III SECURITIES AND MONEY MARKET

International financial markets[1]

The downward trend on major **stock markets** that had started in the middle of 2007 continued also in 2008. The year began with a strong sell-off that lasted until mid-March. Then markets somewhat stabilised, but in May the downward trend resumed and in September-October strong sales started off again. The period from April to October was characterised by continuous liquidity and credit crisis in the financial sectors of advanced economies. In addition, there was an economic decline in the euro area and Japan in the second quarter and the likelihood of recession increased also in the United States. In October it was already apparent that the crisis had acquired global dimensions. Although various central banks and governments implemented stabilising measures, investors were panicking to get rid of stock investments that were losing value day after day. This was probably the fastest and strongest post-war decrease in stock prices occurring in many countries simultaneously.

The stock indices of **advanced economies** had lost an average of 40–50% of their value by the end of October. The euro area stock index Stoxx 50 had fallen by 41%, the US S&P 500 index by 34% and Japan's Nikkei 225 index by 44%. The stock indices of Finland and Sweden had declined by 41% and 47%, respectively (see Figure 1).

Most of the market participants believed at the beginning of the crisis that it would be less pronounced in developing markets with relatively rapid economic growth. Unfortunately, the reality turned out to be rather different. Partly, it might have been that these regions were initially considered more immune to the problems. The earlier big investment boom also played a role here. The Shanghai Composite Index in China had fallen by 67% and India's Bombay Sensex 30 index by 52% by the end of October compared to the beginning of the year. At the end of October it was not clear whether and for how long it was possible to halt the market decline and achieve at least some stability.

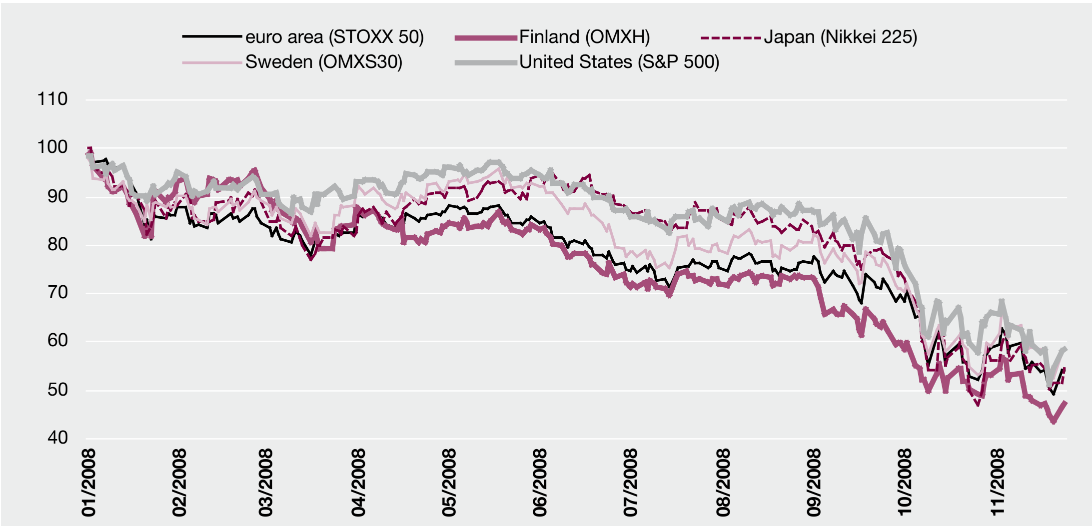

Figure 1. Stock indices in the United States, the euro area, Japan, Sweden and Finland (points; 31/12/2007 = 100)

Source: EcoWin

[1] The Review covers the period from January 1, 2008 to October 31, 2008, focusing on events that occurred from the beginning of the second quarter.

The **Central and Eastern Europe** (CEE) is worried about continuous inflationary pressures, and high volatility and uncertainty in financial markets. At the same time, this region has managed to maintain solid economic growth, although most CEE countries have relied on foreign capital in financing the growth. The banking sector has experienced robust credit growth. CEE stock markets have generally followed a downward trend: the composite index decreased by 47% over the period under review (see Figure 2). The Czech stock market witnessed the fastest fall (by 55%), followed by the markets of Hungary and Poland (by 50% and 43%, respectively). The **Russian** stock index RTS started to drop in mid-May and in October it was already 78% lower than the peak. The global market fall also concerned the **Baltic States**. The Latvian and Lithuanian stock exchanges had dropped by 37% and 56%, respectively, as at October 31 compared to the beginning of the year (56% in Estonia; for further information see Section *Stock market*).

From among the CEE countries, **Hungary** has suffered the most in the global financial turmoil. Hungary largely relied on foreign investors buying government bonds while banks had difficulties in funding the bonds in foreign currency as international and local money markets lacked liquidity. The Hungarian government and the central bank have taken several measures to support the Hungarian forint and money market. In the last week of October, the central bank raised the key interest rate by 300 basis points to 11.5% in order to stop the further depreciation of the forint. In addition, an agreement was reached between the International Monetary Fund, the European Union and the World Bank in respect of a rescue package of 25.1 billion US dollars, which would help stabilise the Hungarian economy.

Developments in **bond markets** were also strongly influenced by the international financial crisis, which became more pronounced in September and October, and forced central banks as well as governments to actively intervene in order to balance the situation and ease the panic in financial markets.

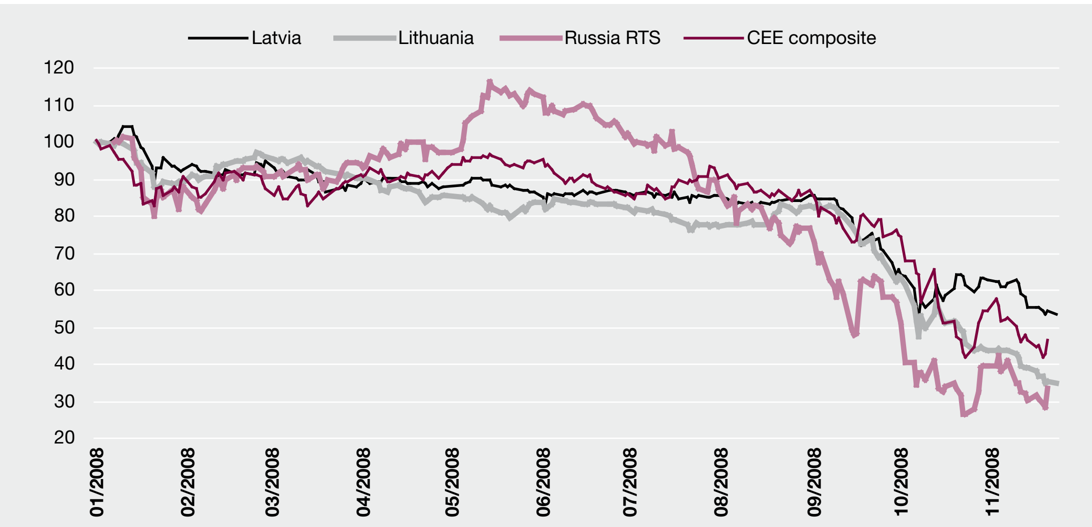

Figure 2. Stock indices in the CEE countries, the Baltic countries and Russia (points; 2/1/2008 = 100)

Source: EcoWin

In government bond markets, two opposite development periods could be distinguished. A slight stabilisation in stock markets and interbank money market from mid-March until end-June brought along an increase in government interest rates. Despite the slowdown in economic growth, economic environment seemed so favourable that some central banks (Swedish central bank and the European Central Bank) still perceived the rise in inflation as the primary risk and continued to raise **monetary policy interest rates**. In July the situation started to change: stock markets started to decline again and interest rates began to decrease as well in the backdrop of deteriorating growth outlook. This process gained even more momentum in September and October when the liquidity and credit crisis flared again. In October several central banks (the US, the euro area and the United Kingdom among others) cut the key interest rate by 50 basis points.

