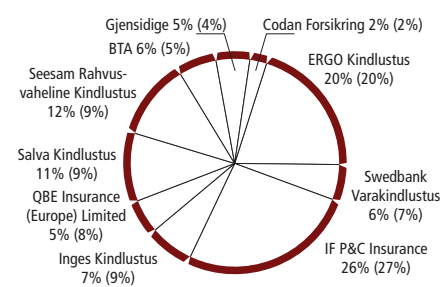
Market shares of non-life insurance companies by premiums collected in the first half of 2010 (in the first half of 2009 in brackets)



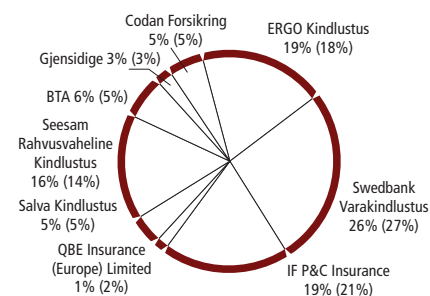
The figures below present the market breakdown of Estonian insurance companies and Estonian branches of foreign companies according to the three largest non-life insurance products.

The largest market share in motor third party insurance and property insurance is continuously enjoyed by IF P&C Insurance with 26% and 41%, respectively. The largest market share in Casco insurance is that of Swedbank Varakindlustus – 26%.

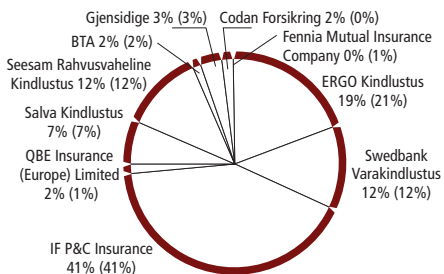
Market shares: motor third party liability insurance



Market shares: land vehicle insurance



Market shares: property insurance



5. Investment and pension funds⁶

Over the half-year, the asset volume of investment funds, including pension funds, increased by 5% or EEK 1.3 billion, comprising EEK 26.2 billion at the end of June 2010⁷.

As in previous periods, the growth of fund assets was ensured mainly by equity funds and mandatory pension funds, the development of which in turn influenced the volatility of global financial markets. During the first four months of the year growth of world equity markets resulted in the growth of funds, while the debt crisis that took place in some Eurozone countries in April resulted in a decrease of funds. However, in total the first half of 2010 saw a certain growth of funds.

In the first half of 2010, the growth of mandatory pension fund assets increased by 4.7% in total: from EEK 14.9 billion to EEK 15.6 billion. The growth of mandatory pension funds was without doubt supported by the partial resumption of contributions since the beginning of the year.

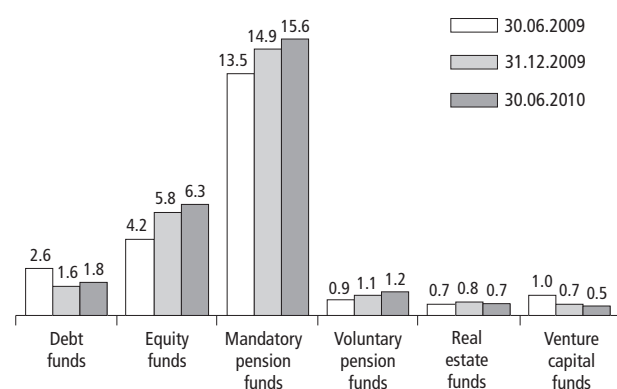
The asset volume of equity funds increased from EEK 5.8 billion at the beginning of the year to EEK 6.3 billion by the end of June – or by 9%.

The asset volume of debt funds also increased during the last half year: from EEK 1.6 billion to EEK 1.8 billion – or by 13%.

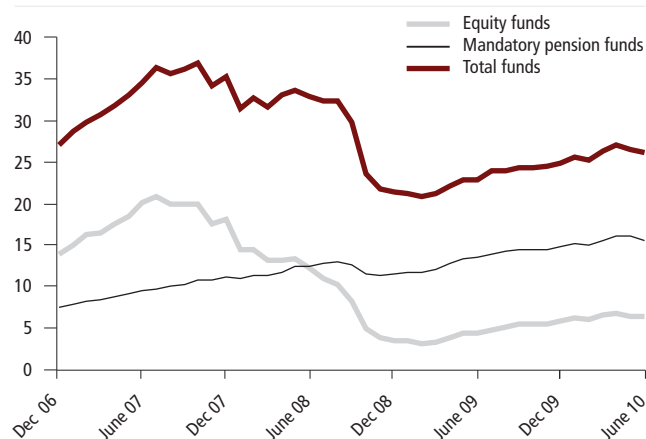
In the consolidated structure of the fund sector, mandatory pension funds, with a share of 60%, continue to remain the largest (60% at the end of 2009). The second largest are equity funds, with a share of 24% (23% at the end of 2009). The share of debt funds accounted for 7% of the total volume of assets of funds.

General market	Swedbank Investeerimisfondid	48%
breakdown:	SEB Varahaldus	24%
	Danske Capital	9%
Customers:	738 589 contracts in force	
Volume of service:	Total volume of funds EEK 26.2 billion	

Volumes of funds (billion EEK)



Dynamics of investment and pension funds 2007–2010 (billion EEK)



⁶ Data on investment funds include all customers of investment funds registered in Estonia, also including customers of foreign countries.

