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of Republic of Srpska

Annual report

on the state of the insurance sector
in the Republic of Srpska

for year 2021

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INTRODUCTORY WORD

The report on the state of the insurance sector in the Republic of Srpska for 2021 contains information about the state in the field of insurance and voluntary pension insurance and it has been prepared on the basis of financial statements, auditor's, actuarial and other reports provided by the participants in the insurance and voluntary pension insurance market to the Insurance Agency of the Republic of Srpska pursuant to relevant legislation.

In 2021, 24 insurance companies operated on the insurance market of the Republic of Srpska, of which 14 insurance companies are based in the Republic of Srpska and 10 in the Federation of BiH which conducted insurance operations through the registered branch office in the Republic of Srpska. Herfindahl Hirschman's index and the fact that 17 insurance companies have individual share in the total premium less than 5% indicate that there is a quite strong competition in the insurance market of the Republic of Srpska. Increased competition in the insurance market, observed through the number of insurance companies, along with a dominant share of the automobile liability insurance premium, can endanger the stability of the insurance sector.

The amount of the total premium written in the insurance market of the Republic of Srpska was BAM 258.1 million. Compared with the previous year, the total premium written in the market of the Republic of Srpska was higher by 8.3%, where insurance companies' premium based in the Republic of Srpska was increased by 5.8% and the premium of the insurance companies' branch offices from FBiH by 16.2%. The non-life insurance premium was higher by 6.3%, and the life insurance premium was higher by 16.7%. A total of 30.1% of the total premium in the insurance market of the Republic of Srpska was written through agents and brokers.

As regards to the business operations of the insurance companies based in the Republic of Srpska, including their operations in the FBiH, it is noteworthy that the premium written was higher by 8.3% and it amounted to BAM 245.6 million. The net result of the period is a profit totalling BAM 30.4 million, which resulted in the rate of return on equity of 18.5%. A total of twelve insurance companies reported a net profit in the amount of BAM 33.1 million, while two companies reported a net loss in the amount of BAM 2.7 million. The combined ratio was below 100, which means that the result of the insurance activities was positive, and that the premium was sufficient to cover the liabilities arising from insurance contracts. On the basis of insurance contracts, a BAM 84.8 million or 8.4% more in comparison with the previous year, was paid to the insured persons, third damaged persons and the beneficiaries. There were no significant changes in the value of the rate of efficiency of settlement and payment of insurance claims. The total balance sum was increased by 6.2%, where equity, calculated technical reserves, mathematical reserve and reserve for share in the profit make 92.1% of the total liability of the insurance companies, what is in accordance with the principles of conducting insurance activities and indicates a low level of sector's obligations.

Solvency of the insurance sector, observed through meeting capital adequacy requirements, calculated technical reserves coverage and solvency ratio, was at satisfactory level. The

general liquidity coefficient was above 1, which indicates the ability to settle the liabilities within the maturity date.

The activity of voluntary pension insurance was pursued by one company for the management of voluntary pension funds. As at 31 December 2021, the total number of active members of the voluntary pension fund was 33 321 which is 13.4% more in comparison with the same day of the previous year. From the total number of the active members, 96.4% of members approached through pension plans of the public companies and institutions. The average age of the voluntary pension fund members was 46.6 years. Investment in bonds was 85.9% of the total investments of the voluntary pension fund and the net asset value was BAM 17.4 million, which increased by 2 times, due to the increase in the number of members.

Acting Director,
Draženka Janjanin

1. STRUCTURE OF THE SECTOR

In this report, the insurance sector includes the insurance activity (hereinafter referred to as: insurance) and the activity of organisation and management of voluntary pension funds (hereinafter referred to as: voluntary pension insurance).

The Law on Insurance Companies ('Official Gazette of the Republic of Srpska', 17/05, 01/06, 64/06, 74/10, 47/17 and 58/19) provides that the insurance activity is the activity of concluding and carrying out insurance and reinsurance contracts, and the activity of insurance agents and brokers. In addition to that, this Law regulates the establishment, business operations, supervision and termination of operation of insurance companies and branch offices of the insurance companies from the FBiH and the establishment of the Insurance Agency of the Republic of Srpska (hereinafter referred to as: the Agency). Insurance companies may pursue insurance as their sole activity. Apart from that, the insurance regulatory framework is comprised of:

- Law on Insurance Agency and Insurance and Reinsurance Brokerage ('Official Gazette of the Republic of Srpska', 47/17), regulating the rules of insurance and reinsurance agency and brokerage, requirements for issuance and expiration of authorisations and licences in this field, and the supervision of insurance and reinsurance agency and brokerage, and
- Law on Compulsory Traffic Insurance ('Official Gazette of the Republic of Srpska', 82/15 and 78/20), setting out the types of compulsory traffic insurances and rules of their performance.

The Law on Voluntary Pension Funds and Pension Schemes ('Official Gazette of the Republic of Srpska', 13/09 and 107/19) provides that companies managing voluntary pension funds organise and manage voluntary pension funds and other pension funds established pursuant to separate laws. Apart from that, this Law regulates the organisation and management of voluntary pension funds, establishment, activities and operation of the company managing voluntary pension funds, activities and obligations of the custodian bank, the responsibility of the Agency for regulation and supervision of companies managing voluntary pension funds, organisation of pension schemes, and other matters of importance to the functioning of voluntary pension funds.

The pursuit of insurance and voluntary pension insurance is also regulated by bylaws adopted by the Agency.

The laws and bylaws regulating the insurance sector are also available on the website of the Agency (www.azors.rs.ba).

2. INSURANCE

2.1. Insurance market

2.1.1. Participants in the insurance market

The participants in the insurance market supervised by the Agency are: insurance companies based in the Republic of Srpska, branch offices of the insurance companies from the FBiH, insurance agents and brokers, the Protection Fund of the Republic of Srpska and certified actuaries.

2.1.1.1. Insurance companies

In 2021, a total of 14 insurance companies based in the Republic of Srpska operated in the insurance market of the Republic of Srpska, and they are presented in the table below by insurance activity, seat and the majority ownership structure as at 31 December 2021.

Table 1: Insurance companies from the RS

No.	Name of the insurance company	Seat	Majority ownership
NON-LIFE INSURANCE			
1.	D.D. Brčko gas osiguranje	Brčko	domestic
2.	Drina osiguranje a.d.	Milići	domestic
3.	Dunav osiguranje a.d.	Banja Luka	foreign
4.	Euros osiguranje a.d.	Banja Luka	domestic
5.	Krajina osiguranje a.d.	Banja Luka	foreign
6.	Mikrofin osiguranje a.d.	Banja Luka	domestic
7.	Nešković osiguranje a.d.	Bijeljina	domestic
8.	Osiguranje Aura a.d.	Banja Luka	domestic
9.	Osiguranje Garant d.d.	Brčko	domestic
10.	Premium osiguranje a.d.	Banja Luka	domestic
11.	SAS-SuperP OSIGURANJE a.d.	Bijeljina	domestic
12.	Triglav osiguranje a.d.	Banja Luka	foreign
LIFE AND NON-LIFE INSURANCE (COMPOSITE COMPANIES)			
13.	Grawe osiguranje a.d.	Banja Luka	foreign
14.	Wiener osiguranje a.d.	Banja Luka	foreign

Source: Central Securities Registry

Of the 14 insurance companies based in the Republic of Srpska, 12 companies were registered to pursue the activity of non-life insurance, and 2 companies to pursue the activity of non-life and life insurance (composite insurance companies), whereby 9¹ insurance companies operated through their branch offices in the FBiH.

In 2021, a total of 10 branch offices of the insurance companies from the FBiH operated in the insurance market of the Republic of Srpska.

¹ In this reporting period one insurance company based in the Republic of Srpska ceased to conduct the activity in the FBiH market. Therefore, on 31 December 2021, 8 insurance companies based in the Republic of Srpska conducted the activity through the branch office in the FBiH.

Ownership structure

As regards to the ownership structure, as at 31 December 2021, a total of 9 insurance companies had majority domestic ownership and 5 insurance companies had majority foreign ownership.

Table 2: Ownership structure in the insurance companies from the RS

Ownership	Number of insurance companies	Share in equity	Share in the total assets	Share in the invoiced premium
Majority domestic ownership	9	58.6%	40.4%	55.6%
Majority foreign ownership	5	41.4%	59.6%	44.4%
TOTAL	14	100.0%	100.0%	100.0%

Source: Reports of the insurance companies from the RS and the Central Securities Registry

The share of companies with the majority foreign capital in the equity was 41.4%. A total of 59.6% of the total assets and 44.4% of the invoiced premium refers to insurance companies with the majority foreign capital.

According to the report of the Central Securities Registry JSC Banja Luka – the shareholder register, the state-owned capital was recorded in Krajina osiguranje a.d. Banja Luka with the share of 34.9%.

Human resources

As at 31 December 2021, a total of 1,572 persons were employed in the insurance companies based in the Republic of Srpska. The number and the qualification structure of the employees in the insurance companies are shown in the table below.

Table 3: Number and qualification structure of employees in the insurance companies from the RS

QUALIFICATION	31/12/2019		31/12/2020		31/12/2021		INDEX 2021/20
	number	%	number	%	number	%	
unskilled	8	0.5	7	0.4	5	0.3	71.4
semi-skilled	0	0.0	0	0.0	0	0.0	
primary education	0	0.0	0	0.0	0	0.0	
skilled	60	3.9	51	3.2	62	3.9	121.6
secondary education	790	50.9	836	52.7	815	51.9	97.5
highly-skilled	5	0.3	4	0.3	2	0.1	50.0
two-year college degree	75	4.8	78	4.9	67	4.3	85.9
university degree	584	37.6	578	36.4	590	37.6	102.1
MA	28	1.8	31	2.0	29	1.8	93.5
PhD	3	0.2	1	0.1	2	0.1	200.0
TOTAL	1,533	100.0	1,586	100.0	1,572	100.0	99.1

Source: Reports of the insurance companies from the RS

In addition to that, a total of 299 persons were employed in branch offices of the insurance companies from the FBiH, and 7 persons were employed in the Protection Fund of the Republic of Srpska, which gives a total of 1,878 employees, including the employees in the insurance companies based in the Republic of Srpska. Apart from that, insurance agents and brokers (natural persons) and certified actuaries work in the insurance market as well, which is presented later in this chapter.

2.1.1.2. Insurance agents and brokers

As at 31 December 2021, the register of insurance agents and brokers kept by the Agency lists a total of:

- 552 insurance agents – natural persons, of which a total of 41 persons registered businesses as entrepreneurs,
- 18 insurance agency companies based in the Republic of Srpska (including Pošte Srpske, microcredit companies and banks) and 4 branch offices of the agency companies from the FBiH,
- 19 insurance brokers – natural persons,
- 5 brokerage companies based in the Republic of Srpska and 2 branch offices of the brokerage companies from the FBiH,

The up-to-date extract from the register of insurance agents and brokers is available on the website of the Agency (*www.azors.rs.ba*).

In 2021, the Agency organised training and held one accustomed and one unaccustomed examination for the professional knowledge verification required for obtaining the authorisation to pursue the activity of insurance agency and brokerage. A total of 51 candidates passed the professional examination.

2.1.1.3. Protection Fund of the Republic of Srpska

The Protection Fund of the Republic of Srpska (hereinafter referred to as: Protection Fund) was established pursuant to the Law on Compulsory Insurance for Motor Vehicles and other Types of Compulsory Liability Insurance – Consolidated text, ('Official Gazette of the Republic of Srpska', 102/09) as a separate legal person. The responsibility of the Protection Fund is set out in the Law on Compulsory Traffic Insurance ('Official Gazette of the Republic of Srpska', 82/15 and 78/20). The Protection Fund is obliged to pay compensation for damage incurred in the territory of the Republic of Srpska to the injured third parties, if it was caused by an unknown vehicle (damage to persons²) or a vehicle whose owner did not conclude an MTPL insurance contract (damage to persons and objects). In addition to that, the Protection Fund is obliged to pay compensation to injured parties if no contract on the compulsory accident insurance for passengers in public transport has been concluded and for any damage arising from MTPL insurance and insurance of passengers in public transport which could not be compensated from the bankruptcy estate or liquidation value of the insurance company.

All insurance companies which pursue the activities of MTPL insurance and accident insurance of passengers in public transport, except for passengers in air transport, are obliged to be members of the Protection Fund and to pay contribution to the Protection Fund, in proportion to the insurance premium of MTPL insurance and accident insurance of passengers in public transport in the Republic of Srpska.

The total income generated by the Protection Fund in 2021 was BAM 3,190,526 representing a decrease of 19.4% in comparison with the previous year, and 88.9% of the income referred

² With an exception set out in Article 51, paragraph (2) of the Law on Compulsory Traffic Insurance

to operating income, financial income 2.8% and other income 8.3%. Reduction of income based on recourse claims affected the reduction of operating income.

The total expenses were BAM 2,802,925 and they were lower by 24.0% and they were consisted of operating expenses (76.0%), expenses according to the correction of value and write-down of the receivables (23.5%) and expenses from adjusting the value of assets (0.5%). The decrease in the total expenses was the result of the decrease of expenses by the correction of value and the write-down of receivables for 56%. The Protection Fund had excess of income over expenses in the amount of BAM 387,601.

The table below provides an overview of settlement and payment of claims referring to damage to persons or property incurred in traffic accidents within the competence of the Protection Fund.

Table 4: Claims towards the Protection Fund

Claims	2019	2020	2021	Index 2021/2020
1. Registered in the current period and reactivated	375	363	309	85.1
2. Transferred from the previous period	149	136	102	75.0
3. Total number of claims (1+2)	524	499	411	82.4
4. Claims rejected	84	95	75	78.9
5. Claims processed, less the rejected ones	304	302	235	77.8
6. Number of claims paid	303	302	235	77.8
7. Amount of claims paid (BAM)	1,250,284	1,191,099	1,112,275	93.4

Source: Report of the Protection Fund

In comparison with the previous year, the total number of claims in 2021 decreased and the number of claims paid therefore decreased as well. The average value of a claim paid was BAM 4,733, representing an increase of 20%.

2.1.1.4. Certified actuaries

In accordance with the international insurance standards, it is of utmost importance to provide an adequate number of qualified actuaries. As at 31 December 2021, a total of 38 persons were on the Register of Certified Actuaries kept by the Agency. The up-to-date extract from the Register of Certified Actuaries is available on the website of the Agency (www.azors.rs.ba).

2.1.2. Insurance market development indicators

The table below provides a comparative overview of the main relative indicators related to the premium, used for measuring the level of development of insurance markets.

Table 5: Premium and macroeconomic indicators³

Country		Premium/population (in USD)			Premium/GDP (%)			Life insurance / total premium (%)		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
BiH	RS	118.8	118.5	122.2	2.1	2.1	2.1	16.7	18.4	19.2
	FBiH	133.7	137.5	138.0	2.2	2.3	2.3	21.7	21.9	21.4
Austria		2,303.0	2,219.0	2,310.0	4.4	4.4	4.9	32.4	31.1	29.9
Bulgaria		212.0	236.0	239.0	2.3	2.4	2.4	14.0	12.2	11.5
Greece		448.0	441.0	458.0	2.2	2.2	2.6	46.1	46.2	47.3
Hungary		388.0	402.0	396.0	2.4	2.4	2.5	46.2	44.5	44.2
Romania		130.0	135.0	141.0	1.1	1.1	1.1	19.9	18.5	17.7
Slovenia		1,336.0	1,353.0	1,429.0	4.9	5.0	5.0	30.7	29.9	29.2
Serbia		140.0	140.0	154.0	1.9	1.9	2.0	23.5	23.5	21.7
Turkey		127.0	131.0	128.0	1.3	1.4	1.5	13.6	15.5	18.9
Croatia		383.0	390.0	398.0	2.6	2.7	2.9	31.8	29.1	25.3
Czech Republic		666.0	677.0	676.0	2.8	2.8	2.9	36.6	32.0	30.7

Source: BiH insurance market statistics, Statistics Institute of the Republic of Srpska, SwissRe

The share of the premium in the GDP was approximately at the same level as in other countries in the region with a similar level of insurance market development. The premium per capita and the share of the life insurance premium in the total premium are low, throughout the reporting period.

2.1.3. Premium written in the insurance market of the Republic of Srpska

The table below provides an overview of the total premium written in the insurance market of the Republic of Srpska⁴, for 2019, 2020 and 2021.