The dynamics of **short-term interest rates** was characterised by the growing spread between government and interbank interest rates due to the liquidity crisis. At the peak of the crisis, the demand for short-term government bonds was so high that their three-month interest rates fell to zero in the US, and elsewhere to the levels that did not meet the actual interest expectations. The spread between government and interbank money market interest rates increased sharply owing to lack of trust in the interbank market (see Figure 3). The US three-month government interest rate fell by 94 basis points to 0.39% from end-March to end-October; meanwhile the three-month dollar Libor increased by 34 basis points to 3.03%. The same could be noted in the euro area, where the respective changes were -132 and +4 basis points, and in Sweden (-72 and -13 basis points).

In October, the Latvian and Lithuanian interbank three-month interest rates increased considerably, reaching 11.6% in Latvia (660 basis point spread with the Euribor) and 8.4% in Lithuania (358 basis point spread; see Figure 4). The October peaks were followed by a slight decrease in the interest rates, but November witnessed a new rise.

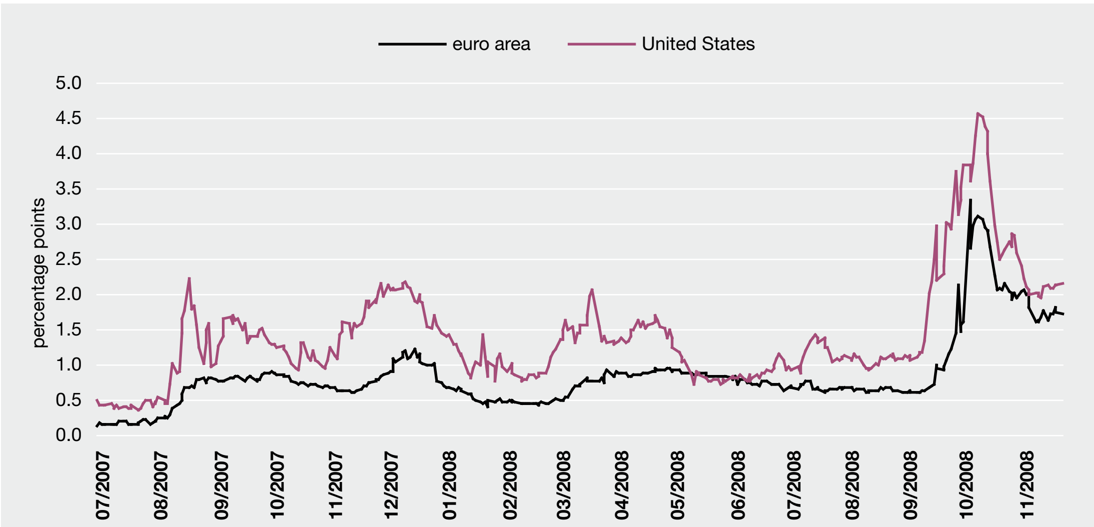

Figure 3. Spread between interbank money market interest rates and government interest rates in the United States and the euro area

Source: EcoWin

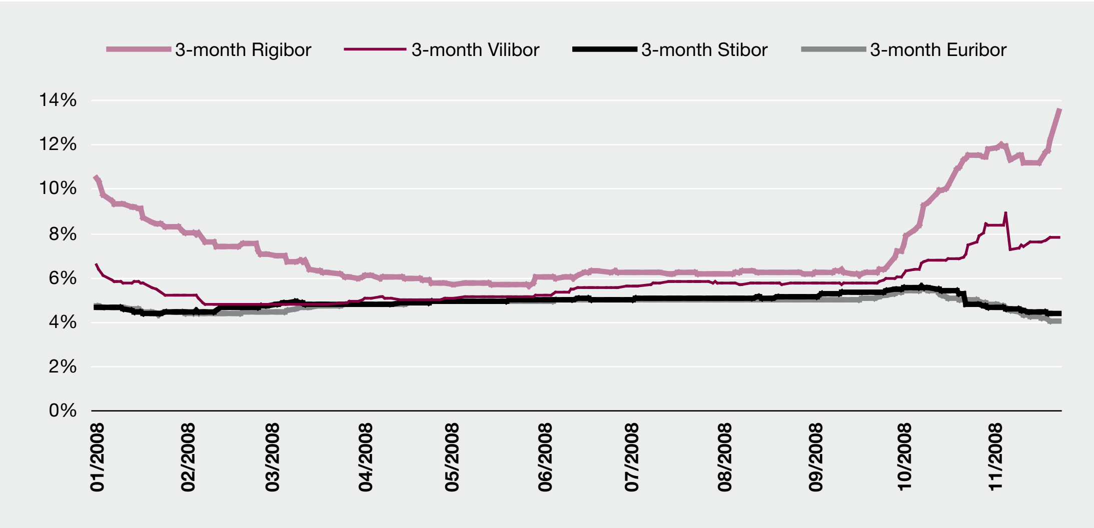

Figure 4. Money market interest rates in Latvia, Lithuania, Sweden and the euro area

Source: EcoWin

The liquidity of the Russian economy started to decrease already in June 2007. Government support packages have not been very stimulating to liquidity either. The 30-day Mibid increased from 4.6% in the middle of May to 9.5% at the end of October. The Mibor rose from 5.8% in the middle of May to 12.9% at the end of October. The liquidity programme launched in October and lack of trust in the economy have been rapidly reducing the central bank's foreign reserves, which have decreased from the record high of 598 billion US dollars at the beginning of August to only 485 billion dollars (-23%) by end-October.

Long-term (ten-year) government interest rates remained unchanged in the euro area and declined by 46 basis points in Sweden. In the United States, long-term interest rates rose by 56 basis points due to a massive support package to the financial sector. At the same time, the market was extremely volatile in October and fluctuated in a wide range (see Figure 5).

