

BOSNA REOSIGURANJE D.D.
SARAJEVO

Annual report for 2022

This version of the report is a translation from the original, which was prepared in Bosnian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our financial reports and the accompanying audit report takes precedence over this translation.

Contents

	<i>Page</i>
Annual report for 2022	1 – 2
Statement of Management's responsibility	3
Independent auditor's report	4 – 8
Statement of profit or loss	9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12 – 13
Statement of cash flows	14
Notes to financial statements	15 – 52

This version of the report is a translation from the original, which was prepared in Bosnian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our financial reports and the accompanying audit report takes precedence over this translation.

Annual bussines report 2022

In terms of the provisions of Art. 42 and 43 of the Law on Accounting and Auditing in the Federation of BiH ("Official Gazette of the Federation of BiH", No. 15/21), we list the following data that complement the objective presentation of the financial position and operations of the legal entity:

Significant events that occurred in the period from the end of the business year to the date of submission of the financial statements

Events in the period from the end of the business year to the date of submission of the financial statements are presented in Note 32 to the financial statements.

Estimation of expected future development

No.	Position	2022	Plan for 2023	INDEX
		Amount in KM	Amount in KM	3/2*100
0	1	2	3	4
1.	TOTAL REVENUES	45,404,442	49,658,743	109.37
2.	TOTAL EXPENSES	42,352,934	46,323,019	109.37
3.	PROFIT (LOSS)	3,051,508	3,335,724	109.31

The Company operates on the going concern principle, in accordance with the Law on Insurance of the Federation of BiH and bylaws of the Insurance Supervision Agency of the Federation of BiH. The Company expects the continuation of stable development through the gradual growth of the overall result in the coming period. Projections of future expected income from premiums, expenses from claims, investments and risk diversification give positive effects of business indicators in the coming years, which results in stable operations and a positive financial result, which becomes a realistic assumption if all potentials are taken into account. which the Company has at its disposal.

The most important activities related to research and development

During 2022, there were no activities related to research and development, in terms of IAS 38, nor are such activities planned in the future.

Information on the purchase of own shares, or stakes

During 2022, there was no acquisition of own shares.

Business segment information

Bosna Reosiguranje d.d. Sarajevo has no separate business segments in terms of IFRS 8.

Used financial instruments of importance for the assessment of financial position and business performance

Bosna Reosiguranje d.d. Sarajevo has no credit indebtedness. Bosna Reosiguranje d.d. Sarajevo invests free funds in accordance with the regulations of the Insurance Supervision Agency of the Federation of BiH and internal acts, in various forms of assets, such as deposits with commercial banks in BiH, bonds of various levels of government in BiH, shares and stakes of business entities, real estate and equipment. Diversification of the investment portfolio enables Bosna Reosiguranje d.d. Sarajevo stability of financial position and realization of planned business results.

Objectives and policies related to financial risk management, together with risk protection policies for each planned transaction for which protection is required

Risk management goals and policies Bosna Reosiguranje d.d. Sarajevo are defined by the general act Risk Management Strategy. The general goal and purpose of risk management in the Company is to provide adequate financial strength of the Company and support the Management Board in managing the Company. The risk management strategy identifies and quantifies all risks to which the Company is exposed and defines the activities that are undertaken in order to maintain the risks at an acceptable level that allows the total capital of the Company.

The Company generally has a conservative risk attitude which, in accordance with the Risk Management Strategy, permanently monitors changes in the Company's risk profile.

During 2022, there were no significant changes in the Company's risk portfolio.

Exposure to market, credit, liquidity risk and other risks present in the business of the legal entity, and strategies for managing these risks and assessing their effectiveness

All risks to which the Company is exposed, including but not limited to price, credit, market, currency liquidity risk under the Risk Management Strategy have been identified, which allows it to be managed effectively, and quantified which allows the Company to have a clear idea of total risk portfolio and total capital adequacy in relation to the risk portfolio.

The Company monitors its investment exposure through regular reviews of assets and liabilities.

During 2022, the Company continuously monitored the situation and changes in the market environment that could affect the financial condition of the Company.

As part of the continuous monitoring of the situation and changes in the market environment, no conditions and circumstances were identified that could affect the financial condition of the Company.

The Company intends to continue to continuously monitor the implementation and, if necessary, improve the comprehensive risk management system.

Environmental protection measures

Bosna Reosiguranje d.d. Sarajevo operates within the financial sector in BiH and applies environmental protection measures specific to the financial sector, which includes, but is not limited to, environmentally responsible use of paper, environmentally responsible disposal of electronic waste and more.

Presentation of applied corporate governance rules

Bosna Reosiguranje d.d. Sarajevo is registered as a joint stock company and accordingly applies the rules of corporate governance defined by applicable laws, bylaws in BiH and internal acts of the Company, primarily the Law on Companies (Official Gazette Federation of BiH, no. 81/15), Law on Insurance (Official Gazette Federation of BiH, no. 23/17), and the Articles of Association. In accordance with the above, corporate governance in the Company is carried out through the Assembly, the Supervisory Board, the Audit Committee and the Management Board.