Table 6: Insurance premium written in the RS market

No.	Entities in the RS market	Premium written in the market of the Republic of Srpska						Index 2021/20
		2019		2020		2021		
		Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
1.	RS COMPANIES	183,064,663	77.4	181,422,362	76.1	191,995,945	74.4	105.8
1.1.	Non-life insurance	159,762,974	67.5	157,116,037	65.9	165,668,950	64.2	105.4
1.2.	Life insurance	23,301,689	9.9	24,306,325	10.2	26,326,995	10.2	108.3
2.	BRANCH OFFICES OF FBiH COMPANIES	53,572,212	22.6	56,872,581	23.9	66,092,689	25.6	116.2
2.1.	Non-life insurance	33,437,624	14.1	35,542,125	14.9	39,161,754	15.2	110.2
2.2.	Life insurance	20,134,588	8.5	21,330,456	9.0	26,930,935	10.4	126.3
TOTAL		236,636,875	100.00	238,294,943	100.0	258,088,634	100.0	108.3

Source: Reports of the insurance companies from the RS and branch offices of the companies from the FBiH

³ In the period of preparation of this report, the comparative statistics for 2021 were not available.

⁴ The total premium written in the insurance market of the Republic of Srpska was calculated in such a manner that the total premium generated by the insurance companies based in the Republic of Srpska was decreased by the premium generated by those companies in the FBiH, and increased by the premium which branch offices of the insurance companies based in the FBiH generated in the Republic of Srpska.

The premium written in the insurance market of the Republic of Srpska in the period from 1 January to 31 December 2021 was BAM 258,088,634, which was higher by BAM 19,793,691 or 8,3% in comparison with the same period of the previous year. The premium written by branch offices of the insurance companies from the FBiH increased by 16.2%, while the premium written by the insurance companies from the Republic of Srpska increased by 5.8%.

The table below shows the structure of the premium written in the insurance market in the Republic of Srpska, by type of insurance, for 2019, 2020 and 2021.

Table 7: Premium written in the RS insurance market, by type of insurance

Type of insurance	2019		2020		2021		Index 2021/20
	Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
Accident insurance	18,035,956	7.6	13,822,492	5.8	14,248,749	5.6	103.1
Land vehicle insurance (except for railway vehicles)	18,268,828	7.7	18,361,681	7.7	20,236,360	7.8	110.2
Insurance of property against fire and natural forces	8,638,276	3.7	8,340,874	3.5	9,051,057	3.5	108.5
Insurance against other types of property damage	9,561,528	4.0	9,609,346	4.0	9,798,332	3.8	102.0
Motor vehicle liability insurance	131,650,038	55.6	135,408,942	56.8	142,120,068	55.1	105.0
Other	7,045,972	3.0	7,114,827	3.0	9,376,139	3.6	131.8
Total non-life insurance	193,200,598	81.6	192,658,162	80.8	204,830,704	79.4	106.3
Life insurance	43,436,277	18.4	45,636,781	19.2	53,257,930	20.6	116.7
Total	236,636,875	100.0	238,294,943	100.0	258,088,634	100.0	108.3

Source: Reports of the insurance companies from the RS and branch offices of the companies from the FBiH
Out of the total premium written in the insurance market of the Republic of Srpska in 2021, a total of BAM 204,830,704 or 79.4% referred to the non-life insurance premium, while a total of BAM 53,257,930 or 20.6% referred to the life insurance premium written. In comparison with the previous year, the non-life insurance premium written increased by 6.3%, and the life insurance premium increased by 16.7%.

2.1.4. Market structure and concentration

The share of the insurance companies based in the Republic of Srpska and branch offices of the insurance companies from the FBiH in the total premium written in the market of the Republic of Srpska is shown in the table below.

Table 8: Share of the insurance companies from the RS and branch offices of the companies from the FBiH in the market of the Republic of Srpska

No.	Share of the insurance companies from the Republic of Srpska and branch offices of the companies from the FBiH in the total premium written in the market of the Republic of Srpska			
	Insurance company from the RS / Branch offices of the companies from the FBiH	2019	2020	2021
1.	Atos osiguranje a.d.	5.1%	-	-
2.	D.D. Brčko gas osiguranje	4.5%	4.8%	4.4%
3.	Grawe osiguranje a.d.	8.9%	13.8%	13.8%
4.	Drina osiguranje a.d.	8.7%	8.5%	7.6%
5.	Dunav osiguranje a.d.	7.5%	7.0%	6.8%
6.	Euros osiguranje a.d.	3.7%	4.0%	3.7%
7.	Wiener osiguranje a.d.	8.2%	7.0%	7.0%
8.	Krajina osiguranje a.d.	1.9%	1.8%	1.6%

No.	Share of the insurance companies from the Republic of Srpska and branch offices of the companies from the FBiH in the total premium written in the market of the Republic of Srpska			
	Insurance company from the RS / Branch offices of the companies from the FBiH	2019	2020	2021
9.	Mikrofin osiguranje a.d.	3.2%	3.2%	3.3%
10.	Nešković osiguranje a.d.	7.2%	6.8%	6.5%
11.	Osiguranje Aura a.d.	6.1%	6.5%	6.6%
12.	Osiguranje Garant a.d.	4.5%	4.6%	4.5%
13.	Premium osiguranje a.d.	1.6%	2.0%	2.9%
14.	SAS-SuperP osiguranje a.d.	1.6%	1.5%	1.3%
15.	Triglav osiguranje a.d.	4.7%	4.7%	4.5%
16.	Asa osiguranje d.d.	2.6%	3.1%	3.3%
17.	Adriatic osiguranje d.d.	2.6%	2.8%	2.6%
18.	Camelija osiguranje d.d.	0.2%	0.3%	0.4%
19.	Central osiguranje d.d.	1.3%	1.4%	1.5%
20.	Croatia osiguranje d.d.	1.0%	0.6%	0.7%
21.	Grawe osiguranje d.d.	0.0%	-	-
22.	Euroherc osiguranje d.d.	3.2%	3.2%	2.9%
23.	SARAJEVO osiguranje d.d.	1.1%	1.4%	1.5%
24.	Vienna osiguranje d.d.	3.8%	3.8%	3.6%
25.	UNIQA osiguranje d.d.	6.0%	5.9%	7.0%
26.	Triglav osiguranje d.d.	0.8%	1.4%	2.1%
	TOTAL	100.0%	100.0%	100.0%

Source: Reports of the insurance companies from the RS and branch offices of the companies from the FBiH

The overview below shows the level of concentration of the insurance market in the Republic of Srpska, by peer groups, which shows that there were no significant changes when it comes to the number of insurance companies by peer groups and that there was no insurance company whose share in the total premium written was higher than 15%.

Table 9: Share of the insurance companies from the RS and branch offices of the companies from the FBiH in the total premium written in the market of the Republic of Srpska, by peer groups

Share	Share of the insurance companies from the Republic of Srpska and branch offices of the companies from the FBiH in the total premium in the market of the Republic of Srpska, by peer groups					
	2019		2020		2021	
	Total share	Number of insurance companies	Total share	Number of insurance companies	Total share	Number of insurance companies
below 5%	42.4%	18	44.6%	17	44.8%	17
5–10%	57.6%	8	41.6%	6	41.4%	6
10–15%	0.0%	0	13.8%	1	13.8%	1
above 15%	0.0%	0	0.0%	0	0.0%	0

Source: Reports of the insurance companies from the RS and branch offices of the companies from the FBiH

The Herfindahl-Hirschman Index also represents a measure of market concentration, and it is calculated by summing the squares of the individual share of each insurance company in relation to the generated premium. This index takes into account the relative size and distribution of the companies in the market. If the market is a monopoly, the market concentration is higher and the competition is weaker. The index increases if the number of companies participating in the market decreases, and, at the same time, the difference in their size becomes larger and larger. If there were only one insurance company, the index would be 10,000 (the market share is 100%, i.e. the index is $100 \times 100 = 10,000$). On the other hand, if

there were many companies with a proportionally low share, around 0%, the index would be close to 0, indicating perfect competition in the market. If the Herfindahl-Hirschman Index is between 1,000 and 1,800, it is considered that there is moderate concentration in the market. Taking into account that the Herfindahl-Hirschman Index in 2021 was 622 points, it may be concluded that there was fairly strong competition in the insurance market of the Republic of Srpska.

2.1.5. Premium written by insurance companies

2.1.5.1. Premium written by the insurance companies based in the Republic of Srpska

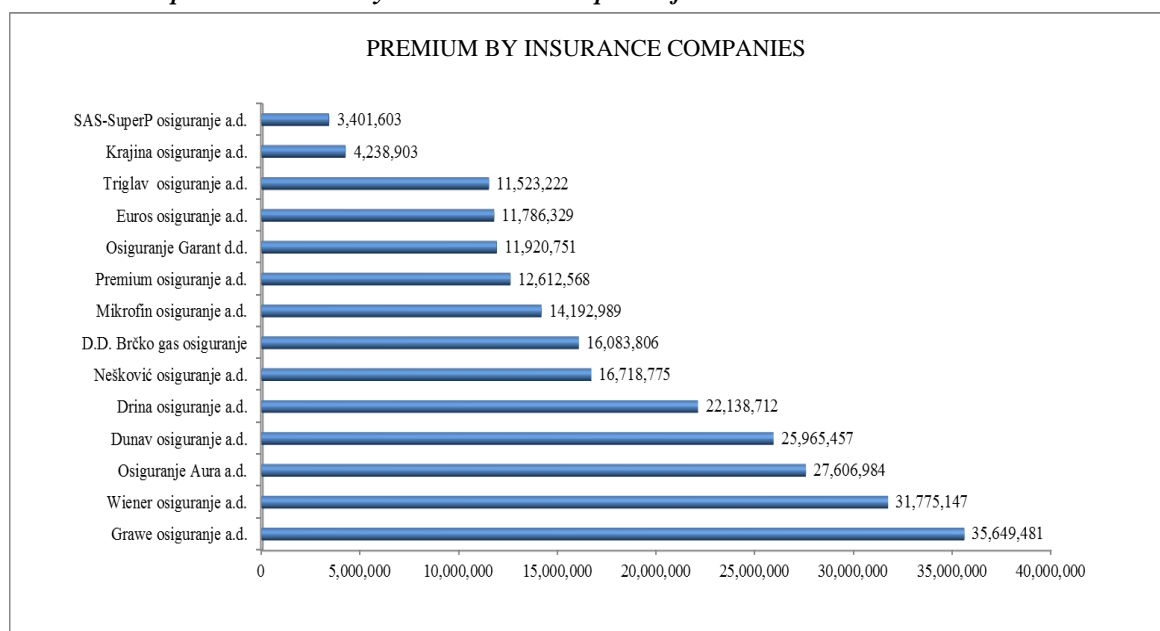
The total premium written in the period from 1 January to 31 December 2021 and generated by the insurance companies based in the Republic of Srpska, including the premium generated by these insurance companies in the insurance market of the FBiH, was BAM 245,614,728 (of which BAM 191,995,945 in the Republic of Srpska and BAM 53,618,783 in the FBiH). In comparison with the same period of the previous year, the premium written by the insurance companies based in the Republic of Srpska was higher by BAM 18,843,994 or 8.3%.

The table below provides an overview of the premium written by the insurance companies based in the Republic of Srpska for 2019, 2020 and 2021.

Table 10: Total premium written by the insurance companies from the RS

No.	NAME OF THE COMPANY IN THE RS	Premium written						Index 2021/20
		2019		2020		2021		
		Amount	%	Amount	%	Amount	%	
NON-LIFE INSURANCE								
1.	Atos osiguranje a.d.	15,362,956	6.7					
2.	D.D. Brčko gas osiguranje	15,811,621	6.9	16,578,043	7.3	16,083,806	6.5	97.0
3.	Grawe osiguranje a.d.	20,014	0.0	9,959,302	4.4	10,778,553	4.4	108.2
4.	Drina osiguranje a.d.	23,448,281	10.2	23,045,841	10.2	22,138,712	9.0	96.1
5.	Dunav osiguranje a.d.	23,227,107	10.1	23,617,908	10.4	25,965,457	10.6	109.9
6.	Euros osiguranje a.d.	10,583,654	4.6	11,135,097	4.9	11,786,329	4.8	105.8
7.	Wiener osiguranje a.d.	28,444,301	12.3	25,652,585	11.3	29,117,354	11.9	113.5
8.	Krajina osiguranje a.d.	4,463,153	1.9	4,401,240	1.9	4,238,903	1.7	96.3
9.	Mikrofin osiguranje a.d.	11,289,298	4.9	11,645,609	5.1	14,192,989	5.8	121.9
10.	Nešković osiguranje a.d.	16,937,270	7.3	16,235,462	7.2	16,718,775	6.8	103.0
11.	Osiguranje Aura a.d.	23,481,473	10.2	24,230,036	10.7	27,606,984	11.2	113.9
12.	Osiguranje Garant d.d.	10,619,160	4.6	11,225,944	5.0	11,920,751	4.9	106.2
13.	Premium osiguranje a.d.	7,345,465	3.2	8,768,640	3.9	12,612,568	5.1	143.8
14.	SAS-SuperP osiguranje a.d.	3,860,700	1.7	3,487,593	1.5	3,401,603	1.4	97.5
15.	Triglav osiguranje a.d.	11,185,084	4.8	11,153,030	4.9	11,523,222	4.7	103.3
TOTAL NON-LIFE INSURANCE		206,079,537	89.3	201,136,330	88.7	218,086,007	88.8	108.4
LIFE INSURANCE								
1.	Grawe osiguranje a.d.	21,133,698	9.2	23,021,827	10.1	24,870,928	10.1	108.0
2.	Dunav osiguranje a.d.	661,638	0.3					
3.	Wiener osiguranje a.d.	2,884,412	1.2	2,612,577	1.2	2,657,793	1.1	101.7
TOTAL LIFE INSURANCE		24,679,749	10.7	25,634,404	11.3	27,528,721	11.2	107.4
TOTAL PREMIUM		230,759,286	100.0	226,770,734	100.0	245,614,728	100.0	108.3

Source: Reports of the insurance companies from the RS

Chart 1: Total premium written by the insurance companies from the RS

Source: Reports of the insurance companies from the RS

The table below provides an overview of the premium of the insurance companies based in the Republic of Srpska written in the FBiH, for 2019, 2020 and 2021.

Table 11: Premium of the insurance companies from the RS written in the FBiH

No.	NAME OF THE COMPANY	Premium written						INDEX 2021/20
		2019		2020		2021		
		Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
NON-LIFE INSURANCE								
1.	Atos osiguranje a.d.	3,236,858	6.8	-		-		
2.	D.D. Brčko-gas osiguranje	5,169,539	10.8	5,256,912	11.6	4,713,681	8.8	89.7
3.	Drina osiguranje a.d.	2,941,914	6.2	2,825,929	6.2	2,543,983	4.7	90.0
4.	Dunav osiguranje a.d.	6,178,151	13.0	6,850,417	15.1	8,461,470	15.8	123.5
5.	Wiener osiguranje a.d.	10,577,543	22.2	10,327,928	22.8	12,614,177	23.5	122.1
6.	Mikrofin osiguranje a.d.	3,714,252	7.8	3,958,064	8.7	5,774,772	10.8	145.9
7.	Osiguranje Aura a.d.	9,113,171	19.1	8,799,719	19.4	10,541,533	19.7	119.8
8.	Premium osiguranje a.d.	3,604,013	7.6	4,035,316	8.9	5,180,675	9.7	128.4
9.	Euros osiguranje a.d.	1,781,121	3.7	1,674,038	3.7	2,151,629	4.0	128.5
10.	Osiguranje Garant d.d.			291,971	0.6	435,137	0.8	149.0
TOTAL NON-LIFE INSURANCE		46,316,563	97.1	44,020,293	97.1	52,417,057	97.8	119.1
LIFE INSURANCES								
1.	Wiener osiguranje a.d.	1,378,060	2.9	1,328,079	2.9	1,201,726	2.2	90.5
TOTAL LIFE INSURANCES		1,378,060	2.9	1,328,079	2.9	1,201,726	2.2	90.5
TOTAL PREMIUM		47,694,623	100.0	45,348,372	100.0	53,618,783	100.0	118.2

Source: Reports of the insurance companies from the RS

The premium of the insurance companies based in the Republic of Srpska written in the FBiH totalled BAM 53,618,783 which was higher by 18.2% in comparison with the previous year and which constituted 21.8% of the total premium of the insurance companies based in the Republic of Srpska. The non-life insurance premium was dominant in the structure of this premium with 97.8%.

Portfolio structure

The table below shows the structure of the total premium written by the insurance companies based in the Republic of Srpska, by type of insurance, for 2019, 2020 and 2021, whereby the *Other* category refers to 13 groups of non-life insurance, whose individual share in the total premium is around one per cent.