⁷ Market value.

a. Consumers⁸

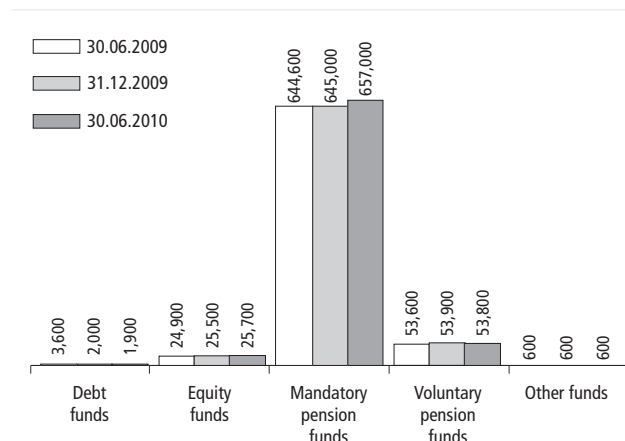
In the first half of 2010, the total number of investment fund unit-holders increased⁹, primarily due to mandatory pension funds. According to the Financial Supervision Authority, over the first half-year the number of mandatory pension fund unit-holders increased by approximately 12 000 individuals reaching 657 000 individuals by the end of June. It must be noted, however, that many private individuals use the option of collecting their pension through several mandatory pension funds and therefore the actual number of individuals who have joined the second pension pillar is smaller than the number of unit-holders (approximately 593 000 individuals as at the beginning of 2010).

The number of people investing in other funds remains virtually unchanged. The number of unit-holders in equity funds has increased by approximately 200 individuals; the number of unit-holders in debt funds and voluntary pension funds has decreased (for both types of funds) by approximately 100 individuals.

According to the largest fund-customer database a total of 657 000 individuals were unit-holders of mandatory pension funds followed by:

- 53 800 unit-holders of voluntary pension funds;
- 25 700 unit-holders of equity funds;
- 1 900 unit-holders of debt funds;
- 600 unit-holders of other funds (real estate and venture capital funds).

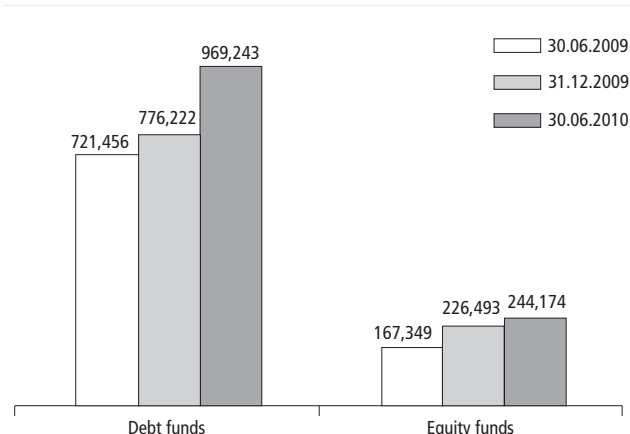
Unit-holders of investment and pension funds



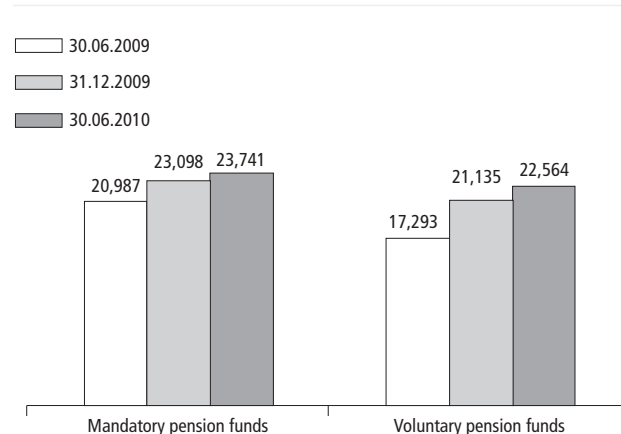
12 ⁸ All conclusions regarding the client base of funds are based on the number of unit-holders. A person may hold units in several funds. Therefore, the number of unit-holders rather shows activeness of people in investing through funds, not the number of specific individuals.

⁹ Includes also non-resident unit-holders.

Volume of investments per unit-holder, EEK (1)



Volume of investments per unit-holder, EEK (2)



The largest investments per customer¹⁰ have been made in debt funds, which results from the fact that these types of funds are mainly used by legal persons for the purpose of managing liquidity:

- debt funds EEK 969 243;
- equity funds EEK 244 174;
- mandatory pension funds EEK 23 741;
- voluntary pension funds EEK 22 564.

Investments in other funds (real estate and venture capital funds) comprised on average EEK 2 million per unit-holder (i.e. significantly more than in the remaining funds). Both real estate and venture capital funds are funds with a higher risk, where mainly wealthier private individuals and professional investors invest.

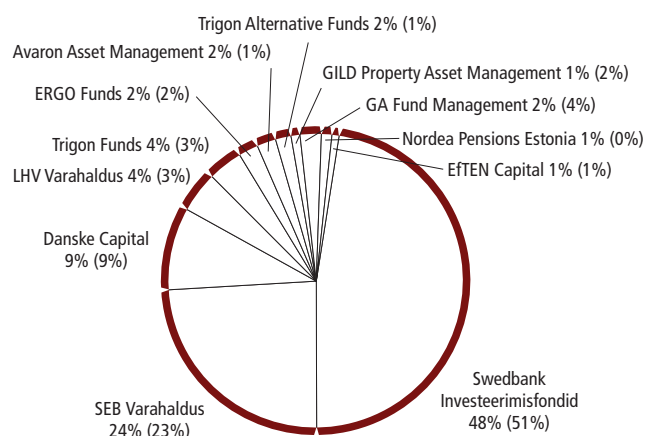
b. Service providers

The distribution of fund assets between different management companies remained relatively stable. The market share of Swedbank Investeerimisfondid has somewhat diminished in comparison with last year: from 51% to 48%. However, Swedbank Investeerimisfondid remains the largest management company in Estonia.

By the end of June, SEB Varahaldus had 24% of the fund market. During the year its share increased from 23% to 24%.

Market shares of LHV Varahaldus and Trigon Funds increased from 3% to 4%.

