2020

The Trieste Eastern Europe Investment Forum

Investment and Finance for the Post-Covid Recovery

DRAFT FOR DISCUSSION

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PART 2

SUPPORTED BY: Allianz GENERALI INVESTMENTS afme/ MIB Trieste School of Management Banche Assicurazioni Finanza
# Table of Contents

## Part II – Individual Country Reports

### Albania

- Macroeconomic indicators ........................................................................................................... 1
- Structure of the financial service sector ...................................................................................... 1
- Banking sector ............................................................................................................................... 2
- Insurance sector ............................................................................................................................ 10
- Other relevant financial institutions ............................................................................................ 16

### Bosnia and Herzegovina

- Macroeconomic indicators .......................................................................................................... 23
- Structure of the financial service sector ...................................................................................... 23
- Banking sector ............................................................................................................................... 25
- Insurance sector ............................................................................................................................ 34
- Other relevant financial institutions ............................................................................................ 44

### Bulgaria

- Macroeconomic indicators ........................................................................................................... 55
- Structure of the financial service sector ...................................................................................... 55
- Banking sector ............................................................................................................................... 57
- Insurance sector ............................................................................................................................ 66
- Other relevant financial institutions ............................................................................................ 74

### Croatia

- Macroeconomic indicators ........................................................................................................... 81
- Structure of the financial service sector ...................................................................................... 81
- Banking sector ............................................................................................................................... 82
- Insurance sector ............................................................................................................................ 93
- Other relevant financial institutions ............................................................................................ 103

### Greece

- Macroeconomic indicators ........................................................................................................... 115
PART II – INDIVIDUAL COUNTRY REPORTS

ALBANIA

Report for Albania has been done on the basis of official reports of the Institute of Statistics, Bank of Albania, Albanian Financial Supervisory Authority, Albanian Association of Banks, Insurers Association of Albania, and other relevant data sources. All conversions from the national currency the Albanian lek (ALL) to EUR have been made at official exchange rate of the Bank of Albania at the end of the corresponding year.

MACROECONOMIC INDICATORS

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (x 1.000)</th>
<th>Nominal GDP (EUR mln.)</th>
<th>GDP per capita (EUR)</th>
<th>Real GDP growth rate (%)</th>
<th>Unemployment rate (%)</th>
<th>Average net salary (EUR/month)</th>
<th>Inflation rate (%)</th>
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<td>2007</td>
<td>2.970</td>
<td>7.928</td>
<td>2.670</td>
<td>6.0</td>
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<tr>
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<td>2.889</td>
<td>9.957</td>
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<td>17.1</td>
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<td>13.253*</td>
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* Semi-final data

STRUCTURE OF THE FINANCIAL SERVICE SECTOR

<table>
<thead>
<tr>
<th>Financial institution</th>
<th>Banks</th>
<th>Insurance and reinsurance companies</th>
<th>Pension funds</th>
<th>Investment funds</th>
<th>Leasing companies</th>
<th>Other institutions</th>
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<tbody>
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<td>Assets (share in %)</td>
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<td>3,8</td>
<td>0,7</td>
<td>2,6</td>
</tr>
<tr>
<td>2014</td>
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<td>0,0</td>
<td>4,4</td>
<td>0,7</td>
<td>2,8</td>
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<td>1,9</td>
<td>0,1</td>
<td>4,6</td>
<td>0,7</td>
<td>2,7</td>
</tr>
<tr>
<td>2016</td>
<td>90,5</td>
<td>1,9</td>
<td>0,1</td>
<td>4,2</td>
<td>0,5</td>
<td>2,7</td>
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<tr>
<td>2017</td>
<td>90,0</td>
<td>1,9</td>
<td>0,1</td>
<td>4,5</td>
<td>0,5</td>
<td>2,9</td>
</tr>
<tr>
<td>2018</td>
<td>90,2</td>
<td>2,0</td>
<td>0,1</td>
<td>4,2</td>
<td>0,6</td>
<td>2,9</td>
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**Banking Sector**

**Legal and institutional framework**

The banking system in the Republic of Albania is comprised of the central bank, the Bank of Albania (BoA), whose status is defined by the Law No. 8269, dated 23.12.1997, "On the Bank of Albania". Following the period of a very high inflation and hyperinflation, 1991-2009, type of monetary policy implemented in the country is inflation targeting – in other words, monetary targeting regime. From 2009 Bank of Albania have adopted inflation targeting regime. During the period 2009-2015 inflation targeting regime was complemented with a reference to monetary aggregates, from 2015 inflation target becomes the sole reference of monetary policy regime. The BoA estimates that the monetary policy will continue to provide a positive contribution to the progress of the Albanian economy by targeting an inflation rate around 3% (this target set up in 2001, with a band of ±1%).

The law that regulates the banks and the branches of foreign banks is Law No. 9662, dated 18.12.2006, “On Banks in Republic of Albania” (abrogated with Decision Nr. 1, dated 12.01.2011, of Constitutional Court; amended with Law Nr. 10 481, dated 17.11.2011; abrogated with Law Nr. 133/2013; amended with Law Nr. 131, dated 22.12.2016). Supervision of banks as well as non-bank financial institutions is within the structure of the BoA.

Basel Committee documents and EU directives serve as the main guidelines for compiling the legal and institutional framework. The banking sector achieved the implementation of Basel II standards by the end of 2014. However, in the process of the implementation of Basel III much need to be done.
Banking sector size

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets as % of GDP</td>
<td>89,1</td>
<td>91,4</td>
<td>92,7</td>
<td>91,9</td>
<td>96,0</td>
<td>99,6</td>
<td>88,8</td>
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Market concentration

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<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Number of banks</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>16</td>
<td>14</td>
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<tr>
<td>Average assets per bank (EUR mln.)</td>
<td>531,9</td>
<td>550,3</td>
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<td>600,0</td>
<td>653,2</td>
<td>725,8</td>
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<td>Market share of the largest bank (%)</td>
<td>26,4</td>
<td>23,2</td>
<td>24,3</td>
<td>25,9</td>
<td>27,2</td>
<td>27,9</td>
<td>29,4</td>
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<td>Market share of the three largest banks (%)</td>
<td>57,6</td>
<td>56,1</td>
<td>56,4</td>
<td>58,7</td>
<td>58,1</td>
<td>57,7</td>
<td>58,4</td>
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<td>Market share of the five largest banks (%)</td>
<td>73,2</td>
<td>72,3</td>
<td>73,8</td>
<td>75,0</td>
<td>74,4</td>
<td>73,9</td>
<td>76,0</td>
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<tr>
<td>Number of banks with market share less than 3%</td>
<td>7</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>8</td>
<td>8</td>
<td>5</td>
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</table>
Ownership structure in 2018

<table>
<thead>
<tr>
<th>Ownership structure</th>
<th>Number of banks</th>
<th>Share in total assets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks with majority domestic ownership</td>
<td>3</td>
<td>22,0</td>
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<tr>
<td>Banks with majority foreign ownership</td>
<td>11</td>
<td>78,0</td>
</tr>
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</table>

Composition of banks' assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Cash funds</th>
<th>Net loans</th>
<th>Fixed assets</th>
<th>Government bonds</th>
<th>Other assets</th>
<th>Total assets</th>
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</thead>
<tbody>
<tr>
<td>2012</td>
<td>143</td>
<td>3.592</td>
<td>114</td>
<td>1.433</td>
<td>3.228</td>
<td>100,0</td>
<td>8.511</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>1,7</td>
<td>42,2</td>
<td>1,3</td>
<td>16,8</td>
<td>37,9</td>
<td>100,0</td>
</tr>
<tr>
<td>2013</td>
<td>152</td>
<td>3.396</td>
<td>133</td>
<td>1.596</td>
<td>3.528</td>
<td>100,0</td>
<td>8.804</td>
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<tr>
<td></td>
<td>Share (%)</td>
<td>1,7</td>
<td>38,6</td>
<td>1,5</td>
<td>18,1</td>
<td>40,1</td>
<td>100,0</td>
</tr>
<tr>
<td>2014</td>
<td>155</td>
<td>3.570</td>
<td>131</td>
<td>1.635</td>
<td>3.742</td>
<td>100,0</td>
<td>9.232</td>
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<tr>
<td></td>
<td>Share (%)</td>
<td>1,7</td>
<td>38,7</td>
<td>1,4</td>
<td>17,7</td>
<td>40,5</td>
<td>100,0</td>
</tr>
<tr>
<td>2015</td>
<td>153</td>
<td>3.692</td>
<td>126</td>
<td>1.718</td>
<td>3.910</td>
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<td>9.600</td>
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<tr>
<td></td>
<td>Share (%)</td>
<td>1,6</td>
<td>38,5</td>
<td>1,3</td>
<td>17,9</td>
<td>40,7</td>
<td>100,0</td>
</tr>
<tr>
<td>Year</td>
<td>Amount (EUR mln.)</td>
<td>Share (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>-------------------</td>
<td>-----------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>186 4.434 131 2.737 2.964 10.452</td>
<td>1.8 42.4 1.3 26.2 28.4 100.0</td>
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<tr>
<td>2017</td>
<td>175 5.074 130 3.349 2.885 11.613</td>
<td>1.5 43.7 1.1 28.8 24.8 100.0</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>2018</td>
<td>229 4.363 162 3.119 3.898 11.770</td>
<td>1.9 37.1 1.4 26.5 33.1 100.0</td>
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<td></td>
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</table>

**Composition of banks' liabilities**

<table>
<thead>
<tr>
<th>Year</th>
<th>Government deposits</th>
<th>Interbank borrowing - foreign banks</th>
<th>Interbank borrowing - domestic banks</th>
<th>ECB borrowing</th>
<th>Bonds issued</th>
<th>Other liabilities</th>
<th>Total liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>6.962 44 79 25 10</td>
<td>81.8 0.5 0.9 0.3 0.1</td>
<td>16.3 100.0</td>
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<td></td>
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<tr>
<td>2013</td>
<td>7.186 43 116 23 16</td>
<td>81.6 0.5 1.3 0.3 0.2</td>
<td>16.1 100.0</td>
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<td></td>
<td></td>
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<td>5.5 100.0</td>
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<td>3.4 100.0</td>
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<td>2018</td>
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<td>16.0 100.0</td>
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</table>
### Maturity structure of deposits and loans

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Short-term deposits</th>
<th>Long-term deposits</th>
<th>Total deposits</th>
<th>Short-term loans</th>
<th>Long-term loans</th>
<th>Total loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.017</td>
<td>5.916</td>
<td><strong>6.933</strong></td>
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<td>2013</td>
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<td>35,0</td>
<td>65,0</td>
<td><strong>100,0</strong></td>
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<tr>
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<tr>
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<td>2.112</td>
<td>5.722</td>
<td><strong>7.835</strong></td>
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<td>73,0</td>
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<tr>
<td>2017</td>
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<td>4.114</td>
<td><strong>8.598</strong></td>
<td>1.430</td>
<td>2.968</td>
<td><strong>4.399</strong></td>
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<tr>
<td>2018</td>
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<td>5.170</td>
<td><strong>9.319</strong></td>
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<td>2.458</td>
<td><strong>3.558</strong></td>
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<td>30,9</td>
<td>69,1</td>
<td><strong>100,0</strong></td>
</tr>
</tbody>
</table>

**Notes:**
- Amounts in EUR million.
- Short-term deposits and loans are due within one year.
- Long-term deposits and loans are due beyond one year.
- Total deposits and loans are the sum of short-term and long-term deposits and loans, respectively.

**Graph:**
- Displays the share of deposits and loans in total liabilities for each year from 2012 to 2018.

**Share in total liabilities (%)**
- Y-axis: Share in total liabilities (%)
### Currency structure of deposits and loans

<table>
<thead>
<tr>
<th></th>
<th>Amount (EUR mln.)</th>
<th>Deposits in the local currency</th>
<th>Deposits in EUR</th>
<th>Deposits in other currency</th>
<th>Loans in the local currency</th>
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<td>1.522</td>
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<td>Share (%)</td>
<td>52,4</td>
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### Deposits’ and loans’ rates for households

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<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<td>Deposit rate – less than year</td>
<td>4,4</td>
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<td>2,7</td>
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<td>1,5</td>
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<td>7,5</td>
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* NPISH and nonfinancial corporations included.
The basic features of the banking sector

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<tr>
<th></th>
<th>Stable capitalization</th>
<th>Lower capital of loan-portfolio</th>
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<tr>
<td>Regulatory</td>
<td>Total</td>
<td>Non-</td>
</tr>
<tr>
<td>capital (EUR</td>
<td>weighted risk (EUR</td>
<td>performing to</td>
</tr>
<tr>
<td>mln.)</td>
<td>mln.)</td>
<td>total loans (%)</td>
</tr>
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<th></th>
<th>Positive financial performance</th>
<th>Satisfactory liquidity</th>
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<tbody>
<tr>
<td>Net profit/loss (EUR mln.)</td>
<td>Return on equity (%)</td>
<td>Liquid to total assets (%)</td>
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<td>2012</td>
<td>27,0</td>
<td>3,8</td>
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<td>2013</td>
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<td>2015</td>
<td>-</td>
<td>13,2</td>
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<td>-</td>
<td>7,2</td>
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<td>2017</td>
<td>72,7</td>
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<td>2018</td>
<td>148,4</td>
<td>13,0</td>
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INSURANCE SECTOR

Legal and institutional framework

Legal framework for insurance sector operations:
- Law and some amendments to Law on Financial Supervision Authority (03.07.2006. and 29.05.2014),
- Law on Insurance and Reinsurance Activity (22.05.2014),
- Rules, guidelines and other bylaws of Albanian Financial Supervision Authority.

The Albanian Financial Supervisory Authority (AFSA) established in 2006, is a public independent institution governed by the executive, responsible for the regulation and supervision of the non-banking financial system and the operators of this sector. The AFSA reports to the Assembly on its activity.

The main areas of AFSA activity are regulation and supervision of:
- insurance market and its operators,
- securities market and its operators,
- voluntary pension funds market and its operators,
- other non-banking financial activities.

Institutional framework for insurance sector operations:
- AFSA,
- Albanian Insurance Bureau,
- Insurers Association of Albania,
- Insurance and reinsurance companies,
- Insurance intermediaries.

Total premium income

<table>
<thead>
<tr>
<th>Year</th>
<th>EUR (mln.)</th>
<th>Nonlife</th>
<th>Life</th>
<th>Total</th>
</tr>
</thead>
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<tr>
<td>2007</td>
<td>45</td>
<td>3</td>
<td>49</td>
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</tr>
<tr>
<td>2008</td>
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<tr>
<td>2009</td>
<td>52</td>
<td>5</td>
<td>57</td>
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</tr>
<tr>
<td>2010</td>
<td>53</td>
<td>6</td>
<td>59</td>
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<tr>
<td>2011</td>
<td>52</td>
<td>8</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>EUR (mln.)</td>
<td>Share (%)</td>
<td>Premium growth index</td>
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<tr>
<td>------</td>
<td>------------</td>
<td>-----------</td>
<td>----------------------</td>
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The graph shows the total, life, and non-life premium growth over the years 2007 to 2018.
## Insurance penetration and insurance density

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife</th>
<th>Premium as % of GDP</th>
<th>Life</th>
<th>Premium per capita (EUR)</th>
<th>Total</th>
<th>Premium per capita (EUR)</th>
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<td>Life</td>
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<td>2010</td>
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<tr>
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<td>Total</td>
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<td>Total</td>
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<td>2017</td>
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# Market concentration

<table>
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<tr>
<th></th>
<th>Number of companies</th>
<th>Average premium per company (EUR mln.)</th>
<th>Market share of the largest company (%)</th>
<th>Market share of the largest three companies (%)</th>
<th>Market share of the largest five companies (%)</th>
<th>Number of companies with market share less than 3%</th>
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<tbody>
<tr>
<td>2016</td>
<td>11</td>
<td>9,6</td>
<td>25,8</td>
<td>54,1</td>
<td>75,9</td>
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![Market share comparison chart](chart.png)

## Total premium per major insurance classes

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<th>2017 EUR mln.</th>
<th>Share (%)</th>
<th>2018 EUR mln.</th>
<th>Share (%)</th>
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<td>3,8</td>
<td>2,8</td>
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<td>Health</td>
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<td>3,9</td>
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<td>Land motor vehicles</td>
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<td>Railway</td>
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<tr>
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<td>8,8</td>
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Insurance companies

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<th>Rank</th>
<th>Company</th>
<th>2017</th>
<th>2018</th>
<th>Market share in 2018 (%)</th>
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<td>Life</td>
<td>Total</td>
</tr>
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<table>
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<tr>
<th>MTPL</th>
<th>Aircraft liability</th>
<th>Use of vessels liability</th>
<th>Other liability</th>
<th>Credit</th>
<th>Surety</th>
<th>Miscellaneous financial losses</th>
<th>Legal protection</th>
<th>Assistance - other nonlife</th>
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<th>LIFE</th>
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<tr>
<td></td>
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<tr>
<td>6</td>
<td>Insig</td>
<td>8,2</td>
<td>-</td>
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<td>8,8</td>
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<td>8,8</td>
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<td>6,5</td>
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<tr>
<td>7</td>
<td>Ansig</td>
<td>7,5</td>
<td>-</td>
<td>7,5</td>
<td>8,8</td>
<td>-</td>
<td>8,8</td>
<td>-</td>
<td>6,5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Atlantik</td>
<td>6,6</td>
<td>-</td>
<td>6,6</td>
<td>8,1</td>
<td>-</td>
<td>8,1</td>
<td>-</td>
<td>6,0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Sigal Life Uniqa Group Austria</td>
<td>-</td>
<td>5,6</td>
<td>5,6</td>
<td>-</td>
<td>5,5</td>
<td>5,5</td>
<td>-</td>
<td>4,0</td>
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</tr>
<tr>
<td>10</td>
<td>Sicred</td>
<td>-</td>
<td>2,2</td>
<td>2,2</td>
<td>-</td>
<td>2,1</td>
<td>2,1</td>
<td>-</td>
<td>1,5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Insig Jeta</td>
<td>-</td>
<td>1,3</td>
<td>1,3</td>
<td>-</td>
<td>1,7</td>
<td>1,7</td>
<td>-</td>
<td>1,2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**OTHER RELEVANT FINANCIAL INSTITUTIONS**

**Pension funds**

Law which regulates pension funds is Law on Voluntary Pension Funds No 10197, date 10.12.2009.

Authority for supervision of voluntary pension funds market and its operators in Albania is AFSA.
# Pension funds' number and memberships

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension funds' members</td>
<td>17.317</td>
<td>20.947</td>
<td>25.298</td>
<td>21,0</td>
<td>20,8</td>
</tr>
<tr>
<td>Females</td>
<td>9.301</td>
<td>11.201</td>
<td>13.422</td>
<td>20,4</td>
<td>19,8</td>
</tr>
<tr>
<td>Males</td>
<td>8.016</td>
<td>9.746</td>
<td>11.876</td>
<td>21,6</td>
<td>21,9</td>
</tr>
<tr>
<td>Number of pension funds management companies</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Number of pension funds</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Total number of pension plans</td>
<td>107</td>
<td>148</td>
<td>182</td>
<td>38,3</td>
<td>23,0</td>
</tr>
</tbody>
</table>

# Pension funds' members

![Pie chart showing percentage of members by gender for 2017 and 2018]

- **2018**: 60.6% Males, 27.9% Females, 11.5% Total
- **2017**: 57.7% Males, 29.0% Females, 13.4% Total

Legend: Blue = Credins Pensions, Red = Sigal, Green = Raiffeisen

# Pension funds' net assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension funds' net assets (EUR mln.)</td>
<td>9,8</td>
<td>13,0</td>
<td>18,5</td>
<td>31,0</td>
<td>32,5</td>
</tr>
<tr>
<td>Total of investments (EUR mln.)</td>
<td>9,3</td>
<td>12,3</td>
<td>17,9</td>
<td>30,8</td>
<td>34,6</td>
</tr>
</tbody>
</table>
Net assets by pension funds in 2017 and 2018

Mandatory pension funds investment structure

Mandatory pension funds 100% of their investment directed in domestic treasury bonds and bills.

Pension funds’ investment portfolio

<table>
<thead>
<tr>
<th>Pension fund</th>
<th>Treasury bond and bills (EUR mln.)</th>
<th>Share in total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Raiffeisen</td>
<td>3,7</td>
<td>4,9</td>
</tr>
<tr>
<td>Sigal</td>
<td>6,1</td>
<td>8,5</td>
</tr>
<tr>
<td>Credins Pensions</td>
<td>2,5</td>
<td>4,5</td>
</tr>
<tr>
<td>Total</td>
<td>12,3</td>
<td>17,9</td>
</tr>
</tbody>
</table>

Selected pension funds’ balance sheet market data

<table>
<thead>
<tr>
<th></th>
<th>Amount (EUR ths.)</th>
<th>Change (%)</th>
<th>Share in total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>342</td>
<td>440</td>
<td>387</td>
</tr>
<tr>
<td>Investment</td>
<td>9.283</td>
<td>12.349</td>
<td>17.907</td>
</tr>
<tr>
<td>Debt securities purchased on first issue</td>
<td>415</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial investments at fair value through profit and loss</td>
<td>-</td>
<td>364</td>
<td>490</td>
</tr>
<tr>
<td>Investments available for sale</td>
<td>-</td>
<td>-</td>
<td>717</td>
</tr>
<tr>
<td>Investments held to maturity</td>
<td>8.867</td>
<td>11.985</td>
<td>16.700</td>
</tr>
<tr>
<td>Receivables</td>
<td>197</td>
<td>246</td>
<td>368</td>
</tr>
<tr>
<td>------------------</td>
<td>------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Investment funds' members</td>
<td>29.267</td>
<td>31.320</td>
<td>29.420</td>
</tr>
<tr>
<td>Individuals</td>
<td>29.264</td>
<td>31.314</td>
<td>29.408</td>
</tr>
<tr>
<td>Legal entities</td>
<td>3</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Number of investment funds management companies</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Number of investment funds</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

**Investment funds' net assets**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment funds' net assets (EUR mln.)</td>
<td>484</td>
<td>547</td>
<td>535</td>
<td>11,1</td>
<td>-9,12</td>
</tr>
</tbody>
</table>
| Total of investments (EUR mln.)          | 419        | 490        | 474        | 14,9       | -10,18     

**Investment funds**

Law which regulates investment funds is Law on Collective Investment Undertakings No 10198, date 10.12.2009.

AFSA is institution responsible for the regulation and supervision of investment funds in Albania.

**Investment funds' number and memberships**

**Investment funds' net assets**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment funds' net assets (EUR mln.)</td>
<td>484</td>
<td>547</td>
<td>535</td>
<td>11,1</td>
<td>-9,12</td>
</tr>
<tr>
<td>Total of investments (EUR mln.)</td>
<td>419</td>
<td>490</td>
<td>474</td>
<td>14,9</td>
<td>-10,18</td>
</tr>
</tbody>
</table>
Net assets by investment funds

Investment funds’ investment structure

Selected investment funds’ balance sheet market data
Investments held to maturity | 1 | - | - | - | 0,3 | 0,0 | -
Units in investment funds | 16 | 27 | 22 | -20,0 | 3,3 | 5,0 | 3,9
Debtors by the management company | 0 | 0 | 0 | -29,5 | 0,0 | 0,0 | -
Accumulated interest debtors | 0 | 0 | 0 | 333,7 | 0,0 | 0,0 | 0,0
Other debtors | 5 | 6 | 6 | 6,2 | 1,0 | 1,0 | 1,1

**TOTAL ASSETS** | 485 | 549 | 552 | 0,6 | 100,0 | 100,0 | 100,0

Liabilities from investment in securities | - | - | 14 | - | - | - | 2,6
Due to management company | 1 | 1 | 1 | -3,0 | 0,1 | 0,1 | 0,1
Due to the Depository | - | - | 0 | - | - | - | 0,0
Liabilities for payments to quota holders (change members) | 1 | 1 | 2 | 92,1 | 0,2 | 0,2 | 0,3
Other Liabilities | - | - | 0 | - | - | - | 3,0

**TOTAL LIABILITIES** | 1 | 2 | 17 | 977,5 | 100,0 | 100,0 | 100,0

**NET ASSETS** | 484 | 547 | 535 | -2,1 | 99,7 | 99,7 | 97,0

**Micro-credit organisations**

Total portfolio of micro-credit organisations in 2016 was EUR 4,7 million and in 2017 it increased to EUR 10,2 million. In 2018 total portfolio of micro-credit organisations registered the highest growth to 21,1 million.

**Leasing companies**

Laws which regulate leasing companies are:
- Law on Financial Leasing No 9396 of 12.5.2005,
- Law on Savings and Loan Associations and Their Unions (Official Gazette 52/16).

Saving and loans associations and their unions (SLAs and Unions), reporting forms are adopted with the Decision No 106, dated 05.10.2016 of the Supervisory Council of the Bank of Albania – Reporting system for the saving and loans associations and their unions.

**Number of leasing companies**

In 2016, the reorganisation process of 98 existing savings and loan associations was completed, through the merger by absorption. At the end of 2016, there were 13 savings and loan associations and two unions of savings and loan associations. In the category of savings and loan associations, no new licenses were granted in 2017, while the reorganisation of savings and loan associations was completed, through the transformation of the union of savings and loan associations into savings and loan associations. As at end 2017, there were 13 savings and loan associations and one union of savings and loan associations.

**Total portfolio**

Total portfolio of financial leasing in 2016 was EUR 45,1 million and in 2017 it increased to EUR 49,3 million. Leasing in 2018 registered the highest growth to 55,9 million.
Unions and SLAs assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unions (EUR mln.)</td>
<td>15,4</td>
<td>9,6</td>
<td>8,9</td>
</tr>
<tr>
<td>SLAs (EUR mln.)</td>
<td>48,6</td>
<td>61,7</td>
<td>75,8</td>
</tr>
</tbody>
</table>

Value of leasing companies’ concluded contracts by leased assets

With regard to the object of financing, the leasing portfolio is dominated by financing for personal transport vehicles (55,1%) and work transport vehicles (26,1%). Compared to December 2016, the portfolio increased EUR 3,4 million, driven by transport vehicles for personal and work purposes. The portfolio of financial leasing in 2018, broken down by products, is dominated by financing for personal transport vehicles (58,8%) and work transport vehicles (24,8%). Compared with December 2017, the portfolio increased by 6,7 million.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New Equipment</td>
<td>Used Equipment</td>
</tr>
<tr>
<td>Personal transportation vehicles</td>
<td>17,9</td>
<td>9,3</td>
</tr>
<tr>
<td>Work transportation vehicles</td>
<td>8,4</td>
<td>4,5</td>
</tr>
<tr>
<td>Work equipment/ production lines</td>
<td>5,1</td>
<td>1,9</td>
</tr>
<tr>
<td>Real estate</td>
<td>0,3</td>
<td>0,7</td>
</tr>
<tr>
<td>Other</td>
<td>0,6</td>
<td>0,7</td>
</tr>
<tr>
<td>Total</td>
<td>32,3</td>
<td>17,1</td>
</tr>
</tbody>
</table>

Value of leasing companies’ newly concluded contracts by leased assets
BOSNIA AND HERZEGOVINA

Report for Bosnia and Herzegovina (BiH) has been done on the basis of official reports of Central Bank of BiH, Insurance Agency of BiH, Banking Agency of Federation BiH and Banking Agency of RS, Agency for Statistics of BiH, and other relevant data sources. All conversions from the national currency the BiH convertible mark (BAM) to EUR have been made at fixed exchange rate EUR 1 = BAM 1.95583 due to the fact that the monetary policy of BiH has organized according to currency board principles (EUR has been anchor currency since 2002).

MACROECONOMIC INDICATORS

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (×1,000)</th>
<th>Nominal GDP (EUR mln.)</th>
<th>GDP per capita (EUR)</th>
<th>Real GDP growth rate (%)</th>
<th>Unemployment rate (%)</th>
<th>Average net salary (EUR/month)</th>
<th>Inflation rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>3.842</td>
<td>12.637</td>
<td>3.290</td>
<td>5.4</td>
<td>23.4</td>
<td>383</td>
<td>7.4</td>
</tr>
<tr>
<td>2009</td>
<td>3.843</td>
<td>12.268</td>
<td>3.193</td>
<td>-3.2</td>
<td>24.1</td>
<td>404</td>
<td>-0.4</td>
</tr>
<tr>
<td>2010</td>
<td>3.843</td>
<td>12.654</td>
<td>3.293</td>
<td>0.9</td>
<td>27.2</td>
<td>408</td>
<td>2.1</td>
</tr>
<tr>
<td>2011</td>
<td>3.840</td>
<td>13.024</td>
<td>3.392</td>
<td>1.3</td>
<td>29.2</td>
<td>417</td>
<td>3.7</td>
</tr>
<tr>
<td>2012</td>
<td>3.840</td>
<td>13.242</td>
<td>3.449</td>
<td>-0.5</td>
<td>29.4</td>
<td>422</td>
<td>2.1</td>
</tr>
<tr>
<td>2013</td>
<td>3.832</td>
<td>13.445</td>
<td>3.508</td>
<td>1.6</td>
<td>27.6</td>
<td>423</td>
<td>-0.1</td>
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<tr>
<td>2014</td>
<td>3.828</td>
<td>13.771</td>
<td>3.597</td>
<td>0.7</td>
<td>27.5</td>
<td>424</td>
<td>-0.9</td>
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<tr>
<td>2015</td>
<td>3.827</td>
<td>14.392</td>
<td>3.761</td>
<td>2.8</td>
<td>27.7</td>
<td>424</td>
<td>-1.0</td>
</tr>
<tr>
<td>2016</td>
<td>3.531</td>
<td>15.287</td>
<td>4.354</td>
<td>3.1</td>
<td>25.4</td>
<td>428</td>
<td>-1.1</td>
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<tr>
<td>2017</td>
<td>3.504</td>
<td>16.020</td>
<td>4.571</td>
<td>3.1</td>
<td>20.5</td>
<td>435</td>
<td>1.3</td>
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<tr>
<td>2018</td>
<td>3.496</td>
<td>17.081</td>
<td>4.886</td>
<td>3.6</td>
<td>18.4</td>
<td>449</td>
<td>1.4</td>
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</tbody>
</table>

Macroeconomic indicators for 2018 in BiH did not change significantly in comparison to last year. Negative effects of the population emigration to the Western Europe countries are expected to be much more evident in 2019 and later. Nominal GDP has increased to EUR 17.081 million, while the growth rate of real GDP increased to 3.6%. Regarding the labour market, a decrease in the unemployment rate is evident, while the increase in average net salaries was 3.2%.

STRUCTURE OF THE FINANCIAL SERVICE SECTOR

<table>
<thead>
<tr>
<th>Financial institution</th>
<th>Banks</th>
<th>Insurance and reinsurance companies</th>
<th>Investment funds</th>
<th>Micro-credit organisations</th>
<th>Leasing companies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share (%)</td>
<td>80.8</td>
<td>3.5</td>
<td>4.8</td>
<td>4.7</td>
<td>6.2</td>
</tr>
<tr>
<td>------</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>Assets (EUR mln.)</td>
<td>10.535</td>
<td>477</td>
<td>452</td>
<td>556</td>
<td>817</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>82,1</td>
<td>3,7</td>
<td>3,5</td>
<td>4,3</td>
<td>6,4</td>
</tr>
<tr>
<td>2010</td>
<td>Assets (EUR mln.)</td>
<td>10.457</td>
<td>479</td>
<td>459</td>
<td>438</td>
<td>567</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>84,3</td>
<td>3,9</td>
<td>3,7</td>
<td>3,5</td>
<td>4,6</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>86,0</td>
<td>4,4</td>
<td>3,3</td>
<td>3,1</td>
<td>3,2</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>86,3</td>
<td>4,8</td>
<td>3,2</td>
<td>2,8</td>
<td>2,9</td>
</tr>
<tr>
<td>2013</td>
<td>Assets (EUR mln.)</td>
<td>11.282</td>
<td>630</td>
<td>389</td>
<td>343</td>
<td>305</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>87,1</td>
<td>4,9</td>
<td>3,0</td>
<td>2,7</td>
<td>2,4</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>87,4</td>
<td>5,2</td>
<td>3,0</td>
<td>2,5</td>
<td>2,0</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>87,5</td>
<td>5,4</td>
<td>3,1</td>
<td>2,4</td>
<td>1,7</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>87,8</td>
<td>5,6</td>
<td>2,8</td>
<td>2,3</td>
<td>1,5</td>
</tr>
<tr>
<td>2017</td>
<td>Assets (EUR mln.)</td>
<td>13.957</td>
<td>880</td>
<td>437</td>
<td>404</td>
<td>133</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>88,3</td>
<td>5,6</td>
<td>2,8</td>
<td>2,6</td>
<td>0,8</td>
</tr>
<tr>
<td>2018</td>
<td>Assets (EUR mln.)</td>
<td>15.266</td>
<td>932</td>
<td>455</td>
<td>456</td>
<td>152</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>88,5</td>
<td>5,4</td>
<td>2,6</td>
<td>2,6</td>
<td>0,9</td>
</tr>
</tbody>
</table>

The total amount of the financial sector assets in BiH was EUR 17.3 billion in 2018 and continued to increase since 2011. The largest share in the financial sector still has the banking sector, which is holding the share of 88,5% in total assets. Insurance and reinsurance companies participated with 5,4% of the total financial sector, which is a relatively small share considering the importance of this kind of institutional investors in a capital market. When it comes to other relevant financial institutions in the structure of the financial sector in BiH, they had a negligible share in the total assets of the financial sector (they all together participated with 6,1%).

The statistics for 2018 indicated on an annual growth rate of total assets in the financial sector of BiH at level 9,2% compared to 2017, thanks to the banking sector primarily, which recorded an increase of 9,4% in relation to the previous year, and then the insurance and reinsurance sector, which registered an increase of 5,8% compared to 2017. Other relevant financial institutions – investments funds, micro-credit organizations and leasing companies – also registered an increase in assets in 2018 compared to 2017 (4,0; 12,6, and 14,3%, respectively).
**Banking Sector**

**Legal and institutional framework**

The most important institutions that represent the infrastructure in the banking sector are commercial banks. Laws that regulate the banking sector are:

- Law on Banks of the Federation BiH (Official Gazette of the Federation BiH No. 39/98, 32/00, 48/01, 27/02, 41/02, 58/02, 13/03, 19/03, 28/03, 27/17);
- Law on the Banking Agency of the Federation BiH (Official Gazette of the Federation BiH No. 9/96, 27/98, 20/00, 45/00, 58/02, 13/03, 19/03, 47/06, 59/06, 48/08, 34/12, 77/12);
- Law on Banks of Republic of Srpska (Official Gazette of RS No. 44/03, 74/04, 116/11, 05/12, 59/13, 3/16);
- Law on Banking Agency of Republic of Srpska (Official Gazette of RS 59/13);
- Decisions and Instructions of the Banking Agencies Related to the Operations of the Banks;
- Law on Prevention of Money Laundering and Terrorist Financing Activities (Official Gazette of BiH No.47/14, 46/16);
- Law on National Payment Transactions (Official Gazette of RS No. 52/12, 92/12 and Official Gazette of BiH 47/14, 46/16),
- Law on Deposit Insurance in Banks of BiH (Official Gazette of BiH No. 20/02, 18/05, 100/08, 75/09, 58/13).

As has already been mentioned, monetary policy conducted in the country is a model of currency board. The main objectives and tasks of the Central Bank are defined by the Law on the Central
Bank of BiH (Official Gazette of BiH No. 1/97, 29/02, 8/03, 13/03, 14/03), in accordance with the General Framework Agreement for Peace in BiH (the Dayton Agreement, reached on November 21, 1995). The Central Bank of BiH maintains monetary stability in accordance with the currency board arrangement (BAM 1 : EUR 0.51129), which means that it issues the local currency with full coverage in freely convertible foreign currency funds at a fixed exchange rate BAM 1 : EUR 0.51129.

The supervision of BiH banks is separated from the Central Bank. Supervision is implemented at the level of state entities – Federation BiH and RS. Supervision of banks, micro-credit organizations and leasing companies is performed by the Banking Agency of the Federation BiH and the Banking Agency of RS.

Until 2019, supervision was being carried out in accordance with Basel I standards. Banks were not obliged to implement Basel II standards.

Namely, in December 2008, the Banking Agency of the Federation BiH, in collaboration with the Banking Agency of RS and in consultation with the experts of WB and IMF, adopted a "Strategy for the Introduction of the 'International Convergence of Capital Measurement and Capital Standards'" (Basel II). The Strategy constitutes a document, i.e. general guidelines regarding the implementation of international standards for risk and capital management in banks, with the title being changed to "Strategy for the Implementation of Basel III" in accordance with changes in the EU regulatory framework at the beginning of 2013. The Strategy provides for a careful and gradual transition to the new regulatory framework in BiH, which is also in line with the recommendation of the IMF and covers the period of time up to and including 2018. The implementation of the Strategy is carried out via mutual coordination and the joint work of project teams of the entity banking agencies.

In recent years it has been set three priority policies/objectives by the Government that could affect and continue to affect the banking sector:

- The new entities’ banking laws, complied with the requirements of Basel III, have been adopted on 28.12.2016 in RS and 02.03.2017. in Federation BiH, whereas the deadline for the implementation was six months after the adoption;
- The deadline for the implementation the new framework for the resolution and the establishment of resolution units was nine months after the adoption of the laws;
- The deadline of application of the new IFRS 9, Financial Instruments, was 01.01.2018.

Simultaneously with the process of drafting and adoption of the new Law on Banks up to now, a set of decisions, also complied with Basel III, has been adopted:

- Decision on the Management of Interest Rate Risk in the Banking Book (13.10.2017. in Federation BiH and 25.07.2017. in RS);
- Decision on Bank’s Large Exposures (13.10.2017. in Federation BiH and 19.09.2017. in RS);
- Decision on Risk Management in Banks (13.10.2017. in Federation BiH and 25.07.2017. in RS);
- Report on ICAAP (in December 2017, both entities);

**Banking sector size**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets as % of GDP</td>
<td>81,0</td>
<td>82,5</td>
<td>83,5</td>
<td>84,6</td>
<td>83,7</td>
<td>86,9</td>
<td>89,4</td>
</tr>
</tbody>
</table>

**Market concentration**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of banks</td>
<td>28</td>
<td>27</td>
<td>26</td>
<td>26</td>
<td>24</td>
<td>24</td>
<td>23</td>
</tr>
<tr>
<td>Average assets per bank (EUR mln.)</td>
<td>372,4</td>
<td>401,7</td>
<td>432,0</td>
<td>446,5</td>
<td>532,9</td>
<td>580,5</td>
<td>636,0</td>
</tr>
<tr>
<td>Market share of the largest bank (%)</td>
<td>24,0</td>
<td>24,0</td>
<td>24,0</td>
<td>25,0</td>
<td>26,0</td>
<td>26,4</td>
<td>27,2</td>
</tr>
<tr>
<td>Market share of the three largest banks (%)</td>
<td>60,0</td>
<td>58,0</td>
<td>57,0</td>
<td>58,0</td>
<td>61,6</td>
<td>61,2</td>
<td>56,2</td>
</tr>
<tr>
<td>Market share of the five largest banks (%)</td>
<td>77,0</td>
<td>74,0</td>
<td>74,0</td>
<td>74,0</td>
<td>79,5</td>
<td>78,8</td>
<td>69,9</td>
</tr>
</tbody>
</table>
Ownership structure in 2018

<table>
<thead>
<tr>
<th></th>
<th>Number of banks</th>
<th>Share in total capital (%)</th>
<th>Share in total assets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks with majority domestic ownership</td>
<td>8</td>
<td>14,9</td>
<td>20,1</td>
</tr>
<tr>
<td>- Central government</td>
<td>2</td>
<td>2,3</td>
<td>3,9</td>
</tr>
<tr>
<td>- Other domestic entities</td>
<td>6</td>
<td>12,6</td>
<td>16,2</td>
</tr>
<tr>
<td>Banks with majority foreign ownership</td>
<td>16</td>
<td>85,1</td>
<td>79,9</td>
</tr>
</tbody>
</table>

Composition of banks’ assets

<table>
<thead>
<tr>
<th></th>
<th>Cash funds (EUR mln.)</th>
<th>Net loans (EUR mln.)</th>
<th>Fixed assets (EUR mln.)</th>
<th>Government bonds (EUR mln.)</th>
<th>Other assets (EUR mln.)</th>
<th>Total assets (EUR mln.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2.711</td>
<td>7.087</td>
<td>372</td>
<td>405</td>
<td>277</td>
<td>10.853</td>
</tr>
<tr>
<td>Share (%)</td>
<td>25,0</td>
<td>65,3</td>
<td>3,4</td>
<td>3,7</td>
<td>2,6</td>
<td>100,0</td>
</tr>
</tbody>
</table>
### Composition of banks' liabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Share (%)</th>
<th>Deposits</th>
<th>Loans</th>
<th>Capital</th>
<th>Other liabilities</th>
<th>Total liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>7.833</td>
<td>72,2</td>
<td>1.022</td>
<td>1.539</td>
<td>459</td>
<td></td>
<td>10.853</td>
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<tr>
<td>2013</td>
<td>8.263</td>
<td>73,2</td>
<td>989</td>
<td>1.618</td>
<td>412</td>
<td></td>
<td>11.282</td>
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<tr>
<td>2014</td>
<td>8.638</td>
<td>74,1</td>
<td>933</td>
<td>1.682</td>
<td>409</td>
<td></td>
<td>11.661</td>
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<tr>
<td>2015</td>
<td>9.232</td>
<td>75,9</td>
<td>782</td>
<td>1.711</td>
<td>442</td>
<td></td>
<td>12.168</td>
</tr>
<tr>
<td>2016</td>
<td>9.810</td>
<td>76,7</td>
<td>708</td>
<td>1.836</td>
<td>436</td>
<td></td>
<td>12.789</td>
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<tr>
<td>2017</td>
<td>10.837</td>
<td>77,8</td>
<td>690</td>
<td>1.952</td>
<td>453</td>
<td></td>
<td>13.932</td>
</tr>
<tr>
<td>2018</td>
<td>12.094</td>
<td>79,2</td>
<td>721</td>
<td>2.012</td>
<td>436</td>
<td></td>
<td>15.264</td>
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</tbody>
</table>

#### Graph:

- Cash funds
- Net loans
- Fixed assets
- Government bonds
- Other assets

- Share in total assets (%)
### Maturity structure of deposits and loans

<table>
<thead>
<tr>
<th></th>
<th>Short-term deposits (EUR mln.)</th>
<th>Long-term deposits (EUR mln.)</th>
<th>Total deposits (EUR mln.)</th>
<th>Short-term loans (EUR mln.)</th>
<th>Long-term loans (EUR mln.)</th>
<th>Total (EUR mln.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share (%)</td>
<td>39.8</td>
<td>60.2</td>
<td>100.0</td>
<td>27.5</td>
<td>72.5</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>40.5</td>
<td>59.5</td>
<td>100.0</td>
<td>26.9</td>
<td>73.1</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>40.9</td>
<td>59.1</td>
<td>100.0</td>
<td>25.3</td>
<td>74.7</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>42.6</td>
<td>57.4</td>
<td>100.0</td>
<td>24.7</td>
<td>75.3</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>45.4</td>
<td>54.6</td>
<td>100.0</td>
<td>24.1</td>
<td>75.9</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>48.6</td>
<td>51.4</td>
<td>100.0</td>
<td>23.1</td>
<td>76.9</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>52.0</td>
<td>48.0</td>
<td>100.0</td>
<td>22.0</td>
<td>78.0</td>
</tr>
</tbody>
</table>
Currency structure of deposits and loans

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
</tr>
<tr>
<td></td>
<td>(EUR mln.)</td>
<td>(EUR mln.)</td>
<td>(EUR mln.)</td>
<td>(EUR mln.)</td>
<td>(EUR mln.)</td>
<td>(EUR mln.)</td>
<td>(EUR mln.)</td>
</tr>
<tr>
<td>2012</td>
<td>3.651</td>
<td>2.852</td>
<td>309</td>
<td>7.818</td>
<td>116</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td></td>
<td>53,6</td>
<td>41,9</td>
<td>4,5</td>
<td>98,4</td>
<td>1,5</td>
<td>0,2</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>3.969</td>
<td>3.016</td>
<td>301</td>
<td>8.063</td>
<td>126</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>54,5</td>
<td>41,4</td>
<td>4,1</td>
<td>98,4</td>
<td>1,5</td>
<td>0,1</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>4.446</td>
<td>3.100</td>
<td>315</td>
<td>8.306</td>
<td>112</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>56,6</td>
<td>39,4</td>
<td>4,0</td>
<td>98,6</td>
<td>1,3</td>
<td>0,1</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>4.864</td>
<td>3.245</td>
<td>343</td>
<td>8.509</td>
<td>111</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>57,6</td>
<td>38,4</td>
<td>4,1</td>
<td>98,7</td>
<td>1,3</td>
<td>0,0</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>5.424</td>
<td>3.302</td>
<td>351</td>
<td>8.687</td>
<td>105</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>59,8</td>
<td>36,4</td>
<td>3,9</td>
<td>98,8</td>
<td>1,2</td>
<td>0,0</td>
<td></td>
</tr>
</tbody>
</table>
### Deposits' and loans' rates for households

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit rate – less than year</td>
<td>2,1</td>
<td>2,0</td>
<td>1,3</td>
<td>1,1</td>
<td>0,5</td>
<td>0,2</td>
<td>0,3</td>
</tr>
<tr>
<td>Deposit rate – 1-2 year</td>
<td>3,2</td>
<td>3,2</td>
<td>2,8</td>
<td>2,2</td>
<td>1,7</td>
<td>1,3</td>
<td>1,3</td>
</tr>
<tr>
<td>Deposit rate – more than 2 years</td>
<td>4,4</td>
<td>3,8</td>
<td>3,0</td>
<td>2,4</td>
<td>2,1</td>
<td>1,5</td>
<td>1,4</td>
</tr>
<tr>
<td>Loan rate – less than year</td>
<td>8,1</td>
<td>7,7</td>
<td>7,5</td>
<td>7,8</td>
<td>8,2</td>
<td>4,2</td>
<td>5,8</td>
</tr>
<tr>
<td>Loan rate – more than year</td>
<td>7,2</td>
<td>n/a</td>
<td>7,7</td>
<td>4,8</td>
<td>6,1</td>
<td>n/a</td>
<td>3,7</td>
</tr>
</tbody>
</table>

Note: „Interest rates on deposits“ refer to interest rates on deposits in local currency and with a currency clause. „Interest rates on loans“ refer to interest rates on consumer loans.
Deposits' and loans' rates for enterprises

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit rate – less than year</td>
<td>1,5</td>
<td>3,5</td>
<td>1,9</td>
<td>0,6</td>
<td>0,9</td>
<td>0,6</td>
<td>1,0</td>
</tr>
<tr>
<td>Deposit rate – 1-2 year</td>
<td>4,0</td>
<td>n/a</td>
<td>n/a</td>
<td>2,5</td>
<td>n/a</td>
<td>n/a</td>
<td>1,0</td>
</tr>
<tr>
<td>Deposit rate – more than 2 years</td>
<td>n/a</td>
<td>3,9</td>
<td>2,3</td>
<td>n/a</td>
<td>2,1</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Loan rate – less than year</td>
<td>8,2</td>
<td>8,0</td>
<td>7,1</td>
<td>6,6</td>
<td>6,0</td>
<td>4,9</td>
<td>4,2</td>
</tr>
<tr>
<td>Loan rate – more than year</td>
<td>8,0</td>
<td>7,5</td>
<td>7,1</td>
<td>6,4</td>
<td>5,4</td>
<td>4,8</td>
<td>4,1</td>
</tr>
</tbody>
</table>

Note: „Interest rates on deposits“ refer to interest rates on deposits in local currency and with a currency clause. „Interest rates on loans“ are related to interest rates on loans up to EUR 0,25 million.

The basic features of the banking sector

<table>
<thead>
<tr>
<th></th>
<th>Stable capitalization</th>
<th>Lower capital of loan-portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regulatory capital (EUR mln.)</td>
<td>Total weighted risk (EUR mln.)</td>
</tr>
<tr>
<td>2012</td>
<td>1.439,3</td>
<td>8.462,9</td>
</tr>
<tr>
<td>2013</td>
<td>1.531,3</td>
<td>8.581,5</td>
</tr>
</tbody>
</table>
### INSURANCE SECTOR

#### Legal framework

Legal framework for operations of the Insurance Agency of BiH:

Laws regulating the Federation BiH insurance sector:
- Law on Insurance (Official Gazette of Federation BiH 23/17),
- Law on Insurance against Motor Liability and other Provisions on Compulsory Insurance against Liability (Official Gazette of Federation BiH 24/05),
- Law on Intermediation in Private Insurance (Official Gazette of Federation BiH 22/05, 08/10 and 30/16).

Laws regulating the RS insurance sector:
- Law on Insurance Companies (Official Gazette of RS 17/05, 01/06, 64/06, 74/10, 47/17 and 58/19),
- Law on Compulsory Insurance in Traffic (Official Gazette of RS 82/15),
- Law on Insurance and reinsurance Intermediation (Official Gazette of RS 47/17).

The laws in force in the Federation BiH and RS still do not comply with the Solvency II Directive. The laws on insurance in the past period, since their adoption in 2005, have been subject to certain changes, but still remain in the Solvency I regime.

The last changes of Law on Insurance Companies in RS were adopted in 2019, and some additional provisions regarding minimal capital requirements were introduced as well as some additional provisions related to the supervision process.
In the Federation BiH, in April 2017, the Insurance Law came into force which ensured the functioning of the Solvency I regulatory framework with the Solvency II elements that can be applied in the current market conditions in BiH, such as the specific provisions which regulate life and nonlife insurance, reinsurance, risk assessment, conditions for management of insurance companies, internal controls, bankruptcy and liquidation process, etc. A new law has not been enacted yet in the RS.

In 2015, a new Law on Obligatory Insurance in Traffic was adopted in the RS, which should provide gradual liberalization and amendment of the coverage limit, while, when it comes to the Federation BiH, the Law on Insurance against Motor Liability and other Provisions on Compulsory Insurance against Liability of 2005 is still in force.

In September 2018, Insurance Agency of Republic of Srpska adopted a Decision on amendments to the decision on common premium tariff and price list for insurance against motor vehicles liabilities in RS (Official Gazzette of RS 84/18). By this Decision, the single basis premium has been changed as it has been decreased by 10%.

The current situation in BiH is reflected in the non-compliance of laws in both entities, which will certainly cause problems with the participants in the insurance market with the entry into force of certain provisions of the laws that are not harmonized.

**Institutional framework**

- Insurance Agency of BiH,
- BiH Green Card Bureau,
- Federation BiH Insurance Supervision Agency,
- Republic of Srpska Insurance Agency,
- Federation BiH Protection Fund,
- Republic of Srpska Protection Fund,
- Association of Insurance Companies in BiH\(^1\),
- Association of Insurance Companies in Federation BiH,
- Association of Insurance Companies in RS,
- BiH Actuarial Association,
- Actuarial Association of RS.

**Minimal amount of share capital**

<table>
<thead>
<tr>
<th>Type of insurer</th>
<th>EUR mln.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Previous provisions</td>
</tr>
<tr>
<td>All nonlife classes</td>
<td>2,6</td>
</tr>
<tr>
<td>Particular nonlife classes</td>
<td>0,5 and 1,0</td>
</tr>
<tr>
<td>Life</td>
<td>1,5</td>
</tr>
<tr>
<td>Reinsurance</td>
<td>1,5</td>
</tr>
<tr>
<td>All classes (nonlife, life and reinsurance)</td>
<td>5,6</td>
</tr>
</tbody>
</table>

With the new Law on Insurance in the Federation BiH it is envisaged that within five years after entry into force (April 6, 2022), insurance and reinsurance companies are obliged to adjust their

\(^1\) Association of Insurance Companies in BiH is registered, but it is still not active.
shareholders’ equity in accordance with the new provisions of the Law by which twice the amount of equity from the previous amount is proposed depending on the type on insurance they are operating with.

With the last changes of Law on Insurance Companies in RS, the deadlines for providing new capital requirements were proposed to one and three years depending of type of the insurance provided by insurers.

**Total premium income**

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife (EUR mln.)</th>
<th>Life (Share %)</th>
<th>Total (Share %)</th>
<th>Premium growth index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>178</td>
<td>86,5</td>
<td>206</td>
<td>111,3</td>
</tr>
<tr>
<td>2008</td>
<td>198</td>
<td>85,5</td>
<td>232</td>
<td>121,0</td>
</tr>
<tr>
<td>2009</td>
<td>199</td>
<td>84,9</td>
<td>234</td>
<td>112,7</td>
</tr>
<tr>
<td>2010</td>
<td>203</td>
<td>84,2</td>
<td>242</td>
<td>101,2</td>
</tr>
<tr>
<td>2011</td>
<td>209</td>
<td>83,6</td>
<td>250</td>
<td>102,9</td>
</tr>
<tr>
<td>2012</td>
<td>214</td>
<td>82,9</td>
<td>258</td>
<td>103,4</td>
</tr>
<tr>
<td>2013</td>
<td>218</td>
<td>81,1</td>
<td>269</td>
<td>103,5</td>
</tr>
<tr>
<td>2014</td>
<td>229</td>
<td>79,6</td>
<td>287</td>
<td>104,3</td>
</tr>
<tr>
<td>2015</td>
<td>241</td>
<td>79,3</td>
<td>305</td>
<td>106,7</td>
</tr>
<tr>
<td>2016</td>
<td>258</td>
<td>79,6</td>
<td>324</td>
<td>106,0</td>
</tr>
<tr>
<td>2017</td>
<td>278</td>
<td>79,6</td>
<td>349</td>
<td>106,4</td>
</tr>
<tr>
<td>2018</td>
<td>291</td>
<td>79,9</td>
<td>364</td>
<td>107,8</td>
</tr>
</tbody>
</table>
The total premium in BiH in 2018 reached an amount of EUR 364 million which is an increase of 4.3% when compared to the previous year. The share of companies seated in the Federation BiH in total premium was 69.8% in 2018, while the share of the companies seated in RS was 30.2%. Out of total insurance premium in 2018, 79.9% is regarded to nonlife insurance while 20.1% refers to life insurance. During the year 2018, the nonlife insurance sector recorded an increase of 4.7% in relation to the year 2018 and the sector of life insurance shows an increase of 2.9%, respectively. The average annual growth rate of the nonlife insurance sector in the past five years was 5.9%, while the average annual growth rate of life insurance in the past five years was 7.6%. Resistance of the insurance market in BiH to the impacts of economic crisis is reflected primarily in the fact that the structure of insurance portfolio is dominated by obligatory types of insurance. The growth trend of insurance premiums is expected to continue in next years.

![Insurance Premium Chart](chart.png)

**Insurance penetration and insurance density**

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife</th>
<th>Life</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1.61</td>
<td>0.25</td>
<td>1.86</td>
</tr>
<tr>
<td>2008</td>
<td>1.57</td>
<td>0.26</td>
<td>1.83</td>
</tr>
<tr>
<td>2009</td>
<td>1.62</td>
<td>0.29</td>
<td>1.91</td>
</tr>
<tr>
<td>Year</td>
<td>Nonlife</td>
<td>Life</td>
<td>Total</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>2010</td>
<td>1.61</td>
<td>0.30</td>
<td>1.91</td>
</tr>
<tr>
<td>2011</td>
<td>1.60</td>
<td>0.32</td>
<td>1.92</td>
</tr>
<tr>
<td>2012</td>
<td>1.62</td>
<td>0.33</td>
<td>1.95</td>
</tr>
<tr>
<td>2013</td>
<td>1.62</td>
<td>0.38</td>
<td>2.00</td>
</tr>
<tr>
<td>2014</td>
<td>1.66</td>
<td>0.43</td>
<td>2.09</td>
</tr>
<tr>
<td>2015</td>
<td>1.68</td>
<td>0.43</td>
<td>2.11</td>
</tr>
<tr>
<td>2016</td>
<td>1.69</td>
<td>0.43</td>
<td>2.12</td>
</tr>
<tr>
<td>2017</td>
<td>1.74</td>
<td>0.44</td>
<td>2.18</td>
</tr>
<tr>
<td>2018</td>
<td>1.70</td>
<td>0.43</td>
<td>2.13</td>
</tr>
</tbody>
</table>

Premium per capita or “density” is on the low level as well as the countries in the region with EUR 104 in 2018. It should be noted that the participation of premiums as a percentage of GDP is 2.13% and the insurance and reinsurance sector participates only with 5.4% of total assets in the financial sector in BiH. This shows us that a further development of this sector should be expected in the future. Regarding the issue of the current economic situation in BiH, significant improvement in these indicators is not expected in following years.
### Market concentration

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of companies</th>
<th>Average premium per company (EUR mln.)</th>
<th>Market share of the largest company (%)</th>
<th>Market share of the largest three companies (%)</th>
<th>Market share of the largest five companies (%)</th>
<th>Number of companies with market share less than 3%</th>
<th>Number of (direct) employees in the insurance sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>25</td>
<td>8,2</td>
<td>13,1</td>
<td>29,9</td>
<td>46,0</td>
<td>12</td>
<td>3.147</td>
</tr>
<tr>
<td>2008</td>
<td>26</td>
<td>8,9</td>
<td>11,9</td>
<td>29,1</td>
<td>44,8</td>
<td>13</td>
<td>3.362</td>
</tr>
<tr>
<td>2009</td>
<td>26</td>
<td>9,0</td>
<td>11,8</td>
<td>30,2</td>
<td>44,8</td>
<td>14</td>
<td>3.446</td>
</tr>
<tr>
<td>2010</td>
<td>25</td>
<td>9,6</td>
<td>12,4</td>
<td>30,5</td>
<td>46,0</td>
<td>14</td>
<td>3.807</td>
</tr>
<tr>
<td>2011</td>
<td>25</td>
<td>10,0</td>
<td>12,8</td>
<td>30,0</td>
<td>46,0</td>
<td>13</td>
<td>3.813</td>
</tr>
<tr>
<td>2012</td>
<td>25</td>
<td>10,3</td>
<td>12,8</td>
<td>29,8</td>
<td>45,3</td>
<td>14</td>
<td>3.721</td>
</tr>
<tr>
<td>2013</td>
<td>24</td>
<td>11,2</td>
<td>12,3</td>
<td>30,1</td>
<td>46,2</td>
<td>10</td>
<td>3.681</td>
</tr>
<tr>
<td>2014</td>
<td>24</td>
<td>12,0</td>
<td>11,5</td>
<td>29,0</td>
<td>44,8</td>
<td>12</td>
<td>3.792</td>
</tr>
<tr>
<td>2015</td>
<td>24</td>
<td>12,7</td>
<td>10,1</td>
<td>28,0</td>
<td>43,2</td>
<td>11</td>
<td>3.974</td>
</tr>
<tr>
<td>2016</td>
<td>27</td>
<td>12,0</td>
<td>9,2</td>
<td>26,4</td>
<td>41,4</td>
<td>13</td>
<td>4.135</td>
</tr>
<tr>
<td>2017</td>
<td>27</td>
<td>12,9</td>
<td>8,5</td>
<td>24,9</td>
<td>39,2</td>
<td>14</td>
<td>4.270</td>
</tr>
<tr>
<td>2018</td>
<td>27</td>
<td>13,5</td>
<td>9,2</td>
<td>26,3</td>
<td>41,9</td>
<td>13</td>
<td>4.453</td>
</tr>
</tbody>
</table>

Life insurance market in 2018 was, as in 2017, a moderately concentrated market. The market share of the largest five companies in 2018 slightly increased when compared to 2017. The nonlife insurance market in BiH was the market with high level of competition (non-concentrated market).
Ownership structure in 2018

<table>
<thead>
<tr>
<th></th>
<th>Nonlife</th>
<th>Life</th>
<th>Composite</th>
<th>Reinsurance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies with</td>
<td>14</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>majority domestic ownership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of companies with</td>
<td>3</td>
<td>0</td>
<td>9</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td>majority foreign ownership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market share of companies with</td>
<td>52,5</td>
<td>2,6</td>
<td>-</td>
<td>100,0</td>
<td>42,4</td>
</tr>
<tr>
<td>majority domestic ownership (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market share of companies with</td>
<td>47,5</td>
<td>97,4</td>
<td>-</td>
<td>0,00</td>
<td>57,6</td>
</tr>
<tr>
<td>majority foreign ownership (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

On the insurance market of BiH in 2018 the insurance business was performed by 27 insurance and one reinsurance companies. Out of total number of 27 insurance companies, 12 insurance companies are seated in the Federation BiH and 15 in RS. There were 12 companies with majority foreign ownership. Out of 10 companies operating both in the area of life and nonlife insurance (composite companies), one is with majority domestic ownership, while 9 have majority foreign owners. There is one registered reinsurance company and it is with majority domestic ownership.

During 2017 and 2018 there were changes in the number of insurance companies as well as in the ownership structure of insurance companies. Grawe osiguranje took over 95% of the VGT osiguranje Visoko, and in 2018 it was merged to Grawe osiguranje. The Austrian Vienna Insurance Group (VIG) bought Merkur osiguranje. Zovko osiguranje was purchased by Bosna-Sunce osiguranje, a member of the group AGRAM, which since 1 January 2018 operates under the new name Adriatic osiguranje. Grawe osiguranje has purchased the Atos osiguranje in RS, and also in September 2018, a new insurance company in RS, Premium osiguranje, was granted a work permit by the Insurance Agency of Republic of Srpska.
It is still early to talk about the effects of acquisitions on the market, but given the need for market regulation, in the way that it is efficiently developed and in accordance with European rules, in the coming period we can expect a reduction in the number of insurance companies in the market, liberalization of the market, better customer service, increased efficiency in payment of claims and wider offers to cover different risks by insurance companies.