Table 12: Total premium written by the insurance companies from the RS, by type of insurance

Type of insurance	2019		2020		2021		Index 2021/20
	Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
Accident insurance	17,487,666	7.6	13,563,651	6.0	14,927,375	6.1	110.1
Land vehicle insurance (except for railway vehicles)	14,770,941	6.4	14,568,057	6.4	16,659,847	6.8	114.4
Insurance of property against fire and natural forces	7,840,855	3.4	7,599,229	3.4	8,052,132	3.3	106.0
Insurance against other types of property damage	11,650,158	5.0	11,320,847	5.0	11,989,610	4.9	105.9
Motor vehicle liability insurance	147,222,737	63.8	147,028,120	64.8	157,679,958	64.2	107.2
Other	7,107,180	3.1	7,056,426	3.1	8,777,085	3.6	124.4
Total non-life insurance	206,079,537	89.3	201,136,330	88.7	218,086,007	88.8	108.4
Life insurance	24,679,749	10.7	25,634,404	11.3	27,528,721	11.2	107.4
Total	230,759,286	100.0	226,770,734	100.0	245,614,728	100.0	108.3

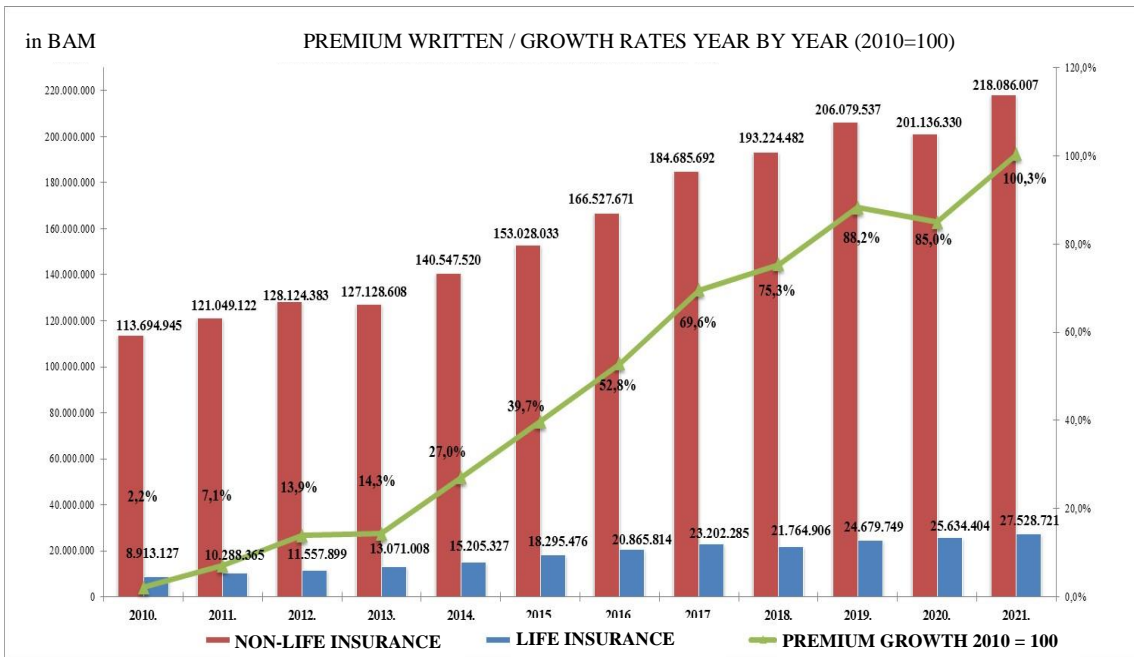
Source: Reports of the insurance companies from the RS

Of the total premium written in 2021, a total of BAM 218,086,007 or 88.8% referred to the non-life insurance premium, while the life insurance premium written totalled BAM 27,528,721 or 11.2%. In comparison with the previous year, the non-life insurance premium written was higher by 8.4%, while the life insurance premium written was higher by 7.4%.

The compulsory MTPL insurance premium had the highest share in the total motor vehicle liability insurance premium with 99.5%. The share of the compulsory MTPL insurance premium in the total insurance premium written by the insurance companies based in the Republic of Srpska was 63.9%, while its share in the total non-life insurance premium written was 71.9%, and it did not change significantly in comparison with the previous year.

A series of charts illustrating the premiums written by the insurance companies based in the Republic of Srpska are given below.

Chart 2: Cumulative growth rate of the total premium written by the insurance companies from the RS



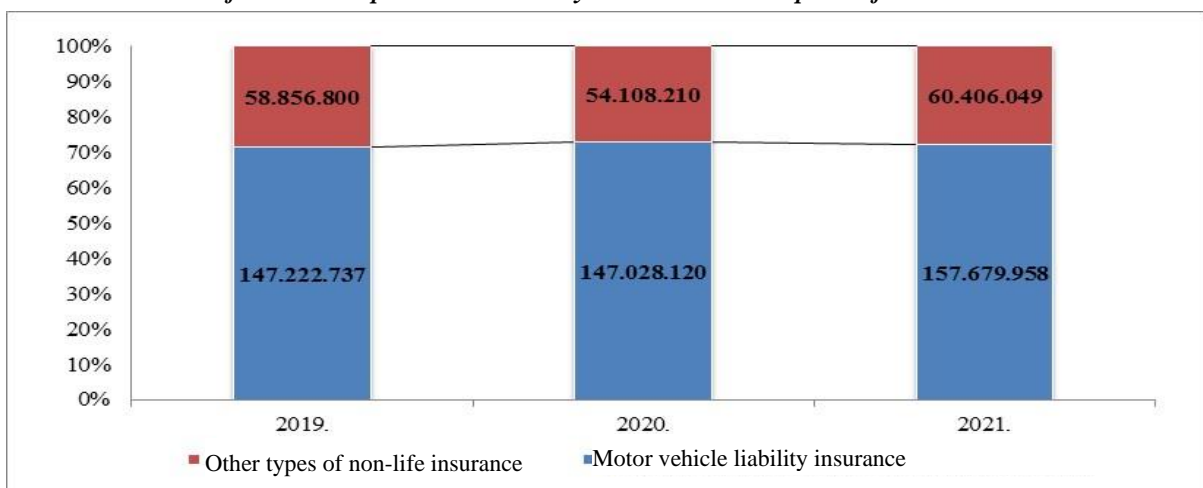
Source: Reports of the insurance companies from the RS

Chart 3: Total premium written by the insurance companies from the RS, by type of insurance



Source: Reports of the insurance companies from the RS

Chart 4: Total non-life insurance premium written by the insurance companies from the RS



Source: Reports of the insurance companies from the RS

2.1.5.2. Premium written by branch offices of the insurance companies based in the FBiH

The share of branch offices of the insurance companies from the FBiH in the total premium written in the insurance market of the Republic of Srpska was BAM 66,092,689 or 25.6%.

The table below provides an overview of the premium written in the insurance market in the Republic of Srpska by branch offices of the companies from the FBiH for 2019, 2020 and 2021.

Table 13: Premium written by branch offices of the insurance companies from the FBiH

No.	Branch offices of the insurance companies from the FBiH operating in the RS	Premium written						Index 2021/20
		2019		2020		2021		
		Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
NON-LIFE INSURANCE								
1.	Asa osiguranje d.d.	6,218,154	11.6	7,465,924	13.1	8,526,054	12.9	114.2
2.	Adriatic osiguranje d.d.	6,088,985	11.4	6,491,652	11.4	6,626,311	10.0	102.1
3.	Camelija osiguranje d.d.	553,292	1.0	627,779	1.1	1,028,296	1.6	163.8
4.	Central osiguranje d.d.	3,139,867	5.9	3,257,209	5.7	3,977,326	6.0	122.1
5.	Croatia osiguranje d.d.	2,134,666	4.0	1,413,343	2.5	1,689,931	2.6	119.6
6.	Grawe osiguranje d.d.	19,184	0.0	-		-		
7.	Euroherc osiguranje d.d.	7,541,535	14.1	7,669,724	13.5	7,421,454	11.2	96.8
8.	SARAJEVO osiguranje	2,669,421	5.0	3,291,904	5.8	3,931,947	5.9	119.4
9.	Vienna osiguranje d.d.	189,083	0.4	152,432	0.3	274,770	0.4	180.3
10.	UNIQA osiguranje d.d.	4,883,437	9.1	5,172,159	9.1	5,496,992	8.3	106.3
11.	Triglav osiguranje d.d.					188,672	0.3	
	TOTAL NON-LIFE INSURANCE	33,437,624	62.4	35,542,125	62.5	39,161,754	59.3	110.2
LIFE INSURANCE								
1.	Adriatic osiguranje d.d.	70,383	0.1	117,555	0.2	68,090	0.1	57.9
2.	Croatia osiguranje d.d.	156,268	0.3	120,961	0.2	117,677	0.2	97.3
3.	Vienna osiguranje d.d.	8,801,602	16.4	8,861,762	15.6	9,076,338	13.7	102.4
4.	UNIQA osiguranje d.d.	9,285,091	17.3	8,780,429	15.4	12,455,942	18.8	141.9
5.	Triglav osiguranje d.d.	1,821,244	3.4	3,449,749	6.1	5,212,887	7.9	151.1
	TOTAL LIFE INSURANCE	20,134,588	37.6	21,330,456	37.5	26,930,935	40.7	126.3
	TOTAL PREMIUM	53,572,212	100.0	56,872,581	100.0	66,092,689	100.0	116.2

Source: Reports of branch offices of the companies from the FBiH

In the structure of premium of branch offices of the insurance companies from the FBiH, which was generated in the insurance market of the Republic of Srpska in 2021, the share of non-life insurance was 59.3%, and the share of life insurance was 40.7%. The non-life insurance premium generated in the Republic of Srpska by branch offices of the insurance companies based in the FBiH is higher by 10.2%, and the life insurance premium increased by 26.3% in comparison with 2020. The share of the MTPL insurance premium in the total insurance premium written by the branch offices of the insurance companies based in FBiH was 34.5 %.

2.1.6. Premium written through insurance agents and brokers

2.1.6.1. Premium written through insurance agents and brokers in the insurance market in the Republic of Srpska

The table below provides an overview of the premium written through insurance agents and brokers in the insurance market in the Republic of Srpska, for 2020 and 2021.

Table 14: Premium written through insurance agents and brokers in the market of the Republic of Srpska

No.	Entities in the market	2020				2021			
		Premium written through insurance agents		Premium written through insurance brokers		Premium written through insurance agents		Premium written through insurance brokers	
		Amount (BAM)	Share in the total premium written	Amount (BAM)	Share in the total premium written	Amount (BAM)	Share in the total premium written	Amount (BAM)	Share in the total premium written
1.	INSURANCE COMPANIES FROM THE RS	38,033,917	21.0%	6,957,066	3.8%	44,142,315	23.0%	7,554,601	3.9%
1.1.	Non-life insurance	16,561,098	10.5%	6,852,316	4.4%	20,680,277	12.5%	7,412,519	4.5%
1.2.	Life insurance	21,472,819	88.3%	104,750	0.4%	23,462,038	89.1%	142,082	0.5%
2.	BRANCH OFFICES OF THE COMPANIES FROM THE FBiH	19,671,048	34.6%	716,695	1.3%	25,292,541	38.3%	707,069	1.1%
2.1.	Non-life insurances	4,215,476	11.9%	706,158	2.0%	4,629,045	11.8%	700,317	1.8%
2.2.	Life insurances	15,455,572	72.5%	10,537	0.0%	20,663,496	76.7%	6,752	0.0%
	TOTAL	57,704,965	24.2%	7,673,761	3.2%	69,434,856	26.9%	8,261,670	3.2%

Source: Reports of the insurance companies from the RS and branch offices of the companies from the FBiH

In 2021, the premium in the insurance market of the Republic of Srpska written through insurance agents and brokers totalled BAM 77,696,526 or 30.1% of the total premium written, and it is higher by 18.8% in comparison with the previous year. The premium written through insurance agents totalled BAM 69,434,856 or 26.9% of the total premium, while the premium written through insurance brokers totalled BAM 8,261,670 or 3.2% of the total premium.

The non-life insurance premium written through insurance agents and brokers totalled BAM 33,422,158 or 16.4% of the non-life insurance premium, and it is higher by 18.0% in comparison with the same period of the previous year. The life insurance premium written through insurance agents and brokers totalled BAM 44,274,368 or 83.2% of the life insurance premium, representing an increase of 19.5% in the life insurance premium written via these sales channels.

The table below provides an overview of the premium written through insurance agents and brokers in the Republic of Srpska, by type of insurance, for 2020 and 2021.

Table 15: Premium written through insurance agents and brokers in the market of the Republic of Srpska, by type of insurance

Types of insurance	2020				2021			
	Premium written through insurance agents		Premium written through insurance brokers		Premium written through insurance agents		Premium written through insurance brokers	
	Amount (BAM)	Share in the total premium written	Amount (BAM)	Share in the total premium written	Amount (BAM)	Share in the total premium written	Amount (BAM)	Share in the total premium written
Accident insurance	1,686,773	12.2%	3,412,876	24.7%	2,379,588	16.7%	3,211,661	22.5%
Land vehicle insurance (except for railway vehicles)	1,894,902	10.3%	550,090	3.0%	2,336,420	11.5%	529,315	2.6%
Insurance of property against fire and natural forces	599,605	7.2%	922,218	11.1%	848,133	9.4%	1,085,821	12.0%
Insurance against other types of property damage	794,084	8.3%	938,017	9.8%	737,943	7.5%	1,518,544	15.5%
Motor vehicle liability insurance	14,660,429	10.8%	113,983	0.1%	17,488,683	12.3%	189,206	0.1%
Other	1,140,781	16.0%	1,621,290	22.8%	1,518,555	16.2%	1,578,289	16.8%
Total non-life insurance	20,776,574	10.8%	7,558,474	3.9%	25,309,322	12.4%	8,112,836	4.0%
Total life insurance	36,928,391	80.9%	115,287	0.3%	44,125,534	82.9%	148,834	0.3%
TOTAL	57,704,965	24.2%	7,673,761	3.2%	69,434,856	26.9%	8,261,670	3.2%

Source: Reports of the insurance companies from the RS and branch offices of the companies from the FBiH

The highest share of the premium written through insurance agents in the total premium written was recorded in types of life insurance and the highest share of the premium written through insurance brokers in the total premium written was recorded in accident insurance.

Nominally observed, the highest amount of the premium written through insurance agents was recorded in the types of MTPL and life insurances and through insurance brokers in accident insurance and in the types of property insurance (insurance against other types of property damage and insurance of property against fire and natural forces).

The share of the motor vehicle liability insurance premium, written through insurance agents and brokers, was 12.4% in the total premium written for this type of insurance.

2.1.6.2. Premium of the insurance companies based in the Republic of Srpska written through insurance agents and brokers

Premium written by the insurance companies based in the Republic of Srpska through agents and brokers in the insurance in 2021 was BAM 71,512,598 or 29.1% of the total premium written. Premium written through these channels was higher by BAM 13,516,342 or 23.3% in comparison with the same period of the previous year.

The table below provides an overview of the premium of the insurance companies based in the Republic of Srpska, written through insurance agents and brokers for 2020 and 2021, by type of insurance.

Table 16: Premium of the insurance companies written through insurance agents and brokers, by type of insurance

Type of insurance	2020				2021			
	Premium written through agents		Premium written through brokers		Premium written through agents		Premium written through brokers	
	Amount (BAM)	Share in the total premium written	Amount (BAM)	Share in the total premium written	Amount (BAM)	Share in the total premium written	Amount (BAM)	Share in the total premium written
Accident insurance	2,101,035	15.5%	3,401,098	25.1%	3,863,404	25.9%	3,299,673	22.1%
Land vehicle insurance (except for railway vehicles)	1,936,629	13.3%	615,560	4.2%	2,544,810	15.3%	807,521	4.8%
Insurance of property against fire and natural forces	832,711	11.00%	1,187,859	15.6%	1,107,281	13.8%	1,366,506	17.0%
Insurance against other types of property damage	624,964	5.5%	1,235,585	10.9%	665,560	5.6%	3,727,954	31.1%
Motor vehicle liability insurance	20,808,567	14.2%	226,389	0.2%	26,448,183	16.8%	260,101	0.2%
Other	1,063,699	15.1%	2,040,911	28.9%	1,467,356	16.7%	1,971,922	22.5%
Total non-life insurance	27,367,605	13.6%	8,707,402	4.3%	36,096,594	16.6%	11,433,677	5.2%
Total life insurance	21,816,499	85.1%	104,750	0.4%	23,840,245	86.6%	142,082	0.5%
TOTAL	49,184,104	21.7%	8,812,152	3.9%	59,936,839	24.4%	11,575,759	4.7%

Source: Reports of the insurance companies from the RS

The premium written by the insurance companies based in the Republic of Srpska through insurance agents totalled BAM 59,936,839 or 24.4% of the total premium, and the premium written through insurance brokers totalled BAM 11,575,759 or 4.7% of the total premium.