Market shares: all funds as at 30.06.2010 (as at 30.06.2009 in the brackets)



¹⁰ Investments per customer are of illustrative nature and refer only to the approximate size of investment (e.g. in the case of pension funds, people joining the scheme take the average amount of investment down).

The growth of the market share of Trigon Funds from 15% in June 2009 to 17% in June 2010 and the decrease of SEB Varahaldus market share from 12% to 9% were among the largest changes in the distribution of **equity funds**. The largest market share of 59% continues to be held by Swedbank Investeerimisfondid.

The liquidation of **debt funds**¹¹ belonging to Swedbank Investeerimisfondid in late 2009 led to important market changes. The share of Swedbank Investeerimisfondid decreased from 65% to 26%, while the share of SEB Varahaldus increased from 31% to 64%.

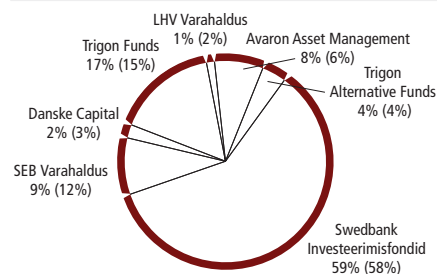
The largest share of the **pension funds** market still belongs to Swedbank Investeerimisfondid.

Asset distribution among **mandatory pension funds** has also seen some long-term changes: the share of Swedbank Investeerimisfondid decreased from 52% to 48% while the share of LHV Varahaldus increased from 4% to 7% and the share of Nordea Pensions Estonia increased from 1% to 2%.

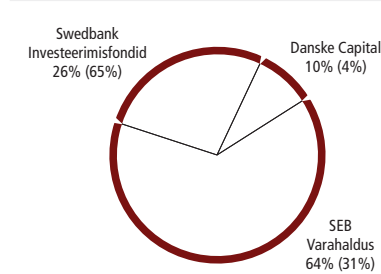
While the market share of Swedbank Investeerimisfondid in the **voluntary pension funds** sector decreased from 66% to 64%, they still own roughly 2/3 of the entire market for voluntary pension funds.

Among **other funds** the largest market share belongs to GA Fund Management (43%). During the first year in business EFTEN Capital managed to secure a market share of 17%.

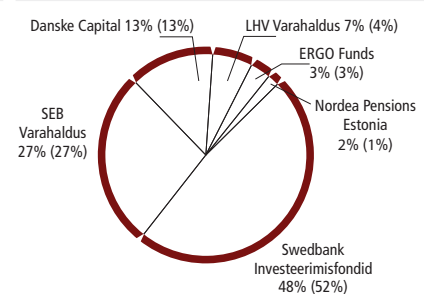
Market shares: equity funds



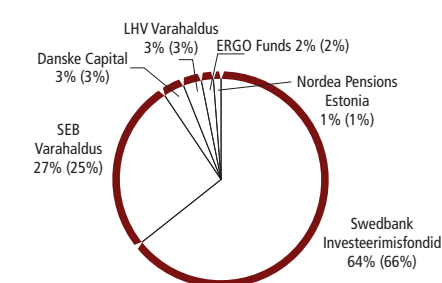
Market shares: debt funds



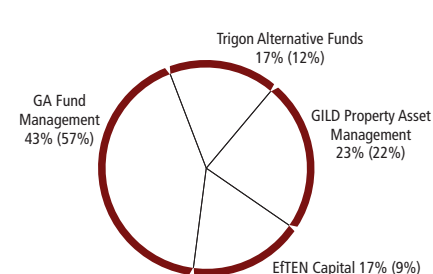
Market shares: mandatory pension funds



Market shares: voluntary pension funds



Market shares: other funds



As non-residents comprise the majority of the customers of investment funds, it is important to differentiate Estonian resident customers from non-resident customers in order to make conclusions about the Estonian fund market.

Year-on-year, the structure of customers of **equity funds** remained primarily the same. In terms of volume, **non-residents account for the largest share at 58%** (as at 30 June 2009: 56%).

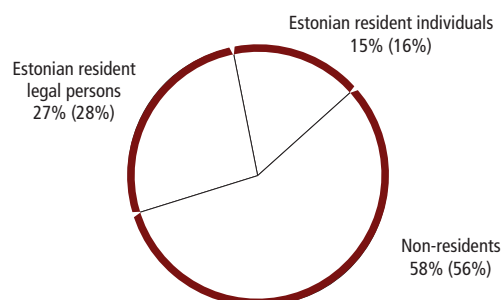
Of the EEK 6.3 billion invested in **equity funds**, 15% belonged to **Estonian resident individuals**. They primarily preferred Swedbank Investeerimisfondid as a management company of equity funds; it managed 59% of the assets invested by Estonian resident individuals in equity funds. SEB Varahaldus managed 31% of the assets invested by Estonian resident individuals in equity funds.

Of the EEK 1.8 billion invested in **debt funds**, Estonian resident individuals owned 6%. On the market of Estonian resident individuals, the market leader is SEB Varahaldus who managed 95% of the assets invested in debt funds. Former leader, Swedbank Investeerimisfondid, no longer manages debt funds.

Of EEK 1.2 billion invested in **other funds**, only 2% belonged to Estonian resident individuals.