**Total premium per major insurance classes**

<table>
<thead>
<tr>
<th>Insurance class</th>
<th>2017 EUR mln.</th>
<th>Share (%)</th>
<th>2018 EUR mln.</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident</td>
<td>24,7</td>
<td>7,1</td>
<td>25,1</td>
<td>6,9</td>
</tr>
<tr>
<td>Health</td>
<td>5,0</td>
<td>1,4</td>
<td>5,7</td>
<td>1,6</td>
</tr>
<tr>
<td>Land motor vehicles</td>
<td>30,9</td>
<td>8,9</td>
<td>33,0</td>
<td>9,1</td>
</tr>
<tr>
<td>Railway</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Aircrafts</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Vessels</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Goods in transit</td>
<td>2,1</td>
<td>0,6</td>
<td>1,7</td>
<td>0,5</td>
</tr>
<tr>
<td>Fire and natural disasters</td>
<td>15,7</td>
<td>4,5</td>
<td>15,0</td>
<td>4,1</td>
</tr>
<tr>
<td>Other property insurance</td>
<td>13,1</td>
<td>3,7</td>
<td>12,8</td>
<td>3,5</td>
</tr>
<tr>
<td>MTPL</td>
<td>174,9</td>
<td>50,1</td>
<td>185,4</td>
<td>50,9</td>
</tr>
<tr>
<td>Aircraft liability</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Use of vessels liability</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Other liability</td>
<td>4,0</td>
<td>1,1</td>
<td>4,8</td>
<td>1,3</td>
</tr>
<tr>
<td>Credit</td>
<td>6,0</td>
<td>1,7</td>
<td>5,5</td>
<td>1,5</td>
</tr>
<tr>
<td>Surety</td>
<td>0,1</td>
<td>0,0</td>
<td>0,2</td>
<td>0,1</td>
</tr>
<tr>
<td>Miscellaneous financial losses</td>
<td>1,2</td>
<td>0,4</td>
<td>1,0</td>
<td>0,3</td>
</tr>
<tr>
<td>Legal protection</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Assistance – other nonlife</td>
<td>0,5</td>
<td>0,1</td>
<td>0,8</td>
<td>0,2</td>
</tr>
<tr>
<td>NONLIFE</td>
<td>278,2</td>
<td>79,6</td>
<td>291,2</td>
<td>79,9</td>
</tr>
<tr>
<td>LIFE</td>
<td>71,2</td>
<td>20,4</td>
<td>73,3</td>
<td>20,1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>349,4</strong></td>
<td><strong>100,0</strong></td>
<td><strong>364,5</strong></td>
<td><strong>100,0</strong></td>
</tr>
</tbody>
</table>

In the structure of the total insurance portfolio in 2018, motor third-party liability insurance participated with 50,9%. The structure of the nonlife insurance premium is dominated by motor third-party liability insurance with 63,7%, motor casco with 11,3% and accident with 8,6%.
### Insurance companies

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>2017 Premium (EUR mln.)</th>
<th>2018 Premium (EUR mln.)</th>
<th>Market share in 2018 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Nonlife</td>
<td>Life</td>
<td>Total</td>
</tr>
<tr>
<td>1</td>
<td>Adriatic</td>
<td>22.7</td>
<td>2.8</td>
<td>25.5</td>
</tr>
<tr>
<td>2</td>
<td>Uniqa</td>
<td>13.2</td>
<td>16.4</td>
<td>29.6</td>
</tr>
<tr>
<td>3</td>
<td>Euroherc</td>
<td>28.8</td>
<td>-</td>
<td>28.8</td>
</tr>
<tr>
<td>4</td>
<td>Sarajevo</td>
<td>26.7</td>
<td>1.8</td>
<td>28.5</td>
</tr>
<tr>
<td>5</td>
<td>Grawe (FBiH)</td>
<td>8.7</td>
<td>13.2</td>
<td>21.9</td>
</tr>
<tr>
<td>6</td>
<td>Croatia</td>
<td>20.5</td>
<td>4.1</td>
<td>24.5</td>
</tr>
<tr>
<td>7</td>
<td>Triglav (FBiH)</td>
<td>15.8</td>
<td>5.9</td>
<td>21.7</td>
</tr>
<tr>
<td>8</td>
<td>Central</td>
<td>13.6</td>
<td>-</td>
<td>13.6</td>
</tr>
<tr>
<td>9</td>
<td>Wiener</td>
<td>15.0</td>
<td>3.0</td>
<td>18.0</td>
</tr>
<tr>
<td>10</td>
<td>Vienna</td>
<td>0.4</td>
<td>15.1</td>
<td>15.5</td>
</tr>
<tr>
<td>11</td>
<td>ASA</td>
<td>11.4</td>
<td>-</td>
<td>11.4</td>
</tr>
<tr>
<td>12</td>
<td>Drina</td>
<td>12.4</td>
<td>-</td>
<td>12.4</td>
</tr>
<tr>
<td>13</td>
<td>Dunav</td>
<td>11.4</td>
<td>0.4</td>
<td>11.8</td>
</tr>
<tr>
<td>14</td>
<td>Atos</td>
<td>9.8</td>
<td>-</td>
<td>9.8</td>
</tr>
<tr>
<td>15</td>
<td>Aura</td>
<td>7.4</td>
<td>-</td>
<td>7.4</td>
</tr>
<tr>
<td>16</td>
<td>Grawe (RS)</td>
<td>0.0</td>
<td>8.5</td>
<td>8.5</td>
</tr>
<tr>
<td>17</td>
<td>Nešković</td>
<td>8.8</td>
<td>-</td>
<td>8.8</td>
</tr>
<tr>
<td>18</td>
<td>Brčko-gas</td>
<td>8.3</td>
<td>-</td>
<td>8.3</td>
</tr>
<tr>
<td>19</td>
<td>Triglav (RS)</td>
<td>5.3</td>
<td>-</td>
<td>5.3</td>
</tr>
<tr>
<td>20</td>
<td>Mikrofin</td>
<td>4.7</td>
<td>-</td>
<td>4.7</td>
</tr>
<tr>
<td></td>
<td>Name</td>
<td>Life</td>
<td>Nonlife</td>
<td>Total</td>
</tr>
<tr>
<td>------</td>
<td>------------------</td>
<td>------</td>
<td>---------</td>
<td>-------</td>
</tr>
<tr>
<td>21</td>
<td>Camelija</td>
<td>5,5</td>
<td>-</td>
<td>5,5</td>
</tr>
<tr>
<td>22</td>
<td>Garant</td>
<td>4,2</td>
<td>-</td>
<td>4,2</td>
</tr>
<tr>
<td>23</td>
<td>Euros</td>
<td>4,0</td>
<td>-</td>
<td>4,0</td>
</tr>
<tr>
<td>24</td>
<td>SAS – Super P</td>
<td>1,6</td>
<td>-</td>
<td>1,6</td>
</tr>
<tr>
<td>25</td>
<td>Krajina</td>
<td>1,5</td>
<td>-</td>
<td>1,5</td>
</tr>
<tr>
<td>26</td>
<td>Premium</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>27</td>
<td>VGT</td>
<td>7,0</td>
<td>-</td>
<td>7,0</td>
</tr>
<tr>
<td>28</td>
<td>Zovko</td>
<td>9,4</td>
<td>-</td>
<td>9,4</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>278,2</strong></td>
<td><strong>71,2</strong></td>
<td><strong>349,4</strong></td>
</tr>
</tbody>
</table>

**Other Relevant Financial Institutions**

**Pension funds**

Laws which regulate pension funds are:

- Law on Voluntary Pension Funds (Official Gazette of Federation BiH 104/16),
- Law on Pension and Disability Insurance (Official Gazette of RS 134/11, 82/13 and 103/15),
- Law on Voluntary Pension Funds and Pension Plans (Official Gazette of RS 13/09).

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2 Data from the insurance supervisory agencies of Federation BiH and RS.
The supervision and regulation of pension funds in BiH are carried out by entity supervisory agencies.

Pension insurance reform in BiH is in some kind of transition. The story about the reform lasts for years, but its implementation has hardly shifted.

The demographic picture of BiH is not reassuring at all, because it belongs to the group of countries whose population is in the expressed aging process and are approaching the threshold of the average age of 40 years. The average life expectancy of the population is extended and the birthrate declines. When you bring this in connection with the pension funds, this means that the pension funds will be much burdened in the future.

It is evident that these demographic trends will reduce the population of BiH, the population structure by age will be significantly altered, it will be significantly increased the number of population aged over 65 or 66 years and much smaller number of young people.

Pension Reserve Fund of RS has been formed with aim to provide long term financial sustainability to the compulsory pension insurance.

Almost eight years after the adoption of the Law on Voluntary Pension Funds and Pension Plans, the first voluntary pension fund management company was established and the first voluntary pension fund (European Voluntary Pension Fund - EPF) in BiH started to work in 2017. For a long period, there were initiatives and negotiations between the PREF Management Company, the European Bank for Reconstruction and Development (EBRD) and the Joint Pension Company d.d. from Ljubljana for the joint establishment of the Voluntary Pension Fund Management Company in RS.

<table>
<thead>
<tr>
<th>Shareholders of EPF</th>
<th>Share in capital in %</th>
<th>EUR mln.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SKUPNA</td>
<td>34,0</td>
<td>0,76</td>
</tr>
<tr>
<td>PREF</td>
<td>33,0</td>
<td>0,74</td>
</tr>
<tr>
<td>EBRD</td>
<td>16,5</td>
<td>0,37</td>
</tr>
<tr>
<td>ENEF</td>
<td>16,5</td>
<td>0,37</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100,0</strong></td>
<td><strong>2,25</strong></td>
</tr>
</tbody>
</table>

Investment funds\(^3\)

Laws which regulate investment funds are as follows:
- Law on Investment Funds (Official Gazette of Federation BiH 85/08),
- Law on Investment Funds (Official Gazette of RS 92/06 and 82/15),
- Law on Privatisation Investment Funds and Privatisation Fund Companies (Official Gazette of RS 24/98, 63/02 and 67/05).

The regulatory bodies responsible for overseeing and supervision of investment funds in BiH are the entity securities commissions, that is the Securities Commission of Federation BiH and the Securities Commission of RS.

\(^3\) Data from the securities commissions of Federation BiH and RS.
Number of investment funds

<table>
<thead>
<tr>
<th></th>
<th>FBiH*</th>
<th>RS**</th>
<th>BiH</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2016</td>
<td>2016</td>
</tr>
<tr>
<td>Number of investment fund management companies</td>
<td>11</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Closed-end investment funds with public offer</td>
<td>11</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>Open-end investment funds with public offer</td>
<td>6</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>Open-end investment funds with closed offer</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

* Data for Federation BiH in 2017 and 2018 are not available.
** Till the end of 2018 all closed-end investment funds are transformed in open-end investment funds and their owners became owners of the new open-end investment funds.

Net value of investment fund assets in BiH in 2016

<table>
<thead>
<tr>
<th>Funds</th>
<th>Net asset value (EUR mln.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed-end investment funds</td>
<td>318</td>
</tr>
<tr>
<td>Open-end investment funds</td>
<td>92</td>
</tr>
<tr>
<td>Total</td>
<td>410</td>
</tr>
</tbody>
</table>

Net value of assets of closed-end investment funds in Federation BiH

![Graph of net value of assets of closed-end investment funds in Federation BiH from 31.12.2015 to 31.12.2016]
Net value of assets of open-end investment funds in Federation BiH

Net value of assets of closed-end investment funds in RS
Net asset value of open-end investment funds in RS

![Graph showing the net asset value of open-end investment funds in RS.](image)

Net asset value of open-end investment funds in RS in 2018

![Graph showing the net asset value of open-end investment funds in RS in 2018.](image)
Considering that in 2016, around 20% of the total assets of the funds in Federation BiH were traded, the conclusion is that the investment activity in 2016 was significantly lower compared to the previous year when it was traded with approximately 59% value of total assets of funds.

**Micro-credit organisations**

Laws which regulate micro-credit organisations are the following:
- Law on Micro-credit Organizations (Official Gazette of Federation BiH 59/06),
- Law on Micro-credit Organizations (Official Gazette of RS 64/06 and 116/11).

---

4 Data from the annual reports of the banking agencies of Federation BiH and RS for 2016 and 2017.
The regulatory authorities responsible for supervision of micro-credit organizations in BiH are the entity banking agencies, Banking Agency of Federation BiH and Banking Agency of RS.

Micro-credit organization (MCO) is a legal entity that can be established and operated as micro-credit foundation (MCF) or micro-credit company (MCC). MKFs in Federation BiH were established by non-governmental, mostly humanitarian organizations (World Vision, CHF International, HO BOSPO, Catholic Relief Service, Deputy, Mercy Corps, Islamic Relief, Melaha) and citizens' associations (LOK UG, UG ALDI).

Number of MCOs

<table>
<thead>
<tr>
<th></th>
<th>FBiH</th>
<th>RS</th>
<th>BiH</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>MCC</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>MCO</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
</tbody>
</table>

Number of employees in MCOs

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FBiH</td>
<td>RS</td>
<td>BiH</td>
</tr>
<tr>
<td>MCF</td>
<td>1.194</td>
<td>327</td>
<td>1,521</td>
</tr>
<tr>
<td>MCC</td>
<td>57</td>
<td>7</td>
<td>64</td>
</tr>
<tr>
<td>MCO</td>
<td>1,251</td>
<td>334</td>
<td>1,585</td>
</tr>
</tbody>
</table>

Assets of MCOs in BiH

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MCC</td>
<td>0,5</td>
<td>0,9</td>
<td>1,4</td>
</tr>
<tr>
<td>MCF</td>
<td>16,9</td>
<td>54,9</td>
<td>75,1</td>
</tr>
<tr>
<td>MCC</td>
<td>114,6</td>
<td>134,4</td>
<td>157,3</td>
</tr>
<tr>
<td>FOM</td>
<td>208,2</td>
<td>214,5</td>
<td>221,6</td>
</tr>
</tbody>
</table>
Investment structure of MCOs in Federation BiH

<table>
<thead>
<tr>
<th>Year</th>
<th>Short-term loans</th>
<th>Long-term loans</th>
<th>Due receivables</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>78,0%</td>
<td>10,0%</td>
<td>7,0%</td>
<td>5,0%</td>
</tr>
<tr>
<td>2017</td>
<td>77,0%</td>
<td>9,0%</td>
<td>8,0%</td>
<td>6,0%</td>
</tr>
</tbody>
</table>

Investment structure of MCOs in RS

<table>
<thead>
<tr>
<th>Year</th>
<th>Loans to banks</th>
<th>Long-term investments</th>
<th>Business premises and other fixed assets</th>
<th>Other assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>81,6%</td>
<td>10,1%</td>
<td>5,5%</td>
<td>1,1%</td>
</tr>
<tr>
<td>2017</td>
<td>80,4%</td>
<td>12,4%</td>
<td>4,5%</td>
<td>1,2%</td>
</tr>
</tbody>
</table>

Structure of micro-credits in Federation BiH

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Short-term loans</td>
<td>Long-term loans</td>
</tr>
<tr>
<td>a.) service activities</td>
<td>112,5</td>
<td>286,43</td>
</tr>
<tr>
<td>b.) trade</td>
<td>94,6</td>
<td>146,13</td>
</tr>
<tr>
<td>c.) agriculture</td>
<td>6,1</td>
<td>274,6</td>
</tr>
<tr>
<td>d.) production</td>
<td>78,7</td>
<td>657,5</td>
</tr>
<tr>
<td>e.) other</td>
<td>26,6</td>
<td>89,0</td>
</tr>
</tbody>
</table>
TOTAL 1: 318,5 5.346,6 42,9 5.708,1 315,5 6.191,2 33,7 6.540,4

2 physical persons

a.) service activities 2.532,4 34.173,2 106,9 36.812,5 2.324,8 38.994,7 112,5 41.432,0
b.) trade 751,1 7.977,2 35,8 8.764,1 557,3 7.112,1 27,1 7.696,5
c.) agriculture 3.744,2 67.062,6 176,4 70.983,2 3.452,8 73.747,2 130,9 77.330,9
d.) production 328,2 3.659,8 12,8 4.000,9 274,1 3.883,3 12,3 4.169,6
e.) housing needs 1.357,0 40.902,8 91,5 42.351,3 1.572,2 47.706,6 86,9 48.854,5
f.) other 6.559,9 34.862,4 177,4 41.599,7 6.985,8 39.927,3 171,8 47.084,5

TOTAL 2: 15.272,8 188.638,1 600,8 204.511,7 15.167,0 211.370,7 541,5 227.079,1

TOTAL (1+2): 15.591,3 193.984,7 643,7 210.219,8 15.482,4 217.561,9 575,2 233.619,5

Structure of micro-credits in RS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Short-term loans</td>
<td>Long-term loans</td>
</tr>
<tr>
<td>1 legal entities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a.) service activities</td>
<td>179,0</td>
<td>642,7</td>
</tr>
<tr>
<td>b.) trade</td>
<td>48,1</td>
<td>357,4</td>
</tr>
<tr>
<td>c.) agriculture</td>
<td>0,0</td>
<td>62,4</td>
</tr>
<tr>
<td>d.) production</td>
<td>93,6</td>
<td>361,5</td>
</tr>
<tr>
<td>e.) other</td>
<td>19,9</td>
<td>10,2</td>
</tr>
<tr>
<td>TOTAL 1:</td>
<td>340,5</td>
<td>1.434,2</td>
</tr>
</tbody>
</table>

2 physical persons

a.) service activities 1.004,7 9.920,1 25,6 10.950,3 1.347,8 13.728,7 30,2 15.106,6
b.) trade 401,9 2.730,8 12,3 3.145,0 551,2 3.218,1 7,2 3.776,4
c.) agriculture 3.413,4 34.617,0 58,8 38.090,2 3.521,3 38.689,0 68,0 42.278,2
d.) production 162,1 1.388,2 2,6 1.552,8 199,9 1.783,4 11,2 1.994,6
e.) housing needs 105,3 2.763,5 2,0 2.870,9 165,1 5.112,9 10,7 5.288,8
f.) other 11.878,3 38.216,0 329,8 50.424,1 12.264,4 46.127,2 508,7 58.900,3

TOTAL 2: 16.965,7 89.635,6 431,0 107.032,3 18.049,6 108.659,3 636,0 127.344,9

TOTAL (1+2): 17.306,2 91.069,8 441,2 108.817,3 18.421,3 110.395,1 647,8 129.464,2

Profitability of MCOs in Federation BiH

<table>
<thead>
<tr>
<th>EUR ths.</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MCF</td>
<td>MCC</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3=(1+2)</td>
</tr>
<tr>
<td>Total revenues</td>
<td>38.885</td>
<td>5.084</td>
</tr>
<tr>
<td>Total expenses</td>
<td>35.297</td>
<td>4.501</td>
</tr>
<tr>
<td>Extraordinary income</td>
<td>6.123</td>
<td>29</td>
</tr>
<tr>
<td>Extraordinary expenses</td>
<td>371</td>
<td>435</td>
</tr>
<tr>
<td>Taxes</td>
<td>0</td>
<td>24</td>
</tr>
<tr>
<td>Total financial result</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Profitability of MCOs in RS

<table>
<thead>
<tr>
<th>EUR ths.</th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MCF</td>
<td>MCC</td>
<td>TOTAL</td>
</tr>
<tr>
<td>Total revenues</td>
<td>19.307</td>
<td>141</td>
<td>19.448</td>
</tr>
<tr>
<td>Total expenses</td>
<td>14.612</td>
<td>196</td>
<td>14.809</td>
</tr>
<tr>
<td>Extraordinary income</td>
<td>253</td>
<td>5</td>
<td>258</td>
</tr>
<tr>
<td>Extraordinary expenses</td>
<td>27</td>
<td>1</td>
<td>28</td>
</tr>
<tr>
<td>Taxes</td>
<td>610</td>
<td>1</td>
<td>612</td>
</tr>
<tr>
<td>Total financial result</td>
<td>4.311</td>
<td>-53</td>
<td>4.258</td>
</tr>
</tbody>
</table>

Leasing companies

Laws which regulate leasing companies are the following:
- Law on Amending the Law on Leasing (Official Gazette of Federation BiH 85/08, 39/09, and 65/13),
- Law on Leasing (Official Gazette of Federation BiH 85/08, on 26.12.2008.),
- Law on Leasing (Official Gazette of RS 70/07, 116/11).

Regulatory institutions that perform supervision of leasing companies in BiH are the entity banking agencies, the Banking Agency of the Federation BiH and the Banking Agency of the RS.

Following companies were licenced for leasing operations in Federation BiH on 31.12.2017:
(1) ASA Leasing,
(2) NLB Leasing,
(3) Porsche Leasing,
(4) Raiffeisen Leasing,
(5) Sparkasse Leasing,
(6) VB Leasing.

As of 31.12.2018, seven leasing companies in the FBiH had operating licences to perform leasing operations. Compared to 31.12.2017 there is an increase in number of leasing companies, since in the second quarter of 2018, the FBA issued the licence to one leasing company, which started its activities during the third quarter of 2018.

Number of employees in leasing companies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Federation BiH</td>
<td>160</td>
<td>104</td>
<td>124</td>
</tr>
<tr>
<td>RS</td>
<td>9</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>169</td>
<td>111</td>
<td>131</td>
</tr>
</tbody>
</table>

\[5\]

Data from the annual reports of the Banking Agency of the Federation BiH and the Banking Agency of RS.
### Structure of leasing operations

<table>
<thead>
<tr>
<th></th>
<th>2017 EUR mn.</th>
<th>Share (%)</th>
<th>2018 EUR mn.</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FBiH RS BIH</td>
<td>FBiH RS BIH</td>
<td>FBiH RS BIH</td>
<td>FBiH RS BIH</td>
</tr>
<tr>
<td>Financial leasing</td>
<td>90 86,0 40 93,7 130 88,0</td>
<td>110 86,02 45 93,7 155 88,0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational leasing</td>
<td>15 14,0 3 6,3 17 12,0</td>
<td>18 13,98 5 6,3 23 12,0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>105 100,0 42 100,0 147 100,0</strong></td>
<td><strong>128 100 50 100,0 178 100,0</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Structure of claims based on leasing in Federation BiH

#### STRUCTURE BY LEASING OBJECT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger vehicles</td>
<td>37,397</td>
<td>44,157</td>
</tr>
<tr>
<td>Vehicles for carrying out activities (field and passenger)</td>
<td>40,671</td>
<td>50,846</td>
</tr>
<tr>
<td>Machines and equipment</td>
<td>11,424</td>
<td>14,027</td>
</tr>
<tr>
<td>Real estates</td>
<td>1,553</td>
<td>1,188</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>91,053</strong></td>
<td><strong>110,220</strong></td>
</tr>
</tbody>
</table>

#### STRUCTURE ACCORDING TO THE USER OF LEASING

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal entities</td>
<td>79,871</td>
<td>97,910</td>
</tr>
<tr>
<td>Entrepreneurs</td>
<td>2,020</td>
<td>2,769</td>
</tr>
<tr>
<td>Natural persons</td>
<td>6,482</td>
<td>7,402</td>
</tr>
<tr>
<td>Other</td>
<td>2,680</td>
<td>2,138</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>91,053</strong></td>
<td><strong>110,220</strong></td>
</tr>
</tbody>
</table>

### Structure of claims based on leasing in Republika Srpska

#### STRUCTURE BY LEASING OBJECT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger vehicles</td>
<td>0 0 9.898 1.606 11.505</td>
<td>0 0 11.193 1.163 12.356</td>
</tr>
<tr>
<td>Vehicles to do works (field and passenger)</td>
<td>0 0 15.663 1.040 16.703</td>
<td>0 0 0 0 0</td>
</tr>
<tr>
<td>Machines and equipment</td>
<td>0 0 13.994 0 13.994</td>
<td>0 0 13.643 0 13.643</td>
</tr>
<tr>
<td>Real estates</td>
<td>0 0 31 0 31</td>
<td>0 0 27 0 27</td>
</tr>
<tr>
<td>Shine, water and air objects</td>
<td>0 0 0 0 0</td>
<td>0 0 0 0 0</td>
</tr>
<tr>
<td>Other</td>
<td>0 0 0 0 0</td>
<td>0 0 0 0 0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>0 0 39.586 2.646 42.233</strong></td>
<td><strong>0 0 45.059 4.659 49.719</strong></td>
</tr>
</tbody>
</table>

#### STRUCTURE ACCORDING TO THE USER OF LEASING

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal entities</td>
<td>0 0 37.864 2.593 40.457</td>
<td>0 0 42.857 4.529 47.386</td>
</tr>
<tr>
<td>Entrepreneurs</td>
<td>0 0 431 28 458</td>
<td>0 0 752 19 771</td>
</tr>
<tr>
<td>Natural persons</td>
<td>0 0 1.121 0 1.121</td>
<td>0 0 1.277 0 1.277</td>
</tr>
<tr>
<td>Other</td>
<td>0 0 171 26 196</td>
<td>0 0 173 111 284</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>0 0 39.586 2.646 42.233</strong></td>
<td><strong>0 0 45.059 4.659 49.719</strong></td>
</tr>
</tbody>
</table>
BULGARIA

Report for Bulgaria has been done on the basis of official reports of National Statistical Institute, Bulgarian National Bank, Financial Supervision Commission, Association of Bulgarian Insurers, and other relevant data sources. All conversions from the national currency the Bulgarian lev (BGN) to EUR have been made at fixed exchange rate EUR 1 = BGN 1.95583 due to the fact that the monetary policy of Bulgaria, like BiH, has organized according to currency board principles (EUR has been anchor currency since 1999).

**MACROECONOMIC INDICATORS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (x 1,000)</th>
<th>Nominal GDP (EUR mln.)</th>
<th>GDP per capita (EUR)</th>
<th>Real GDP growth rate (%)</th>
<th>Unemployment rate (%)</th>
<th>Inflation rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>7.607</td>
<td>39.556</td>
<td>5.200</td>
<td>6.2</td>
<td>5.6</td>
<td>12.3</td>
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**STRUCTURE OF THE FINANCIAL SERVICE SECTOR**

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**Banking Sector**

**Legal and institutional framework**

The financial sector is dominated by banks, which are regulated by Law on Credit Institutions (published in the Darjaven Vestnik, issue 59, 21.07.2006, and amended and issued 24 times up to 2020). According to Law on the Bulgarian National Bank (published in the Darjaven Vestnik, issue 46, 10.06.1997, and amended and issued 14 times up to 2019), the Bank (BNB) regulates and supervises other banks' activities, carries out research and compiles and analyzes statistical data.

Since 1 January 2007 BNB is a member of the European System of Central Banks and the BNB's Governor is a member of General Council of the European Central Bank (ECB). BNB operates independently of the Government and reports directly to the Parliament.

After the Bulgarian accession to the EU in 2007, the legislation underwent significant changes in order to comply with EU directives in the field of company law, the IAS Regulation (No. 1606/2002 and No. 1126/2008) and the Directive on the Annual Accounts and Consolidated Accounts of Banks and Other Financial Institutions (86/635/EEC, 1986). The statutory regulation of capital is quite complicated. In the Bulgarian banking system, it is subject to the legislative framework for the implementation of Basel III in the EU by introducing the Capital Requirements Directive (Directive 2013/36/EU). The CRR/CRD IV package contains the Capital Requirements Regulation (Regulation (EU) No. 575/2013) – directly applicable to the member states – and the Fourth Capital Requirements Directive (Directive 2013/36/EU), transposed into national law by the Law on Credit Institutions and the acts on its application. The adopted changes to the bank regulation in 2013, linked to the implementation of Basel III, contribute to achieving better results, which are a prerequisite for confidence in the Bulgarian banking sector.

**Banking sector size**

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<td>43.842</td>
<td>43.529</td>
<td>44.750</td>
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<td>50.008</td>
<td>53.970</td>
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</tr>
<tr>
<td><strong>Number of banks with market share less than 3%</strong></td>
<td>21</td>
<td>20</td>
<td>19</td>
<td>18</td>
<td>17</td>
<td>17</td>
<td>17</td>
</tr>
</tbody>
</table>
Ownership structure in 2018

<table>
<thead>
<tr>
<th>Ownership Structure</th>
<th>Number of banks</th>
<th>Share in total assets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks with majority domestic ownership</td>
<td>7</td>
<td>22,0</td>
</tr>
<tr>
<td>Banks with majority foreign ownership</td>
<td>18</td>
<td>78,0</td>
</tr>
</tbody>
</table>

![Graph showing market share of banks](image)
## Composition of banks’ assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Cash funds</th>
<th>Net loans</th>
<th>Fixed assets</th>
<th>Government bonds</th>
<th>Other assets</th>
<th>Total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4.833</td>
<td>31.674</td>
<td>1.151</td>
<td>3.964</td>
<td>516</td>
<td></td>
<td>42.138</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>11.5</td>
<td>75.2</td>
<td>2.7</td>
<td>9.4</td>
<td>1.2</td>
<td>100.0</td>
</tr>
<tr>
<td>2013</td>
<td>4.546</td>
<td>33.178</td>
<td>1.056</td>
<td>3.412</td>
<td>1.650</td>
<td></td>
<td>43.842</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>10.4</td>
<td>75.7</td>
<td>2.4</td>
<td>7.8</td>
<td>3.8</td>
<td>100.0</td>
</tr>
<tr>
<td>2014</td>
<td>5.000</td>
<td>32.152</td>
<td>1.086</td>
<td>4.883</td>
<td>407</td>
<td></td>
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<tr>
<td></td>
<td>Share (%)</td>
<td>11.5</td>
<td>73.9</td>
<td>2.5</td>
<td>11.2</td>
<td>0.9</td>
<td>100.0</td>
</tr>
<tr>
<td>2015</td>
<td>9.337</td>
<td>27.742</td>
<td>1.416</td>
<td>5.400</td>
<td>856</td>
<td></td>
<td>44.750</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>20.9</td>
<td>62.0</td>
<td>3.2</td>
<td>12.1</td>
<td>1.9</td>
<td>100.0</td>
</tr>
<tr>
<td>2016</td>
<td>9.286</td>
<td>28.683</td>
<td>1.037</td>
<td>6.609</td>
<td>1.472</td>
<td></td>
<td>47.087</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>19.7</td>
<td>60.9</td>
<td>2.2</td>
<td>14.0</td>
<td>3.1</td>
<td>100.0</td>
</tr>
<tr>
<td>2017</td>
<td>9.975</td>
<td>30.524</td>
<td>1.077</td>
<td>6.929</td>
<td>1.503</td>
<td></td>
<td>50.008</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>19.9</td>
<td>61.0</td>
<td>2.2</td>
<td>13.9</td>
<td>3.0</td>
<td>100.0</td>
</tr>
<tr>
<td>2018</td>
<td>10.397</td>
<td>34.158</td>
<td>954</td>
<td>5.156</td>
<td>3.304</td>
<td></td>
<td>53.970</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>19.3</td>
<td>63.3</td>
<td>1.8</td>
<td>9.6</td>
<td>6.1</td>
<td>100.0</td>
</tr>
</tbody>
</table>

### Share in total assets (%)

- **Cash funds**
- **Net loans**
- **Fixed assets**
- **Government bonds**
- **Other assets**

![Bar chart showing the share in total assets for each year from 2012 to 2018.](chart.png)
### Composition of banks' liabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Deposits*</th>
<th>Debt certificates (including bonds)</th>
<th>Other</th>
<th>Total liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>34.886</td>
<td>231</td>
<td>7.021</td>
<td>42.138</td>
<td></td>
</tr>
<tr>
<td></td>
<td>82,8</td>
<td>0,5</td>
<td>16,7</td>
<td>100,0</td>
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<tr>
<td>2013</td>
<td>36.544</td>
<td>255</td>
<td>7.042</td>
<td>43.842</td>
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<tr>
<td></td>
<td>83,4</td>
<td>0,6</td>
<td>16,1</td>
<td>100,0</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>36.644</td>
<td>219</td>
<td>6.667</td>
<td>43.529</td>
<td></td>
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<tr>
<td></td>
<td>84,2</td>
<td>0,5</td>
<td>15,3</td>
<td>100,0</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>38.026</td>
<td>179</td>
<td>6.545</td>
<td>44.750</td>
<td></td>
</tr>
<tr>
<td></td>
<td>85,0</td>
<td>0,4</td>
<td>14,6</td>
<td>100,0</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>40.180</td>
<td>182</td>
<td>6.726</td>
<td>47.087</td>
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</tr>
<tr>
<td></td>
<td>85,3</td>
<td>0,4</td>
<td>14,3</td>
<td>100,0</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>42.799</td>
<td>171</td>
<td>7.038</td>
<td>50.008</td>
<td></td>
</tr>
<tr>
<td></td>
<td>85,6</td>
<td>0,3</td>
<td>14,1</td>
<td>100,0</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>45.865</td>
<td>170</td>
<td>7.936</td>
<td>53.970</td>
<td></td>
</tr>
<tr>
<td></td>
<td>85,0</td>
<td>0,3</td>
<td>14,7</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>

* Non-financial corporations and other than non-financial corporations.

---

![Bar chart showing the share in total liabilities over the years 2012 to 2018. The chart compares deposits, debt certificates (including bonds), and other liabilities. The data is consistent with the table above.](chart.png)
# Maturity structure of deposits and loans

<table>
<thead>
<tr>
<th></th>
<th>Short-term deposits</th>
<th>Long-term deposits</th>
<th>Total deposits</th>
<th>Short-term loans</th>
<th>Long-term loans</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share (%)</td>
<td>38,6</td>
<td>61,4</td>
<td>100,0</td>
<td>22,3</td>
<td>77,7</td>
</tr>
<tr>
<td>2013</td>
<td>Amount (EUR mln.)</td>
<td>12.614,1</td>
<td>14.560,7</td>
<td>27.174,7</td>
<td>6.564,4</td>
<td>23.455,4</td>
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<tr>
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<td>Share (%)</td>
<td>46,4</td>
<td>53,6</td>
<td>100,0</td>
<td>28,0</td>
<td>78,1</td>
</tr>
<tr>
<td>2014</td>
<td>Amount (EUR mln.)</td>
<td>14.345,6</td>
<td>13.578,6</td>
<td>27.924,2</td>
<td>7.031,6</td>
<td>21.177,8</td>
</tr>
<tr>
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<td>Share (%)</td>
<td>51,4</td>
<td>48,6</td>
<td>100,0</td>
<td>24,9</td>
<td>75,1</td>
</tr>
<tr>
<td>2015</td>
<td>Amount (EUR mln.)</td>
<td>16.739,8</td>
<td>14.352,7</td>
<td>31.092,5</td>
<td>6.545,0</td>
<td>20.284,5</td>
</tr>
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<td></td>
<td>Share (%)</td>
<td>53,8</td>
<td>46,2</td>
<td>100,0</td>
<td>24,4</td>
<td>75,6</td>
</tr>
<tr>
<td>2016</td>
<td>Amount (EUR mln.)</td>
<td>18.520,8</td>
<td>14.584,0</td>
<td>33.104,7</td>
<td>6.179,4</td>
<td>21.029,3</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>56,0</td>
<td>44,1</td>
<td>100,0</td>
<td>22,7</td>
<td>77,3</td>
</tr>
<tr>
<td>2017</td>
<td>Amount (EUR mln.)</td>
<td>21.494,4</td>
<td>14.226,5</td>
<td>35.721,0</td>
<td>6.269,8</td>
<td>21.905,9</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>60,2</td>
<td>39,8</td>
<td>100,0</td>
<td>22,3</td>
<td>77,8</td>
</tr>
<tr>
<td>2018</td>
<td>Amount (EUR mln.)</td>
<td>-</td>
<td>-</td>
<td>38.200,7</td>
<td>6.926,0</td>
<td>20.871,9</td>
</tr>
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<td></td>
<td>Share (%)</td>
<td>-</td>
<td>-</td>
<td>100,0</td>
<td>24,9</td>
<td>75,1</td>
</tr>
</tbody>
</table>
## Currency structure of deposits and loans

### Deposits in the local currency
- **2012**: Amount (EUR mln.) 17.009,9, Share (%) 71,7
- **2013**: Amount (EUR mln.) 18.724,0, Share (%) 55,0
- **2014**: Amount (EUR mln.) 11.573,7, Share (%) 43,2
- **2015**: Amount (EUR mln.) 20.538,2, Share (%) 54,0
- **2016**: Amount (EUR mln.) 22.377,8, Share (%) 55,7
- **2017**: Amount (EUR mln.) 24.529,1, Share (%) 57,3
- **2018**: Amount (EUR mln.) 27.067,1, Share (%) 59,0

### Deposits in EUR
- **2012**: 4.386,2
- **2013**: 12.960,4
- **2014**: 12.624,5
- **2015**: 14.042,1
- **2016**: 14.242,2
- **2017**: 14.736,9
- **2018**: 15.241,7

### Deposits in other currency
- **2012**: 2.335,3
- **2013**: 2.389,4
- **2014**: 2.573,6
- **2015**: 3.432,1
- **2016**: 3.559,8
- **2017**: 3.532,8
- **2018**: 3.556,1

### Loans in the local currency
- **2012**: 10.601,6
- **2013**: 12.634,2
- **2014**: 13.006,5
- **2015**: 19.757,0
- **2016**: 21.093,5
- **2017**: 22.218,1
- **2018**: 26.524,0

### Loans in EUR
- **2012**: 18.563,8
- **2013**: 20.507,7
- **2014**: 20.435,6
- **2015**: 15.986,9
- **2016**: 16.506,3
- **2017**: 17.520,5
- **2018**: 16.592,3

### Loans in other currency
- **2012**: 685,8
- **2013**: 2.567,2
- **2014**: 2.127,0
- **2015**: 2.325,4
- **2016**: 2.034,2
- **2017**: 1.956,0
- **2018**: 2.400,9

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>17.009,9</td>
<td>71,7</td>
</tr>
<tr>
<td>2013</td>
<td>18.724,0</td>
<td>55,0</td>
</tr>
<tr>
<td>2014</td>
<td>11.573,7</td>
<td>43,2</td>
</tr>
<tr>
<td>2015</td>
<td>20.538,2</td>
<td>54,0</td>
</tr>
<tr>
<td>2016</td>
<td>22.377,8</td>
<td>55,7</td>
</tr>
<tr>
<td>2017</td>
<td>24.529,1</td>
<td>57,3</td>
</tr>
<tr>
<td>2018</td>
<td>27.067,1</td>
<td>59,0</td>
</tr>
</tbody>
</table>
Deposits' and loans' rates for households

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit rate – less than year</td>
<td>3,8</td>
<td>2,9</td>
<td>1,8</td>
<td>0,8</td>
<td>0,3</td>
<td>0,2</td>
<td>0,2</td>
</tr>
<tr>
<td>Deposit rate – more than year</td>
<td>5,7</td>
<td>4,2</td>
<td>2,8</td>
<td>1,6</td>
<td>1,1</td>
<td>0,6</td>
<td>0,4</td>
</tr>
<tr>
<td>Loan rate – less than year</td>
<td>8,9</td>
<td>8,7</td>
<td>8,0</td>
<td>7,0</td>
<td>5,3</td>
<td>4,5</td>
<td>3,9</td>
</tr>
<tr>
<td>Loan rate – more than year</td>
<td>7,7</td>
<td>7,2</td>
<td>6,9</td>
<td>6,1</td>
<td>4,9</td>
<td>5,3</td>
<td>4,2</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>2013</td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>----------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Deposit rate – less than year</td>
<td>3.2</td>
<td>2.6</td>
<td>1.4</td>
<td>0.7</td>
<td>0.5</td>
<td>0.2</td>
<td>0.1</td>
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<tr>
<td>Deposit rate – more than year</td>
<td>5.9</td>
<td>4.6</td>
<td>2.0</td>
<td>1.9</td>
<td>0.7</td>
<td>0.5</td>
<td>0.9</td>
</tr>
<tr>
<td>Loan rate – less than year</td>
<td>7.7</td>
<td>7.1</td>
<td>6.3</td>
<td>5.0</td>
<td>4.0</td>
<td>3.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Loan rate – more than year</td>
<td>7.9</td>
<td>8.0</td>
<td>8.9</td>
<td>5.5</td>
<td>4.5</td>
<td>5.5</td>
<td>4.2</td>
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</table>
The basic features of the banking sector

<table>
<thead>
<tr>
<th></th>
<th>Stable capitalization</th>
<th>Lower capital of loan-portfolio</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Regulatory capital (EUR mln.)</td>
<td>Total weighted risk (EUR mln.)</td>
</tr>
<tr>
<td>2012</td>
<td>4.677,9</td>
<td>24.809,9</td>
</tr>
<tr>
<td>2013</td>
<td>4.746,9</td>
<td>19.625,5</td>
</tr>
<tr>
<td>2014</td>
<td>5.033,4</td>
<td>22.113,4</td>
</tr>
<tr>
<td>2015</td>
<td>5.048,4</td>
<td>21.921,7</td>
</tr>
<tr>
<td>2016</td>
<td>5.344,5</td>
<td>22.647,5</td>
</tr>
<tr>
<td>2017</td>
<td>5.882,3</td>
<td>26.643,9</td>
</tr>
<tr>
<td>2018</td>
<td>5.954,8</td>
<td>29.211,0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Positive financial performance</th>
<th>Satisfactory liquidity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net profit/loss (EUR mln.)</td>
<td>Return on equity (%)</td>
</tr>
<tr>
<td>2012</td>
<td>289,8</td>
<td>5,3</td>
</tr>
<tr>
<td>2013</td>
<td>299,0</td>
<td>5,6</td>
</tr>
<tr>
<td>2014</td>
<td>381,6</td>
<td>4,5</td>
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<tr>
<td>2015</td>
<td>459,4</td>
<td>7,8</td>
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<tr>
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<td>645,4</td>
<td>10,4</td>
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<td>2017</td>
<td>600,3</td>
<td>9,3</td>
</tr>
<tr>
<td>2018</td>
<td>858,0</td>
<td>12,1</td>
</tr>
</tbody>
</table>

**INSURANCE SECTOR**

Legal and institutional framework

Legal framework for insurance sector operations:
- Insurance Code,
- Law on the Insurance Premium Tax,
- Health Insurance Act,
- Export Insurance Act,
- Ordinances and regulations of Financial Supervision Commission.

Institutional framework for insurance sector operations:
- Ministry of Finance,
- Financial Supervision Commission regulates the non-banking financial sector,
- Insurance and reinsurance companies and their associations,
- Insurance intermediaries.
### Total premium income

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife (EUR mln.)</th>
<th>Life (EUR mln.)</th>
<th>Total (EUR mln.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>649</td>
<td>129</td>
<td>778</td>
</tr>
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<td>83,4</td>
<td>16,6</td>
<td>100</td>
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<tr>
<td>2008</td>
<td>784</td>
<td>142</td>
<td>926</td>
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<tr>
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<td>84,7</td>
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<td>100</td>
</tr>
<tr>
<td></td>
<td>120,8</td>
<td>110,1</td>
<td>119,0</td>
</tr>
<tr>
<td>2009</td>
<td>746</td>
<td>114</td>
<td>860</td>
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<tr>
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<td>86,8</td>
<td>13,2</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>95,2</td>
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<td>92,9</td>
</tr>
<tr>
<td>2010</td>
<td>703</td>
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<td>15,3</td>
<td>100</td>
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<td>94,2</td>
<td>111,4</td>
<td>96,5</td>
</tr>
<tr>
<td>2011</td>
<td>696</td>
<td>129</td>
<td>825</td>
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<td>15,6</td>
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<td>99,0</td>
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<td>99,4</td>
</tr>
<tr>
<td>2012</td>
<td>683</td>
<td>137</td>
<td>820</td>
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<td>83,3</td>
<td>16,7</td>
<td>100,0</td>
</tr>
<tr>
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### Insurance penetration and insurance density

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<th>Premium as % of GDP</th>
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<td>Total</td>
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<td>Year</td>
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<tr>
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<td>2018</td>
<td>1,9</td>
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<table>
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<th>Year</th>
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<th>Total</th>
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<td>126</td>
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<tr>
<td>2015</td>
<td>112</td>
<td>28</td>
<td>140</td>
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<tr>
<td>2016</td>
<td>117</td>
<td>31</td>
<td>147</td>
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<tr>
<td>2017</td>
<td>127</td>
<td>31</td>
<td>158</td>
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<tr>
<td>2018</td>
<td>152</td>
<td>33</td>
<td>185</td>
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</table>

![Insurance penetration (%)](chart.png)
### Market concentration

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of companies</th>
<th>Average premium per company (EUR mln.)</th>
<th>Market share of the largest company (%)</th>
<th>Market share of the largest three companies (%)</th>
<th>Market share of the largest five companies (%)</th>
<th>Number of companies with market share less than 3%</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>42</td>
<td>24,9</td>
<td>9,5</td>
<td>27,8</td>
<td>44,0</td>
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<tr>
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<td>27,8</td>
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<td>26</td>
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<tr>
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<td>36,0</td>
<td>11,1</td>
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### Total premium per major insurance classes

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<th>2017 EUR mln.</th>
<th>2017 Share (%)</th>
<th>2018 EUR mln.</th>
<th>2018 Share (%)</th>
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<tr>
<td>Accident</td>
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<td>1.8</td>
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<tr>
<td>Health</td>
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<td>2.4</td>
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<td>2.1</td>
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<td>Land motor vehicles</td>
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<td>0.3</td>
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<td>Aircrafts</td>
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<tr>
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<td>2.0</td>
<td>0.2</td>
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<td>Goods in transit</td>
<td>10.8</td>
<td>1.0</td>
<td>9.1</td>
<td>0.7</td>
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<tr>
<td>Fire and natural disasters</td>
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<td>12.2</td>
<td>135.7</td>
<td>10.5</td>
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<tr>
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<td>0.8</td>
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<td>MTPL</td>
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<td>1.1</td>
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### Assistance – other nonlife

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<th>2017</th>
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### Share in total premium

#### 2017

- Accident: 15%
- Railway: 5%
- Goods in transit: 5%
- MTPL: 10%
- Other liability: 5%
- Miscellaneous financial losses: 5%
- Life: 5%

#### 2018

- Accident: 16%
- Railway: 6%
- Goods in transit: 6%
- MTPL: 11%
- Other liability: 6%
- Miscellaneous financial losses: 6%
- Life: 6%

### Insurance companies

<table>
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<tr>
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<th>Market share in 2018 (%)</th>
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<td></td>
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<td>2018</td>
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<tr>
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<td>LEV INS</td>
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<tr>
<td>3</td>
<td>DZI - General insurance</td>
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<tr>
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<td><strong>Total</strong></td>
<td></td>
<td><strong>894,1</strong></td>
<td><strong>219,2</strong></td>
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OTHER RELEVANT FINANCIAL INSTITUTIONS

Pension funds

The Financial Supervision Commission (FSC) is the authority supervising pension funds’ activities in Bulgaria.

Bulgaria has adopted the World Bank 3-pillar model. Supplementary pension insurance is implemented by participation in mandatory universal and/or professional pension funds, supplementary voluntary pension funds and/or supplementary voluntary pension funds with occupational schemes, which are established and managed by pension insurance companies (PICs) licensed by FSC.

Supplementary voluntary pension insurance is implemented in supplementary voluntary pension funds (VPF) and in supplementary voluntary pension funds with occupational schemes (VPFOS).

---

Number of pension funds

At the end of 2017 the structure of the pension insurance market remains unchanged compared to the previous year in terms of the number of licensed pension companies (9) and the number of pension funds (28). From that number there was nine supplementary VPF and one supplementary VPFOS.

Pension funds' membership

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<td>VPF</td>
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<td>614,761</td>
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<td>Total</td>
<td>608,401</td>
<td>622,549</td>
<td>636,453</td>
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Pension funds' net assets

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<td>550,9</td>
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<tr>
<td>Total</td>
<td>471,5</td>
<td>546,9</td>
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</table>

VPFs' net assets dynamics (%)

- 31.12.2016: VPF "ALLIANZ BULGARIA" 45,3%, "NN" VPF 15,2%, VPF "CCB - SILA" 15,2%, VPF "TOPLINA" 15,2%, VPF "PENSIONNOOSIGURITELEN INSTITUT" 0,1%
- 31.12.2017: VPF "ALLIANZ BULGARIA" 45,5%, "NN" VPF 14,5%, VPF "CCB - SILA" 13,2%, VPF "TOPLINA" 13,2%, VPF "PENSIONNOOSIGURITELEN INSTITUT" 0,1%
- 31.12.2018: VPF "ALLIANZ BULGARIA" 45,3%, "NN" VPF 13,9%, VPF "CCB - SILA" 13,2%, VPF "TOPLINA" 13,2%, VPF "PENSIONNOOSIGURITELEN INSTITUT" 0,1%
Investment portfolio of VPF

Assets managed by investment fund type

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<tr>
<th>Fund type</th>
<th>EUR mln.</th>
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<tr>
<td>Resident investment funds</td>
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</tr>
<tr>
<td>Equity funds</td>
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</table>

Data from the Bulgarian National Bank (http://www.bnb.bg/Statistics/StOtherFinancialInstitutions/StInvestmentFunds/index.htm).

Investment portfolio of VPFOS

Investment funds

Assets managed by investment fund type
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>Bond funds</strong></td>
<td>223,3</td>
<td>265,6</td>
<td>312,4</td>
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<tr>
<td><strong>Mixed funds</strong></td>
<td>104,8</td>
<td>136,1</td>
<td>157,0</td>
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<td><strong>Real estate and other funds</strong></td>
<td>0,8</td>
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<td>1,0</td>
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<td><strong>Total</strong></td>
<td><strong>1.458,1</strong></td>
<td><strong>1.826,9</strong></td>
<td><strong>1.997,1</strong></td>
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**Assets by instrument**

<table>
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<th>Instrument</th>
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<td><strong>Cash</strong></td>
<td>164,9</td>
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<tr>
<td><strong>Deposits</strong></td>
<td>141.964,8</td>
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<tr>
<td><strong>Securities other than shares</strong></td>
<td>133.791,6</td>
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<tr>
<td><strong>Shares and other equity</strong></td>
<td>191.085,5</td>
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<tr>
<td><strong>Investment fund shares/units</strong></td>
<td>59.527,0</td>
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<tr>
<td><strong>Non-financial assets</strong></td>
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<tr>
<td><strong>Financial derivatives</strong></td>
<td>550,7</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>5.134,2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>532.220,8</strong></td>
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**Number of reporting institutions**

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<tr>
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<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tr>
<td><strong>Total</strong></td>
<td>113</td>
<td>122</td>
<td>133</td>
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**Investment funds' portfolio structure**

![Bar chart showing portfolio structure for 2017 and 2018]
Leasing companies⁸

Assets and liabilities of leasing companies

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<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>2.061,8</td>
<td>2.272,5</td>
<td>2.635,1</td>
</tr>
<tr>
<td>Shares and other equity</td>
<td>1.782,3</td>
<td>1.941,0</td>
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<td>6,3</td>
<td>7,0</td>
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<tr>
<td>Other assets</td>
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<td>324,5</td>
<td>377,4</td>
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<td>2.635,1</td>
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<td>1.529,9</td>
<td>1.708,4</td>
<td>2.100,1</td>
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<tr>
<td>Up to one year</td>
<td>450,1</td>
<td>417,1</td>
<td>321,7</td>
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<tr>
<td>Over one year</td>
<td>1.079,8</td>
<td>1.291,2</td>
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<td>Total equity</td>
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<td>295,4</td>
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<td>Capital</td>
<td>117,0</td>
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Leasing companies' asset structure

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<tr>
<td>Shares and other equity</td>
<td>85,5%</td>
<td>85,4%</td>
<td>86,4%</td>
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<td>0,5%</td>
<td>0,3%</td>
<td>0,3%</td>
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<tr>
<td>Loans</td>
<td>14,3%</td>
<td>14,3%</td>
<td>13,3%</td>
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⁸ Data from the Bulgarian National Bank (http://www.bnb.bg/Statistics/StOtherFinancialInstitutions/StLeasingCompanies/index.htm).
### Leasing companies' portfolio structure

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<tbody>
<tr>
<td></td>
<td>EUR mln.</td>
<td>Share (%)</td>
<td>EUR mln.</td>
<td>Share (%)</td>
<td>EUR mln.</td>
<td>Share (%)</td>
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<tr>
<td>Financial lease</td>
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<td>96,3</td>
<td>1.751</td>
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<tr>
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<td>62</td>
<td>3,7</td>
<td>92</td>
<td>5,0</td>
<td>115,4</td>
<td>5,6</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1.695</strong></td>
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<td><strong>1.843</strong></td>
<td><strong>100,0</strong></td>
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### Value of leasing companies' active contracts by leased/lent assets

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<tr>
<td></td>
<td>EUR mln.</td>
<td></td>
<td>EUR mln.</td>
<td></td>
<td>EUR mln.</td>
<td></td>
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<tr>
<td><strong>Machinery and industrial equipment</strong></td>
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<tr>
<td>Financial lease</td>
<td>337,5</td>
<td>1,1</td>
<td>336,3</td>
<td>0,4</td>
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<td>0,2</td>
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<td>5,8</td>
<td>0,0</td>
<td>4,8</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>1,1</strong></td>
<td><strong>341,1</strong></td>
<td><strong>0,4</strong></td>
<td><strong>396,3</strong></td>
<td><strong>0,2</strong></td>
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<tr>
<td><strong>Computers and other IT equipment</strong></td>
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</tr>
<tr>
<td>Financial lease</td>
<td>556,9</td>
<td>10,2</td>
<td>578,4</td>
<td>12,2</td>
<td>638,2</td>
<td>14,4</td>
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<tr>
<td>Operational lease</td>
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<td>58,6</td>
<td>0,0</td>
<td>73,9</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>558,4</strong></td>
<td><strong>10,2</strong></td>
<td><strong>578,4</strong></td>
<td><strong>12,2</strong></td>
<td><strong>638,2</strong></td>
<td><strong>14,4</strong></td>
</tr>
<tr>
<td><strong>Transport and commercial vehicles</strong></td>
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<td></td>
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<tr>
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<td>44,4</td>
<td>621,7</td>
<td>58,6</td>
<td>739,2</td>
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<td>14,4</td>
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<td><strong>Total</strong></td>
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<td><strong>59,1</strong></td>
<td><strong>694,2</strong></td>
<td><strong>72,0</strong></td>
<td><strong>868,8</strong></td>
<td><strong>95,9</strong></td>
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<td><strong>Cars</strong></td>
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<td>6,1</td>
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<td>52,1</td>
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<td><strong>Other</strong></td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>61,9</strong></td>
<td><strong>1.694,6</strong></td>
<td><strong>175,2</strong></td>
<td><strong>1.949,1</strong></td>
<td><strong>115,4</strong></td>
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</table>

### Financial leases by sectors and main industry

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<td></td>
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<td></td>
<td>EUR mln.</td>
<td></td>
<td>EUR mln.</td>
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<td><strong>Non-financial corporations</strong></td>
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<td></td>
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<tr>
<td>Agriculture, hunting, fishing, forestry</td>
<td>148,1</td>
<td>140,8</td>
<td>168,8</td>
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<tr>
<td>Mining and quarrying</td>
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<td>10,4</td>
<td>13,4</td>
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<td>Manufacturing</td>
<td>159,4</td>
<td>188,2</td>
<td>203,6</td>
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<tr>
<td>Electricity, gas and water supply</td>
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<td>42,4</td>
<td>37,8</td>
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<tr>
<td>Construction</td>
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<td>98,5</td>
<td>105,2</td>
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<td>Trade and repair of motor vehicles, motorcycles; personal and household goods appliances</td>
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<td>338,6</td>
<td>398,3</td>
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<td>Hotels and restaurants</td>
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<td>Transport, storage and communication</td>
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<td>423,9</td>
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<td>Real estate, renting and other business activities</td>
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<tr>
<td>Education</td>
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<td>0,8</td>
<td>0,9</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Health and social work</td>
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<td>11,1</td>
<td>15,0</td>
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<td></td>
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<tr>
<td>Other utilities, social and personal services</td>
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<td>93,1</td>
<td>57,0</td>
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<td>139,7</td>
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<td>277,9</td>
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<td>-------</td>
<td>-------</td>
<td>-------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households and NPISHs</td>
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<td>0,1</td>
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<td>1.751,2</td>
<td>1.985,5</td>
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</table>
CROATIA

Report for Croatia has been done on the basis of official reports of Croatian National Bank, Croatian Financial Services Supervisory Agency, Croatian Insurance Bureau, Croatian Bureau of Statistics, and other relevant data sources. All conversions from the national currency the kuna (HRK) to EUR have been made at official midpoint exchange rate of the Croatian National Bank for the corresponding year.

MACROECONOMIC INDICATORS

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<tr>
<th>Year</th>
<th>Population (&lt; 1.000)</th>
<th>GDP – current prices (EUR mln.)</th>
<th>GDP per capita (EUR)</th>
<th>Real GDP growth rate (%)</th>
<th>Unemployment rate (%)</th>
<th>Average net salary (EUR/month)</th>
<th>Inflation rate (%)</th>
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STRUCTURE OF THE FINANCIAL SERVICE SECTOR

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<th>Housing savings banks</th>
<th>Insurance and reinsurance companies</th>
<th>Mandatory pension funds</th>
<th>Voluntary pension funds</th>
<th>Investment funds</th>
<th>Leasing companies</th>
<th>Factoring</th>
<th>Total</th>
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<td>51.218</td>
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<td>3.128</td>
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<td>1.632</td>
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<td>2.5</td>
<td>7.2</td>
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<td>100.0</td>
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<td>3.852</td>
<td>789</td>
<td>70876</td>
</tr>
<tr>
<td>Share (%)</td>
<td>75.7</td>
<td>1.3</td>
<td>6.0</td>
<td>7.0</td>
<td>0.3</td>
<td>3.0</td>
<td>5.4</td>
<td>1.1</td>
<td>100.0</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>54.739</td>
<td>1.055</td>
<td>4.426</td>
<td>5.524</td>
<td>265</td>
<td>1.829</td>
<td>3.443</td>
<td>814</td>
<td>72095</td>
</tr>
<tr>
<td>Share (%)</td>
<td>75.9</td>
<td>1.5</td>
<td>6.1</td>
<td>7.7</td>
<td>0.4</td>
<td>2.5</td>
<td>4.8</td>
<td>1.1</td>
<td>100.0</td>
</tr>
</tbody>
</table>
2012 | Assets (EUR mln.) | 53.000 | 992 | 4.650 | 6.802 | 323 | 1.997 | 2.948 | 955 | 71.667
| Share (%) | 74.0 | 1.4 | 6.5 | 9.5 | 0.5 | 2.8 | 4.1 | 1.3 | 100,0
2013 | Assets (EUR mln.) | 52.092 | 999 | 4.671 | 7.690 | 357 | 1.995 | 2.599 | 1.070 | 71.473
| Share (%) | 72.9 | 1.4 | 6.5 | 10.8 | 0.5 | 2.8 | 3.6 | 1.5 | 100,0
2014 | Assets (EUR mln.) | 51.588 | 1.019 | 4.908 | 8.687 | 426 | 2.041 | 2.341 | 1.026 | 72.036
| Share (%) | 71.6 | 1.4 | 6.8 | 12.1 | 0.6 | 2.8 | 3.2 | 1.4 | 100,0
2015 | Assets (EUR mln.) | 51.525 | 1.021 | 5.065 | 9.725 | 490 | 2.201 | 2.316 | 866 | 73.209
| Share (%) | 70.4 | 1.4 | 6.9 | 13.3 | 0.7 | 3.0 | 3.2 | 1.2 | 100,0
2016 | Assets (EUR mln.) | 51.433 | 1.037 | 5.286 | 11.180 | 574 | 2.879 | 2.378 | 784 | 75.551
| Share (%) | 68.1 | 1.4 | 7.0 | 14.8 | 0.8 | 3.8 | 3.1 | 1.0 | 100,0
2017 | Assets (EUR mln.) | 52.083 | 1.061 | 5.474 | 12.322 | 636 | 2.947 | 2.433 | 315 | 77.271
| Share (%) | 67.4 | 1.4 | 7.1 | 15.9 | 0.8 | 3.8 | 3.1 | 0.4 | 100,0
2018 | Assets (EUR mln.) | 55.120 | 736 | 5.657 | 13.235 | 693 | 3.063 | 2.634 | 189 | 81.327
| Share (%) | 67.8 | 0.9 | 7.0 | 16.3 | 0.9 | 3.8 | 3.2 | 0.2 | 100,0

**BANKING SECTOR**

**Legal and institutional framework**

Credit Institutions Act (Official Gazette No. 159/2013, 19/2015, 102/2015, 15/2018, and 70/2019), which succeeded the Banking Act (Official Gazette 84/2002), regulates the Croatian credit institutions – banks, savings banks, and housing savings banks. The sector is dominated
by banks. In principle, all banks operating in Croatia are universal, i.e. allowed to carry out all types of banking activities.

Bank assets represents 98.7% of total assets of credit institutions such as banks and savings banks. The rest, 1.3%, belongs to housing savings banks. These institutions in Croatia are under supervision authority of the Croatian National Bank (CNB), as provided by the Croatian National Bank Act (Official Gazette 36/2001). The CNB’s monetary policy is based on maintaining the stability of the nominal exchange rate of HRK against EUR. A stable exchange rate of HRK against EUR constitutes the so-called nominal anchor of monetary policy by which the CNB stabilizes inflationary expectations and, ultimately, inflation itself.

Thus, the supervision of credit institutions as well as credit unions in Croatia is performed by the CNB. The function of supervision and oversight of credit institutions and credit unions is organized within the Prudential Regulation and Bank Supervision Area of the CNB. Basel II and related by-laws came into force on 31 March 2010. On 1 January 2014, they were replaced by Basel III (Capital Requirements Directive IV - CRD IV/CRR package). Namely, implementation of the Basel III in the Croatian legislation started in 2013 with the adoption of the new Credit Institutions Act transposing CRD IV (Directive 2013/36/EU), following the accession of the Republic of Croatia to the European Union on 1 July 2013 (as the 28th member state). The Credit Institutions Act entered into force on 1 January 2014, at the same time as the Capital Requirements Regulation [Regulation (EU) No. 575/2013], directly applicable to credit institutions and investment firms.

The Government and the CNB have started the activities for EUR adoption process. Croatia has reached a relatively high degree of real convergence, it has maintained low inflation and a stable exchange rate for over two decades, while recently it has noticeably improved its budget balance and reduced public debt. Responsible economic policy of the Government of the Republic of Croatia and the CNB will ensure the continuation of the existing positive trends. As a result, all these conditions for EUR adoption might be met in the near future. Croatia will thus fulfil the obligation of introducing the common currency that was undertaken upon accession to the EU.

The first formal step towards the adoption of EUR is joining the Exchange Rate Mechanism II (ERM II). The support of eurozone member states and EU institutions is the key in this process. Each member state must participate in the ERM II for at least two years prior to the adoption of EUR, thus reflecting it is capable of functioning under the conditions of a stable exchange rate against EUR. The conditions for joining the mechanism are not defined in a straightforward manner. The support of the eurozone member states and EU institutions depends on their assessment of the economic situation in the candidate country, primarily on the degree of its convergence and macroeconomic stability, and on the political will for further expansion of the monetary union.

Structural reforms are substantial for attaining higher rates of potential economic growth. Productivity growth is a significant precondition for achieving a balanced and sustainable economic growth in the long run. The rates of Croatia’s productivity growth are not sufficient to enable rapid convergence towards income levels prevailing in advanced economies of the eurozone. In this context, the Government will continue implementing comprehensive measures
aimed at improving the business environment, alleviating the tax burden and increasing public sector efficiency.

Future changes will be a result of the EU regulations changes of the CRD/CRR regulatory package. In February 2019 EU ambassadors endorsed the full package of risk-reduction measures, which represent a more robust framework to regulate and supervise banks aimed at reducing risks in the EU banking sector, and this concluded a negotiating process began in November 2016. The package, which was agreed on between the European Council and the Parliament, comprises two regulations and two directives, relating to:

- Bank capital requirements (amendments to Regulation 575/2013 and Directive 2013/36/EU),
- The recovery and resolution of banks in difficulty (amendments to Directive 2014/59/EU and Regulation 806/2014).

The agreement includes enhancing the framework for the resolution of banks, strengthening capital requirements for lenders, and improving banks' lending capacity and giving them a larger role in capital markets as well as a framework for information-sharing among regulators responsible for supervision and resolution of cross-border lenders. It also introduces changes aimed at improving cooperation between competent authorities on matters related to supervision of anti-money laundering activities.