Foreign exchange markets experienced several significant developments in the period under review. The US dollar stabilised in the second quarter despite the financial crisis looming in the States and began to appreciate rapidly at the beginning of the third quarter. First, the long-term downward trend had made the dollar relatively cheap vis-à-vis other currencies considering the purchasing power parity, which means that it had become attractive to investors. Second, the widening of the interest rate spread with other countries, which had so far been weakening the dollar, ceased as the financial crisis and economic slowdown spread also elsewhere. Third, the financial crisis brought about a decrease in financial leverage and risk appetite, thus leading to an extensive unwinding of carry transactions. This is indicated by the fact that in the primary months of crisis (September-October), it was the currencies with lower interest rates – the Japanese yen, the US dollar and the Swiss frank – that appreciated in advanced economies. From the beginning of the year until October 31, the yen appreciated by nearly 34%, the US dollar by 17% and the Swiss frank by 15% against the currencies of other G7 countries. However, the biggest losers were the currencies formerly known for high interest rates, such as

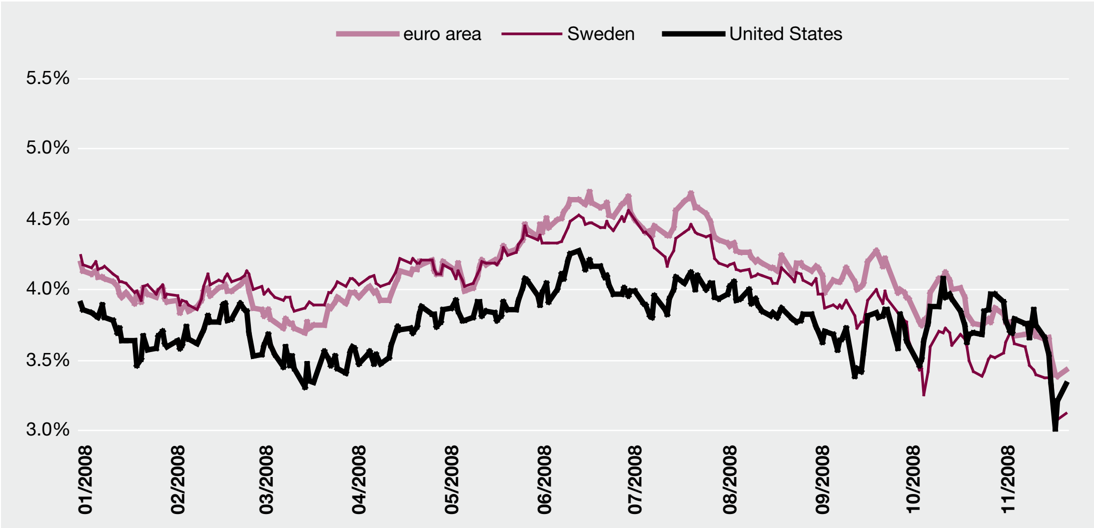

Figure 5. 10-year interest rates in the euro area, Sweden and the United States

Source: EcoWin

the Australian dollar and the New Zealand dollar (both dropping 14%).

In sum, foreign exchange markets witnessed the following developments from the beginning of April until end-October: the euro depreciated against the dollar by 19.4% to the level of 1.27 and the Swedish krona depreciated against the euro by 5.5% to 9.88 (see Figure 6). The Japanese yen appreciated against the US dollar by 0.7% to 98.44. As the financial crisis deepened in September and October, the average daily volatility of exchange rates increased nearly 4 to 5 times compared to July and August. The exchange rate of the Latvian lat has slightly depreciated against the euro compared to the beginning of the year.

The upward trend in the **commodity markets** stopped in the second quarter as slower economic growth had eased demand. The CRB index, which reflects the prices of 22 major commodities, started to decrease in July, falling nearly 18% from the beginning of the year until October 31.

The price of **crude oil** (WTI) continued to increase until the beginning of July and reached a record high of 145 US dollars per barrel. However, this was followed by a drastic fall and in October the price was already 60–70 US dollars per barrel, which was over two times lower than the July's peak (see Figure 7). This caused concerns for OPEC, which discussed reducing the production in order to stabilise the price.

The price of **gold** peaked on March 17 at 1,002 dollars per ounce. By the end of October, the price of gold had decreased by 13.8% due to lower inflation risk and the appreciation of the US dollar.