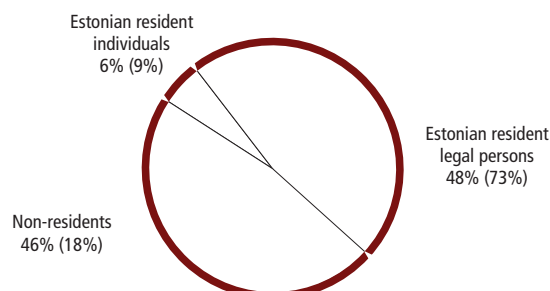
Customer structure of equity funds as at 30.06.2010

(30.06.2009 in the brackets)



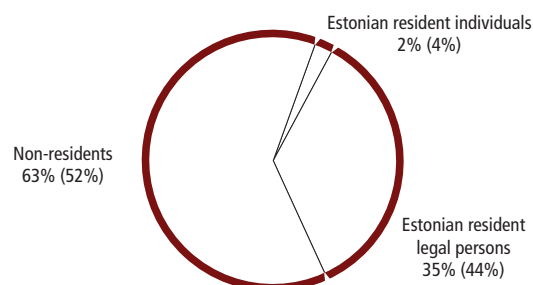
Customer structure of debt funds as at 30.06.2010

(30.06.2009 in the brackets)



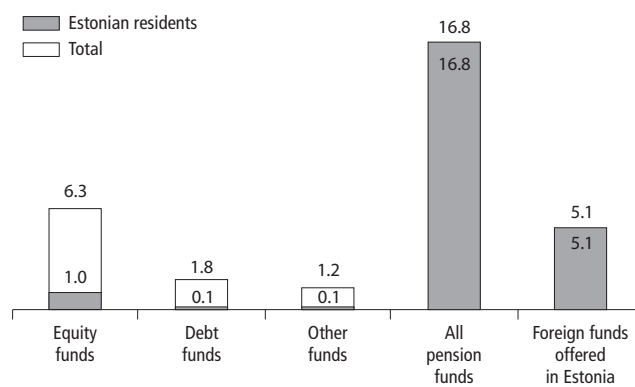
Customer structure of other funds as at 30.06.2010

(30.06.2009 in the brackets)



The preferences of Estonian residents in choosing funds:

Money invested by Estonian residents in the funds as at 30.06.2010
(billion EEK)



6. Individual portfolios¹²

a. Service

The individual portfolio management service is offered by investment firms, management companies and credit institutions.

This report does not deal with institutional customers and all the data only relates to the management of individual portfolios belonging to private and corporate customers resident in Estonia.

By the end of June 2010, the volume of individual portfolios belonging to **private and corporate customers resident in Estonia** was EEK 4.9 billion (by the end of June 2009 – EEK 4.6 billion).

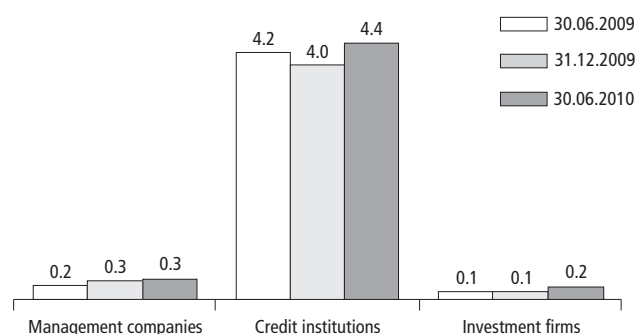
Over the year, the consolidated volume of individual portfolios of private and corporate customers increased by 8%.

Ninety per cent (90%) of assets held in individual portfolios of private and corporate customers are consolidated in credit institutions: by the end of June 2010 credit institutions were managing over EEK 4.4 billion in individual portfolios.

The volume of individual portfolios of resident customers administered by management companies was EEK 0.3 billion in total. Investment firms managed portfolios worth EEK 0.2 billion.

General market	Swedbank	41%
breakdown:	Nordea Pank	22%
	SEB Pank	18%
Customers:	Information is not available	
Volume of service:	Total volume of individual and company portfolios EEK 4.9 billion	

Volumes of individual portfolios of private individuals and companies resident in Estonia (billion EEK)



¹² The data on the management of individual portfolios include all the subjects offering that service in Estonia whose customers may include customers from Estonia as well as foreign countries.

b. Service providers

By the end of June 2010 the largest share of individual portfolios belonging to private and corporate customers resident in Estonia belonged to the largest banks: 41% to Swedbank, 22% to the Estonian branch of Nordea Bank Finland and 18% to SEB Pank.

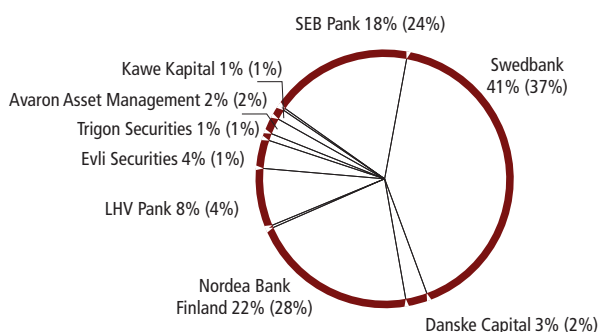
By credit institutions the largest consolidated portfolio of individual portfolios belonged to Swedbank (47%). The Estonian

branch of Nordea Bank Finland had 24%, while SEB Pank had 20% of the market.

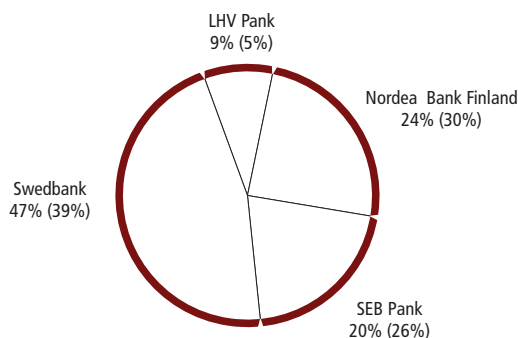
By investment firms the largest consolidated portfolio of individual portfolios belonged to Evli Securities (75%).

By fund managers the largest consolidated portfolio of individual portfolios belonged to Danske Capital (43%).