The non-life insurance premium written by the insurance companies based in the Republic of Srpska through insurance agents and brokers totalled BAM 47,530,271 (21.8% of the total non-life insurance premium written) and it was higher by 31.8% in comparison to the same period of the previous year. A total of BAM 23,982,327 or 87.1% of the life insurance premium was written by insurance agents and brokers, representing an increase of 9.4% in the life insurance premium written via these sales channels.

The highest share of the premium written through insurance agents (in the total premium written) was recorded in types of life insurance, and the highest share of the premium written through insurance brokers (in the total premium written) was recorded in other types of property damage and accident insurance in the total premium written of these types of insurances.

Nominally observed, the highest amount of the premium written through insurance agents was recorded in the types of MTPL and life insurances and through insurance brokers in the types of insurances against other types of property damage and accident insurance.

The share of the motor vehicle liability insurance premium, written through insurance agents and brokers, was 17.0% of the total premium written for this type of insurance.

2.2. Balance structure

On the basis of the audited financial statements submitted by the insurance companies for 2021, this chapter provides a comparative overview and an analysis of the main balance items for 2020 and 2021.

2.2.1. Balance sheet

As at 31 December 2021, the value of the operating assets and liabilities of the insurance companies based in the Republic of Srpska was BAM 563,550,492, which was higher by 6.4% in comparison with 31 December 2020.

The table below provides a brief overview of the aggregate balance sheet assets of the insurance companies for 2020 and 2021.

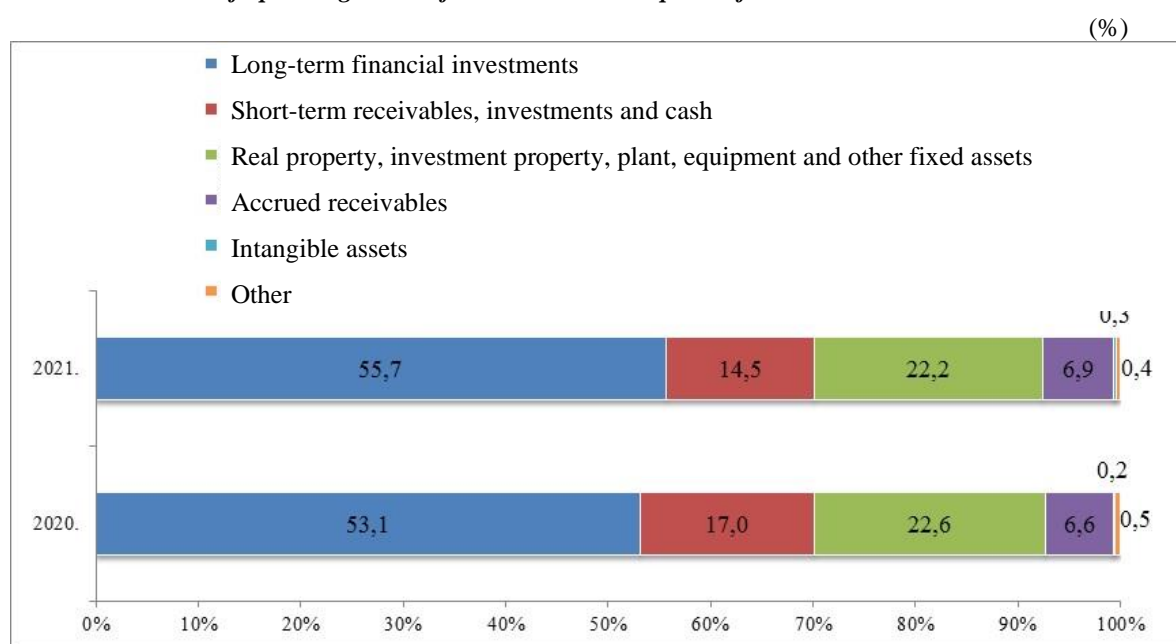
Table 17: Assets – total for all insurance companies from the RS

ASSETS	31 December 2020		31 December 2021		Index 2021/20
	Amount (BAM)	Share	Amount (BAM)	Share	
A. FIXED ASSETS (I+II+III+IV)	402,496,069	76.0%	440,920,866	78.2%	109.5
I - Intangible assets	1,144,534	0.2%	1,595,916	0.3%	139.4
II - Real property, investment property, plant, equipment and other fixed assets (1+2+3)	119,925,500	22.6%	125,326,107	22.2%	104.5
1. Land, buildings, plant and equipment	42,632,847	8.0%	42,495,125	7.5%	99.7
2. Investment property	70,931,500	13.4%	73,930,309	13.1%	104.2
3. Other fixed assets	6,361,153	1.2%	8,936,673	1.6%	140.5
III - Long-term financial investments (1+2)	281,426,035	53.1%	313,962,843	55.7%	111.6
1. Share in the capital of related, associated and other legal persons	4,783,224	0.9%	5,204,485	0.9%	108.8
2. Long-term financial investments to parent, related and other associated legal persons, domestic and foreign long-term financial investments, financial assets held to maturity, financial assets available for sale, and other long-term financial investments	276,642,811	52.2%	308,758,358	54.8%	111.6
IV - Deferred tax assets					
B. CURRENT ASSETS (I+II+III+IV)	127,397,874	24.0%	122,629,626	21.8%	96.3
I - Inventories, fixed assets and assets of discontinued operations available for sale	2,140,928	0.4%	1,809,895	0.3%	84.5
II - Short-term receivables, investments and cash	90,332,946	17.0%	81,725,216	14.5%	90.5
1. Receivables from premiums, participation in compensation for damage and other purchasers	13,519,939	2.6%	13,729,315	2.4%	101.5
2. Receivables from specific business operations and other receivables	10,046,317	1.9%	9,092,358	1.6%	90.5
3. Short-term financial investments	39,294,554	7.4%	32,459,447	5.8%	82.6
4. Cash	27,472,136	5.2%	26,444,096	4.7%	96.3
III - Accrued receivables	34,842,218	6.6%	38,814,661	6.9%	111.4
IV - Deferred tax assets	81,782	0.0	279,854	0.0%	342.2
OPERATING ASSETS (A+B)	529,893,943	100.0%	563,550,492	100.0%	106.4
OFF-BALANCE-SHEET ASSETS	12,129,862		11,841,195		97.6
TOTAL ASSETS	542,023,805		575,391,687		106.2

Source: Balance sheets of the insurance companies from the RS

The chart below shows the structure of operating assets for 2020 and 2021.

Chart 5: Structure of operating assets of the insurance companies from the RS



Source: Balance sheets of the insurance companies from the RS

In the structure of operating assets, as at 31 December 2021, the share of fixed assets was 78.2%, and the share of current assets was 21.8%.

In comparison with the balance as at 31 December 2020, the amount of fixed assets increased by 9.5%, and within this item, the amount of intangible assets increased by 39.4%, the amount of real property, investment property, plant, equipment and other fixed assets increased by 4.5%, and the amount of long-term financial investments increased by 11.6 %.

The increase in the amount of intangible assets does not have any material significance, because the share of the amount presented under this item was only 0.3% of the operating assets. The increase in the amount of real property, investment property, plant, equipment and other fixed assets was the result of the increase in the amount of investment property (4.2%) and other fixed assets (40.5%). The increase in the amount of investment property was nominally more significant with two insurance companies, while with the other insurance companies there were no significant changes of the reported amount within this item. Investment in the business facilities affected the increase of the amount of the other fixed assets, which was materially more significant with two insurance companies due to investment in business facilities in construction. Change of the amounts reported within the item of land, buildings, plants and equipment with individual insurance companies resulted in the reduction of the total amount reported within this item (0.3%).

Within the item of long-term financial investments, the share in the capital of related, associated and other legal persons increased by 8.8% (investments of one insurance company in other legal persons), the amount of financial assets available for sale (bonds issued by the Republic of Srpska) and the amount of long-term domestic financial investments (term deposits).

The amount of current assets decreased by 3.7%, and within this item, there was a decrease in the amounts of inventories, fixed assets and assets of discontinued operations available for sale and short-term receivables, inventories and cash. The share of the amount reported in items of inventories, fixed assets and assets of discontinued operations available for sale in the amount of the operating assets is nearly 0.3% therefore the reduction by 15.5% did not have material significance.

Short-term receivables, investments and cash are reduced by 9.5% where it was marked the reduction of receivables of the specific operations and other receivables (9.5%) due to reduction of the amounts of other receivables with one insurance companies, short-term financial investments (17.4) due to reduction of the item long-term deposits and investments which fall due for collection in the time period up to one year at three insurance companies and cash (3.7%) more significant with one insurance company. The reduction of the amount of the of the short-term financial investments and cash related for the reported increase of the amount of the long-term financial investments primarily due to increase of investment in bonds issued by the Republic of Srpska. Within the item of short-term receivables, investments and cash, it is marked the increase of receivables by the premium, participation in damage compensation and other buyers (1.5%) due to increase of receivables based on the non-life insurance premium.

The changes in the amounts under the items of accrued receivables with individual insurance companies resulted in an increase in the total amount of accrued receivables, and it is related to the implementation of individual reinsurance policies (changes in the amount of participation of reinsurers in claims reserves and unearned premium), and to the increase in the amount of accrued acquisition costs.

The amount of deferred tax assets increased by 3.4 times does not have material significance because the share of the amount reported on this item in the operating assets was only 0.05%.

Off-balance-sheet assets and liabilities were reduced by 2.4%, due to reduction of the amounts of bill of exchange and other guarantees given to ensure the fulfilment of third party obligations and reduction of amounts of other fixed assets with one insurance company. One part of the amount reported within this item refers to state-owned property (buildings used by the insurance company Wiener osiguranje a.d.). The amount reported within this item relates also on the receivables from legal entities in bankruptcy and it did not change after the initial recording.

The table below provides a brief overview of the aggregate items of liabilities of all insurance companies for 2020 and 2021.

Table 18: Liabilities – total for all insurance companies from the RS

LIABILITIES	31 December 2020		31 December 2021		Index 2021/20
	Amount (BAM)	Share	Amount (BAM)	Share	
A. CAPITAL	163,035,640	30.8%	166,416,922	29.5%	102.1
1. Share capital	110,630,891	20.9%	114,758,191	20.4%	103.7
2. Share issuance premium	6,606,242	1.2%	6,606,242	1.2%	100.0
3. Share issuance loss	4,035,080	0.8%	4,034,299	0.7%	99.98
4. Reserves from profit	5,302,698	1.0%	5,934,567	1.1%	111.9
5. Revaluation reserves	3,075,245	0.6%	2,980,508	0.5%	96.9

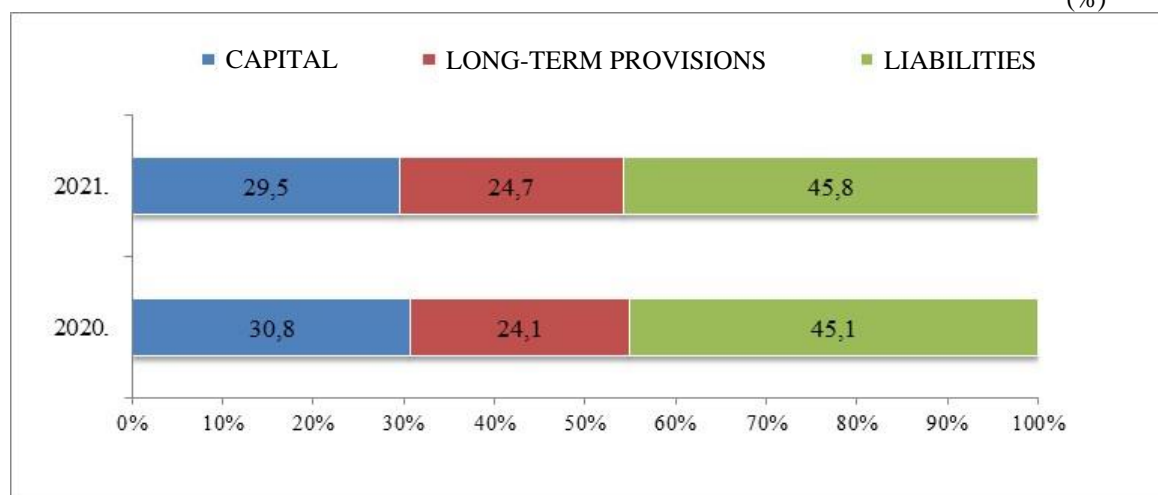
LIABILITIES	31 December 2020		31 December 2021		Index 2021/20
	Amount (BAM)	Share	Amount (BAM)	Share	
6. Unrealised profit on financial assets available for sale	4,908,229	0.9%	6,544,245	1.2%	133.3
7. Unrealised losses on financial assets available for sale	1,377,854	0,3%	1,408,733	0.2%	102.2
8. Retained profit (9+10)	46,692,755	8.8%	46,785,399	8.3%	100.2
9. Retained profit from previous years	15,518,030	2.9%	15,145,689	2.7%	97.6
10. Retained profit in the current year	31,174,725	5.9%	31,639,710	5.6%	101.5
11. Loss below the amount of capital (12+13)	8,767,486	1.7%	11,749,198	2.1%	134.0
12. Loss from previous years	8,553,388	1.6%	9,101,106	1.6%	106.4
13. Loss in the current year	214,098	0.0%	2,648,092	0.5%	1236.9
B. LONG-TERM PROVISIONS	127,814,022	24.1%	139,299,664	24.7%	109.0
C. LIABILITIES (1+2)	239,044,281	45.1%	257,833,906	45.8%	107.9
1. Long-term liabilities	3,124,400	0.6%	10,308,548	1.8%	329.9
2. Short-term liabilities and accruals and deferred income	235,919,881	44.5%	247,525,358	43.9%	104.9
2.1. Unearned premium – life insurance	6,941,651	1.3%	7,168,958	1.3%	103.3
2.2. Unearned premium – non-life insurance	119,589,848	22.6%	128,810,365	22.9%	107.7
2.3. Outstanding claims reserves – life insurance	1,177,958	0.2%	1,541,299	0.3%	130.8
2.4. Outstanding claims reserves – non-life insurance	77,096,680	14.5%	77,226,885	13.7%	100.2
2.5. Other accruals and deferred income	6,017,079	1.1%	5,835,264	1.0%	97.0
2.6. Other short-term liabilities	25,096,665	4.7%	26,942,587	4.8%	107.4
D. OPERATING LIABILITIES (A+B+C)	529,893,943	100.0%	563,550,492	100.0%	106.4
E. OFF-BALANCE-SHEET LIABILITIES	12,129,862		11,841,195		97.6
F. TOTAL LIABILITIES	542,023,805		575,391,687		106.2

Source: Balance sheets of the insurance companies from the RS

The chart below shows the structure of operating liabilities for 2020 and 2021.

Chart 6: Structure of operating liabilities of the insurance companies from the RS

(%)



Source: Balance sheets of the insurance companies from the RS

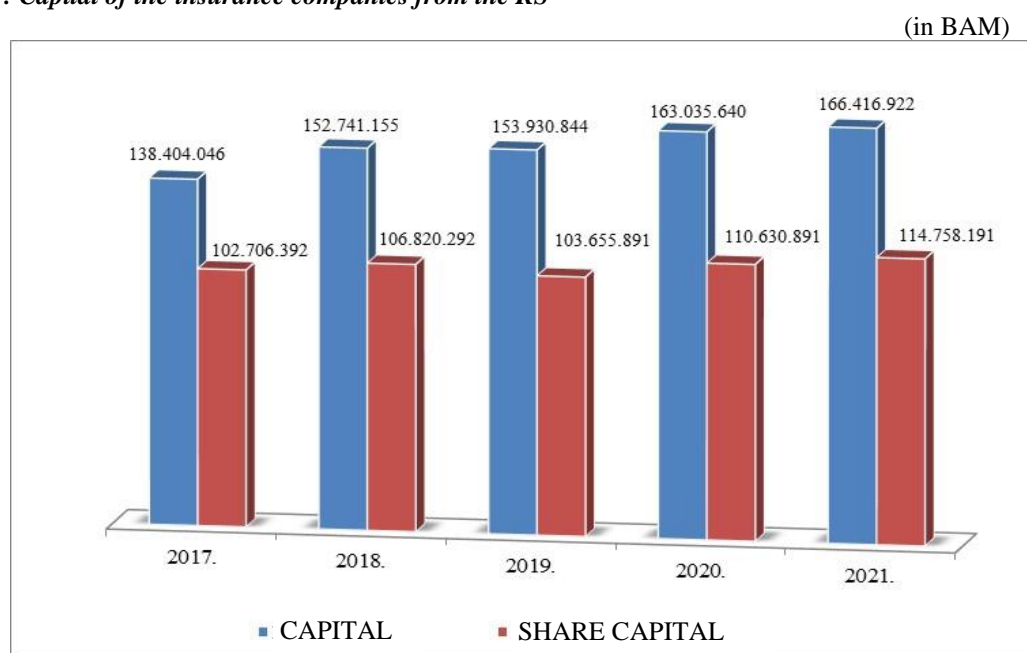
In the structure of operating liabilities, as at 31 December 2021, the share capital was 29.5%, the share of long-term provisions was 24.7%, and the share of liabilities was 45.8%, whereby technical reserves (unearned premiums and outstanding claims reserves) comprised 83.3% of the total liabilities. In the structure of operating liabilities, the share of unearned premium and claims reserves of life and non-life insurance was 38.1%, the share of mathematical reserve

and provisions for profit share in life insurance was 24.5%, and the share of capital was 29.5%. The total share of the amounts reported under these items in the operating liabilities was 92.1%, and their interrelationship was in accordance with their activity and the portfolio structure of the insurance companies.