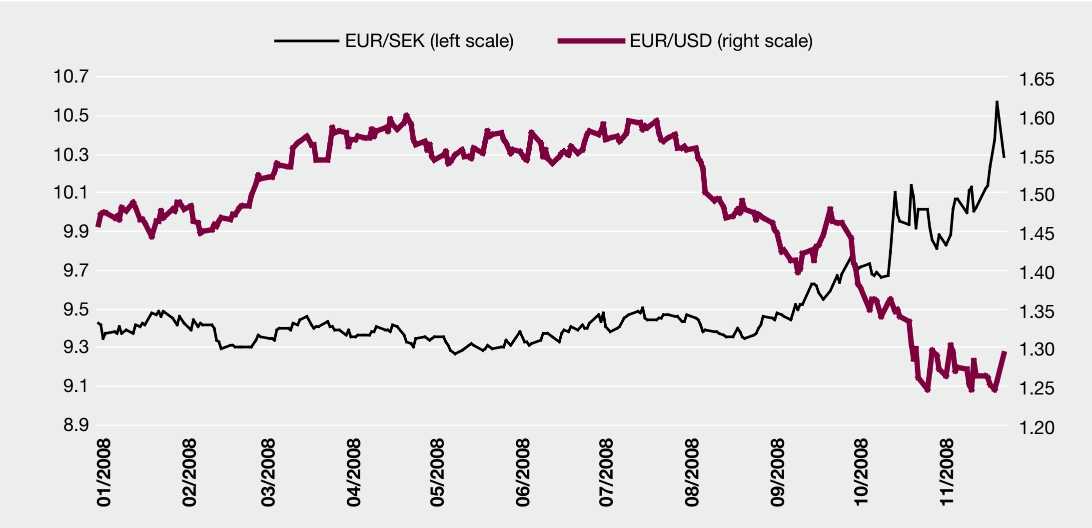

Figure 6. Exchange rate of the euro against the Swedish krona and the US dollar

Source: EcoWin

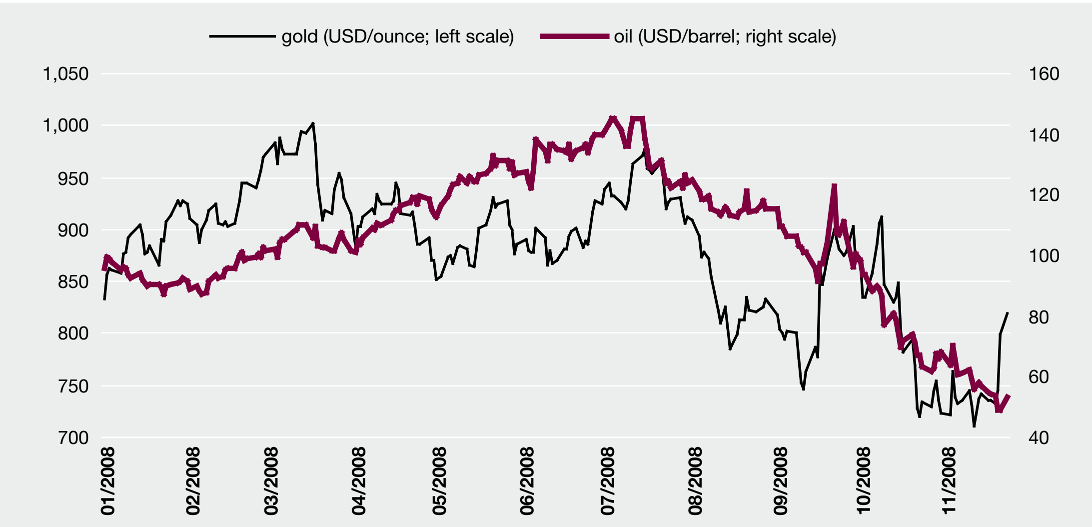

Figure 7. Prices of gold and crude oil (WTI)

Source: EcoWin

PROGRESS OF THE GLOBAL LIQUIDITY AND CREDIT CRISIS

The financial crisis that had started off from the cooling of the US real estate market and the accumulation of mortgage delinquencies deepened considerably in September and October, when the lack of trust between banks resulted in an increasing number of financial institutions with liquidity problems. The crisis originating from the US quickly extended to Europe and achieved global dimensions soon after. The earlier hope that at least some countries remain relatively immune to the economic and financial difficulties of advanced economies faded and the crisis unfolded fully also in emerging economies.

The turbulence in financial markets has also affected the non-financial sector and has increased the risk of global economic recession. Several central banks and governments have separately as well as together developed support measures for stabilising the financial system but have not so far succeeded in creating enough confidence in the markets.

After the takeover of the US investment bank Bear Stearns & Co by JP Morgan in March, financial markets adopted a wait-and-see approach. Tensions escalated again on September 7 when the Federal Housing Finance Agency (FHFA) declared together with the US government and the Federal Reserve Bank that Fannie Mae and Freddie Mac – the mortgage loan agencies experiencing financial difficulties – would be placed into conservatorship. The purpose of the governmental takeover was to ensure the stability of financial markets and the availability of housing loans to support the housing market and protect the interests of taxpayers.

However, markets' positive reaction to government intervention was short-term because the lack of trust between investors hit new major market participants and the next on the endangered list were the biggest US investment banks. After Bear Stearns, the next of the four remaining Wall Street investment banks to disappear was Merrill Lynch, which was acquired by the Bank of America on September 14. On September 15, Lehman Brothers, the fourth largest investment bank in the US, filed bankruptcy petition because of liquidity problems. This time the government was unwilling to support the takeover and due to great losses and undetermined amount of debts potential investors also lost interest in the takeover. The era of Wall Street investment banks ended on September 21 when the last two giants, Goldman Sachs and Morgan Stanley, were turned into bank holding companies.

Besides the investment banks, a leading insurance company in the US, American International Group (AIG), also faced liquidity constraints. Again the Federal Reserve stood up to save AIG and on September 16 informed the public of granting AIG a liquidity loan in the amount of 85 billion US dollars (in October, the credit line was increased by another 37.8 billion dollars). September 25 witnessed the bankruptcy of the largest savings and loan association in the US, Washington Mutual. This was the biggest collapse in the US banking history. The Federal Deposit Insurance Corporation (FDIC) sold the frozen assets and part of the liabilities of Washington Mutual to JP Morgan. Next in line was the sixth largest bank in the US, Wachovia, who reported of selling its assets to Citigroup on September 29. However, the transaction with Citigroup failed since the assets were sold to Wells Fargo who made a better offer.

Due to close economic ties, the crisis quickly extended to Europe where the lack of trust between banks forced several governments to take steps for saving the financial sector. In addition to the British bank Northern Rock, which faced a serious liquidity squeeze in autumn 2007 after the massive deposit withdrawal and which was nationalised, the next victim of the crisis was the British banking and insurance group HBOS, whose takeover was announced on September 18 by Lloyds TSB.

On September 28, the governments of Benelux countries informed about the partial nationalisation of Fortis, the largest banking and insurance company in the Netherlands. On September 29, the British government reported the partial (bank's loan portfolio) nationalisation of Bradford & Bingely; retail banking network and deposits were taken over by Spain's largest bank, Banco Santander. On the same day it was reported that the German government and banking consortium would provide credit to the biggest mortgage bank in Germany, Hypo Real Estate (member of the German stock exchange DAX, the owner of DEPFA bank). On September 30, the governments of Belgium, France and Luxembourg notified of granting a loan to Dexia – a bank specialising in servicing local governments. On October 13, the British banks RBS, HBOS and Lloyds TSB were partly nationalised. October 16 recorded reports of plans to save the major Swiss banks UBS and Credit Suisse.

The beginning of October witnessed the collapse of the banking sector of Iceland owing to its large external debt. Due to the extensive use of loan resources, the revaluation of assets revealed serious problems for three major banks of Iceland (Glitnir Bank, Landsbanki and Kaupthing Bank) and the banks were nationalised. The Icelandic krona depreciated steeply by about 30% and stock market capitalisation decreased by more than 75%. By the end of the second quarter, Iceland's external debt had increased to 9,553 billion Icelandic kronas (GDP for 2007 was 1,239 billion kronas).

Governments and central banks responded to the systemic crisis with various measures, including the abovementioned nationalisation of banks and series of other extraordinary steps to stabilise the markets. To ensure the functioning of the monetary system, central banks injected extra liquidity to the market. It mainly included the US dollar but extraordinary offers were made also by the European and British central banks. The Federal Reserve introduced new monetary policy instruments and expanded the range of acceptable collaterals to improve the availability of credit. The European Central Bank, the Bank of England, the Federal Reserve, and the central banks of Canada, Switzerland and Sweden made coordinated key interest rate cuts by 50 basis points on October 8 in order to boost the loan market. Several Asian countries (China, South Korea, Indonesia, Hong Kong, Taiwan and Philippines) followed suit.

On September 19, the US Secretary of the Treasury Henry Paulson announced the development of the national rescue plan TARP (Troubled Asset Relief Program, later revised and retitled as the Emergency Economic Stabilization Act of 2008) for the stabilisation of the financial system. The US government proposed to clear the market from non-performing illiquid assets and take on 700 billion dollars worth of problematic real estate investment. The first round of voting in the US Congress on September 29 did not produce enough votes needed to approve the plan. Consequently, the fear and panic in the market deepened and stock markets reacted by falling sharply. The revised rescue plan was approved in the second round of voting on October 3, but the market fall could not be stopped and the expected positive effect was not achieved.