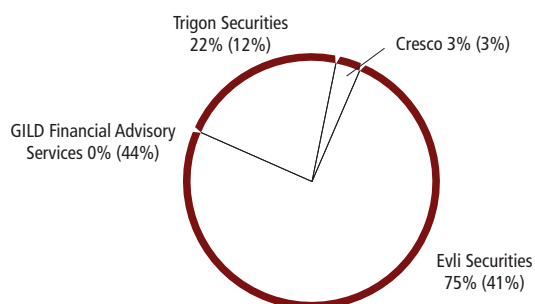
**Market shares of individual portfolios by service providers
as at 30.06.2010 (30.06.2009 in the brackets)**



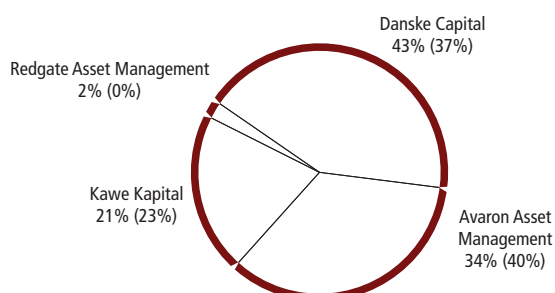
Market shares of individual portfolios by credit institutions



Market shares of individual portfolios by investment firms



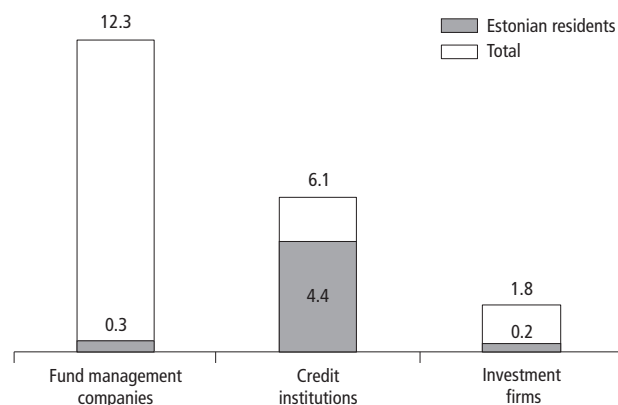
Market shares of individual portfolios by management companies



c. Service consumers

According to the Financial Supervision Authority, by the end of June 2010 individual portfolios of private and corporate customers resident in Estonia accounted for 24% of the total consolidated volume of individual portfolios. Individual portfolios of financial institutions resident in Estonia and government formed 46%, individual portfolios of non-resident financial institutions formed 25% and individual portfolios of non-resident companies and private individuals formed 5% of the consolidated volume of individual portfolios.

**Participation of Estonian resident customers in individual portfolios
as at 30.06.2010 (billion EEK)**



7. Loans¹³

In the first half of 2010 the volume of loan portfolios of banks decreased by 5.1% or EEK 12.8 billion, amounting to EEK 238.7 billion as at the end of June 2010, of which loans to companies¹⁴ comprised 45% and loans to private individuals¹⁵ 48%.

The volumes of loans decreased the most in financing companies – by EEK 6.3 billion. Loans to private individuals decreased by EEK 3.7 billion and loans to financial institutions by EEK 2.6 billion.

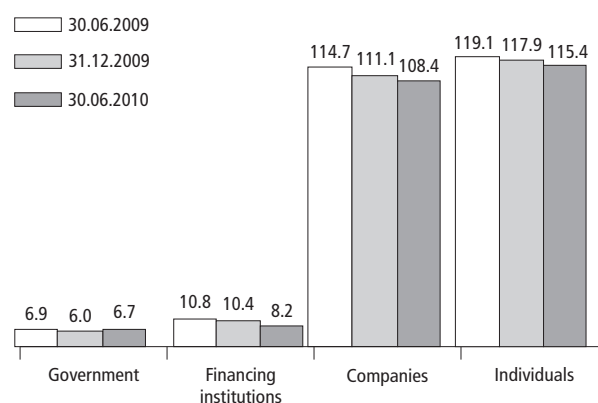
In total, as at the end of June 2010 loans granted to private individuals amounted to EEK 115.4 billion and to companies EEK 108.4 billion respectively. Loans to financial institutions¹⁶ comprised EEK 8.2 billion and loans to the government¹⁷ EEK 6.7 billion.

Housing loans in the amount of EEK 94.4 billion account for the largest share of loans to private individuals.

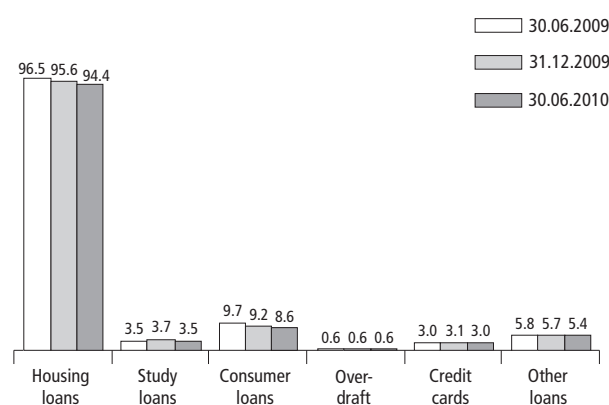
Over the year the amount of loans decreased for all customer groups.

General market	Swedbank	43%
breakdown:	SEB Pank	23%
	Nordea Bank Finland Estonian branch	15%
Private person customers:	1 135 219 contracts in force	
Volume of service:	Volume of consolidated loan portfolio EEK 238.7 billion	

Amount of loans (billion EEK)



Amount of loans to individuals (billion EEK)



¹³ The data on loans include loans granted in Estonia.

¹⁴ A company of the state or local government, other company.

¹⁵ Private individual, non-profit association.

¹⁶ Insurance company and pension fund, other financing institution.