---

**Banking sector size**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets (EUR mln.)</strong></td>
<td>53.000</td>
<td>52.092</td>
<td>51.588</td>
<td>51.525</td>
<td>51.433</td>
<td>52.083</td>
<td>55.120</td>
</tr>
<tr>
<td><strong>Total assets as % of GDP</strong></td>
<td>120,5</td>
<td>119,1</td>
<td>118,8</td>
<td>115,4</td>
<td>110,3</td>
<td>106,0</td>
<td>106,8</td>
</tr>
</tbody>
</table>

---

9 From this point onwards, data refer to banks (housing saving banks are not included).
Market concentration

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of banks</td>
<td>31</td>
<td>30</td>
<td>28</td>
<td>28</td>
<td>26</td>
<td>25</td>
<td>21</td>
</tr>
<tr>
<td>Average assets per bank (EUR mln.)</td>
<td>1.710</td>
<td>1.736</td>
<td>1.842</td>
<td>1.840</td>
<td>1.978</td>
<td>2.083</td>
<td>2.625</td>
</tr>
<tr>
<td>Market share of the largest bank (%)</td>
<td>26,0</td>
<td>26,9</td>
<td>25,9</td>
<td>26,9</td>
<td>27,0</td>
<td>26,1</td>
<td>27,4</td>
</tr>
<tr>
<td>Market share of the three largest banks (%)</td>
<td>58,0</td>
<td>58,5</td>
<td>58,6</td>
<td>59,7</td>
<td>60,1</td>
<td>60,1</td>
<td>62,2</td>
</tr>
<tr>
<td>Market share of the five largest banks (%)</td>
<td>75,6</td>
<td>74,4</td>
<td>73,9</td>
<td>74,5</td>
<td>75,2</td>
<td>75,0</td>
<td>81,5</td>
</tr>
<tr>
<td>Number of banks with market share less than 3%</td>
<td>23</td>
<td>22</td>
<td>20</td>
<td>20</td>
<td>18</td>
<td>17</td>
<td>14</td>
</tr>
</tbody>
</table>

Ownership structure in 2018

<table>
<thead>
<tr>
<th></th>
<th>Number of banks</th>
<th>Share in total assets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks with majority domestic ownership</td>
<td>10</td>
<td>9,8</td>
</tr>
<tr>
<td>- central government</td>
<td>3</td>
<td>6,2</td>
</tr>
<tr>
<td>- other domestic entities</td>
<td>7</td>
<td>3,6</td>
</tr>
<tr>
<td>Banks with majority foreign ownership</td>
<td>11</td>
<td>90,2</td>
</tr>
</tbody>
</table>
### Composition of banks’ assets

<table>
<thead>
<tr>
<th></th>
<th>Cash funds</th>
<th>Net loans</th>
<th>Fixed assets</th>
<th>Government bonds</th>
<th>Other assets</th>
<th>Total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2012</strong></td>
<td>Amount (EUR mln.)</td>
<td>853</td>
<td>35.513</td>
<td>741</td>
<td>2.276</td>
<td>13.617</td>
</tr>
<tr>
<td>Share (%)</td>
<td>1,6</td>
<td>67,0</td>
<td>1,4</td>
<td>4,3</td>
<td>25,7</td>
<td><strong>100,0</strong></td>
</tr>
<tr>
<td><strong>2013</strong></td>
<td>Amount (EUR mln.)</td>
<td>834</td>
<td>34.542</td>
<td>759</td>
<td>2.156</td>
<td>13.801</td>
</tr>
<tr>
<td>Share (%)</td>
<td>1,6</td>
<td>66,3</td>
<td>1,5</td>
<td>4,1</td>
<td>26,5</td>
<td><strong>100,0</strong></td>
</tr>
<tr>
<td><strong>2014</strong></td>
<td>Amount (EUR mln.)</td>
<td>844</td>
<td>33,04</td>
<td>755</td>
<td>2.817</td>
<td>14.132</td>
</tr>
<tr>
<td>Share (%)</td>
<td>1,6</td>
<td>64,0</td>
<td>1,5</td>
<td>5,5</td>
<td>27,4</td>
<td><strong>100,0</strong></td>
</tr>
<tr>
<td><strong>2015</strong></td>
<td>Amount (EUR mln.)</td>
<td>955</td>
<td>32.344</td>
<td>787</td>
<td>3.265</td>
<td>14.174</td>
</tr>
<tr>
<td>Share (%)</td>
<td>1,9</td>
<td>62,8</td>
<td>1,5</td>
<td>6,3</td>
<td>27,5</td>
<td><strong>100,0</strong></td>
</tr>
<tr>
<td><strong>2016</strong></td>
<td>Amount (EUR mln.)</td>
<td>1.020</td>
<td>31.220</td>
<td>731</td>
<td>45.67</td>
<td>13.896</td>
</tr>
<tr>
<td>Share (%)</td>
<td>2,0</td>
<td>60,7</td>
<td>1,4</td>
<td>8,9</td>
<td>27,0</td>
<td><strong>100,0</strong></td>
</tr>
<tr>
<td><strong>2017</strong></td>
<td>Amount (EUR mln.)</td>
<td>1.123</td>
<td>30.168</td>
<td>707</td>
<td>4.720</td>
<td>15.365</td>
</tr>
<tr>
<td>Share (%)</td>
<td>2,2</td>
<td>57,9</td>
<td>1,4</td>
<td>9,1</td>
<td>29,5</td>
<td><strong>100,0</strong></td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td>Amount (EUR mln.)</td>
<td>1.251</td>
<td>36.957</td>
<td>715</td>
<td>6.539</td>
<td>9.658</td>
</tr>
<tr>
<td>Share (%)</td>
<td>2,3</td>
<td>67,0</td>
<td>1,3</td>
<td>11,9</td>
<td>17,5</td>
<td><strong>100,0</strong></td>
</tr>
</tbody>
</table>
### Composition of banks’ liabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Share (%)</th>
<th>Households and corporation deposits</th>
<th>Government deposits</th>
<th>Interbank borrowing, foreign banks*</th>
<th>Interbank borrowing, domestic banks*</th>
<th>Other liabilities</th>
<th>Total liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>53,000</td>
<td>54.7%</td>
<td>28.976</td>
<td>1.066</td>
<td>7.555</td>
<td>0.527</td>
<td>14.813</td>
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</tr>
<tr>
<td>2013</td>
<td>52,092</td>
<td>57.5%</td>
<td>29.949</td>
<td>0.982</td>
<td>6.879</td>
<td>0.072</td>
<td>13.892</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>51,588</td>
<td>59.2%</td>
<td>30.555</td>
<td>1.130</td>
<td>5.901</td>
<td>0.062</td>
<td>13.702</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>51,525</td>
<td>63.4%</td>
<td>32.654</td>
<td>1.146</td>
<td>3.622</td>
<td>0.132</td>
<td>13.801</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>51,434</td>
<td>66.2%</td>
<td>34.025</td>
<td>1.273</td>
<td>1.653</td>
<td>0.053</td>
<td>14.218</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>52,083</td>
<td>66.7%</td>
<td>34.743</td>
<td>1.507</td>
<td>1.152</td>
<td>0.050</td>
<td>14.344</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>55,120</td>
<td>83.9%</td>
<td>46.227</td>
<td>1.22</td>
<td>3.367</td>
<td>0.064</td>
<td>5.071</td>
<td></td>
</tr>
</tbody>
</table>

*Includes received loans and deposits.
### Maturity structure of deposits and loans

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Short-term deposits</th>
<th>Long-term deposits</th>
<th>Total deposits</th>
<th>Short-term loans</th>
<th>Long-term loans</th>
<th>Total loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amount (EUR mln.)</td>
<td>24.707</td>
<td>11.850</td>
<td>36.557</td>
<td>5.652</td>
<td>31.972</td>
<td>37.625</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>67,6</td>
<td>32,4</td>
<td>100,0</td>
<td>15,0</td>
<td>85,0</td>
<td>100,0</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amount (EUR mln.)</td>
<td>24.189</td>
<td>12.839</td>
<td>37.028</td>
<td>5.484</td>
<td>32.076</td>
<td>37.560</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>65,3</td>
<td>34,7</td>
<td>100,0</td>
<td>14,6</td>
<td>85,4</td>
<td>100,0</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>62,7</td>
<td>37,3</td>
<td>100,0</td>
<td>14,6</td>
<td>85,4</td>
<td>100,0</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>64,0</td>
<td>36,0</td>
<td>100,0</td>
<td>13,9</td>
<td>86,1</td>
<td>100,0</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amount (EUR mln.)</td>
<td>26.365</td>
<td>12.708</td>
<td>39.073</td>
<td>5.434</td>
<td>29.126</td>
<td>34.560</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>67,5</td>
<td>32,5</td>
<td>100,0</td>
<td>15,7</td>
<td>84,3</td>
<td>100,0</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>71,7</td>
<td>28,3</td>
<td>100,0</td>
<td>14,2</td>
<td>85,8</td>
<td>100,0</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amount (EUR mln.)</td>
<td>23.604</td>
<td>22.624</td>
<td>46.228</td>
<td>4.306</td>
<td>29.581</td>
<td>33.887</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>51,1</td>
<td>48,9</td>
<td>100</td>
<td>12,7</td>
<td>87,3</td>
<td>100,0</td>
</tr>
</tbody>
</table>

**Share in total liabilities (%)**

- **Households and corporation deposits**
- **Government deposits**
- **Interbank borrowing, foreign banks**
- **Interbank borrowing, domestic banks**
- **Other liabilities**

*Note: The figures for 2012 to 2018 represent the amount and share of deposits and loans for each year.*
Currency structure of deposits and loans

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Deposits in the local currency</th>
<th>Deposits in EUR</th>
<th>Deposits in other currency</th>
<th>Loans in the local currency</th>
<th>Loans in EUR</th>
<th>Loans in other currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amount</td>
<td>11.733</td>
<td>21.152</td>
<td>3.672</td>
<td>8.924</td>
<td>22.682</td>
<td>3.907</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>32,1</td>
<td>57,9</td>
<td>10,0</td>
<td>25,1</td>
<td>63,9</td>
<td>11,0</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>33,1</td>
<td>58,1</td>
<td>8,8</td>
<td>25,4</td>
<td>65,1</td>
<td>9,5</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>33,5</td>
<td>57,4</td>
<td>9,0</td>
<td>25,9</td>
<td>64,9</td>
<td>9,2</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>33,8</td>
<td>58,6</td>
<td>7,6</td>
<td>28,3</td>
<td>63,7</td>
<td>8,0</td>
</tr>
<tr>
<td>Year</td>
<td>Amount (EUR mln.)</td>
<td>Share (%)</td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
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<td>2017</td>
<td>2018*</td>
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<tr>
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<td>Amount (EUR mln.)</td>
<td>Share (%)</td>
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*Currency structure of total liabilities (EUR 54.375 million) as well as loans to citizens (47.2% of that amount, i.e. EUR 25.665 million).
**Deposits’ and loans’ rates – households**

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<tr>
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<th>2015</th>
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**Deposits’ and loans’ rates – enterprises**

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<td>– less than year</td>
<td>7.0</td>
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<td>5.2</td>
<td>4.9</td>
<td>4.5</td>
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The basic features of the banking sector

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<th></th>
<th>Stable capitalization*</th>
<th>Lower capital of loan-portfolio</th>
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<tr>
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<td>Regulatory capital (EUR mln.)</td>
<td>Total weighted risk (EUR mln.)</td>
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<td>2012</td>
<td>7.395,0</td>
<td>35.400,0</td>
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<td>6.990,0</td>
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<td>7.020,0</td>
<td>32.234,0</td>
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<tr>
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<td>6.669,0</td>
<td>31.936,0</td>
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<tr>
<td>2016</td>
<td>7.046,7</td>
<td>30.733,1</td>
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<td>7.191,0</td>
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<td>31.452,5</td>
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<table>
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<th></th>
<th>Positive financial performance</th>
<th>Satisfactory liquidity</th>
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<tr>
<td></td>
<td>Net profit/loss (EUR million)</td>
<td>Return on equity (%)**</td>
</tr>
<tr>
<td>2012</td>
<td>356,0</td>
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<tr>
<td>2013</td>
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<tr>
<td>2018</td>
<td>766,5</td>
<td>8,6</td>
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</table>

* Basel II up to 2013, CRR/CRDIV since 2014.
** ROAE (Return on Average Equity).
*** Up to 2016 liquid assets means readily marketable assets i.e. liquid assets available to banks that may be turned into cash within four working days and with no significant losses. Since 2017 liquid assets means “high quality liquid assets” (HQLA).

**** Short term financial liabilities are all liabilities with remaining maturity shorter than a year.

There have been some changes in the regulatory framework regarding the coverage of risky assets in capital as a result of introduction of Basel III (CRD IV/CRR). New capital buffers were introduced in line with Basel III.

**INSURANCE SECTOR**

*Legal framework*

Legal framework for insurance sector operations:
- Insurance Act (Official Gazette 151/05, 87/08, 82/09, 54/13 i 94/14, 30/15, 112/18),
- Act on Compulsory Insurance within the Transport Sector (Official Gazette 151/05, 36/09, 75/09, 76/13 and 152/14),
- Act on the Croatian Financial Services Supervisory Agency (Official Gazette 140/05, 12/12),
- Compulsory Health Insurance Act (Official Gazette 150/08, 94/09, 153/09, 71/10, 139/10, 49/11, 22/12, 57/12, 123/12, 80/13 and 137/13),
- Voluntary Health Insurance Act (Official Gazette 85/06, 150/08, 71/10),
- Civil Obligations Act (Official Gazette 35/05, 41/08, 125/11, 78/15).

Legal framework has been adjusted to Solvency II regulatory framework.

*Institutional framework*

Institutional framework for insurance sector operations:
- Ministry of Finance,
- Croatian Agency for Supervision of Financial Services,
- Croatian Insurance Bureau,
- Insurance companies,
- Reinsurance companies,
- Insurance intermediaries,
- Insurance agents,
- Insurers’ Association of the Croatian Chamber of Economy.

*Minimal amount of share capital*

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<th>Type of insurer</th>
<th>EUR mln.</th>
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<td>All nonlife classes</td>
<td>3,89</td>
</tr>
<tr>
<td>Particular nonlife classes</td>
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<tr>
<td>Life</td>
<td>3,89</td>
</tr>
<tr>
<td>Reinsurance</td>
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According to the Insurance Law insurance business operations are strongly separated from reinsurance business operations. Nonlife business should be separated from life business.
## Total premium income

<table>
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<tr>
<th>Year</th>
<th>EUR (mln.)</th>
<th>Nonlife</th>
<th>Life</th>
<th>Total</th>
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<td>2007</td>
<td></td>
<td>897</td>
<td>338</td>
<td>1.236</td>
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<tr>
<td></td>
<td>Share (%)</td>
<td>72.6</td>
<td>27.4</td>
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<tr>
<td>2008</td>
<td></td>
<td>989</td>
<td>352</td>
<td>1.341</td>
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<tr>
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<td>Share (%)</td>
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<tr>
<td></td>
<td>Premium growth index 08/07</td>
<td>110.2</td>
<td>104.1</td>
<td>108.5</td>
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<tr>
<td>2009</td>
<td></td>
<td>943</td>
<td>339</td>
<td>1.282</td>
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<td>Share (%)</td>
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<td>Share (%)</td>
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<td>103.1</td>
<td>93.6</td>
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<td>Premium growth index 18/17</td>
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<td>107.3</td>
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### Insurance penetration and insurance density

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<th>Premium per capita (EUR)</th>
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<td><strong>Total</strong></td>
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<td>287</td>
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<tr>
<td><strong>2008</strong></td>
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<td><strong>Total</strong></td>
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<td><strong>Total</strong></td>
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<tr>
<td>Nonlife</td>
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<td><strong>Total</strong></td>
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<tr>
<td>Year</td>
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<tr>
<td>2018</td>
<td>1,76</td>
<td>0,82</td>
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</tbody>
</table>

**Insurance penetration (%)**

- **Total**
- **Life**
- **Nonlife**

![Insurance penetration graph](image-url)
## Market concentration

<table>
<thead>
<tr>
<th></th>
<th>Number of companies</th>
<th>Average premium per company (EUR mln.)</th>
<th>Market share of the largest company (%)</th>
<th>Market share of the largest three companies (%)</th>
<th>Market share of the largest five companies (%)</th>
<th>Number of companies with market share less than 3%</th>
<th>Number of (direct) employees in the insurance sector</th>
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</thead>
<tbody>
<tr>
<td>2007</td>
<td>23</td>
<td>53,7</td>
<td>34,2</td>
<td>56,9</td>
<td>69,2</td>
<td>12</td>
<td>9,360</td>
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<td>25</td>
<td>52,8</td>
<td>33,5</td>
<td>56,3</td>
<td>68,9</td>
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<td>11,422</td>
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### Ownership structure in 2018

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<tr>
<td>2017</td>
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<tr>
<td>2018</td>
<td></td>
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</table>

- **Number of companies with majority domestic ownership**
  - Nonlife: 5
  - Life: 1
  - Composite: 1
  - Reinsurance: 0
  - Total: 7

- **Number of companies with majority foreign ownership**
  - Nonlife: 1
  - Life: 3
  - Composite: 7
  - Reinsurance: 0
  - Total: 11
## Total premium per major insurance classes

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<th>2018</th>
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<td>Goods in transit</td>
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<td>MTPL</td>
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<td><strong>TOTAL</strong></td>
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### Insurance companies

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<td>0,5</td>
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<td>0,3</td>
<td>0,0</td>
<td>0,1</td>
<td>0,1</td>
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<td><strong>Total</strong></td>
<td></td>
<td><strong>819,8</strong></td>
<td><strong>394,1</strong></td>
<td><strong>1,213,9</strong></td>
<td><strong>906,6</strong></td>
<td><strong>422,7</strong></td>
<td><strong>1,329,3</strong></td>
<td><strong>100,0</strong></td>
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</table>
Changes over the period 2017-2018:
- Croatia zdravstveno osiguranje on 07.07.2017 merged with Croatia osiguranje.
- BNP Paribas Cardif osiguranje on 10.11.2017 changed name to Croatia osiguranje kredita.
- Societe Generale osiguranje osiguranje on 02.06.2017 changed name to OTP osiguranje kredita.
- For company Croatia osiguranje kredita 2017 data are shown under Croatia, due to the merge on 02.07.2018.
- For company Erste osiguranje VIG 2017 data are shown under Wiener osiguranje VIG, due to the merge on 05.05.2018.

Insurance association activities
Croatian Insurance Bureau’s - responsibilities and activities are the following:
- The Croatian Insurance Bureau was established in 1992 as the National Insurance Bureau of the Republic of Croatia
- The responsibilities of the Croatian Insurance Bureau have expanded considerably over the past two decades and today comprise, as specified in the Insurance Law, the Compulsory Traffic Insurance Law and the Statutes of the Croatian Insurance Bureau, carrying out activities of:
  - the Association of Insurance Companies having their head offices in the Republic of Croatia;
  - the National Green Card Bureau and other activities envisaged under international agreements on insurance against third-party liability of motor vehicle owners;
  - the Guarantee Fund;
  - the Information Centre;
- the Compensation Body (assumed its responsibilities upon Croatia’s accession to the European Union).
- as well as activities relating to:
  - frontier Insurance;
  - the representation of Croatian insurance companies in international organisations (Insurance Europe, Council of Bureaux, IUMI);
  - the resolvement of complaints (Insurance Ombudsman);
  - the out-of-court settlement of disputes (Mediation Centre);
  - other activities in the common and mutual interest of the insurance industry (e.g. liaison with governmental bodies, especially the Supervisory Agency at the Ministry of Finance, printing of newsletters and bulletins etc.);
  - providing professional educational programmes across all insurance lines (Insurance Education Centre);
  - Croatian insurance market statistics.

The Croatian Insurance Bureau, in its role as insurance association, is responsible for the following:
- Representation of Croatian insurance market at national and European level - informing Members of key issues;
- CIB Committees and Working Groups – to reach a common position of the industry;
- Support for Members – workshops, seminars, insurance market statistics, fraud contact point;
- Lobbying activities – to promote the position of the Croatian insurance industry and draw attention to issues of strategic interest to the insurance industry, legislative proposals, initiatives of the insurance industry;
- Media activities – promoting the reputation of the insurance industry, protection of visitors (4th MID), consumer protection - financial education.
OTHER RELEVANT FINANCIAL INSTITUTIONS

Pension funds

Laws which regulate pension funds are as follows:
- Mandatory Pension Funds Act (Official Gazette 19/14),
- Regulation on Amendments to the Mandatory Pension Funds Act (Official Gazette 93/15),
- Act on Amendments to the Mandatory Pension Funds Act (Official Gazette 64/18),
- Act on Amendments to the Mandatory Pension Funds Act (Official Gazette 115/18),
- Voluntary Pension Funds Act (Official Gazette 19/14),
- Voluntary Pension Funds Act (Official Gazette 29/18),
- Voluntary Pension Funds Act (Official Gazette 115/18).

Regulatory and supervisory authority for pension funds in Croatia is the Croatian Financial Services Supervisory Agency (abbr. in Croatia - HANFA).

The Croatian pension insurance system is based on individual capitalized savings, i.e. the establishment and management of mandatory and voluntary pension funds (known as pension insurance pillar 2 and 3). A mandatory pension fund may belong to one of the categories A, B or C, which differ with respect to the duration of the fund membership until the retirement of the member and, consequently, with respect to the investment strategies. Category A funds are permitted to be exposed to stock markets in the amount of up to 55% of their net assets, category B funds up to 35% of their net assets, while category C funds are not permitted to be exposed to shares. A voluntary pension fund may be an open-end type, with its membership being open to any natural person under the Voluntary Pension Funds Act, or of a closed-end type consisting of natural persons employed with an employer, or members of trade unions, or members of associations of self-employed sector or self-employed persons.

Number of pension funds

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<tr>
<th></th>
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<td>Mandatory pension funds category A, B and C</td>
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<td>12</td>
<td>12</td>
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<tr>
<td>Open-end voluntary pension funds</td>
<td>6</td>
<td>8</td>
<td>8</td>
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<tr>
<td>Closed-end voluntary pension funds</td>
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<td>19</td>
<td>21</td>
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<tr>
<td>Total</td>
<td>36</td>
<td>39</td>
<td>41</td>
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Pension funds’ membership (ths.)

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<td>Mandatory pension funds category A</td>
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<td>Mandatory pension funds category B</td>
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<td>Mandatory pension funds category C</td>
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10 Data from the Croatian Financial Services Supervisory Agency (https://www.hanfa.hr/publications/statistics/#section2).
## Total mandatory pension funds

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<td>Open-end voluntary pension funds</td>
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<td>305</td>
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<tr>
<td>Closed-end voluntary pension funds</td>
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<td><strong>Total voluntary pension funds</strong></td>
<td><strong>286</strong></td>
<td><strong>316</strong></td>
<td><strong>346</strong></td>
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</table>

## Open-end voluntary pension funds

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<th>286</th>
<th>305</th>
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</thead>
<tbody>
<tr>
<td>Closed-end voluntary pension funds</td>
<td>29</td>
<td>30</td>
<td>40</td>
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<tr>
<td><strong>Total voluntary pension funds</strong></td>
<td><strong>286</strong></td>
<td><strong>316</strong></td>
<td><strong>346</strong></td>
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</tbody>
</table>

## Pension funds' net assets

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<td>Mandatory pension fund's category B</td>
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<td>Mandatory pension fund's category C</td>
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<td>653</td>
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<td><strong>Total mandatory pension funds</strong></td>
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<tr>
<td><strong>Total voluntary pension funds</strong></td>
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<td><strong>636</strong></td>
<td><strong>693</strong></td>
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<td><strong>Total</strong></td>
<td><strong>11.755</strong></td>
<td><strong>12.958</strong></td>
<td><strong>13.928</strong></td>
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## Mandatory pension funds' investment structure

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<td>EUR (mln.)</td>
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<td>EUR (mln.)</td>
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<tr>
<td>UCITS and OIF with public offering</td>
<td>227</td>
<td>2,0</td>
<td>593</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>11.249</strong></td>
<td><strong>100,0</strong></td>
<td><strong>12.414</strong></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>69</td>
<td>0,6</td>
<td>92</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td><strong>11.180</strong></td>
<td><strong>99,4</strong></td>
<td><strong>12.322</strong></td>
</tr>
<tr>
<td>Exposure to derivatives</td>
<td>25</td>
<td>0,2</td>
<td>5</td>
</tr>
<tr>
<td>Exposure to repurchase agreements</td>
<td>0</td>
<td>0,0</td>
<td>74</td>
</tr>
</tbody>
</table>
## Voluntary open-end pension funds’ investment structure

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR (mln.)</td>
<td>%</td>
<td>EUR (mln.)</td>
</tr>
<tr>
<td>Cash</td>
<td>56</td>
<td>11,7</td>
<td>32</td>
</tr>
<tr>
<td>Receivables</td>
<td>2</td>
<td>0,3</td>
<td>1</td>
</tr>
<tr>
<td>Securities and deposits</td>
<td>422</td>
<td>88,0</td>
<td>493</td>
</tr>
<tr>
<td>Domestic</td>
<td>384</td>
<td>80,1</td>
<td>443</td>
</tr>
<tr>
<td>Shares and GDRs</td>
<td>97</td>
<td>20,3</td>
<td>97</td>
</tr>
<tr>
<td>Government bonds</td>
<td>246</td>
<td>51,2</td>
<td>306</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>38</td>
<td>7,9</td>
<td>34</td>
</tr>
<tr>
<td>UCITS funds</td>
<td>4</td>
<td>0,8</td>
<td>4</td>
</tr>
<tr>
<td>Deposits</td>
<td>0</td>
<td>0,0</td>
<td>2</td>
</tr>
<tr>
<td>Foreign</td>
<td>38</td>
<td>7,9</td>
<td>51</td>
</tr>
<tr>
<td>Shares</td>
<td>29</td>
<td>6,1</td>
<td>20</td>
</tr>
<tr>
<td>Government bonds</td>
<td>0</td>
<td>0,0</td>
<td>1</td>
</tr>
<tr>
<td>UCITS and OIF with public offering</td>
<td>9</td>
<td>1,8</td>
<td>29</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>480</strong></td>
<td><strong>100,0</strong></td>
<td><strong>525</strong></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>8</td>
<td>1,8</td>
<td>3</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td><strong>471</strong></td>
<td><strong>98,2</strong></td>
<td><strong>522</strong></td>
</tr>
<tr>
<td>Exposure to derivatives</td>
<td>0</td>
<td>0,1</td>
<td>1</td>
</tr>
<tr>
<td>Exposure to repurchase agreements</td>
<td>5</td>
<td>1,1</td>
<td>1</td>
</tr>
</tbody>
</table>

## Voluntary closed-end pension funds’ investment structure

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR (mln.)</td>
<td>%</td>
<td>EUR (mln.)</td>
</tr>
<tr>
<td>Cash</td>
<td>10</td>
<td>9,8</td>
<td>8</td>
</tr>
<tr>
<td>Receivables</td>
<td>1</td>
<td>1,3</td>
<td>0</td>
</tr>
<tr>
<td>Securities and deposits</td>
<td>92</td>
<td>88,9</td>
<td>106</td>
</tr>
<tr>
<td>Domestic</td>
<td>81</td>
<td>78,3</td>
<td>92</td>
</tr>
<tr>
<td>Shares and GDRs</td>
<td>19</td>
<td>18,0</td>
<td>20</td>
</tr>
<tr>
<td>Government bonds</td>
<td>56</td>
<td>53,7</td>
<td>65</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>5</td>
<td>4,9</td>
<td>6</td>
</tr>
<tr>
<td>UCITS funds</td>
<td>2</td>
<td>1,7</td>
<td>1</td>
</tr>
<tr>
<td>Deposits</td>
<td>0</td>
<td>0,0</td>
<td>0</td>
</tr>
<tr>
<td>Foreign</td>
<td>11</td>
<td>10,6</td>
<td>14</td>
</tr>
<tr>
<td>Shares</td>
<td>7</td>
<td>6,9</td>
<td>6</td>
</tr>
<tr>
<td>Government bonds</td>
<td>0</td>
<td>0,0</td>
<td>1</td>
</tr>
<tr>
<td>UCITS and OIF with public offering</td>
<td>4</td>
<td>3,7</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>104</strong></td>
<td><strong>100,0</strong></td>
<td><strong>114</strong></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0,4</td>
<td>0</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>0</td>
<td>0,4</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>103</td>
<td>99,6</td>
<td>114</td>
</tr>
<tr>
<td>Exposure to derivatives</td>
<td>0</td>
<td>0,0</td>
<td>0</td>
</tr>
<tr>
<td>Exposure to repurchase agreements</td>
<td>0</td>
<td>0,0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Investment funds**

Laws which regulate investment funds are as follows:
- Act on Open-end Investment Funds with a Public Offering (Official Gazette 44/16),
- Alternative Investment Funds Act (Official Gazette 21/18).

Regulatory and supervisory authority for investment funds in Croatia is the Croatian Financial Services Supervisory Agency (HANFA).

There are two types of investment funds in the Republic of Croatia – open-end investment funds with public offering (UCITS) and alternative investment funds (AIFs). In 2017, the AIF market was marked by the foundation of new funds (nine of them), which was a significant increase in the number of funds relative to the year before.

**Number of investment funds**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UCITS funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money</td>
<td>20</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>Bond</td>
<td>15</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>Balanced</td>
<td>8</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Equity</td>
<td>26</td>
<td>26</td>
<td>23</td>
</tr>
<tr>
<td>Other</td>
<td>22</td>
<td>22</td>
<td>2</td>
</tr>
<tr>
<td>Feeder</td>
<td>0</td>
<td>0</td>
<td>22</td>
</tr>
<tr>
<td><strong>Alternative investment funds</strong></td>
<td>30</td>
<td>39</td>
<td>35</td>
</tr>
<tr>
<td>Public offering</td>
<td>5</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Opened with public offering</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Closed-end with public offering</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Closed-end with public offering in real estate</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Private offering</td>
<td>25</td>
<td>34</td>
<td>31</td>
</tr>
<tr>
<td>Base with private offering</td>
<td>9</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Special with private offering</td>
<td>8</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>Venture capital</td>
<td>7</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Venture capital with private offering</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Venture capital with private offering - funds for economic cooperation</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Closed-end with private offering</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>121</td>
<td>134</td>
<td>131</td>
</tr>
</tbody>
</table>

11 Data from the Croatian Financial Services Supervisory Agency (https://www.hanfa.hr/publications/statistics/#section1).
Investment funds’ net assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>UCITS funds</td>
<td></td>
<td>2.449</td>
<td>2.480</td>
<td>2.578</td>
</tr>
<tr>
<td>Alternative investment funds</td>
<td>430</td>
<td>467</td>
<td>484</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2.879</strong></td>
<td><strong>2.947</strong></td>
<td><strong>3.063</strong></td>
</tr>
</tbody>
</table>

UCITS funds’ net assets

Alternative investment funds with public offering net assets
Alternative investment funds with private offering net assets

<table>
<thead>
<tr>
<th>Date</th>
<th>Closed-end with private offering</th>
<th>Venture capital</th>
<th>Special with private offering</th>
<th>Base with public offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2018</td>
<td>162</td>
<td>134</td>
<td>92</td>
<td>67</td>
</tr>
<tr>
<td>31.12.2017</td>
<td>173</td>
<td>150</td>
<td>60</td>
<td>58</td>
</tr>
<tr>
<td>31.12.2016</td>
<td>163</td>
<td>149</td>
<td>60</td>
<td>17</td>
</tr>
</tbody>
</table>

EUR millions

UCITS funds’ investment structure

<table>
<thead>
<tr>
<th>Date</th>
<th>Government bonds</th>
<th>Deposits</th>
<th>Money market instruments</th>
<th>Shares and GDRs</th>
<th>UCITS funds</th>
<th>Corporate bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.01.2018</td>
<td>58,8%</td>
<td>16,3%</td>
<td>11,3%</td>
<td>9,5%</td>
<td>2,6%</td>
<td>1,7%</td>
</tr>
<tr>
<td>01.01.2017</td>
<td>41,0%</td>
<td>17,9%</td>
<td>24,6%</td>
<td>12,2%</td>
<td>3,0%</td>
<td>1,4%</td>
</tr>
</tbody>
</table>
Funds established under special acts

After the increase in net assets the Fund for Croatian Homeland War Veterans and Members of their Families in 2016, there was decrease in assets of 3.7% in 2017, as a result of market movements. The operation of this Fund is governed by the Act on the Fund of Croatian Homeland War Veterans and Members of their Families. At end-2017 (on 28 December 2017), net assets of the Retired Persons’ Fund were EUR 106 million. This fund stopped operating on 28 December 2017.

<table>
<thead>
<tr>
<th>Investment fund</th>
<th>Net assets (EUR mln.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund of Croatian Homeland War Veterans and Members of their Families</td>
<td>109</td>
</tr>
</tbody>
</table>

Micro-credit organisations

Credit unions play the role of micro-credit organisations in Croatia. Law which regulates credit unions is Credit Unions Act (Official Gazette 141/06).

Supervisory authority for credit unions in Croatia is the Croatian National Bank.

In accordance with the principle of establishment of a credit union, credit union members must meet one of the following conditions:

1. they are employed with the same employer or in the same industry,
2. they are members of the same occupation or profession or
3. they live in the same area (in the same county) and

---

12 Data from the Croatian National Bank (https://www.hnb.hr/en/core-functions/supervision/licensing/credit-unions)
4. they are related in any other way that ensures achievement of the mutual interest on the principle of reciprocity.

Credit unions in the Republic of Croatia start to operate with the transformation of cooperative savings organization under the Credit Unions Act and authorization obtained from the Croatian National Bank. Initiated by nine credit unions, Croatian credit unions association was established on 01.07.2011.

At the end of 2017, there were 21 credit unions in operation, whose assets, according to the reports submitted to the CNB, were 89,41 EUR million. Compared to end of 2016, the number of credit unions had decreased by two, against which voluntary winding-up proceedings were initiated, while the assets of credit unions increased by EUR 0,76 million. On 31.12.2017, ten credit unions were in the process of winding up, while two credit unions were undergoing bankruptcy proceedings.

Following on-site examinations, five credit unions had measures that were aimed at taking timely action to ensure the stability of operations, improve the safety of operations and eliminate illegalities and irregularities imposed on them. Furthermore, four decisions were issued to credit unions in 2017.

List of credit unions entered in the register of companies on 31.12.2017 is as follows:

1. Kreditna unija Apoen, Valpovo
2. Kreditna unija Deponent, Zagreb
3. Kreditna unija Dukat, Viškovo
4. Kreditna unija Euro
5. Kreditna unija Gama, Zagreb
6. Kreditna unija Jamstvo, Županja
7. Kreditna unija Krajcar
8. Kreditna unija Libertina, Čakovec
9. Kreditna unija Marjan, Split
10. Kreditna unija Noa, Osijek
11. Kreditna unija Sjenica, Čakovec
12. Kreditna unija Zagreb, Zagreb
13. ABC kreditna unija, Sisak
14. Bjelovarska kreditna unija, Bjelovar
15. Fidus kreditna unija Đakovo
16. Zagorska kreditna unija, Zabok
17. Zanatska kreditna unija
18. Vrbovečka kreditna unija
19. Kreditna unija Štednokred, Zagreb
20. Sindikalna štedno-kreditna unija, Zagreb
21. BRA-MA kreditna unija, Split
**Leasing companies**\(^\text{13}\)

Law which regulate leasing companies is Leasing Act (Official Gazette 141/13).

Regulatory and supervisory authority for leasing companies in Croatia is the Croatian Financial Services Supervisory Agency (HANFA).

**Number of leasing companies**

On 31.12.2018 and 31.12.2017, leasing operations were carried out by 17 leasing companies, compared to 19 companies in 2016 (two companies initiated winding-up proceedings during 2017). The majority of leasing companies in the Republic of Croatia belong to groups of financial institutions. Initial capital of leasing companies on 31.12.2017 amounted to EUR 77.35 million.

**Leasing companies’ asset structure**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible assets leased out under an operational lease</td>
<td>636</td>
<td>637</td>
<td></td>
</tr>
<tr>
<td>Operating lease receivables</td>
<td>22</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Financial lease receivables</td>
<td>1.419</td>
<td>1.472</td>
<td></td>
</tr>
<tr>
<td>Loans granted</td>
<td>9</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>41</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>251</td>
<td>264</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>2.378</strong></td>
<td><strong>2.433</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Value of leasing companies’ newly concluded contracts by leased assets**

<table>
<thead>
<tr>
<th></th>
<th><strong>Value of newly concluded contracts</strong></th>
<th><strong>Total assets</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2018</td>
<td>314</td>
<td>2.518</td>
</tr>
<tr>
<td>31.12.2017</td>
<td>980</td>
<td>2.433</td>
</tr>
<tr>
<td>31.12.2016</td>
<td>864</td>
<td>2.378</td>
</tr>
</tbody>
</table>

\(^{13}\) Data from the Croatian Financial Services Supervisory Agency (https://www.hanfa.hr/publications/statistics/#section3).
Leasing companies' portfolio structure

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>EUR mln.</td>
<td>Share (%)</td>
</tr>
<tr>
<td>Financial lease</td>
<td>65,466</td>
<td>1,457</td>
<td>77,1</td>
</tr>
<tr>
<td>Operational lease</td>
<td>46,979</td>
<td>432</td>
<td>22,9</td>
</tr>
<tr>
<td>Total</td>
<td>65,466</td>
<td>1,889</td>
<td>100,0</td>
</tr>
</tbody>
</table>

Value of leasing companies' active contracts by leased/lent assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fin. lease</td>
<td>Oper. lease</td>
<td>Total</td>
</tr>
<tr>
<td>Property</td>
<td>6,3</td>
<td>6,3</td>
<td>12,6</td>
</tr>
<tr>
<td>Passenger cars</td>
<td>288,9</td>
<td>172,1</td>
<td>460,9</td>
</tr>
<tr>
<td>Commercial vehicles</td>
<td>222,3</td>
<td>38,7</td>
<td>261,0</td>
</tr>
<tr>
<td>Vessels</td>
<td>22,4</td>
<td>10,1</td>
<td>32,5</td>
</tr>
<tr>
<td>Plant, machinery, transport machines and equipment</td>
<td>90,1</td>
<td>4,6</td>
<td>94,7</td>
</tr>
<tr>
<td>Other</td>
<td>2,6</td>
<td>0,0</td>
<td>2,6</td>
</tr>
<tr>
<td>Total</td>
<td>632,6</td>
<td>231,7</td>
<td>864,3</td>
</tr>
</tbody>
</table>
### Value of leasing companies' active contracts by sectors

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fin. lease</td>
<td>Oper. lease</td>
<td>Total</td>
</tr>
<tr>
<td>Non-financial institutions (companies)</td>
<td>487</td>
<td>320</td>
<td>807</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>2</td>
<td>34</td>
<td>36</td>
</tr>
<tr>
<td>Government units</td>
<td>2</td>
<td>38</td>
<td>40</td>
</tr>
<tr>
<td>Non-profit institutions</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Population (households)</td>
<td>140</td>
<td>31</td>
<td>171</td>
</tr>
<tr>
<td>Non-residents</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>633</strong></td>
<td><strong>425</strong></td>
<td><strong>1.058</strong></td>
</tr>
</tbody>
</table>

**Legend:**
- Property
- Passenger cars
- Commercial vehicles
- Vessels
- Plant, machinery, transport machines and equip.
- Other
GREECE

Report for Greece has been done on the basis of official reports of the Hellenic Statistical Authority, the Bank of Greece (National Central Bank), the Hellenic Association of Insurance Companies, and other relevant data sources. Since 1 January 1981 Greece has been a member of the EU. On 1 January 2001 Greece joined the third stage of the EMU. Consequently, on 1 January 2002 euro banknotes and coins replaced the drachma.

MACROECONOMIC INDICATORS

<table>
<thead>
<tr>
<th>Year</th>
<th>Population - as at 30 June (x 1,000)</th>
<th>Nominal GDP (EUR mln.)*</th>
<th>GDP per capita (EUR)</th>
<th>Real GDP growth rate (%)</th>
<th>Average net salary (EUR/month)**</th>
<th>Unemployment rate (%)</th>
<th>Inflation rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>11.078</td>
<td>241.990</td>
<td>21.844</td>
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</table>

* Gross Domestic Product at current prices
*** Hellenic Statistical Authority

STRUCTURE OF THE FINANCIAL SERVICE SECTOR

<table>
<thead>
<tr>
<th>Year</th>
<th>Financial institutions - Assets (EUR mln.)</th>
</tr>
</thead>
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<td>Banks</td>
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<td>2008</td>
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<td>2016</td>
<td>351.288</td>
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<tr>
<td>2017</td>
<td>300.825</td>
</tr>
<tr>
<td>2018</td>
<td>292.064</td>
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</table>
**BANKING SECTOR**

**Legal and institutional framework**

With regard to the Greek legal and regulatory framework for banks, the principal legislation is Law 4261/2014 (usually referred to as the 'Main' Banking Law). This law transposed into Greek law the Directive 2013/36/EU on capital requirements (Capital Requirements Directive IV - CRD IV) which, in conjunction with Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation - CRR) sets the main elements of the EU regulatory regime for banks in agreement with the Basel standards on the enhanced framework for credit institutions (Basel III). By virtue of Law 4514/2018, Directive 2014/65/EU (MiFID II) and Regulation No. 600/2014 (MiFIR and together with MiFID II, MiFID II Rules) have been implemented in Greece effective from 3 January 2018.

The Bank of Greece (BoG) is the national authority competent for the supervision and regulation of Greek banks, within the context of the Single Supervisory Mechanism (SSM). In that regard, it is noted that four systemically important Greek banks are supervised directly by the ECB (SSM). The BoG exercises prudential supervision over non systemically important credit institutions, private insurance and reinsurance undertakings (life; non-life; mixed insurance undertakings and mutual associations), financial leasing companies, factoring companies, credit companies, bureaux de change, electronic money institutions, credit servicing firms, and payment institutions. Because the majority of Greek banks are listed companies, they also fall under the supervision of the Hellenic Capital Markets Commission (HCMC) exclusively for matters to which the capital markets legislation applies (mainly provision of investment services, reporting requirements, transparency, and avoidance of market abuse). The Hellenic Financial Stability
Fund (created by Law 3864/2010, as currently in effect), is a private law legal entity set up to help maintain the stability of the Greek banking system.

Since Greece is an EU member state, the BoG is part of the Eurosystem comprised of the European Central Bank (ECB) and the national central banks of all the member states. As Greece is also part of the eurozone, its four qualifying "significant banks" come under the supervision of the Single Supervisory Mechanism (SSM). SSM began functioning in 2014 as one of the pillars of the European Banking Union (mandatory for all euro area states), whose objective is safe, transparent, and unified European banking. The Banking Union’s constituent elements are as follows:

- The Single Supervisory Mechanism (SSM) that places the ECB as the central prudential supervisor of financial institutions in the euro area.
- The Single Resolution Mechanism (SRM) that implements the EU-wide Bank Recovery and Resolution Directive (BRRD) in the euro area. The centralised decision-making is built around the Single Resolution Board (SRB) and the relevant national resolution authorities (BoG, as well).
- The Single Rulebook, a single set of harmonised prudential rules for institutions throughout the EU. Its three basic legal documents are:
  - CRD IV: Directive 2013/36/EU of the European Parliament and Council “on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms”, transposed into Greek legislation by virtue of Law 4261/2014;
  - CRR (Capital Requirements Regulation): Regulation (EU) No. 575/2013 of the European Parliament and Council “on prudential requirements for credit institutions and investment firms” (as amended by Regulation (EU) 2019/876), which is legally binding and directly applicable in all member states, and

14 According to the ECB criteria, significant institutions are banks: (a) whose total assets amount to more than EUR 30 billion or more than 20% of GDP (except banks whose total assets are less than EUR 5 billion); (b) who are among the three largest banks in the country; (c) who have received funding from the European Stability Mechanism; (d) whose total assets amount to more than EUR 5 billion and who account for more than 20% of the assets/liabilities in a single member state.


16 The BRRD has been amended by Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC. Member States are called upon to bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 28 December 2020.
These documents are complemented by numerous implementing technical standards, regulatory technical standards, guidelines, and recommendations issued by the European Banking Authority (EBA), which specify particular aspects of the CRD IV, the CRR, and the BRRD and aim at ensuring harmonisation in specific areas. EBA’s technical standards have to be endorsed by the European Commission (EC) and become EU Delegated Acts (Regulations or Directives) in order to be legally binding and directly applicable in all member states. The CRD IV and the CRR constitute the Basel III regulatory framework in the EU.

- Deposit Guarantee Schemes, or Directive 2014/49/EU of the European Parliament and Council “on deposit guarantee schemes”, transposed into Greek legislation by virtue of Law 4370/2016. A common European Deposit Insurance Scheme is intended to be a pillar of the Banking Union. The EC put forward a relevant proposal in November 2015. However, a common system for deposit protection has not yet been established. Work has started on a roadmap for beginning political negotiations. In December 2018, the European Council stated that it will establish a High-level working group with a mandate to work on next steps. The High-level group should report back by June 2019.

### Banking sector size

<table>
<thead>
<tr>
<th>Year</th>
<th>Total assets (EUR mln.)</th>
<th>Total assets as % of GDP</th>
<th>Number of bank employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>441.374</td>
<td>230.8</td>
<td>57.006</td>
</tr>
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<td>406.690</td>
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<td>2016</td>
<td>351.288</td>
<td>199.0</td>
<td>42.628</td>
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<td>2017</td>
<td>300.825</td>
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<td>40.317</td>
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<td>2018</td>
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<td>39.383</td>
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![Graph of Banking Sector Size](image-url)
### Market concentration

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<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of banks</td>
<td>52</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>37</td>
</tr>
<tr>
<td>Market share of the largest bank (%)</td>
<td>26,0</td>
<td>29,0</td>
<td>30,0</td>
<td>31,0</td>
<td>n.a.</td>
<td>37,0</td>
<td>29,1</td>
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<tr>
<td>Market share of the three largest banks (%)</td>
<td>60,0</td>
<td>72,0</td>
<td>73,0</td>
<td>75,0</td>
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<td>n.a.</td>
<td>n.a.</td>
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<tr>
<td>Market share of the five largest banks (%)</td>
<td>79,0</td>
<td>94,0</td>
<td>94,0</td>
<td>95,0</td>
<td>97,3</td>
<td>97,0</td>
<td>96,8</td>
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<tr>
<td>Number of banks with market share less than 3%</td>
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<td>36</td>
<td>36</td>
<td>36</td>
<td>36</td>
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### Ownership structure in 2018

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<td>Banks with majority domestic ownership</td>
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<tr>
<td>Banks with majority foreign ownership</td>
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### Composition of banks' assets

<table>
<thead>
<tr>
<th></th>
<th>Cash funds</th>
<th>Net loans</th>
<th>Fixed assets</th>
<th>Government bonds</th>
<th>Other assets</th>
<th>Total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>54,8</td>
<td>0,9</td>
<td>18,0</td>
<td>25,6</td>
</tr>
<tr>
<td>2013</td>
<td>Amount (EUR mln.)</td>
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<td>231.723</td>
<td>4.284</td>
<td>72.797</td>
<td>95.868</td>
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<tr>
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<td>1,1</td>
<td>17,9</td>
<td>23,6</td>
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<tr>
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<td>Amount (EUR mln.)</td>
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<td>57,2</td>
<td>1,0</td>
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<td>23,5</td>
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### Amount (EUR mln.)

<table>
<thead>
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<th>Amount</th>
<th>Share (%)</th>
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<tr>
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<td>2018</td>
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### Share (%)

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### Amount (EUR mln.)

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### Share (%)

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### Share (%)

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### Total liabilities

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<th>Government bonds</th>
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<tbody>
<tr>
<td>2012</td>
<td>173.347</td>
<td>7.119</td>
<td>10.782</td>
<td>1.007</td>
<td>64.110</td>
<td>181.837</td>
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<tr>
<td>2013</td>
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<td>22.564</td>
<td>2.600</td>
<td>67.710</td>
<td>127.804</td>
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<tr>
<td>2014</td>
<td>173.220</td>
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<td>658</td>
<td>68.495</td>
<td>118.898</td>
</tr>
<tr>
<td>2015</td>
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<td>4.410</td>
<td>206</td>
<td>76.792</td>
<td>159.261</td>
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### Composition of banks’ liabilities

- **Households and corporation deposits**
- **Govern. deposits**
- **Interbank borrow. – foreign banks**
- **Interbank borrow. – domestic banks**
- **Overnight deposits**
- **Bonds issued**
- **Other**
- **Total liabilities**

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<thead>
<tr>
<th>Year</th>
<th>Cash funds</th>
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<th>Fixed assets</th>
<th>Government bonds</th>
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<th>Total liabilities</th>
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<tbody>
<tr>
<td>2012</td>
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<td>2014</td>
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<td>4.410</td>
<td>206</td>
<td>76.792</td>
<td>159.261</td>
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### Maturity structure of deposits and loans

<table>
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<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Share (%)</th>
<th>Short-term deposits</th>
<th>Long-term deposits</th>
<th>Total deposits</th>
<th>Short-term loans</th>
<th>Long-term loans</th>
<th>Total loans</th>
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<td>160.140</td>
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<td>163.586</td>
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<td>Share (%)</td>
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<td></td>
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<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Share (%)</th>
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<tbody>
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<td>2016</td>
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<td>2017</td>
<td>49.233</td>
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<td>2018</td>
<td>49.632</td>
<td>37,6</td>
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<table>
<thead>
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<th>Amount (EUR mln.)</th>
<th>Share (%)</th>
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<th>Amount (EUR mln.)</th>
<th>Share (%)</th>
</tr>
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Currency structure of deposits and loans

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### Deposits’ and loans’ rates for households

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Deposits' and loans' rates for enterprises

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The basic features of the banking sector

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<th>Stable capitalization</th>
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<th>Satisfactory liquidity</th>
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<td>Return on equity (%)</td>
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<td>CCR</td>
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**Insurance Sector**

Legal and institutional framework

Specificities of legal and institutional framework for Greece in 2019 are as follows:

**Solvency II**

The Solvency II regime initiated in 2016 a new era for the Greek market’s functioning and supervisory monitoring by the Bank of Greece. In April 2019 the greek insurance companies published for 2018 their SFCR (Solvency and Financial Condition Report) showing that the local market has delivered sufficient solvency ratios.

In terms of the 2018 Solvency II review, delegated act (EU) 2019/981 has brought a readjustment of the country component of the earthquaked risk module, by reducing the rate from 1,85% to 1,75%, so as to reflect more appropriately the capital requirements for the Greek insurance undertakings.

2020 review Solvency II is important for the Greek insurance industry as it stands as a key opportunity to improve the design and calibration of the existing framework. The four years of application have shown that Solvency II has worked in a rather effective fashion, though targeted interventions are needed in specific areas, such as in the life lapse risk module.

**IDD**

Insurance Distribution Directive (IDD) was transposed in December 2018 into national legislation by law 4583/2018, which has brought a wide range of changes to the whole insurance sector. Both insurance undertakings and insurance intermediaries are today fully aligned with the requirements set by the new framework and no implications are observed.

**GDPR**

Since May 2018 the local market has been aligned with the obligations stemming from the General Data Protection Regulation - GDPR (EU) 679/2016. HAIC with the support of a legal expert in the domain of the protection of personal data drafted a Code of Conduct that aims to specify for legal safety the requirements of the new legislation for the needs of insurance market.

The first draft code was submitted to the Greek DPA in August 2018, prior to the publication of the EDPB draft guidelines on Codes of Conduct & Monitoring Bodies. Based on these guidelines, the DPA - before carrying out an in-depth evaluation of the code, asked for clarifications and supporting documentation, and, among others, asked for the development of mechanisms for the effective monitoring of compliance, and the establishment of a monitoring body. Following these requests, the Greek insurance association rephrased several articles of the Code and provided
for the establishment of an internal Monitoring Committee aimed to carry out the compliance of the code’s provisions by member companies. In August 2019 the Greek association resubmitted the Code to the DPA. The Code is still under review.

**Government priority/policy**

No concrete priority/policy of the Government exists as to directly affects the local insurance market. Based on an announcement in the HAIC’s General Assembly, there is an expectation for a tax regulation that will predict tax incentives in property insurance.

**Minimal amount of share capital**

There is no specific provision for the minimal amount of share capital within insurance legislation. According to the Solvency II Directive and the Greek law 4364/2016, insurance undertakings must meet the amounts for their MCR compliance (minimum capital requirement). However, upon the establishment of an insurance company, the share capital is actually equal to the MCR amounts.

**Total premium income**

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<td>EUR (mln.)</td>
<td>Share (%)</td>
<td>EUR (mln.)</td>
<td>Share (%)</td>
<td>EUR (mln.)</td>
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<td>EUR (mln.)</td>
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**Insurance penetration and insurance density**

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<tr>
<td>2013</td>
<td>1.29</td>
<td>0.93</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>1.17</td>
<td>1.06</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>1.09</td>
<td>1.01</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1.15</td>
<td>1.08</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2017</td>
<td>1.16</td>
<td>1.04</td>
</tr>
<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td>2018</td>
<td>1.18</td>
<td>1.01</td>
</tr>
<tr>
<td></td>
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</tbody>
</table>

Insurance penetration (%)

- Total
- Life
- Nonlife
## Market concentration

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of companies</th>
<th>Average premium per company (EUR mln.)</th>
<th>Market share of the largest company (%)</th>
<th>Market share of the largest three companies (%)</th>
<th>Market share of the largest five companies (%)</th>
<th>Number of companies with market share less than 3%</th>
<th>Number of (direct) employees in the insurance sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>86</td>
<td>60</td>
<td>16,7</td>
<td>30,7</td>
<td>41,7</td>
<td>67</td>
<td>-</td>
</tr>
<tr>
<td>2008</td>
<td>85</td>
<td>61</td>
<td>17,7</td>
<td>30,0</td>
<td>41,1</td>
<td>76</td>
<td>-</td>
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<tr>
<td>2009</td>
<td>82</td>
<td>66</td>
<td>19,2</td>
<td>29,9</td>
<td>39,0</td>
<td>72</td>
<td>-</td>
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<tr>
<td>2010</td>
<td>73</td>
<td>73</td>
<td>20,2</td>
<td>31,3</td>
<td>41,2</td>
<td>62</td>
<td>-</td>
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<tr>
<td>2011</td>
<td>69</td>
<td>72</td>
<td>16,7</td>
<td>28,9</td>
<td>38,6</td>
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<tr>
<td>2012</td>
<td>69</td>
<td>64</td>
<td>14,3</td>
<td>27,3</td>
<td>37,8</td>
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<tr>
<td>2013</td>
<td>67</td>
<td>60</td>
<td>15,5</td>
<td>27,5</td>
<td>38,0</td>
<td>53</td>
<td>7.500</td>
</tr>
<tr>
<td>2014</td>
<td>65</td>
<td>61</td>
<td>18,7</td>
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<td>52</td>
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<td>63</td>
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<td>51</td>
<td>6.500</td>
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<tr>
<td>2016</td>
<td>57</td>
<td>68</td>
<td>14,9</td>
<td>36,2</td>
<td>47,5</td>
<td>44</td>
<td>6.500</td>
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<tr>
<td>2017</td>
<td>55</td>
<td>72</td>
<td>14,8</td>
<td>35,0</td>
<td>46,7</td>
<td>39</td>
<td>6.800</td>
</tr>
<tr>
<td>2018</td>
<td>53</td>
<td>76</td>
<td>14,8</td>
<td>34,3</td>
<td>46,7</td>
<td>39</td>
<td>6.900</td>
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### Total premium per major insurance classes

<table>
<thead>
<tr>
<th>Insurance class</th>
<th>2017</th>
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<th>2018</th>
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<tr>
<td></td>
<td>EUR mln.</td>
<td>Share (%)</td>
<td>EUR mln.</td>
<td>Share (%)</td>
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<td>Accident</td>
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<td>1,1</td>
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<td>Health</td>
<td>209</td>
<td>5,3</td>
<td>237</td>
<td>5,8</td>
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<tr>
<td>Land motor vehicles</td>
<td>201</td>
<td>5,1</td>
<td>213</td>
<td>5,3</td>
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<tr>
<td>Railway</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Aircrafts</td>
<td>0,3</td>
<td>0,0</td>
<td>0,3</td>
<td>0,0</td>
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<tr>
<td>Vessels</td>
<td>10</td>
<td>0,3</td>
<td>13</td>
<td>0,3</td>
</tr>
<tr>
<td>Goods in transit</td>
<td>22</td>
<td>0,6</td>
<td>23</td>
<td>0,6</td>
</tr>
<tr>
<td>Fire and natural disasters</td>
<td>338</td>
<td>8,5</td>
<td>354</td>
<td>8,7</td>
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<tr>
<td>Other property insurance</td>
<td>97</td>
<td>2,4</td>
<td>92</td>
<td>2,3</td>
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<tr>
<td>MTPL</td>
<td>861</td>
<td>21,7</td>
<td>853</td>
<td>21,1</td>
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<tr>
<td>Aircraft liability</td>
<td>1</td>
<td>0,0</td>
<td>2</td>
<td>0,0</td>
</tr>
<tr>
<td>Use of vessels liability</td>
<td>5</td>
<td>0,1</td>
<td>6</td>
<td>0,1</td>
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<tr>
<td>Other liability</td>
<td>76</td>
<td>1,9</td>
<td>89</td>
<td>2,2</td>
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<tr>
<td>Credit</td>
<td>34</td>
<td>0,9</td>
<td>36</td>
<td>0,9</td>
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<tr>
<td>Surety</td>
<td>1</td>
<td>0,0</td>
<td>2</td>
<td>0,0</td>
</tr>
<tr>
<td>Miscellaneous financial losses</td>
<td>41</td>
<td>1,0</td>
<td>51</td>
<td>1,2</td>
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<tr>
<td>Legal protection</td>
<td>37</td>
<td>0,9</td>
<td>37</td>
<td>0,9</td>
</tr>
<tr>
<td>Assistance – other nonlife</td>
<td>115</td>
<td>2,9</td>
<td>121</td>
<td>3,0</td>
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<tr>
<td>---------------------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>NONLIFE</td>
<td>2,088</td>
<td>52,7</td>
<td>2,175</td>
<td>53,7</td>
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<tr>
<td>LIFE</td>
<td>1,877</td>
<td>47,3</td>
<td>1,875</td>
<td>46,3</td>
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<tr>
<td>TOTAL</td>
<td>3,965</td>
<td>100,0</td>
<td>4,050</td>
<td>100,0</td>
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</table>

Insurance companies

<table>
<thead>
<tr>
<th>Rank</th>
<th>First ranked five companies</th>
<th>Premium (EUR mln.)</th>
<th>Market share in 2018 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nonlife</td>
<td>Life</td>
</tr>
<tr>
<td>1</td>
<td>Insurer 1</td>
<td>188</td>
<td>398</td>
</tr>
<tr>
<td>2</td>
<td>Insurer 2</td>
<td>51</td>
<td>356</td>
</tr>
<tr>
<td>3</td>
<td>Insurer 3</td>
<td>0</td>
<td>398</td>
</tr>
<tr>
<td>4</td>
<td>Insurer 4</td>
<td>44</td>
<td>221</td>
</tr>
<tr>
<td>5</td>
<td>Insurer 5</td>
<td>113</td>
<td>86</td>
</tr>
<tr>
<td>…</td>
<td>…</td>
<td>…</td>
<td>…</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>396</td>
<td>1,457</td>
</tr>
</tbody>
</table>
Specific activities that association did during 2019 are following:

- A study on the footprint of the Greek insurance market was conducted by the Greek Foundation of Economic and Industrial Research (IOBE).
- A study was conducted by the Greek Foundation of Economic and Industrial Research (IOBE) on "Pensions Reform and Development".
- A project was conducted for the second year regarding indices of inhospiital claims of guarantee reneable.
- A public opinion survey (repeated every two years) which captures the consumers' views on the image of the Greek insurance industry.
- The last few year a digital campaign via social medias (Facebook) is conducted for the promotion of insurance awareness in Greece.
- Cooperation with SEN, a nonprofit organization dedicated to the promotion of the young entrepreneurship for the diffusion of private insurance in the educational system.
- Activities with the aim of transforming insurance companies to an "employer of choice", meaning attraction of employees into the insurance market (research on the "image of insurance companies as an employer", career day, participation of insurance companies in the annual event of "Business Days").
- Conference “on pensions & economic devolpment” and a conference on “climate change and sustainable development” with a large audience and the participation of renowned speakers.
**OTHER RELEVANT FINANCIAL INSTITUTIONS**

**Pension funds**

There are three pillars of the pension system. The second pillar accounts for Occupational Schemes (IORPS) and the third for Private Insurance. Neither of the two is very popular though, thus the first pillar on Social Security accounts for more than 99% of the whole system.

The pension system in Greece has predominantly been based on a generous public pension pillar, although the country's severe crisis has made this look increasingly unsustainable and led to severe cuts. Voluntary occupational and private pension plans exist, but they are still of minor importance.

High replacement ratios and generous rules for early retirement, especially for women, put heavy pressure on the pension system and contributed to the mess in public finances that saw Greece require a series of international bailouts from 2009. Pension fund must be set up as a separate legal entity and can be either a single-employer or a profession-wide pension fund. The appointment of an external asset manager is not legally required.

Actuarial valuations have to be performed at least once a year. A minimum funding level is imposed with the establishment of a specific solvency margin. This has to be calculated separately for pension benefits and risk benefits. If the solvency margin cannot be met, the occupational pension fund has to submit a three-year plan to the National Actuarial Authority indicating the measures to be taken for funding the deficit.

Occupational pension funds that guarantee either a certain benefit or a certain return on investments are obliged to establish adequate re-insurance for these risks. The trend for pension funds is to offer different investment options according to varying risk preferences.

**Investment funds**

The Hellenic Capital Market Commission (HCMC) was established as a legal entity by Law 1969/91 and organized by Law 2324/1995, aiming to ensure the protection and the orderly and efficient operation of the capital market, which is crucial for the growth of the national economy.


UCITS include two basic types of collective investment undertakings – mutual funds and variable capital investment companies. Both fund types are open-end and they will collectively be referred to below as "UCITS".

---

17 Hellenic Fund & Asset Management Association
(http://www.hcmc.gr/aweb/files/Annual_Reports/files/Annual%20Report%202017_eng.pdf)
The Greek AIFMD implementing regime, consisting of Law No. 4209/2013, as amended, regulates the management of funds that qualify as alternative investment funds (AIFs) under the AIFMD. Certain types of locally regulated collective investment undertakings fall under the definition of an AIF, more specifically the following:

- closed-end venture capitals regulated under Law No 2992/2002 (AKESs),
- portfolio investment companies regulated under Law No 3371/2005 (AEEXs), and
- real property management companies regulated under Law No 2778/1999 (AEEAPs).

Other, non-regulated types of non-UCITS funds also fall under the definition of an AIF.

The supervisory authority for both types of funds and their managers, as well as those marketing funds, is the HCMC.

In 2018, 55 investment firms licensed by the HCMC were operating in the Greek capital market, as compared to 61 in 2017 and 2016, or slightly less compared to 2015 (63). Moreover, 34 financial intermediation firms licenced by the HCMC were operating in 2018, same as in 2017.

### Net assets and number of mutual funds

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR mln.</td>
<td>Number of mutual funds</td>
<td>EUR mln.</td>
<td>Number of mutual funds</td>
<td>EUR mln.</td>
<td>Number of mutual funds</td>
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<tr>
<td>Money market</td>
<td>1.556,6</td>
<td>26</td>
<td>1.176,4</td>
<td>32</td>
<td>783,5</td>
<td>31</td>
</tr>
<tr>
<td>Bonds</td>
<td>1.465,5</td>
<td>49</td>
<td>1.856,4</td>
<td>58</td>
<td>1.894,8</td>
<td>76</td>
</tr>
<tr>
<td>Equity</td>
<td>980,1</td>
<td>74</td>
<td>1.086,7</td>
<td>74</td>
<td>889,0</td>
<td>76</td>
</tr>
<tr>
<td>Balanced</td>
<td>1.107,1</td>
<td>33</td>
<td>1.360,7</td>
<td>33</td>
<td>1.321,8</td>
<td>45</td>
</tr>
<tr>
<td>Funds of Funds</td>
<td>885,6</td>
<td>64</td>
<td>952,5</td>
<td>75</td>
<td>996,0</td>
<td>78</td>
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<tr>
<td>Specialist</td>
<td>426,4</td>
<td>22</td>
<td>224,2</td>
<td>14</td>
<td>174,8</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6.421,3</strong></td>
<td><strong>268</strong></td>
<td><strong>6.656,9</strong></td>
<td><strong>286</strong></td>
<td><strong>6.059,9</strong></td>
<td><strong>316</strong></td>
</tr>
</tbody>
</table>

Three largest mutual fund management companies had funds under management of EUR 4,0 billion, which accounted for 65,8% of total mutual fund assets, as compared to assets of EUR 4,4 billion and a corresponding market share of 66,3% in 2017, and EUR 4,5 billion and 70,1% in 2016. Similarly, the five largest MFMCs had funds under management of EUR 5,3 billion that accounted for 87,4% of total mutual fund assets, as compared to 88,0% in 2017 and 89,1% in 2016.

At the end of 2018, there was one active portfolio investment company, as compared to two companies at the end of 2017, whose shares were traded in the Securities Market of the Athens Exchange, with net assets of EUR 10,7 million, as compared to EUR 12,2 million at the end of 2017 and EUR 18,0 million at the end of 2016. Moreover, there were eight active real estate investment companies, compare to six real estate investment companies in 2017, five of which are listed in the Athens Exchange (one of which was formed and was granted an operating license during the 2017, with an initial share capital of EUR 25 million). At the end of 2018, the total value of the investment portfolio of these five companies stood at EUR 2.997,6 million, as compared to EUR 2.750,2 million at the end of 2017, while the value of properties under management stood at EUR 2.443,6 million as compared to EUR 2.305,0 million at the end of 2017. Moreover, seven alternative investment fund managers were operating at the end of the year (five alternative investment fund managers were operating at the end of 2017).
Micro-credit organisations

In Greece, there is no specific regulation on microcredit provision. The current Greek Banking Law states that organizations other than financial institutions, which are licensed by the Bank of Greece, require a minimum capital of EUR 18 million to carry out financial or credit activities. A partnership with a licensed bank is, therefore, required by all legal entities such as NGOs (including associations, foundations, etc.) that are interested in serving the microcredit market.

Leasing companies

During 2016, other financial companies’ assets declined slightly in comparison to 2015, according to the Bank of Greece data, continuing their fall observed since the onset of the crisis, albeit at a slower pace. Specifically, the assets of leasing companies amounted to EUR 5.0 billion at the end of 2016, down by 3.9% year-on-year. This small decrease in 2016 reflects an effort to stabilise the sector, following the considerable contraction (of some 40%) in their assets between 2010 and 2015.

At the same time, the assets of factoring companies stood at EUR 1.7 billion at the end of 2016, down by 0.8% year-on-year. Finally, the assets of consumer credit companies amounted to EUR 0.2 billion at the end of 2016, down by 5.4% year-on-year. It should be noted that between 2010 and 2015, the assets of factoring and consumer credit companies shrank by 20% and 70%, respectively, while in 2016 their rate of decrease slowed considerably.

In more details, the losses of leasing companies fell to just EUR 11.4 million in 2016, from EUR 207.7 million in 2015.

