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## Q1 2021 overview of investment fund sector

There were six investment firms operating in the market in the first quarter. There are no branches of foreign investment firms operating in the market in Estonia.

Key indicators	Q4 2020	Change	Q1 2021
Value of client assets	403 million €	?	473 million €
Value of assets of investment firms	107 million €	?	103 million €
Profit/loss	-3.8 million €	?	-0.9 million €
Net income	3.9 million €	?	6.9 million €
Return on equity (cumulative, annualised)	29.4%	?	-4.7%
CET1 ratio, consolidated	25.06%	?	24.68%

Investment firms earned gross income of 18 million euros in the first quarter of 2021 and net income of 7 million euros. Although both these figures were better in the first quarter than in the fourth quarter of 2020, this was not enough to bring the firms into profit, and as in the previous quarter the sector made a loss.

The value of the assets of investment firms fell by 4% during the quarter in unconsolidated calculation to 103 million euros. Cash funds made up 35% of the assets of the sector. Adding cash to the investments in tradeable bonds means that 48% of total assets were in liquid funds. Loans to clients made up 36 million euros or 35% of the total assets of the sector.

Client assets managed by investment firms increased by 18% in the first quarter to 473 million euros. The market risk exposures of investment funds increased by 52% to 187 million euros. All the investment firms met the Pillar 1 and Pillar 2 norms for own funds.

## **Main development trends and risks**

- The total balance sheet of the investment firm sector is liquid and capitalisation is good.
- Although income increased a little over the quarter, the investment firm sector remained in

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loss.

- Capital regulation for investment firms changed substantially on 28 June. The estimates submitted to Finantsinspeksioon show the capital requirements for investment firms increasing by 5% on average.

[Quarterly reviews of the investment firm sector](#)

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