¹⁷ Central government, local government, state social insurance fund, other non-budgetary fund.

a. Consumers

Average amounts of loan balances of private individuals:

Average balance of loans granted to private individuals EEK

	30.06.2009	31.12.2009	30.06.2010
Housing loans	602 000	597 000	598 000
Study loans	31 000	32 000	32 000
Consumer loans	41 000	40 000	40 000
Overdraft	5 000	5 000	4 000
Credit cards	6 000	7 000	7 000
Other loans	113 000	110 000	118 000

In the first half of 2010, the average balances of housing loans and of study loans remained effectively unchanged (respectively EEK 598 000 and EEK 32 000). The average balance of other loans¹⁸ increased from EEK 110 000 to EEK 118 000. The high average balance of other loans mainly resulted from loans taken for business purposes, the balance of such loans on average reached EEK 543 000. The average balances of consumer and credit card loans remained the same – EEK 40 000 and EEK 7 000 respectively. The average overdraft balance decreased from EEK 5 000 to EEK 4 000.

The number of **loan contracts with private individuals** has decreased in connection with all types of loans.

In the first half of 2010, the number of consumer loan contracts decreased by 7%, the number of study loans and credit cards by 4% each and the number of housing loans by 1%.

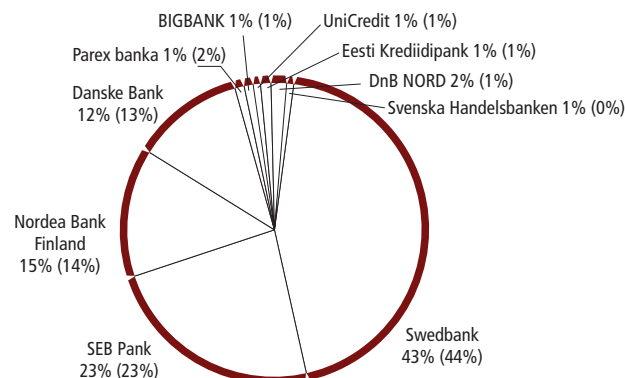
As at the end of June 2010, **the number of housing loan contracts concluded with private individuals was 157 800, the number of study loan contracts 109 100, the number of consumer loans 213 700, the number of overdraft contracts 159 800, the number of credit card contracts 448 912, and the number of other loan contracts 45 900.**

b. Service providers

The loan market is substantially divided among the four larger banks, which in all account for 93% of the total market. The largest market share is held by Swedbank – 43% of the total consolidated loan portfolio, followed by SEB Bank 23%, the Estonian branch of Nordea Bank 15% and the Estonian branch of Danske Bank 12%.

The remaining 7% of the market is shared by 10 market participants, of whom the largest market share of 1.9% is held by DnBNord.

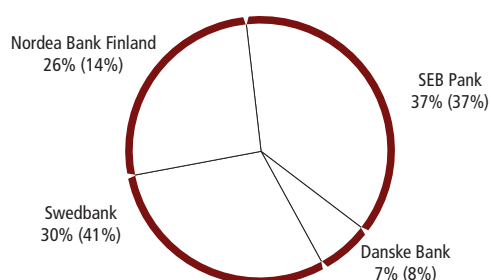
Market shares: loans as at 30.06.2010 (as at 30.06.2009 in the brackets)



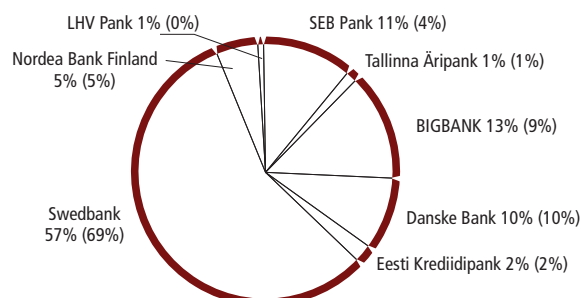
¹⁸ Other loans granted to individuals and non-profit associations are intended, among other things, for the acquisition of securities, commencement and expansion of the activities of companies.

The figures below present the division of different types of loans among credit institutions operating in Estonia:

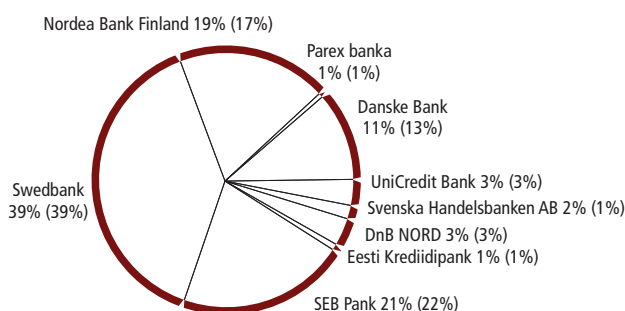
**Market shares: loans to the government as at 30.06.2010
(30.06.2009 in the brackets)**



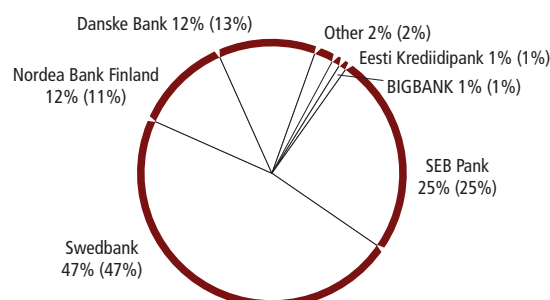
Market shares: financial institutions



Market shares: loans to companies



Market shares: loans to individuals

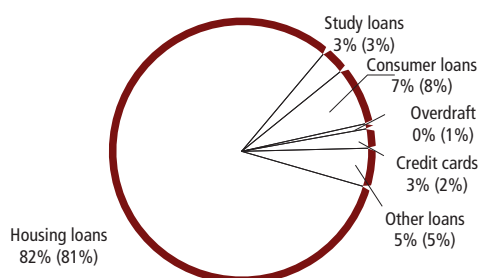
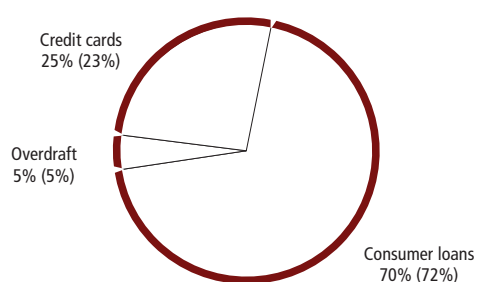


Compared to last year, significant changes occurred on the market for loans granted to the government. The market share of the Estonian branch of Nordea Bank Finland increased significantly: from 14% to 26%. The market share of Swedbank decreased from 41% to 30%. The market share of SEB Bank remained the same – 37%. In comparison with previous periods when the market for loans granted to the government was substantially divided between the two large banks – Swedbank and SEB Bank – now there is a third important player on the market.