Factoring companies posted profits of EUR 54.8 million, slightly higher than in 2015 (EUR 52.8 million). Finally, consumer credit companies also recorded profits of EUR 8.5 million, against losses of EUR 9.7 million in 2015. Regarding the interconnection of these companies with credit institutions in 2016, it should be noted that 22.6% of the liabilities of leasing companies represents liabilities due to credit institutions, compared to 8.3% for factoring companies. On the contrary, consumer credit companies’ claims on credit institutions account for 22.6% of their assets, compared to 2.2% and 0.7% for factoring and leasing companies, respectively. Finally (on- and off-balance sheet) nonperforming exposures on an aggregate basis (for leasing, factoring and consumer credit companies) amounted to EUR 3.28 billion, slightly down by 0.3% in comparison to the end of 2015 (EUR 3.3 billion). The NPE ratio fell slightly to 42.3% in 2016, from 43.3% in 2015.
KOSOVO

Report for Kosovo has been done on the basis of official reports of Kosovo Agency of Statistics, Central Bank of the Republic of Kosovo, and other relevant data sources. Kosovo unilaterally adopted EUR in 2002 during United Nations Interim Administration mandate.

MACROECONOMIC INDICATORS

<table>
<thead>
<tr>
<th>Year</th>
<th>Population – 31st December (× 1,000)</th>
<th>Nominal GDP (EUR mln.)</th>
<th>GDP per capita (EUR)</th>
<th>Real GDP growth rate (%)</th>
<th>Unemployment rate (%)</th>
<th>Average net salary (EUR/month)</th>
<th>Inflation rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2.126</td>
<td>3.394</td>
<td>2.013</td>
<td>5.0</td>
<td>43.6</td>
<td>197*</td>
<td>4.4</td>
</tr>
<tr>
<td>2008</td>
<td>2.180</td>
<td>3.883</td>
<td>2.258</td>
<td>4.5</td>
<td>47.5</td>
<td>204</td>
<td>9.4</td>
</tr>
<tr>
<td>2009</td>
<td>2.207</td>
<td>4.070</td>
<td>2.329</td>
<td>3.6</td>
<td>45.4</td>
<td>246</td>
<td>-2.4</td>
</tr>
<tr>
<td>2010</td>
<td>1.734</td>
<td>4.402</td>
<td>2.980</td>
<td>3.3</td>
<td>45.0</td>
<td>285</td>
<td>3.5</td>
</tr>
<tr>
<td>2011</td>
<td>1.780</td>
<td>4.815</td>
<td>2.672</td>
<td>4.4</td>
<td>37.1</td>
<td>343</td>
<td>7.3</td>
</tr>
<tr>
<td>2012</td>
<td>1.816</td>
<td>5.059</td>
<td>2.799</td>
<td>2.8</td>
<td>30.9</td>
<td>384</td>
<td>2.5</td>
</tr>
<tr>
<td>2013</td>
<td>1.821</td>
<td>5.327</td>
<td>2.935</td>
<td>3.4</td>
<td>30.0</td>
<td>393</td>
<td>1.8</td>
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<tr>
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<td>1.805</td>
<td>5.568</td>
<td>3.084</td>
<td>1.2</td>
<td>35.3</td>
<td>430</td>
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<tr>
<td>2015</td>
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<td>5.807</td>
<td>3.277</td>
<td>4.1</td>
<td>32.9</td>
<td>451</td>
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</tr>
<tr>
<td>2016</td>
<td>1.784</td>
<td>6.070</td>
<td>3.386</td>
<td>4.1</td>
<td>27.5</td>
<td>457</td>
<td>0.3</td>
</tr>
<tr>
<td>2017</td>
<td>1.799</td>
<td>6.414</td>
<td>3.566</td>
<td>3.7</td>
<td>30.5</td>
<td>471</td>
<td>1.5</td>
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<tr>
<td>2018</td>
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<td>6.726</td>
<td>3.746</td>
<td>3.9</td>
<td>29.6</td>
<td>498</td>
<td>1.1</td>
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</tbody>
</table>

*Data for period 2007-2011 show average annual net wage by the state administration.

STRUCTURE OF THE FINANCIAL SERVICE SECTOR

<table>
<thead>
<tr>
<th>Financial institution</th>
<th>Banks</th>
<th>Insurance and reinsurance companies</th>
<th>Pension funds</th>
<th>Micro-credit organizations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td></td>
<td>1.435</td>
<td>71</td>
<td>286</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>76,9</td>
<td>3,8</td>
<td>15,3</td>
<td>4,0</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>1.808</td>
<td>78</td>
<td>256</td>
<td>94</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
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**Banking sector**

**Legal and institutional framework**

The Central Bank of Kosovo (CBK) is an independent public agency with the authority to license, supervise, and regulate financial institutions in the territory of Kosovo. The commercial banks represent the largest part of Kosovo’s financial sector. The CBK has adopted banking rules and regulations in line with the Basel accords and EU directives.

Laws that regulate the financial sector are:
- Law No. 05/L–150 on Amending and Supplementing the Law No. 03/L-209 on Central Bank of the Republic of Kosovo;
- Law No. 03/L–209 on Central Bank of the Republic of Kosovo;
Giant step towards the harmonization of the banking sector with the three-tier structure of Basel II regulatory regime was made in December 2012 when Kosovo came into force the Law 04/L-093 on Banks, Microfinance Institutions and Non Bank Financial Institutions.

**Banking sector size**

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<th>2016</th>
<th>2017</th>
<th>2018</th>
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<td>Total assets as % of GDP</td>
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<td>3.549</td>
<td>3.507</td>
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<td>3.375</td>
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**Market concentration**

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<th>2018</th>
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<td>10</td>
<td>10</td>
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<tr>
<td>Average assets per bank (EUR mln.)</td>
<td>314.4</td>
<td>338.7</td>
<td>318.7</td>
<td>338.7</td>
<td>337.5</td>
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Ownership structure in 2018

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<th>Share in total assets (%)</th>
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<td>Banks with majority foreign ownership</td>
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Composition of banks’ assets

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<th>Cash funds</th>
<th>Gross loans</th>
<th>Fixed assets</th>
<th>Securities</th>
<th>Other assets</th>
<th>Total assets</th>
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<tbody>
<tr>
<td><strong>2012</strong></td>
<td>Amount (EUR mln.)</td>
<td>426</td>
<td>1.763</td>
<td>58</td>
<td>257</td>
<td>327</td>
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<td>11,5</td>
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<td>1,8</td>
<td>11,6</td>
<td>12,8</td>
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<tr>
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<td>Amount (EUR mln.)</td>
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### Composition of banks' liabilities

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<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Deposits</th>
<th>Balance from other banks</th>
<th>Other borrowing</th>
<th>Other liabilities</th>
<th>Subordinated debt</th>
<th>Own resources</th>
<th>Total</th>
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<td>246</td>
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<td>191</td>
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### Maturity structure of deposits and loans

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<th>Short-term deposits (EUR mln.)</th>
<th>Long-term deposits (EUR mln.)</th>
<th>Total deposits (EUR mln.)</th>
<th>Short-term loans (EUR mln.)</th>
<th>Long-term loans (EUR mln.)</th>
<th>Total (EUR mln.)</th>
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<td>449</td>
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## Currency structure of deposits and loans

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<th>Deposits in the local currency</th>
<th>Deposits in foreign currency</th>
<th>Loans in the local currency</th>
<th>Loans in foreign currency</th>
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<table>
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<th>Amount (EUR mln.)</th>
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Deposits’ and loans’ rates for households

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<th>2015</th>
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Deposits' and loans' rates for enterprises

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<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit rate</td>
<td>2,7</td>
<td>2,6</td>
<td>1,9</td>
<td>1,5</td>
<td>1,6</td>
<td>1,7</td>
<td>1,5</td>
</tr>
<tr>
<td>Loan rate</td>
<td>11,8</td>
<td>11,8</td>
<td>9,4</td>
<td>7,4</td>
<td>6,8</td>
<td>6,5</td>
<td>6,0</td>
</tr>
</tbody>
</table>

The basic features of the banking sector

<table>
<thead>
<tr>
<th></th>
<th>Stable capitalization</th>
<th>Lower capital of loan-portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regulatory capital (EUR mln.)</td>
<td>Total weighted risk (EUR mln.)</td>
</tr>
<tr>
<td>2012</td>
<td>211,7</td>
<td>1.760,0</td>
</tr>
<tr>
<td>2013</td>
<td>291,4</td>
<td>1.760,0</td>
</tr>
<tr>
<td>2014</td>
<td>340,3</td>
<td>1.950,0</td>
</tr>
<tr>
<td>2015</td>
<td>408,9</td>
<td>2.160,0</td>
</tr>
<tr>
<td>Year</td>
<td>Net Profit/loss (EUR mln.)</td>
<td>Return on Equity (%)</td>
</tr>
<tr>
<td>------</td>
<td>---------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>2016</td>
<td>434,1</td>
<td>1.900,0</td>
</tr>
<tr>
<td>2017</td>
<td>483,4</td>
<td>2.200,0</td>
</tr>
<tr>
<td>2018</td>
<td>504,2</td>
<td>2.800,0</td>
</tr>
</tbody>
</table>

### Insurance Sector

#### Legal Framework

The Law on Insurance (Law No. 05/L-045, Official Gazette of the Republic of Kosovo, No 38/2015) was passed on 30 November 2015. The Law on Compulsory Motor Liability Insurance (Law No. 04/L-018, Official Gazette of the Republic of Kosovo, No 4/2011) was passed on 23 June 2011.

Before these laws, in Republic of Kosovo, insurance sector had been working based on UNMIK regulation 2001/25, and some 30 Rules, prepared from Central Bank of Kosovo – CBK, which is regulatory and supervisory authority for insurance sector in Kosovo. The CBK has exclusive responsibility for setting standards and issuing regulations, directives and guidelines concerning the behavior of insurers, reinsurers, insurance intermediaries and other entities which conduct activities envisaged by the Law on Insurance.

#### Institutional Framework

Currently in Insurance Sector there are two institutions/organizations which participate actively in insurance market/sector. Those are Insurance Association of Kosovo and Kosovo Insurance Bureau.

The Insurance Association of Kosovo was founded with an aim to improve the insurance industry in Kosovo, to assist in the stabilization of the insurance market, to offer education for the staff of insurance companies, and to increase the human resources in general, in the insurance field. Another priority of the Association are the organization of the different seminars, workshops, and conferences, national and international ones, and to deal with the information of the public in the field of insurance in general.

The Kosovo Insurance Bureau was established on 07 August 2011 by ten insurance companies licensed to operate in the Republic of Kosovo, based on Law No. 04/L-018 on Compulsory Motor Liability Insurance.

The Kosovo Insurance Bureau is a professional organization with legal entity capacity, established for non-profit purposes. The Government of the Republic of Kosovo recognizes its
in institutional status of the National Insurance Bureau with unrestricted rights, in the capacity of a payment and treatment bureau, guaranteeing the implementation of all obligations stipulated under the international insurance card system.

The Bureau is funded by its members and its activity is supervised by the Central Bank of Kosovo. Within the Kosovo Insurance Bureau operate the Compensation Fund, Border Insurance, Insurance Information Center and the Green Card.

**Minimal amount of share capital**

<table>
<thead>
<tr>
<th>Type of insurer</th>
<th>EUR mln.</th>
</tr>
</thead>
<tbody>
<tr>
<td>All nonlife classes</td>
<td>3,2</td>
</tr>
<tr>
<td>Particular nonlife classes</td>
<td>2,2</td>
</tr>
<tr>
<td>Life</td>
<td>2,5</td>
</tr>
<tr>
<td>Reinsurance</td>
<td>-</td>
</tr>
<tr>
<td>All classes (nonlife, life and reinsurance)</td>
<td>7,9</td>
</tr>
</tbody>
</table>

**Total premium income**

<table>
<thead>
<tr>
<th></th>
<th>Nonlife</th>
<th>Life</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>48,3</td>
<td>-</td>
<td>48,3</td>
</tr>
<tr>
<td>Share (%)</td>
<td>100,0</td>
<td>-</td>
<td>100,0</td>
</tr>
<tr>
<td>2008</td>
<td>52,5</td>
<td>-</td>
<td>52,5</td>
</tr>
<tr>
<td>Share (%)</td>
<td>100,0</td>
<td>-</td>
<td>100,0</td>
</tr>
<tr>
<td>Premium growth index 08/07</td>
<td>108,5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>64,3</td>
<td>0,1</td>
<td>64,5</td>
</tr>
<tr>
<td>Share (%)</td>
<td>99,8</td>
<td>0,2</td>
<td>100,0</td>
</tr>
<tr>
<td>Premium growth index 09/08</td>
<td>122,6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>61,8</td>
<td>0,7</td>
<td>62,5</td>
</tr>
<tr>
<td>Share (%)</td>
<td>98,9</td>
<td>1,1</td>
<td>100,0</td>
</tr>
<tr>
<td>Premium growth index 10/09</td>
<td>96,1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>500,0</td>
<td></td>
<td>97,0</td>
</tr>
<tr>
<td>2011</td>
<td>67,6</td>
<td>1,0</td>
<td>68,6</td>
</tr>
<tr>
<td>Share (%)</td>
<td>98,5</td>
<td>1,5</td>
<td>100,0</td>
</tr>
<tr>
<td>Premium growth index 11/10</td>
<td>109,4</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>142,9</td>
<td></td>
<td>109,8</td>
</tr>
<tr>
<td>2012</td>
<td>69,3</td>
<td>1,5</td>
<td>70,8</td>
</tr>
<tr>
<td>Share (%)</td>
<td>97,9</td>
<td>2,1</td>
<td>100,0</td>
</tr>
<tr>
<td>Premium growth index 12/11</td>
<td>102,5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>150,0</td>
<td></td>
<td>103,2</td>
</tr>
<tr>
<td>2013</td>
<td>77,1</td>
<td>2,1</td>
<td>79,1</td>
</tr>
<tr>
<td>Share (%)</td>
<td>97,5</td>
<td>2,7</td>
<td>100,0</td>
</tr>
<tr>
<td>Premium growth index 13/12</td>
<td>111,3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>140,0</td>
<td></td>
<td>111,7</td>
</tr>
<tr>
<td>2014</td>
<td>79,6</td>
<td>2,4</td>
<td>82,1</td>
</tr>
<tr>
<td>Share (%)</td>
<td>97,0</td>
<td>2,9</td>
<td>100,0</td>
</tr>
<tr>
<td>Premium growth index 14/13</td>
<td>103,2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>114,3</td>
<td></td>
<td>103,8</td>
</tr>
<tr>
<td>2015</td>
<td>77,3</td>
<td>2,7</td>
<td>80,0</td>
</tr>
<tr>
<td>Share (%)</td>
<td>96,6</td>
<td>3,4</td>
<td>100,0</td>
</tr>
<tr>
<td>Premium growth index 15/14</td>
<td>97,1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>112,5</td>
<td></td>
<td>97,4</td>
</tr>
<tr>
<td>Year</td>
<td>EUR (mln.)</td>
<td>Share (%)</td>
<td>Premium growth index 16/15</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
<td>-----------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>2016</td>
<td>80,9</td>
<td>96,9</td>
<td>104,7</td>
</tr>
<tr>
<td></td>
<td>2,6</td>
<td>3,1</td>
<td>96,3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>104,4</td>
</tr>
<tr>
<td>2017</td>
<td>84,2</td>
<td>97,1</td>
<td>101,7</td>
</tr>
<tr>
<td></td>
<td>2,5</td>
<td>2,9</td>
<td>103,4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>102,0</td>
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<tr>
<td>2018</td>
<td>89,1</td>
<td>96,8</td>
<td>105,8</td>
</tr>
<tr>
<td></td>
<td>3,0</td>
<td>3,3</td>
<td>116,7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>106,2</td>
</tr>
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</table>

**Insurance penetration and insurance density**

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife</th>
<th>Premium as % of GDP</th>
<th>Life</th>
<th>Premium per capita (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1,42</td>
<td>22,7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,42</td>
<td></td>
<td>22,7</td>
</tr>
<tr>
<td>2008</td>
<td>1,35</td>
<td>24,1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,35</td>
<td></td>
<td>24,1</td>
</tr>
<tr>
<td>2009</td>
<td>1,58</td>
<td>29,2</td>
<td>0,1</td>
<td>0,1</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,58</td>
<td></td>
<td>29,2</td>
</tr>
<tr>
<td>2010</td>
<td>1,40</td>
<td>35,6</td>
<td>0,4</td>
<td>0,4</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,42</td>
<td></td>
<td>36,0</td>
</tr>
<tr>
<td>Year</td>
<td>Nonlife</td>
<td>Life</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>-------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>1.40</td>
<td>0.02</td>
<td>1.42</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>38.0</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>1.37</td>
<td>0.03</td>
<td>1.40</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>38.2</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>1.45</td>
<td>0.04</td>
<td>1.48</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>42.3</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>1.43</td>
<td>0.04</td>
<td>1.47</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>44.1</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>1.33</td>
<td>0.05</td>
<td>1.38</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>43.6</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1.33</td>
<td>0.04</td>
<td>1.38</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>45.3</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1.34</td>
<td>0.04</td>
<td>1.38</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>46.8</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>1.32</td>
<td>0.04</td>
<td>1.37</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>49.6</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife</th>
<th>Life</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
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<td>2013</td>
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<td></td>
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<tr>
<td>2014</td>
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<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
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<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Ownership structure in 2018

<table>
<thead>
<tr>
<th></th>
<th>Nonlife</th>
<th>Life</th>
<th>Composite</th>
<th>Reinsurance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies with</td>
<td>7</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>majority domestic ownership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of companies with</td>
<td>5</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>majority foreign ownership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total premium per major insurance classes

<table>
<thead>
<tr>
<th>Insurance class</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR mln.</td>
<td>Share (%)</td>
</tr>
<tr>
<td>Accident</td>
<td>17,0</td>
<td>19,6</td>
</tr>
<tr>
<td>Health</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Land motor vehicles</td>
<td>3,9</td>
<td>4,4</td>
</tr>
<tr>
<td>Railway</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Aircrafts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vessels</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Goods in transit</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Fire and natural disasters</td>
<td>4,6</td>
<td>5,3</td>
</tr>
<tr>
<td>Other property insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MTPL</td>
<td>54,3</td>
<td>62,5</td>
</tr>
<tr>
<td>Aircraft liability</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Use of vessels liability</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
### Insurance Association Activities

- Insurance Association of Kosovo – IAK, since its founding has had a very close cooperation with the associations in the region, especially with the association from Albania, in regard of trainings and exchange of ideas for insurance sector.

- IAK also has played a key role in protection of insurer’s interests in the insurance market of Kosovo, and is actively lobbying on behalf of the market for the better of the insurance sector. One of the issues in which IAK was involved actively for protection of insurer’s interests are negotiations for reducing the taxes for insurance companies.

- IAK also is involved very actively in changing the insurance legislation in Kosovo, and took part very actively in preparation of the draft law on motor compulsory insurance, which is waiting to be approved this year from Assembly of Kosovo.

- IAK is very dedicated for education of insurers through different trainings with most reputable international organizations in insurance.

- Several trainings have taken place about risk management for the insurance companies in Kosovo.
- The institution of Arbitration is present in Insurance market in Kosovo, although not very active because there no disputes which requires arbitration for different insurance disputes. IAK plays a key role whenever is necessary for arbitration.
- IAK has participated and assisted in creation of an on-line system for claims for insurance companies in Kosovo, and according to which system insurance market and the companies will have better statistical data for losses/claims.
- IAK played a key role in educating people from insurance companies for actuarial services, in close cooperation with the Insurance Association of Albania and an organization from USA named FSVC (Financial Services Voluntary Corps).
- Solvency II Regime, in Kosovo is not applicable yet, while preparations are on-going.
- IAK is involved actively in combating the unfair competition, by organizing regular meetings with the companies in order to overcome this issue.

**OTHER RELEVANT FINANCIAL INSTITUTIONS**

**Pension funds**

Laws which regulate pension funds are Law No 05/l-116 on amending and supplementing the Law No 04/l-101 on Pension Funds of Kosovo, amended and supplemented by the Law No 04/l-115 and Law No 04/l-168 (Official Gazette of the Republic of Kosovo 3/17).

Investments on pension funds are regulated by law, monitored by the Central Bank of the Republic of Kosovo (CBK) and well managed from Trust Board. Kosovo Pension savings trust (“Trusti”) was established in August 2002 to administer and manage mandatory and voluntary pension contributions of Kosovo’s employers. Kosovo pension found “Trusti” is supervised by the CBK.

**Number of pension funds**

During 2018 the pension system continues to have the same number of operators as in the previous year. In the pension industry, two pension funds operated, which administered the pension assets, respectively the Kosovo Pension Saving Fund established by the Kosovo Assembly with an exclusive mandate to administer compulsory pension contributions (second pillar) and the Slovenian Kosovo Pension Fund, licensed by the CBK to administer only voluntary pension funds (third pillar). In 2018, pension sector was characterized by a slowdown in growth, with annual assets growth decreasing to 2,2% from 16,0% in the previous year. Total value of pension sector assets amounted to EUR 1,7 billion.

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18 Data from the Central Bank of the Republic of Kosovo (https://bqk-kos.org/?id=102).
Pension funds' net assets

Investment structure of pension funds

Micro-credit organisations

Law which regulates micro-credit organisations is Pristina Law on Banks, Microfinance Institutions and Non-bank Financial Institutions (Official Gazette of the Republic of Kosovo 04/L-093).

The vast majority of MFIs in Kosovo have NGO status. They are licensed as microfinance institutions and supervised by the regulations of the CBK.

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19 Data from the Association of Microfinance Institutions of Kosovo (http://amik.org/en/Microfinance-Sector-in-Kosovo/Current-Sector-Information).
Sector growth

During 2018, micro-financial sector assets reached EUR 250,0 million, marking an annual increase of 30,0%. The growth of microfinance sector assets in 2018 is mainly attributable to the growth of gross loans, an activity largely financed by external sector borrowing.

The amount of active loans in December 2017 reached EUR 134,2 million distributed to 70,000 clients. Compared to December 2016, data from AMIK members reported an increase in active loans by 35,5% in December 2017. Compared to the previous month there is an increase of 2,4%, whereas the increase over the year 2017 was for EUR 35,2 million.

Leasing companies

Law which regulates leasing companies is Law on Leasing (Official Gazette of the Republic of Kosovo 03/L-103).

The leasing sector in Kosovo is at an early stage of development and at the moment Raiffeisen Leasing Kosovo (RLKO) is the only financial institution that offer this instrument in the country. RLKO was established on May 2008 as the first company licensed for providing financial leasing in Kosovo and officially started their business activities in 2009. The company's main activity is to provide financial leasing for vehicles, equipment or machinery as well as real estate. RLKO is a member of one of the most active financial groups in the Central and Eastern European market. RLKO is fully owned by Raiffeisen Bank Kosovo, which in turn is a subsidiary of Raiffeisen Bank International, an international banking group with operations in many countries where the EBRD invests. RLKO operates as a non-bank financial institution and provides lease financing to micro, small and medium-size enterprises and private individuals. The founders are (1) Raiffeisen Bank Kosovo JSC, Pristina - participates with 70% of the shares and (2) Raiffeisen Leasing International GmbH, Vienna - participates with 30% of the shares.

Leasing, as the second-largest category by share in the structure of assets of the microfinance sector, marked an annual growth of 43,2% in 2018 and amounted to EUR 38,1 million.

In the growth of leasing also contributed the growth of "other leasing" and mortgage leasing, which recorded an annual growth of 39,3% and 25,8%, which also dominate the sector’s leasing structure.

---

MONTENEGRO


MACROECONOMIC INDICATORS

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (x 1,000)</th>
<th>Nominal GDP (EUR mln.)</th>
<th>GDP per capita (EUR)</th>
<th>Real GDP growth rate (%)</th>
<th>Unemployment rate - LFS (%)</th>
<th>Average net salary (EUR/month)</th>
<th>Inflation rate - end of year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>617</td>
<td>3.103</td>
<td>5.030</td>
<td>7,2</td>
<td>16,8</td>
<td>416</td>
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STRUCTURE OF THE FINANCIAL SERVICE SECTOR

<table>
<thead>
<tr>
<th>Financial institution</th>
<th>Banks</th>
<th>Insurance and reinsurance companies</th>
<th>Micro-credit organisations</th>
<th>Leasing companies</th>
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<td>4.763</td>
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* Including assets of investment funds.
Legal and institutional framework

Laws that regulate the banking sector in Montenegro are as follows:
- Central Bank of Montenegro Law (Official Gazette of Montenegro No. 40/10, 46/10, 06/13 and 70/17);
- Banking Law (Official Gazette of Montenegro No. 17/08, 44/10, 40/11 and 73/17);
- Bank Bankruptcy and Liquidation Law (Official Gazette of the Republic Montenegro No. 47/01, Official Gazette of Montenegro No. 62/08, 44/10 and 72/19);
- Payment System Law (Official Gazette of Montenegro No. 62/13 and 6/14);
- Financial Stability Council Law (Official Gazette of Montenegro No. 44/10);
- Deposit Insurance Law (Official Gazette of Montenegro No. 72/19);
- Law on Prevention of Money Laundering and Terrorist Financing (Official Gazette of Montenegro No. 33/14, 44/18 and 73/19).

With regard to the non-banks sector, in 2018 the Central Bank of Montenegro adopted following set of secondary legislation which governs further operations of financial institutions: Decision on documents supporting the request for granting approvals under the Law governing financial leasing, factoring, purchase of receivables, micro-lending and credit-guarantee operations (Official Gazette of Montenegro 24/18), Decision on Minimum Standards for Risk Management in Financial Services Providers (Official Gazette of Montenegro 24/18) and Decision on Financial Services Providers’ Reporting to the Central Bank of Montenegro (Official Gazette of Montenegro 24/18).
Also, Decision on the Manner of Calculating Capital Adequacy Ratio of the Investment and Development Fund of Montenegro (Official Gazette of Montenegro 79/18) and Decision on minimum standards for risk management in the Investment and Development Fund of Montenegro (Official Gazette of Montenegro 79/18) were adopted in 2018. The application of these two Decisions started from 1 April 2019. Under Decision on the Manner of Calculating Capital Adequacy Ratio of the Investment and Development Fund of Montenegro, the Fund was obliged to submit the first reports to the Central Bank, with the balance as at 31 March 2019, no later than 30 April 2019. The Fund was obliged to submit reports demanded in Article 60 of the Decision on minimum standards for risk management in the Investment and Development Fund of Montenegro with balance as at 31 March 2019 to the Central Bank no later than 30 April 2019.

The most important institutions that represent the infrastructure in the banking sector are Central Bank of Montenegro (CBCG), Financial Stability Council, Deposit Protection Fund, Association of Montenegrin Banks and, according to the latest data, there are thirteen licensed banks and eight licensed micro-credit institutions in Montenegro.

Montenegro has very limited monetary instruments at its disposal since it is dollarized economy. The supervision is not separate from the CBCG. Banks are obliged to implement Basel II standards. Namely, regulatory activities regarding harmonisation of banking regulations in Montenegro with Basel II were initiated with the adoption of the new Banking Law in 2008 and a set of regulations for its enforcement. Since 2012 the regulations governing the banking sector have been largely harmonised with Basel II.

Law on credit institutions was adopted in December 2019 and it will be applied from 1 January 2021. This Law is completely in accordance with Basel III standards. As from the commencement date of the application of this Law, the Banking Law (Official Gazette of Montenegro No. 17/08, 44/10, 40/11, 73/17) will be repealed. Also, Law on resolution of credit institutions was adopted in December 2019 and it will be applied from 1 January 2021. This Law is harmonized with Directive 2014/59/EU on bank recovery and resolution (BRRD). New Decision on capital adequacy of credit institutions as well as all of the by-laws for the implementation of the Law on credit institutions will be adopted in 2020. This relates also to the sub-regulation documents for the implementation of the Law on resolution of credit institutions.

Through Decision amending the Decision on Chart of Accounts for Banks, adopted in December 2019, International Financial Reporting Standards 16 – Leases (IFRS 16) has been implemented. This Decision started with the application from 1 January 2020.

In November 2019 the CBCG adopted "Central Bank of Montenegro Policy in 2020". According to the Policy, in 2020 it will adopt and monitor the implementation of a comprehensive set of secondary legislation enabling the implementation of the Law on Credit Institutions, aimed at full implementation of Basel III requirements, including the implementation of recent amendments to some relevant EU regulations [Regulation (EU) 2019/876, or CRR II, and Directive (EU) 2019/878, or CRD V].
### Banking sector size

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets as % of GDP</td>
<td>88,3</td>
<td>88,0</td>
<td>90,7</td>
<td>95,0</td>
<td>95,9</td>
<td>97,3</td>
<td>94,5</td>
</tr>
<tr>
<td>Number of bank employees</td>
<td>2.325</td>
<td>2.303</td>
<td>2.379</td>
<td>2.501</td>
<td>2.500</td>
<td>2.460</td>
<td>2.497</td>
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</table>

### Market concentration

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of banks</td>
<td>11</td>
<td>11</td>
<td>12</td>
<td>14</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Average assets per bank (EUR mln.)</td>
<td>255,3</td>
<td>269,0</td>
<td>261,4</td>
<td>248,0</td>
<td>252,7</td>
<td>278,8</td>
<td>293,8</td>
</tr>
<tr>
<td>Market share of the largest bank (%)</td>
<td>23,0</td>
<td>20,9</td>
<td>18,2</td>
<td>16,9</td>
<td>15,7</td>
<td>14,7</td>
<td>15,7</td>
</tr>
<tr>
<td>Market share of the three largest banks (%)</td>
<td>52,4</td>
<td>50,1</td>
<td>46,8</td>
<td>43,4</td>
<td>40,1</td>
<td>38,3</td>
<td>39,5</td>
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<tr>
<td>Market share of the five largest banks (%)</td>
<td>72,3</td>
<td>70,4</td>
<td>68,2</td>
<td>65,9</td>
<td>63,3</td>
<td>60,8</td>
<td>62,1</td>
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<tr>
<td>Number of banks with market share less than 3%</td>
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<td>2</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>
Ownership structure in 2018

<table>
<thead>
<tr>
<th>Ownership Structure</th>
<th>Number of banks</th>
<th>Share in total capital (%)</th>
<th>Share in total assets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks with majority domestic ownership</td>
<td>6</td>
<td>17,9</td>
<td>20,4</td>
</tr>
<tr>
<td>- central government</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- other domestic entities</td>
<td>6</td>
<td>17,9</td>
<td>20,4</td>
</tr>
<tr>
<td>Banks with majority foreign ownership</td>
<td>9</td>
<td>82,1</td>
<td>79,6</td>
</tr>
</tbody>
</table>

![Graph showing market share of the largest, three largest, and five largest banks from 2012 to 2018.](image)

![Graph showing number of banks and their share in total capital and assets.](image)
## Composition of banks' assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Cash funds</th>
<th>Net loans</th>
<th>Fixed assets</th>
<th>Government bonds</th>
<th>Other assets</th>
<th>Total assets</th>
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</thead>
<tbody>
<tr>
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<td>739</td>
<td>1.731</td>
<td>51</td>
<td>52</td>
<td>235</td>
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<tr>
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<td>Share (%)</td>
<td>26,3</td>
<td>61,6</td>
<td>1,8</td>
<td>1,9</td>
<td>8,4</td>
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<tr>
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<td>392</td>
<td>2.241</td>
<td>51</td>
<td>55</td>
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<td>Share (%)</td>
<td>13,3</td>
<td>75,7</td>
<td>1,7</td>
<td>1,8</td>
<td>7,4</td>
<td>100,0</td>
</tr>
<tr>
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<td>2.213</td>
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<td>Share (%)</td>
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<td>70,6</td>
<td>1,6</td>
<td>1,5</td>
<td>10,4</td>
<td>100,0</td>
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<td>60,4</td>
<td>1,7</td>
<td>5,6</td>
<td>11,2</td>
<td>100,0</td>
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<td>882</td>
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<td>66</td>
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<td>1,6</td>
<td>4,6</td>
<td>10,8</td>
<td>100,0</td>
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<tr>
<td>2018</td>
<td></td>
<td>870</td>
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<td>-</td>
<td>508</td>
<td>249</td>
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<tr>
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<td>Share (%)</td>
<td>19,7</td>
<td>63,1</td>
<td>-</td>
<td>11,5</td>
<td>5,6</td>
<td>100,0</td>
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</table>

## Composition of banks' liabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Government deposits</th>
<th>Interbank borrowing</th>
<th>Securities</th>
<th>Other liabilities</th>
<th>Capital</th>
<th>Total liabilities</th>
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<td>7,9</td>
<td>0,5</td>
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<td>14,3</td>
<td>100,0</td>
</tr>
<tr>
<td>Year</td>
<td>Amount (EUR mln.)</td>
<td>Share (%)</td>
<td>Share (%)</td>
<td>Share (%)</td>
<td>Share (%)</td>
<td>Share (%)</td>
<td>Share (%)</td>
</tr>
<tr>
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<tr>
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<td>-</td>
<td>124</td>
<td>486</td>
<td>3.790</td>
</tr>
<tr>
<td>2017</td>
<td>3.267</td>
<td>78,1</td>
<td>279</td>
<td>-</td>
<td>122</td>
<td>514</td>
<td>4.182</td>
</tr>
<tr>
<td>2018</td>
<td>3.459</td>
<td>78,5</td>
<td>297</td>
<td>-</td>
<td>137</td>
<td>513</td>
<td>4.407</td>
</tr>
</tbody>
</table>

* Note: Data is not available for 2012. Households deposits are a part of retail deposits.

**Deposit structure**

<table>
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<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Government institutions</th>
<th>Public companies and enterprises</th>
<th>Banking institutions</th>
<th>Non-banking financial institutions</th>
<th>Retail</th>
<th>Other</th>
<th>Total deposits</th>
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</thead>
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<tr>
<td>2012</td>
<td>87</td>
<td>103</td>
<td>8</td>
<td>67</td>
<td>1.147</td>
<td>569</td>
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<tr>
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<td>26</td>
<td>56</td>
<td>1.238</td>
<td>570</td>
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<td>121</td>
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<td>6</td>
<td>45</td>
<td>1.332</td>
<td>649</td>
<td>2.328</td>
<td>100,0</td>
</tr>
<tr>
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<td>141</td>
<td>225</td>
<td>5</td>
<td>41</td>
<td>1.440</td>
<td>790</td>
<td>2.642</td>
<td>100,0</td>
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</tbody>
</table>
### Maturity structure of deposits and loans

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Short-term deposits</th>
<th>Long-term deposits</th>
<th>Total deposits</th>
<th>Short-term loans</th>
<th>Long-term loans</th>
<th>Total loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.651</td>
<td>330</td>
<td></td>
<td><strong>1.981</strong></td>
<td>391</td>
<td>1.472</td>
<td><strong>1.863</strong></td>
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<tr>
<td></td>
<td>Share (%)</td>
<td>83,3</td>
<td></td>
<td><strong>100,0</strong></td>
<td>21,0</td>
<td>79,0</td>
<td><strong>100,0</strong></td>
</tr>
<tr>
<td>2013</td>
<td>1.618</td>
<td>501</td>
<td></td>
<td><strong>2.118</strong></td>
<td>711</td>
<td>1.530</td>
<td><strong>2.241</strong></td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>76,4</td>
<td></td>
<td><strong>100,0</strong></td>
<td>31,7</td>
<td>68,3</td>
<td><strong>100,0</strong></td>
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<tr>
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<td>1.645</td>
<td>682</td>
<td></td>
<td><strong>2.328</strong></td>
<td>647</td>
<td>1.566</td>
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</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>70,7</td>
<td></td>
<td><strong>100,0</strong></td>
<td>29,2</td>
<td>70,8</td>
<td><strong>100,0</strong></td>
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<tr>
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<td>1.856</td>
<td>786</td>
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<td><strong>2.642</strong></td>
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![Graph showing share in total (%) for short-term deposits and long-term deposits from 2012 to 2018.](image-url)
## Currency structure of deposits and loans

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<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Deposits in EUR</th>
<th>Deposits in other currency</th>
<th>Loans in EUR</th>
<th>Loans in other currency</th>
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<td>148</td>
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<tr>
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<td>93,1</td>
<td>6,9</td>
<td>94,3</td>
<td>5,7</td>
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Deposits’ and loans’ rates for households

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<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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</thead>
<tbody>
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<td>Deposit rate – less than year</td>
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<td>3,9</td>
<td>3,1</td>
<td>2,2</td>
<td>1,9</td>
<td>1,8</td>
<td>1,6</td>
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<tr>
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<td>3,7</td>
<td>3,7</td>
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<td>1,7</td>
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<tr>
<td>Loan rate – less than year</td>
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<td>6,4</td>
<td>6,7</td>
<td>6,2</td>
</tr>
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<td>8,8</td>
<td>7,8</td>
<td>7,3</td>
<td>7,1</td>
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**Deposits' and loans' rates for enterprises**

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<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>– less than year</td>
<td>5,1</td>
<td>3,6</td>
<td>2,6</td>
<td>1,4</td>
<td>1,3</td>
<td>1,2</td>
<td>1,3</td>
</tr>
<tr>
<td>– more than year</td>
<td>2,9</td>
<td>3,0</td>
<td>3,2</td>
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<td>3,1</td>
<td>3,1</td>
<td>1,3</td>
</tr>
<tr>
<td><strong>Loan rate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– less than year</td>
<td>10,0</td>
<td>9,6</td>
<td>9,0</td>
<td>6,9</td>
<td>5,0</td>
<td>4,7</td>
<td>4,3</td>
</tr>
<tr>
<td>– more than year</td>
<td>8,8</td>
<td>8,6</td>
<td>8,3</td>
<td>6,7</td>
<td>5,9</td>
<td>5,1</td>
<td>4,5</td>
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</table>

**The basic features of the banking sector**

<table>
<thead>
<tr>
<th></th>
<th>Stable capitalization</th>
<th>Lower capital of loan-portfolio</th>
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<tbody>
<tr>
<td></td>
<td>Regulatory capital (EUR mln.)</td>
<td>Total weighted risk (EUR mln.)</td>
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<tr>
<td>2012</td>
<td>290,2</td>
<td>1,972,8</td>
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<tr>
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<td>270,2</td>
<td>1,870,8</td>
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<td>2014</td>
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<td>1,947,2</td>
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<tr>
<td>2015</td>
<td>328,1</td>
<td>2,120,1</td>
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<tr>
<td>2016</td>
<td>357,9</td>
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<tr>
<td>2017</td>
<td>394,6</td>
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<td>2018</td>
<td>513,0</td>
<td>2,811,4</td>
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<table>
<thead>
<tr>
<th></th>
<th>Positive financial performance</th>
<th>Satisfactory liquidity</th>
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<tbody>
<tr>
<td>Net profit/loss</td>
<td>Liquid to total assets (%)</td>
<td>Liquid assets to short-term financial liabilities (%)</td>
</tr>
<tr>
<td>(EUR mln.)</td>
<td>(%)</td>
<td>(%)</td>
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<tr>
<td>2012</td>
<td>-56,5</td>
<td>24,0</td>
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<td>2,0</td>
<td>20,0</td>
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<td>2015</td>
<td>-4,1</td>
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</table>
**INSURANCE SECTOR**

**Legal framework**

The Insurance Law was passed on 15 December 2006 and came into effect on 30 December 2006. The law was amended on 17 August 2012 and on 17 August 2016 to bring it into closer compliance with the EU insurance directives.

Nonlife insurance premium tax was introduced on 1 May 2004 by the Law on Tax on Insurance Premiums. The law was amended from 1 January 2014 to establish a uniform tax rate of 9% on all classes of non-life business except personal accident, voluntary health and agriculture.

The Law on the Bankruptcy and Liquidation of Insurance Companies was passed on 24 July 2015 and came into effect on 06 August 2015, replacing the previous legislation.

The current Law on Compulsory Transport Insurance was passed on 26 July 2012 and came into force on 9 August 2012, replacing the previous legislation.

Insurance sector in Montenegro is compliant with the Solvency I regime. Amendment under Insurance Law, which came into force in 2016, was proposed by Insurance Agency in order to introduce missing elements from Solvency I regime.

Priority policies of the Government over the next three year period that could affect the insurance sector:
- Deregulation of MTPL premiums,
- Implementing the Solvency II requirements and EU supervisory standards – due before Montenegro accession to the EU.

**Institutional framework**

The institution responsible for supervision of insurance sector in Montenegro is the Insurance Supervision Agency, which is independent in conducting activities under its scope of work.

During 2018 there were nine insurance companies performing insurance business at the Montenegrin insurance market. Five insurance companies conducted nonlife insurance business only, while four insurance companies conducted life insurance business only. The Association – National Bureau of Insurers is a legal entity, established to implement joint interests of insurance companies engaged in compulsory transport insurance operations. The association conducts its operations through established organizational parts, without legal entity status:
- Green Card Bureau,
- Guarantee Fund,
- Informational Center.
Minimal amount of share capital

<table>
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<tr>
<th>Type of insurer</th>
<th>EUR mln.</th>
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<tbody>
<tr>
<td>All nonlife classes</td>
<td>3</td>
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<tr>
<td>Particular nonlife classes</td>
<td>2</td>
</tr>
<tr>
<td>Life</td>
<td>3</td>
</tr>
<tr>
<td>Reinsurance</td>
<td>3</td>
</tr>
<tr>
<td>All classes (nonlife, life and reinsurance)</td>
<td>Not allowed</td>
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</table>

In 2012, amendments under Law of insurance came into force and increased minimum guarantee capital to the following levels:
- EUR 3 million for insurers writing third party liability, credit and surety;
- EUR 2 million for insurers writing other lines;
- EUR 3 million for life insurers and reinsurers.

Nonlife insurers and reinsurers were allowed one year from the effective date of the law to increase their capital to the new minimum amount. Life insurers were allowed seven years from the effective date of the law to increase their capital to the new minimum amount.

Total premium income

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife (EUR (mln.))</th>
<th>Life (Share (%))</th>
<th>Total</th>
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<td>45,1</td>
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<td>51,0</td>
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<td>53,3</td>
<td>7,3</td>
<td>60,6</td>
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<tr>
<td>2009</td>
<td>88,0</td>
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<tr>
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<td>8,1</td>
<td>65,6</td>
</tr>
<tr>
<td>2011</td>
<td>107,8</td>
<td>111,6</td>
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<tr>
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<td>58,8</td>
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<td>93,6</td>
<td>103,5</td>
<td>94,8</td>
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<td>55,7</td>
<td>9,1</td>
<td>64,8</td>
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<tr>
<td>2015</td>
<td>103,5</td>
<td>108,1</td>
<td>104,2</td>
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<td>2012</td>
<td>57,4</td>
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2016

<table>
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<th>Share (%)</th>
<th>Premium growth index 16/15</th>
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<td>66,5</td>
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2017

<table>
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<th>Share (%)</th>
<th>Premium growth index 17/16</th>
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2018

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<th>Share (%)</th>
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Insurance penetration and insurance density

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<th>Premium as % of GDP</th>
<th>Premium per capita (EUR)</th>
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<td>Nonlife 2008</td>
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<td>Total 2008</td>
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<tr>
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<td>91</td>
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<tr>
<td>Life 2009</td>
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<tr>
<td>Total 2009</td>
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<td>Nonlife 2010</td>
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<td>86</td>
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<td>Total 2010</td>
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<td>Nonlife</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1.57</td>
<td>0.33</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>1.54</td>
<td>0.33</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

![Insurance penetration graph](image-url)
### Market concentration

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of companies</th>
<th>Average premium per company (EUR mln.)</th>
<th>Market share of the largest company (%)</th>
<th>Market share of the largest three companies (%)</th>
<th>Market share of the largest five companies (%)</th>
<th>Number of companies with market share less than 3%</th>
<th>Number of (direct) employees in the insurance sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>6</td>
<td>8,5</td>
<td>66,5</td>
<td>-</td>
<td>93,9</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>2008</td>
<td>11</td>
<td>5,5</td>
<td>61,0</td>
<td>-</td>
<td>96,0</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>2009</td>
<td>11</td>
<td>6,0</td>
<td>54,6</td>
<td>-</td>
<td>90,6</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>2010</td>
<td>11</td>
<td>5,7</td>
<td>52,0</td>
<td>77,0</td>
<td>92,5</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>2011</td>
<td>12</td>
<td>5,4</td>
<td>45,4</td>
<td>72,4</td>
<td>90,3</td>
<td>6</td>
<td>814</td>
</tr>
<tr>
<td>2012</td>
<td>11</td>
<td>6,1</td>
<td>40,8</td>
<td>71,2</td>
<td>85,8</td>
<td>5</td>
<td>786</td>
</tr>
<tr>
<td>2013</td>
<td>11</td>
<td>6,6</td>
<td>38,9</td>
<td>68,3</td>
<td>88,7</td>
<td>5</td>
<td>958*</td>
</tr>
<tr>
<td>2014</td>
<td>11</td>
<td>6,6</td>
<td>36,6</td>
<td>66,3</td>
<td>86,3</td>
<td>5</td>
<td>947</td>
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<td>11</td>
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<td>86,0</td>
<td>4</td>
<td>921</td>
</tr>
<tr>
<td>2016</td>
<td>11</td>
<td>7,3</td>
<td>37,3</td>
<td>65,5</td>
<td>85,0</td>
<td>4</td>
<td>934</td>
</tr>
<tr>
<td>2017</td>
<td>11</td>
<td>7,4</td>
<td>36,6</td>
<td>65,0</td>
<td>85,1</td>
<td>4</td>
<td>974</td>
</tr>
<tr>
<td>2018</td>
<td>9</td>
<td>9,6</td>
<td>35,4</td>
<td>63,3</td>
<td>83,9</td>
<td>2</td>
<td>953</td>
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</tbody>
</table>

* Insurance Supervision Agency applied a new methodology for calculation of number of (direct) employees in the insurance sector, starting from year 2013.
Ownership structure in 2018

<table>
<thead>
<tr>
<th></th>
<th>Nonlife</th>
<th>Life</th>
<th>Composite</th>
<th>Reinsurance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies with</td>
<td>1</td>
<td>1</td>
<td>Not</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>majority domestic ownership</td>
<td></td>
<td></td>
<td>allowed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of companies with</td>
<td>4</td>
<td>3</td>
<td>Not</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>majority foreign ownership</td>
<td></td>
<td></td>
<td>allowed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total premium per major insurance classes

<table>
<thead>
<tr>
<th>Insurance class</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR mln.</td>
<td>Share (%)</td>
</tr>
<tr>
<td>Accident</td>
<td>9,8</td>
<td>12,0</td>
</tr>
<tr>
<td>Health</td>
<td>1,8</td>
<td>2,3</td>
</tr>
<tr>
<td>Land motor vehicles</td>
<td>5,6</td>
<td>6,8</td>
</tr>
<tr>
<td>Railway</td>
<td>0,2</td>
<td>0,2</td>
</tr>
<tr>
<td>Aircrafts</td>
<td>0,5</td>
<td>0,6</td>
</tr>
<tr>
<td>Vessels</td>
<td>0,2</td>
<td>0,2</td>
</tr>
<tr>
<td>Goods in transit</td>
<td>0,5</td>
<td>0,6</td>
</tr>
<tr>
<td>Fire and natural disasters</td>
<td>3,4</td>
<td>4,2</td>
</tr>
<tr>
<td>Other property insurance</td>
<td>6,8</td>
<td>8,3</td>
</tr>
<tr>
<td>MTPL</td>
<td>34,8</td>
<td>42,5</td>
</tr>
<tr>
<td>Aircraft liability</td>
<td>0,7</td>
<td>0,9</td>
</tr>
<tr>
<td>Use of vessels liability</td>
<td>0,2</td>
<td>0,3</td>
</tr>
<tr>
<td>Other liability</td>
<td>1,5</td>
<td>1,8</td>
</tr>
</tbody>
</table>
### Insurance companies

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Premium (EUR mln.)</th>
<th>Market share in 2018 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nonlife</td>
<td>Life</td>
</tr>
<tr>
<td>1</td>
<td>Lovćen osiguranje</td>
<td>29,9</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Sava osiguranje</td>
<td>12,4</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Uniqa neživotno</td>
<td>10,4</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Generali osiguranje Montenegro</td>
<td>10,9</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>Grawe osiguranje</td>
<td>-</td>
<td>6,1</td>
</tr>
<tr>
<td>6</td>
<td>Swiss osiguranje</td>
<td>4,1</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Wiener Staditche životno</td>
<td>-</td>
<td>3,8</td>
</tr>
</tbody>
</table>
In 2017, Merkur osiguranje and Atlas Life merged with Grawe osiguranje which took over all rights and obligations from the merged companies.

### OTHER RELEVANT FINANCIAL INSTITUTIONS

**Pension funds**

Law which regulates pension funds is the Law on Voluntary Pension Funds (Official Gazette 78/06, 14/07, 73/10, 40/11).

The Securities Commission performs supervision over the pension fund management companies and pension funds in Montenegro.

There are two pension fund management companies in Montenegro:
- DZU "Atlas Penzija", 18.3.2008. and

---


**Pension funds' membership**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>DPF &quot;Penzija Plus&quot;</td>
<td>2,179</td>
<td>2,166</td>
<td>2,147</td>
</tr>
<tr>
<td>DPF &quot;Market Penzija&quot;</td>
<td>222</td>
<td>222</td>
<td>222</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,401</strong></td>
<td><strong>2,388</strong></td>
<td><strong>2,369</strong></td>
</tr>
</tbody>
</table>

**Pension funds' investment structure**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR ths.</td>
<td>%</td>
<td>EUR ths.</td>
</tr>
<tr>
<td>Stocks</td>
<td>78,3</td>
<td>15,3</td>
</tr>
<tr>
<td>Securities</td>
<td>155,9</td>
<td>30,5</td>
</tr>
<tr>
<td>Deposits</td>
<td>269,7</td>
<td>52,8</td>
</tr>
<tr>
<td>Funds</td>
<td>6,9</td>
<td>1,4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>510,8</strong></td>
<td><strong>100,0</strong></td>
</tr>
</tbody>
</table>
Investment funds\textsuperscript{22}

Law which regulates investment funds is the Law on Investment Funds (Official Gazette 54/11, 13/18).

The Securities Commission performs supervision over the investment fund companies in Montenegro.

**Number of investment funds**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Open-end investment funds</td>
<td>5</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Closed-end investment funds</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>9</strong></td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>

**Investment funds’ net assets**

\[\text{EUR millions}\]

\[\text{Open investment fund} \quad \text{Closed-end investment fund}\]

\textsuperscript{22} Data from the Commission for the Capital Market of Montenegro (http://www.scmn.me/en/o-komisiji/izvjestaji-o-radu).
Closed-end investment funds’ net assets

Open-end investment funds’ net assets
Investment structure of the investment funds

2018

- Securities: 86.1%
- Real estate: 13.1%
- Funds: 0.8%

2017

- Securities: 88.0%
- Real estate: 11.6%
- Funds: 0.4%

Investment structure of the closed-end investment funds

2018

- Securities: 81.6%
- Real estate: 17.3%
- Funds: 1.1%

2017

- Securities: 83.4%
- Real estate: 16.6%
- Funds: 0.0%
Investment structure of the open-end investment funds

<table>
<thead>
<tr>
<th>Year</th>
<th>Securities</th>
<th>Real estate</th>
<th>Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>99.5%</td>
<td>0.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2017</td>
<td>98.7%</td>
<td>0.0%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

Micro-credit organisations

Law which regulates credit unions is the Law on Banks (Official Gazette 17/08, 44/10, 40/11, 73/17).

Supervision over the operations of micro-credit organisations performs the Central Bank of Montenegro.

A brief overview of micro-credit financial institutions (MFI) in 2019 is as follows:

1. Monte Credit DOO Podgorica
2. Montenegro Investments Credit DOO Podgorica
3. Ozmont DOO Podgorica
4. Alter Modus DOO Podgorica
5. Klikloan DOO Podgorica
6. Kredit + DOO Podgorica
7. Capital-Invest DOO Berane

As at 31 December 2019, seven micro-credit financial institutions (MFIs) operated in the financial system of Montenegro, with total assets and liabilities in the amount of EUR 71.6 million. Total MFIs assets and liabilities increased by 10.8% at the annual level. Two MFIs accounted for 83.6% of the total assets and liabilities.

---

23 Data from the Central Bank of Montenegro.

24 In December 2019, the eighth MFI Moj Kredit received a work permit, but it was not obliged to report until January, 2020.
Assets structure of MFIs’

Liabilities structure of MFIs’
Structure of loans by sectors

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Nonfinancial sector</th>
<th>Financial sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>96,4%</td>
<td>2,6%</td>
<td>0,9%</td>
</tr>
<tr>
<td>2017</td>
<td>96,2%</td>
<td>2,5%</td>
<td>1,3%</td>
</tr>
</tbody>
</table>

Leasing companies

Law which regulates leasing companies is the Law on Financial Leasing, Factoring, Purchase of Receivables, Micro-credit and Credit-guarantee Operations (Official Gazette 73/17).

Supervision over the operations of micro-credit organisations performs the Central Bank of Montenegro.

A brief overview of leasing companies operations in 2019 is as follows:

1. S-leasing
2. Porsche leasing

Total assets and liabilities of leasing companies stood at EUR 40,4 million at end-Q4 2019, which is EUR 5,6 million or 16,3% increase compared to the end of Q1 2019. The asset structure is prevailed by fixed assets with the share of 64,6% of total assets.

The most significant share in total assets referred to long-term financial investments with 55,19%. Compared to the end of Q1 2019 they increased by 19,1%.

The most significant share in the structure of liabilities and capital was recorded by long-term provisions and long term liabilities with 61,9%, and capital with 8,2%

As at December 2019, total receivables stood at EUR 35,8 million. The most significant lessees were the legal persons - residents with EUR 25,4 million or 69,9%, natural persons-residents had a share of EUR 10,8 million or 29,8%, entrepreneurs-residents had a share of EUR 68 thousand or 0,2%. In terms of industries, within legal persons-residents, the main share of 28,2% referred to wholesale and retail trade; repair of motor vehicles and motorcycles, and to the construction sector, which accounted for 19,1%.

Number of leasing companies

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of leasing providers</td>
<td>2</td>
</tr>
<tr>
<td>Number of employees</td>
<td>20</td>
</tr>
</tbody>
</table>

Assets structure of leasing companies on 31.12.2019

![Pie chart showing assets structure]

Structure of receivables per the subject of leasing on 31.12.2019

<table>
<thead>
<tr>
<th>Subject of leasing</th>
<th>Total receivables</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger cars</td>
<td>15.990</td>
<td>44,6</td>
</tr>
<tr>
<td>Commercial vehicles (trucks, busses and vans)</td>
<td>16.800</td>
<td>46,9</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>2.910</td>
<td>8,1</td>
</tr>
<tr>
<td>Rolling stock, vessels and aircrafts</td>
<td>112</td>
<td>0,3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35.812</strong></td>
<td><strong>100,0</strong></td>
</tr>
</tbody>
</table>

![Pie chart showing structure of receivables]
NORTH MACEDONIA

Report for North Macedonia has been done on the basis of official reports of National Bank of the Republic of North Macedonia, Insurance Supervision Agency, and other relevant data sources. All conversions from the national currency the Macedonian denar (MKD) to EUR have been made at official exchange rate of the National Bank of the Republic of North Macedonia at the end of the corresponding year.

MACROECONOMIC INDICATORS

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (x 1,000)</th>
<th>Nominal GDP (EUR mln.)</th>
<th>GDP per capita (EUR)</th>
<th>Real GDP growth rate (%)</th>
<th>Unemployment rate (%)</th>
<th>Average net salary (EUR/month)</th>
<th>Inflation rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2.060</td>
<td>7.544</td>
<td>3.665</td>
<td>2.3</td>
<td>31.4</td>
<td>348.2</td>
<td>3.9</td>
</tr>
<tr>
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<td>2.062</td>
<td>7.585</td>
<td>3.680</td>
<td>-0.5</td>
<td>31.0</td>
<td>349.1</td>
<td>3.3</td>
</tr>
<tr>
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<td>2.066</td>
<td>8.150</td>
<td>3.948</td>
<td>2.9</td>
<td>29.0</td>
<td>349.5</td>
<td>2.8</td>
</tr>
<tr>
<td>2014</td>
<td>2.069</td>
<td>8.562</td>
<td>4.141</td>
<td>3.6</td>
<td>28.0</td>
<td>349.7</td>
<td>-0.3</td>
</tr>
<tr>
<td>2015</td>
<td>2.071</td>
<td>9.072</td>
<td>4.382</td>
<td>3.9</td>
<td>26.1</td>
<td>368.8</td>
<td>-0.3</td>
</tr>
<tr>
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<td>2.074</td>
<td>9.657</td>
<td>4.659</td>
<td>2.8</td>
<td>23.7</td>
<td>381.5</td>
<td>-0.2</td>
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<td>2.075</td>
<td>10.038</td>
<td>4.839</td>
<td>1.1</td>
<td>22.4</td>
<td>387.9</td>
<td>1.4</td>
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<tr>
<td>2018</td>
<td>2.077</td>
<td>10.698</td>
<td>5.153</td>
<td>2.7</td>
<td>20.7</td>
<td>419.3</td>
<td>1.5</td>
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</tbody>
</table>

STRUCTURE OF THE FINANCIAL SERVICE SECTOR

<table>
<thead>
<tr>
<th>Financial institution</th>
<th>Banks</th>
<th>Insurance and reinsurance companies</th>
<th>Pension funds</th>
<th>Investment funds</th>
<th>Leasing companies</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.084</td>
</tr>
<tr>
<td>Assets (EUR mln.)</td>
<td>5.385</td>
<td>210</td>
<td>262</td>
<td>4</td>
<td>151</td>
<td>73</td>
<td>100,0</td>
</tr>
<tr>
<td>Share (%)</td>
<td>88.5</td>
<td>3.5</td>
<td>4.3</td>
<td>0.1</td>
<td>2.5</td>
<td>1.2</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.494</td>
</tr>
<tr>
<td>Assets (EUR mln.)</td>
<td>5.738</td>
<td>212</td>
<td>347</td>
<td>5</td>
<td>113</td>
<td>78</td>
<td>100,0</td>
</tr>
<tr>
<td>Share (%)</td>
<td>88.4</td>
<td>3.3</td>
<td>5.3</td>
<td>0.1</td>
<td>1.7</td>
<td>1.2</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.867</td>
</tr>
<tr>
<td>Assets (EUR mln.)</td>
<td>6.007</td>
<td>226</td>
<td>441</td>
<td>12</td>
<td>97</td>
<td>83</td>
<td>100,0</td>
</tr>
<tr>
<td>Share (%)</td>
<td>87.5</td>
<td>3.3</td>
<td>6.4</td>
<td>0.2</td>
<td>1.4</td>
<td>1.2</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.508</td>
</tr>
<tr>
<td>Assets (EUR mln.)</td>
<td>6.511</td>
<td>267</td>
<td>579</td>
<td>32</td>
<td>70</td>
<td>50</td>
<td>100,0</td>
</tr>
<tr>
<td>Share (%)</td>
<td>86.7</td>
<td>3.6</td>
<td>7.7</td>
<td>0.4</td>
<td>0.9</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8.014</td>
</tr>
<tr>
<td>Assets (EUR mln.)</td>
<td>6.878</td>
<td>285</td>
<td>662</td>
<td>47</td>
<td>55</td>
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</tr>
<tr>
<td>Share (%)</td>
<td>85.8</td>
<td>3.6</td>
<td>8.3</td>
<td>0.6</td>
<td>0.7</td>
<td>1.1</td>
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</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8.535</td>
</tr>
<tr>
<td>Assets (EUR mln.)</td>
<td>7.233</td>
<td>301</td>
<td>798</td>
<td>59</td>
<td>53</td>
<td>91</td>
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<tr>
<td>Share (%)</td>
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<td>9.4</td>
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<td>0.6</td>
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</tbody>
</table>

183
### Banking Sector

#### Legal framework

The law which regulate banking operations is the Banking Law (Official Gazette of the Republic of Macedonia No. 67/07, 90/09, 67/10, 26/13, 15/15, 153/15, 190/16, 7/19 and 101/19). Supervision and regulation of banks in North Macedonia is performed by the National Bank of the Republic of North Macedonia (Law on the National Bank of the Republic of Macedonia, Official Gazette of the Republic of Macedonia No. 158/10, 123/12, 43/14, 153/15, 6/16, 83/18).

Other related laws are as follow:

- Law on Foreign Exchange Operations (Official Gazette of the Republic of Macedonia No. 34/01, 49/01, 103/01, 51/03, 81/08, 24/11, 135/11, 188/13, 97/15, 153/15, 23/16);
- Law on Payment Operations (Official Gazette of the Republic of Macedonia No. 113/07, 22/08, 159/08, 133/09, 145/10, 35/11, 11/12, 59/12, 166/12, 170/13, 153/15, 199/15, 193/17, 7/19);
- Law on Macedonian Bank for Development Promotion (Official Gazette of the Republic of Macedonia No. 105/09);

The implementation of Basel III into the banking system of the Republic of North Macedonia began in October 2016, by the changes in the Banking Law, and by the changes and supplements to the regulative for the methodology for defining the capital adequacy from December 2016. The new regulatory requirements came into force in early 2017. In 2018, Macedonian banks successfully met the challenge of complying with the requirements that relate to the capital component of Basel III. The implementation of the Basel standards is, of course, a dynamic process, leading to continuous revisions and suggestions.