In comparison with the balance as at 31 December 2020, the amount of capital increased by 2.1%, and within this item, there was an increase in share capital (3.7%), profit reserves (11.9%), unrealised profits from the financial assets available for sale (33.3%), unrealised losses from the financial assets available for sale and retained profit (2.2%) and loss up to the amount of capital (34.0%) where it is significantly marked the increase in the item loss of the current year reported by two insurance companies. Within the item capital, it is reported decrease in the item revaluation reserves (3.1%), At the item share issuance premium, there was no change of the amount share issuance premium, while the amount of the item share issuance loss is closely at the same level (reduction in 0.02%).

The chart below provides an overview of the movement of capital for the period of 2017–2021.

Chart 7: Capital of the insurance companies from the RS



Source: Balance sheets of the insurance companies from the RS

The item of long-term provisions had an increase of 9.0%. Within this item, there was an increase of 10.0% in the amount of mathematical reserve and an increase of 5.5% in provisions for profit share in life insurance. The amounts of mathematical reserve and provisions for profit share in life insurance comprised 99.2% of the reported amount of long-term provisions. The increase in the amount of mathematical reserve and provisions for profit share in life insurance was a result of portfolio maturation and an increase in the life insurance premium written, representing a continuation of the positive trend.

The total liabilities increased by 7.9%, and within that item, short-term liabilities and accruals and deferred income increased by 4.9%, while long-term liabilities increased by 3.3 times.

The increase of the long-term liabilities affected the increase of the liabilities by the issued long-term debt securities at one insurance company.

The share of unearned premium and outstanding claims reserves for life and non-life insurance was 86.8%, while the share of liabilities for claims and contract amounts was only 0.3% in the total amount of short-term liabilities and accruals and deferred income. The increase of the other short-term liabilities (7.4%) affected the increase of liabilities for reinsurance and co-insurance premiums, obligations by gross earnings and other obligations from operations. The decrease of the amount reported within other accrued costs and deferred revenues by 3.0% is related with the changes of the related amounts at the individual insurance companies and it does not have a material significance.

2.2.2. Income statement

A brief overview of the aggregate income statement for all insurance companies based in the Republic of Srpska for 2020 and 2021 is provided in the table below.

Table 19: Income statement – total for all insurance companies from the RS

I T E M	2020	Share	2021	Share	Index 2021/20
	Amount (BAM)		Amount (BAM)		
A. OPERATING INCOME AND EXPENSES					
I - Operating income (1+2+3+4+5+6)	251,767,009	93.3%	267,259,950	94.0%	106.2
1. Income from insurance, co-insurance and reinsurance premiums, and retrocession in terms of life insurance	26,293,818		28,346,876		107.8
2. Income from insurance, co-insurance and reinsurance premiums, and retrocession in terms of non-life insurance	200,138,806		209,084,907		104.5
3. Income from participation of co-insurance, reinsurance and retrocession in compensation for damage in terms of non-life insurance	7,379,917		7,963,327		107.9
4. Income from cancellation and reduction of provisions in terms of non-life insurance	5,514,101		8,998,712		163.2
5. Income from refund of tax and other levies, and income from premiums, subsidies, grants, donations, etc.	382,615		386,613		101.0
6. Other operating income	12,057,752		12,479,515		103.5
II - Operating expenses (1+2)	222,416,051	94.7%	240,628,966	96.0%	108.2
1. Functional expenses (1.1.+1.2.+1.3.)	125,520,165		137,718,082		109.7
1.1. Expenses for long-term provisions and functional contributions	16,022,230		16,263,124		101.5
1.2. Compensation for damage, contract amounts and co-insurance and reinsurance premiums	11,252,206		13,960,235		124.1
1.3. Compensation for damage and other types of compensation in terms of non-life insurance	98,245,729		107,494,723		109.4
2. Expenses for execution of insurance	96,895,886		102,910,884		106.2
III - Operating profit/loss (I-II)	29,350,958		26,630,984		90.7
B. FINANCIAL INCOME AND EXPENSES					
I - Financial income	10,657,371	4.0%	11,622,509	4.1%	109.1
II - Financial expenses	1,825,770	0.8%	1,542,730	0.6%	84.5
III - Financial profit/loss (I-II)	8,831,601		10,079,779		114.1
AB - Profit/loss from regular operation (AIII+BIII)	38,182,559		36,710,763		96.1
C. OTHER INCOME AND EXPENSES					
I - Other income	3,584,592	1.3%	4,243,058	1.5%	118.4
II - Other expenses	5,487,958	2.3%	4,982,505	2.0%	90.8
III - Profit/loss from other income and expenses (I-II)	-1,903,366		-739,447		38.8
D. INCOME AND EXPENSES FROM PROPERTY VALUE ADJUSTMENT					
I - Income from property value adjustment	2,948,855	1.1%	1,045,039	0.4%	35.4
II - Expenses from property value adjustment	3,274,704	1.4%	2,430,922	1.0%	74.2
III - Profit/loss from property value adjustment (I-II)	-325,849		-1,385,883		425.3
E. LOSS OF BUSINESS THAT IS SUSPENDED					
			74,805		
F. PROFITS FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM					
	420,784	0.2%	106,414	0,0%	25.3

Report on the state of the insurance sector in the Republic of Srpska
for year 2021

I T E M	2020	Share	2021	Share	Index 2021/20
	Amount (BAM)		Amount (BAM)		
PREVIOUS YEARS					
G I - EXPENSES FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS YEARS	754,597	0.3%	382,386	0.2%	50.7
F. PROFIT/LOSS BEFORE TAX (AB+CIII+ DIII+E-E1)	35,619,531		34,234,656		96.1
G. CURRENT AND DEFERRED INCOME TAX - Tax expenses in the reporting period	3,910,983		3,809,487		97.4
H. DEFERRED TAX EXPENSES IN THE REPORTING PERIOD	11,224	0.0%	12,014	0.0%	107.0
H I - DEFERRED TAX INCOME IN THE REPORTING PERIOD	1,418	0.0%	2,329	0.0%	164.2
I. NET PROFIT / NET LOSS IN THE REPORTING PERIOD (F-G-H+HI)=(I 1-I 2)	31,698,742		30,415,484		96.0
1. Net profit in the current year	31,921,546		33,072,421		103.6
2. Net loss in the current year	222,804		2,656,937		1192.5
J. OTHER PROFIT AND LOSSES IN THE REPORTING PERIOD					
I - Profit determined directly in the capital	315,862	0.1%	175,639	0.1%	55.6
II - Losses determined directly in the capital	1,213,387	0.5%	768,941	0.3%	63.4
III - Income tax referring to other profit and losses	76,319	0.0%	52,530	0.0%	68.8
K. TOTAL NET RESULT IN THE ACCOUNTING PERIOD (I+JI-JII±JIII)	30,877,536		29,874,712		96.8
L. TOTAL INCOME AND PROFIT (AI+BI+CI+DI+E+HI+JI)	269,772,210	100.0%	284,454,938	100.0%	105.4
M. TOTAL EXPENSES AND LOSSES (AII+BII+CII+DII+EI+JII±JIII+H)	234,983,691	100.0%	250,770,739	100.0%	106.7
N. TOTAL GROSS RESULT IN THE ACCOUNTING PERIOD (L-M)	34,788,519		33,684,199		96.8
O. CURRENT AND DEFERRED INCOME TAX (G)	3,910,983		3,809,487		97.4
P. TOTAL NET RESULT IN THE ACCOUNTING PERIOD (N-P)=K	30,877,536		29,874,712		96.8

Source: Income statement of the insurance companies from the RS

The total income in 2021, including the profit determined directly in the capital, was BAM 284,454,938, representing an increase of 5.4% in comparison with 2020.

The amount of operating income was BAM 267,259,950, which was higher by 6.2%, and it comprised 94.0% of the total income. The increase in the income from insurance, co-insurance and reinsurance premiums, and retrocession in terms of non-life and life insurance, was related by the increase in premium. The income from participation of co-insurance, reinsurance and retrocession in compensation for damage in terms of non-life insurance increased by 7.9%, and the increase is related to the performance of concluded insurance contracts covered by reinsurance (participation of reinsurers in claims). The increase in the income from cancellation and reduction of provisions in terms of non-life insurance arises from the effect of a change in the amount of calculated claims reserves, in comparison with the previous period, and the increase in income based on that was materially more significant with three insurance companies.

The income from refund of taxes and other levies and the income from premiums, subsidies, grants, donations, etc. increased by 1.0%, but their share in the operating income is only 0.14%. The other operating income increased by 3.5%, due to the increase in the income from reinsurance fees and the income from recourse receivables and incomes from the increase of investment real estate values which are not depreciated.

The amount of financial income comprised 4.1% of the total income, and it was higher by 9.1%, and it relates to the increase of income from interests and incomes from bond investments.

The share of other income in the total income was 1.5%, representing a decrease of 18.4% and they relate to the increase of the profit from sale of participation and long-term securities, collected previously written receivables and other incomes.

The share of income from property value adjustment in the total income was 0.4%, which was lower by 64.6%, because in the previous reporting period one insurance company reported significant amount of incomes realized on this, while in the reporting period there were no recording of the mentioned incomes. Income from changes in accounting policies and correction of errors from previous years were lower by 74.7%. However, due to a low share in the total income, their impact on the overall result did not have any material significance.

The reported amount of profit determined directly in the capital is lower by 44.4%, due to the lower amount of profit from decrease of revaluation reserves on fixed assets, except securities available for sale.

The total expenses, including the losses determined directly in the capital, were BAM 250,770,739, and they were higher by 6.7%.

The operating expenses comprised 96.0% of the total expenses, and they totalled BAM 240,628,966. In the structure of operating expenses, the share of functional expenses was 57.2%, which was higher by 9.7% in comparison with the same period of the previous year. Within the functional expenses, the expenses referring to compensation for damage, contract amounts and co-insurance and reinsurance premiums for life insurance increased by 24.1%, while the expenses referring to compensation for damage and other types of compensation in terms of non-life insurance increased by 9.4%. On the other hand, the amount of expenses referring to long-term provisions and functional contributions increased by 1.5%.

The share of the expenses for execution of insurance in the operating expenses was 42.6%, representing an increase of 6.2%, and they consist of depreciation and provision expenses (4.5%), expenses referring to materials, energy, services and intangible expenses (65.5%) and wages, employee reimbursements and other personal expenses (30.0%). The increase in the expenses for execution of insurance was less in comparison with written premium growth rate and it did have negative affect on the financial capacity of the insurance companies to fulfil their obligations arising from insurance contracts.

The share of financial expenses in the total expenses was 0.6%, the share of other expenses in the total expenses was 2.0%, the share of expenses referring to property value adjustment was 1.0%, the share of expenses from changes in accounting policies and corrections of errors from previous years was 0.2%, and the share of losses determined directly in the capital was 0.3%. Due to a low share in the total expenses, the changes under the items referring to the above-mentioned expenses did not have a materially significant impact on the total net result, regardless of their relative change.

The amount of operating profit was BAM 26,630,984, and it was lower by 9.3%, while the amount of profit from regular operation (including financial income and expenses) totalled BAM 36,710,763, which was lower by 3.9 %.

The net result in the accounting period was a profit in the amount of BAM 30,415,484. A total of twelve insurance companies reported a net profit in the amount of BAM 33,072,421, while two companies reported a net loss in the amount of BAM 2,656,937. The total net result in the accounting period at the level of the sector, obtained as a difference between the total income and the profit determined directly in the capital, on one hand, and the total expenses, the losses determined directly in the capital and the current and deferred income tax, on the other hand, was a profit in the amount of BAM 29,874,712.

2.2.3. Consolidated financial statements

Of the total of 14 insurance companies, six insurance companies exercise direct or indirect control over one or several legal persons or exercise significant influence over other legal persons. Therefore, pursuant to the Law on Accounting and Auditing of the Republic of Srpska ('Official Gazette of the Republic of Srpska', 94/15 and 78/20), they are obliged to prepare consolidated financial statements of the related legal persons which comprise one economic unit.

In accordance with the above-mentioned requirement, the insurance companies prepared and submitted consolidated financial statements to the Agency. In their consolidated financial statements, five insurance companies reported a profit totalling BAM 13,987,086, while one insurance company reported a loss totalling BAM 3,220,839. The total net result in the reporting period for these insurance companies, as reported in the consolidated financial statements, was positive and it totalled BAM 10,766,247.

The net result reported in the individual audited financial statements of these insurance companies was a profit in the amount of BAM 11,333,085 and it was higher by BAM 566,838 in comparison with the profit reported in the consolidated financial statements.

2.3. Financial and technical indicators

2.3.1. Compliance with the capital adequacy requirements

The insurance companies based in the Republic of Srpska are obliged to continuously maintain the amount of capital, which is adequate to the scope and types of the insurance activity that they pursue, i.e. to risks to which they are exposed in the pursuit of the insurance activity.

The capital adequacy of an insurance company is based on compliance with the prescribed requirements, according to which the available capital of the insurance company must at least be equal to the adequacy threshold of the available capital⁵, while the share capital must at least be equal to the amount of the guarantee fund⁶. Composite insurance companies must

⁵ The adequacy threshold of the available capital represents the amount of the solvency margin or the minimum prescribed amount of the share capital for insurance companies, whichever is larger.

⁶ The guarantee fund corresponds to 1/3 of the solvency margin or the minimum prescribed amount of the share capital for insurance companies, whichever is larger.

report separately the compliance with the capital adequacy requirements for life and non-life insurance.

Table 20: Compliance with the capital adequacy requirements

No.	Description	2020		2021	
		Non-life insurance Amount (BAM)	Life insurance Amount (BAM)	Non-life insurance Amount (BAM)	Life insurance Amount (BAM)
1.	Share capital	106,523,578	17,152,208	107,654,708	18,015,723
2.	Guarantee fund	71,000,000	8,000,000	73,000,000	8,000,000
3.	More/less share capital (1-2)	35,523,578	9,152,208	34,654,708	10,015,723
4.	Available capital	91,965,254	14,061,977	93,901,151	14,349,370
5.	Adequacy threshold of the available capital	71,000,000	8,978,345	73,000,00	9,853,411
6.	More/less available capital (4-5)	20,965,254	5,083,633	20,901,151	4,495,959

Source: Reports of the insurance companies from the RS

The total share capital of all insurance companies based in the Republic of Srpska, as at 31 December 2021, including the capital of both life and non-life insurance, was BAM 125,670,431, and it was higher than the guarantee fund by BAM 44,670,431 or 55.1%. The share capital for non-life insurance was higher than the guarantee fund by 47.5%, and the share capital for life insurance was higher than the guarantee fund by 2.25 times.

The total available capital of all insurance companies based in the Republic of Srpska⁷, as a total for life and non-life insurance, determined for the purpose of reporting the compliance with the capital adequacy requirements, was BAM 108,250,521. The surplus of available capital in relation to the adequacy threshold of the available capital was reported in the amount of BAM 25,397,110 (30.7%), of which BAM 20,901,151 of surplus in non-life insurance (or 28.6%) and BAM 4,495,959 of surplus in life insurance (45.6%).

Apart from the reported overall compliance with the capital adequacy requirements, one insurance company based in the Republic of Srpska in the non-life insurances did not comply with the prescribed capital adequacy requirements.