The largest part of the market for loans to financial institutions belongs to Swedbank to the extent of 57%, although it has decreased in comparison with the situation in late June 2009.

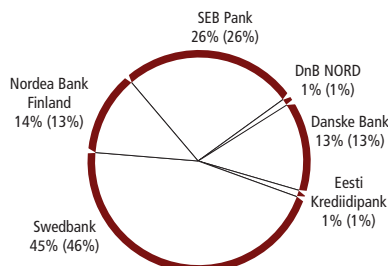
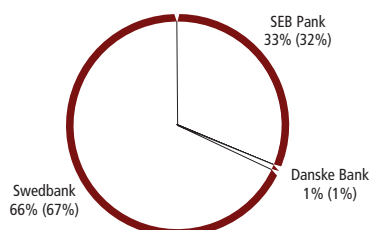
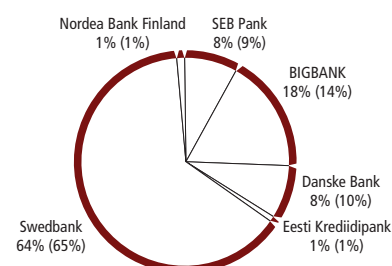
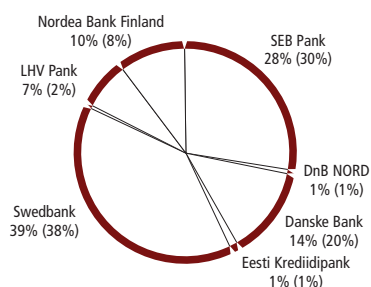
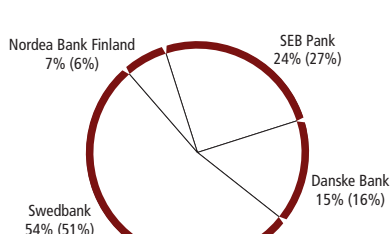
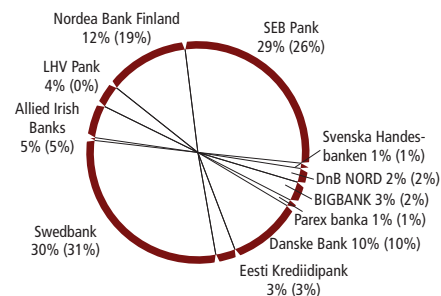
The largest part of loans to companies is granted by Swedbank (39%), SEB Bank (21%) and the Estonian branch of Nordea Bank Finland (19%).

The largest share of private individuals' loan balances is also concentrated in Swedbank (47%) and SEB Bank (25%). The market distribution of loans to private individuals has been the most stable at all times.

Division of loans granted to private individuals**Loans related to everyday consumption**

The division of loan types granted to private individuals did not substantially change over the last year. Most of the loans granted to private individuals are housing loans, totalling 82% or EEK 94.4 billion. Loans related to everyday expenses (consumer loans, used portion of credit cards, overdraft) amounted to EEK 12.2 billion.

The loan market aimed at private individuals has been very concentrated, nearly one-half of the market is held by Swedbank, the remaining share is mainly divided between SEB Bank, the Estonian branch of Danske Bank and the Estonian branch of Nordea Bank Finland. BIGBANK has continued to strengthen its positions in the area of consumer loans for private individuals.

Market shares: housing loans to individuals**Market shares: education loans to individuals****Market shares: consumer loans to individuals****Market shares: individuals' overdraft****Market shares: individuals' credit cards****Market shares: other loans to individuals**

8. Deposits¹⁹

During the first half of 2010, the **amount of customer deposits** deposited in Estonian banks increased by 2.6% or EEK 4.1 billion, reaching EEK 161.4 billion by the end of June 2010. Of this, demand and overnight deposits amounted to EEK 82 billion, fixed-term deposits for EEK 77 billion and other deposits for EEK 2 billion. Over the half-year, the share of demand and overnight deposits increased from 45% to 51% and the share of fixed-term and saving deposits decreased from 53% to 48% of all the deposits, accordingly.

The deposits of companies²⁰, with a share of 48% and total amount of EEK 77 billion, accounted for the largest portion of total deposits.

Private individuals²¹ held 39% of all deposits in the total amount of EEK 63 billion, of which demand and overnight deposits amounted to EEK 29 billion, fixed-term and savings deposits EEK 32 billion while investment and other deposits were EEK 2 billion.

Government deposits accounted for 7% of all deposits or EEK 11 billion.