**Banking sector size**

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets (EUR mln.)</td>
<td>5.738</td>
<td>6.007</td>
<td>6.511</td>
<td>6.878</td>
<td>7.233</td>
<td>7.513</td>
</tr>
<tr>
<td>Total assets as % of GDP</td>
<td>75,6</td>
<td>73,7</td>
<td>76,3</td>
<td>75,8</td>
<td>74,8</td>
<td>74,9</td>
</tr>
<tr>
<td>Number of bank employees</td>
<td>6.026</td>
<td>6.048</td>
<td>5.988</td>
<td>5.968</td>
<td>5.985</td>
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**Market concentration**

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<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of banks</td>
<td>16</td>
<td>16</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
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<tr>
<td>Average assets per bank (EUR mln.)</td>
<td>358,6</td>
<td>375,4</td>
<td>434,1</td>
<td>458,5</td>
<td>482,2</td>
<td>500,9</td>
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<td>Market share of the largest bank (%)</td>
<td>23,5</td>
<td>23,5</td>
<td>23,2</td>
<td>22,9</td>
<td>22,7</td>
<td>22,7</td>
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<tr>
<td>Market share of the three largest banks (%)</td>
<td>61,7</td>
<td>61,1</td>
<td>60,4</td>
<td>59,4</td>
<td>58,2</td>
<td>57,8</td>
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<tr>
<td>Market share of the five largest banks (%)</td>
<td>74,5</td>
<td>74,1</td>
<td>74,8</td>
<td>74,3</td>
<td>74,3</td>
<td>74,6</td>
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<tr>
<td>Number of banks with market share less than 3%</td>
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<td>8</td>
<td>7</td>
<td>6</td>
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Ownership structure in 2018

<table>
<thead>
<tr>
<th></th>
<th>Number of banks</th>
<th>Share in total capital (%)</th>
<th>Share in total assets (%)</th>
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</thead>
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<tr>
<td>Banks with majority domestic ownership</td>
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<td>28,6</td>
<td>28,4</td>
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<tr>
<td>- central government</td>
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<td>16,4</td>
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<tr>
<td>- other domestic entities</td>
<td>3</td>
<td>83,6</td>
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<tr>
<td>Banks with majority foreign ownership</td>
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Composition of banks' assets

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<thead>
<tr>
<th>Year</th>
<th>Cash funds (EUR mln.)</th>
<th>Net loans (EUR mln.)</th>
<th>Fixed assets</th>
<th>Government bonds</th>
<th>Other assets</th>
<th>Total assets</th>
</tr>
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<tbody>
<tr>
<td>2012</td>
<td>2.064</td>
<td>3.300</td>
<td>148</td>
<td>30</td>
<td>196</td>
<td>5.738</td>
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<tr>
<td></td>
<td>36.0</td>
<td>57.5</td>
<td>2.6</td>
<td>0.5</td>
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<td>100.0</td>
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<tr>
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<td>3.505</td>
<td>174</td>
<td>94</td>
<td>184</td>
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<tr>
<td></td>
<td>34.1</td>
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<td>1.6</td>
<td>3.1</td>
<td>100.0</td>
</tr>
<tr>
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<td>2.131</td>
<td>3.827</td>
<td>179</td>
<td>210</td>
<td>164</td>
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<tr>
<td></td>
<td>32.7</td>
<td>58.8</td>
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<tr>
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<td>2.329</td>
<td>4.442</td>
<td>187</td>
<td>126</td>
<td>149</td>
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<td>1.7</td>
<td>2.1</td>
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<tr>
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<td>191</td>
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<td>7.513</td>
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<tr>
<td></td>
<td>30.3</td>
<td>62.5</td>
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<td>2.5</td>
<td>2.3</td>
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<tr>
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<td>5.043</td>
<td>179</td>
<td>301</td>
<td>164</td>
<td>8.187</td>
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<td>3.7</td>
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<td>100.0</td>
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</table>
### Composition of banks' liabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Share (%)</th>
<th>Households and corporation deposits</th>
<th>Government deposits</th>
<th>Interbank borrowing - foreign banks</th>
<th>Interbank borrowing - domestic banks</th>
<th>Other</th>
<th>Total liabilities</th>
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<td>0,9</td>
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<td>69,3</td>
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<td>7,9</td>
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<td>1.441</td>
<td>6.511</td>
</tr>
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<td>69,8</td>
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<tr>
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<td>70</td>
<td>70</td>
<td>8</td>
<td>6,6</td>
<td>0,8</td>
<td>1.619</td>
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<tr>
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<td>70,8</td>
<td>8</td>
<td>5,9</td>
<td>0,7</td>
<td>1.685</td>
<td>7.513</td>
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<tr>
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<td>71,1</td>
<td>71,1</td>
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<td>5,2</td>
<td>0,6</td>
<td>1.881</td>
<td>8.187</td>
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</table>

The pie chart illustrates the share in total liabilities (%). The bars represent the amount (EUR mln.) for each category of liabilities for the years 2012 to 2018.
### Maturity structure of loans and deposits

<table>
<thead>
<tr>
<th></th>
<th>Current accounts and sight deposits</th>
<th>Short-term deposits</th>
<th>Long-term deposits</th>
<th>Total deposits</th>
<th>Short-term loans</th>
<th>Long-term loans</th>
<th>Past due and non-performing loans</th>
<th>Total loans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2012</strong></td>
<td><strong>Amount (EUR mln.)</strong></td>
<td>1.280</td>
<td>1.876</td>
<td>834</td>
<td><strong>3.990</strong></td>
<td>694</td>
<td>2.413</td>
<td>409</td>
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<tr>
<td></td>
<td><strong>Share (%)</strong></td>
<td>32.1</td>
<td>47</td>
<td>20.9</td>
<td><strong>100.0</strong></td>
<td>19.7</td>
<td>68.6</td>
<td>11.6</td>
</tr>
<tr>
<td><strong>2013</strong></td>
<td><strong>Amount (EUR mln.)</strong></td>
<td>1.385</td>
<td>1.791</td>
<td>1.040</td>
<td><strong>4.215</strong></td>
<td>736</td>
<td>2.544</td>
<td>462</td>
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<tr>
<td></td>
<td><strong>Share (%)</strong></td>
<td>32.9</td>
<td>42.5</td>
<td>24.7</td>
<td><strong>100.0</strong></td>
<td>19.7</td>
<td>68</td>
<td>12.3</td>
</tr>
<tr>
<td><strong>2014</strong></td>
<td><strong>Amount (EUR mln.)</strong></td>
<td>1.691</td>
<td>1.710</td>
<td>1.267</td>
<td><strong>4.668</strong></td>
<td>839</td>
<td>2.769</td>
<td>507</td>
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<tr>
<td></td>
<td><strong>Share (%)</strong></td>
<td>36.2</td>
<td>36.6</td>
<td>27.2</td>
<td><strong>100.0</strong></td>
<td>20.4</td>
<td>67.3</td>
<td>12.3</td>
</tr>
<tr>
<td><strong>2015</strong></td>
<td><strong>Amount (EUR mln.)</strong></td>
<td>2.048</td>
<td>1.600</td>
<td>1.323</td>
<td><strong>4.971</strong></td>
<td>881</td>
<td>3.094</td>
<td>531</td>
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<tr>
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<td><strong>Share (%)</strong></td>
<td>41.2</td>
<td>32.2</td>
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<td><strong>100.0</strong></td>
<td>19.5</td>
<td>68.7</td>
<td>11.8</td>
</tr>
<tr>
<td><strong>2016</strong></td>
<td><strong>Amount (EUR mln.)</strong></td>
<td>2.332</td>
<td>1.533</td>
<td>1.385</td>
<td><strong>5.250</strong></td>
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<td>29.2</td>
<td>26.4</td>
<td><strong>100.0</strong></td>
<td>18.8</td>
<td>73.4</td>
<td>7.8</td>
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<tr>
<td><strong>2017</strong></td>
<td><strong>Amount (EUR mln.)</strong></td>
<td>2.597</td>
<td>1.432</td>
<td>1.488</td>
<td><strong>5.518</strong></td>
<td>912</td>
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<td>27.0</td>
<td><strong>100.0</strong></td>
<td>18.8</td>
<td>74.1</td>
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<td><strong>2018</strong></td>
<td><strong>Amount (EUR mln.)</strong></td>
<td>3.019</td>
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<td>18.6</td>
<td>75.4</td>
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</tbody>
</table>

![Graph showing maturity structure of loans and deposits](image-url)
### Currency structure of deposits and loans

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<th></th>
<th>Deposits in the local currency*</th>
<th>Deposits in other currency**</th>
<th>Loans in the local currency***</th>
<th>Loans in EUR</th>
<th>Loans in other currency</th>
</tr>
</thead>
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<td><strong>2012</strong></td>
<td><strong>Amount (EUR mln.)</strong></td>
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<td>51,9</td>
<td>46,3</td>
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<td><strong>2014</strong></td>
<td><strong>Amount (EUR mln.)</strong></td>
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<td></td>
<td><strong>Share (%)</strong></td>
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<td></td>
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<td>54,1</td>
<td>44,2</td>
<td>1,7</td>
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<td><strong>2015</strong></td>
<td><strong>Amount (EUR mln.)</strong></td>
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<td>56,7</td>
<td>42,1</td>
<td>1,2</td>
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<td><strong>Amount (EUR mln.)</strong></td>
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<td>42,3</td>
<td>61,2</td>
<td>38,4</td>
<td>0,4</td>
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</table>

* Deposits in local currency refer to MKD deposits and MKD deposits with FX clause.
** Around 85% from FX deposits are in EUR.
*** The amounts provided for loans refer to the total credit exposure in local currency, EUR and other currencies.
Deposits' and loans' rates in local currencies – households

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Deposit rate – less than year</td>
<td>4,1</td>
<td>3,1</td>
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<td>1,5</td>
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<td>6,7</td>
<td>5,8</td>
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<td>3,2</td>
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<td>8,7</td>
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<td>5,6</td>
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<td>4,8</td>
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</table>

Note: The deposit and loan rates refer to the weighted interest rates for deposits and loans in local currency.
Deposits' and loans' rates in local currencies – enterprises

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
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<td>4.0</td>
<td>3.0</td>
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<td>1.6</td>
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<td>2.4</td>
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<tr>
<td>Loan rate – less than year</td>
<td>8.1</td>
<td>7.5</td>
<td>7.2</td>
<td>6.6</td>
<td>6.0</td>
<td>5.2</td>
<td>4.7</td>
</tr>
<tr>
<td>Loan rate – more than year</td>
<td>8.0</td>
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<td>6.2</td>
<td>5.5</td>
<td>5.0</td>
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Deposits' and loans' rates in EUR – households

<table>
<thead>
<tr>
<th></th>
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<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
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<td>6.3</td>
<td>4.1</td>
<td>3.5</td>
<td>2.1</td>
<td>2.0</td>
<td>1.9</td>
<td>1.8</td>
</tr>
<tr>
<td>Deposit rate – more than year</td>
<td>6.9</td>
<td>6.8</td>
<td>6.5</td>
<td>2.4</td>
<td>2.7</td>
<td>2.6</td>
<td>2.6</td>
</tr>
<tr>
<td>Loan rate – less than year</td>
<td>6.8</td>
<td>5.4</td>
<td>5.2</td>
<td>4.7</td>
<td>4.3</td>
<td>4.2</td>
<td>3.5</td>
</tr>
<tr>
<td>Loan rate – more than year</td>
<td>7.5</td>
<td>7.0</td>
<td>6.5</td>
<td>6.0</td>
<td>5.7</td>
<td>5.3</td>
<td>5.2</td>
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Deposits’ and loans’ rates in EUR – enterprises

<table>
<thead>
<tr>
<th></th>
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<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tr>
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<td>2,4</td>
<td>2,3</td>
<td>1,6</td>
<td>2,0</td>
<td>0,9</td>
<td>0,4</td>
<td>0,9</td>
</tr>
<tr>
<td>Deposit rate – more than year</td>
<td>7,6</td>
<td>7,4</td>
<td>4,2</td>
<td>2,9</td>
<td>3,4</td>
<td>1,9</td>
<td>0,7</td>
</tr>
<tr>
<td>Loan rate – less than year</td>
<td>7,7</td>
<td>7,3</td>
<td>6,9</td>
<td>6,4</td>
<td>5,5</td>
<td>4,9</td>
<td>4,5</td>
</tr>
<tr>
<td>Loan rate – more than year</td>
<td>8,2</td>
<td>7,8</td>
<td>7,3</td>
<td>6,9</td>
<td>5,9</td>
<td>5,2</td>
<td>4,6</td>
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Deposits’ and loans’ rates in other currencies – households

<table>
<thead>
<tr>
<th></th>
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<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit rate – less than year</td>
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<td>1,7</td>
<td>1,2</td>
<td>0,7</td>
<td>0,5</td>
<td>0,4</td>
<td>0,3</td>
</tr>
<tr>
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<td>3,3</td>
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<td>1,9</td>
<td>1,6</td>
<td>1,4</td>
<td>1,3</td>
</tr>
<tr>
<td>Loan rate – less than year</td>
<td>7,6</td>
<td>6,9</td>
<td>7,2</td>
<td>7,8</td>
<td>4,8</td>
<td>4,5</td>
<td>4,8</td>
</tr>
<tr>
<td>Loan rate – more than year</td>
<td>7,7</td>
<td>7,2</td>
<td>6,7</td>
<td>5,8</td>
<td>5,4</td>
<td>4,9</td>
<td>4,7</td>
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</table>
Deposits' and loans' rates in other currencies – enterprises

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit rate – less than year</td>
<td>2,3</td>
<td>2,1</td>
<td>1,7</td>
<td>1,7</td>
<td>1,4</td>
<td>0,9</td>
<td>1,0</td>
</tr>
<tr>
<td>Deposit rate – more than year</td>
<td>3,5</td>
<td>2,9</td>
<td>2,6</td>
<td>1,4</td>
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<td>1,2</td>
<td>1,4</td>
</tr>
<tr>
<td>Loan rate – less than year</td>
<td>7,0</td>
<td>6,4</td>
<td>5,9</td>
<td>5,7</td>
<td>5,0</td>
<td>4,6</td>
<td>3,9</td>
</tr>
<tr>
<td>Loan rate – more than year</td>
<td>6,5</td>
<td>6,3</td>
<td>6,0</td>
<td>5,7</td>
<td>5,2</td>
<td>4,6</td>
<td>4,2</td>
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</tbody>
</table>
The basic features of the banking sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Regulatory capital (EUR mln.)</th>
<th>Total weighted risk (EUR mln.)</th>
<th>Capital adequacy rate (%)</th>
<th>Total loans (EUR mln.)</th>
<th>Non-performing loans (EUR mln.)</th>
<th>Ratio of non-performing to total loans (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>723,6</td>
<td>4,227,4</td>
<td>17,1</td>
<td>3,515,9</td>
<td>368,9</td>
<td>10,5</td>
</tr>
<tr>
<td>2013</td>
<td>740,4</td>
<td>4,394,0</td>
<td>16,8</td>
<td>3,741,3</td>
<td>430,5</td>
<td>11,5</td>
</tr>
<tr>
<td>2014</td>
<td>736,9</td>
<td>4,707,0</td>
<td>15,7</td>
<td>4,114,5</td>
<td>466,3</td>
<td>11,3</td>
</tr>
<tr>
<td>2015</td>
<td>778,3</td>
<td>5,024,3</td>
<td>15,5</td>
<td>4,505,8</td>
<td>487,2</td>
<td>10,8</td>
</tr>
<tr>
<td>2016</td>
<td>808,9</td>
<td>5,313,6</td>
<td>15,2</td>
<td>4,569,9</td>
<td>300,9</td>
<td>6,6</td>
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<tr>
<td>2017</td>
<td>882,9</td>
<td>5,614,1</td>
<td>15,7</td>
<td>4,839,4</td>
<td>307,0</td>
<td>6,3</td>
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<tr>
<td>2018</td>
<td>988,0</td>
<td>5,978,0</td>
<td>16,5</td>
<td>5,205,0</td>
<td>270,0</td>
<td>5,2</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Net profit/loss (EUR mln.)</th>
<th>Return on equity (%)</th>
<th>Liquid to total assets (%)</th>
<th>Liquid assets to short-term financial liabilities (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>23,8</td>
<td>3,8</td>
<td>32,9</td>
<td>53,9</td>
</tr>
<tr>
<td>2013</td>
<td>37,6</td>
<td>5,7</td>
<td>32,8</td>
<td>57,3</td>
</tr>
<tr>
<td>2014</td>
<td>51,2</td>
<td>7,4</td>
<td>33,2</td>
<td>59,2</td>
</tr>
<tr>
<td>2015</td>
<td>75,3</td>
<td>10,4</td>
<td>31,4</td>
<td>54,8</td>
</tr>
<tr>
<td>2016</td>
<td>102,9</td>
<td>13,6</td>
<td>30,9</td>
<td>53,5</td>
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<tr>
<td>2017</td>
<td>106,6</td>
<td>13,5</td>
<td>29,8</td>
<td>51,7</td>
</tr>
<tr>
<td>2018</td>
<td>136,0</td>
<td>16,0</td>
<td>30,6</td>
<td>53,2</td>
</tr>
</tbody>
</table>

* In March 2012, the National Bank adopted a new Decision on the methodology for determining capital adequacy, which prescribed the method of calculating the capital that banks needed to cover the credit risk, operational risk, market risks and currency risk, and the way of calculating their own funds. The calculation of the capital requirement for credit risk is based on the so-called standardized approach in accordance with the Basel II international capital agreement. Under this approach, the capital requirement for credit risk arising from the on-balance sheet and off-balance sheet claims of banks is determined by the credit rating assigned to the debtor or the claim by the recognized external institutions for the assessment of credit risk, or on the basis of the credit risk of the country where the debtor’s head office is located.

As part of the compliance process of the domestic regulations with the reforms of the international capital standard Basel III, as well as with the provisions of the European Regulation 575/2013 on prudential requirements for credit institutions and investment firms, in the part of the structure of the banks’ own fund, in December 2016, the National Bank adopted amendments to the Decision on the methodology for determining the capital adequacy, which were based on the amendments and additions to the Banking Law of October 2016. The most significant amendments relate to the strengthening of the quality of own funds, both in terms of their structure and in terms of the criteria that should be met by certain positions in order to be a part of the banks’ own funds. In this context, the own funds continue to be divided into Tier 1 and Tier 2 capital, but the new Decision changes the structure of the Tier 1 capital, which is divided into Common Equity Tier 1 capital and Additional Tier 1 capital. The Common Equity Tier 1 capital includes capital positions with the highest quality (equity capital and reserves) which are fully and readily available to cover risks and losses during the bank’s operation. The new own funds component, the Additional Tier 1 capital, includes instruments which, among
other things, contain a clause for their transformation into instruments of the Common Equity Tier 1 capital or for their write-off on temporary or permanent basis (reduction in the value of their principal), if the so-called critical event occurs. The amendments to the Decision on the capital adequacy replace current restrictions in terms of size and ratio of individual elements of the own funds with the statutory prescribed minimal rates for the Common Equity Tier 1 capital, Tier 1 capital and own funds, i.e. 4.5% for the Common Equity Tier 1 capital, 6% for the Tier 1 capital and 8% for the own funds of the risk-weighted assets. Thus, the greatest importance is given to the Common Equity Tier 1 capital positions (shares, reserves, retained undistributed profit), as capital positions with the highest quality.

**INSURANCE SECTOR**

**Legal framework**

Legal framework for insurance sector operations:

- Law on Insurance Supervision (Official Gazette 27/02, 98/02, 79/07, 88/08, 67/10, 44/11, 112/11, 188/13, 30/14, 43/14, 112/14, 153/15, 192/15, 23/16, 83/18, 198/18, 101/19 and 31/20),
- Law on Compulsory Traffic Insurance (Official Gazette 88/05, 70/06, 81/08, 47/11, 135/11, 112/14, 145/15 and 220/19),
- Law on Voluntary Health Insurance (Official Gazette 145/12 and 192/15),
- The Law on Obligations (Official Gazette 18/01, 4/02, 5/03, 84/08, 81/09, 161/09 and 123/13),
- Law on Trade Companies (Official Gazette 28/04, 84/05, 25/07, 87/08, 42/10, 48/10, 24/11, 166/12, 70/13, 119/13, 120/13, 187/13, 38/14, 41/14, 138/14, 88/15, 192/15, 6/16, 30/16 and 61/16).

It is not in accordance to Solvency II.

**Important changes in regulations of the insurance sector during last four years**

*The Law on Insurance Supervision* incorporates the insurance principles and standards of the International Association of Insurance Supervisors (IAIS), as well as the EU insurance directives. The Law regulates the establishment and operation of insurance undertakings, risk management, role of authorized actuaries, financial reporting, internal and external auditing, activities of insurance brokerage companies and insurance agency, supervision over insurance undertakings, procedure for decision-making by the Insurance Supervision Agency, operations of insurance and reinsurance pools, cooperation with supervisory agencies and EU authorities, as well as penalty provisions.

During the 2013, the Law on Supervision of Insurance (Official Gazette 188/13) was amended. These amendments were made in order to promote the method and procedure for passing the exam required to obtain a license to practice as certified actuary, insurance broker, and insurance agent as part of the systemic reform for implementing professional examinations organized by public institutions in order to increase the cost-effectiveness and transparency in their implementation. In addition, in 2013, the Constitutional Court of the Republic of Macedonia adopted the Decision of the Constitutional Court no. 122/2011 (Official Gazette 23/13), repealing certain articles of the Law on Insurance Supervision stipulating that a certificate from competent institution confirming regular payment of public taxes has to be submitted in order to obtain a permit for conducting insurance activities.
In 2016 a Law on Amendment and Supplementation of the Law on Insurance Supervision was adopted (Official Gazette 23/16), harmonized with the Law on Misdemeanors (Official Gazette 124/15), setting a legal basis for ISA to prescribe the request for obtaining consent for acquiring qualified participation, as well as the procedure for obtaining documents ex officio by ISA when issuing a license for performing insurance activities, insurance representation and insurance brokerage activities. Penal provisions for non-compliance with the deadlines and the procedures for obtaining documents are also introduced.

In 2018, the Law on Amendment and Supplementation of the Law on Insurance Supervision was adopted (Official Gazette 83/18), which extended the list of recognized certificates for knowledge of a foreign language as a necessary qualification for a member of the Council of Experts.

Also, in the course of 2018, the Law on Amendment and Supplementation of the Law on Insurance Supervision was adopted (Official Gazette 198/18) which further regulates:

- The fit and proper criteria for the persons who can become shareholders and members of the management and supervisory bodies of the insurance company providing services in order to preserve the stability and the safety of the insurance sector and provide protection to insurers. Experience in the application of the Law on Insurance Supervision and the best international practices has shown that the envisaged standards of adequacy need to be strengthened in terms of experience, knowledge, reputation and financial capacity of the shareholders and the bodies of the providers of insurance services.
- Stipulate the competencies of the Insurance Supervision Agency in case of election of a member of a supervisory body that does not fulfill the prescribed criteria by law.
- The concept of taking the actuary exam changes, because the procedure for conducting the exam for acquiring the title of an actuary through an electronic test on a computer and answering questions and solving tasks based on a practical example proved to be dysfunctional, and
- More precisely, the cases in which the Insurance Supervision Agency can take appropriate measures if it determines that insurance companies, insurance brokerage companies and advisory firms do not comply with the provisions of the Law on Insurance Supervision. The measures that the Supervision Agency can take is an order, additional measures, introduction of a temporary administration and revocation of a license.

In 2019 a Law on Amendment and Supplementation of the Law on Insurance Supervision was adopted (Official Gazette 101/19) removing the item that stipulates that insurance agencies can not have capital or managerial connection with the insurance companies.

In 2020 a Law on Amendment and Supplementation of the Law on Insurance Supervision was adopted (Official Gazette 31/20), harmonizing the misdemeanor provisions in the Law on Insurance Supervision with the provisions of the Law on Misdemeanors. The new solutions of law provide determining the fine for the legal entity in the range, and determining in a fixed amount and reduction of the amount of the fine imposed for the responsible person in the legal entity, as well as the usage of the misdemeanor payment order. Also, the law changes provide that the only responsible misdemeanor body is the court, instead of the previous solution where some misdemeanors were processed in the court, while others where processed through ISA established misdemeanor commission.
The compulsory insurance in traffic is regulated by the Law on Compulsory Insurance in Traffic which stipulates the following: extended protection of the interests of victims in traffic accidents by increasing the insured sum and their gradual (upon previously legally defined phases) harmonization with the insured sum adopted in the EU Directives, regulation of the deadlines for filing claims and indemnification of claims by the insurance undertakings, imposition of the entitlement to mediation, strict regulation of the competencies of the Guarantee Fund, changes in the manner of establishing the premium tariffs for which the Auto Insurance Commission has been established, as well as facilitating the provision of cross-border insurance services by introduction of the so-called Authorized claims representative and introduction of Damage Compensation Service (the last two items shall be realized once North Macedonia joins the European Union).

The Law amending the Law on Compulsory Insurance in Traffic (Official Gazette 112/14), aligns terminology used in the Law on Vehicles (Official Gazette 140/08, 53/11, 123/12, 153/12, 70/13, 164/13 and 138/14), and in the Law on Inland Waterway Navigation (Official Gazette 55/07, 26/09, 22/10, 23/11, 53/11, 155/12, 15/13, 137/13, 163/13, 42/14 and 166/14). As per the adopted amendments, each vessel with a mechanical engine and floating objects, as defined in accordance with the Law on Inland Waterway Navigation, and all motor vehicles and coupled vehicles, as defined in accordance with the Law on Vehicles, are subject to compulsory motor third-party liability insurance.

In 2020, a Law on Amendment and Supplementation of the Law on Compulsory Insurance in Traffic (Official Gazette 31/20) was adopted, implements EU acquis on insurance for damage caused by luggage, goods, damages caused to third parties by unmanned aircraft, as well as insurance for damage caused to passengers during non-commercial air operations. Also, the changes introduce a definite final term from 60 days in which insurance companies are obliged to inform the client about the submitted claim request.

The Law on Voluntary Health Insurance prescribes a wider scope of activities for an insurance company to offer packages of health services not covered under the system for compulsory health insurance. As such, voluntary health insurance is regulated as supplementary and private. Supplementary health insurance covers partial cost obligations (co-payment) of the insured when using medical services provided with the compulsory health insurance, in accordance with the regulations of compulsory health insurance and health care protection. Private health insurance allows cost coverage for using healthcare services with higher standard than those within the compulsory health insurance; supplementary healthcare services; as well using healthcare services in medical institutions outside the network of healthcare institutions where healthcare activities are carried out, and in private institutions that make, issue, and service orthopaedic and other devices.

The Law amending and supplementing the Law on Voluntary Health Insurance (Official Gazette 192/15) harmonizes with the Law on Misdemeanours and sets fine levels. It also sets at 30% the fine amounts to the persons legally responsible for insurance undertaking. These amendments also define more precisely voluntary health insurance as a line of business that can consider voluntary health insurance and the healthcare institutions that can provide them.
Priority policies/objectives of the Government over the next three year period that could affect the insurance sector

Harmonization with the Solvency 2 Directive. The Twinning Project Further harmonisation with the EU in the field of insurance and market operations ended in March 2018 was conveyed from the Ministry of Finance and Insurance Supervision Agency with the overall objective further alignment of the national legislation with the EU acquis in the area of insurance, as well as strengthening the administrative and operational capacity in the process of fulfilling the EU standards in these areas. The enactment of the relevant law is set on middle term, but precise dates for enactments and implementation are not set.

There have not been any significant changes in the methodology in insurers reports in recent years.

Institutional framework

**Ministry of Finance** – proposes the main insurance regulation to the Parliament.

**Insurance Supervision Agency** – supervisory authority on the insurance market and responsible institution for enacting secondary legislation which undertakes public authorizations as stipulated by the Law on Insurance Supervision and the Law on Compulsory Insurance in Traffic. Insurance Supervision Agency strives to ensure an effective, lawful domestic insurance market that develops continuously, to protect adequately the rights and interests of policyholders, and to contribute towards a strong, financially stable economy.

**National Insurance Bureau** – oversees activities envisaged in international agreements for insuring owners and users of motor vehicles against traffic liabilities (green card), and represents insurance companies from North Macedonia in international insurance organisations and institutions.

There have not been any significant changes in institutional framework in the last five years.

**Minimal amount of share capital**

<table>
<thead>
<tr>
<th>Type of insurer</th>
<th>EUR mln.</th>
</tr>
</thead>
<tbody>
<tr>
<td>All nonlife classes</td>
<td>3</td>
</tr>
<tr>
<td>Particular nonlife classes</td>
<td>2</td>
</tr>
<tr>
<td>Life</td>
<td>3</td>
</tr>
<tr>
<td>Reinsurance</td>
<td>4,5</td>
</tr>
<tr>
<td>All classes (nonlife, life and reinsurance)</td>
<td>10,5</td>
</tr>
</tbody>
</table>

**Total premium income**

<table>
<thead>
<tr>
<th></th>
<th>Nonlife</th>
<th>Life</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>EUR (mln.)</td>
<td>102,6</td>
<td>8,1</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>92,7</td>
<td>7,3</td>
</tr>
<tr>
<td>2012</td>
<td>EUR (mln.)</td>
<td>104,3</td>
<td>9,7</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>91,5</td>
<td>8,5</td>
</tr>
<tr>
<td></td>
<td>Premium growth index 12/11</td>
<td>101,7</td>
<td>120,4</td>
</tr>
<tr>
<td>2013</td>
<td>EUR (mln.)</td>
<td>105,1</td>
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</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>89,9</td>
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</tr>
<tr>
<td></td>
<td>Premium growth index 13/12</td>
<td>100,7</td>
<td>121,9</td>
</tr>
<tr>
<td>Year</td>
<td>EUR (mln.)</td>
<td>Share (%)</td>
<td>Premium growth index</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
<td>-----------</td>
<td>----------------------</td>
</tr>
<tr>
<td>2014</td>
<td>109,7</td>
<td>88,4</td>
<td>104,4</td>
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<tr>
<td>2015</td>
<td>116,5</td>
<td>86,7</td>
<td>106,3</td>
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<tr>
<td>2016</td>
<td>120,9</td>
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<td>103,8</td>
</tr>
<tr>
<td>2017</td>
<td>122,7</td>
<td>83,9</td>
<td>101,5</td>
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<tr>
<td>2018</td>
<td>134,3</td>
<td>83,2</td>
<td>109,4</td>
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</table>

**Insurance penetration and insurance density**

<table>
<thead>
<tr>
<th>Year</th>
<th>Premium as % of GDP</th>
<th>Premium per capita (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonlife</td>
<td>1,40</td>
<td>50</td>
</tr>
<tr>
<td>Life</td>
<td>0,10</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>1,50</td>
<td>54</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonlife</td>
<td>1,40</td>
<td>51</td>
</tr>
<tr>
<td>Life</td>
<td>0,10</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>1,50</td>
<td>55</td>
</tr>
<tr>
<td>Year</td>
<td>Nonlife</td>
<td>Life</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>------</td>
</tr>
<tr>
<td>2013</td>
<td>1.30</td>
<td>0.10</td>
</tr>
<tr>
<td>2014</td>
<td>1.30</td>
<td>0.20</td>
</tr>
<tr>
<td>2015</td>
<td>1.30</td>
<td>0.20</td>
</tr>
<tr>
<td>2016</td>
<td>1.30</td>
<td>0.20</td>
</tr>
<tr>
<td>2017</td>
<td>1.22</td>
<td>0.23</td>
</tr>
<tr>
<td>2018</td>
<td>1.25</td>
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</table>

![Insurance penetration (%)](image)
<table>
<thead>
<tr>
<th>Year</th>
<th>Number of companies</th>
<th>Average premium per company (EUR mln.)</th>
<th>Market share of the largest company (%)</th>
<th>Market share of the largest three companies (%)</th>
<th>Market share of the largest five companies (%)</th>
<th>Number of companies with market share less than 3%</th>
<th>Number of (direct) employees in the insurance sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>15</td>
<td>7,4</td>
<td>18,2</td>
<td>40,7</td>
<td>60,4</td>
<td>3</td>
<td>1.423</td>
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<td>17,6</td>
<td>36,8</td>
<td>56,8</td>
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<td>1.460</td>
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<td>2013</td>
<td>15</td>
<td>7,8</td>
<td>15,0</td>
<td>35,6</td>
<td>54,4</td>
<td>3</td>
<td>1.613</td>
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<tr>
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<td>8,3</td>
<td>15,0</td>
<td>35,6</td>
<td>53,5</td>
<td>3</td>
<td>1.744</td>
</tr>
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<td>9,0</td>
<td>15,6</td>
<td>37,4</td>
<td>54,2</td>
<td>3</td>
<td>1.831</td>
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<tr>
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<td>15</td>
<td>9,5</td>
<td>15,2</td>
<td>35,7</td>
<td>53,5</td>
<td>3</td>
<td>1.933</td>
</tr>
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<td>15</td>
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<td>14,6</td>
<td>34,2</td>
<td>51,0</td>
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<td>1.940</td>
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<td>14,4</td>
<td>34,3</td>
<td>50,5</td>
<td>3</td>
<td>1.949</td>
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</table>
Ownership structure in 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife</th>
<th>Life</th>
<th>Composite</th>
<th>Reinsurance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>87,3</td>
<td>100,0</td>
<td>n/a</td>
<td>100,0</td>
<td>89,5</td>
</tr>
<tr>
<td>2012</td>
<td>87,3</td>
<td>100,0</td>
<td>n/a</td>
<td>100,0</td>
<td>89,5</td>
</tr>
<tr>
<td>2013</td>
<td>87,3</td>
<td>100,0</td>
<td>n/a</td>
<td>100,0</td>
<td>89,5</td>
</tr>
<tr>
<td>2014</td>
<td>87,3</td>
<td>100,0</td>
<td>n/a</td>
<td>100,0</td>
<td>89,5</td>
</tr>
<tr>
<td>2015</td>
<td>87,3</td>
<td>100,0</td>
<td>n/a</td>
<td>100,0</td>
<td>89,5</td>
</tr>
<tr>
<td>2016</td>
<td>87,3</td>
<td>100,0</td>
<td>n/a</td>
<td>100,0</td>
<td>89,5</td>
</tr>
<tr>
<td>2017</td>
<td>87,3</td>
<td>100,0</td>
<td>n/a</td>
<td>100,0</td>
<td>89,5</td>
</tr>
<tr>
<td>2018</td>
<td>87,3</td>
<td>100,0</td>
<td>n/a</td>
<td>100,0</td>
<td>89,5</td>
</tr>
</tbody>
</table>
## Total premium per major insurance classes

<table>
<thead>
<tr>
<th>Insurance class</th>
<th>2017 EUR mln.</th>
<th>2017 Share (%)</th>
<th>2018 EUR mln.</th>
<th>2018 Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident</td>
<td>10,9</td>
<td>7,4</td>
<td>11,1</td>
<td>6,9</td>
</tr>
<tr>
<td>Health</td>
<td>0,9</td>
<td>0,6</td>
<td>2,0</td>
<td>1,3</td>
</tr>
<tr>
<td>Land motor vehicles</td>
<td>12,3</td>
<td>8,4</td>
<td>13,0</td>
<td>8,0</td>
</tr>
<tr>
<td>Railway</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Aircrafts</td>
<td>0,5</td>
<td>0,3</td>
<td>0,5</td>
<td>0,3</td>
</tr>
<tr>
<td>Vessels</td>
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<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Goods in transit</td>
<td>1,1</td>
<td>0,8</td>
<td>1,3</td>
<td>0,8</td>
</tr>
<tr>
<td>Fire and natural disasters</td>
<td>7,8</td>
<td>5,3</td>
<td>9,5</td>
<td>5,9</td>
</tr>
<tr>
<td>Other property insurance</td>
<td>15,6</td>
<td>10,6</td>
<td>18,4</td>
<td>11,4</td>
</tr>
<tr>
<td>MTPL</td>
<td>66,2</td>
<td>45,2</td>
<td>70,2</td>
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<tr>
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<td>0,1</td>
<td>0,1</td>
<td>0,1</td>
</tr>
<tr>
<td>Use of vessels liability</td>
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<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Other liability</td>
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<td>2,3</td>
<td>3,5</td>
<td>2,1</td>
</tr>
<tr>
<td>Credit</td>
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<td>0,0</td>
<td>0,1</td>
<td>0,0</td>
</tr>
<tr>
<td>Surety</td>
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<td>0,0</td>
<td>0,1</td>
<td>0,1</td>
</tr>
<tr>
<td>Miscellaneous financial losses</td>
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<td>0,7</td>
</tr>
<tr>
<td>Legal protection</td>
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<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Assistance – other nonlife</td>
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<td>2,2</td>
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<td>2,1</td>
</tr>
<tr>
<td>NONLIFE</td>
<td>122,7</td>
<td>83,9</td>
<td>134,3</td>
<td>83,2</td>
</tr>
<tr>
<td>LIFE</td>
<td>23,5</td>
<td>16,1</td>
<td>27,2</td>
<td>16,8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>146,2</strong></td>
<td><strong>100,0</strong></td>
<td><strong>161,4</strong></td>
<td><strong>100,0</strong></td>
</tr>
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</table>

![Share in total premium graph](chart.png)
## Insurance companies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
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<td>21,4</td>
<td>-</td>
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<td>23,2</td>
<td>0,0</td>
<td>14,4</td>
</tr>
<tr>
<td>2</td>
<td>Eurolink</td>
<td>14,7</td>
<td>-</td>
<td>14,7</td>
<td>0,0</td>
<td>17,4</td>
<td>0,0</td>
<td>10,8</td>
</tr>
<tr>
<td>3</td>
<td>Macedonia</td>
<td>13,9</td>
<td>-</td>
<td>13,9</td>
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<td>14,8</td>
<td>0,0</td>
<td>9,2</td>
</tr>
<tr>
<td>4</td>
<td>Sava</td>
<td>12,7</td>
<td>-</td>
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<td>0,0</td>
<td>13,1</td>
<td>0,0</td>
<td>8,1</td>
</tr>
<tr>
<td>5</td>
<td>Winner</td>
<td>11,9</td>
<td>-</td>
<td>11,9</td>
<td>0,0</td>
<td>13,1</td>
<td>0,0</td>
<td>8,1</td>
</tr>
<tr>
<td>6</td>
<td>Uniqa</td>
<td>11,4</td>
<td>-</td>
<td>11,4</td>
<td>0,0</td>
<td>12,5</td>
<td>0,0</td>
<td>7,8</td>
</tr>
<tr>
<td>7</td>
<td>Osiguritelna polisa</td>
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<td>-</td>
<td>11,4</td>
<td>0,0</td>
<td>12,5</td>
<td>0,0</td>
<td>7,8</td>
</tr>
<tr>
<td>8</td>
<td>Croatia life</td>
<td>-</td>
<td>10,1</td>
<td>10,1</td>
<td>0,0</td>
<td>11,4</td>
<td>0,0</td>
<td>7,1</td>
</tr>
<tr>
<td>9</td>
<td>Evroins</td>
<td>9,3</td>
<td>-</td>
<td>9,3</td>
<td>0,0</td>
<td>11,0</td>
<td>0,0</td>
<td>6,8</td>
</tr>
<tr>
<td>10</td>
<td>Grawe</td>
<td>-</td>
<td>8,3</td>
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<td>8,4</td>
<td>0,0</td>
<td>5,2</td>
</tr>
<tr>
<td>11</td>
<td>Croatia nonlife</td>
<td>6,6</td>
<td>-</td>
<td>6,6</td>
<td>0,0</td>
<td>6,9</td>
<td>0,0</td>
<td>4,3</td>
</tr>
<tr>
<td>12</td>
<td>Albsig</td>
<td>5,1</td>
<td>-</td>
<td>5,1</td>
<td>0,0</td>
<td>5,6</td>
<td>0,0</td>
<td>3,5</td>
</tr>
<tr>
<td>13</td>
<td>Eurosig</td>
<td>4,5</td>
<td>-</td>
<td>4,5</td>
<td>0,0</td>
<td>5,5</td>
<td>0,0</td>
<td>3,4</td>
</tr>
<tr>
<td>14</td>
<td>Winner life</td>
<td>-</td>
<td>3,7</td>
<td>3,7</td>
<td>0,0</td>
<td>4,4</td>
<td>0,0</td>
<td>2,7</td>
</tr>
<tr>
<td>15</td>
<td>Uniqa life</td>
<td>-</td>
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<td>1,4</td>
<td>0,0</td>
<td>1,6</td>
<td>0,0</td>
<td>1,0</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>122,7</strong></td>
<td><strong>23,5</strong></td>
<td><strong>146,2</strong></td>
<td><strong>134,3</strong></td>
<td><strong>27,2</strong></td>
<td><strong>161,4</strong></td>
<td><strong>100,0</strong></td>
</tr>
</tbody>
</table>

![Chart showing the distribution of insurance premiums by company and category for 2017 and 2018.](chart.png)
**Insurance association activities**

There is no professional insurance association. The only association the insurance sector has is within the Economic Chamber of North Macedonia. The activities of the association are limited to couple of activities like supporting initiatives of the insurance companies in front of the government institutions and organizing events that promote education both to the insurers and the public.

**OTHER RELEVANT FINANCIAL INSTITUTIONS**

**Pension funds**

Laws which regulate pension funds are the following:

- Law on Mandatory Fully Funded Pension Insurance (Official Gazette 29/02, 85/03, 40/04, 113/05, 29/07, 88/08, 48/09, 50/10, 171/10, 36/11, 98/12, 13/13, 164/13, 44/14, 192/15, 36/11, 21/18 and 245/18) and
- Law on Voluntary Fully Funded Pension Insurance (Official Gazette 7/08, 124/10, 17/11 and 13/13).

Supervision and regulation of pension funds in North Macedonia is performed by the Agency for Supervision of Fully Funded Pension Insurance (MAPAS).

**Number of pension funds**

The fully funded pension insurance includes two pension companies. Both companies manage one mandatory pension fund and one voluntary pension fund. The two pension companies are the following:

1. Akcionersko drustvo za upravuvanje so zadolzitelni i dobrovolni penziski fondovi “NLB Nov penziski fond” Skopje, which manages:
   - Otvoren zadolzitelen penziski fond – “NLB Penziski fond” Skopje and
   - Otvoren dobrovolen penziski fond – “NLB Penzija plus” Skopje.

2. KB Prvo drustvo za upravuvanje so zadolzitelni i dobrovolni penziski fondovi AD Skopje, which manages:
   - KB Prv otvoren zadolzitelen penziski fond – Skopje and
   - KB Prv otvoren dobrovolen penziski fond – Skopje.

In 2018 the fully funded pension insurance includes two pension companies. Both companies manage one mandatory pension fund and one voluntary pension fund. Two pension companies are the following:

1. Drustvo za upravuvanje so zadolzitelni i dobrovolni penziski fondovi Sava penzisko drustvo A.D Skopje, which manages:
   a. Otvoren zadolzitelen penziski fond Sava penziski fond and
   b. Otvoren dobrovolen penziski fond Sava penzija plus Shareholder of Drustvo za upravuvanje so zadolzitelni i dobrovolni penziski fondovi Sava penzisko drustvo A.D Skopje is Pozavarovalnica Sava d.d, Republic of Slovenia, which represents 100% of the Pension Company equity.

---

2. KB PRVO drustvo za upravuvanje so zadolzitelni i dobrovolni penziski fondovi AD Skopje, which manages:
   a. KB PRV otvoren zadolzitelen penziski fond – Skopje and
   b. KB PRV otvoren dobrovolen penziski fond – Skopje.

**Distribution of the mandatory pension fund's membership by their status**

<table>
<thead>
<tr>
<th>At the end of the year</th>
<th>Mandatory pension fund</th>
<th>Voluntary</th>
<th>Mandatory</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>With contract</td>
<td>Allocated</td>
</tr>
<tr>
<td>2016</td>
<td>NLBm</td>
<td>32</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>KBPm</td>
<td>37</td>
<td>89</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>69</strong></td>
<td><strong>171</strong></td>
</tr>
<tr>
<td>2017</td>
<td>NLBm</td>
<td>32</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>KBPm</td>
<td>37</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>69</strong></td>
<td><strong>172</strong></td>
</tr>
<tr>
<td>2018</td>
<td>SAVAm*</td>
<td>32</td>
<td>83</td>
</tr>
<tr>
<td></td>
<td>KBPm</td>
<td>37</td>
<td>91</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>69</strong></td>
<td><strong>174</strong></td>
</tr>
</tbody>
</table>

*SAVAm instead NLBm in 2018.

**Distribution of the voluntary pension fund's membership by their type**

<table>
<thead>
<tr>
<th>At the end of the year</th>
<th>Voluntary pension fund</th>
<th>With voluntary individual account</th>
<th>In a pension scheme with occupational account</th>
<th>With voluntary individual account</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>NLBv</td>
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<td>3</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>KBPv</td>
<td>2</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>8</strong></td>
<td><strong>43</strong></td>
<td><strong>23</strong></td>
</tr>
<tr>
<td>2017</td>
<td>NLBv</td>
<td>6</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>KBPv</td>
<td>3</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
<td><strong>15</strong></td>
<td><strong>44</strong></td>
</tr>
<tr>
<td>2018</td>
<td>NLBv</td>
<td>7</td>
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<td>10</td>
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<td></td>
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<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>15</strong></td>
<td><strong>24</strong></td>
</tr>
</tbody>
</table>

**Pension funds' net assets**

<table>
<thead>
<tr>
<th></th>
<th>EUR mln.</th>
</tr>
</thead>
<tbody>
<tr>
<td>NLBm</td>
<td>363,7</td>
</tr>
<tr>
<td>KBPm</td>
<td>417,9</td>
</tr>
<tr>
<td><strong>Total mandatory funds</strong></td>
<td>781,5</td>
</tr>
<tr>
<td>NLBv</td>
<td>7,5</td>
</tr>
<tr>
<td>KBPv</td>
<td>8,8</td>
</tr>
<tr>
<td><strong>Total voluntary funds</strong></td>
<td>16,2</td>
</tr>
<tr>
<td><strong>TOTAL FUNDS</strong></td>
<td>797,8</td>
</tr>
</tbody>
</table>
### Mandatory pension funds’ total assets investment structure

<table>
<thead>
<tr>
<th>Type of asset</th>
<th>NLBm</th>
<th>KBPm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds of foreign issuers</td>
<td>43</td>
<td>11,0</td>
</tr>
<tr>
<td>Investment funds of foreign issuers</td>
<td>48</td>
<td>13,0</td>
</tr>
<tr>
<td>Shares of domestic issuers</td>
<td>14</td>
<td>3,0</td>
</tr>
<tr>
<td>Bonds of domestic issuers</td>
<td>206</td>
<td>56,0</td>
</tr>
<tr>
<td>Investment funds of domestic issuers</td>
<td>5</td>
<td>1,0</td>
</tr>
<tr>
<td>Total investment in securities</td>
<td>320</td>
<td>87,0</td>
</tr>
<tr>
<td>Deposits</td>
<td>43</td>
<td>11,0</td>
</tr>
<tr>
<td>Cash</td>
<td>0</td>
<td>0,0</td>
</tr>
<tr>
<td>Receivables</td>
<td>1</td>
<td>0,0</td>
</tr>
<tr>
<td>Total assets</td>
<td>364</td>
<td>100,0</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>0</td>
<td>0,0</td>
</tr>
<tr>
<td>Net assets</td>
<td>364</td>
<td>99,0</td>
</tr>
</tbody>
</table>

### Voluntary pension funds’ total assets investment structure

<table>
<thead>
<tr>
<th>Type of asset</th>
<th>NLBv</th>
<th>KBPv</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds of foreign issuers</td>
<td>1</td>
<td>12,9</td>
</tr>
<tr>
<td>Investment funds of foreign issuers</td>
<td>0</td>
<td>1,4</td>
</tr>
<tr>
<td>Shares of domestic issuers</td>
<td>1</td>
<td>13,7</td>
</tr>
<tr>
<td>Bonds of domestic issuers</td>
<td>1</td>
<td>13,2</td>
</tr>
<tr>
<td>Total investment in securities</td>
<td>3</td>
<td>45,1</td>
</tr>
<tr>
<td>Deposits</td>
<td>6</td>
<td>86,3</td>
</tr>
<tr>
<td>Cash</td>
<td>1</td>
<td>12,7</td>
</tr>
<tr>
<td>Receivables</td>
<td>0</td>
<td>0,0</td>
</tr>
<tr>
<td>Total assets</td>
<td>7</td>
<td>100,0</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>0</td>
<td>0,4</td>
</tr>
<tr>
<td>Net assets</td>
<td>7</td>
<td>99,6</td>
</tr>
</tbody>
</table>
**Investment funds**

Law which regulates investment funds is Law on Investment Funds (Official Gazette 12/09, 67/10, 24/11, 188/13, 145/13 and 23/16)

Supervision and regulation of pension funds in North Macedonia is performed by the National Bank of the Republic of North Macedonia.

The analysis in this section does not include private investment funds and private funds management companies, since the Law on Investment Funds (Official Gazette 12/09, 67/10, 24/11, 188/13, 145/13 and 23/16) does not require supervision of private funds, i.e. of the companies authorized to manage private funds, or an obligation for regular reporting to the appropriate authority in North Macedonia.

**Number of investment funds**

Investment funds are the smallest segment among institutional investors. In 2017, 15 open-end investment funds operated in North Macedonia. Considering the absence of closed-end investment funds in North Macedonia, the entire analysis in this section refers to open-end investment funds.

**Investment funds’ net assets**

![Bar chart showing investment funds' net assets](chart.png)

<table>
<thead>
<tr>
<th>Date</th>
<th>Cash funds</th>
<th>Debt funds</th>
<th>Equity (share) funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2016</td>
<td>43.3</td>
<td>4.1</td>
<td>11.6</td>
</tr>
<tr>
<td>31.12.2017</td>
<td>55.2</td>
<td>10.5</td>
<td>22.2</td>
</tr>
</tbody>
</table>

EUR millions

²⁷Data from the National bank of the Republic of North Macedonia (http://www.nbrm.mk/izvieshtai_za_finansiskata_stabilnost-en.nspx).
Investment funds’ investment structure in 2017

Other financial institutions (savings houses, leasing companies and financial companies)²⁸

Savings houses

Legal framework

Law which regulates saving houses is Law on Banks (Official Gazette 67/07, 90/09, 67/10, 26/13, 15/15, 153/15, 190/16 and 7/19)

Supervision and regulation of saving houses in North Macedonia is performed by the National Bank of the Republic of North Macedonia.

The importance of the savings houses to the financial system of the Republic of North Macedonia, according to the volume of their activities, is small. In 2017, there are two saving houses in the market, that are mainly active on the household market.

**Saving houses’ asset structure**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, gold, accounts and deposits to banks and reserve requirement with NBRM</td>
<td>2,9</td>
<td>2,7</td>
</tr>
<tr>
<td>Portfolio - investments in securities</td>
<td>1,0</td>
<td>1,2</td>
</tr>
<tr>
<td>Loans to nonfinancial companies</td>
<td>25,4</td>
<td>26,6</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>1,1</td>
<td>1,2</td>
</tr>
<tr>
<td>Other assets</td>
<td>0,5</td>
<td>0,5</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>30,8</strong></td>
<td><strong>32,2</strong></td>
</tr>
</tbody>
</table>

**Leasing companies**

**Legal framework**

Law which regulates leasing companies is Law on Leasing (Official Gazette 04/02, 49/03, 13/06, 88/08, 35/11, 51/11, 148/13, 145/15, 23/16 and 37/16).

Supervision and regulation of leasing companies in North Macedonia is performed by the Ministry of Finance of North Macedonia.

**Number of leasing companies**

In 2017, the number of leasing companies remained seven, unchanged compared to the previous year. Unlike the past four years, when the scope of activities of this sector was continuously decreasing, in 2017, the total assets of the leasing companies increased by 19,9%. The foreign capital is dominant in the overall ownership structure. All companies are with 100% foreign capital. The leasing market is still underdeveloped compared to most other countries in SEE, but satisfactory results and continuing development were registered.

**Leasing companies’ asset structure**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial lease receivables</td>
<td>39,5</td>
<td>48,5</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>9,3</td>
<td>12,3</td>
</tr>
<tr>
<td>Loans</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Deposits</td>
<td>0,5</td>
<td>0,2</td>
</tr>
<tr>
<td>Other assets</td>
<td>4,1</td>
<td>3,1</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>53,4</strong></td>
<td><strong>64,1</strong></td>
</tr>
</tbody>
</table>
Value of active leasing contracts (left scale) and number active contracts (right scale) of leasing companies – according to client type

Financial companies

Law which regulates financial companies is Law on Financial Companies (Official Gazette 158/10, 53/11, 112/14, 153/15 and 23/16).

Supervision and regulation of financial companies in North Macedonia is performed by the Ministry of Finance of North Macedonia.

In 2017, the number of licensed financial companies increased by four (and amounted to nineteen) and increased in the total assets of 107.6% compared to 2016.

Financial companies’ assets structure

<table>
<thead>
<tr>
<th></th>
<th>EUR mln.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>2,4</td>
</tr>
<tr>
<td>Loan receivables</td>
<td>4,6</td>
</tr>
<tr>
<td>Factoring and forfeiting receivables</td>
<td>1,5</td>
</tr>
<tr>
<td>Issued credit card receivables</td>
<td>5,7</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>1,1</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,0</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>16,2</strong></td>
</tr>
</tbody>
</table>

The increase in the scope of work of financial companies was shown through the significantly increased number and value of newly concluded contracts. The threefold increased in the number of newly concluded contracts in 2017 is mostly due to natural persons. Also, the number and value of active contracts moves to the upside with both natural persons and legal entities, with the increase among natural persons being more significant. Natural persons are dominant users of the services offered by the financial companies, accounting for 79.3% of the total value
of active contracts, while in the total value of newly concluded contracts, natural persons occupied almost 53%.

**Value of new contracts (left) and number of contracts (right) of financial companies – according to client type**

![Graph showing value of new contracts and number of contracts by client type, comparing 2016 and 2017 for legal entities and natural persons. The graph indicates a comparison of values in EUR million for new contracts and the number of new contracts for each category.]
ROMANIA

Report for Romania has been done on the basis of official reports of National Bank of Romania, National Institute of Statistics, Financial Supervisory Authority, National Association of Insurance and Reinsurance Companies from Romania, and other relevant data sources. All conversions from the national currency the Romanian leu (RON) to EUR have been made at official midpoint exchange rate of the National Bank of Romania for the corresponding year.

**MACROECONOMIC INDICATORS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (× 1.000)</th>
<th>Nominal GDP (EUR mln.)</th>
<th>GDP per capita (EUR)</th>
<th>Real GDP growth rate (%)</th>
<th>Unemployment rate (%)</th>
<th>Average net salary (EUR/month)</th>
<th>Inflation rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>20.538</td>
<td>136.900</td>
<td>6.367</td>
<td>9.3</td>
<td>5.6</td>
<td>355</td>
<td>7.9</td>
</tr>
<tr>
<td>2009</td>
<td>20.367</td>
<td>125.291</td>
<td>6.152</td>
<td>-5.5</td>
<td>6.5</td>
<td>321</td>
<td>5.6</td>
</tr>
<tr>
<td>2010</td>
<td>20.247</td>
<td>125.477</td>
<td>6.197</td>
<td>-3.9</td>
<td>7.0</td>
<td>330</td>
<td>6.1</td>
</tr>
<tr>
<td>2011</td>
<td>20.148</td>
<td>131.963</td>
<td>6.550</td>
<td>2.0</td>
<td>7.2</td>
<td>341</td>
<td>5.8</td>
</tr>
<tr>
<td>2012</td>
<td>20.060</td>
<td>133.246</td>
<td>6.642</td>
<td>2.1</td>
<td>6.8</td>
<td>338</td>
<td>3.3</td>
</tr>
<tr>
<td>2013</td>
<td>19.989</td>
<td>143.802</td>
<td>7.194</td>
<td>3.5</td>
<td>7.1</td>
<td>357</td>
<td>4.0</td>
</tr>
<tr>
<td>2014</td>
<td>19.916</td>
<td>150.428</td>
<td>7.553</td>
<td>3.4</td>
<td>6.8</td>
<td>382</td>
<td>1.1</td>
</tr>
<tr>
<td>2015</td>
<td>19.822</td>
<td>160.312</td>
<td>8.087</td>
<td>3.9</td>
<td>6.8</td>
<td>418</td>
<td>-0.6</td>
</tr>
<tr>
<td>2016</td>
<td>19.706</td>
<td>170.378</td>
<td>8.646</td>
<td>4.8</td>
<td>5.9</td>
<td>456</td>
<td>-1.5</td>
</tr>
<tr>
<td>2018</td>
<td>19.477</td>
<td>204.662</td>
<td>10.508</td>
<td>4.4</td>
<td>4.2</td>
<td>568</td>
<td>4.6</td>
</tr>
</tbody>
</table>

**STRUCTURE OF THE FINANCIAL SERVICE SECTOR**

<table>
<thead>
<tr>
<th>Financial institution</th>
<th>Banks</th>
<th>Non-bank financial institutions</th>
<th>Insurance corporations</th>
<th>Private pension funds</th>
<th>Investment funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets (share in %)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>81.8</td>
<td>7.6</td>
<td>3.5</td>
<td>1.0</td>
<td>6.1</td>
<td>100.0</td>
</tr>
<tr>
<td>2011</td>
<td>81.9</td>
<td>6.9</td>
<td>3.6</td>
<td>1.4</td>
<td>6.2</td>
<td>100.0</td>
</tr>
<tr>
<td>2012</td>
<td>81.1</td>
<td>6.6</td>
<td>3.8</td>
<td>2.1</td>
<td>6.4</td>
<td>100.0</td>
</tr>
<tr>
<td>2013</td>
<td>79.8</td>
<td>6.4</td>
<td>3.6</td>
<td>2.9</td>
<td>7.4</td>
<td>100.0</td>
</tr>
<tr>
<td>2014</td>
<td>78.7</td>
<td>6.0</td>
<td>3.4</td>
<td>3.9</td>
<td>8.0</td>
<td>100.0</td>
</tr>
<tr>
<td>2015</td>
<td>77.6</td>
<td>5.8</td>
<td>3.9</td>
<td>4.8</td>
<td>8.0</td>
<td>100.0</td>
</tr>
<tr>
<td>2016</td>
<td>76.3</td>
<td>5.9</td>
<td>4.2</td>
<td>5.9</td>
<td>7.7</td>
<td>100.0</td>
</tr>
<tr>
<td>2017</td>
<td>75.6</td>
<td>6.0</td>
<td>4.1</td>
<td>6.8</td>
<td>7.4</td>
<td>100.0</td>
</tr>
<tr>
<td>2018*</td>
<td>75.5</td>
<td>6.1</td>
<td>3.9</td>
<td>7.7</td>
<td>6.8</td>
<td>100.0</td>
</tr>
</tbody>
</table>

* Data for September 2018.
**Banking Sector**

**Legal and institutional framework**

The framework of the Romanian financial sector is represented by a series of enactments regulating the supervision and control of both banks and non-banking financial institutions. The banking activity is mainly subject to the provisions of Law No. 58/1998 as republished (the Banking Law) and Law No. 312/2004 regarding the Statute of the National Bank of Romania (NBR).

As in case of Bulgaria, after the Romania accession to the EU on 1 January 2007, the legislation underwent significant changes in order to comply with EU directives. Basel III introduced through Capital Requirements Directive (Directive 2013/36/EU) which was adopted in June 2013 by the EU, and Capital Requirements Regulation (Regulation 575/2013) based on the Directive. Also, NBR is a member of the European System of Central Banks and the NBR's Governor is a member of General Council of the ECB.

**Banking sector size**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets (EUR mln.)</td>
<td>82.557</td>
<td>80.776</td>
<td>81.246</td>
<td>83.366</td>
<td>86.685</td>
<td>91.809</td>
<td>104.467</td>
</tr>
<tr>
<td>Total assets as % of GDP</td>
<td>62.0</td>
<td>56.2</td>
<td>54.0</td>
<td>52.0</td>
<td>50.9</td>
<td>48.9</td>
<td>51.0</td>
</tr>
<tr>
<td>Number of bank employees</td>
<td>61.769</td>
<td>58.612</td>
<td>57.732</td>
<td>55.928</td>
<td>55.396</td>
<td>55.044</td>
<td>55.425</td>
</tr>
</tbody>
</table>
### Market concentration

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of banks</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>36</td>
<td>37</td>
<td>35</td>
<td>34</td>
</tr>
<tr>
<td>Average assets per bank (EUR mln.)</td>
<td>2.063,9</td>
<td>2.019,4</td>
<td>2.031,1</td>
<td>2.315,7</td>
<td>2.342,9</td>
<td>2.552,0</td>
<td>2.851,6</td>
</tr>
<tr>
<td>Market share of the largest bank (%)</td>
<td>19,0</td>
<td>18,0</td>
<td>16,0</td>
<td>16,0</td>
<td>16,0</td>
<td>15,9</td>
<td>16,5</td>
</tr>
<tr>
<td>Market share of the three largest banks (%)</td>
<td>41,0</td>
<td>39,0</td>
<td>38,0</td>
<td>41,0</td>
<td>42,0</td>
<td>43,2</td>
<td>43,5</td>
</tr>
<tr>
<td>Market share of the five largest banks (%)</td>
<td>55,0</td>
<td>54,0</td>
<td>54,0</td>
<td>58,0</td>
<td>59,0</td>
<td>59,9</td>
<td>61,6</td>
</tr>
<tr>
<td>Number of banks with market share less than 3%</td>
<td>28</td>
<td>28</td>
<td>29</td>
<td>27</td>
<td>29</td>
<td>26</td>
<td>26</td>
</tr>
</tbody>
</table>
Ownership structure in 2018

<table>
<thead>
<tr>
<th>Ownership Structure</th>
<th>Number of banks</th>
<th>Share in total capital (%)</th>
<th>Share in total assets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks with majority domestic ownership</td>
<td>6</td>
<td>31,3</td>
<td>25,0</td>
</tr>
<tr>
<td>- central government</td>
<td>2</td>
<td>12,1</td>
<td>8,1</td>
</tr>
<tr>
<td>- other domestic entities</td>
<td>4</td>
<td>19,2</td>
<td>16,9</td>
</tr>
<tr>
<td>Banks with majority foreign ownership</td>
<td>21</td>
<td>66,9</td>
<td>63,6</td>
</tr>
<tr>
<td>Branches of foreign banks</td>
<td>7</td>
<td>1,8</td>
<td>11,4</td>
</tr>
</tbody>
</table>
### Composition of banks' assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Cash funds</th>
<th>Net loans</th>
<th>Fixed assets</th>
<th>Government bonds</th>
<th>Other assets</th>
<th>Total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.380</td>
<td>49.549</td>
<td>1.183</td>
<td>15.571</td>
<td>14.874</td>
<td>82.557</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>1,7</td>
<td>60,0</td>
<td>1,4</td>
<td>18,9</td>
<td>18,0</td>
<td>100,0</td>
</tr>
<tr>
<td>2013</td>
<td>1.632</td>
<td>46.650</td>
<td>1.081</td>
<td>15.733</td>
<td>15.680</td>
<td>80.776</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>2,0</td>
<td>57,8</td>
<td>1,3</td>
<td>19,5</td>
<td>19,4</td>
<td>100,0</td>
</tr>
<tr>
<td>2014</td>
<td>1.951</td>
<td>47.028</td>
<td>982</td>
<td>16.892</td>
<td>14.393</td>
<td>81.246</td>
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### Composition of banks' liabilities

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<th>Households and corporation deposits*</th>
<th>Government deposits</th>
<th>Interbank borrowing - foreign banks</th>
<th>Interbank borrowing - domestic banks</th>
<th>Bonds issued</th>
<th>Other**</th>
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<td>Share (% in total liabilities)</td>
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*Population, non-financial corporations, monetary financial institutions.

**Deposits from non-residents, deposits from money market funds, deposits from the electronic money issuers.
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<th>Amount (EUR mln.)</th>
<th>Share (%)</th>
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Note: As short-term loans we used the data for current loans and for long-term loans we used data for consumer loans and housing loans. For short-term deposits we used demand deposits and for long-term deposits we used time deposits and deposits redeemable at notice.

### Currency structure of deposits and loans

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<th>Amount (EUR mln.)</th>
<th>Deposits in the local currency</th>
<th>Deposits in EUR</th>
<th>Deposits in other currency</th>
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## Deposits' and loans' rates for households

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<th>2015</th>
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## Deposits' and loans' rates for enterprises

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The basic features of the banking sector

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<tr>
<th>Year</th>
<th>Regulatory capital (EUR mln.)</th>
<th>Total weighted risk (EUR mln.)</th>
<th>Capital adequacy rate (%)</th>
<th>Total loans (EUR mln.)</th>
<th>Non-performing loans (EUR mln.)</th>
<th>Ratio of non-performing to total loans (%)</th>
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<th>Net profit/loss (EUR mln.)</th>
<th>Return on equity (%)</th>
<th>Liquid to total assets (%)</th>
<th>Liquid assets to short-term financial liabilities (%)</th>
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<tbody>
<tr>
<td>2012</td>
<td>-525,6</td>
<td>-5,9</td>
<td>57,6</td>
<td>147,7</td>
</tr>
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<td>11,0</td>
<td>0,1</td>
<td>56,2</td>
<td>156,3</td>
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<tr>
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<td>-1.050,1</td>
<td>-12,5</td>
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<td>158,9</td>
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<td>2015</td>
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<td>2018</td>
<td>1.224,9</td>
<td>14,9</td>
<td>n.a.</td>
<td>180,0</td>
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</table>
**INSURANCE SECTOR**

**Legal framework**

Legal framework for insurance sector operations:
- Law No 71/2019 regarding the mutual insurance companies and for the modification and completion of some normative acts,
- Law No 236/2018 on the distribution of insurance,
- Law No 132/2017 on the compulsory insurance against civil liability for the damage to third parties caused by vehicle and tram accidents,
- Emergency Ordinance No 54/2016 on compulsory motor liability insurance for damages caused to third parties by motor vehicle accidents and trams,
- Law No 246/2015 on the insurers’ recovery and resolution,
- Law No 237/2015 on the authorisation and supervision of the business of insurance and reinsurance,
- LAW No 213/2015 on Policyholder Guarantee Fund,
- Law No 136/1995 on insurance and reinsurance in Romania,
- Law No 260/2008 on compulsory home insurance against earthquakes, landslides and floods,
- Law No 32/2000 on the activity and supervision of insurance and reinsurance intermediaries - consolidated version,
- Law No 503/2004 on the financial recovery and bankruptcy of insurance undertakings.

**Institutional framework**

Institutional framework for insurance sector operations:
- ASF - Financial Supervisory Authority,
- UNSAR - National Association of Insurance and Reinsurance Companies from Romania,
- BAAR - Romanian Motor Insurers’ Bureau,
- UNSICAR - National Union of Insurance Brokerage and Consultancy Societies from Romania,
- FPVS - Road Traffic Victims Protection Fund,
- APPA - Association for Promoting Insurance,
- ARA - The Romanian Actuarial Association,
- APAPR - The Romanian Pension Funds’ Association
  Association of Insurance from Romania,
- PAID - Insurance Pool Against Natural Disasters.