The governments of European countries also took steps to support the markets. On October 8, the British government announced the development of 500 billion pounds worth rescue plan for banks. Banks will receive additional resources, their liabilities will be guaranteed to the extent of 250 billion pounds, the volume of short-term marginal lending facility will be increased and the upper limits of deposit guarantees raised. Several other European governments (Germany, Italy, Austria, Belgium, Denmark, Sweden, Portugal, Greece, Ireland and Spain) also reported raising the upper limits of deposit guarantees. In some countries, government guarantees were given to new bank loans to stimulate the credit market.

In addition, supervision and legislation have been strengthened to achieve stability. Several countries (e.g. the UK, the US, Australia, Germany, Ireland, Switzerland, Canada, France, the Netherlands and Belgium) have established restrictions on short sale to stop the market fall.

To balance global financial markets, the G7 countries have agreed on an action plan according to which:
- all available tools will be used to support systemically important financial institutions and prevent their failure;
- all necessary steps will be taken to “unfreeze” credit and money markets and ensure that financial institutions have access to capital;
- the consistency of national deposit insurance and guarantee programs will be ensured;
- secondary markets for mortgages and other securitised assets will be relaunched;
- measures should be taken in ways that protect taxpayers and avoid potential adverse effects on other countries.

According to the **International Monetary Fund** (IMF), the current priority is to restore trust in the financial sector and avoid the mutual amplification effect of negative developments in the real economy and the financial sector. This requires strengthening banks’ capital and ensuring the availability of funding.

In a slightly longer term, it is equally important to strengthen the legislation regulating the financial sector. The IMF has stressed that the risk and liquidity management of financial institutions needs to be strengthened; risks must be clearly reflected in balance sheets and be comparable across different institutions and periods. The current crisis has also shown the significance of efficient crisis management and cross-border supervisory cooperation.

In addition to the direct measures for supporting the financial sector, the IMF recommends taking also macroeconomic measures to foster economic growth. The alleviation of monetary policy might not be sufficient and economy needs additional fiscal stimulus. This can be done in countries where fiscal position is sufficiently strong.

Besides economic policy consultations and the promotion of international cooperation for strengthening the financial sector, the IMF has provided support to countries through loans and economic programmes. The Fund also introduced a new loan instrument at the end of October. This instrument enables to provide quick support to the countries with sound economic policy that need short-time funding in the current crisis situation in order to solve temporary liquidity problems.

Together with other international organisations, such as the Financial Stability Forum (FSF), G7 and G20, the IMF continues work on strengthening the global financial system, taking on the role of coordinator.

Money market

The European Central Bank (ECB) continued tightening the monetary policy stance in the first half of 2008, changing on July 3 the **monetary policy interest rates** that had remained unchanged for more than a year. The minimum bid rate for the main refinancing operations was increased by 25 basis points to 4.25%. The ECB explained this by the growing risk of the so-called second-round effects, which could undermine the price stability goal.

However, as the financial crisis aggravated in the middle of September, the ECB was forced to cut the monetary policy interest rates. Thus at the beginning of October, the ECB in a coordinated action with other major central banks lowered the minimum bid rate for the main refinancing operations by 50 basis points to 3.75%. In addition, the ECB decided to narrow the range of interest rates on marginal lending facility: the difference between marginal lending and deposit facilities was reduced from earlier 200 basis points to 100 basis points.

At the beginning of November the ECB was again forced to cut all monetary policy interest rates by 50 basis points in order to ease tensions in the money market. The interest rate on the main refinancing operations was decreased to 3.25%.

The euro area **interest rates of the interbank money market** had slightly increased across all major maturities already before the spread of the crisis. In October, the loss of liquidity and confidence in the interbank and money and securities market boosted the Euribor to a record high. After that, and mostly as a result of the monetary policy steps taken by the ECB, the upward trend of the Euribor turned.

The difference between the interest rate quotations of the Estonian money market (Talibors) and respective Euribors grew sharply in October and November, as at the time Euribor decreased, Talibor rather increased (see Figure 8).

Money market quotations have quite well reflected the developments in the Estonian kroon derivatives market, which is relatively more active in terms of turnover: **forward premiums of the kroon** have increased across the entire maturity spectrum (see Figure 9). The slightly higher interest of investors to cover the kroon positions

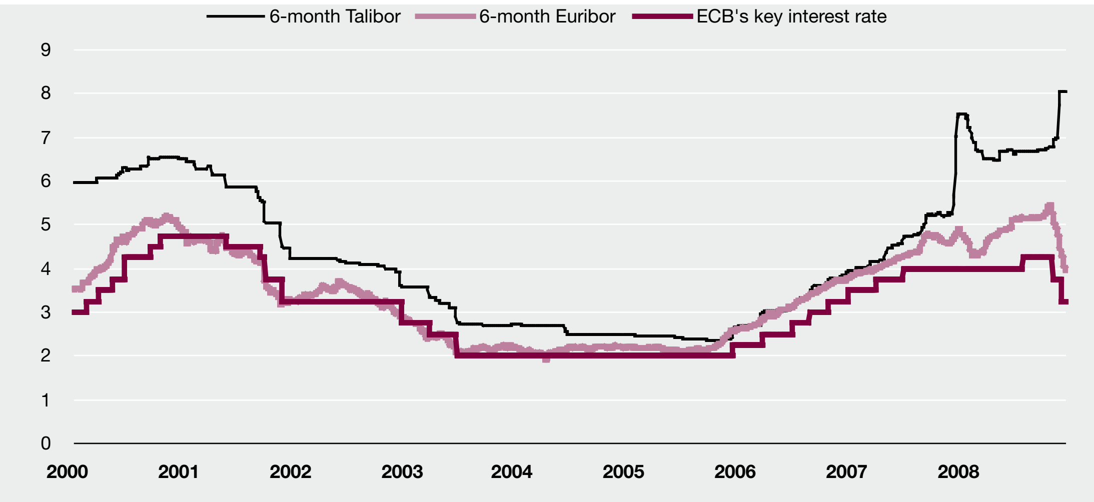

Figure 8. Money market interest rates in Estonia and the euro area (%)