Apart from complying with the prescribed capital adequacy requirements, insurance companies are obliged to keep the amount of at least 50% of the minimum guarantee fund required in a special-purpose term deposit or in securities issued or guaranteed by Bosnia and Herzegovina, the Republic of Srpska or the Central Bank of BiH. These funds are used for the protection of interests of both insurers and insured persons, and may not be used for any other purpose. All insurance companies complied with this requirement, i.e. they possessed the required coverage funds.

2.3.2. Calculation and coverage of technical reserves by the prescribed forms of assets

2.3.2.1. Total calculated technical reserves

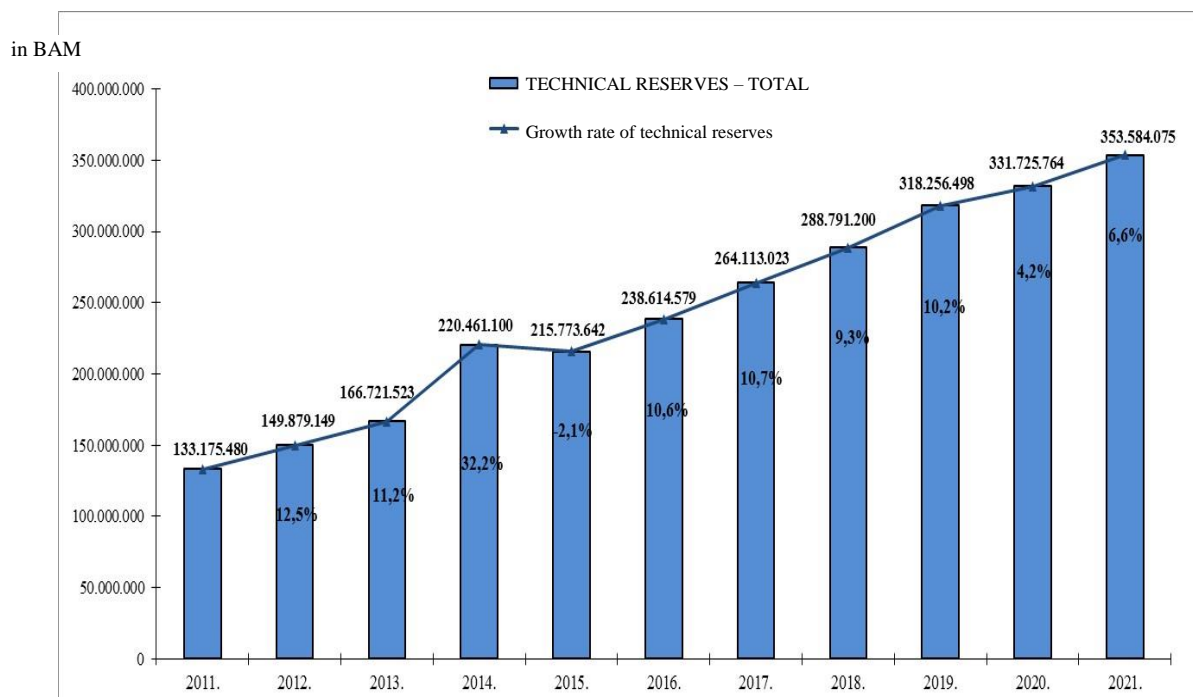
The calculation of technical reserves based on the actuarial cost method is an important prerequisite for the maintenance of solvency of insurance companies, which contributes to better protection of interests of insured persons and beneficiaries, as well as to strengthening the trust in the insurance activity. The rules for calculation of technical reserves are prescribed

⁷ It must be noted that the amount of capital, determined for the purpose of complying with the capital adequacy requirements, differs from the amount of capital reported in the balance sheet.

by the by-laws of the Agency, and their adequate application is subject to review conducted by both certified actuaries and the Agency, through mandatory reports submitted by the insurance companies on a periodical basis and through direct and indirect monitoring.

The chart below provides an overview of the total calculated technical reserves of all insurance companies based in the Republic of Srpska, for the period of 2011–2021.

Chart 8: Total calculated technical reserves of all insurance companies from the RS



Source: Reports of the insurance companies from the RS

As at 31 December 2021, the total calculated technical reserves of all insurance companies based in the Republic of Srpska were higher by 6.6% in comparison with the same day of the previous year.

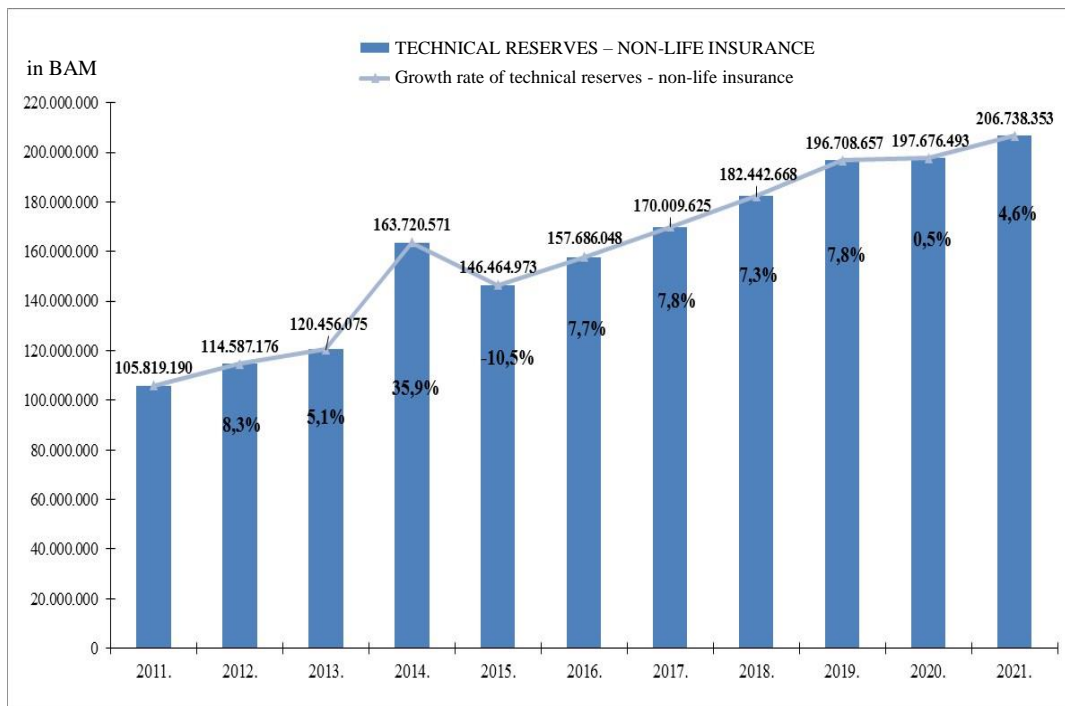
For the purpose of maintaining the financial capacity to fulfil the obligations to pay the compensation for damage and other compensations under insurance contracts, the insurance company is obliged to invest the funds for coverage of technical reserves in the prescribed types of assets, applying the principles of security and profitability, and taking into account investment dispersion.

Given the fact that different investment requirements and restrictions are applied for life and non-life insurance, a separate analysis of the investment of funds for coverage of technical reserves is given below.

2.3.2.2. Calculation and funds for coverage of technical reserves for non-life insurance

The total calculated technical reserves for non-life insurance, in the period from 2011 to 2021, are shown in the chart below.

Chart 9: Total calculated technical reserves for non-life insurance

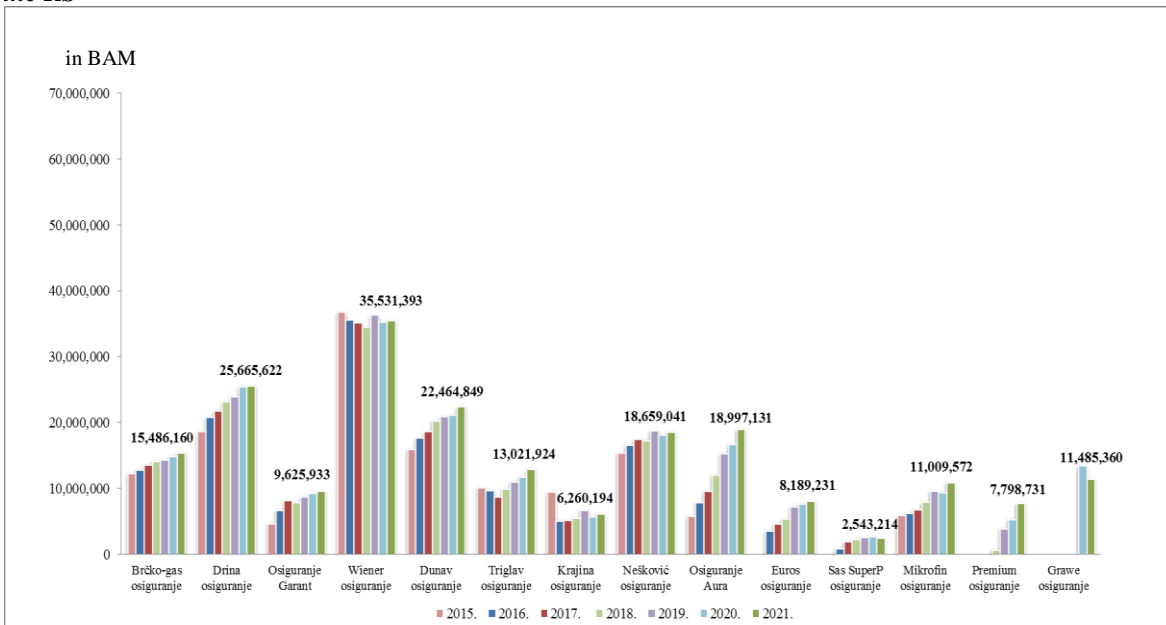


Source: Reports of the insurance companies from the RS

The total calculated technical reserves for non-life insurance, as at 31 December 2021, were BAM 206,738,353, which was higher by 4.6% in comparison with the amount on the same day of the previous year.

The chart below shows the calculated technical reserves for non-life insurance individually, by insurance companies based in the Republic of Srpska.

Chart 10: Overview of the calculated technical reserves for non-life insurance of the insurance companies from the RS

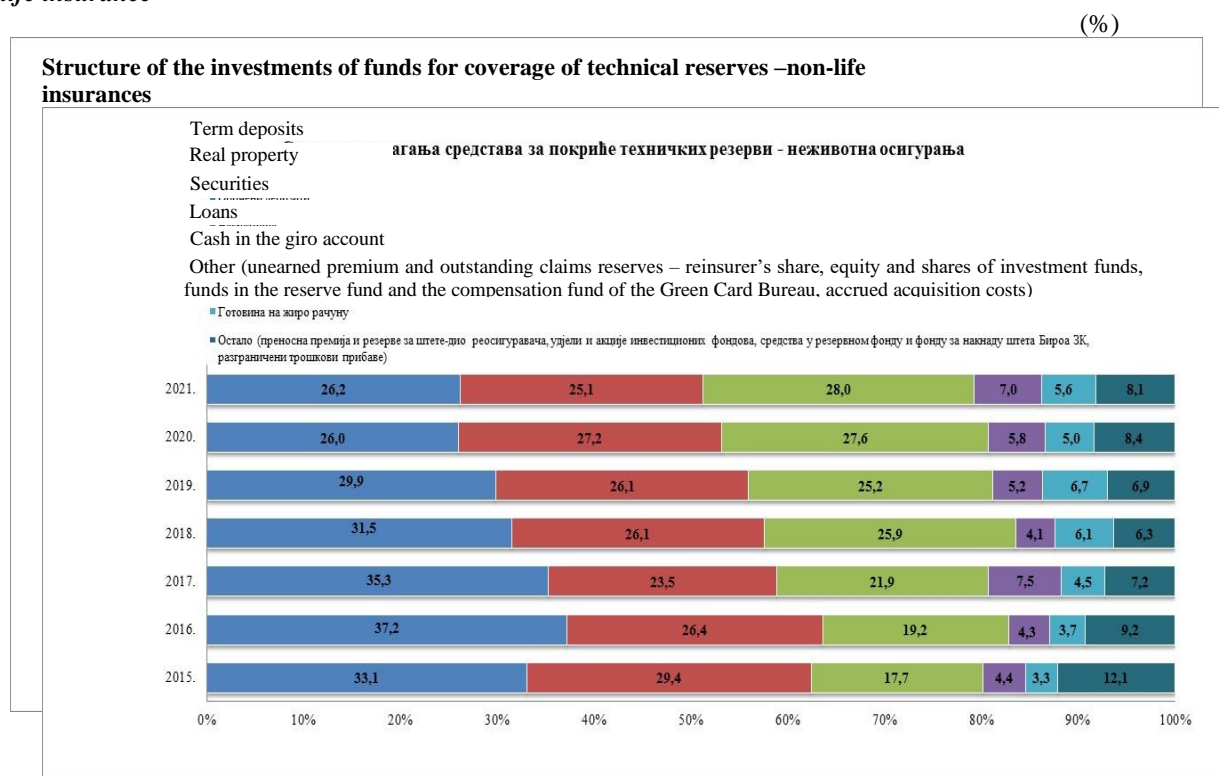


Source: Reports of the insurance companies from the RS

The chart shows that, at 31 December 2021, the amount of calculated technical reserves of two insurance companies was lower in comparison with the same day of the previous year, which was the result of a decrease in the amount of unearned premium due to a lower amount of premium written, and a decrease in claims reserves.

The chart below shows the structure of the investments of funds for coverage of technical reserves for non-life insurance.

Chart 11: Structure of the investments of funds for coverage of the total calculated technical reserves for non-life insurance



The highest share in the structure of the investments of funds for coverage of technical reserves for non-life insurance was the share of term deposits, real property and securities, with the overall share of 79.3%.

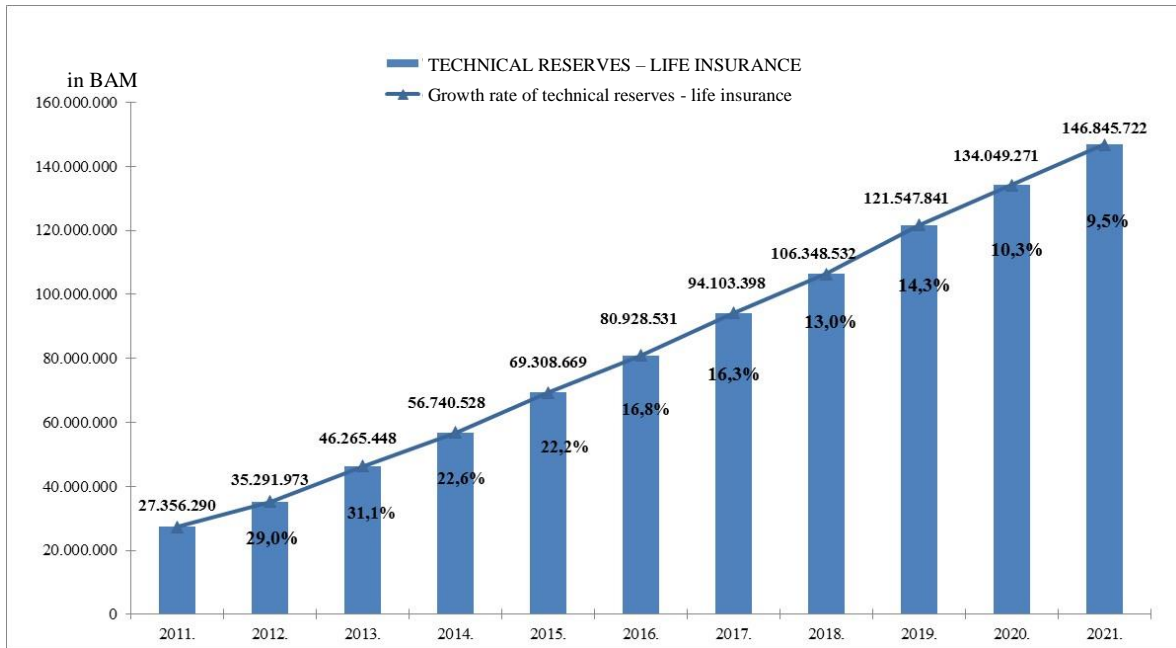
As at 31 December 2021, one insurance company reported a shortage of funds for coverage of technical reserves. The other companies which pursue non-life insurance ensured quantitative and qualitative compliance with the prescribed requirements related to coverage of technical reserves.

2.3.2.3. Calculation and funds for coverage of technical reserves for life insurance

The technical reserves for life insurance are characterised by growth caused by the growth of the life insurance premium and the portfolio maturation.

The chart below shows the calculated technical reserves for life insurance for the period of 2011–2021.