**Total premium income**

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife</th>
<th>Life</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>EUR (mln.)</td>
<td>1.716</td>
<td>434</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>79.8</td>
<td>20.2</td>
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<tr>
<td>2008</td>
<td>EUR (mln.)</td>
<td>1.919</td>
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<tr>
<td></td>
<td>Share (%)</td>
<td>79.1</td>
<td>20.9</td>
</tr>
<tr>
<td></td>
<td>Premium growth index 08/07</td>
<td>111.8</td>
<td>116.8</td>
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<tr>
<td>2009</td>
<td>EUR (mln.)</td>
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<td></td>
<td>Share (%)</td>
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<tr>
<td></td>
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<td>75.7</td>
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<tr>
<td>Year</td>
<td>EUR (mln.)</td>
<td>Share (%)</td>
<td>Premium growth index</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
<td>-----------</td>
<td>----------------------</td>
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<tr>
<td>2010</td>
<td>1.577</td>
<td>79,9</td>
<td>92,3 103,1 94,3</td>
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<tr>
<td>2011</td>
<td>1.436</td>
<td>77,8</td>
<td>91,1 103,5 93,6</td>
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<td>1.523</td>
<td>78,2</td>
<td>106,1 103,7 105,5</td>
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<td>96,4 79,5 92,7</td>
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<td>1.451</td>
<td>82,4</td>
<td>98,8 91,5 97,5</td>
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<tr>
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<td>107,9 114,7 109,1</td>
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<tr>
<td>2016</td>
<td>1.717</td>
<td>82,2</td>
<td>109,7 104,7 108,8</td>
</tr>
<tr>
<td>2017</td>
<td>1.683</td>
<td>79,2</td>
<td>98,0 118,5 101,7</td>
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<tr>
<td>2018</td>
<td>1.728</td>
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<td>102,7 121,3 104,3</td>
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## Insurance penetration and insurance density

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife (EUR millions)</th>
<th>Life (EUR millions)</th>
<th>Total (EUR millions)</th>
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<td>2007</td>
<td>1,40</td>
<td>0,40</td>
<td>1,80</td>
</tr>
<tr>
<td>2008</td>
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<td>2010</td>
<td>1,30</td>
<td>0,30</td>
<td>1,60</td>
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<tr>
<td>2011</td>
<td>1,08</td>
<td>0,31</td>
<td>1,38</td>
</tr>
<tr>
<td>2012</td>
<td>1,14</td>
<td>0,32</td>
<td>1,46</td>
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<tr>
<td>2013</td>
<td>1,02</td>
<td>0,24</td>
<td>1,26</td>
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<tr>
<td>Year</td>
<td>Nonlife</td>
<td>Life</td>
<td>Total</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>2014</td>
<td>0.96</td>
<td>0.21</td>
<td>1.17</td>
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<tr>
<td>2015</td>
<td>0.98</td>
<td>0.22</td>
<td>1.20</td>
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<tr>
<td>2016</td>
<td>1.01</td>
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<tr>
<td>2017</td>
<td>0.90</td>
<td>0.23</td>
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<tr>
<td>2018</td>
<td>0.84</td>
<td>0.22</td>
<td>1.06</td>
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</table>

Insurance penetration (%)

![Insurance penetration chart](chart.png)
### Market concentration

<table>
<thead>
<tr>
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<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies</td>
<td>31</td>
<td>29</td>
</tr>
<tr>
<td>Average premium per company (EUR mln.)</td>
<td>68,5</td>
<td>75,1</td>
</tr>
<tr>
<td>Market share of the largest company (%)</td>
<td>12,93</td>
<td>14,64</td>
</tr>
<tr>
<td>Market share of the largest three companies (%)</td>
<td>36,79</td>
<td>39,19</td>
</tr>
<tr>
<td>Market share of the largest five companies (%)</td>
<td>57,67</td>
<td>59,03</td>
</tr>
<tr>
<td>Number of companies with market share less than 3%</td>
<td>21</td>
<td>19</td>
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</table>
## Total premium per major insurance classes

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<thead>
<tr>
<th>Insurance class</th>
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<th>2018</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>EUR mln.</td>
<td>Share (%)</td>
</tr>
<tr>
<td>Accident</td>
<td>12,2</td>
<td>0,6</td>
</tr>
<tr>
<td>Health</td>
<td>28,9</td>
<td>1,4</td>
</tr>
<tr>
<td>Land motor vehicles</td>
<td>414,8</td>
<td>19,5</td>
</tr>
<tr>
<td>Railway</td>
<td>0,8</td>
<td>0,0</td>
</tr>
<tr>
<td>Aircrafts</td>
<td>1,8</td>
<td>0,1</td>
</tr>
<tr>
<td>Vessels</td>
<td>4,8</td>
<td>0,2</td>
</tr>
<tr>
<td>Goods in transit</td>
<td>7,8</td>
<td>0,4</td>
</tr>
<tr>
<td>Fire and natural disasters</td>
<td>220,0</td>
<td>10,4</td>
</tr>
<tr>
<td>Other property insurance</td>
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<td>1,7</td>
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<tr>
<td>MTPL</td>
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</tr>
<tr>
<td>Aircraft liability</td>
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<td>0,2</td>
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<tr>
<td>Use of vessels liability</td>
<td>1,6</td>
<td>0,1</td>
</tr>
<tr>
<td>Other liability</td>
<td>49,3</td>
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<tr>
<td>Credit</td>
<td>0,2</td>
<td>0,0</td>
</tr>
<tr>
<td>Surety</td>
<td>37,1</td>
<td>1,7</td>
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<tr>
<td>Miscellaneous financial losses</td>
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<tr>
<td>Legal protection</td>
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<tr>
<td>Assistance – other nonlife</td>
<td>22,5</td>
<td>1,1</td>
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<tr>
<td>NONLIFE</td>
<td>1.683,1</td>
<td>79,2</td>
</tr>
<tr>
<td>LIFE</td>
<td>440,7</td>
<td>20,8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>2.123,8</td>
<td>100,0</td>
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</tbody>
</table>
## Insurance companies

<table>
<thead>
<tr>
<th>Rank</th>
<th>First ten ranked companies</th>
<th>Nonlife premium in 2017</th>
<th>Nonlife premium in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>EUR mln.</td>
<td>%</td>
</tr>
<tr>
<td>1</td>
<td>CITY INSURANCE</td>
<td>274,8</td>
<td>16,3</td>
</tr>
<tr>
<td>2</td>
<td>ALLIANZ – TIRIAC ASIGURARI</td>
<td>239,3</td>
<td>14,2</td>
</tr>
<tr>
<td>3</td>
<td>OMNIASIG VIG</td>
<td>231,8</td>
<td>13,8</td>
</tr>
<tr>
<td>4</td>
<td>EUROINS ROMANIA ASIGURARE REASIGURARE</td>
<td>238,0</td>
<td>14,1</td>
</tr>
<tr>
<td>5</td>
<td>GROUPAMA ASIGURARI</td>
<td>194,7</td>
<td>11,6</td>
</tr>
<tr>
<td>6</td>
<td>ASIROM VIENNA INSURANCE GROUP</td>
<td>183,8</td>
<td>10,9</td>
</tr>
<tr>
<td>7</td>
<td>GENERALI ROMANIA ASIGURARE ASIGURARE</td>
<td>119,7</td>
<td>7,1</td>
</tr>
<tr>
<td>8</td>
<td>UNIQA ASIGURARI</td>
<td>85,0</td>
<td>5,1</td>
</tr>
<tr>
<td>9</td>
<td>GOTHAER ASIGURARE – REASIGURARE</td>
<td>26,1</td>
<td>1,6</td>
</tr>
<tr>
<td>10</td>
<td>POOL-UL DE ASIGURARE P.A.I.D.</td>
<td>32,7</td>
<td>1,9</td>
</tr>
<tr>
<td></td>
<td>OTHER COMPANIES</td>
<td>57,2</td>
<td>3,4</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td><strong>1.683,1</strong></td>
<td><strong>100,0</strong></td>
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</table>
### First ten ranked companies

<table>
<thead>
<tr>
<th>Rank</th>
<th>First ten ranked companies</th>
<th>Life premium in 2017</th>
<th>Life premium in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>EUR mln.</td>
<td>%</td>
</tr>
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<td>1</td>
<td>NN ASIGURARI DE VIATA</td>
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<td>36,5</td>
</tr>
<tr>
<td>2</td>
<td>BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP</td>
<td>77,1</td>
<td>17,5</td>
</tr>
<tr>
<td>3</td>
<td>BRD ASIGURARI DE VIATA</td>
<td>30,0</td>
<td>6,8</td>
</tr>
<tr>
<td>4</td>
<td>ALLIANZ – TIRIAC ASIGURARI</td>
<td>29,7</td>
<td>6,7</td>
</tr>
<tr>
<td>5</td>
<td>ASIROM VIENNA INSURANCE GROUP</td>
<td>27,9</td>
<td>6,3</td>
</tr>
<tr>
<td>6</td>
<td>ERGO ASIGURARI DE VIATA</td>
<td>33,4</td>
<td>7,6</td>
</tr>
<tr>
<td>7</td>
<td>GENERALI ROMANIA ASIGURARE REASIGURARE</td>
<td>14,5</td>
<td>3,3</td>
</tr>
<tr>
<td>8</td>
<td>UNIQA ASIGURARI</td>
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<td>2,9</td>
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<tr>
<td>9</td>
<td>SIGNAL IDUNA ASIGURARE REASIGURARE</td>
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<td>2,6</td>
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<tr>
<td>10</td>
<td>GRAWE ROMANIA ASIGURARE</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
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<td>5,0</td>
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<td>OTHER COMPANIES</td>
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<tr>
<td></td>
<td><strong>TOTAL</strong></td>
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</table>

![Nonlife insurance premium per company (EUR mln.)](image-url)
### First ten ranked companies

<table>
<thead>
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<th>Rank</th>
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<th>Total premium in 2017</th>
<th>Total premium in 2018</th>
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<tr>
<td></td>
<td></td>
<td>EUR mln.</td>
<td>%</td>
</tr>
<tr>
<td>1</td>
<td>CITY INSURANCE</td>
<td>274,6</td>
<td>12,9</td>
</tr>
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<td>ALLIANZ – TIRIAC ASIGURARI</td>
<td>268,9</td>
<td>12,7</td>
</tr>
<tr>
<td>3</td>
<td>OMNIA SIG VIG</td>
<td>231,7</td>
<td>10,9</td>
</tr>
<tr>
<td>4</td>
<td>EUROINS ROMANIA ASIGURARE REASIGURARE</td>
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<td>11,3</td>
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<tr>
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<td>TOTAL</td>
<td>2.123,8</td>
<td>100,0</td>
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</table>
OTHER RELEVANT FINANCIAL INSTITUTIONS

Pension funds

Laws which regulate private pensions market are Law on Voluntary Pension No 204/2006 and Law on Privately Administered Pension Funds No 411/2004.

Pension funds belonging to Pillar III are administered by pension companies and by companies authorized in the insurance and investment field, licensed by the Private Pension Supervision Commission. The Romanian Financial Supervision Authority (ASF) was set up by the Government Emergency Ordinance No 93/2012 approved by the Law No 113/2013 as a specialized, autonomous administrative authority, with legal personality, independent, self-financed, exercising its attributions by taking-over and reorganizing all the attributions and prerogatives of the National Securities Commission (CNVM), the Insurance Supervisory Commission (CSA.) and the Private Pensions System Supervisory Commission (CSSPP). The ASF is responsible for the authorization, supervision and control of the insurance-reinsurance market, financial instruments and investments market and private pensions market.

Number of pension funds

<table>
<thead>
<tr>
<th>Pension funds</th>
<th>Number of funds</th>
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<tr>
<td>Mandatory private pension funds</td>
<td>7</td>
</tr>
<tr>
<td>Voluntary pension funds</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
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### Pension funds' membership

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<tr>
<td>Mandatory private pension funds</td>
<td>6.798</td>
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<tr>
<td>Voluntary pension funds</td>
<td>410</td>
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<td><strong>Total</strong></td>
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### Pension funds' net assets

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<td>8.699,7</td>
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<td>389,8</td>
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<td><strong>9.089,5</strong></td>
<td><strong>10.653,1</strong></td>
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</table>

### Mandatory private pension funds' market share

![Bar chart showing the market share of different vendors over three years](chart.png)
Voluntary pension funds' market share

Pension funds' investment portfolio

Investment portfolio of mandatory private pension funds

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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
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<td>EUR mln.</td>
<td>Share (%)</td>
<td>EUR mln.</td>
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<tr>
<td>Bank deposits</td>
<td>502,9</td>
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<td>64,6</td>
<td>5,347,8</td>
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<td>86,2</td>
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<td>Corporate bonds</td>
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### Investment portfolio of voluntary pension funds

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<th></th>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>EUR mln.</td>
<td></td>
<td>EUR mln.</td>
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<td>EUR mln.</td>
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<td>Bank deposits</td>
<td>15,7</td>
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<td>21,9</td>
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<td>22,4</td>
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<td>Government securities</td>
<td>208,5</td>
<td>62,3</td>
<td>224,5</td>
<td>57,5</td>
<td>258,6</td>
<td>57,5</td>
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<td>Municipal bonds</td>
<td>7,8</td>
<td>2,3</td>
<td>7,6</td>
<td>1,9</td>
<td>6,8</td>
<td>1,9</td>
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<tr>
<td>Corporate bonds</td>
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<td>9,3</td>
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<td>Shares</td>
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<td>87,3</td>
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<td>86,6</td>
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<td>Undertakings for collective investment in transferable securities - UCITS</td>
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<td>3,7</td>
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<td>3,7</td>
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<tr>
<td>Commodities and precious metals funds</td>
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<td>0,1</td>
<td>0,3</td>
<td>0,1</td>
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<td><strong>Total</strong></td>
<td><strong>334,9</strong></td>
<td><strong>100,0</strong></td>
<td><strong>390,4</strong></td>
<td><strong>100,0</strong></td>
<td><strong>430,0</strong></td>
<td><strong>100,0</strong></td>
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### Investment funds

Law which regulates investment funds is the Capital Market Law No 297/2004, which divided the Collective Investment Institutions (CII) into two categories – investment funds and investment societies. The most important provisions of this law refer to the organizational and functional aspect of the respective institutions and also an important part to the financial instruments for funds investments, according to the provisions of Directive 2007/16/CE.

The authority that regulates and monitorizes the capital market and the institutions involved is the National Securities Commission (CNVM) and later the Financial Supervision Authority (ASF). It authorizes the establishment of any new investment funds and the societies that administrate

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29 Data from the Romanian Association of Asset Managers (http://www.aaf.ro/en/fonduri-deschise/).
the funds, the launch of a prospectus as well as the functional aspect of the fund. In 1996 besides CNVM, it was established the National Association of Funds Administrators which is a non-governmental organization. Now, there is the Fund Managers Association (AAF, or UNOPC until May 2008) as a non-governmental professional organization of operators from Collective Investment Undertakings (OPC).

Number of investment funds

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<tr>
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<td>Multi-active</td>
<td>22</td>
<td>23</td>
<td>37</td>
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<tr>
<td>Defensive</td>
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<td>6</td>
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<td>Balanced</td>
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<td>Aggressive</td>
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<td>3</td>
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<td>20</td>
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<tr>
<td>Obligatiuni si instrumente cu venit fix</td>
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<td>19</td>
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<tr>
<td>Stocks</td>
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<td>16</td>
<td>16</td>
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<tr>
<td>Capital garantat / Protejat</td>
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<td>2</td>
<td>2</td>
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<tr>
<td>Randament absolut</td>
<td>10</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Other funds</td>
<td>11</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td><strong>Open-end funds</strong></td>
<td><strong>96</strong></td>
<td><strong>100</strong></td>
<td><strong>130</strong></td>
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<td>Stocks</td>
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<td>4</td>
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<tr>
<td>Multi-active</td>
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<td>2</td>
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<tr>
<td>Randament absolut</td>
<td>6</td>
<td>6</td>
<td>6</td>
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<tr>
<td>Other funds</td>
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<td>5</td>
<td>12</td>
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<tr>
<td><strong>Closed-end funds</strong></td>
<td><strong>16</strong></td>
<td><strong>16</strong></td>
<td><strong>24</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>112</strong></td>
<td><strong>116</strong></td>
<td><strong>154</strong></td>
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</table>

Investment funds’ net assets

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<tr>
<th>Fund type</th>
<th>Net assets (EUR mln.)</th>
</tr>
</thead>
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<tr>
<td>Open-end funds</td>
<td>5.439,0</td>
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<tr>
<td>Closed-end funds</td>
<td>96,8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5.535,8</strong></td>
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</table>
Other non-bank financial institutions

The activity and functioning of non-banking financial institutions (NBFI) are proposed by the Law on Non-banking Financial Institutions No 93 of 8 April 2009.

The Romanian National Bank is regulatory and supervisory authority for NBFIs at the individual and group level.

A NBFI may be formed as a joint stock company according to the Company Law No 31/1990 or in the form of an association, according to Government Ordinance No 26/2000 on associations and fundations. The Law on Non-banking Financial Institutions states that they have the obligation to operate on the market in the form of joint stock companies. According to the
Government Ordinance, companies that carry out lending activities only from public funds can be established as commercial companies or as associations.

The number of NBFIs in the General Register increased to 183 at the end of 2017 from 177 at the end of 2016, following the erasure of six institutions, at their request, concurrently with the registration of 12 other institutions. By type of lending activity, according to sections in the General Register, 149 institutions (81.4%) were recorded under "Multiple lending activities", a similar share to that reported at the end of 2016 (80%).

Moreover, compared to end of 2016, the number of NBFIs registered in the Special Register at the end of 2017 rose from 39 to 42.

The number of NBFIs in the General Register dropped from 183 at end-2017 to 178 at end-2018. By type of lending activity, according to sections in General Register, 149 institutions (83.7%) were recorded under "Multiple lending activities", a similar share to that reported at the end of the previous year (81.4%). Compared to end-2017, the number of NBFIs registered with the Special Register at end-2018 rose from 42 to 71.

The share capital of NBFIs rose by 7.1% compared to the end of the previous year, amounting to EUR 671.8 million at end-2018, whereas their aggregate assets (net) followed a more pronounced upward trend to reach EUR 7.572.1 million, up 8.5% year on year.

### NBFIs by activity

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</tr>
</thead>
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<td>Other*</td>
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<tr>
<td>Multiple lending activities</td>
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<tr>
<td>No</td>
<td>Share (%)</td>
<td>No</td>
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<tr>
<td>36</td>
<td>85.7</td>
<td>113</td>
</tr>
<tr>
<td>Financial leases</td>
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<tr>
<td>No</td>
<td>Share (%)</td>
<td>No</td>
</tr>
<tr>
<td>5</td>
<td>11.9</td>
<td>16</td>
</tr>
<tr>
<td>Issuing guarantees and assuming commitments,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>including credit guarantee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>Share (%)</td>
<td>No</td>
</tr>
<tr>
<td>1</td>
<td>2.4</td>
<td>4</td>
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<tr>
<td>Consumer loans</td>
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<td></td>
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<tr>
<td>No</td>
<td>Share (%)</td>
<td>No</td>
</tr>
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<td>0</td>
<td>0.0</td>
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<tr>
<td>Micro loans</td>
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<td></td>
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<tr>
<td>No</td>
<td>Share (%)</td>
<td>No</td>
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<td>0</td>
<td>0.0</td>
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<tr>
<td>Factoring</td>
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<td></td>
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<tr>
<td>No</td>
<td>Share (%)</td>
<td>No</td>
</tr>
<tr>
<td>0</td>
<td>0.0</td>
<td>1</td>
</tr>
</tbody>
</table>
| Total                                                | 42         | 100,0     | 141             | 100,0           | 183       | 107       | 100,0           | 178

* Excluding NBFIs in the Special Register.

### Key indicators of the NBFI sector

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Special Register</td>
<td>Other***</td>
</tr>
<tr>
<td>Share/endowment capital (%)</td>
<td>48.4</td>
<td>15.5</td>
</tr>
<tr>
<td>Total assets (net - EUR mln.)</td>
<td>660.9</td>
<td>50.0</td>
</tr>
<tr>
<td>Total loans and commitments (net - EUR mln.), of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– financial leases</td>
<td>269.5</td>
<td>4.3</td>
</tr>
<tr>
<td>– other loans</td>
<td>255.7</td>
<td>28.3</td>
</tr>
<tr>
<td>Overdue and doubtful claims (net - EUR)</td>
<td>14.4</td>
<td>3.2</td>
</tr>
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</table>
The share of domestic capital continued to show a slow upward trend as compared to the end of 2016, from 68,9% to 69,8%. As for the other countries holding stakes in the share/endowment capital of the NBFIs listed in the Special Register, at the end of 2017 Germany was in the lead (25,6% of total foreign capital), ahead of France (24,4%) and Sweden (14,9%). These three EU member states accounted for 64,8% of total foreign capital, the situation being similar to that at the end of 2016. Thus, the breakdown of the share/endowment capital by country of origin highlighted the notable influence of the European financial industry on the Romanian NBFI sector. As compared to the end of 2016, it is noteworthy that NBFIs with capital originating in Hungary, Bulgaria and the USA were also registered in the Special Register on 31 December, 2017. Foreign capital in absolute terms amounted to EUR 14,6 million, up EUR 0,16 million versus 2016.

Compared to end-2017, the share of domestic capital dropped slightly from 69,6% to 64,6% amid registration with the Special Register, in the course of 2018, of some institutions with majority foreign share capital. In absolute terms, foreign capital amounted to EUR 194,6 million, up by EUR 51,0 million versus 2017.

As for the other countries holding stakes in the share/endowment capital of the NBFIs listed in the Special Register, at end-2018, the United Kingdom came in first (19,6% in total foreign capital), ahead of Germany (15,8%), Cyprus (11,3%), Sweden (11,0%) and France (10,8%). These five countries account for 68,5% of total foreign capital. Compared to the previous year, a larger diversity can be noticed relative to the country of origin of the majority capital of non-bank financial institutions registered with the Special Register.
## Share/Endowment capital by country of origin

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<tr>
<th></th>
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<tbody>
<tr>
<td></td>
<td>in total capital</td>
<td>in total foreign capital</td>
<td>in total capital</td>
</tr>
<tr>
<td>Romania</td>
<td>69,8</td>
<td>-</td>
<td>64,6</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>-</td>
<td>-</td>
<td>6,9</td>
</tr>
<tr>
<td>Germany</td>
<td>7,7</td>
<td>25,6</td>
<td>5,6</td>
</tr>
<tr>
<td>Cyprus</td>
<td>1,0</td>
<td>3,2</td>
<td>4,0</td>
</tr>
<tr>
<td>Sweden</td>
<td>4,5</td>
<td>14,9</td>
<td>3,9</td>
</tr>
<tr>
<td>France</td>
<td>7,4</td>
<td>24,4</td>
<td>3,8</td>
</tr>
<tr>
<td>Netherlands</td>
<td>3,8</td>
<td>12,7</td>
<td>3,3</td>
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<tr>
<td>Italy</td>
<td>2,3</td>
<td>7,7</td>
<td>2,0</td>
</tr>
<tr>
<td>Poland</td>
<td>0,8</td>
<td>2,6</td>
<td>1,3</td>
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<tr>
<td>Greece</td>
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<td>0,8</td>
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<tr>
<td>Austria</td>
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<td>0,7</td>
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<tr>
<td>Bulgaria</td>
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<td>1,1</td>
<td>0,7</td>
</tr>
<tr>
<td>Finland</td>
<td>-</td>
<td>-</td>
<td>0,6</td>
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<tr>
<td>Luxembourg</td>
<td>-</td>
<td>-</td>
<td>0,6</td>
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<tr>
<td>USA</td>
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<td>0,5</td>
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<tr>
<td>Other</td>
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SERBIA

Report for Serbia has been done on the basis of official reports of National Bank of Serbia, Association of Serbian Insurers, Statistical Office of the Republic of Serbia, and other relevant data sources. All conversions from the national currency the Serbian dinar (RSD) to EUR have been made at official midpoint exchange rate of the National Bank of Serbia for the corresponding year.

MACROECONOMIC INDICATORS

<table>
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<tr>
<th>Year</th>
<th>Population (× 1,000)</th>
<th>Nominal GDP (EUR mln.)</th>
<th>GDP per capita (EUR)</th>
<th>Real GDP growth rate (%)</th>
<th>Unemployment rate (%)</th>
<th>Average net salary (EUR/month)</th>
<th>Inflation rate (%)</th>
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</thead>
<tbody>
<tr>
<td>2008</td>
<td>7.350</td>
<td>35.701</td>
<td>4.859</td>
<td>5.7</td>
<td>13.6</td>
<td>402.0</td>
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<tr>
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<td>7.321</td>
<td>32.486</td>
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STRUCTURE OF THE FINANCIAL SERVICE SECTOR

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<th>Financial institution</th>
<th>Banks</th>
<th>Insurance and reinsurance companies</th>
<th>Voluntary pension funds</th>
<th>Leasing companies</th>
<th>Total</th>
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<tbody>
<tr>
<td></td>
<td>Share (%) 91.6</td>
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<td>2011</td>
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<td>2012</td>
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<td>636</td>
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<td>100.0</td>
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<td>2013</td>
<td>Assets (EUR mln.) 24.827</td>
<td>1.306</td>
<td>175</td>
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<td>26.900</td>
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<td>Share (%) 91.8</td>
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<tr>
<td>Year</td>
<td>Assets (EUR mln.)</td>
<td>Share (%)</td>
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<td></td>
<td></td>
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<td>------</td>
<td>------------------</td>
<td>-----------</td>
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<td>2015</td>
<td>25.059</td>
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</table>

**Banking Sector**

**Legal and institutional framework**

The most important institutions that represent the infrastructure in the banking sector are National Bank of Serbia (NBS) and commercial banks. The NBS, among other tasks, formulates monetary policy, manages foreign exchange transactions, and supervises banks, insurance companies, and voluntary pension funds (Law on National Bank of Serbia, Official Gazette of RS No. 72/03 and its amendments and supplements published in the Official Gazette No. 55/04, 85/05 – other law, 44/10, 76/12, 106/12, 14/15 and 40/15 – Constitutional Court decision and 44/18). The core aim of the monetary policy is monetary stability – low, stable and predictable inflation as well as confidence in the domestic currency. The NBS pursues a strict monetary policy with the dual objectives of controlling inflation and stabilizing the exchange rate. It is independent from the Government but reports to the Parliament.
The Law on Banks (Official Gazette of RS No. 107/05, 91/10, 14/15) provides the regulatory framework for the banking sector. This law regulates the establishment, operation and organisation of banks, the manner of bank management, bank supervision, bank resolution and termination of banks’ operations.

Basel III standard are introduced and implemented in domestical legal framework for banks. Namely, on 15 December 2016, the Executive Board of the NBS adopted a set of regulations implementing Basel III standards, (Official Gazette of RS, No 103/16) containing:

- Decision on Capital Adequacy of Banks
- Decision on Disclosure of Data and Information by Banks
- Decision on Reporting on Capital Adequacy of Banks
- Decision Amending the Decision on Reporting Requirements for banks
- Decision on Liquidity Risk Management by Banks
- Decision Amending the Decision on Risk Management by Banks

A set of mentioned regulations introducing Basel III standards into the regulatory framework of the Republic of Serbia has been successfully applied since June 30, 2017.

**Banking sector size**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets as % of GDP</td>
<td>75.2%</td>
<td>68.2%</td>
<td>69.2%</td>
<td>70.2%</td>
<td>71.5%</td>
<td>72.6%</td>
<td>74.5%</td>
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![Graph showing banking sector size](image_url)
**Market concentration**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of banks</td>
<td>32</td>
<td>30</td>
<td>29</td>
<td>30</td>
<td>30</td>
<td>29</td>
<td>27</td>
</tr>
<tr>
<td>Average assets per bank (mln. EUR)</td>
<td>791,3</td>
<td>827,6</td>
<td>846,4</td>
<td>835,3</td>
<td>875,1</td>
<td>980,7</td>
<td>1,182,6</td>
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<tr>
<td>Market share of the largest bank (%)</td>
<td>14,4</td>
<td>15,0</td>
<td>15,9</td>
<td>16,0</td>
<td>17,0</td>
<td>16,8</td>
<td>15,1</td>
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<tr>
<td>Market share of the three largest banks (%)</td>
<td>34,1</td>
<td>36,6</td>
<td>38,6</td>
<td>39,0</td>
<td>39,6</td>
<td>38,5</td>
<td>37,4</td>
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<tr>
<td>Market share of the five largest banks (%)</td>
<td>48,0</td>
<td>51,6</td>
<td>53,6</td>
<td>54,2</td>
<td>54,7</td>
<td>54,9</td>
<td>53,5</td>
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</tbody>
</table>

![Market share chart](chart.png)
Ownership structure in 2018

<table>
<thead>
<tr>
<th>Ownership structure in 2018</th>
<th>Number of banks</th>
<th>Share in total capital (%)</th>
<th>Share in total assets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks with majority domestic ownership</td>
<td>7</td>
<td>24,1</td>
<td>24,6</td>
</tr>
<tr>
<td>- central government</td>
<td>5</td>
<td>14,3</td>
<td>17,5</td>
</tr>
<tr>
<td>- other domestic entities</td>
<td>2</td>
<td>9,8</td>
<td>7,1</td>
</tr>
<tr>
<td>Banks with majority foreign ownership</td>
<td>20</td>
<td>75,9</td>
<td>75,4</td>
</tr>
</tbody>
</table>

Composition of banks’ assets

<table>
<thead>
<tr>
<th>Share in total assets (%)</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash funds</td>
<td>22,3</td>
<td>23,7</td>
<td>16,3</td>
<td>17,1</td>
<td>14,9</td>
<td>14,1</td>
<td>15,8</td>
</tr>
<tr>
<td>Net loans</td>
<td>60,7</td>
<td>56,8</td>
<td>64,0</td>
<td>60,3</td>
<td>60,4</td>
<td>62,4</td>
<td>62,8</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>1,8</td>
<td>3,2</td>
<td>30</td>
<td>2,8</td>
<td>2,5</td>
<td>2,0</td>
<td>1,9</td>
</tr>
<tr>
<td>Other assets</td>
<td>15,2</td>
<td>16,3</td>
<td>16,7</td>
<td>19,8</td>
<td>22,2</td>
<td>21,5</td>
<td>19,5</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
</tr>
</tbody>
</table>
Composition of banks' liabilities

<table>
<thead>
<tr>
<th>Share in total liabilities (%)</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households and corporation deposits</td>
<td>47,6</td>
<td>49,7</td>
<td>51,1</td>
<td>52,6</td>
<td>54,0</td>
<td>52,0</td>
<td>67,0</td>
</tr>
<tr>
<td>Government deposits</td>
<td>1,2</td>
<td>1,8</td>
<td>2,8</td>
<td>2,9</td>
<td>1,2</td>
<td>1,0</td>
<td>0,9</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>51,2</td>
<td>48,5</td>
<td>46,1</td>
<td>44,6</td>
<td>44,8</td>
<td>47,0</td>
<td>32,1</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
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</table>
# Maturity structure of deposits and loans

<table>
<thead>
<tr>
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<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Share in total (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Short-term deposits</strong></td>
<td>86,1</td>
<td>85,4</td>
<td>85,0</td>
<td>79,6</td>
<td>80,0</td>
<td>82,0</td>
<td>92,4</td>
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<tr>
<td><strong>Long-term deposits</strong></td>
<td>13,9</td>
<td>14,6</td>
<td>15,0</td>
<td>20,4</td>
<td>20,0</td>
<td>18,0</td>
<td>7,6</td>
</tr>
<tr>
<td><strong>Total deposits</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Share in total (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Short-term loans</strong></td>
<td>30,5</td>
<td>31,1</td>
<td>20,3</td>
<td>15,9</td>
<td>16,0</td>
<td>15,0</td>
<td>24,0</td>
</tr>
<tr>
<td><strong>Long-term loans</strong></td>
<td>69,5</td>
<td>68,9</td>
<td>79,7</td>
<td>84,1</td>
<td>84,0</td>
<td>85,0</td>
<td>76,0</td>
</tr>
<tr>
<td><strong>Total loans</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
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</table>
## Currency structure of deposits and loans

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<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits in the local currency</td>
<td>21,2</td>
<td>23,6</td>
<td>25,1</td>
<td>27,6</td>
<td>31,0</td>
<td>30,0</td>
<td>33,0</td>
</tr>
<tr>
<td>Deposits in EUR</td>
<td>72,8</td>
<td>70,6</td>
<td>69,2</td>
<td>64,9</td>
<td>62,0</td>
<td>61,0</td>
<td>61,0</td>
</tr>
<tr>
<td>Deposits in other currency</td>
<td>6,0</td>
<td>5,8</td>
<td>5,8</td>
<td>7,5</td>
<td>8,0</td>
<td>7,0</td>
<td>6,0</td>
</tr>
<tr>
<td>Loans in the local currency</td>
<td>95,3</td>
<td>95,4</td>
<td>95,3</td>
<td>95,4</td>
<td>30,0</td>
<td>31,0</td>
<td>31,0</td>
</tr>
<tr>
<td>Loans in EUR</td>
<td>3,9</td>
<td>4,0</td>
<td>3,8</td>
<td>4,1</td>
<td>64,0</td>
<td>64,0</td>
<td>66,0</td>
</tr>
<tr>
<td>Loans in other currency</td>
<td>0,9</td>
<td>0,7</td>
<td>0,9</td>
<td>0,5</td>
<td>6,0</td>
<td>5,0</td>
<td>3,0</td>
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**Diagram:**

- **Deposits in the local currency**
- **Deposits in EUR**
- **Deposits in other currency**

- **Loans in the local currency**
- **Loans in EUR**
- **Loans in other currency**
Deposits' and loans' rates – households

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<th>2013</th>
<th>2014</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td>Deposit rate – less than year</td>
<td>4,6</td>
<td>3,6</td>
<td>2,6</td>
<td>1,9</td>
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<tr>
<td>Deposit rate – more than year</td>
<td>5,2</td>
<td>3,9</td>
<td>2,8</td>
<td>2,0</td>
</tr>
<tr>
<td>Loan rate – less than year</td>
<td>20,4</td>
<td>20,5</td>
<td>17,2</td>
<td>15,2</td>
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</table>

Note: Missing data for 2016-2018

Deposits' and loans' rates – enterprises

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<th>2015</th>
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</thead>
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<tr>
<td>Deposit rate – less than year</td>
<td>10,0</td>
<td>9,2</td>
<td>6,9</td>
<td>4,9</td>
</tr>
<tr>
<td>Deposit rate – more than year</td>
<td>15,3</td>
<td>13,0</td>
<td>4,7</td>
<td>5,7</td>
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<tr>
<td>Loan rate – less than year</td>
<td>13,3</td>
<td>11,2</td>
<td>8,1</td>
<td>6,4</td>
</tr>
<tr>
<td>Loan rate – more than year</td>
<td>9,6</td>
<td>8,4</td>
<td>7,5</td>
<td>5,2</td>
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Note: Missing data for 2016-2018
**The basic features of the banking sector**

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<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital adequacy rate (%)</td>
<td>19.9</td>
<td>20.9</td>
<td>20.0</td>
<td>20.9</td>
<td>21.8</td>
<td>22.6</td>
<td>22.3</td>
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<tr>
<td>Non-performing loans (EUR mln.)</td>
<td>3.217</td>
<td>3.448</td>
<td>3.483</td>
<td>3.491</td>
<td>2.800</td>
<td>1.730</td>
<td>1.105</td>
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<tr>
<td>Ratio of non-performing to total loans (%)</td>
<td>18.6</td>
<td>21.4</td>
<td>21.5</td>
<td>21.6</td>
<td>17.0</td>
<td>9.8</td>
<td>5.7</td>
</tr>
<tr>
<td>Net profit/loss (EUR mln.)</td>
<td>102.5</td>
<td>-18.0</td>
<td>29.0</td>
<td>80.0</td>
<td>172.0</td>
<td>579.8</td>
<td>640.6</td>
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<tr>
<td>Return on equity (%)</td>
<td>2.0</td>
<td>-0.4</td>
<td>0.6</td>
<td>1.6</td>
<td>3.4</td>
<td>10.6</td>
<td>11.3</td>
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<tr>
<td>Liquid to total assets</td>
<td>37.8</td>
<td>34.5</td>
<td>35.6</td>
<td>34.3</td>
<td>36.9</td>
<td>36.7</td>
<td>37.4</td>
</tr>
</tbody>
</table>

**INSURANCE SECTOR**

**Legal framework**

Legal framework for insurance sector operations:
- Law on Insurance (Official Gazette of RS 139/14),
- Compulsory Traffic Insurance Law (Official Gazette of RS 51/09, 78/11, 101/11, 93/12 and 7/13).
- Law on Accounting (Official Gazette of RS 73/19)
- Law on Audit (Official Gazette of RS 73/19),
- Law in National Bank of Serbia (Official Gazette of RS 72/03, 55/04, 85/05, 44/10,76/12, 106/12, 14/15 and 40/15),
- Law on Bankruptcy of Bank and Insurance Companies (Official Gazette of RS 14/15),
- Special laws that prescribe certain insurance issues, such as implementing certain compulsory insurance for tourist agencies, transport of dangerous goods, workers insurance, etc.

The Law on Insurance represents a step towards implementation of principles prescribed in Solvency II. The fully implementation of Solvency II principles is planned by the moment of joining EU.

**Important changes in regulations of the insurance sector**
- The new Law on insurance, which presents a partial involvement of Solvency II regulation, is adopted in 2014, and took effect during 2015.
- According to the Government Decree from 2014 the minimum sum insured in MTPL is raised by app. more then ten times, up to EUR 1.000.000 for body injury, and EUR 200.000 for material damage on objects.

**Three priority policies/objectives of the Government over the next three year period that could affect the insurance sector**
- the extension of the scope of compulsory insurance,
- reduction of high fees in selling MTPL,
- promotion of the insurance sector as a significant institutional investor.
Change in the methodology in insurers’ reports in recent years

According to the Law on insurance, new standard of reports assumes an increased number and changed form of reports.

Institutional framework

Institutional framework for insurance sector operations:
- The Ministry of Finance is a regulatory body in insurance and a supervisor of the Association of Serbian Insurers.
- National Bank of Serbia is also a regulatory body in insurance and a supervising authority of the insurance market.
- According to the Law on insurance, there are following participants in the insurance market:
  o Joint-stock insurance undertakings,
  o Joint-stock reinsurance undertakings,
  o Insurance brokerage undertakings,
  o Insurance agency undertakings,
- Association of Serbian Insurers (Information Centre-IC, Green card Bureau, Claims Handling Bureau, Guarantee Fund).

Minimal amount of share capital

<table>
<thead>
<tr>
<th>Type of insurer</th>
<th>EUR mln.</th>
</tr>
</thead>
<tbody>
<tr>
<td>All nonlife classes*</td>
<td>3,2</td>
</tr>
<tr>
<td>Particular nonlife classes**</td>
<td>2,2</td>
</tr>
<tr>
<td>Life</td>
<td>3,2</td>
</tr>
<tr>
<td>Reinsurance</td>
<td>3,2</td>
</tr>
</tbody>
</table>

* all nonlife, or just liability, credit and surety.
** all types of nonlife excluding all types of liability insurance (including MTPL), credit and surety.

Total premium income

<table>
<thead>
<tr>
<th>Year</th>
<th>EUR (mln.)</th>
<th>Nonlife</th>
<th>Life</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>498</td>
<td>62</td>
<td>560</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>563</td>
<td>78</td>
<td>641</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>486</td>
<td>84</td>
<td>570</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>458</td>
<td>91</td>
<td>549</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>464</td>
<td>98</td>
<td>562</td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>EUR (mln.)</td>
<td>Share (%)</td>
<td>Premium growth index</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
<td>-----------</td>
<td>----------------------</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>439</td>
<td>80,7</td>
<td>94,5</td>
<td></td>
</tr>
<tr>
<td></td>
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**Premium growth index**
- 12/11: 543
- 13/12: 566
- 14/13: 592
- 15/14: 670
- 16/15: 724
- 17/16: 767
- 18/17: 845

**Graph:**
- Total
- Life
- Nonlife

**EUR millions**
- 2007: 0
- 2008: 500
- 2009: 500
- 2010: 600
- 2011: 600
- 2012: 700
- 2013: 700
- 2014: 800
- 2015: 800
- 2016: 900
- 2017: 900
- 2018: 1000
## Insurance penetration and insurance density

| Year | Nonlife | | Life | | Total | | Premium as % of GDP | | Premium per capita (EUR) |
|------|---------|------|------|------|-------|------|----------------------|------------------|
| 2007 | 1,58   | 0,20 | | | | | 1,77 | 77 |
| 2008 | 1,58   | 0,22 | | | | | 1,79 | 80 |
| 2009 | 1,50   | 0,26 | | | | | 1,76 | 76 |
| 2010 | 1,45   | 0,29 | | | | | 1,74 | 73 |
| 2011 | 1,31   | 0,28 | | | | | 1,59 | 76 |
| 2012 | 1,30   | 0,31 | | | | | 1,61 | 75 |
| 2013 | 1,21   | 0,34 | | | | | 1,55 | 78 |
| 2014 | 1,28   | 0,38 | | | | | 1,67 | 80 |
| 2015 | 1,43   | 0,45 | | | | | 1,88 | 94 |
| 2016 | 1,46   | 0,51 | | | | | 1,97 | 102 |
| 2017 | 1,48   | 0,48 | | | | | 1,96 | 112 |
| 2018 | 1,50   | 0,47 | | | | | 1,97 | 121 |
### Market concentration

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of companies*</th>
<th>Average premium per company (EUR mln.)</th>
<th>Market share of the largest company (%)</th>
<th>Market share of the largest three companies (%)</th>
<th>Market share of the largest five companies (%)</th>
<th>Number of companies with market share less than 3%</th>
<th>Number of (direct) employees in the insurance sector</th>
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* Includes reinsurance companies.
Ownership structure in 2018

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<td>majority foreign ownership (%)</td>
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Total premium per major insurance classes

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<td>Share (%)</td>
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<td>Goods in transit</td>
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<td>Fire and natural disasters</td>
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**Share in total premium**

- Accident
- Railway
- Goods in transit
- MTPL
- Other liability
- Miscellaneous financial losses
- Use of vessels liability
- Vessels
- MTPL
- Other property insurance
- Aircraft liability
- Fire and natural disasters
- Aircraft liability
- Credit
- Surety
- Assistance – other nonlife
- Life

**2017**

- 0% - 10%
- 10% - 20%
- 20% - 30%
- 30% - 40%
- 40% - 50%
- 50% - 60%
- 60% - 70%
- 70% - 80%
- 80% - 90%
- 90% - 100%

**2018**

- 0% - 10%
- 10% - 20%
- 20% - 30%
- 30% - 40%
- 40% - 50%
- 50% - 60%
- 60% - 70%
- 70% - 80%
- 80% - 90%
- 90% - 100%
### Insurance companies

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<td><strong>201.1</strong></td>
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One nonlife insurer merged with another nonlife insurer in 2018.

![Premium (EUR mln.)](image_url)
Insurance association activities

- Cooperation with Governmental bodies (Ministry of Finance, Ministry of Internal Affairs and other ministries, Traffic Safety Agency, etc.);
- Cooperation with National Bank of Serbia (supervisory authority);
- Cooperation with other insurance associations of all countries in the region such as associations, guarantee funds and Green card bureaus;
- A protection of the interests of insurers on the insurance market is carried out via cooperation with Government bodies, the Chamber of commerce and the National Bank of Serbia and other organizations;
- Supporting the members of the Parliament in activities that will contribute to the development of the insurance market and insurance regulative;
- Education of insurers through seminars, round tables, expert meetings and trainings;
- Cooperation with schools, colleges and universities for general education related to risk and insurance;
- Arbitration on different matters between policyholders and insurers is carried out by mediation centre within National Bank or Serbia (Centre of protection of financial services users);
- The supplying of statistical indexes referring to market losses and other statistical data is carried out through National Bank or Serbia and Association of Serbian Insurers. These two institutions receive financial insurance reports for providing and reviewing indexes in regard to the business of insurance companies and activities, in order to enable insurers to set premiums and for the purpose of adapting business policy to actual results;
- The development of actuarial profession in insurance is carried out through the cooperation with the Association of Serbian Actuaries, which organizes training for practical purposes;
- The preparation for implementing Solvency II shall be carried out and Association of Serbian Insurers is planning to provide a support to its members during that process;
- The fight against unloyal competition (monopolies) is carried out by the Commission Protection and Consumer Council, where there is cooperation for the elimination of unfair competition;
- Promotion of social responsible behaviour, including support, education and financial help towards vulnerable social groups;
- Promotion of insurance sector.
OTHER RELEVANT FINANCIAL INSTITUTIONS

Pension funds

Law which regulates pension funds is the Law on Voluntary Pension Funds and Pension Schemes (Official Gazette of RS, 85/05 and 31/11).

The National bank of Serbia is in charge of conducting supervision and regulation of the pension funds and its management companies.

As far as pension funds in Serbia are concerned, since 2006 there have been operating only voluntary pension funds (VPFs). At the end of 2018, same like at the end of 2017, the market of VPFs consisted of four companies managing seven VPFs, one custody bank, and five agent banks. At the end of 2018, a total of 122 persons were employed in VPF management companies, by three less than in the previous year.

Number of funds grouped by market share

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<tr>
<th>At the end of</th>
<th>Large (20 and above)</th>
<th>Medium (5–19.99)</th>
<th>Small (0–4.99)</th>
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<tr>
<td>2017</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>2018</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>7</td>
</tr>
</tbody>
</table>

Pension funds’ net assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets of VPF sector (EUR mln.)</td>
<td>38,1</td>
<td>57,0</td>
<td>76,5</td>
<td>95,7</td>
<td>122,1</td>
<td>141,5</td>
<td>174,1</td>
<td>200,9</td>
<td>239,2</td>
<td>266,3</td>
<td>298,0</td>
<td>339,8</td>
</tr>
</tbody>
</table>

Pension funds’ investment structure

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash funds</td>
<td>6</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Equity funds</td>
<td>3</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Balanced funds</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Closed-end funds</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total investment funds</td>
<td>12</td>
<td>17</td>
<td>21</td>
</tr>
<tr>
<td>Number of investment fund management companies</td>
<td>5</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

Note: In the investment structure for 2018, class "Other" comprises investment abroad.

**Investment funds**

Law which regulates investment funds is the Law on Investment Funds (Official Gazette of RS, 46/06, 51/09, 31/11 and 115/14).

Republic of Serbia Securities Commission is in charge of conducting supervision and regulation of the investment funds.

There are two types of investment funds in Republic of Serbia: (a) open-end investment funds with public offering and (b) alternative investment funds. In 2017 the alternative investment funds market was generally characterized by the creation of new funds, even nine, which was a significant increase in the number of funds compared to the previous year.

**Number of investment funds**

---

### Investment funds' net assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Ilirika Cash Dinar</td>
<td>1,9</td>
<td>2,3</td>
<td>2,4</td>
</tr>
<tr>
<td>2 Ilirika Cash Euro</td>
<td>0,2</td>
<td>0,3</td>
<td>0,2</td>
</tr>
<tr>
<td>3 Raiffeisen Cash</td>
<td>57,4</td>
<td>67,0</td>
<td>85,6</td>
</tr>
<tr>
<td>4 Raiffeisen Euro Cash</td>
<td>79,9</td>
<td>102,4</td>
<td>97,2</td>
</tr>
<tr>
<td>5 Kombank Novčani</td>
<td>11,5</td>
<td>15,6</td>
<td>15,0</td>
</tr>
<tr>
<td>6 Kombank Devizni</td>
<td>0,1</td>
<td>0,1</td>
<td>0,2</td>
</tr>
<tr>
<td>7 WVP Cash</td>
<td>0,0</td>
<td>0,3</td>
<td>0,5</td>
</tr>
<tr>
<td>8 Intesa Invest Cash Dinar</td>
<td>0,0</td>
<td>0,0</td>
<td>4,6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>151,1</strong></td>
<td><strong>187,9</strong></td>
<td><strong>205,8</strong></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Ilirika Dynamic</td>
<td>0,2</td>
<td>0,2</td>
<td>0,1</td>
</tr>
<tr>
<td>2 Triumph</td>
<td>0,1</td>
<td>0,1</td>
<td>0,0</td>
</tr>
<tr>
<td>3 FIMA Proactive</td>
<td>1,2</td>
<td>1,1</td>
<td>0,8</td>
</tr>
<tr>
<td>4 WVP Premium</td>
<td>0,0</td>
<td>0,3</td>
<td>0,6</td>
</tr>
<tr>
<td>5 WVP Dynamic</td>
<td>0,0</td>
<td>0,3</td>
<td>0,4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,5</strong></td>
<td><strong>1,9</strong></td>
<td><strong>2,0</strong></td>
</tr>
<tr>
<td><strong>Balanced</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Ilirika Balanced</td>
<td>1,0</td>
<td>1,0</td>
<td>0,9</td>
</tr>
<tr>
<td>2 Kombank In</td>
<td>0,6</td>
<td>0,5</td>
<td>0,6</td>
</tr>
<tr>
<td>3 Raiffeisen World</td>
<td>9,7</td>
<td>15,6</td>
<td>12,5</td>
</tr>
<tr>
<td>4 WVP Balanced</td>
<td>0,0</td>
<td>0,2</td>
<td>0,3</td>
</tr>
<tr>
<td>5 WVP Dynamic</td>
<td>0,0</td>
<td>0,0</td>
<td>9,9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,4</strong></td>
<td><strong>17,4</strong></td>
<td><strong>24,1</strong></td>
</tr>
<tr>
<td><strong>Total Open-end funds</strong></td>
<td><strong>164,0</strong></td>
<td><strong>207,3</strong></td>
<td><strong>231,9</strong></td>
</tr>
<tr>
<td><strong>Closed-end</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 FIMA SEE Activist</td>
<td>0,9</td>
<td>0,9</td>
<td>0,9</td>
</tr>
<tr>
<td><strong>Total Closed-end funds</strong></td>
<td><strong>0,9</strong></td>
<td><strong>0,9</strong></td>
<td><strong>0,9</strong></td>
</tr>
<tr>
<td><strong>Total Investment funds</strong></td>
<td><strong>164,9</strong></td>
<td><strong>208,2</strong></td>
<td><strong>232,9</strong></td>
</tr>
</tbody>
</table>
Investment funds’ net assets by type of investment fund

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash (EUR mln.)</th>
<th>Balanced (EUR mln.)</th>
<th>Equity (EUR mln.)</th>
<th>Commercial bills (EUR mln.)</th>
<th>Total (EUR mln.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0,1</td>
<td>47,0</td>
<td>0,0</td>
<td>0,0</td>
<td>187,8</td>
</tr>
<tr>
<td>2018</td>
<td>1,6</td>
<td>0,0</td>
<td>0,0</td>
<td>0,1</td>
<td>14,9</td>
</tr>
</tbody>
</table>

Investment structure of the investment funds by fund types in 2017

<table>
<thead>
<tr>
<th>Investments (EUR mln.)</th>
<th>Stocks</th>
<th>Bonds</th>
<th>Commercial bills</th>
<th>Short-term and cash deposits</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money</td>
<td>0,1</td>
<td>47,0</td>
<td>0,0</td>
<td>140,7</td>
<td>187,8</td>
</tr>
<tr>
<td>Equity</td>
<td>1,6</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>1,6</td>
</tr>
<tr>
<td>Balanced</td>
<td>8,7</td>
<td>6,1</td>
<td>0,0</td>
<td>0,1</td>
<td>14,9</td>
</tr>
<tr>
<td>Closed-end</td>
<td>0,5</td>
<td>0,0</td>
<td>0,1</td>
<td>0,0</td>
<td>0,6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>11,0</td>
<td>53,1</td>
<td>0,1</td>
<td>140,8</td>
<td>205,0</td>
</tr>
</tbody>
</table>
Currency structure of the short-term cash deposits

<table>
<thead>
<tr>
<th>Year</th>
<th>EUR</th>
<th>RSD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>54%</td>
<td>36%</td>
</tr>
<tr>
<td>2018</td>
<td>36%</td>
<td>54%</td>
</tr>
</tbody>
</table>

Micro-credit organisations

Micro-credits are approved exclusively by banks and money control is carried out by UNHCR donors and tax authorities. For the expansion of micro-credit like in European countries, a law is needed. Banking Law of the Republic of Serbia (refunded text based on the text of the Law on Banks, Official Gazette of RS, No 107/2005 and its amendments to the Official Gazette of RS, 91/10 and 14/15), in Article 5 states the following:
- No one except the bank can handle the deposit,
- No one except the bank can handle credit approval and issuance of payment cards, unless authorized by Law.

Leasing companies

Law which regulates leasing companies is the Law on Financial Leasing (Official Gazette of RS, 55/03, 61/05, 31/11, 99/11 and other laws).

The National Bank of Serbia is in charge of conducting supervision and regulation of the financial leasing companies.

Number of leasing companies

At end of 2018, 17 lessors operated in the Serbian financial leasing sector (one more than in 2017 and 2016). Their list is as follows:
1. CA Leasing Srbija d.o.o. Beograd
2. ERB Leasing a.d. Beograd
3. NDM Leasing d.o.o. Beograd
4. Intesa Leasing d.o.o. Beograd
5. LIPAKS d.o.o. Beograd Beograd

---

6. OTP Lizing d.o.o. Beograd
7. NLB Leasing d.o.o. Beograd undergoing liquidation
8. Piraeus Leasing d.o.o. Beograd
9. Porsche Leasing SCG d.o.o. Beograd
11. Raiffeisen Leasing d.o.o. Beograd
12. Scania Leasing RS d.o.o. Krnješevci
13. S-Leasing d.o.o. Beograd
14. Sogelease Srbija d.o.o.
15. UniCredit Leasing Srbija d.o.o. Beograd
16. Vantage Leasing d.o.o. Beograd
17. Zastava Istrabenz Lizing d.o.o. Beograd

Structure of assets of the leasing companies

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>538</td>
<td>621</td>
<td>733</td>
<td>100,0%</td>
<td>100,0%</td>
<td>100,0%</td>
<td>15,3%</td>
<td>18,1%</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>473</td>
<td>545</td>
<td>663</td>
<td>87,9%</td>
<td>87,8%</td>
<td>90,3%</td>
<td>15,2%</td>
<td>21,6%</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>0,3%</td>
<td>0,3%</td>
<td>0,2%</td>
<td>-7,1%</td>
<td>-8,5%</td>
</tr>
<tr>
<td>Financial lease receivables</td>
<td>462</td>
<td>538</td>
<td>658</td>
<td>85,9%</td>
<td>86,7%</td>
<td>89,7%</td>
<td>16,4%</td>
<td>22,2%</td>
</tr>
<tr>
<td>Long-term financial assets</td>
<td>9</td>
<td>5</td>
<td>3</td>
<td>1,6%</td>
<td>0,7%</td>
<td>0,4%</td>
<td>-46,3%</td>
<td>-42,6%</td>
</tr>
<tr>
<td>Other fixed assets</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0,1%</td>
<td>0,1%</td>
<td>0,1%</td>
<td>37,8%</td>
<td>56,9%</td>
</tr>
<tr>
<td>Current assets</td>
<td>65</td>
<td>77</td>
<td>71</td>
<td>12,1%</td>
<td>12,2%</td>
<td>9,7%</td>
<td>17,8%</td>
<td>-7,8%</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>32</td>
<td>33</td>
<td>33</td>
<td>5,9%</td>
<td>5,3%</td>
<td>4,6%</td>
<td>2,1%</td>
<td>2,2%</td>
</tr>
<tr>
<td>Short-term financial lease receivables</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0,2%</td>
<td>0,2%</td>
<td>0,1%</td>
<td>-4,0%</td>
<td>-18,8%</td>
</tr>
<tr>
<td>Short-term financial assets</td>
<td>21</td>
<td>33</td>
<td>27</td>
<td>3,9%</td>
<td>5,3%</td>
<td>3,7%</td>
<td>55,0%</td>
<td>-16,4%</td>
</tr>
<tr>
<td>Other short-term receivables</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>0,6%</td>
<td>0,3%</td>
<td>0,3%</td>
<td>-40,7%</td>
<td>19,3%</td>
</tr>
<tr>
<td>Other current assets and deferred tax assets</td>
<td>8</td>
<td>8</td>
<td>7</td>
<td>1,5%</td>
<td>1,0%</td>
<td>1,0%</td>
<td>-3,2%</td>
<td>-9,2%</td>
</tr>
</tbody>
</table>

Structure of investments of the leasing companies

At end of 2017, by lease asset, financing of freight vehicles, minibuses, and buses (43,1%) continued to account for the largest share of financial lease as well as passenger vehicles with 33,2%. As in the previous periods, the share of other lease assets continued to account for close to or below 10,0%. At end of 2016, the largest shares in financial lease investment by lease asset were retained by the financing of freight vehicles, minibuses and buses with 40,7% and the financing of passenger vehicles with 31,0%.

In terms of the subject of leasing, at the end of the fourth quarter of 2018, the largest share in financial leasing placements still relates to the financing of commercial vehicles, minibuses and buses (41,2%), as well as to the financing of passenger vehicles (35,1 %). Other leasing items are represented with less than 10,0% participation.

At end of 2017, by sector structure of investments, the most significant share in total financial lease investment was that of transport, warehousing, information and communications (35,2%).
Trade also accounted for a significant share with 15,3%, as did manufacturing, mining and water supply with 13,7% and construction with 7,1%. At the end of 2016, the most significant share in total financial lease investment was that of transport, warehousing, information and communications (36,4%). Trade also accounted for a significant share with 15,4%, as did manufacturing, mining and water supply with 14,4%.

In terms of sector structure of financial leasing placements, in the fourth quarter of 2018, the sectors of transport, storage, information and communication accounted for the most significant quarter (30,4%). The trade sector (15,8%), followed by manufacturing, mining, water, electricity, gas and steam (14,0%) and construction (10,1%) had a significant share. Other activities accounted for 21,2%.
SLOVENIA

Report for Slovenia has been done on the basis of official reports of Statistical Office of the Republic of Slovenia, Insurance Supervision Agency, Slovenian Insurance Association, Bank of Slovenia, and other relevant data sources. The official currency of the country is EUR, which was adopted in 2007 to replace the Slovenian tolar.

**MACROECONOMIC INDICATORS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Population - as at 1 July (× 1,000)</th>
<th>Nominal GDP - current price (EUR mln.)</th>
<th>GDP per capita (EUR)</th>
<th>Real GDP growth rate (%)</th>
<th>Registered unemployment rate (%)</th>
<th>Average net salary (EUR/month)</th>
<th>Average annual inflation - consumer price index (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2,023</td>
<td>37,926</td>
<td>18,757</td>
<td>3,5</td>
<td>4,4</td>
<td>900</td>
<td>5,7</td>
</tr>
<tr>
<td>2009</td>
<td>2,042</td>
<td>36,255</td>
<td>17,758</td>
<td>-7,5</td>
<td>5,9</td>
<td>930</td>
<td>0,9</td>
</tr>
<tr>
<td>2010</td>
<td>2,049</td>
<td>36,364</td>
<td>17,749</td>
<td>1,3</td>
<td>7,3</td>
<td>967</td>
<td>1,8</td>
</tr>
<tr>
<td>2011</td>
<td>2,052</td>
<td>37,059</td>
<td>18,052</td>
<td>0,9</td>
<td>8,2</td>
<td>987</td>
<td>1,8</td>
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<tr>
<td>2012</td>
<td>2,056</td>
<td>36,253</td>
<td>17,626</td>
<td>-2,6</td>
<td>8,9</td>
<td>991</td>
<td>2,6</td>
</tr>
<tr>
<td>2013</td>
<td>2,059</td>
<td>36,454</td>
<td>17,000</td>
<td>-1,0</td>
<td>10,1</td>
<td>997</td>
<td>1,8</td>
</tr>
<tr>
<td>2014</td>
<td>2,062</td>
<td>37,634</td>
<td>18,253</td>
<td>2,8</td>
<td>9,7</td>
<td>1,005</td>
<td>0,2</td>
</tr>
<tr>
<td>2015</td>
<td>2,063</td>
<td>38,853</td>
<td>18,830</td>
<td>2,2</td>
<td>9,0</td>
<td>1,013</td>
<td>-0,5</td>
</tr>
<tr>
<td>2016</td>
<td>2,064</td>
<td>40,367</td>
<td>19,551</td>
<td>3,1</td>
<td>8,0</td>
<td>1,030</td>
<td>-0,1</td>
</tr>
<tr>
<td>2017</td>
<td>2,066</td>
<td>42,987</td>
<td>20,809</td>
<td>4,8</td>
<td>6,6</td>
<td>1,062</td>
<td>1,4</td>
</tr>
<tr>
<td>2018</td>
<td>2,070</td>
<td>45,755</td>
<td>22,083</td>
<td>4,1</td>
<td>5,1</td>
<td>1,093</td>
<td>1,7</td>
</tr>
</tbody>
</table>

**STRUCTURE OF THE FINANCIAL SERVICE SECTOR**

<table>
<thead>
<tr>
<th>Financial institution</th>
<th>Banks</th>
<th>Insurance and reinsurance companies</th>
<th>Pension companies</th>
<th>Investment funds</th>
<th>Leasing companies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets (EUR mln.)</td>
<td>48,747</td>
<td>6,302</td>
<td>671</td>
<td>1,784</td>
<td>5,088</td>
<td>62,592</td>
</tr>
<tr>
<td>Share (%)</td>
<td>77,9</td>
<td>10,1</td>
<td>1,1</td>
<td>2,9</td>
<td>8,1</td>
<td>100,0</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets (EUR mln.)</td>
<td>46,119</td>
<td>6,790</td>
<td>603</td>
<td>1,804</td>
<td>4,842</td>
<td>60,158</td>
</tr>
<tr>
<td>Share (%)</td>
<td>76,7</td>
<td>11,3</td>
<td>1,0</td>
<td>3,0</td>
<td>8,0</td>
<td>100,0</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets (EUR mln.)</td>
<td>40,344</td>
<td>6,938</td>
<td>553</td>
<td>1,818</td>
<td>3,826</td>
<td>53,479</td>
</tr>
<tr>
<td>Share (%)</td>
<td>75,4</td>
<td>13,0</td>
<td>1,0</td>
<td>3,4</td>
<td>7,2</td>
<td>100,0</td>
</tr>
</tbody>
</table>
### BANKING SECTOR

#### Legal framework

As a member state of the EU since 1 May 2004, the Republic of Slovenia has adopted and implemented a set of laws and supplementary regulations targeting banks and other credit institutions as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets (EUR mln.)</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>38.714</td>
<td>74,1 14,1 1,1 4,0 6,6</td>
</tr>
<tr>
<td>2015</td>
<td>37.383</td>
<td>73,9 14,7 1,2 4,5 5,7</td>
</tr>
<tr>
<td>2016</td>
<td>37.050</td>
<td>73,2 15,4 1,4 4,7 5,3</td>
</tr>
<tr>
<td>2017</td>
<td>37.946</td>
<td>72,8 15,4 1,4 5,0 5,4</td>
</tr>
<tr>
<td>2018</td>
<td>38.776</td>
<td>73,6 15,2 1,5 4,6 5,1</td>
</tr>
</tbody>
</table>
On 1 January 2007 Slovenia joined the third stage of the European Monetary Union. The Slovenian banking sector regulatory and supervisory framework are generally in line with EU standards. Basel II regulatory framework was fully implemented in late 2006 and then Basel III package in January 2013.

The banking supervision system has undergone significant change since the global financial crisis 2008. As it has already been mentioned, the Single Supervisory Mechanism (SSM) began functioning in 2014 as one of the pillars of the banking union, whose objective is safe, transparent, and unified European banking. The establishment of the SSM saw supervision of the European banks that meet the criteria for classification as significant institutions transferred to the European Central Bank (ECB) in 2014, although this supervision is conducted in operational terms by joint supervisory teams (JSTs). The JST for each significant institution consists of a coordinator from the ECB, and members from the national supervisory authority (the Bank of Slovenia in this case) and the ECB. The supervision of banks that do not meet the criteria for being classed as significant institutions, i.e. less significant institutions, is conducted by national supervisory authority (i.e. the Bank of Slovenia), in accordance with the rules and methodology of the ECB and the SSM.

### Banking sector size

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets (EUR mln.)</td>
<td>46.119</td>
<td>40.344</td>
<td>38.714</td>
<td>37.383</td>
<td>37.050</td>
<td>37.946</td>
<td>38.776</td>
</tr>
<tr>
<td>Total assets as % of GDP</td>
<td>127,2</td>
<td>110,7</td>
<td>102,9</td>
<td>96,2</td>
<td>91,8</td>
<td>88,3</td>
<td>84,7</td>
</tr>
</tbody>
</table>

* Including employees from the savings banks.
Market concentration

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of banks</td>
<td>23</td>
<td>23</td>
<td>24</td>
<td>23</td>
<td>19</td>
<td>18</td>
<td>17</td>
</tr>
<tr>
<td>Average assets per bank (EUR mln.)</td>
<td>2.005,2</td>
<td>1.754,1</td>
<td>1.613,1</td>
<td>1.625,4</td>
<td>1.950,0</td>
<td>2.108,1</td>
<td>2.322,5</td>
</tr>
</tbody>
</table>

While in 2017 market share of the largest bank was 23,0%, the three largest banks was 45,5% and the five largest banks was 60,6%, in 2018 market shares were 22,7%, 45,2%, and 60,0%, respectively.

Composition of banks’ assets

<table>
<thead>
<tr>
<th>Share in total assets (%)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash funds</td>
<td>10,9</td>
<td>11,0</td>
<td>12,2</td>
</tr>
<tr>
<td>Net loans*</td>
<td>61,3</td>
<td>62,9</td>
<td>61,5</td>
</tr>
<tr>
<td>Financial assets/Securities</td>
<td>24,4</td>
<td>23,1</td>
<td>22,9</td>
</tr>
<tr>
<td>Other assets</td>
<td>3,4</td>
<td>3,0</td>
<td>3,4</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
</tr>
</tbody>
</table>

* Loans to non-banking sector and banks.