Source: EcoWin

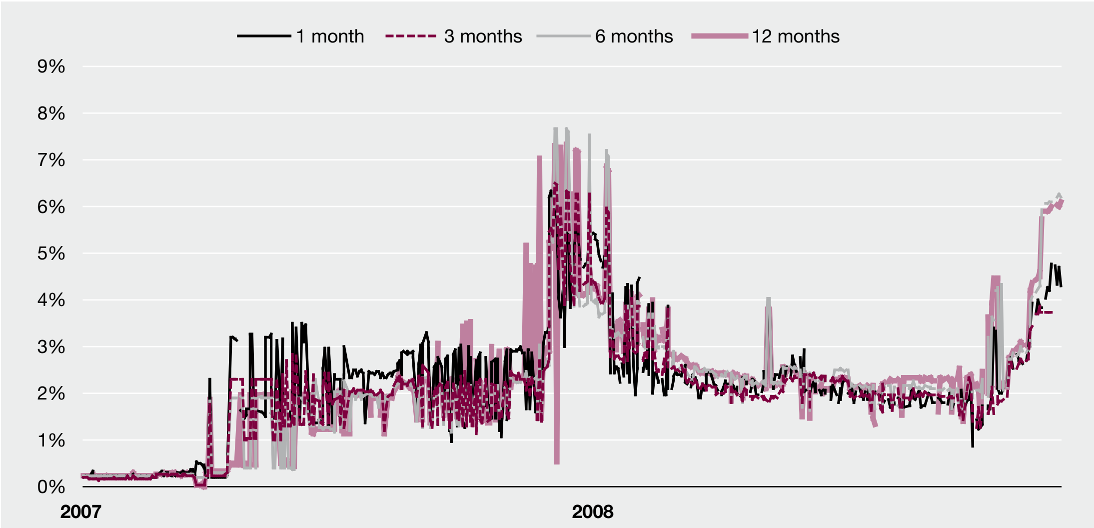

Figure 9. Forward premiums of the Estonian kroon against the euro

Source: Reuters

was to be expected given the lower risk assessments for the Baltic States. On the other hand, until the end of November the prices of derivatives did not reach the high levels recorded at the end of 2007, when the covering of the kroon positions was more active due to devaluation panic.

The **turnover of the derivatives market** remained low in the second and third quarters of 2008 and decreasing further in August and September (see Figure 10). More than a half of the turnover comprised transactions with non-residents. Similar to derivatives, the interest in spot transactions with the Estonian kroon has remained modest.

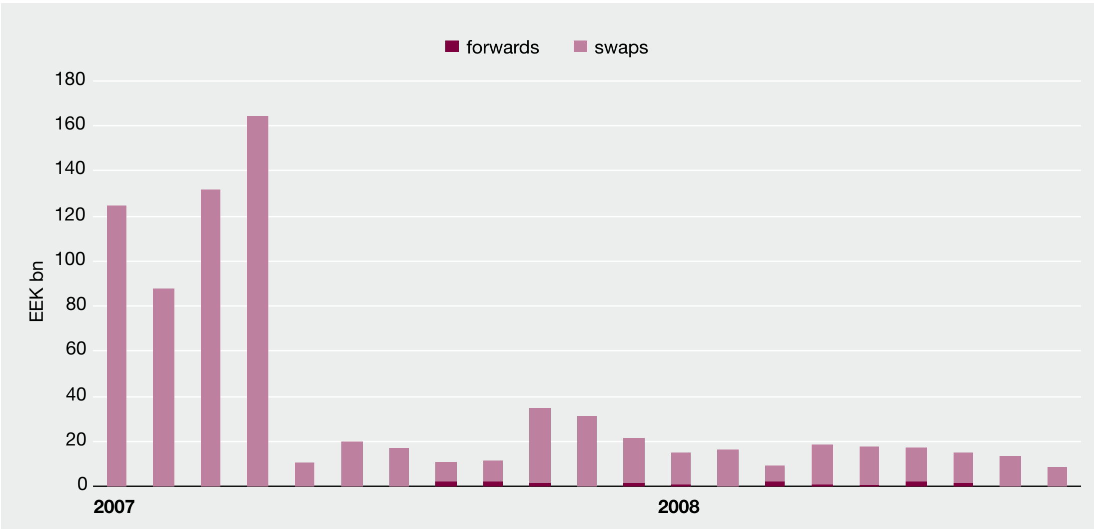

Figure 10. Monthly turnover of derivatives transactions with Estonian credit institutions

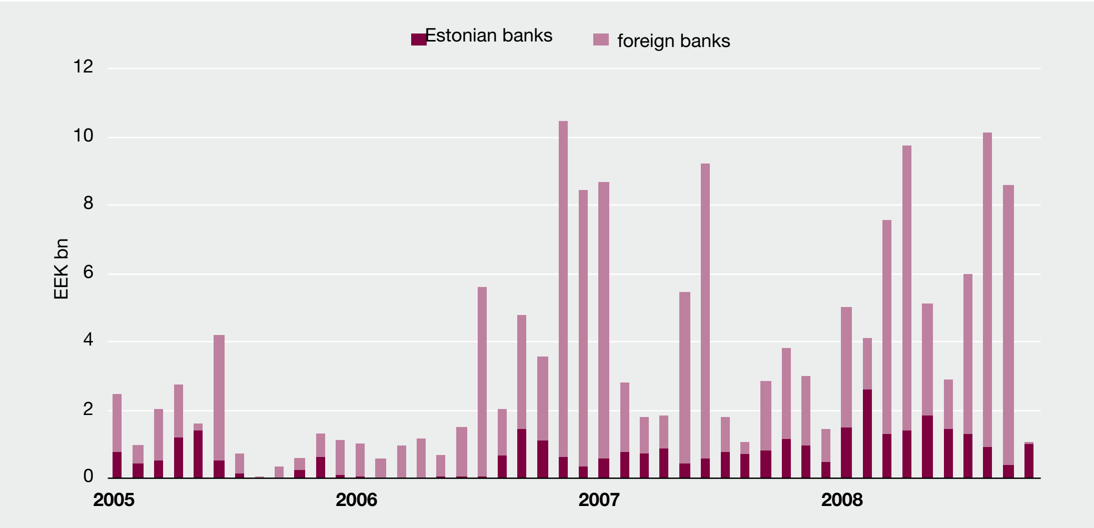

Figure 11. Monthly turnover of short-term kroon loans in the interbank money market

The **turnover of short-term kroon loans** has increased in 2008, whereas from the first quarter, an increase in the lending activity of local credit institutions could be observed (see Figure 11). Swedish credit institutions still prevailed among non-resident market participants. The liquidity management of Estonian credit institutions is centralised at the group level. To convert euros to kroons, the central bank's forex window is widely used.

The liquidity of the Estonian kroon has been stable and no significant failures have occurred in the financial sector's kroon liquidity. **Banks' settlement buffers in the central bank** have been high enough and the banking sector has not had difficulties with fulfilling the reserve requirement (see Section *Interbank payment and settlement system*). Moreover, due to tensions in the international money and capital markets, it became more profitable for some banks to deposit their entire required reserve in Eesti Pank, rather than investing it in other widespread debt instruments, such as government bonds. This, however, had no impact on Estonia's real economy.

Bond market

The **primary bond market** was calmer in the last two quarters compared to the earlier very active quarters (see Figure 12). The annual turnover of the primary bond market had increased only 2% by the end of September despite the high levels recorded in the first months of 2008. The total market capitalisation of bonds amounted to 14 billion kroons at the end of September, forming 5.2% of GDP (5.1% in September 2007). October witnessed the trend of the previous period with the total monthly volume of issues being 90 billion kroons.