Chart 12: Total calculated technical reserves for life insurance

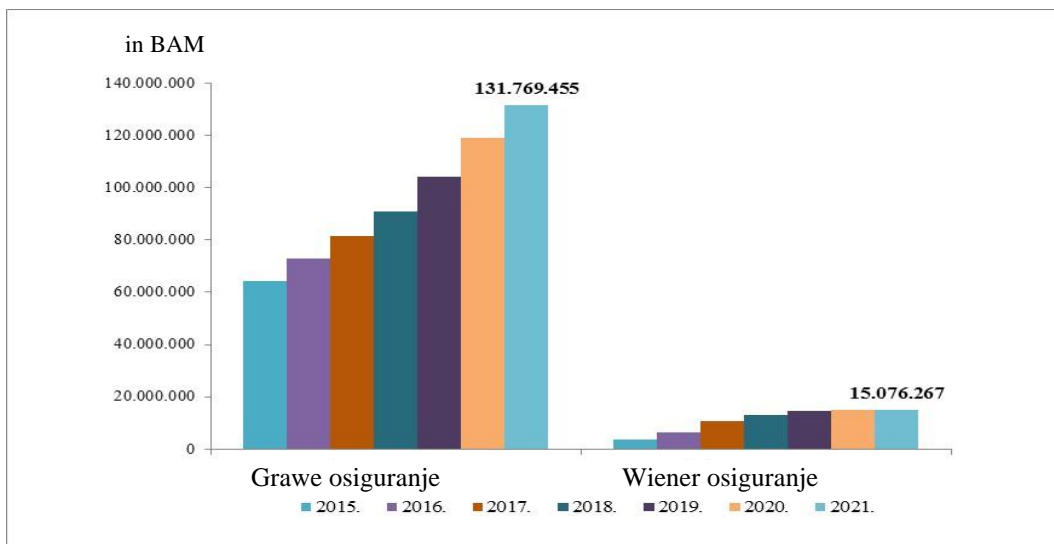


Source: Reports of the insurance companies from the RS

As at 31 December 2021, the total calculated technical reserves for life insurance were BAM 146,845,722, and they were higher by 9.5 % in comparison with the same day of the previous year.

The chart below shows the calculated technical reserves for life insurance, individually by insurance company.

Chart 13: Overview of the calculated technical reserves for life insurance of the insurance companies from the RS

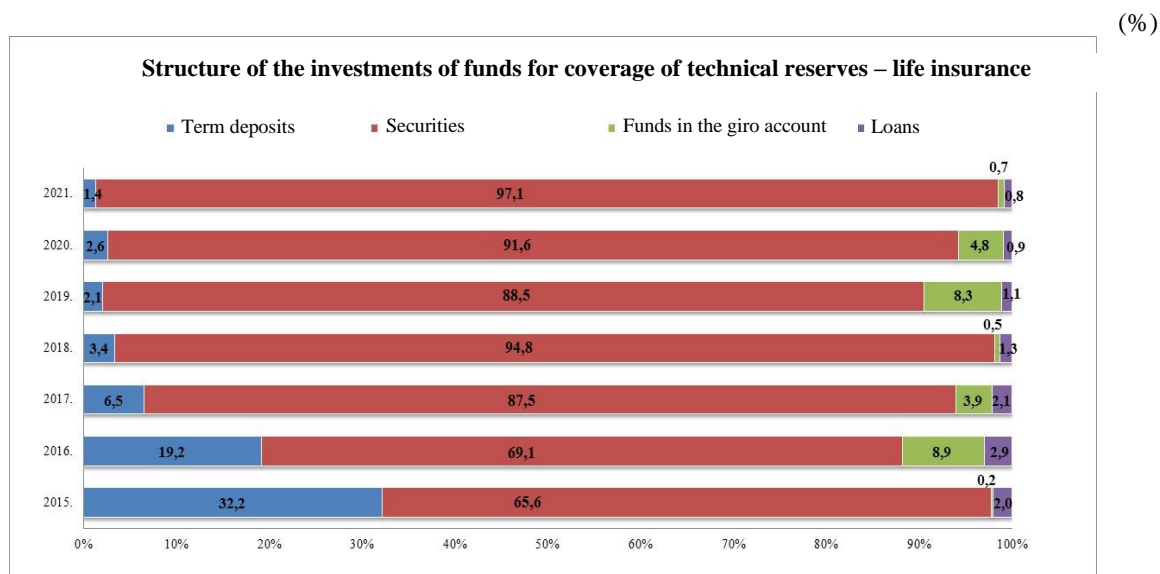


Source: Reports of the insurance companies from the RS

The difference in the amount of the calculated technical reserves for life insurance between the individual insurance companies is proportional to the share of these companies in the total life insurance premium.

The chart below shows the structure of the investments of funds for coverage of technical reserves for life insurance.

Chart 14: Structure of the investments of funds for coverage of the total calculated technical reserves for life insurance



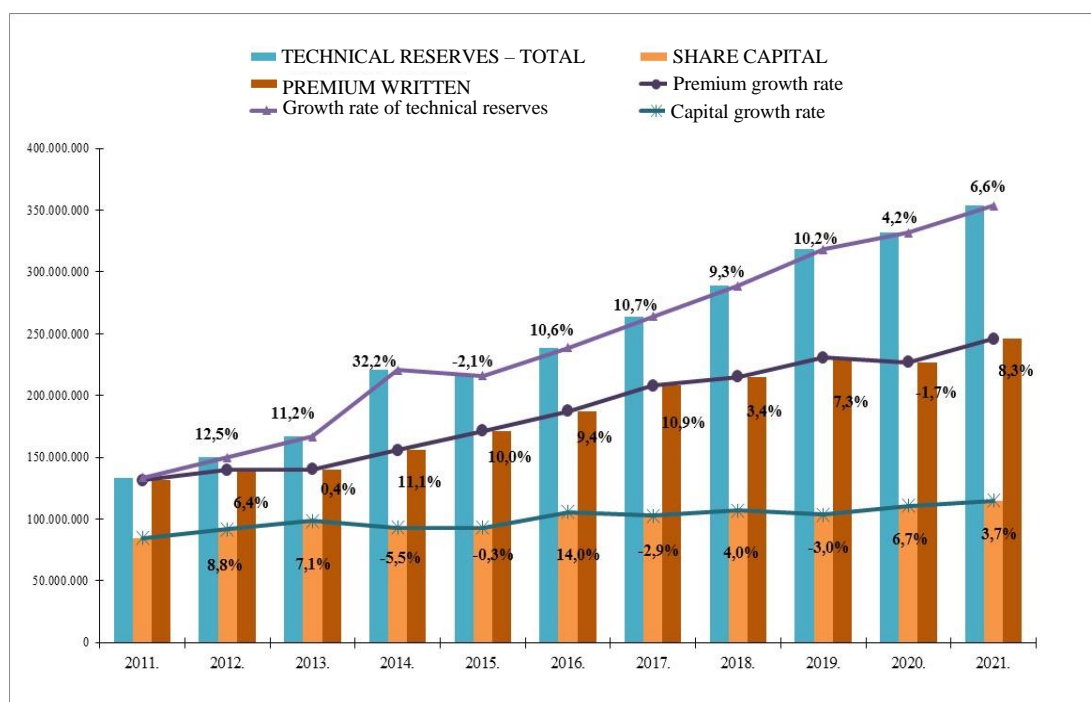
Source: Reports of the insurance companies from the RS

In the structure of the investments of funds for coverage of technical reserves for life insurance, securities had the highest share, particularly bonds issued by the Republic of Srpska. All companies which pursue life insurance ensured continuous quantitative and qualitative compliance with the prescribed requirements related to coverage of technical reserves for life insurance.

2.3.3. Comparative overview of key indicators

The chart below provides a comparison of the total amounts of calculated technical reserves, premium written and share capital, for the period of 2011–2021.

Chart 15: Changes in the calculated technical reserves, share capital and premium written



Source:

Reports of the insurance companies from the RS

Data from the previous chart indicate a growth of the premium, technical reserves and share capital. As at 31 December 2021, the total amount of calculated technical reserves was higher than the total premium written by 44.0%, which was significantly affected by the growth and maturation of the life insurance portfolio, and the related increase in the amount of mathematical reserve.

2.3.4. Indicators of compensation for damage and other insurance benefits paid

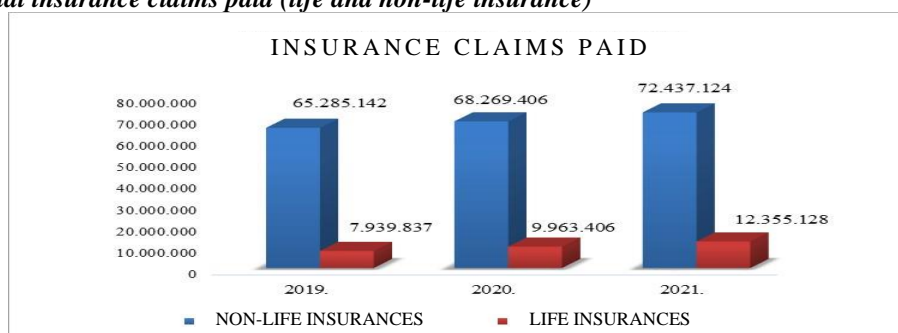
The basic information related to settlement and payment of compensation for damage and other insurance benefits under insurance contracts (hereinafter referred to as: insurance claims) may be found below. In 2021, the insurance companies based in the Republic of Srpska paid a total of BAM 84,792,252 to insured persons and beneficiaries, which represents an increase of BAM 6,559,440 or 8.4% in comparison with 2020, when the amount of insurance claims paid was BAM 78,232,812.

Table 21: Amount of total insurance claims paid by type of insurance

TYPES OF INSURANCE	2019	2020	2021
	Amount (BAM)	Amount (BAM)	Amount (BAM)
Accident insurance	6,208,196	6,742,963	7,861,502
Health insurance	593,636	543,890	419,107
Land vehicle insurance (except for railway vehicles)	10,308,725	10,924,792	11,413,145
Railway vehicles			9,128
Marine insurance		2,432	
Insurance of goods in transport	41,470	42,065	59,205
Insurance of property against fire and natural forces	2,369,581	5,052,087	3,542,487
Insurance against other types of property damage	2,305,838	1,594,433	2,718,311
Motor vehicle liability insurance	42,896,615	42,627,999	45,013,911
Civil liability insurance	355,513	208,926	622,739
Credit insurance	49,710	215,193	622,419
Guarantee insurance	861		
Insurance against various financial losses	150,880	308,459	148,908
Assistance	4,117	6,169	6,260
TOTAL NON-LIFE INSURANCE	65,285,142	68,269,406	72,437,124
Life insurance	6,665,206	8,910,634	11,109,990
Annuities	2,992	16,285	28,645
Additional insurance to life insurance	1,271,639	1,036,488	1,216,493
TOTAL LIFE INSURANCE	7,939,837	9,963,406	12,355,128
TOTAL:	73,224,979	78,232,812	84,792,252

Source: Reports of the insurance companies from the RS

Chart 16: Total insurance claims paid (life and non-life insurance)



Source: Reports of the insurance companies from the RS

The table below shows the indicators of efficiency of settlement and payment of insurance claims for life and non-life insurance.

Table 22: Efficiency of settlement and payment of insurance claims

Description	2019	2020	2021
Rate of efficiency of settlement of insurance claims in non-life insurance (in %)	85.1	85.0	86.4
Rate of efficiency of settlement of insurance claims in life insurance (in %)	87.3	87.4	87.1
Rate of efficiency of payment of insurance claims in non-life insurance (in %)	99.0	99.0	99.3
Rate of efficiency of payment of insurance claims in life insurance (in %)	100.0	100.0	100.0

Source: Reports of the insurance companies from the RS

The rate of efficiency of settlement of insurance claims represents the ratio of the total number of settled claims to the total number of recorded claims. The rate of payment of insurance claims represents the ratio of the total number of paid claims to the total number of settled claims. In the observed period, there were no significant changes in the rates of efficiency of settlement and payment of insurance claims.

The rates of efficiency of settlement and payment of insurance claims for motor vehicle liability insurance in 2021, by insurance companies, are shown in the table below.

Table 23: Efficiency of settlement and payment of insurance claims for motor vehicle liability insurance

No.	Insurance company	Rate of efficiency of settlement of insurance claims (%)	Rate of efficiency of payment of insurance claims (%)
1.	D.D. Brčko-gas osiguranje	81.9	100.0
2.	Grawe osiguranje a.d.	75.9	100.0
3.	Euros osiguranje a.d.	78.5	98.9
4.	Drina osiguranje a.d.	81.4	100.0
5.	Dunav osiguranje a.d.	82.1	100.0
6.	Wiener osiguranje a.d.	79.0	97.8
7.	Krajina osiguranje a.d.	61.3	76.0
8.	Mikrofin osiguranje a.d.	93.1	100.0
9.	Nešković osiguranje a.d.	77.7	100.0
10.	Osiguranje Aura a.d.	93.3	100.0
11.	Osiguranje Garant d.d.	69.8	99.8
12.	Premium osiguranje a.d.	94.3	100.0
13.	Triglav osiguranje a.d.	82.4	99.2
14.	SAS-SuperP OSIGURANJE a.d.	93.5	100.0
	TOTAL:	82.5	99.0

Source: Reports of the insurance companies from the RS

It must be noted that the rate of efficiency of settlement of insurance claims also depends on the objective factors beyond the control of the insurance company (e.g. the age of the insurance company portfolio, the manner of recording insurance claims, the number of insurance claims in litigation and claims with incomplete documentation, etc.), and in order to be a relevant indicator, it must be considered together with the other indicators.

2.3.5. Technical result

The technical result, as shown in the table below, was determined as the difference between the applicable retained premiums and the applicable retained losses, taking into consideration the changes in the other technical reserves, and also, for life insurance, the result generated by investment of funds. The technical result was calculated by using the aggregate amounts of the items from the reports of all insurance companies based in the Republic of Srpska listed below.

Table 24: Technical result

No.	Types of insurance	2019	2020	2021
		Amount (BAM)	Amount (BAM)	Amount (BAM)
1.	Accident insurance	7,046,566	6,560,457	5,565,633
2.	Health insurance	1,516,229	616,291	961,597
3.	Land vehicle insurance, except for railway vehicles	2,199,504	3,007,944	3,066,876
4.	Railway vehicle insurance	0	7,367	5,487
5.	Aircraft insurance	0	1,170	24,136
6.	Vessel insurance	-5,523	16,543	-10,161
7.	Insurance of goods in transport	404,643	422,073	159,386
8.	Insurance of property against fire and natural forces	-932,551	3,118,457	2,530,256
9.	Insurance against other types of property damage	2,670,515	3,099,589	2,881,980
10.	Motor vehicle liability insurance	95.696,943	96,582,821	101,574,408
11.	Civil liability insurance for aircraft	28,971	39,780	91,364
12.	Civil liability insurance for vessels	3,962	6,280	9,509
13.	Civil liability insurance	-187,905	1,135,853	724,931
14.	Credit insurance	190,235	358,213	412,026
15.	Guarantee insurance	13,628	13,282	15,048
16.	Insurance against various financial losses	243,498	324,295	464,817
17.	Legal protection insurance	0	0	171
18.	Assistance	-12,530	18,525	7,204
	NON-LIFE INSURANCE	108,876,185	115,328,942	118,484,669
19.	LIFE INSURANCE	7,629,282	8,257,368	8,655,323
	TOTAL	116,505,467	123,586,310	127,139,992

Source: Reports of the insurance companies from the RS

In 2021, the technical result in all types of insurance, as well as the overall technical result, was positive, indicating that the total premium was sufficient to settle the liabilities towards the insured persons, insurance beneficiaries and injured third parties.

2.3.6. Loss ratio, expense ratio and combined ratio

The loss ratio is the ratio of the applicable losses to the applicable premium, while the expense ratio is the share of the expenses of insurance execution in the premium written. The combined ratio shows the result of operation before including the investment results, and it is calculated as the sum of the expense ratio and the loss ratio.

The table below shows the loss ratio, the expense ratio and the combined ratio for non-life insurance, calculated on the basis of the sums of the items from the reports of the insurance companies based in the Republic of Srpska listed below.

Table 25: Loss ratio, expense ratio and combined ratio

DESCRIPTION	2019	2020	2021
Loss ratio (%)	36.1	34.9	35.1
Expense ratio (%)	41.6	42.4	39.4
Combined ratio (%)	77.7	77.3	74.6

Source: Reports of the insurance companies from the RS

If the combined ratio is below 100, the difference between 100 and the combined ratio represents a positive result of the insurance activities, and if the combined ratio is above 100, the difference represents the negative result of the insurance activities.