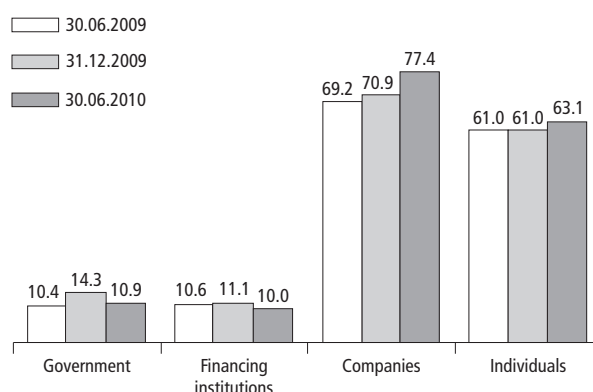
Deposits of financial institutions²² accounted for 6% of all the deposits or EEK 10 billion.

a. Service providers

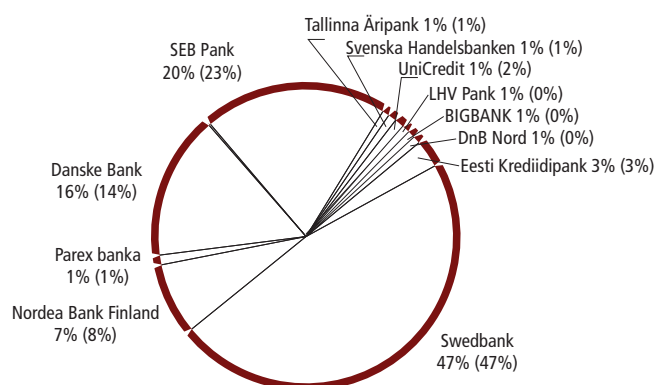
The Estonian deposit market is substantially divided between four large banks: by the end of June 2010, 47% of the market belonged to Swedbank, 20% to SEB Bank, 16% to the Estonian Branch of Danske Bank and 7% to the Estonian Branch of Nordea Bank Finland.

General market	Swedbank	47%
breakdown:	SEB Bank	20%
	Danske Bank Estonian branch	16%
Customers:	3 146 166 contracts in force	
Volume of service:	Total amount of deposits EEK 161.4 billion	

Amounts of deposits (billion EEK)



Market shares: deposits as at 30.06.2010 (30.06.2009 in the brackets)



¹⁹ The data on deposits include the amounts deposited in all credit institutions operating in Estonia and the Estonian branches of foreign countries, i.e. the deposits of both Estonian residents and non-residents.

²⁰ Companies of the state or local government, other companies.

²¹ Individuals, non-profit associations.

²² Insurers and pension funds, other financing institutions.

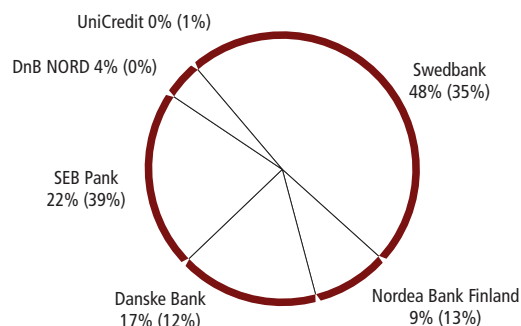
As at the end of June 2010, the largest portion of deposits were deposited in Swedbank: 48% of the deposits of the government, 38% of the deposits of financing institutions, 42% of the deposits of companies and 54% of the deposits of private individuals.

By the end of June 2010, in comparison with last year, the market share of Swedbank in the area of **government deposits** increased from 35% to 48%. The share of SEB Bank decreased from 39% to 22%. The market share of the Estonian Branch of Danske Bank was 17% and the share of the Estonian Branch of Nordea Bank Finland formed 9%.

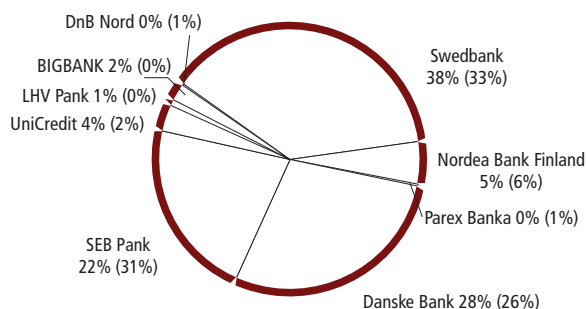
In the area of **financial institutions' deposits**, the largest market share of 38% still belongs to Swedbank. SEB Bank had 22% of the market while 28% belonged to the Estonian Branch of Danske Bank.

The **companies deposit market** is characterized by stability. In comparison with last year, there has been little change: the share of Swedbank decreased from 44% to 42% while the share of the Estonian Branch of Danske Bank increased from 18% to 21%.

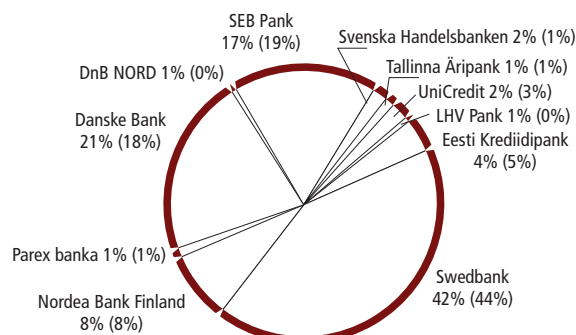
Market shares: deposits of the government



Market shares: deposits of financial institutions



Market shares: deposits of companies



The **private individuals deposit market** is also characterized by stability. However, the market share of the market leader Swedbank has been gradually decreasing (on average by 2% each year). By 30 June Swedbank's market share also decreased from 56% to 54% year-on-year. Market shares of smaller banks demonstrate growth. In comparison with the end of 2009, the share of BIGBANK increased from 1% to 3%, while the share of LHV Bank increased from 0% to 1%.

b. Service consumers

Compared to last year, the number of demand deposit and overnight deposit contracts²³ increased while the number of fixed-term, savings, investment and other deposits decreased.

The number of contracts in force as at 30 June 2010:

■ Demand and overnight deposits total	2 628 000 contracts
including private individuals	2 380 000 contracts
■ Fixed-term and saving deposits total	483 000 contracts
including private individuals	468 000 contracts
■ Investment and other deposits total	35 000 contracts
including private individuals	34 000 contracts

As at the end of June 2010, the average amount of demand and overnight deposits of private individuals was **EEK 12 300**, of fixed-term and saving deposits **EEK 68 900** and of investment and other deposits – **EEK 48 300**.

Market shares: deposits of individuals