The second and third-quarter turnovers (3.2 billion kroons) accounted for only approximately half of the volume of the two previous quarters. Issues decreased in all sectors. The majority of the primary market turnover included the bonds of non-financial sector companies and non-residents – 57.8% and 30.6%, respectively. After the issues of credit institutions in April and May, which totalled 325 million kroons (11.6% of the turnover for the first half-year) there have been no issues.

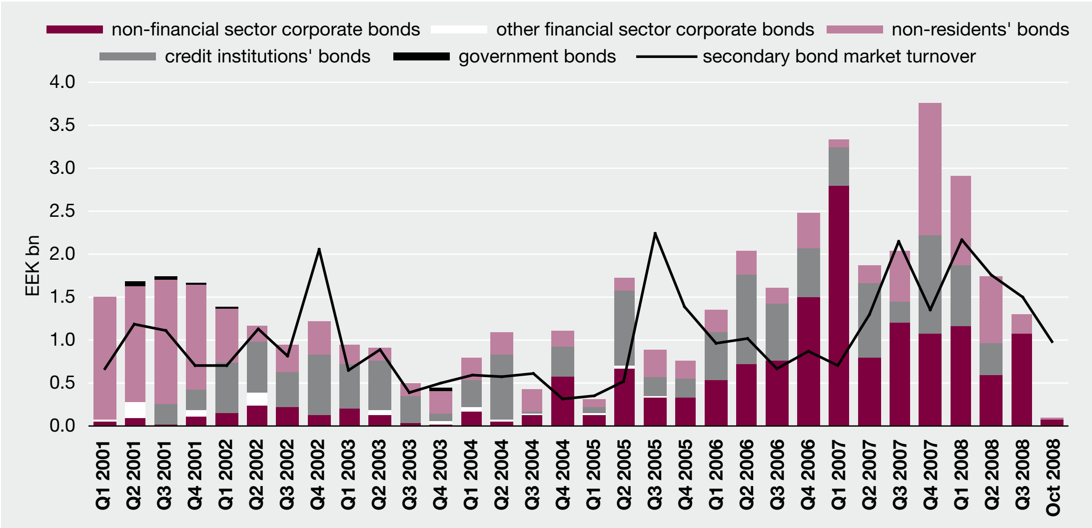

Figure 12. Bonds issued and secondary bond market turnover on a quarterly basis

The majority of the primary market turnover included residents' issues, whereas the share of issues in Estonian kroons decreased (see Figure 13). The issues in Estonian kroon in the past six months constituted on average only 27% of the total turnover (14% in the last quarter). The share of non-residents' issues decreased as well: to 38%.

While turnover growth in the primary bond market was two times lower than in earlier quarters, the monthly average daily turnover of the **secondary bond market** (26 million kroons) remained at the level of the previous half-year.

On the **Tallinn Stock Exchange** the bonds of Balti Investeeringute Grupi Pank were redeemed in the last half-year in the total amount of 170 million kroons. Bonds of three new companies were listed during the same period. The bonds of seven companies[2] had been listed

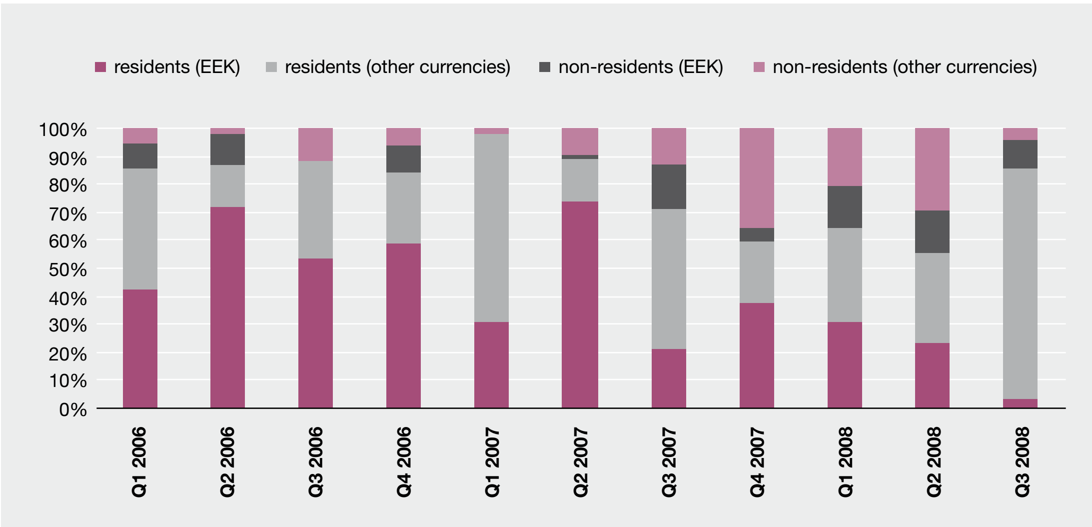

Figure 13. New bonds by issuer's residence and currency

[2] ABC Grupp, LHV Ilmarise Kinnisvaraportfell, Manutent, Q Vara, SEB Pank, Tallinna Sadam and BIGBANK.

at the Tallinn Stock Exchange as at the end of October. Their total market value was 609 million kroons; that is, 4.6% of the total bond market capitalisation.

The share of resident **investors** in the bond market capitalisation has decreased since 2003, standing at 65% (9.1 billion kroons) at the end of September 2008. Private investors own about 2.4% of the bonds[3] (see Figure 14).

Stock market

The fall hit the Tallinn Stock Exchange at the end of summer 2007 and continued also in the past six months. By mid-November, the value of Tallinn Stock Exchange index **OMXT** had fallen below 300 points. OMTX has decreased by 63% with the year. The value of the index has fallen approximately 74% compared to the peak achieved in February 2007 (1043 points).

Figure 14. Bond investors by residence

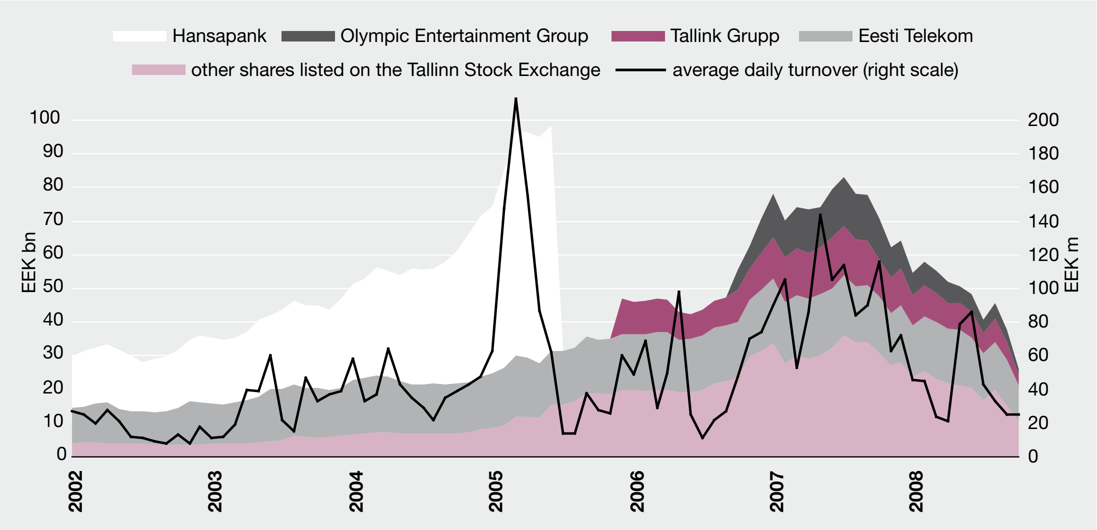

Figure 15. Market capitalisation of shares listed on the Tallinn Stock Exchange and average daily turnover (end-month)

[3] The structure of resident investors is divided into non-financial sector companies, insurance companies/pension funds and an unspecified group (18%, 24% and 25%, respectively).