Note: The data are available only for the period 2016-2018. However, missing separate data on fixed assets.
### Composition of banks’ liabilities

<table>
<thead>
<tr>
<th>Share in total liabilities (%)</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits by non-banking sector</td>
<td>51,7</td>
<td>55,9</td>
<td>63,1</td>
<td>67,2</td>
<td>70,5</td>
<td>72,5</td>
<td>74,7</td>
</tr>
<tr>
<td>Liabilities to domestic banks</td>
<td>6,7</td>
<td>5,9</td>
<td>4,3</td>
<td>3,3</td>
<td>2,7</td>
<td>2,3</td>
<td>2,2</td>
</tr>
<tr>
<td>Liabilities to foreign banks</td>
<td>16,5</td>
<td>13,3</td>
<td>11,7</td>
<td>9,4</td>
<td>7,7</td>
<td>6,3</td>
<td>6,0</td>
</tr>
<tr>
<td>Liabilities from debt securities</td>
<td>4,7</td>
<td>4,1</td>
<td>4,3</td>
<td>3,0</td>
<td>2,1</td>
<td>1,0</td>
<td>0,4</td>
</tr>
<tr>
<td>Liabilities to ECB</td>
<td>8,7</td>
<td>9,2</td>
<td>2,9</td>
<td>2,4</td>
<td>1,9</td>
<td>3,0</td>
<td>2,8</td>
</tr>
<tr>
<td>Equity</td>
<td>8,1</td>
<td>9,1</td>
<td>10,8</td>
<td>11,8</td>
<td>12,4</td>
<td>12,5</td>
<td>12,2</td>
</tr>
<tr>
<td>Other</td>
<td>3,6</td>
<td>2,5</td>
<td>2,9</td>
<td>2,8</td>
<td>2,5</td>
<td>2,6</td>
<td>1,7</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
</tr>
</tbody>
</table>
**Maturity structure of deposits**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term deposits</td>
<td>67.7</td>
<td>69.7</td>
<td>69.9</td>
<td>72.3</td>
<td>77.9</td>
<td>80.8</td>
<td>83.7</td>
</tr>
<tr>
<td>Long-term deposits</td>
<td>32.3</td>
<td>30.3</td>
<td>30.1</td>
<td>27.7</td>
<td>22.1</td>
<td>19.2</td>
<td>16.3</td>
</tr>
</tbody>
</table>

Note: Missing data on loan maturity structure.

**Deposits' and loans' rates – households (new business)**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit rate – less than year</td>
<td>2.2</td>
<td>1.5</td>
<td>0.7</td>
<td>0.3</td>
<td>0.2</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Deposit rate – more than year</td>
<td>4.0</td>
<td>2.8</td>
<td>1.4</td>
<td>0.7</td>
<td>0.5</td>
<td>0.5</td>
<td>0.6</td>
</tr>
<tr>
<td>Loan rate – housing loans</td>
<td>3.0</td>
<td>3.3</td>
<td>2.9</td>
<td>2.6</td>
<td>2.3</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Loan rate – consumer loans – less than year</td>
<td>4.9</td>
<td>5.1</td>
<td>4.8</td>
<td>4.2</td>
<td>4.2</td>
<td>4.4</td>
<td>4.7</td>
</tr>
<tr>
<td>Loan rate – consumer loans – more than year</td>
<td>7.2</td>
<td>7.2</td>
<td>6.8</td>
<td>5.5</td>
<td>6.0</td>
<td>6.1</td>
<td>6.2</td>
</tr>
</tbody>
</table>
Deposits' and loans' rates - enterprises (new business)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit rate – less than year</td>
<td>1,9</td>
<td>1,4</td>
<td>0,3</td>
<td>0,1</td>
<td>0,1</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Deposit rate – more than year</td>
<td>4,2</td>
<td>2,9</td>
<td>1,4</td>
<td>0,6</td>
<td>0,2</td>
<td>0,1</td>
<td>0,2</td>
</tr>
<tr>
<td>Loan rate – less than year</td>
<td>5,1</td>
<td>4,7</td>
<td>3,6</td>
<td>2,3</td>
<td>2,6</td>
<td>2,1</td>
<td>1,9</td>
</tr>
<tr>
<td>Loan rate – more than year</td>
<td>5,7</td>
<td>4,9</td>
<td>3,4</td>
<td>3,4</td>
<td>2,3</td>
<td>2,3</td>
<td>1,9</td>
</tr>
</tbody>
</table>

According to Bank of Slovenia, interest rates on loans in the case of nonfinancial firms, i.e. enterprises, have been historically low and interest rates on deposits of households with maturity 3-6 months slightly increased (in contrast to the term deposits of both households and enterprises).
The basic features of the banking sector

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital adequacy rate (%)</td>
<td>11,9</td>
<td>14,0</td>
<td>19,3</td>
<td>20,8</td>
<td>20,8</td>
<td>19,8</td>
<td>19,8</td>
</tr>
<tr>
<td>Total loans (EUR mln.)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>61,8</td>
<td>62,9</td>
<td>61,5</td>
<td></td>
</tr>
<tr>
<td>Non-performing exposures (EUR mln.)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,5</td>
<td>2,5</td>
<td>1,7</td>
<td></td>
</tr>
<tr>
<td>Ratio of non-performing to total exposures (%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,5</td>
<td>6,0</td>
<td>4,0</td>
<td></td>
</tr>
<tr>
<td>Net profit/loss (EUR mln.)</td>
<td>-19,0</td>
<td>-100,0</td>
<td>-2,7</td>
<td>3,6</td>
<td>8,0</td>
<td>9,6</td>
<td>11,1</td>
</tr>
<tr>
<td>Liquid to total assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,9</td>
<td>11</td>
<td>12,2</td>
<td></td>
</tr>
</tbody>
</table>

Note: The table encompasses the data available online. Corrections of BoS.

INSURANCE SECTOR

Legal framework

Legal framework for insurance sector operations:
- Insurance Act,
- Secondary insurance legislation,
- Compulsory Motor Third-party Liability Act,
- Pension and Disability Insurance Act,
- Health Care and Health Insurance Act,
- Tax on Insurance Premiums Act,
- Code of Obligations,

At the end of 2015 and during 2016 the new Insurance Act and secondary insurance legislation were changed in accordance to Solvency II (transposition of Solvency II directive) and from 24 February 2019 there are changes in Insurance Act (transposition of Insurance Distribution Directive). From 1 January 2013 (new provisions for additional pension insurance) and from December 2019 (transposition of IORP directive 2016/2341) there are changes in Pension and Disability Insurance Act. In October 2016 the new Prevention of Money Laundering and Terrorist Financing Act was adopted (transposition of AML directive 2015/849).

Institutional framework

Institutional framework for insurance sector operations:
- Ministry of Finance,
- Insurance Supervision Agency,
- Slovenian Insurance Association,
- Insurance companies,
- Reinsurance companies,
- Occupational pension companies,
- Insurance intermediaries,
- Insurance agents.
## Total premium income

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife (EUR mln.)</th>
<th>Life (EUR mln.)</th>
<th>Total (EUR mln.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1.285</td>
<td>676</td>
<td>1.961</td>
</tr>
<tr>
<td>Share (%)</td>
<td>65.5</td>
<td>34.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Premium growth index 08/07</td>
<td>107.1</td>
<td>105.5</td>
<td>106.5</td>
</tr>
<tr>
<td>2008</td>
<td>1.376</td>
<td>713</td>
<td>2.089</td>
</tr>
<tr>
<td>Share (%)</td>
<td>65.9</td>
<td>34.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Premium growth index 09/08</td>
<td>104.9</td>
<td>97.8</td>
<td>102.4</td>
</tr>
<tr>
<td>2009</td>
<td>1.443</td>
<td>697</td>
<td>2.140</td>
</tr>
<tr>
<td>Share (%)</td>
<td>67.4</td>
<td>32.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Premium growth index 10/09</td>
<td>99.7</td>
<td>103.7</td>
<td>101.0</td>
</tr>
<tr>
<td>2010</td>
<td>1.439</td>
<td>723</td>
<td>2.162</td>
</tr>
<tr>
<td>Share (%)</td>
<td>66.6</td>
<td>33.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Premium growth index 11/10</td>
<td>101.0</td>
<td>92.1</td>
<td>98.1</td>
</tr>
<tr>
<td>2011</td>
<td>1.454</td>
<td>666</td>
<td>2.120</td>
</tr>
<tr>
<td>Share (%)</td>
<td>68.6</td>
<td>31.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Premium growth index 12/11</td>
<td>100.2</td>
<td>99.1</td>
<td>99.9</td>
</tr>
<tr>
<td>2012</td>
<td>1.457</td>
<td>660</td>
<td>2.117</td>
</tr>
<tr>
<td>Share (%)</td>
<td>68.8</td>
<td>31.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Premium growth index 13/12</td>
<td>97.8</td>
<td>92.9</td>
<td>96.3</td>
</tr>
<tr>
<td>2013</td>
<td>1.403</td>
<td>595</td>
<td>1.998</td>
</tr>
<tr>
<td>Share (%)</td>
<td>70.2</td>
<td>29.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Premium growth index 14/13</td>
<td>98.5</td>
<td>97.1</td>
<td>98.0</td>
</tr>
<tr>
<td>2014</td>
<td>1.411</td>
<td>625</td>
<td>2.036</td>
</tr>
<tr>
<td>Share (%)</td>
<td>69.3</td>
<td>30.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Premium growth index 15/14</td>
<td>100.6</td>
<td>105.0</td>
<td>101.9</td>
</tr>
<tr>
<td>2015</td>
<td>1.460</td>
<td>607</td>
<td>2.066</td>
</tr>
<tr>
<td>Share (%)</td>
<td>70.7</td>
<td>29.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Premium growth index 16/15</td>
<td>103.5</td>
<td>97.1</td>
<td>101.5</td>
</tr>
<tr>
<td>2016</td>
<td>1.526</td>
<td>654</td>
<td>2.179</td>
</tr>
<tr>
<td>Share (%)</td>
<td>70.0</td>
<td>30.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Premium growth index 17/16</td>
<td>104.5</td>
<td>107.7</td>
<td>105.5</td>
</tr>
<tr>
<td>2017</td>
<td>1.624</td>
<td>717</td>
<td>2.341</td>
</tr>
<tr>
<td>Share (%)</td>
<td>69.4</td>
<td>30.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Premium growth index 18/17</td>
<td>106.5</td>
<td>109.7</td>
<td>107.4</td>
</tr>
</tbody>
</table>

The figures are based on annual data that Slovenian Insurance Association has obtained from its members.
Insurance penetration and insurance density

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife</th>
<th>Life</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>3.66</td>
<td>1.93</td>
<td>5.59</td>
</tr>
<tr>
<td>2008</td>
<td>3.63</td>
<td>1.88</td>
<td>5.51</td>
</tr>
<tr>
<td>2009</td>
<td>3.98</td>
<td>1.92</td>
<td>5.90</td>
</tr>
<tr>
<td>2010</td>
<td>3.96</td>
<td>1.99</td>
<td>5.94</td>
</tr>
<tr>
<td>2011</td>
<td>3.92</td>
<td>1.80</td>
<td>5.72</td>
</tr>
<tr>
<td>2012</td>
<td>4.02</td>
<td>1.82</td>
<td>5.84</td>
</tr>
<tr>
<td>2013</td>
<td>3.91</td>
<td>1.68</td>
<td>5.59</td>
</tr>
</tbody>
</table>

Premium as % of GDP

Premium per capita (EUR)
<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife</th>
<th>Life</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3.73</td>
<td>1.58</td>
<td>5.31</td>
</tr>
<tr>
<td>2015</td>
<td>3.63</td>
<td>1.61</td>
<td>5.24</td>
</tr>
<tr>
<td>2016</td>
<td>3.62</td>
<td>1.50</td>
<td>5.12</td>
</tr>
<tr>
<td>2017</td>
<td>3.55</td>
<td>1.52</td>
<td>5.07</td>
</tr>
<tr>
<td>2018</td>
<td>3.55</td>
<td>1.57</td>
<td>5.12</td>
</tr>
</tbody>
</table>

The figures are based on annual data that Slovenian Insurance Association has obtained from its members.

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The figures are based on annual data that Slovenian Insurance Association has obtained from its members.
### Market concentration – Members of Slovenian Insurance Association

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of companies</th>
<th>Average premium per company (EUR mln.)</th>
<th>Market share of the largest company (%)</th>
<th>Market share of the largest three companies (%)</th>
<th>Market share of the largest five companies (%)</th>
<th>Number of companies with market share less than 3%</th>
<th>Number of (direct) employees in the insurance sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>16</td>
<td>122.5</td>
<td>36.8</td>
<td>62.1</td>
<td>80.1</td>
<td>13</td>
<td>6.064</td>
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<tr>
<td>2008</td>
<td>16</td>
<td>130.6</td>
<td>36.8</td>
<td>61.6</td>
<td>79.6</td>
<td>12</td>
<td>6.365</td>
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<tr>
<td>2009</td>
<td>18</td>
<td>118.9</td>
<td>35.4</td>
<td>60.4</td>
<td>78.9</td>
<td>11</td>
<td>6.340</td>
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<tr>
<td>2010</td>
<td>19</td>
<td>113.8</td>
<td>33.9</td>
<td>58.5</td>
<td>76.7</td>
<td>11</td>
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<tr>
<td>2011</td>
<td>19</td>
<td>111.6</td>
<td>33.4</td>
<td>58.7</td>
<td>75.5</td>
<td>12</td>
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<td>73.8</td>
<td>13</td>
<td>6.339</td>
</tr>
<tr>
<td>2013</td>
<td>18</td>
<td>113.2</td>
<td>29.6</td>
<td>57.7</td>
<td>75.2</td>
<td>12</td>
<td>6.267</td>
</tr>
<tr>
<td>2014</td>
<td>18</td>
<td>111.0</td>
<td>29.6</td>
<td>57.4</td>
<td>75.3</td>
<td>12</td>
<td>6.263</td>
</tr>
<tr>
<td>2015</td>
<td>18</td>
<td>113.1</td>
<td>28.7</td>
<td>56.8</td>
<td>74.4</td>
<td>11</td>
<td>6.342</td>
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<tr>
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<td>18</td>
<td>114.8</td>
<td>28.7</td>
<td>60.0</td>
<td>78.9</td>
<td>12</td>
<td>6.434</td>
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<tr>
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<td>18</td>
<td>121.1</td>
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<td>77.5</td>
<td>10</td>
<td>6.270</td>
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<tr>
<td>2018</td>
<td>20</td>
<td>117.1</td>
<td>27.0</td>
<td>56.7</td>
<td>75.9</td>
<td>12</td>
<td>6.303</td>
</tr>
</tbody>
</table>

The figures are based on annual data that Slovenian Insurance Association has obtained from its members.
### Total premium per major insurance classes

<table>
<thead>
<tr>
<th>Insurance class</th>
<th>2017 EUR mln.</th>
<th>Share (%)</th>
<th>2018 EUR mln.</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident</td>
<td>94,7</td>
<td>4,3</td>
<td>97,7</td>
<td>4,2</td>
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<tr>
<td>Health</td>
<td>515,5</td>
<td>23,7</td>
<td>547,4</td>
<td>23,4</td>
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<tr>
<td>Land motor vehicles</td>
<td>257,4</td>
<td>11,8</td>
<td>285,8</td>
<td>12,2</td>
</tr>
<tr>
<td>Railway</td>
<td>3,0</td>
<td>0,1</td>
<td>2,9</td>
<td>0,1</td>
</tr>
<tr>
<td>Aircrafts</td>
<td>0,9</td>
<td>0,0</td>
<td>0,7</td>
<td>0,0</td>
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<tr>
<td>Vessels</td>
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<td>0,0</td>
<td>1,1</td>
<td>0,0</td>
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<tr>
<td>Goods in transit</td>
<td>7,8</td>
<td>0,4</td>
<td>7,2</td>
<td>0,3</td>
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<tr>
<td>Fire and natural disasters</td>
<td>117,7</td>
<td>5,4</td>
<td>119,9</td>
<td>5,1</td>
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<tr>
<td>Other property insurance</td>
<td>134,2</td>
<td>6,2</td>
<td>149,9</td>
<td>6,4</td>
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<tr>
<td>MTPL</td>
<td>233,9</td>
<td>10,7</td>
<td>249,3</td>
<td>10,7</td>
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<tr>
<td>Aircraft liability</td>
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<td>0,0</td>
<td>0,9</td>
<td>0,0</td>
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<tr>
<td>Use of vessels liability</td>
<td>1,2</td>
<td>0,1</td>
<td>1,3</td>
<td>0,1</td>
</tr>
<tr>
<td>Other liability</td>
<td>67,2</td>
<td>3,1</td>
<td>72,6</td>
<td>3,1</td>
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<td>Credit</td>
<td>46,2</td>
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<td>41,6</td>
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<tr>
<td>Surety</td>
<td>1,9</td>
<td>0,1</td>
<td>2,1</td>
<td>0,1</td>
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<tr>
<td>Miscellaneous financial losses</td>
<td>6,8</td>
<td>0,3</td>
<td>7,4</td>
<td>0,3</td>
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<tr>
<td>Legal protection</td>
<td>3,8</td>
<td>0,2</td>
<td>4,3</td>
<td>0,2</td>
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</tbody>
</table>
The figures are based on annual data that Slovenian Insurance Association has obtained from its members.

<table>
<thead>
<tr>
<th>Assistance – other nonlife</th>
<th>31,4</th>
<th>1,4</th>
<th>32,3</th>
<th>1,4</th>
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</thead>
<tbody>
<tr>
<td>NONLIFE</td>
<td>1.525,8</td>
<td>70,0</td>
<td>1.624,4</td>
<td>69,4</td>
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<tr>
<td>LIFE</td>
<td>653,5</td>
<td>30,0</td>
<td>716,7</td>
<td>30,6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2.179,3</td>
<td>100,0</td>
<td>2.341,1</td>
<td>100,0</td>
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Insurance companies

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Premium (EUR mln.)</th>
<th>Market share in 2018 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nonlife</td>
<td>Life</td>
</tr>
<tr>
<td>1</td>
<td>Triglav</td>
<td>431,2</td>
<td>173,5</td>
</tr>
<tr>
<td>2</td>
<td>Sava</td>
<td>279,2</td>
<td>84,6</td>
</tr>
<tr>
<td>3</td>
<td>Vzajemna Mutual Health</td>
<td>284,5</td>
<td>0,0</td>
</tr>
<tr>
<td>4</td>
<td>Adriatic Slovenica</td>
<td>241,6</td>
<td>65,2</td>
</tr>
<tr>
<td></td>
<td>Triglav Health insurance</td>
<td>Modra</td>
<td>GENERALI</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------</td>
<td>-------</td>
<td>----------</td>
</tr>
<tr>
<td>5</td>
<td>129,9</td>
<td>0,0</td>
<td>129,9</td>
</tr>
<tr>
<td>6</td>
<td>0,0</td>
<td>85,8</td>
<td>0,0</td>
</tr>
<tr>
<td>7</td>
<td>70,5</td>
<td>31,5</td>
<td>102,0</td>
</tr>
<tr>
<td>8</td>
<td>129,9</td>
<td>0,0</td>
<td>129,9</td>
</tr>
<tr>
<td>9</td>
<td>85,8</td>
<td>0,0</td>
<td>85,8</td>
</tr>
<tr>
<td>10</td>
<td>72,5</td>
<td>31,4</td>
<td>102,0</td>
</tr>
<tr>
<td>11</td>
<td>31,4</td>
<td>103,9</td>
<td>4,44</td>
</tr>
<tr>
<td>12</td>
<td>31,4</td>
<td>103,9</td>
<td>4,44</td>
</tr>
<tr>
<td>13</td>
<td>0,0</td>
<td>30,0</td>
<td>0,0</td>
</tr>
<tr>
<td>14</td>
<td>0,0</td>
<td>30,0</td>
<td>0,0</td>
</tr>
<tr>
<td>15</td>
<td>10,6</td>
<td>19,2</td>
<td>29,8</td>
</tr>
<tr>
<td>16</td>
<td>15,1</td>
<td>0,0</td>
<td>15,1</td>
</tr>
<tr>
<td>17</td>
<td>2,3</td>
<td>0,0</td>
<td>2,3</td>
</tr>
<tr>
<td>18</td>
<td>2,3</td>
<td>0,0</td>
<td>2,3</td>
</tr>
<tr>
<td>19</td>
<td>2,3</td>
<td>0,0</td>
<td>2,3</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>653,5</strong></td>
<td><strong>2.179,3</strong></td>
</tr>
</tbody>
</table>

Note: The insurance portfolio of ERGO Življenjska was transferred to ERGO in March 2017.

The figures are based on annual data that Slovenian Insurance Association has obtained from its members.
Insurance association activities

- cooperation with other insurance associations in the region
Slovenian Insurance Association is the only insurance association in Slovenia and cooperates with insurance associations in EU and Insurance Brokers Association of Slovenia.

- protection of the interests of insurers on the insurance market
Slovenian Insurance Association cooperates with Insurance Europe, relevant ministries and Insurance Supervision Agency and initiates legal changes that contribute to development of Slovenian insurance market. In the interest of its members, Slovenian Insurance Association performs following activities related to its members' insurance business:
  - represents the combined and individual interests of its members vis-à-vis state bodies and other organizations,
  - cooperates with economic, scientific, technical and other organizations for the purpose of promoting the development of insurance,
  - encourages research and publication activities in insurance.

- initiating the legislators to take certain actions that will contribute to the development of insurance market
Slovenian Insurance Association actively cooperates with relevant ministries in Slovenia and Insurance Supervision Agency and initiates legal changes that contribute to development of insurance market (Insurance Act, Secondary insurance legislation, Pension and disability insurance act, Health care and health insurance act, Tax on insurance premiums act, Act of subsiding insurance premiums for the insurance of agricultural production and fisheries, etc.).
- education of insurers for better performance
Slovenian Insurance Association organizes training and carry out testing of professional knowledge required to perform insurance agency and brokerage transactions. We also organize many different seminars for insurance employees such as Insurance Days in Slovenia (this traditional annual event is the most important and biggest insurance meeting in the country), Seminar for insurance agents and insurance brokers (annual event), Motor insurance seminar (annual event) and others.

- arbitration in case of disputes between insurers on different basis
The following bodies of the Slovenian Insurance Association provide the out-of-court settlement of disputes between insurance and reinsurance companies and their clients:
- the Insurance Ombudsman,
- the Mediation Centre.
Each member of the Slovenian Insurance Association agrees with the Insurance Code and the acts governing the procedures for the out-of-court settlement of disputes.

- providing statistical indicators of the losses on the market level necessary to insurers to calculate premium tariffs
Slovenian Insurance Association provides indicators according to the collected data from its members (monthly, quarterly and yearly).

- development of actuarial services in the insurance sector
Slovenian Insurance Association cooperates with Slovenian Association of Actuaries which is responsible for developing actuarial services in the insurance sector.

- establishment of procedures for obtaining rights for intermediation in insurance
Slovenian Insurance Association organizes training and carry out testing of professional knowledge required to perform insurance agency and brokerage transactions.

OTHER RELEVANT FINANCIAL INSTITUTIONS

Pension funds

Law which regulates pension funds in Slovenia is Pension and Disability Insurance Act (Official Gazette of the Republic of Slovenia 96/12, 39/13, 102/15, 23/17, 40/17, 65/17, 28/19 and 75/19).

Supervision and regulation of pension funds in Slovenia is performed by the Ministry for employment and social affairs, Insurance Supervision Agency and Securities Market Agency.

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33 Data from the Securities Market Agency (https://www.a-tvp.si/eng/mutual-pension-funds/mutual-pension-funds).
Pension funds' membership

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual pension funds (ths.)</td>
<td>266,3</td>
<td>272,9</td>
<td>282,1</td>
</tr>
</tbody>
</table>

Pension funds' net assets

<table>
<thead>
<tr>
<th></th>
<th>EUR mln.</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual pension funds</td>
<td>1.011,7</td>
<td>1.065,7</td>
<td>1.123,9</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>1.943,5</td>
<td>1.633,9</td>
<td>1.460,0</td>
</tr>
<tr>
<td>Mixed mutual funds</td>
<td>711,4</td>
<td>797,0</td>
<td>770,2</td>
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<tr>
<td>Bond mutual funds</td>
<td>169,0</td>
<td>178,4</td>
<td>167,3</td>
</tr>
<tr>
<td>Money market mutual funds</td>
<td>100,3</td>
<td>55,0</td>
<td>79,6</td>
</tr>
<tr>
<td>Other mutual funds</td>
<td></td>
<td>0,5</td>
<td>0,6</td>
</tr>
</tbody>
</table>

Special type of a pension fund

The First Pension Fund (PPS) represents a special type of a pension fund. The fund is designed to cover for payments of pension annuities from insurance policies under supplementary pension insurance and is managed by Modra Zavarovalnica.

The premium for the pension annuity was provided with the exchange of pension coupons for insurance policy points. In 1999, shareholders of Authorised Investment Companies that had opted for the exchange and persons who held employment certificates (compensations for the due salaries for 1992) were issued pension coupons. Pension coupons were issued in a non-material form and were freely transferable. A natural person could exchange a maximum of 10,000 pension coupons for an insurance policy of supplementary pension insurance during the period from 15 October, 1999 to 31 December, 2002.

On 31 December, 2002, pension coupons held by natural persons that had not opted for the exchange were directly exchanged for an insurance policy pursuant to law. All rights of legal entities as well as all natural persons who held pension coupons in excess of 10,000 have been extinguished on 31 December, 2002. Since 01 January, 2003, the First Pension Fund is a close-end mutual pension fund.

Investment funds

Laws which regulate investment funds are:
- Law on Investment Funds and Management Companies - ZISDU-3 (Official Gazette of the Republic of Slovenia 31/15),

Supervision and regulation of investment funds in Slovenia is performed by the Securities Market Agency.

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34 Data from the Securities Market Agency (https://www.a-tvp.si/eng).
At the end of 2017, seven management companies operated, that managed six umbrella funds with 96 sub-funds and four mutual funds. The volume of assets in the investment funds of domestic management funds amounted to EUR 2.665 billion at the end of the year.

At the end of 2017, there were 11 alternative investment fund (AIF) registered operators and two AIF operators that were authorized by the Agency to provide AIF management services. These operators managed two special investment fund manager (SIS) and 15 AIF without status. At the end of 2016, the amount of funds in the management of AIF operators located in the Republic of Slovenia amounted to EUR 45 million.

On 31 December, 2018, the net asset value (NAV) in Slovenian mutual funds was EUR 2.468,8 million and 59% of assets were in joint stock mutual funds, 31% in mixed ones, 7% in bonds, and the rest in other funds. Net payments to mutual funds were negative in 2018, amounting to EUR 9,3 million. An overview of payments by types of mutual funds shows that: 35

- net payments to equity funds were negative (-EUR 42,6 million),
- net contributions to mixed funds were negative (-EUR 17,0 million),
- positive net worth for bond funds (EUR 8,7 million),
- net payments to money market funds were positive (EUR 24,9 million).

Financial assets of investment funds in Slovenia as of 2018, by asset type

![Financial assets of investment funds in Slovenia as of 2018, by asset type](image)

Leasing companies 36

The Bank Association of Slovenia was founded in 1956. The main Association’s task is implementation of the activities in the interest of its members. The Association represents the voice of banks, saving banks and leasing companies, operating in Slovenia.

The Leasing Committee, representing leasing industry in Slovenia, has established as a leasing office within the Bank Association of Slovenia. Also, using synergy with bank members, it covers all the needs of its members.

After a sluggish start, 2017 was proved to be a good year for leasing operations in terms of their visibility. This upswing could be seen also in the relations with the government bodies such as the Ministry of Economic Development and Technology and the Bank of Slovenia, in issuing regulatory provisions for the implementation of the recently promulgated Consumer Credit Act in the first quarter of 2017 and got further impetus in the second quarter of the year, when the leasing operations were presented as risky by the media when the KDS Leasing case cracked wide open.

In the area of the leasing activities, there were relevant trends in 2017, with an impact on the membership. At this point we should mention the sale of the portfolios of the leasing companies, the sale of certain leasing companies, the specialisation of the member institutions, the changes in business models, winding up of some leasing companies, etc. It all had as a foreseeable consequence resigning from being a member of a number of leasing companies and it actually happened. On the other hand, new economic agents operating in the area of leasing activities entered the market and they expressed interest for cooperation within the framework of the Association and they operated according a specific business model.

In terms of its visibility and public perception, unlike the situation in 2017 when the KDS Leasing case cracked wide open affecting the leasing business that attracted negative media attention, during 2018 there were no significant examples of negative perception. As it was also the case in the previous years, the leasing business grew only in the segment of automotive and equipment financing. With the year 2018, the membership of the leasing company VBS Leasing in the Bank Association was terminated and no new applications for membership arrived.

Further to this point, it is worth mentioning that as of 1 May 2018, the new Supervisory Board was elected for a four-year term of office with some new and some re-elected members.

Leasing companies, membership on 31 December, 2018:
- BKS-Leasing d. o. o.
- DBS Leasing, d. o. o.
- GB Leasing, d. o.o.
- NLB Leasing d. o. o. – v likvidaciji
- Porsche Leasing SLO d. o. o.
- RCI Banque, bančna podružnica
- SKB Leasing d. o. o.
- SKB Leasing Select d. o. o.
- Sparkasse Leasing S, d. o. o.
- Summit Leasing Slovenija d. o. o.
- VBKS Leasing d. o. o.
Report for Turkey has been done on the basis of official reports of Turkish Statistical Institute, Central Bank of the Republic of Turkey, Insurance Association of Turkey, and other relevant data sources. All conversions from the national currency the Turkish lira (TRY) to EUR have been made at official midpoint exchange rate of the Central Bank of the Republic of Turkey for the corresponding year.

**MACROECONOMIC INDICATORS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (× 1.000)</th>
<th>Nominal GDP (EUR mln.)</th>
<th>GDP per capita (EUR)</th>
<th>Real GDP growth rate (%)</th>
<th>Unemployment rate (%)</th>
<th>Inflation rate (%)</th>
<th>Exchange rate (EUR/TRY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>75.627</td>
<td>679.499</td>
<td>9.039</td>
<td>4.8</td>
<td>8.4</td>
<td>6.2</td>
<td>2.3100</td>
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<tr>
<td>2013</td>
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<td>715.841</td>
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<td>8.5</td>
<td>9.0</td>
<td>7.4</td>
<td>2.5281</td>
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<td>702.907</td>
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<td>5.2</td>
<td>9.9</td>
<td>8.2</td>
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<tr>
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<td>774.136</td>
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<td>10.3</td>
<td>8.8</td>
<td>3.0210</td>
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<tr>
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<td>780.338</td>
<td>9.843</td>
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<td>10.9</td>
<td>8.5</td>
<td>3.3428</td>
</tr>
<tr>
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<td>754.991</td>
<td>9.401</td>
<td>7.5</td>
<td>10.9</td>
<td>11.9</td>
<td>4.1201</td>
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<tr>
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<td>82.004</td>
<td>657.117</td>
<td>8.072</td>
<td>2.8</td>
<td>11.0</td>
<td>20.3</td>
<td>5.6678</td>
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**STRUCTURE OF THE FINANCIAL SERVICE SECTOR**

<table>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Insurance and reinsurance companies</td>
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<td>4.4</td>
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<td>Voluntary pension funds</td>
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<td>1.7</td>
<td>3.2</td>
<td>2.1</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>Micro-credit organisations</td>
<td>89.8</td>
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<td>1.8</td>
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</tbody>
</table>

289
**Banking Sector**

**Legal and institutional framework**

The main legislation in relation to the regulatory and supervisory framework for financial institutions in Turkey is as follows:

- Banking Law No. 5411 (Banking Law),
- Commercial Code No. 6102,
- Code of Obligations No. 6098,
- Law on the Central Bank of Turkey No. 1211 (Central Bank Law),
- Capital Markets Law No. 6362,
- Law on the Protection of the Value of the Turkish Currency No. 1567,
- Applicable tax laws,
- Secondary legislation related to such laws.

The Central Bank's powers and duties are set out in the Central Bank Law. The primary objective of the Central Bank is to achieve and maintain price stability and foreign exchange rate stability. The lead bank regulator is the Banking Regulation and Supervision Agency (BRSA). BRSA is responsible for the oversight and regulation of the banking sector.

Turkey's banking regulatory and supervisory framework is fully in line with international standards. BRSA implemented the Basel III framework in respect of the regulatory capital requirements.
requirements with the Equity Regulation issued by the BRSA, published in the Official Gazette dated 05.09.2013, effective as of 01.01.2014 (the Equity Regulation).

**Banking sector size**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets (EUR mln.)</td>
<td>593.340</td>
<td>685.260</td>
<td>685.638</td>
<td>780.367</td>
<td>816.959</td>
<td>790.710</td>
<td>682.303</td>
</tr>
<tr>
<td>Total assets as % of GDP</td>
<td>87,3</td>
<td>95,7</td>
<td>97,5</td>
<td>100,8</td>
<td>104,7</td>
<td>104,7</td>
<td>103,8</td>
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<tr>
<td>Number of bank employees</td>
<td>201.453</td>
<td>214.226</td>
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<td>196.700</td>
<td>193.504</td>
<td>192.313</td>
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**Market concentration**

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<tr>
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<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of banks</td>
<td>45</td>
<td>45</td>
<td>51</td>
<td>52</td>
<td>52</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>Market share of the largest bank (%)</td>
<td>14,0</td>
<td>13,0</td>
<td>13,0</td>
<td>13,0</td>
<td>13,8</td>
<td>14,3</td>
<td>15,0</td>
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<tr>
<td>Market share of the three largest banks (%)</td>
<td>38,0</td>
<td>38,0</td>
<td>37,0</td>
<td>37,0</td>
<td>36,7</td>
<td>36,0</td>
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<tr>
<td>Market share of the five largest banks (%)</td>
<td>60,0</td>
<td>58,0</td>
<td>58,0</td>
<td>58,0</td>
<td>56,8</td>
<td>56,0</td>
<td>56,0</td>
</tr>
<tr>
<td>Number of banks with market share less than 3%</td>
<td>38</td>
<td>38</td>
<td>40</td>
<td>41</td>
<td>37</td>
<td>36</td>
<td>35</td>
</tr>
</tbody>
</table>
**Ownership structure in 2018**

<table>
<thead>
<tr>
<th>Ownership Structure</th>
<th>Number of banks</th>
<th>Share in total capital (%)</th>
<th>Share in total assets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks with majority domestic ownership</td>
<td>26</td>
<td>8,9</td>
<td>68,5</td>
</tr>
<tr>
<td>- central government</td>
<td>3</td>
<td>0,6</td>
<td>34,1</td>
</tr>
<tr>
<td>- other domestic entities</td>
<td>23</td>
<td>8,3</td>
<td>34,4</td>
</tr>
<tr>
<td>Banks with majority foreign ownership</td>
<td>26</td>
<td>91,1</td>
<td>31,5</td>
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</table>

*Graph showing market share of the largest, three largest, and five largest banks from 2012 to 2018.*
## Composition of banks’ assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Cash funds</th>
<th>Net loans</th>
<th>Fixed assets</th>
<th>Government bonds</th>
<th>Other assets</th>
<th>Total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share (%)</td>
<td>14,9</td>
<td>58,4</td>
<td>2,4</td>
<td>19,7</td>
<td>4,7</td>
<td>100,0</td>
</tr>
<tr>
<td>2013</td>
<td>111.249</td>
<td>417.087</td>
<td>14.128</td>
<td>113.418</td>
<td>29.378</td>
<td>685.260</td>
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<td>Share (%)</td>
<td>16,2</td>
<td>60,9</td>
<td>2,1</td>
<td>16,6</td>
<td>4,3</td>
<td>100,0</td>
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<tr>
<td>2014</td>
<td>108.146</td>
<td>429.848</td>
<td>15.092</td>
<td>103.922</td>
<td>28.630</td>
<td>685.638</td>
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<tr>
<td></td>
<td>Share (%)</td>
<td>15,8</td>
<td>62,7</td>
<td>2,2</td>
<td>15,2</td>
<td>4,2</td>
<td>100,0</td>
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<tr>
<td>2015</td>
<td>121.882</td>
<td>495.523</td>
<td>19.453</td>
<td>109.153</td>
<td>34.356</td>
<td>780.367</td>
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<tr>
<td></td>
<td>Share (%)</td>
<td>15,6</td>
<td>63,5</td>
<td>2,5</td>
<td>14,0</td>
<td>4,4</td>
<td>100,0</td>
</tr>
<tr>
<td>2016</td>
<td>126.842</td>
<td>522.754</td>
<td>20.133</td>
<td>105.166</td>
<td>42.063</td>
<td>816.959</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>15,5</td>
<td>64,0</td>
<td>2,5</td>
<td>12,9</td>
<td>5,1</td>
<td>100,0</td>
</tr>
<tr>
<td>2017</td>
<td>120.136</td>
<td>512.487</td>
<td>20.417</td>
<td>97.490</td>
<td>40.181</td>
<td>790.710</td>
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<tr>
<td></td>
<td>Share (%)</td>
<td>15,2</td>
<td>64,8</td>
<td>2,6</td>
<td>12,3</td>
<td>5,1</td>
<td>100,0</td>
</tr>
<tr>
<td>2018</td>
<td>104.756</td>
<td>421.053</td>
<td>19.218</td>
<td>84.314</td>
<td>52.961</td>
<td>682.303</td>
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<tr>
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<td>Share (%)</td>
<td>15,4</td>
<td>61,7</td>
<td>2,8</td>
<td>12,4</td>
<td>7,8</td>
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</table>
## Composition of banks' liabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Deposits</th>
<th>Securities issued</th>
<th>Other non-deposit funds</th>
<th>Capital</th>
<th>Other liabilities</th>
<th>Total liabilities</th>
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<tbody>
<tr>
<td>2012</td>
<td>334.143</td>
<td>16.395</td>
<td>116.395</td>
<td>78.709</td>
<td>47.698</td>
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<td>593.340</td>
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<tr>
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<td>56,3</td>
<td>2,8</td>
<td>19,6</td>
<td>13,3</td>
<td>8,0</td>
<td>100,0</td>
</tr>
<tr>
<td>2013</td>
<td>374.104</td>
<td>23.966</td>
<td>156.634</td>
<td>76.629</td>
<td>53.927</td>
<td></td>
<td>685.260</td>
</tr>
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<td>Share (%)</td>
<td>54,6</td>
<td>3,5</td>
<td>22,9</td>
<td>11,2</td>
<td>7,9</td>
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</tr>
<tr>
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<td>361.926</td>
<td>30.709</td>
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<td>79.793</td>
<td>54.581</td>
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<td>685.638</td>
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<td>23,1</td>
<td>11,6</td>
<td>8,0</td>
<td>100,0</td>
</tr>
<tr>
<td>2015</td>
<td>412.260</td>
<td>32.406</td>
<td>185.130</td>
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<td>780.367</td>
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<td>4,2</td>
<td>23,7</td>
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<td>8,2</td>
<td>100,0</td>
</tr>
<tr>
<td>2016</td>
<td>434.861</td>
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<td>23,1</td>
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<tr>
<td>2017</td>
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<td>37.744</td>
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<td>8,4</td>
<td>100,0</td>
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<tr>
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<td>21,6</td>
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<td>9,8</td>
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</table>
Maturity structure of deposits and loans

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<tr>
<th></th>
<th>Short-term deposits (EUR mln.)</th>
<th>Long-term deposits (EUR mln.)</th>
<th>Total deposits (EUR mln.)</th>
<th>Short-term loans (EUR mln.)</th>
<th>Long-term loans (EUR mln.)</th>
<th>Total loans (EUR mln.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>318.343</td>
<td>9.994</td>
<td>328.337</td>
<td>161.746</td>
<td>284.333</td>
<td>446.080</td>
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<td>3.0%</td>
<td>100.0%</td>
<td>36.3%</td>
<td>63.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2013</td>
<td>308.964</td>
<td>12.503</td>
<td>321.467</td>
<td>164.289</td>
<td>327.151</td>
<td>491.440</td>
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<tr>
<td></td>
<td>96.1%</td>
<td>3.9%</td>
<td>100.0%</td>
<td>33.4%</td>
<td>66.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>96.2%</td>
<td>3.8%</td>
<td>100.0%</td>
<td>33.1%</td>
<td>66.9%</td>
<td>100.0%</td>
</tr>
<tr>
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<td>374.872</td>
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<td>100.0%</td>
<td>28.6%</td>
<td>71.4%</td>
<td>100.0%</td>
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<tr>
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<td>377.300</td>
<td>17.008</td>
<td>394.308</td>
<td>251.099</td>
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<tr>
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<td>4.3%</td>
<td>100.0%</td>
<td>50.6%</td>
<td>49.4%</td>
<td>100.0%</td>
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<tr>
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<td>16.429.00</td>
<td>379.401</td>
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<td>72.063</td>
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<td>4.3%</td>
<td>100.0%</td>
<td>78.5%</td>
<td>21.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2018</td>
<td>321.652</td>
<td>15.422</td>
<td>337.073</td>
<td>193.661</td>
<td>197.618</td>
<td>391.279</td>
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<tr>
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<td>4.6%</td>
<td>100.0%</td>
<td>49.5%</td>
<td>50.5%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

* Sum of loans maturity up to 1 year; ** sum of loans maturity 1 to 5 and more than 5 years
### Currency structure of deposits and loans

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Deposits in the local currency</th>
<th>Deposits in EUR</th>
<th>Deposits in other currency</th>
<th>Loans in the local currency</th>
<th>Loans in EUR</th>
<th>Loans in other currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>287.619</td>
<td>287.619</td>
<td>53.041</td>
<td>91.532</td>
<td>298.006</td>
<td>43.370</td>
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<td>66.5</td>
<td>12.3</td>
<td>21.2</td>
<td>69.5</td>
<td>10.1</td>
<td>20.4</td>
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<tr>
<td>2013</td>
<td>272.437</td>
<td>272.437</td>
<td>69.493</td>
<td>100.668</td>
<td>315.339</td>
<td>53.610</td>
<td>104.825</td>
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<td>Share (%)</td>
<td>61.6</td>
<td>15.7</td>
<td>22.7</td>
<td>66.6</td>
<td>11.3</td>
<td>22.1</td>
</tr>
<tr>
<td>2014</td>
<td>280.004</td>
<td>280.004</td>
<td>66.146</td>
<td>107.582</td>
<td>341.275</td>
<td>54.676</td>
<td>119.584</td>
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<tr>
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<td>Share (%)</td>
<td>61.7</td>
<td>14.6</td>
<td>23.7</td>
<td>66.2</td>
<td>10.6</td>
<td>23.2</td>
</tr>
<tr>
<td>2015</td>
<td>240.431</td>
<td>240.431</td>
<td>65.795</td>
<td>122.110</td>
<td>315.783</td>
<td>66.703</td>
<td>113.582</td>
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<tr>
<td></td>
<td>Share (%)</td>
<td>56.1</td>
<td>15.4</td>
<td>28.5</td>
<td>63.7</td>
<td>13.4</td>
<td>22.9</td>
</tr>
<tr>
<td>Year</td>
<td>Amount (EUR mln.)</td>
<td>Share (%)</td>
<td>Amount (EUR mln.)</td>
<td>Share (%)</td>
<td>Amount (EUR mln.)</td>
<td>Share (%)</td>
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<td>-----------</td>
<td>-------------------</td>
<td>-----------</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>234.066</td>
<td>n.a.</td>
<td>138.926</td>
<td>37.2</td>
<td>344.320</td>
<td>n.a.</td>
<td>121.312</td>
</tr>
<tr>
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<td>n.a.</td>
<td>161.470</td>
<td>39.4</td>
<td>516.623</td>
<td>n.a.</td>
<td>165.472</td>
</tr>
<tr>
<td>2018</td>
<td>190.234</td>
<td>n.a.</td>
<td>146.839</td>
<td>43.6</td>
<td>329.599</td>
<td>n.a.</td>
<td>19.207</td>
</tr>
</tbody>
</table>

**Graphs:**
- **Top graph:** Share of deposits in the local currency, Deposits in EUR, and Deposits in other currency from 2012 to 2018.
- **Bottom graph:** Share of loans in the local currency, Loans in EUR, and Loans in other currency from 2012 to 2018.
### Deposits' and loans' rates – households

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit rate – less than year</td>
<td>7,7</td>
<td>9,1</td>
<td>9,9</td>
<td>11,6</td>
<td>10,6</td>
<td>13,8</td>
<td>27,4</td>
</tr>
<tr>
<td>Deposit rate – more than year</td>
<td>8,3</td>
<td>7,1</td>
<td>9,6</td>
<td>10,6</td>
<td>10,6</td>
<td>13,8</td>
<td>27,4</td>
</tr>
<tr>
<td>Loan rate – less than year</td>
<td>13,8</td>
<td>13,7</td>
<td>14,3</td>
<td>17,4</td>
<td>17,6</td>
<td>17,9</td>
<td>31,7</td>
</tr>
<tr>
<td>Loan rate – more than year</td>
<td>13,8</td>
<td>13,7</td>
<td>14,3</td>
<td>17,4</td>
<td>17,6</td>
<td>17,9</td>
<td>31,7</td>
</tr>
</tbody>
</table>

* Weighted average interest rates without data for exact maturity.

![Graph of interest rates]

### Deposits' and loans' rates – enterprises

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit rate – less than year</td>
<td>7,7</td>
<td>9,1</td>
<td>9,9</td>
<td>11,6</td>
<td>10,1</td>
<td>12,2</td>
<td>21,3</td>
</tr>
<tr>
<td>Deposit rate – more than year</td>
<td>8,3</td>
<td>7,1</td>
<td>9,6</td>
<td>10,6</td>
<td>9,5</td>
<td>11,1</td>
<td>21,3</td>
</tr>
<tr>
<td>Loan rate – less than year</td>
<td>11,0</td>
<td>10,6</td>
<td>11,1</td>
<td>15,8</td>
<td>15,6</td>
<td>15,5</td>
<td>27,6</td>
</tr>
<tr>
<td>Loan rate more than year</td>
<td>11,0</td>
<td>10,6</td>
<td>11,1</td>
<td>15,8</td>
<td>15,6</td>
<td>15,5</td>
<td>27,6</td>
</tr>
</tbody>
</table>

* Weighted average interest rates without data for exact maturity.
The basic features of the banking sector

<table>
<thead>
<tr>
<th>Regulatory capital (EUR mln.)</th>
<th>Capital adequacy rate (%)</th>
<th>Total loans (EUR mln.)</th>
<th>Non-performing loans (EUR mln.)</th>
<th>Ratio of non-performing to total loans (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>8.484,8</td>
<td>17,2</td>
<td>-</td>
<td>995,7</td>
</tr>
<tr>
<td>2013</td>
<td>8.820,9</td>
<td>15,7</td>
<td>429.437,2</td>
<td>11.165,4</td>
</tr>
<tr>
<td>2014</td>
<td>9.317,2</td>
<td>16,3</td>
<td>407.412,5</td>
<td>11.815,0</td>
</tr>
<tr>
<td>2015</td>
<td>10.129,1</td>
<td>14,7</td>
<td>495.531,3</td>
<td>15.857,0</td>
</tr>
<tr>
<td>2016</td>
<td>10.380,5</td>
<td>15,6</td>
<td>522.615,8</td>
<td>17.246,3</td>
</tr>
<tr>
<td>2017</td>
<td>10.169,7</td>
<td>16,8</td>
<td>512.608,9</td>
<td>15.378,3</td>
</tr>
<tr>
<td>2018</td>
<td>9.086,4</td>
<td>17,4</td>
<td>391.381,0</td>
<td>16.046,6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Positive financial performance</th>
<th>Satisfactory liquidity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit/loss (EUR mln.)</td>
<td>Return on equity (%)</td>
</tr>
<tr>
<td>2012</td>
<td>9.640,0</td>
</tr>
<tr>
<td>2013</td>
<td>8.047,0</td>
</tr>
<tr>
<td>2014</td>
<td>8.654,0</td>
</tr>
<tr>
<td>2015</td>
<td>8.055,0</td>
</tr>
<tr>
<td>2016</td>
<td>9.818,0</td>
</tr>
<tr>
<td>2017</td>
<td>10.427,0</td>
</tr>
<tr>
<td>2018</td>
<td>8.554,0</td>
</tr>
</tbody>
</table>
**INSURANCE SECTOR**

**Legal framework**

Legal framework for insurance sector operations:
- Insurance Supervisory Act,
- Private Pensions Act and the subsidiary regulations,
- Turkish Commercial Code,
- Traffic (Road) Act and the subsidiary regulations,
- Law of Obligations.

Turkish market is not bound with Solvency II rules. However, companies with shares of foreign capital from EU countries are already reporting and complying with the Solvency II rules.

Three priority policies/objectives of the Government over the next three year period that could affect the insurance sector (and the deadline for the implementation) are following:
- IFRS regulations to be adopted by 2023,
- Enrolling all the employees under 45 years of age into the private pension system,
- Developing insurance branches other than the mandatory ones (like MTPL).

There were not any significant changes in the methodology in insurers reports in the recent years.

The long-awaited Turkish Insurance Law was put into force in June 2007. All insurance and reinsurance companies operating in Turkey, the Association of the Insurance and Reinsurance Companies of Turkey, intermediaries, actuaries and insurance experts are subject to this law. Following the coming into force of the Insurance Law, many new regulations have been enacted to enhance alignment with the EU insurance acquis.

In Turkey’s EU harmonization process, the Turkish insurance sector has been conducting studies on the implementation of Solvency II. Within this context, a "Specialized Committee on Solvency II" was established in accordance with Art. 33 of the Turkish Insurance Law No. 5684. A sample of ten insurance companies were determined to conduct Quantitative Impact Study 4 (QIS 4), which had previously been conducted by the European Commission in EU countries. QIS 5 was also started to be applied from December 2010. The Solvency II Directive was also translated into Turkish and distributed to companies by the Association. There have also been major amendments to the “Regulation on Technical Reserves of Insurance, Reinsurance and Pension Companies”. In this context, a more developed and sophisticated actuarial chain ladder method for the calculation of IBNR reserves has been introduced.

Medical malpractice insurance became compulsory in Turkey in July 2010. With the introduction of “Compulsory Liability Insurance on Medical Malpractice”, doctors and dentists are required to be covered by professional liability insurance. Doctors working at public or private institutions will pay half their insurance premiums and their institutions will pay the remainder. Doctors working at their own private practices will pay the entire premium. On September 6th, 2017 a pool established for doctors and dentists by Secretariat of Treasury. The reason of the pool is that most doctors do not renew their insurance policy and reject the risky medical operations.

Another compulsory insurance that was introduced in 2010 with the publication of tariffs and procedures is the "Coastal Facilities Sea Pollution Compulsory Liability Insurance.” In this context, all coastal facilities (including refineries, gas terminals, power houses, industrial
production facilities, shipyards, etc.) are obliged to be covered by insurance against sea pollution.

Another important legal development in the Turkish insurance market is the enactment of the new Catastrophe Insurance Law as of 18th August 2012. Turkey is a country which is exposed to serious earthquake risk and although obligatory, the penetration level for earthquake insurance is quite low in practice. The Law not only foresees the extension of the penetration level for compulsory earthquake insurance through new measures but also the completion of legislative and technical infrastructure work for the extension of the Turkish Catastrophe Pool (TCIP) indemnity to cover all natural catastrophes (flood, landfall, storm, avalanche, hail), environmental pollution and terrorism.

Another development for the Turkish insurance market is the “Law Amending the Motorways Traffic Law No. 2918”. The Law, which is prepared in line with EU standards, envisages the introduction of new traffic measures. Insurance Association of Turkey has formulated the views of the insurance sector on the Law, specifically on measures relating to compulsory third party liability insurance. The Law also empowers the Association to authorize “special experts” to intervene traffic accidents with material damages. After the coming into force of the Law, traffic police began only intervene such accidents when traffic security necessitates.

The New Turkish Commercial Code was enacted. The new Code was prepared by a commission composed of the leading lawyers of Turkey in the field. Insurance companies operating in the Turkish insurance market conducted a thorough study under the umbrella of the Association of the Insurance, Reinsurance and Pension Companies of Turkey. The results of the study were shared with the Undersecretariat of Treasury and other relevant authorities. The new Turkish Commercial Code introduces important novelties in the field of consumer protection, categorization of insurance classes, information society, etc. The Code entered into force by July 2012.

The New Code of Obligations was recently enacted. The Code which contains provisions relating to insurance sector entered into force by July 2012.

**Institutional framework**

The Association of the Insurance, Reinsurance and Private Pension Companies of Turkey is a specialist institution with the characteristics of a unique non-governmental institution operating under Insurance Law No. 5684. As membership is compulsory, all local and foreign insurance and reinsurance companies operating in Turkey are members of the Association.

Related institutions:

**Assurance Account**

Assurance Account was founded within the body of the Association of the Insurance, Reinsurance and Private Pension Companies of Turkey as per article 14 of the Insurance Act 5584 dated June 14th 2007.

The Assurance Account meets medical treatment expenses of those who suffer bodily injuries (such as injuries, disabilities and death) under any coverage provided under compulsory insurances and pays disability indemnities to those who become disabled due to such accidents.
in case of non-detection of the insured or non-existence of the insurance policy. It does not pay any material damages in these circumstances. Moreover, it pays bodily injuries as well as material damages whereby the insurance company becomes obliged to pay should its licenses pertaining to all branches are permanently cancelled or it goes bankrupt due to its financial weakness (which is limited to the Compulsory Insurances falling within the scope of the Assurance Account).

Insurance Information and Monitoring Center

The Insurance Information and Monitoring Center (formerly the Insurance Information Center) was established in August 2008 within the Association. The Center is responsible for collecting data on life, health, traffic and compulsory insurances including compulsory liability insurance on medical malpractice; achieving consistency in insurance practices; realizing sound pricing; preventing fraudulent activities and developing reliable statistics. The Center comprises four sub-information centers, namely, TRAMER (Traffic Insurance Information Center), SAGMER (Health Insurance Information Center), HAYMER (Life Insurance Information Center) and HATMER (Insurance Loss Pursuit Center). Through TRAMER, it has become possible to issue on-line real time motor third party liability insurance policies.

Insurance Arbitration Commission

Insurance Arbitration Commission was established within the Association for the resolution of disputes between insurance companies and the insureds. As of August 2009, the Commission started to accept complaints.

Insurance Training Center

Insurance Training Center (SEGEM) was established to enable the holding of necessary examinations on specific topics related to insurance in an impartial manner and to meet training demands both at home and abroad and within the framework of international agreements.

Turkish Motor Insurance Bureau

Turkish Motor Insurance Bureau, in the frame of Civil Liability Insurance regarding the use of motor vehicles in countries participating in the Green Card System where the insured vehicle circulates, was founded based on Written Regulation regarding work methods and essentials of the Turkish Motor Insurance Bureau which was published in the Official Journal dated 28.06.2008 No. 26920 and based on article No. 24 of the Insurance Law to issue internationally valid documents and provide settlement for damages caused in that regard and to handle and settle claims of accidents in Turkey caused by foreign plated vehicles which have a valid green card.

Bureau was also tasked with managing “Risky Policyholders Pool” after Regulation on the Amendment of the Regulation on Tariff Implementation Principles in the MTPL, published in the Official Gazette dated July 1, 2017 and numbered 30121.

Turkish Insurance Institute

Turkish Insurance Institute (TII) is founded in 1970, by the equal shares of the Association of the Insurance and Reinsurance Companies of Turkey and Milli Re. TII aims to disseminate the use of
insurance in Turkey as well as to carry out activities that will raise the public awareness, improve the insurance industry, bring in staff to insurance industry through vocational trainings, determine the economic, legal and technical aspects as well as problems in all branches of insurance, prepare informative publications on these matters and assist the Turkish insurance sector to take its place at the highest level in economic and social life as well as in the process of development.

In order to improve the quality and efficiency of employment in the insurance sector, TII provides short- and long-term training programs to those working at the insurance companies (newcomers, experts, managers), brokers (newcomers, experts), to the agencies (newcomers, managers), experts and their employees.

Other Institutions

*Turkish Catastrophe Insurance Pool*

Earthquake insurance is mandatory in Turkey. Turkish Catastrophe Insurance Pool (TCIP) provides insurance coverage for all dwellings within the scope of its establishment against earthquake risk. It aims to mitigate the financial burdens of earthquakes through ensuring the accumulation of long term resources to meet earthquake damages.

*Turkish Agricultural Insurance Pool*

TARSIM provides insurance coverage for catastrophe risks such as drought, frost, etc. which threatens the Turkish agricultural industry and which cannot be copied by a single insurance company.

The Turkish insurance market is regulated by the Directorate General of Insurance and supervised by the Insurance Supervisory Board of the Undersecretariat of Treasury. In the EU harmonization process, the European Commission urges Turkey for the establishment of a new and independent regulatory and supervisory authority. Establishment of the independent regulatory and supervisory authority (SEDDK) is announced by the government. After head of the board is appointed, authority will take over the regulatory and supervisory business.

**Minimal amount of share capital**

<table>
<thead>
<tr>
<th>Type of insurer</th>
<th>EUR mln.</th>
</tr>
</thead>
<tbody>
<tr>
<td>All nonlife classes</td>
<td>3,48</td>
</tr>
<tr>
<td>Particular nonlife classes</td>
<td>-</td>
</tr>
<tr>
<td>Life</td>
<td>3,30</td>
</tr>
<tr>
<td>Reinsurance</td>
<td>2,10</td>
</tr>
<tr>
<td>All classes (nonlife, life and reinsurance)</td>
<td>No composite companies</td>
</tr>
</tbody>
</table>

A new Circular for the calculation of the required amounts, issued by the Ministry, specifies the amounts according to insurance classes in more details.
## Total premium income

<table>
<thead>
<tr>
<th></th>
<th>Nonlife</th>
<th>Life</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>EUR (mln.)</td>
<td>7.409</td>
<td>1.174</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>86,3</td>
<td>13,7</td>
</tr>
<tr>
<td>2013</td>
<td>EUR (mln.)</td>
<td>8.241</td>
<td>1.343</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>86,0</td>
<td>14,0</td>
</tr>
<tr>
<td></td>
<td>Premium growth index 13/12</td>
<td>111,2</td>
<td>114,4</td>
</tr>
<tr>
<td>2014</td>
<td>EUR (mln.)</td>
<td>7.808</td>
<td>1.128</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>87,4</td>
<td>12,6</td>
</tr>
<tr>
<td></td>
<td>Premium growth index 14/13</td>
<td>94,8</td>
<td>84,0</td>
</tr>
<tr>
<td>2015</td>
<td>EUR (mln.)</td>
<td>9.025</td>
<td>1.245</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>87,9</td>
<td>12,1</td>
</tr>
<tr>
<td></td>
<td>Premium growth index 15/14</td>
<td>115,6</td>
<td>110,4</td>
</tr>
<tr>
<td>2016</td>
<td>EUR (mln.)</td>
<td>10.604</td>
<td>1.507</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>87,6</td>
<td>12,4</td>
</tr>
<tr>
<td></td>
<td>Premium growth index 16/15</td>
<td>117,5</td>
<td>121,0</td>
</tr>
<tr>
<td>2017</td>
<td>EUR (mln.)</td>
<td>9.638</td>
<td>1.661</td>
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<tr>
<td></td>
<td>Share (%)</td>
<td>87,5</td>
<td>14,7</td>
</tr>
<tr>
<td></td>
<td>Premium growth index 17/16</td>
<td>90,9</td>
<td>110,2</td>
</tr>
<tr>
<td>2018</td>
<td>EUR (mln.)</td>
<td>8.422</td>
<td>1.221</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>87,3</td>
<td>12,7</td>
</tr>
<tr>
<td></td>
<td>Premium growth index 18/17</td>
<td>87,4</td>
<td>73,5</td>
</tr>
</tbody>
</table>

![Graph showing premium growth index for each year]
### Insurance penetration and insurance density

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife (Premium as % of GDP)</th>
<th>Life (Premium per capita (EUR))</th>
<th>Total (Premium as % of GDP)</th>
<th>Life (Premium per capita (EUR))</th>
<th>Total (Premium as % of GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.09</td>
<td>98</td>
<td>1.26</td>
<td>114</td>
<td>1.26</td>
</tr>
<tr>
<td>2013</td>
<td>1.15</td>
<td>107</td>
<td>1.34</td>
<td>125</td>
<td>1.34</td>
</tr>
<tr>
<td>2014</td>
<td>1.11</td>
<td>101</td>
<td>1.27</td>
<td>115</td>
<td>1.27</td>
</tr>
<tr>
<td>2015</td>
<td>1.16</td>
<td>114</td>
<td>1.32</td>
<td>130</td>
<td>1.32</td>
</tr>
<tr>
<td>2016</td>
<td>1.36</td>
<td>133</td>
<td>1.55</td>
<td>152</td>
<td>1.55</td>
</tr>
<tr>
<td>2017</td>
<td>1.28</td>
<td>119</td>
<td>1.50</td>
<td>140</td>
<td>1.50</td>
</tr>
<tr>
<td>2018</td>
<td>1.28</td>
<td>103</td>
<td>1.47</td>
<td>118</td>
<td>1.47</td>
</tr>
</tbody>
</table>

The chart shows the insurance penetration (%) from 2012 to 2018, with the total, life, and nonlife insurance penetration indicated for each year.
### Market concentration

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of companies</th>
<th>Average premium per company (EUR mln.)</th>
<th>Market share of the largest company (%)</th>
<th>Market share of the largest three companies (%)</th>
<th>Market share of the largest five companies (%)</th>
<th>Number of companies with market share less than 3</th>
<th>Number of (direct) employees in the insurance sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>59</td>
<td>145,6</td>
<td>12,0</td>
<td>30,6</td>
<td>43,4</td>
<td>49</td>
<td>17,704</td>
</tr>
<tr>
<td>2013</td>
<td>61</td>
<td>157,2</td>
<td>13,1</td>
<td>32,4</td>
<td>44,3</td>
<td>51</td>
<td>18,153</td>
</tr>
<tr>
<td>2014</td>
<td>63</td>
<td>142,4</td>
<td>12,4</td>
<td>35,8</td>
<td>48,1</td>
<td>55</td>
<td>19,353</td>
</tr>
<tr>
<td>2015</td>
<td>60</td>
<td>170,2</td>
<td>13,1</td>
<td>34,6</td>
<td>46,6</td>
<td>50</td>
<td>19,391</td>
</tr>
<tr>
<td>2016</td>
<td>61</td>
<td>199,3</td>
<td>14,3</td>
<td>34,1</td>
<td>46,6</td>
<td>52</td>
<td>19,652</td>
</tr>
<tr>
<td>2017</td>
<td>61</td>
<td>185,2</td>
<td>11,0</td>
<td>27,3</td>
<td>38,7</td>
<td>50</td>
<td>19,923</td>
</tr>
<tr>
<td>2018</td>
<td>60</td>
<td>160,7</td>
<td>10,6</td>
<td>27,3</td>
<td>38,3</td>
<td>49</td>
<td>20,097</td>
</tr>
</tbody>
</table>
Ownership structure in 2018

<table>
<thead>
<tr>
<th></th>
<th>Nonlife</th>
<th>Life</th>
<th>Reinsurance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies</td>
<td>14</td>
<td>5</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>with domestic ownership</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>only</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of companies</td>
<td>24</td>
<td>17</td>
<td>1</td>
<td>42</td>
</tr>
<tr>
<td>with foreign ownership</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market share of</td>
<td>41,8</td>
<td>42,3</td>
<td>95,4</td>
<td>41,9</td>
</tr>
<tr>
<td>companies with</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>domestic ownership</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>only (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market share of</td>
<td>58,2</td>
<td>57,7</td>
<td>4,6</td>
<td>58,1</td>
</tr>
<tr>
<td>companies with</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>foreign ownership (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*According to the Turkish legislation, composite companies are not allowed in Turkey.*
Number of companies with domestic ownership only

Number of companies with foreign ownership

Market share of companies with domestic ownership only (%)

Market share of companies with foreign ownership (%)
# Total premium per major insurance classes

<table>
<thead>
<tr>
<th>Insurance class</th>
<th>2017</th>
<th></th>
<th>2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR mln.</td>
<td>Share (%)</td>
<td>EUR mln.</td>
<td>Share (%)</td>
</tr>
<tr>
<td>Accident</td>
<td>408,3</td>
<td>3,6</td>
<td>319,8</td>
<td>3,3</td>
</tr>
<tr>
<td>Health</td>
<td>1.220,0</td>
<td>10,8</td>
<td>1.101,7</td>
<td>11,4</td>
</tr>
<tr>
<td>Land motor vehicles</td>
<td>1.678,6</td>
<td>14,9</td>
<td>1.383,8</td>
<td>14,3</td>
</tr>
<tr>
<td>Railway</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Aircrafts</td>
<td>27,7</td>
<td>0,2</td>
<td>31,7</td>
<td>0,3</td>
</tr>
<tr>
<td>Vessels</td>
<td>52,9</td>
<td>0,5</td>
<td>53,0</td>
<td>0,5</td>
</tr>
<tr>
<td>Goods in transit</td>
<td>158,2</td>
<td>1,4</td>
<td>146,4</td>
<td>1,5</td>
</tr>
<tr>
<td>Fire and natural disasters</td>
<td>1.394,6</td>
<td>12,3</td>
<td>1.230,2</td>
<td>12,8</td>
</tr>
<tr>
<td>Other property insurance</td>
<td>1.057,1</td>
<td>9,4</td>
<td>925,8</td>
<td>9,6</td>
</tr>
<tr>
<td>MTPL</td>
<td>3.165,5</td>
<td>28,0</td>
<td>2.797,3</td>
<td>29,0</td>
</tr>
<tr>
<td>Aircraft liability</td>
<td>32,0</td>
<td>0,3</td>
<td>34,3</td>
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<td>Use of vessels liability</td>
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<tr>
<td>Other liability</td>
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<tr>
<td>Credit</td>
<td>42,2</td>
<td>0,4</td>
<td>43,8</td>
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<tr>
<td>Surety</td>
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<td>Miscellaneous financial losses</td>
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<td>Legal protection</td>
<td>54,6</td>
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<td>29,7</td>
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<tr>
<td>Assistance – other nonlife</td>
<td>0,3</td>
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<tr>
<td>NONLIFE</td>
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<td>LIFE</td>
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<td>14,7</td>
<td>1.221,0</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>11.299,4</strong></td>
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<td><strong>9.643,3</strong></td>
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## Insurance companies

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Premium (EUR mln.)</th>
<th>Market share in 2018 (%)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nonlife</td>
<td>Life</td>
</tr>
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<td>1</td>
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<td>1.246,1</td>
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<tr>
<td>2</td>
<td>Anadolu Anonim Türk Sigorta Şirketi</td>
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<tr>
<td>3</td>
<td>Aksigorta</td>
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<tr>
<td>4</td>
<td>Axa Sigorta</td>
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<tr>
<td>5</td>
<td>Mapfre Sigorta</td>
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<td>-</td>
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<td>6</td>
<td>Sompo Japan Sigorta</td>
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<td>-</td>
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<tr>
<td>7</td>
<td>Ziraat Sigorta</td>
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<td>-</td>
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<tr>
<td>8</td>
<td>Güneş Sigorta</td>
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<td>9</td>
<td>Halk Sigorta</td>
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<td>-</td>
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<td>10</td>
<td>Doga Sigorta</td>
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<tr>
<td>11</td>
<td>HDI Sigorta</td>
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<td>-</td>
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<tr>
<td>12</td>
<td>Eureko Sigorta</td>
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<td>-</td>
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<td>13</td>
<td>Groupama Sigorta</td>
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<td>14</td>
<td>Neova Sigorta</td>
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<td>15</td>
<td>Ziraat Hayat ve Emeklilik</td>
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<td>17</td>
<td>Ethiqa Sigorta</td>
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<td>18</td>
<td>Quick Sigorta</td>
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<td>19</td>
<td>Ray Sigorta</td>
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<td>Metlife Emeklilik ve Hayat</td>
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<td>Ergo Sigorta</td>
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<td>22</td>
<td>Zurich Sigorta</td>
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<td>-----</td>
<td>---------------------</td>
<td>------</td>
<td>------</td>
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<tr>
<td>23</td>
<td>Anadolu Hayat Emeklilik</td>
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<td>25</td>
<td>Unico Sigorta</td>
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<td>Allianz Yaşam ve Emeklilik</td>
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<td>27</td>
<td>AvivaSA Emeklilik ve Hayat</td>
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<td>28</td>
<td>Ankara Anonim Türk Sigorta Şirketi</td>
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<td>Aegon Emeklilik ve Hayat</td>
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<tr>
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<td>Vakıf Emeklilik ve Hayat</td>
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<td>94,9</td>
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<td>31</td>
<td>Gulf Sigorta</td>
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<tr>
<td>32</td>
<td>Cigna Finans Emeklilik ve Hayat</td>
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<td>33</td>
<td>Garanti Emeklilik ve Hayat</td>
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<tr>
<td>34</td>
<td>Halk Hayat ve Emeklilik</td>
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<td>35</td>
<td>Bereket Sigorta</td>
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</tr>
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<td>36</td>
<td>Kuru Sigorta</td>
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<td>-</td>
</tr>
<tr>
<td>37</td>
<td>Dubai Starr Sigorta</td>
<td>53,9</td>
<td>-</td>
</tr>
<tr>
<td>38</td>
<td>Generali Sigorta</td>
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<td>39</td>
<td>SBN Sigorta</td>
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<td>40</td>
<td>Chubb European Group Limited</td>
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<td>41</td>
<td>BNP Paribas Cardif Hayat Sigorta</td>
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<td>BNP Paribas Cardif Emeklilik</td>
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<td>43</td>
<td>NN Hayat ve Emeklilik</td>
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<td>44</td>
<td>Groupama Emeklilik</td>
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<td>45</td>
<td>Fiba Emeklilik ve Hayat</td>
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<tr>
<td>46</td>
<td>Orient Sigorta</td>
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<td>47</td>
<td>Turkland Sigorta</td>
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<td>48</td>
<td>Allianz Hayat ve Emeklilik</td>
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<td>49</td>
<td>BNP Paribas Cardif Sigorta</td>
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<td>-</td>
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<tr>
<td>50</td>
<td>Coase Sigorta</td>
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<td>-</td>
</tr>
<tr>
<td>51</td>
<td>Euler Hermes Sigorta</td>
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<td>52</td>
<td>Demir Hayat Sigorta</td>
<td>14,1</td>
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<tr>
<td>53</td>
<td>Türk P&amp;I Sigorta</td>
<td>9,1</td>
<td>-</td>
</tr>
<tr>
<td>54</td>
<td>Atradius Crédito y Caución S.A. de Seguros y Reaseguros, İstanbul Şubesı</td>
<td>10,5</td>
<td>-</td>
</tr>
<tr>
<td>55</td>
<td>Katılım Emeklilik ve Hayat</td>
<td>1,4</td>
<td>9,4</td>
</tr>
<tr>
<td>56</td>
<td>Magdeburger Sigorta</td>
<td>5,5</td>
<td>-</td>
</tr>
</tbody>
</table>
Insurance association activities

- cooperation with other insurance associations in the region

Insurance Association of Turkey (TSB) work closely with European associations; TSB is a member of Insurance Europe and GFIA, and attend their meetings as regularly as possible.