As at 31 December 2021, the combined ratio was below 100, which means that the result of the insurance activities was positive. The increase in the loss ratio was the result of the increase of the amount of paid insurance claims while the slight increase of expenses of insurance execution in comparison with the increase of written premium resulted in the decrease of expense ratio.

2.3.7. Profitability indicators

The table below shows the profitability of property and the profitability of own assets, calculated on the basis of aggregate amounts of the items from the reports of the insurance companies based in the Republic of Srpska.

Table 26: Profitability indicators

DESCRIPTION	2019	2020	2021
Return on assets (ROA %)	5.3	6.0	5.4
Return on equity (ROE %)	17.1	20.0	18.5

Source: Reports of the insurance companies from the RS

Return on assets (ROA) is calculated as the ratio of the net result in the accounting period to the average assets, representing the measure of return on total assets. Return on equity (ROE) is the ratio of the net result in the accounting period to the average equity, which shows the amount of return on the equity invested. The reduction of values of mentioned indicators derives from the decrease of the amount of net result in the accounting period, along with the same, but lower increase of the average amounts of assets and capital. Regardless of all, the profitability is still at satisfactory level.

2.3.8. Other performance indicators

The table below shows the other performance indicators, calculated on the basis of aggregate amounts of the items from the reports of the insurance companies based in the Republic of Srpska.

Table 27: Other performance indicators

DESCRIPTION	2019	2020	2021
Premium per employee (BAM)	148,589	142,983	156,243
Total income per employee (BAM)	166,034	169,897	180,839
Profit per employee (BAM)	16,838	19,987	19,348
Profit / Total income (%)	10.1	11.8	10.7
Solvency ratio (%)	74.2	80.5	75.8
General liquidity (%)	5.0	5.1	4.6

Source: Reports of the insurance companies from the RS

As at 31 December 2021, the premium per employee and the total income per employee were higher in comparison with the same day of the previous year, what is the result of higher amount of the written premium and total income. The profit per employee is lower from the reasons that the net result and the number of employees are less in comparison with the previous year.

The solvency ratio still indicates that solvency was not jeopardised. The general liquidity ratio was significantly above 1, indicating the capability to settle the liabilities within the periods of maturity.

3. VOLUNTARY PENSION INSURANCE

3.1.1. Company for the management of the voluntary pension fund

In the reporting period, the activity of voluntary pension insurance was pursued by one company for management of voluntary pension funds, which is: Company for the Management of the European Voluntary Pension Fund a.d. Banja Luka.

According to the ownership structure, as at 31 December 2021, Company for the Management of the European Voluntary Pension Fund a.d. Banja Luka had majority foreign ownership with the share of 67% in the equity (“Triglav pokojninska družba” d.d. Ljubljana – 34%, “European Bank for Reconstruction and Development” – 16.5%, and “Enterprise Expansion Fund” – 16.5%) and domestic ownership of 33% (Pension Reserve Fund of the Republic of Srpska a.d. Banja Luka).

The table below provides a brief overview of the balance sheet of the company for the management of the voluntary pension fund, as at 31 December 2020 and 31 December 2021.

Table 28: Balance sheet of the company for the management of the voluntary pension fund

ITEM	31 Dec 2020		31 Dec 2021		Index 2021/20
	Amount (BAM)	%	Amount (BAM)	%	
ASSETS					
A. FIXED ASSETS	1,087,542	41.2	1,232,155	45.3	113.3
I - Intangible assets	4,608	0.2	3,899	0.1	84.6
II - Real property, plant, equipment and investment property	82,934	3.1	65,397	2.4	78.9
III - Biological assets and agricultural produce					
IV - Long-term financial investments	1,000,000	37.9	1,162,859	42.8	116.3
V - Deferred tax assets					
B. CURRENT ASSETS	1,550,296	58.8	1,488,375	54.7	96.0
I - Inventories, fixed assets and assets of discontinued operations held for sale					
II - Short-term receivables, short-term investments and cash	1,550,296	58.8	1,488,375	54.7	96.0
III - Deferred tax assets					
C. BUSINESS ASSETS	2,637,838	100.0	2,750,530	100.0	103.1
D. LOSS ABOVE THE AMOUNT OF CAPITAL					
E. OPERATING ASSETS	2,637,838	100.0	2,720,530	100.0	103.1
F. OFF-BALANCE-SHEET ASSETS					
G. TOTAL ASSETS	2,637,838	100.0	2,720,530	100.0	103.1
LIABILITIES					
A. CAPITAL	2,566,775	97.3	2,618,069	96.3	102.0
I - Share capital	4,400,000	166.8	4,400,000	161.7	100.0
II - Subscribed capital unpaid					
III - Share issuance premium					
IV - Share issuance loss					
V - Reserves					
VI - Revaluation reserves					
VII - Unrealised profit on financial assets available for sale	0	0.0	97,267	3.6	-
VIII - Unrealised losses on financial assets available for sale	194	0.0	0	0.0	-
IX - Retained profit					
X - Loss below the amount of capital	1,833,031	69.5	1,879,198	69.1	102.5
1. Loss from previous years	1,374,636	52.1	1,833,031	67.4	133.3
2. Loss in the current year	458,395	17.4	46,167	1.7	10.1
B. PROVISIONS, DEFERRED TAX LIABILITIES AND ACCRUED INCOME	760	0.0	842	0.0	110.8
C. LIABILITIES	70,303	2.7	101,619	3.7	144.5
I - Long-term liabilities	0	0.0	54,659	2.0	-
II - Short-term liabilities	70,303	2.7	46,960	1.7	66.8

ITEM	31 Dec 2020	%	31 Dec 2021	%	Index 2021/20
	Amount (BAM)		Amount (BAM)		
D. OPERATING LIABILITIES	2,637,838	100.0	2,720,530	100.0	103.1
E. OFF-BALANCE-SHEET LIABILITIES					
F. TOTAL LIABILITIES	2,637,838	100.0	2,720,530	100.0	103.1

Source: Financial statements and Independent Auditor's Report for 2020

The amount of operating assets and liabilities, as at 31 December 2021, was BAM 2,720,530, which is higher by BAM 82,692 or 3.1% in comparison with 31 December 2020. In the structure of operating assets, the share of fixed assets was 45.3%, and the share of current assets was 54.7%.

The fixed assets increased by 13.3% and they referred to intangible assets (0.3%), real property, plants, equipment and investment real property (5.3%) and long-term financial placements (94.4%). Long-term financial investments increased by 16.3% and they referred to share in the capital of the other legal entities (4.7% of the total long-term financial investments) and financial funds available for sale- bond issued by the Republic of Srpska (95.3% of the total long-term financial investments). Current assets decreased by 4.0% and they are short-term receivables (3.0%), short-term financial investments (91.5%), cash (4.0%) and prepayments and deferred expenses (1.5%). Short-term investments referred to the financial assets marked by the fair value through income statement (shares in the open investment funds) and on the term deposits.

In the structure of operating liabilities, the share of capital was 96.3%, the share of liabilities was 3.7%. The amount of capital was BAM 2,618,069, which was lower than the amount of share capital by the amount of loss up to the amount of capital BAM 1,879,198 increased for the amount of unrealized profits based on financial funds available for sale in the amount of BAM 97,267. The amount of liabilities increased by 44.5% , and they are related to long-term liabilities by the financial leasing and short-term liabilities. The increase of the obligations does not have material significance due to low share of this item in the operating liabilities (3.7%).

The table below provides a brief overview of the income statement of the company for the management of the voluntary pension fund, for 2020 and 2021.

Table 29: Income statement of the company for the management of the voluntary pension fund

(in BAM)

ITEM	2020	%	2021	%	Index 2021/20
	Amount (BAM)		Amount (BAM)		
A. OPERATING INCOME AND EXPENSES					
I - Operating income	219,339	75.4	425,726	80.8	194.1
II - Operating expenses	728,370	97.2	556,623	97.1	76.4
B. OPERATING PROFIT					
C. OPERATING LOSS	509,031		130,897		25.7
D. FINANCIAL INCOME AND EXPENSES					
I - Financial income	45,407	15.6	43,942	8.3	96.8
II - Financial expenses	220	0.0	3,581	0.6	1,627.7
E. PROFIT FROM REGULAR OPERATION					
F. LOSS FROM REGULAR OPERATION	463,844		90,536		19.5
G. OTHER INCOME AND EXPENSES					
I - Other income	2,030	0,7	672	0.1	33.1

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ITEM	2020		2021 Amount (BAM)	%	Index 2021/20
	Amount (BAM)	%			
II - Other expenses	760	0.1	82	0.0	10.8
H. PROFIT FROM OTHER INCOME AND EXPENSES	1,270		590		46.5
I. LOSS FROM OTHER INCOME AND EXPENSES					
J. INCOME AND EXPENSES FROM PROPERTY VALUE ADJUSTMENT					
I - Income from property value adjustment	24,179	8.3	57,041	10.8	235.9
II - Expenses from property value adjustment	20,000	2.7	13,262	2.3	66.9
K. PROFIT FROM PROPERTY VALUE ADJUSTMENT	4,179	0.0	43,779		1,047.6
L. LOSS FROM PROPERTY VALUE ADJUSTMENT					
M. NET PROFIT AND NET LOSS IN THE REPORTING PERIOD					
I - Net profit in the reporting period					
II - Net loss in the reporting period	458,395		46,167		10.1
TOTAL INCOME	290,955	100.0	527,381	100,0	181.3
TOTAL EXPENSES	749,350	100.0	573,548	100,0	76.5

Source: Financial statements

The total income in 2021 was BAM 527,381, within which the share of operating income (income from entrance fees and management fees) was 80.8%, the share of financial income was 8.3%, the share of income from property value adjustment was 10.8%, and the share of other income was 0.1%. On the increase in operating revenues, there was a significant increase in revenues from management fees and the increase in the income from entrance fees. Financial incomes are lower by 3.2% and are made of incomes from interest rates on bonds, incomes on interests on deposits and incomes from discount amortisation. Incomes from value adjustment on assets relate on the incomes from adjusting the value from short-term financial investment, while the reduction of the other incomes, considering that their share of 0.1% in the total incomes is not materially significant.

The total expenses were BAM 573,548, and they consisted of operating expenses 97.1%, financial expenses (0.6%), expenses from property value adjustment 2.3%, and other expenses (BAM 82). The operating expenses decreased by 23.6% which was mostly effected by the decrease of the items of salary costs, salary compensations and other personal expenses and costs from operating services. Nominally observed, the amounts on the items of financial expenses, property value adjustment expenses and other expenses does not have material significance on the change of the net result, regardless on their relative changes.

The net result in the reporting period was a loss in the amount of BAM 46,167, which is lower by 89.9% in comparison with the same period of the previous year.

3.1.2. Voluntary pension fund

Within the activity of voluntary pension insurance, one voluntary pension fund was established – European Voluntary Pension Fund Banja Luka (hereinafter: the Fund). This fund is managed by Company for the Management of the European Voluntary Pension Fund a.d. Banja Luka. The Fund was organised as an open voluntary pension fund, for the purpose of collecting funds by way of voluntary payment of the pension contribution by the payers, and investing the funds with a view to increasing the value of the assets.

As at 31 December 2021, the Fund had a total of 33,321 active members which is by 3,940 members or 13.4% more in comparison to the same day of the previous year. A total of 99.7% of all active members joined the voluntary pension fund via pension schemes, whereby a total of 96.4% of active members joined the Fund via the pension schemes of public companies and public institutions. The average age of the voluntary pension fund members was 46.6 years. The average amount of the accumulated funds is BAM 516 by the fund's member.

The table below provides a brief overview of the balance sheet of the voluntary pension fund, as at 31 December 2020 and 31 December 2021.

Table 30: Balance sheet of the voluntary pension fund

ITEM	31 December 2020	%	31 December 2021	%
	Amount (BAM)		Amount (BAM)	
A. TOTAL ASSETS	8,596,330	100.0	17,571,213	100.0
I - Cash	271,362	3.2	1,101,874	6.3
II - Investments of the fund	8,273,283	96.2	16,342,718	93.0
III - Receivables	7,789	0.1	13,363	0.1
IV - Deferred tax assets				
V - Accrued receivables	43,896	0.5	113,258	0.6
B. LIABILITIES	71,607	100.0	151,191	100.0
I - Liabilities referring to business operations of the fund	39,926	55.8	104,139	68.9
II - Liabilities referring to expenses of business operations	1,214	1.7	2,126	1.4
III - Liabilities towards the management company	26,027	36.3	42,206	27.9
IV - Short-term financial liabilities				
V - Long-term liabilities				
VI - Other liabilities of the fund				
VII - Deferred tax liabilities				
VIII - Accruals and deferred income				
IX - Liabilities referring to membership	4,440	6.2	2,720	1.8
C. NET ASSETS OF THE FUND	8,524,723		17,420,022	
D. CAPITAL	8,524,723		17,420,022	
I - Share capital	8,505,023		17,236,434	
II - Capital reserves				
III - Revaluation reserves	16,531		144,251	
IV - Reserves from profit				
V - Retained profit	3,517		9,318	
1. Retained profit from previous years			3,169	
2. Retained profit from the current year			6,149	
VI - Uncovered loss	-348			
1. Uncovered loss of previous years				
2. Uncovered loss of the current year	-348			
VII - Unrealised profit/loss			30,019	
E. NUMBER OF SHARES ISSUED	823,886.9251472		1,662,364.476836	
F. NET ASSETS PER SHARE	10.34696		10.47906	
G. OFF-BALANCE SHEET RECORDS				

Source: Financial statements

As at 31 December 2021, the total assets of the voluntary pension fund were BAM 17,571,213 and they were higher by two times in comparison with the balance on the same day of the previous year. In the structure of total assets of the voluntary pension fund, the highest share referred to investments of financial assets available for sale (87.6%) and investments in bonds (85.9% of the total fund investment) and investment in shares (1.7% of

the total fund investments). In addition to that, this item is made of deposits and investments and they relate to the deposits at the commercial banks and which participated in the investments of fund by 10.5% and the investment in shares of the open investment funds make 1.9% investment. The other items (cash, receivables and accruals) totally participate by 7.0% in the total property.

Obligations increased by two times in comparison on the state on 31 December 2020 and they relate to obligations on the basis of security investment (68.9%), obligations towards management company (27.9%) and obligations towards the memberships and obligations on the basis of operating expenses (total share of 3.2%).

The net value of the assets of the voluntary pension fund was BAM 17,420,022 and it was higher by two times in comparison with the state on the day of the previous year. The number of shares issued, i.e. the number of subscribed units of account was 1,662,364.476836, and the net worth per share was BAM 10.47906.⁸ The rate of return on net assets of the voluntary pension fund in the reporting period was 1.28072%.

The table below provides a brief overview of the income statement of the voluntary pension fund, for 2020 and 2021.

Table 31: Income statement of the voluntary pension fund

ITEM	2020	2021
A. REALISED INCOME AND EXPENSES		
I - Operating income	105,474	305,646
II - Realised profit		
III - Operating expenses	105,822	294,053
IV - Realised loss		
V - Realised profit/loss	-348	11,594
VI - Financial income		
VII - Financial expenses		
B. REALISED PROFIT/LOSS BEFORE TAX	-348	11,594
C. CURRENT AND DEFERRED INCOME TAX		
D. REALISED PROFIT/LOSS AFTER TAX	-348	11,594
E. UNREALISED PROFIT/LOSS	-15,396	152,294
I Unrealized profit		157,739
II Unrealized loss	15,396	5,445
F. TOTAL UNREALISED PROFIT (LOSSES) OF THE FUND	-15,396	152,294
G. INCREASE (DECREASE) IN THE NET ASSETS FROM THE BUSINESS OPERATIONS OF THE FUND		
1. Increase in the net assets of the fund	0	163,888
2. Decrease in the net assets of the fund	15,744	0

Source: Financial statements and Independent Auditor's Report for 2020

In 2021, operating incomes were higher by 2.9 times in comparison with the previous year, more significantly due to increase of interest rates incomes, which also have the highest share

⁸ The value of the unit of account of the fund on the day of valuation is determined by dividing the value of the net assets of the fund by the total number of units of account. The total number of units of account of the fund, on the day of valuation, is calculated by increasing the number of units of account from the last day for which the value of the unit of account of the fund was calculated by the number of units of account obtained by recording the units of account in the individual accounts of the members of the fund on the basis of received payments, and decreasing it by the number of units of account obtained by termination of membership on the day of valuation.

in the operating incomes (78.7%). The operating expenses increased by 2.8 times, due to increase of the amount of fee paid to the management company.

Aside the realized profit in the amount of BAM 11,594 the fund had an unrealised profit in the amount of BAM 152,294, and therefore, the total increase in the net assets from the business operations of the fund was BAM 163,888.