The **capitalisation** of the Tallinn Stock Exchange has decreased further as a result of a rapid price decline. Total capitalisation was only 26 billion kroons at the end of October (see Figure 15). It has decreased by about 50% over the past six months and by approximately 44.7 billion kroons year-on-year (63%).

The primary list of the Tallinn Stock Exchange included 18 companies at the end of October.[4] The fall in total market capitalisation of listed companies brought along a further decrease in the market capitalisation to GDP ratio, which stood at 10% at the end of October (31% in October 2007).

The **average daily turnover** of the Tallinn Stock Exchange has decreased by approximately 13 million kroons in the last two quarters as a result of the uncertainty in financial markets and the drop in share prices. The average daily turnover for the last two quarters was only 48 million kroons. October was also quiet: the average daily turnover was approximately 25 million kroons.

The most liquid shares over the past six months were those of Tallinna Vesi, Eesti Telekom, Tallinna Kaubamaja and Tallink Grupp, which accounted for most of the turnover of the Tallinn Stock Exchange.

At the end of October, the **Tallinn Stock Exchange** had 31 members.[5] Swedbank, SEB Pank and LHV were again the most active traders, accounting for 35.5%, 20.3% and 14.4% of all transactions, respectively.

While capitalisation of the companies listed on the Tallinn Stock Exchange has lost more than a half of its value over the past six months, the **structure of investors** has remained the same (see Figure 17). The share of foreign investors is continuously high, namely 49% of total capitalisation (18.5 billion kroons). The majority of foreign investors are Swedish (53%). Approximately 10% of residents' investment belong to private investors.

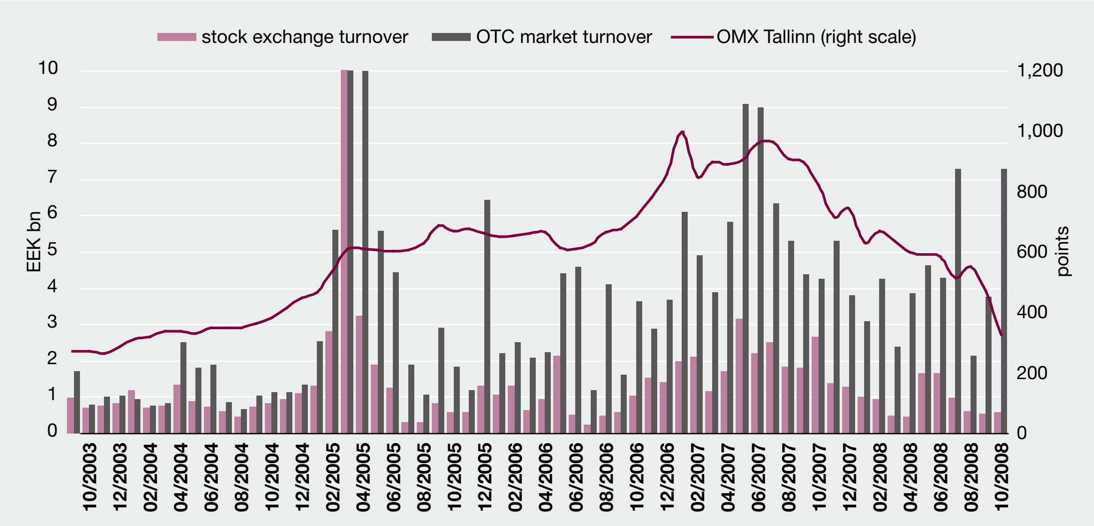

Figure 16. Stock turnover on the Tallinn Stock Exchange and OTC market and index OMX Tallinn (end-month)

[4] Saku Õlletehas left the stock exchange on September 19, having been in the primary list for 12 years. The last half-year also witnessed the split of Merko Ehitus into AS Järvevana and AS Merko Ehitus.

[5] The list was extended by four new members: Ukio Bankas, Finasta bank, SEB Pank and Evli Bank Plc. Nordnet Bank and Evli Securities were delisted.

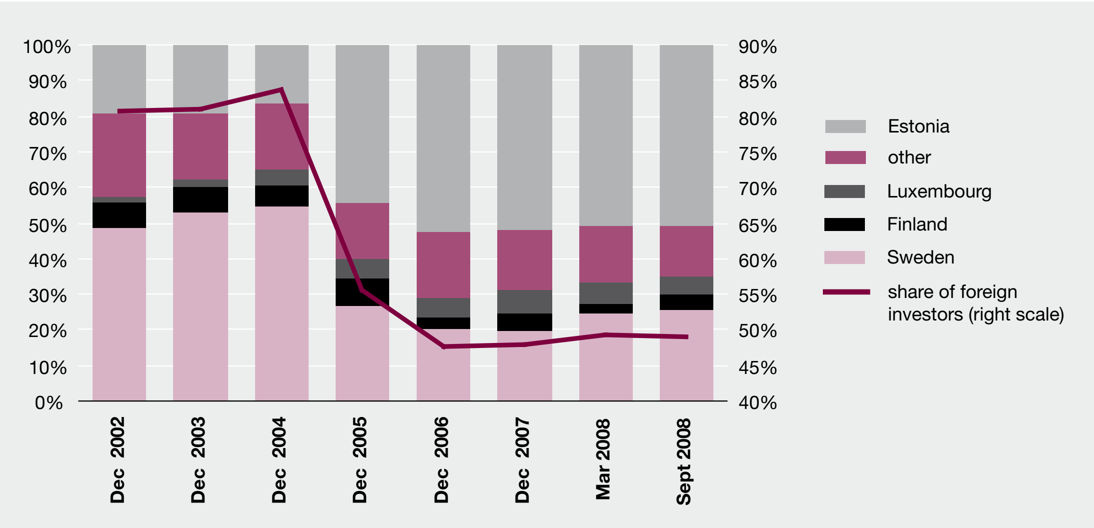

Figure 17. Structure of investors by residence and share of foreign investors of shares listed on the Tallinn Stock Exchange