- protection of the interests of insurers on the insurance market

TSB works closely with the legislators to promote the interests of insurers in Turkey.

- Draws attention to issues of strategic interest to all Turkish insurers and reinsurers in a sustainable manner.
- Works to raise awareness of insurers’ and reinsurers’ roles in providing insurance protection and security to the community as well as in contributing to economic growth and development.
- Promotes a competitive and open market to the benefit of the Turkish consumer as well as corporate clients.
- Follows up national and international developments and conducts research on insurance and private pension.
- Develops policy advices.
- Carries out relations with similar national and international institutions.
- **Initiating the legislators to take certain actions that will contribute to the development of insurance market**

TSB works closely with the legislators to promote the interests of insurers in Turkey.

- **Education of insurers for better performance**

TSB through its related institutions (TSEV, SEGEM) helps training needs of the insurance sector employees.

- **Providing statistical indicators of the losses on the market level necessary to insurers to calculate premium tariffs**

TSB provides high quality, reliable data and publishes the data on its website regularly.

- **Development of actuarial services in the insurance sector**

TSB works closely with the actuaries and their Society to support and increase the quality of actuarial services in Turkey.

- **Activities for adaptation of the insurers to Solvency II regime**

It is not in the agenda of the regulator in the coming year.

- **Combat against unfair competition, etc.**

TSB through its committees acts to prevent any conducts that can be deemed as unfair competition among its members and communicates with those who are engaging in such activities that can create unfair competition in the market.

**Other Relevant Financial Institutions**

**Pension funds**

With the Law No 4632, Private Pension Savings and Investment Law came into force and the system commenced on 27 October, 2003. Pursuant to the change made in the system on 10 January, 2013, 25% of participant's participation shares was subsidized by the state.

The number of active pension investment funds at the end of 2017 was 299. Portfolio of these funds was worth EUR 14.051 million and the total value was EUR 14.032 million. When types of pension investment funds in terms of their portfolio sizes were viewed, Variable Pension Investment Funds took the first place with a rate of 27,6% and Debt Instruments Pension Investment Funds ranked number two with a rate of 14,9%.

“Automatic Enrollment System” came into effect on 01.01.2017, pursuant to Additional Article 2 and Provisional Article 2 of the Private Pension Savings and Investment System Law No 4632 dated 01 January, 2017. With automatic enrollment system, employees who are Turkish citizens or included in Article 28 of Turkish Citizenship Law No 5901, dated 29 May, 2009, and did not turn the age of 45 yet are included in the pension plan with a pension agreement drawn up by employers and they incrementally transit to automatic enrollment system.
The employees who are included in the system pay contribution amounting 3% of their gross income. Employees have the right to exit from the system/exercise their right of withdrawal within two months following the date they are notified about their inclusion in pension plan via an automatic enrollment system. 25% of contributions paid to private pension account on behalf of the employees is subsidized by the state. If the employee does not exercise his/her right of withdrawal, additional TLY 1,000 is paid for one time only at their enrollment provided that they are entitled to state contribution and repayment. If the employee exercises his/her right to pension and accepts to receive his/her saving in the account within the scope of annuity insurance for 10 years at the least, 5% of his/her saving is paid as additional state contribution.

30 different “Seeding Pension Investment Funds” have been established following the Board Resolution dated 27 December, 2016 for the employees who can put their contributions into good use during the period granted them to exercise their right of withdrawal. 3,417,003 employees have been included in automatic enrollment system at the end of 2017 and the total value of the said funds was EUR 435,2 milion. In addition, 29 “Standard Pension Investment Funds” and 92 “Variable Pension Investment Funds” have been established by the Board Resolutions dated 17 November, 2017 and 05 June 2017, respectively. Standard Pension Investment Funds and Variable Pension Investment Funds were put up for sale on 01 January, 2018.

According to the latest figures available, as of the 27th July 2018 Turkish pension funds had over EUR 14,821 million in assets under management, of which 96% are derived from voluntary enrollment - unsurprising, given the infancy of the auto-enrollment system. What is notable, however, is that of the EUR 582 million gathered in auto-enrollment funds since the January 2017 launch, a substantial 63% are invested into participation funds. This is in sharp contrast to the voluntary segment, in which 93% of funds are conventional and just 7% are directed to participation funds. Turkish private pension funds sector is still one of the smallest and adds up to only 2.5% of GDP.

**Number of pension funds**

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<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension companies</td>
<td>18</td>
<td>18</td>
<td>18</td>
</tr>
</tbody>
</table>

**Number of participants and contracts**

<table>
<thead>
<tr>
<th></th>
<th>Number of members (ths.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of pension contracts</td>
<td>7.795</td>
</tr>
<tr>
<td>Individual</td>
<td>5.718</td>
</tr>
<tr>
<td>Group</td>
<td>2.077</td>
</tr>
<tr>
<td>Number of pension participants*</td>
<td>6.626</td>
</tr>
<tr>
<td>Number of employees</td>
<td>8</td>
</tr>
</tbody>
</table>

*Number of pension participants in 2018 is 6,870 thousand.
Investment funds

Laws which regulate investment funds are the following:
- Act on Open-end Investment Funds with a Public Offering (Official Gazette 44/16) and
- Alternative Investment Funds Act (Official Gazette 21/18)

Types of investment funds at the end of 2017 were the following: debt instruments fund, mixed fund, money market fund, equity share fund, equity share intensive fund, participation fund, variable fund, hedge fund, guaranteed fund, protection oriented fund, fund of funds, and exchange-traded fund.

<table>
<thead>
<tr>
<th>Funds that was the subject to purchase and sale</th>
<th>Number of funds</th>
<th>31.12.2017</th>
<th>31.12.2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment funds</td>
<td></td>
<td>433</td>
<td>470</td>
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<td>Foreign investment funds</td>
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<td>14</td>
<td>10</td>
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<tr>
<td>Exchange-traded funds</td>
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<td>9</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>456</strong></td>
<td><strong>489</strong></td>
</tr>
</tbody>
</table>

Distribution of investment funds by portfolio size

![Distribution of investment funds by portfolio size](http://www.cmb.gov.tr/Sayfa/Dosya/113)

37 Data from the Capital Markets Board of Turkey - annual report (http://www.cmb.gov.tr/Sayfa/Dosya/113).
Supply of microfinance services in Turkey is very limited, both in terms of the numbers of people served and the range of services offered. The primary suppliers of microfinance services currently are the state-owned banks, Halk Bank and Ziraat Bank. Nearly all microfinance loans through formal operators are supplied by these state-owned banks.

In contrast to most early stage microfinance sectors, NGOs are virtually absent from the market in Turkey. Several are experimenting with microcredit delivery at this time, such as the Grameen Bank initiative in Diyarbakır and Maya Enterprise for Microfinance.

There is a continued lack of clarity in government policies regarding microfinance and there is no common understanding on microfinance among government, NGOs and private sector. Microfinance types of activities are usually used in Turkey as a tool for government incentives or a tool for income generating activities.
Leasing companies

The Financial Leasing, Factoring and Financing Companies Law has been published in the Official Gazette in Turkey on 31 December, 2012 (No 28496). The objective of this law is to regulate the establishment and operating principles of financial leasing, factoring and financing companies operating as financial institutions, as well as the principles and procedures related to financial leasing, factoring and financing contracts.

Under Turkish law, the main governing pieces of legislation in finance leasing is Law No 6361 (published in the Official Gazette in Turkey on 13 December, 2012) on Financial Leasing, Factoring, and Financing Companies; Regulation No. 28627 on Principles for Establishment and Operations of Financial Leasing Factoring and Financing Companies; Circular on Registration of Financial Lease Contracts Covering Financial Leases of Persons Residing Abroad to Persons Residing in Turkey and Circular on Rules and Procedures Regarding the Registration of Financial Leasing Contracts to the Special Registry.

In Turkey, the right of engagement into financial leasing operations is exclusively granted to the financial leasing companies and investment and development (non-deposit taking) and participation banks. There are currently 23 leasing companies in Turkey – 15 bank affiliates, five supplying company (vendor) affiliates and three independent entities.

Financial leasing industry main balance-sheet figures

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<thead>
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<th></th>
<th>EUR mln.</th>
<th>Share in 2018 (%)</th>
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</thead>
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<td>2017</td>
<td>2018</td>
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<tr>
<td>Financial leasing receivables (net)</td>
<td>12.626</td>
<td>10.711</td>
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<tr>
<td>Non-performing loans (gross)</td>
<td>740</td>
<td>679</td>
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<tr>
<td>Specific provisions</td>
<td>444</td>
<td>415</td>
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<tr>
<td>Banks</td>
<td>641</td>
<td>528</td>
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<tr>
<td><strong>Total assets</strong></td>
<td><strong>14.106</strong></td>
<td><strong>12.088</strong></td>
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<tr>
<td>Credits taken</td>
<td>9.170</td>
<td>8.301</td>
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<tr>
<td>Shareholder’s equity</td>
<td>2.087</td>
<td>1.694</td>
</tr>
<tr>
<td>Profit/loss (net)</td>
<td>231</td>
<td>162</td>
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</table>

Leasing share by asset type

<table>
<thead>
<tr>
<th>Assets type</th>
<th>2016</th>
<th>Share (%)</th>
<th>2017</th>
<th>Share (%)</th>
<th>2018</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road vehicles</td>
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<td>2,0</td>
<td>34,9</td>
<td>2,3</td>
<td>39,1</td>
<td>4,6</td>
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<tr>
<td>Air transport conveyance</td>
<td>22,7</td>
<td>1,2</td>
<td>15,8</td>
<td>1,1</td>
<td>4,7</td>
<td>0,6</td>
</tr>
<tr>
<td>Ships and other sea-going vessels</td>
<td>40,0</td>
<td>2,2</td>
<td>22,4</td>
<td>1,5</td>
<td>11,6</td>
<td>1,4</td>
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<tr>
<td>Railroad transport vehicles</td>
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<td>0,0</td>
<td>0,7</td>
<td>0,0</td>
<td>0,3</td>
<td>0,0</td>
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<tr>
<td>Heavy equipment and construction machinery</td>
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<td>25,2</td>
<td>405,7</td>
<td>27,0</td>
<td>181,6</td>
<td>21,5</td>
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<tr>
<td>Health industry and aesthetic instruments</td>
<td>58,6</td>
<td>3,2</td>
<td>42,1</td>
<td>2,8</td>
<td>28,2</td>
<td>3,3</td>
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<tr>
<td>Metal processing machines</td>
<td>130,8</td>
<td>7,1</td>
<td>111,4</td>
<td>7,4</td>
<td>77,7</td>
<td>9,2</td>
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<td>Textile machines</td>
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<td>7,2</td>
<td>109,3</td>
<td>7,3</td>
<td>99,2</td>
<td>11,7</td>
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<td>---------------------------------------------------</td>
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<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Electronic and optical devices</td>
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<td>1,7</td>
<td>16,8</td>
<td>1,1</td>
<td>6,2</td>
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<tr>
<td>Information technologies and office systems</td>
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<td>26,7</td>
<td>1,8</td>
<td>11,2</td>
<td>1,3</td>
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<tr>
<td>Real estate</td>
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<td>310,6</td>
<td>20,7</td>
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<tr>
<td>Plastic processing machines</td>
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<td>2,0</td>
<td>33,3</td>
<td>2,2</td>
<td>22,1</td>
<td>2,6</td>
</tr>
<tr>
<td>Tourism equipment</td>
<td>16,0</td>
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<td>15,2</td>
<td>1,0</td>
<td>6,6</td>
<td>0,8</td>
</tr>
<tr>
<td>Printing and paper processing machines</td>
<td>28,8</td>
<td>1,6</td>
<td>19,0</td>
<td>1,3</td>
<td>15,7</td>
<td>1,9</td>
</tr>
<tr>
<td>Agricultural and livestock farming machines</td>
<td>46,7</td>
<td>2,5</td>
<td>37,6</td>
<td>2,5</td>
<td>30,5</td>
<td>3,6</td>
</tr>
<tr>
<td>Other machines and equipment</td>
<td>318,0</td>
<td>17,3</td>
<td>301,8</td>
<td>20,1</td>
<td>161,1</td>
<td>19,0</td>
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<tr>
<td><strong>Total</strong></td>
<td>1,833,7</td>
<td>100,0</td>
<td>1,503,3</td>
<td>100,0</td>
<td>845,9</td>
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<tr>
<td>Leasing transaction volume of participation banks</td>
<td>119,9</td>
<td>158,7</td>
<td>69,0</td>
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</tr>
<tr>
<td>Operational leasing volume of fleet rental companies</td>
<td>874,5</td>
<td>926,0</td>
<td>363,6</td>
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</tr>
<tr>
<td><strong>Grand total</strong></td>
<td>2,828,1</td>
<td>2,588,0</td>
<td>1,278,5</td>
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</tr>
</tbody>
</table>
UKRAINE

Report for Ukraine has been done on the basis of official reports of State Statistics Service of Ukraine, National Bank of Ukraine, National Commission for State Regulation of Financial Service Markets, Ukrainian Federation of Insurance and other relevant data sources. All conversions from the national currency the Ukrainian hryvnia (UAH) to EUR have been made at official exchange rate of the National Bank of Ukraine at the end of the corresponding year.

MACROECONOMIC INDICATORS

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (× 1,000)</th>
<th>Nominal GDP (EUR mln.)</th>
<th>GDP per capita (EUR)</th>
<th>Real GDP growth rate (%)</th>
<th>Unemployment rate (%)</th>
<th>Average net salary (EUR/month)</th>
<th>Inflation rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>45.871</td>
<td>102.084</td>
<td>2.345</td>
<td>4.1</td>
<td>8.2</td>
<td>211.8</td>
<td>9.4</td>
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<tr>
<td>2011</td>
<td>45.706</td>
<td>126.237</td>
<td>2.911</td>
<td>5.5</td>
<td>8.0</td>
<td>255.7</td>
<td>8.0</td>
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<td>2012</td>
<td>45.593</td>
<td>133.306</td>
<td>3.082</td>
<td>0.2</td>
<td>7.6</td>
<td>287.2</td>
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</tr>
<tr>
<td>2013</td>
<td>45.490</td>
<td>132.699</td>
<td>3.076</td>
<td>0.0</td>
<td>7.3</td>
<td>295.7</td>
<td>-0.3</td>
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<td>43.001</td>
<td>82.510</td>
<td>1.919</td>
<td>-6.6</td>
<td>9.3</td>
<td>180.9</td>
<td>12.1</td>
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<tr>
<td>2015</td>
<td>42.845</td>
<td>75.832</td>
<td>1.770</td>
<td>-9.8</td>
<td>9.1</td>
<td>160.0</td>
<td>48.7</td>
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<tr>
<td>2016</td>
<td>42.673</td>
<td>83.925</td>
<td>1.967</td>
<td>2.4</td>
<td>9.3</td>
<td>182.4</td>
<td>13.9</td>
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<tr>
<td>2017</td>
<td>42.485</td>
<td>89.083</td>
<td>2.097</td>
<td>2.5</td>
<td>9.5</td>
<td>212.1</td>
<td>14.4</td>
</tr>
<tr>
<td>2018</td>
<td>42.270</td>
<td>112.272</td>
<td>2.656</td>
<td>3.4</td>
<td>8.8</td>
<td>279.5</td>
<td>10.9</td>
</tr>
</tbody>
</table>

* Since 2014, excluding Crimea, the city of Sevastopol and, since 2015, the Donetsk and Luhansk regions.

STRUCTURE OF THE FINANCIAL SERVICE SECTOR

<table>
<thead>
<tr>
<th>Year</th>
<th>Financial institutions - Assets (EUR mln.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Banks</td>
</tr>
<tr>
<td>2012</td>
<td>106.972</td>
</tr>
<tr>
<td>2013</td>
<td>115.700</td>
</tr>
<tr>
<td>2014</td>
<td>68.462</td>
</tr>
<tr>
<td>2015</td>
<td>47.766</td>
</tr>
<tr>
<td>2016</td>
<td>44.849</td>
</tr>
<tr>
<td>2017</td>
<td>55.759</td>
</tr>
<tr>
<td>2018</td>
<td>60.260</td>
</tr>
</tbody>
</table>


**Banking Sector**

**Legal and institutional framework**

Laws that regulate the banking sector in Ukraine are as follows:

- Law of Ukraine “On Banks and Banking” (introduced in 2001, with many changes up to 2019);
- Law of Ukraine “On the National Bank of Ukraine” (introduced in 2000, with many changes up to 2019);
- NBU Board Resolution No. 581, dated September 3, 2015, on Resolving the Situation in the Monetary and Foreign Exchange Markets of Ukraine;
- Instruction on Transporting Cash and Investment Metals across Ukraine’s Customs Border.

The National Bank of Ukraine (NBU) exercises regulation and banking supervision in accordance with the provisions of the Constitution of Ukraine, the Law of Ukraine “On Banks and Banking”, the Law of Ukraine “On the National Bank of Ukraine”, and other legislative acts of Ukraine and regulations of the NBU.

The regulatory framework for banking regulation of the NBU is in accordance with the Basel Committee on Banking Supervision standards. The Comprehensive Program for Financial Sector Development of Ukraine until 2020 has been developed and approved, which largely takes into account those European standards.

Development until 2025. The Strategy provides for reforms in all segments of the financial sector: in the banking market, in the sector of non-banking financial institutions, and in the capital markets.

In 2018 as well as 2019 the NBU continued to work on implementation the measures that form the core of the Comprehensive Program, the Action Plan on Enhancing Banking Supervision, and the NBU’s plans on the implementation of EU laws in line with the EU Ukraine Association Agreement. A number of regulations were adopted in terms of the introduction/improvement of the liquidity coverage ratio, a new equity instrument that has conversion/write-off terms, the annual resilience assessment of banks and the banking system, a risk-based approach to the licensing of banks, etc. The NBU approved the net stable funding ratio (NSFR), new procedure to identify systemically important banks and internal NPL management requirements. The internal control system requirements for Ukrainian banks and banking groups for banks were also introduced. This was done in conjunction with the IMF, WB, EC, and other IFIs.

**Banking sector size**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets (EUR mln.)</td>
<td>106.972</td>
<td>115.700</td>
<td>68.462</td>
<td>47.766</td>
<td>44.849</td>
<td>55.759</td>
<td>60.260</td>
</tr>
<tr>
<td>Total assets as % of GDP</td>
<td>80,2</td>
<td>87,2</td>
<td>83,0</td>
<td>63,0</td>
<td>53,4</td>
<td>62,6</td>
<td>53,7</td>
</tr>
<tr>
<td>Number of bank employees</td>
<td>162.685</td>
<td>170.325</td>
<td>150.252</td>
<td>149.668</td>
<td>140.148</td>
<td>135.366</td>
<td>133.083</td>
</tr>
</tbody>
</table>

![Graph showing total assets (EUR mln.) and total assets as % of GDP from 2012 to 2018.](image-url)
## Market concentration

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of banks</strong></td>
<td>176</td>
<td>180</td>
<td>163</td>
<td>120</td>
<td>100</td>
<td>84</td>
<td>77</td>
</tr>
<tr>
<td><strong>Average assets per bank</strong></td>
<td>608</td>
<td>643</td>
<td>420</td>
<td>398</td>
<td>448</td>
<td>664</td>
<td>783</td>
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<tr>
<td><strong>Market share of the largest bank (%)</strong></td>
<td>17,4</td>
<td>16,8</td>
<td>15,9</td>
<td>21,1</td>
<td>17,6</td>
<td>20,0</td>
<td>27,5</td>
</tr>
<tr>
<td><strong>Market share of the five largest banks (%)</strong></td>
<td>38,2</td>
<td>40,0</td>
<td>44,3</td>
<td>53,8</td>
<td>56,1</td>
<td>61,0</td>
<td>64,1</td>
</tr>
<tr>
<td><strong>Market share of the ten largest banks (%)</strong></td>
<td>52,1</td>
<td>54,3</td>
<td>61,0</td>
<td>71,6</td>
<td>73,5</td>
<td>76,6</td>
<td>80,0</td>
</tr>
<tr>
<td><strong>Number of banks with market share less than 3%</strong></td>
<td>169</td>
<td>174</td>
<td>155</td>
<td>110</td>
<td>90</td>
<td>75</td>
<td>69</td>
</tr>
</tbody>
</table>

### Ownership structure in 2018

<table>
<thead>
<tr>
<th>Ownership structure</th>
<th>Number of banks</th>
<th>Share in total capital (%)</th>
<th>Share in total assets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks with majority domestic ownership</td>
<td>56</td>
<td>77,7</td>
<td>68,9</td>
</tr>
<tr>
<td>- central government</td>
<td>5</td>
<td>63,4</td>
<td>54,7</td>
</tr>
<tr>
<td>- other domestic entities</td>
<td>51</td>
<td>14,3</td>
<td>14,2</td>
</tr>
<tr>
<td>Banks with majority foreign ownership</td>
<td>21</td>
<td>22,3</td>
<td>31,1</td>
</tr>
</tbody>
</table>
### Composition of banks' assets

<table>
<thead>
<tr>
<th></th>
<th>Cash funds (EUR mln.)</th>
<th>Net loans</th>
<th>Fixed assets</th>
<th>Government bonds</th>
<th>Other assets</th>
<th>Total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share (%)</td>
<td>14,6</td>
<td>61,6</td>
<td>3,5</td>
<td>6,8</td>
<td>13,5</td>
<td>100,0</td>
</tr>
<tr>
<td>Share (%)</td>
<td>11,7</td>
<td>62,6</td>
<td>3,1</td>
<td>9,8</td>
<td>12,8</td>
<td>100,0</td>
</tr>
<tr>
<td>2014</td>
<td>7.672</td>
<td>45.423</td>
<td>1.964</td>
<td>7.288</td>
<td>6.116</td>
<td>68.462</td>
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<tr>
<td>Share (%)</td>
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<td>66,4</td>
<td>2,9</td>
<td>10,6</td>
<td>8,9</td>
<td>100,0</td>
</tr>
<tr>
<td>2015</td>
<td>4.884</td>
<td>27.227</td>
<td>902</td>
<td>6.222</td>
<td>8.531</td>
<td>47.766</td>
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<tr>
<td>Share (%)</td>
<td>10,2</td>
<td>57,0</td>
<td>1,9</td>
<td>13,0</td>
<td>17,9</td>
<td>100,0</td>
</tr>
<tr>
<td>2016</td>
<td>5.965</td>
<td>19.932</td>
<td>1.264</td>
<td>9.524</td>
<td>8.164</td>
<td>44.849</td>
</tr>
<tr>
<td>Share (%)</td>
<td>13,3</td>
<td>44,4</td>
<td>2,8</td>
<td>21,2</td>
<td>18,2</td>
<td>100,0</td>
</tr>
<tr>
<td>2017</td>
<td>2.440</td>
<td>16.753</td>
<td>1.060</td>
<td>11.248</td>
<td>24.258</td>
<td>55.759</td>
</tr>
<tr>
<td>Share (%)</td>
<td>4,4</td>
<td>30,0</td>
<td>1,9</td>
<td>20,2</td>
<td>43,5</td>
<td>100,0</td>
</tr>
<tr>
<td>2018</td>
<td>5.348</td>
<td>19.598</td>
<td>179</td>
<td>14.621</td>
<td>20.514</td>
<td>60.260</td>
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<tr>
<td>Share (%)</td>
<td>8,9</td>
<td>32,5</td>
<td>0,3</td>
<td>24,3</td>
<td>34,0</td>
<td>100,0</td>
</tr>
</tbody>
</table>
### Composition of banks' liabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Government deposits</th>
<th>Deposit from individuals</th>
<th>Interbank borrowing-foreign banks</th>
<th>Interbank borrowing-domestic banks</th>
<th>Bonds issued</th>
<th>Other liabilities</th>
<th>Total liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>20.2</td>
<td>32.8</td>
<td>10.2</td>
<td>8.7</td>
<td>1.0</td>
<td>27.0</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>20.4</td>
<td>34.6</td>
<td>8.5</td>
<td>7.8</td>
<td>1.0</td>
<td>27.6</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>22.4</td>
<td>32.1</td>
<td>10.7</td>
<td>9.5</td>
<td>0.3</td>
<td>25.0</td>
<td>100.0</td>
</tr>
<tr>
<td>2015</td>
<td>Amount (EUR mln.)</td>
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<td>4.102</td>
<td>5.010</td>
<td>173</td>
<td>512</td>
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<td>10.5</td>
<td>4.0</td>
<td>1.1</td>
<td>60.5</td>
<td>100.0</td>
</tr>
<tr>
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<td>192</td>
<td>11.259</td>
<td>44.849</td>
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<td>Share (%)</td>
<td>33.3</td>
<td>34.2</td>
<td>6.6</td>
<td>0.4</td>
<td>0.4</td>
<td>25.1</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>22.9</td>
<td>25.7</td>
<td>16.3</td>
<td>6.6</td>
<td>0.3</td>
<td>28.2</td>
<td>100.0</td>
</tr>
<tr>
<td>2018</td>
<td>Amount (EUR mln.)</td>
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<td>15.802</td>
<td>971</td>
<td>316</td>
<td>172</td>
<td>29.499</td>
<td>60.260</td>
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<tr>
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<td>Share (%)</td>
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<td>1.6</td>
<td>0.5</td>
<td>0.3</td>
<td>49.0</td>
<td>100.0</td>
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</tbody>
</table>
# Maturity structure of deposits and loans

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (EUR mln.)</th>
<th>Share (%)</th>
<th>Short-term deposits*</th>
<th>Long-term deposits**</th>
<th>Total deposits</th>
<th>Short-term loans ***</th>
<th>Long-term loans****</th>
<th>Total loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>30.710</td>
<td>63.5</td>
<td>17.652</td>
<td></td>
<td>48.362</td>
<td>30.948</td>
<td>36.934</td>
<td>67.881</td>
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<td>32.876</td>
<td>59.1</td>
<td>22.741</td>
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<td>55.617</td>
<td>34.162</td>
<td>41.905</td>
<td>76.067</td>
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<tr>
<td>2014</td>
<td>21.120</td>
<td>64.6</td>
<td>11.600</td>
<td></td>
<td>32.720</td>
<td>20.070</td>
<td>30.084</td>
<td>50.154</td>
</tr>
<tr>
<td>2016</td>
<td>21.151</td>
<td>79.6</td>
<td>5.421</td>
<td></td>
<td>26.572</td>
<td>12.134</td>
<td>22.537</td>
<td>34.671</td>
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<td>2017</td>
<td>18.383</td>
<td>78.7</td>
<td>4.973</td>
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<td>23.357</td>
<td>13.441</td>
<td>15.728</td>
<td>29.169</td>
</tr>
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<td>29.199</td>
<td>97.2</td>
<td>2.8</td>
<td></td>
<td>30.047</td>
<td>12.601</td>
<td>23.240</td>
<td>35.841</td>
</tr>
</tbody>
</table>

* demand deposits + up to one year; ** one to two years + over two years; *** up to 1 year; **** one to five years + over five years
Currency structure of deposits and loans

<table>
<thead>
<tr>
<th></th>
<th>Deposits in the local currency (EUR mln.)</th>
<th>Deposits in EUR (EUR mln.)</th>
<th>Deposits in other currency (EUR mln.)</th>
<th>Loans in the local currency (EUR mln.)</th>
<th>Loans in EUR (EUR mln.)</th>
<th>Loans in other currency (EUR mln.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share (%)</td>
<td>44.7</td>
<td>14.7</td>
<td>40.5</td>
<td>62.4</td>
<td>4.2</td>
</tr>
<tr>
<td>2013</td>
<td>Amount</td>
<td>33.510</td>
<td>7.250</td>
<td>18.110</td>
<td>53.635</td>
<td>3.331</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>56.9</td>
<td>12.3</td>
<td>30.8</td>
<td>65.0</td>
<td>4.0</td>
</tr>
<tr>
<td>2014</td>
<td>Amount</td>
<td>17.678</td>
<td>2.600</td>
<td>11.439</td>
<td>27.646</td>
<td>2.385</td>
</tr>
<tr>
<td></td>
<td>Share (%)</td>
<td>55.7</td>
<td>8.2</td>
<td>36.1</td>
<td>52.8</td>
<td>4.6</td>
</tr>
<tr>
<td>Year</td>
<td>Amount (EUR mln.)</td>
<td>Share (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>-------------------</td>
<td>-----------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>5.285 743 4.891 15.953 2.099 19.586</td>
<td>48.4 6.8 44.8 42.4 5.6 52.0</td>
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<tr>
<td>2016</td>
<td>14.181 1.926 10.342 17.238 1.789 15.856</td>
<td>53.6 7.3 39.1 49.4 5.1 45.5</td>
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<tr>
<td>2017</td>
<td>12.655 1.896 8.708 15.897 1.973 12.118</td>
<td>54.4 8.2 37.4 53.0 6.6 40.4</td>
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<tr>
<td>2018</td>
<td>17.249 2.512 10.286 19.287 2.636 13.918</td>
<td>57.4 8.4 34.2 53.8 7.4 38.8</td>
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<td></td>
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</table>

**Diagrams:**
- **Bar chart** showing the share in total over the years for deposits in the local currency, deposits in EUR, and deposits in other currency.
- **Bar chart** showing the share in total over the years for loans in the local currency, loans in EUR, and loans in other currency.
Deposits' and loans' rates – households

<table>
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<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
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<td>12,5</td>
<td>13,2</td>
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<td>7,0</td>
</tr>
<tr>
<td>Loan rate</td>
<td>27,4</td>
<td>27,3</td>
<td>26,8</td>
<td>28,1</td>
<td>30,6</td>
<td>29,1</td>
<td>30,4</td>
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Deposits' and loans' rates – non-financial corporations

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<tr>
<th>Year</th>
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<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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</thead>
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<tr>
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<td>6,7</td>
<td>8,3</td>
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<td>11,8</td>
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<td>Loan rate</td>
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<td>13,2</td>
<td>14,2</td>
<td>17,0</td>
<td>15,1</td>
<td>13,4</td>
<td>16,1</td>
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</table>
The basic features of the banking sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Regulatory capital (EUR mln.)</th>
<th>Total weighted risk (EUR mln.)</th>
<th>Capital adequacy rate (%)</th>
<th>Total loans (EUR mln.)</th>
<th>Non-performing loans (EUR mln.)</th>
<th>Ratio of non-performing to total loans (%)</th>
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</thead>
<tbody>
<tr>
<td>2012</td>
<td>16.987,8</td>
<td>85.194,0</td>
<td>18,1</td>
<td>77.376,3</td>
<td>6.882,3</td>
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<tr>
<td>2013</td>
<td>18.564,1</td>
<td>95.625,1</td>
<td>18,3</td>
<td>82.543,1</td>
<td>6.396,2</td>
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</tr>
<tr>
<td>2014</td>
<td>9.824,2</td>
<td>57.929,8</td>
<td>15,6</td>
<td>52.324,8</td>
<td>7.067,0</td>
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</tr>
<tr>
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<td>4.950,5</td>
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<td>37.638,1</td>
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<tr>
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<td>12,7</td>
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<td>8.545,1</td>
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<td>16,1</td>
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<td>10.510,9</td>
<td>35,0</td>
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<td>52,9</td>
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<table>
<thead>
<tr>
<th>Year</th>
<th>Positive financial performance</th>
<th>Satisfactory liquidity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net profit/loss (EUR mln.)</td>
<td>Return on equity (%)</td>
</tr>
<tr>
<td>2012</td>
<td>500,9</td>
<td>3,3</td>
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<tr>
<td>2013</td>
<td>277,7</td>
<td>1,7</td>
</tr>
<tr>
<td>2014</td>
<td>-2.877,9</td>
<td>-32,0</td>
</tr>
<tr>
<td>2015</td>
<td>-2.782,0</td>
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<tr>
<td>2016</td>
<td>-5.648,4</td>
<td>-122,2</td>
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<td>-677,1</td>
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<tr>
<td>2018</td>
<td>685,0</td>
<td>11,4</td>
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</table>

**INSURANCE SECTOR**

**Legal framework**

Laws that regulate the insurance sector in Ukraine are as follows:
- Law of Ukraine “On Insuring” (introduced in 1996, with many changes up to 2019);
- Law of Ukraine “On Financial Services and State Regulation of Financial Services Markets” (introduced in 2002, with many changes up to 2019);
- Law of Ukraine “On Amendments to Some Legislative Acts of Ukraine Regarding Improvement of Function in State Regulation of Financial Services Markets” (introduced in 2019);
- Law of Ukraine “On Non-state Pension Insurance” (introduced in 2003, with many changes up to 2019);

Institutional framework

Institutional framework for insurance sector operations:
- Ministry of Finance of Ukraine
- National Commission for State Regulation of Financial Service Markets
- Ukrainian Federation of Insurance
- League of Insurance Organizations of Ukraine
- National Association of Insurers of Ukraine

Minimal amount of share capital

<table>
<thead>
<tr>
<th>Type of insurer</th>
<th>EUR mln.</th>
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<tbody>
<tr>
<td>All nonlife classes</td>
<td>1,0</td>
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<tr>
<td>Life</td>
<td>10,0</td>
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</tbody>
</table>

Total premium income

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife (EUR mln.)</th>
<th>Life (EUR mln.)</th>
<th>Total (EUR mln.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.869</td>
<td>172</td>
<td>2.041</td>
</tr>
<tr>
<td></td>
<td>91,6</td>
<td>8,4</td>
<td>100,0</td>
</tr>
<tr>
<td>2013</td>
<td>2.372</td>
<td>224</td>
<td>2.596</td>
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<tr>
<td></td>
<td>91,4</td>
<td>8,6</td>
<td>100,0</td>
</tr>
<tr>
<td></td>
<td>Premium growth index 13/12</td>
<td>126,9</td>
<td>130,6</td>
</tr>
<tr>
<td>2014</td>
<td>1.279</td>
<td>112</td>
<td>1.392</td>
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<tr>
<td></td>
<td>91,9</td>
<td>8,1</td>
<td>100,0</td>
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<tr>
<td></td>
<td>Premium growth index 14/13</td>
<td>54,0</td>
<td>50,1</td>
</tr>
<tr>
<td>2015</td>
<td>1.051</td>
<td>83</td>
<td>1.134</td>
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<td></td>
<td>92,6</td>
<td>7,4</td>
<td>100,0</td>
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<tr>
<td></td>
<td>Premium growth index 15/14</td>
<td>82,1</td>
<td>74,3</td>
</tr>
<tr>
<td>2016</td>
<td>1.140</td>
<td>97</td>
<td>1.237</td>
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<td>92,2</td>
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<td>100,0</td>
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<tr>
<td></td>
<td>Premium growth index 16/15</td>
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<td>116,3</td>
</tr>
<tr>
<td>2017</td>
<td>1.210</td>
<td>87</td>
<td>1.297</td>
</tr>
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<td>93,3</td>
<td>6,7</td>
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<tr>
<td></td>
<td>Premium growth index 17/16</td>
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<td>89,7</td>
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<td>2018</td>
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<td>123</td>
<td>1.557</td>
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<td>92,1</td>
<td>7,9</td>
<td>100,0</td>
</tr>
<tr>
<td></td>
<td>Premium growth index 18/17</td>
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<td>141,6</td>
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Insurance penetration and insurance density

<table>
<thead>
<tr>
<th>Year</th>
<th>Nonlife</th>
<th>Life</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.40</td>
<td>0.13</td>
<td>1.53</td>
</tr>
<tr>
<td>2013</td>
<td>1.79</td>
<td>0.17</td>
<td>1.96</td>
</tr>
<tr>
<td>2014</td>
<td>1.55</td>
<td>0.14</td>
<td>1.69</td>
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<tr>
<td>2015</td>
<td>1.39</td>
<td>0.11</td>
<td>1.50</td>
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<tr>
<td>2016</td>
<td>1.36</td>
<td>0.12</td>
<td>1.47</td>
</tr>
<tr>
<td>2017</td>
<td>1.36</td>
<td>0.10</td>
<td>1.46</td>
</tr>
<tr>
<td>2018</td>
<td>1.28</td>
<td>0.11</td>
<td>1.39</td>
</tr>
</tbody>
</table>

Premium as % of GDP | Premium per capita (EUR)
### Market concentration

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of companies</th>
<th>Average premium per company (EUR mln.)</th>
<th>Market share of the largest company (%)</th>
<th>Market share of the largest three companies (%)</th>
<th>Market share of the largest five companies (%)</th>
<th>Number of companies with market share less than 3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>414</td>
<td>4,9</td>
<td>3,7</td>
<td>9,9</td>
<td>15,7</td>
<td>414</td>
</tr>
<tr>
<td>2013</td>
<td>407</td>
<td>6,4</td>
<td>2,7</td>
<td>7,2</td>
<td>11,4</td>
<td>407</td>
</tr>
<tr>
<td>2014</td>
<td>382</td>
<td>3,6</td>
<td>2,8</td>
<td>8,0</td>
<td>12,2</td>
<td>382</td>
</tr>
<tr>
<td>2015</td>
<td>361</td>
<td>3,1</td>
<td>6,6</td>
<td>13,6</td>
<td>19,3</td>
<td>358</td>
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<td>7,8</td>
<td>14,8</td>
<td>21,4</td>
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<tr>
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<td>8,8</td>
<td>16,5</td>
<td>23,2</td>
<td>289</td>
</tr>
<tr>
<td>2018</td>
<td>281</td>
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<td>4,1</td>
<td>11,8</td>
<td>17,7</td>
<td>277</td>
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</table>

### Total premium per major insurance classes

<table>
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<tr>
<th>Insurance class</th>
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<th>2018</th>
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<tbody>
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<td>EUR mln.</td>
<td>Share (%)</td>
</tr>
<tr>
<td>Accident</td>
<td>39,1</td>
<td>3,0</td>
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<tr>
<td>Health</td>
<td>112,6</td>
<td>8,7</td>
</tr>
<tr>
<td>Land motor vehicles</td>
<td>166,3</td>
<td>12,8</td>
</tr>
<tr>
<td>Railway</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td>Aircrafts</td>
<td>22,8</td>
<td>1,8</td>
</tr>
<tr>
<td>Vessels</td>
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<td>0,0</td>
</tr>
<tr>
<td>Goods in transit</td>
<td>139,9</td>
<td>10,8</td>
</tr>
<tr>
<td>Fire and natural disasters</td>
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</tr>
<tr>
<td>Category</td>
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<td>2018</td>
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<tr>
<td>-----------------------------------</td>
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<tr>
<td>Other property insurance</td>
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</tr>
<tr>
<td>Aircraft liability</td>
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<tr>
<td>Use of vessels liability</td>
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<td>0.0</td>
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<tr>
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<td>0.8</td>
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<td>NONLIFE</td>
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<td>870</td>
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<table>
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<th>Share in total premium</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
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<tbody>
<tr>
<td>Accident</td>
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<td></td>
</tr>
<tr>
<td>Railway</td>
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<td>Goods in transit</td>
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<tr>
<td>MTPL</td>
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<tr>
<td>Other liability</td>
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<td>Surety</td>
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<td>Assistance - other nonlife</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Land motor vehicles</td>
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</tr>
<tr>
<td>Vessels</td>
<td></td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>Legal protection</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Assistance - other nonlife</td>
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</table>
### Insurance companies

<table>
<thead>
<tr>
<th>Rank</th>
<th>First thirty ranked companies</th>
<th>Nonlife premium in 2017</th>
<th>Nonlife premium in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>EUR mln.</td>
<td>EUR mln.</td>
</tr>
<tr>
<td>1</td>
<td>УНИКА</td>
<td>50,8</td>
<td>64,4</td>
</tr>
<tr>
<td>2</td>
<td>АХА СТРАХОВАНИЕ</td>
<td>50,1</td>
<td>59,6</td>
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<tr>
<td>3</td>
<td>АРСЕНАЛ СТРАХОВАНИЕ</td>
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<td>59,5</td>
</tr>
<tr>
<td>4</td>
<td>РЗУ УКРАИНА</td>
<td>38,4</td>
<td>47,8</td>
</tr>
<tr>
<td>5</td>
<td>ТАС СГ</td>
<td>30,6</td>
<td>43,8</td>
</tr>
<tr>
<td>6</td>
<td>ИНГО УКРАИНА</td>
<td>31,8</td>
<td>38,3</td>
</tr>
<tr>
<td>7</td>
<td>АСКА</td>
<td>19,2</td>
<td>31,6</td>
</tr>
<tr>
<td>8</td>
<td>УКРАИНСКАЯ СТРАХОВАЯ ГРУППА</td>
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<td>30,0</td>
</tr>
<tr>
<td>9</td>
<td>КРЕДО</td>
<td>22,7</td>
<td>27,1</td>
</tr>
<tr>
<td>10</td>
<td>УНИВЕРСАЛЬНАЯ</td>
<td>19,4</td>
<td>26,1</td>
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<td>11</td>
<td>АЛЬФА СТРАХОВАНИЕ</td>
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<td>ОРАНТА</td>
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<td>ПРОВИДНА</td>
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<td>23,9</td>
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<tr>
<td>14</td>
<td>ВУСО</td>
<td>14,9</td>
<td>22,9</td>
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<tr>
<td>15</td>
<td>АЛЬЯНС</td>
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<td>20,4</td>
</tr>
<tr>
<td>16</td>
<td>КНЯЖКА</td>
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<tr>
<td>17</td>
<td>УПСК</td>
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<tr>
<td>18</td>
<td>ПЕРША</td>
<td>12,8</td>
<td>16,1</td>
</tr>
<tr>
<td>19</td>
<td>ГЛОБУС</td>
<td>7,8</td>
<td>13,2</td>
</tr>
<tr>
<td>20</td>
<td>КРАИНА</td>
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<td>9,9</td>
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<tr>
<td>21</td>
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<tr>
<td>22</td>
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<td>-</td>
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</tr>
<tr>
<td>23</td>
<td>ЕВРОИНС УКРАИНА</td>
<td>-</td>
<td>8,3</td>
</tr>
<tr>
<td>24</td>
<td>Ю.Ес.Ай.</td>
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<tr>
<td>25</td>
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<td>7,9</td>
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<tr>
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<td>ПРОСТО-СТРАХОВАНИЕ</td>
<td>6,1</td>
<td>7,7</td>
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<td>27</td>
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<td>7,4</td>
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<td>БРОКБИЗНЕС</td>
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<td>КОЛОННЕЙДУКРАИНА</td>
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<td>30</td>
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</tr>
<tr>
<td></td>
<td>КРЕМЕНЬ</td>
<td>113,6</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>КИЕВСКИЙ СТРАХОВОЙ ДОМ</td>
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<td>-</td>
</tr>
<tr>
<td></td>
<td>OTHER COMPANIES</td>
<td>567,3</td>
<td>735,2</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>1,209,7</td>
<td>1,433,5</td>
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**TOTAL**

<table>
<thead>
<tr>
<th>Rank</th>
<th></th>
<th>Nonlife premium in 2017</th>
<th>Nonlife premium in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td><strong>EUR mln.</strong></td>
<td><strong>EUR mln.</strong></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>100,0</td>
<td>100,0</td>
</tr>
<tr>
<td>Rank</td>
<td>First ten ranked companies</td>
<td>Total premium in 2017</td>
<td>Total premium in 2018</td>
</tr>
<tr>
<td>------</td>
<td>----------------------------</td>
<td>----------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EUR mln.</td>
<td>%</td>
</tr>
<tr>
<td>1</td>
<td>МЕТ ЛАЙФ</td>
<td>22,3</td>
<td>25,7</td>
</tr>
<tr>
<td>2</td>
<td>УНИКА ЖИЗНЬ</td>
<td>13,5</td>
<td>15,5</td>
</tr>
<tr>
<td>3</td>
<td>ТАС</td>
<td>13,2</td>
<td>15,2</td>
</tr>
<tr>
<td>4</td>
<td>АСКА-ЖИЗНЬ</td>
<td>8,9</td>
<td>10,2</td>
</tr>
<tr>
<td>5</td>
<td>РЗУ УКРАИНА СТРАХОВАНИЕ ЖИЗНИ</td>
<td>9,0</td>
<td>10,3</td>
</tr>
<tr>
<td>6</td>
<td>ГРАВЕ УКРАИНА СТРАХОВАНИЕ ЖИЗНИ</td>
<td>8,3</td>
<td>9,6</td>
</tr>
<tr>
<td>7</td>
<td>АХА СТРАХОВАНИЕ ЖИЗНИ</td>
<td>1,8</td>
<td>2,0</td>
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<tr>
<td>8</td>
<td>КНЯЖА ЛАЙФ ВИЕННА ИНШУРАНС ГРУП</td>
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<td>2,2</td>
</tr>
<tr>
<td>9</td>
<td>ФОРТЕ ЛАЙФ</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>КД-ЖИЗНЬ</td>
<td>0,9</td>
<td>1,1</td>
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<tr>
<td></td>
<td>ИНГО УКРАИНА ЖИЗНЬ</td>
<td>0,8</td>
<td>0,9</td>
</tr>
<tr>
<td></td>
<td>OTHER COMPANIES</td>
<td>6,4</td>
<td>7,4</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>87,0</strong></td>
<td><strong>100,0</strong></td>
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</table>
OTHER RELEVANT FINANCIAL INSTITUTIONS

Pension funds

Ukraine's pension reform was introduced in October 2017. Most of the amendments it brings to the existing system are long term and have not really had time to play out yet. The pension reform has been one of the IMF’s key demands for Ukraine in order to release an USD 8.4 billion tranche of finance, part of its USD 17.5 billion loan program. However, the Ukrainian government declined to go for such unpopular measures as raising the retirement age or avoiding indexation. As a result, only a few of the donors’ recommendations were implemented (for example, the rise of minimal work experience). Nevertheless, 49% of Ukrainians have said they do not support the pensions reform.

An important issue is that Ukraine’s pension fund experiences a massive deficit. In 2017, Ukraine had to cover the deficit of EUR 5 billion from the state budget. Obviously, this situation leads the government to a policy of cutting expenses. But the drastic social reality pushes it in the opposite direction – pensioners need more funds to survive.

The Pension Fund of Ukraine is a central executive body that manages a solidarity system of compulsory state pension provision, collects, accumulates and records insurance premium, allocates pensions and prepares documents for their payment, provides timely and full financing and payment pensions, burial assistance and other social benefits.

Investment funds

On 5 July 2012, the Ukrainian Parliament adopted the Law of Ukraine “On Mutual Funds” (the "Mutual Funds Law") which will come into effect on 1 January 2014, except for certain provisions which became effective on 19 August 2012. The Mutual Funds Law was adopted to replace the existing Law of Ukraine “On Mutual Funds (Corporate and Unit Institutes of Investments)” No. 2299-III dated 15 March 2001.

Number of formed AMCs and CII

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset management companies (AMCs)</td>
<td>295</td>
<td>296</td>
<td>297</td>
</tr>
<tr>
<td>AMC with CII under management</td>
<td>279</td>
<td>284</td>
<td>282</td>
</tr>
<tr>
<td>Collective Investment Institutions (investment funds)</td>
<td>1.130</td>
<td>1.160</td>
<td>1.436</td>
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</tbody>
</table>

Number of investment funds by fund type and legal form

<table>
<thead>
<tr>
<th>Date/Period</th>
<th>UIF - Unit Investment Funds</th>
<th>CIF - Corporate Investment Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>O - open-ended diversified</td>
<td>CII - interval diversified</td>
</tr>
<tr>
<td></td>
<td>Os - open-ended specialized</td>
<td>CNN - closed-end non-diversified non-venture</td>
</tr>
<tr>
<td></td>
<td>l - interval diversified</td>
<td>Cs - closed-end non-specialized</td>
</tr>
<tr>
<td></td>
<td>Is - interval specialized</td>
<td>Cq - closed-end qualified</td>
</tr>
<tr>
<td></td>
<td>CD - closed-end diversified</td>
<td>CV - closed-end non-diversified venture CII</td>
</tr>
<tr>
<td></td>
<td>CNN - closed-end non-diversified non-venture</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cs - closed-end non-specialized</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cq - closed-end qualified</td>
<td>CV - closed-end non-diversified venture CII</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td>31.12.2016</td>
<td>15  5  21  3  4  28  1  0  765  0  55  233  1.130</td>
<td></td>
</tr>
<tr>
<td>31.12.2017</td>
<td>14  5  20  3  4  31  1  1  748  0  53  280  1.160</td>
<td></td>
</tr>
<tr>
<td>31.12.2018</td>
<td>14  5  20  3  4  30  1  1  757  0  52  303  1.190</td>
<td></td>
</tr>
</tbody>
</table>

38 http://www.uaib.com.ua/eng/analituaib/publ_ici_quart/266769.html
Number of diversified investment funds with public issue, by fund class

<table>
<thead>
<tr>
<th>Date</th>
<th>Open-ended</th>
<th>Interval</th>
<th>Closed-end (ex. venture)</th>
<th>with public issue</th>
<th>with private issue</th>
<th>All (ex. venture)</th>
<th>Venture</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2018</td>
<td>9</td>
<td>3</td>
<td>18</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td>6.626,1</td>
</tr>
<tr>
<td>31.12.2017</td>
<td>7</td>
<td>2</td>
<td>26</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>6.372,3</td>
</tr>
<tr>
<td>31.12.2016</td>
<td>4</td>
<td>2</td>
<td>27</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td>5.357,5</td>
</tr>
</tbody>
</table>

*Funds that have equities, bonds, and cash in their portfolios.

Investment funds’ net assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Open-ended</td>
<td>2,0</td>
<td>2,2</td>
<td>2,8</td>
</tr>
<tr>
<td>Interval</td>
<td>2,3</td>
<td>2,3</td>
<td>2,6</td>
</tr>
<tr>
<td>Closed-end (ex. venture)</td>
<td>265,5</td>
<td>241,9</td>
<td>532,3</td>
</tr>
<tr>
<td>with public issue</td>
<td>95,4</td>
<td>79,0</td>
<td>97,6</td>
</tr>
<tr>
<td>with private issue</td>
<td>170,1</td>
<td>162,9</td>
<td>434,8</td>
</tr>
<tr>
<td>All (ex. venture)</td>
<td>269,8</td>
<td>246,5</td>
<td>537,7</td>
</tr>
<tr>
<td>Venture</td>
<td>6.356,3</td>
<td>6.125,8</td>
<td>8.819,8</td>
</tr>
<tr>
<td>Total</td>
<td>6.626,1</td>
<td>6.372,3</td>
<td>9.357,5</td>
</tr>
</tbody>
</table>

Structure of investment fund assets by type of funds

<table>
<thead>
<tr>
<th>Year</th>
<th>Equities</th>
<th>State bonds</th>
<th>Moneys and bank deposits</th>
<th>Other assets (incl. R*)</th>
<th>Bank metals</th>
<th>Corporate bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>43,1%</td>
<td>25,5%</td>
<td>25,4%</td>
<td>4,1%</td>
<td>1,2%</td>
<td>0,7%</td>
</tr>
<tr>
<td>2017</td>
<td>44,8%</td>
<td>21,8%</td>
<td>26,0%</td>
<td>6,0%</td>
<td>1,0%</td>
<td>0,4%</td>
</tr>
</tbody>
</table>

* R - receivables
* R - receivables
* R - receivables
Micro-credit organisations\(^{39}\)

Microfinance is not developed and the microfinance segment is mostly served by banks or credit unions, though NGO’s are also present. Non-bank financial institutions are regulated by the National Regulatory Commission for Financial Markets. The weak institutional and regulatory framework is holding back the sector’s development.

With no microfinance institutions on the market, credit unions are the main non-bank financial institutions serving the financial needs of small and medium enterprises. The role of credit unions is higher for rural areas and provinces. Credit unions lend to the members of the institution. Roughly, one fifth of the loans are disbursed for small business and farming purposes and in many cases credit unions can be the only source of funding for small farmers in rural areas. The funding is obtained through member investments and deposits. However, not all credit unions are allowed to accept deposits and, therefore, some rely on quasi-deposit instruments. The ongoing economic and political problems, that have significantly reduced household earnings, have had a negative impact on the funding of the segment. The weak legislative and regulatory framework is another obstacle that the credit union market is facing in Ukraine.

The overall size of the credit union segment is very small, relative to the financial system. The number of credit unions in the state register of financial institutions of Ukraine decreased by 18,2%, or 84 institutions, in 2017 year-over-year, to 378, according to the website of the National Commission for State Regulation of Financial Services Markets. According to the regulator, the largest number of credit unions was registered in Kiev and the Kiev region (39 or

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10.3% of the total number), Luhansk region (33 or 9.0%), Donetsk region (29 or 7.7%), and Kharkiv region (24 or 6.3%).

According to the regulator, last year, the number of participants in credit unions shrank by 12.3%, to 564,100, the number of participants with current loan agreements by 9.6%, to 134,300, while the number of members with contributions on deposit accounts by 47.2%, to 21,700.

The total volume of loans granted to members of credit unions on 31 December, 2017, reached EUR 56,783.9 million (up 5.7%), whereas contributions of members of credit unions on deposit accounts amounted to EUR 28,0 million (up 12.6%). The total amount of debt on loans was EUR 10,3 million (down 6.2%).

**Leasing companies**

In 1997 the Law on Leasing was adopted, and in 2003 it was amended to the Law on Financial Leasing. Leasing in Ukraine is regulated by the Civil and Commercial codes, and by the Law on Leasing adopted in 1997 and then amended and renamed as the Law on Financial Lease in 2003. The leasing market developed slowly, and in 2000 the total share of leasing assets in terms of GDP constituted 1% (the lowest in Europe). Since 2013, the association Ukrainian Union of Lessors (UUL) notes that many leasing companies have left the market and those that remain tend to be companies linked to private banks or subsidiaries of foreign leasing companies. Among the companies that decided to leave were many international players: ING Lease, SG Equipment Leasing, UniCredit Leasing, Ukrainian Leasing Company (operation of BNP Paribas Leasing Solutions).

In Ukraine, financial institutions need a license from the Financial Service Regulator (FSR) to engage in financial leasing. Banks are entitled to perform financial leasing under the License of the National Bank of Ukraine. Until 2017 there were no licensing requirements for non-bank companies providing leasing services in Ukraine. New licensing requirements were approved by the Cabinet of Ministers of Ukraine on December 6, 2016; it obligates lessors to obtain a license for financial leasing activities. For operating leasing, no license is required and this activity is unregulated. The vast majority of leasing deals are financial ones. The operating leases exist mainly in the car sector. The Ukrainian leasing market is dominated by financial leasing.

According to UUL, there were about 40 active leasing companies as of December 2017, but few of them were seeking new business. UUL’s 16 members make up more than 70 percent of the Ukrainian market. As of the beginning of 2018, 551 institutions (including 280 financial companies, 88 banks, and 183 legal entities, which are not financial institutions) had a license to render financial leasing services. However, the majority of financial companies are registered with the FSR for factoring and leasing activities but in reality are not engaged in leasing.

UUL is association founded in 2005 as a voluntarily union of professional participants of leasing market. Currently UUL unites 37 companies, among them there are leading leasing companies

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and representatives of contiguous markets. The number of full members of the Association for the year increased by 3 and reached the mark of 16 companies.

During 2017, the volume of new business amounted to EUR 291.1 million (excluding the payment for the use of the leased asset) - which is 53% or 100.9 million more than in 2016. The growth of the volume of new leased contracts in 2017 reached the majority of the members of the Association. The leaders in terms of growth are Tekom – Leasing (364.2%) and Land – Lease (129.8%).

Companies of the Association continue to increase the existing leasing agreements (portfolio) amount. In 2017, the volume of portfolio of companies participating in the Ukrainian Association of Lessors grew by almost one billion hryvnia, or 9.8% compared to the previous year. Thus, portfolio volumes reached a level of 337.7 million EUR. The volume of 1 billion USD portfolio of transactions exceeded four members of the UUL.

Unlike the new lease agreements, where the majority of companies of the Association members demonstrated significant growth in assets, the total volume of the portfolio of existing leasing agreements changed in a different direction. Land Lease, Tekom-Leasing and OTP Leasing actively increased Portfolio size, while Neos Leasing, Raiffeisen Leasing Aval and ULF-Finance significantly reduced the volume of existing deals.

Vehicles (cars, trucks, LCV) still be a main subject of leasing in Ukraine, comprising more than 70% of all items leased during the year. The volume of leased vehicles in 2017 by the companies-members of the Association amounted to 5,871 items, which represents a growth compared with last year by 30%.

The leaders in the number of new vehicles leased are:
- OTP Leasing – 1,615 cars, which makes up 27.4% of the total volume of cars sold by the companies – members of the Association.
- “ULF-Finance” – 1,249 vehicles, which is 21.2% of the sample.
- Porsche Leasing Ukraine – 1,117 cars, representing 19.0% of the total volume.

The leader in the field of agricultural machinery leasing in Ukraine was OTP Leasing, which leased 701 units of agricultural equipment for a total of about USD 50 million.

Financial leasing is practiced in Ukraine exclusively for the purchase of fixed assets to be used in its intended purpose in the business enterprise or a business entity.

The leasing market is rebuilding slowly after a sharp drop of 42% in leasing agreements in 2015. At the beginning of 2017, the number of new contracts increased by 2.2 times, and the volume reached EUR 382.1 million on January 1, 2018.
The leasing market in Ukraine is dominated by transport and agriculture. At the end of 2017 the value of transport transactions amounted to EUR 215.6 million and agriculture transactions were EUR 164.2 million. Almost EUR 300 million worth of contracts were financed in other sectors (such as construction, industrial equipment, real-estate).

Lessors are most interested in leasing of equipment that is highly liquid and can be easily repossessed and resold. Cars are the perfect example of that. In the portfolios of most leasing companies, cars are generally subject to financial leases. Leasing of personal cars is now definitely the most sophisticated part of the Ukrainian leasing market.

The number of leased cars in 2016 reached 6 thousand units, an increase of 70% over 2015. According to the UUL, in 2017 the total number of the leased cars was 5,871. The leaders were OTP Leasing (1,615 cars), ULF Finance (1,249) and Porsche Leasing Ukraine (1,117).

Ukraine does not have a large network of international banks or leasing companies. However, there are signs of foreign interest as the economy improves and reforms are implemented. The number one lessor in Ukraine is OTP Leasing – which is owned by Hungarian capital.

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