Statement of Management's responsibility

The Management Board is responsible for ensuring that separate and consolidated financial statements are prepared for each financial period in accordance with the International Financial Reporting Standards (IFRS), which give a true and fair view of the state of affairs of Bosna Re d.d. Sarajevo (the Company) and its associate (together the Group), and its financial performance for that period.

After making enquiries, the Management Board has a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the separate and consolidated financial statements.

In preparing those separate and consolidated financial statements, the responsibilities of the Management Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the separate and consolidated financial statements; and
- the separate and consolidated financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and Group and must also ensure that the separate and consolidated financial statements comply with the Accounting and Auditing Law in the Federation of Bosnia and Herzegovina. Moreover, the Management Board is also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of Management:



Zlatan Filipović, Director

Bosna Reosiguranje d.d. Sarajevo

Zmaja od Bosne 74

71000 Sarajevo

Bosnia and Herzegovina

31 March 2023

Independent auditor's report

To the shareholders of Bosna Reosiguranje d.d. Sarajevo:

Opinion

We have audited the separate and consolidated financial statements of Bosna Reosiguranje d.d. (the "Company") and its associates (together the "Group"), which comprise the separate and consolidated statement of financial position of the Company and Group as at 31 December 2022, and the separate and consolidated statement of profit or loss, separate and consolidated statement of comprehensive income, separate and consolidated statement of changes in equity, and separate and consolidated statement of cash flows of the Company and Group for the year then ended, and notes including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and Group as at 31 December 2022, and their financial performance and their cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for Audit of the Financial Statements* section of our report. We are independent of the Company and Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and ethical requirements relevant for our audit of the financial statements in Federation of Bosnia and Herzegovina and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**MAKING AN
IMPACT THAT
MATTERS**

since 1845

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/ba/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax, and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the "Deloitte organization") serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 415,000 people make an impact that matters at www.deloitte.com.

In Bosnia and Herzegovina, the services are provided by Deloitte d.o.o. Sarajevo and Deloitte Tax & Accounting Services d.o.o. with its branches Deloitte d.o.o. Sarajevo – Podružnica Banja Luka and Deloitte Tax & Accounting Services d.o.o. – Podružnica Banja Luka (jointly referred to as "Deloitte Bosnia and Herzegovina") which are affiliates of Deloitte Central Europe Holdings Limited. Deloitte Bosnia and Herzegovina is one of the leading professional services organizations in the country providing services in audit and assurance, consulting, financial advisory, risk advisory, tax, and related services, through over 160 national and specialized expatriate professionals.

Key audit matters (continued)

Valuation of technical reserves

Key audit matter

In the consolidated and separate financial statements as at 31 December 2022, reinsurance liabilities – technical reserves amounted to KM 148,018 thousand, which represents 92.43% of total liabilities of the Company (31 December 2021: KM 133,267 thousand, 92.84%).

Please refer to Note 3 (Summary of significant accounting policies), Note 4 (Accounting estimates and key sources of estimation uncertainty), and Note 26 Assets and liabilities from reinsurance operations.

The calculation of provisions for insurance contracts is complex because it involves a high degree of Management estimates and complex mathematical and statistical calculations. Models for calculating the amount of technical provisions are created separately for each category. The calculations largely depend on economic and demographic assumptions.

Management reviews premiums, claims settlement and other model inputs and assumptions. The actuarial function of the Group and Company is responsible for verifying the adequacy of the estimated provisions.

Reserves for insurance contracts are accounting estimates that are material positions in the financial statements and are subject to a high degree of estimate, which is why we considered these accounting estimates to be a key audit matter.

Our approach to the key audit matter

Our audit approach encompassed the following:

We have gained an understanding of key controls and tested their operating effectiveness. We also reviewed the processes of analysing economic and non-economic assumptions used to calculate provisions.

We have reviewed the adequacy of key management assumptions used to estimate the amount of technical reserves for individual cases and compared them with the relevant supporting documents.

We assessed whether the liabilities recorded were consistent with the requirements of the accounting framework, industry best practices and regulatory requirements.

In addition, we have reviewed the information disclosed in the financial statements to assess whether the disclosure are adequate for users of the financial statements.

Actuarial experts were involved in the assessment of actuarial assumptions, including the testing assumptions used by the Management. Actuarial experts were involved in testing the Company model calculations, and in recalculation of reserves for insurance contracts.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the separate and consolidated financial statements and our auditor's report.

Our opinion on the separate and consolidated financial statements does not cover the other information.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. With respect to the Management Report and the Corporate Governance Rules, which are included in the Annual Report, we have also performed the procedures prescribed by the Accounting and Auditing Act in the Federation of Bosnia and Herzegovina (Accounting Act). These procedures include examination of whether the Management Report and Corporate Governance Rules include required disclosures as set out in the Article 42 of the Accounting Act.

Based on the procedures performed during our audit, to the extent we are able to assess it, we report that:

- 1) Information included in the other information is, in all material respects, consistent with the attached separate financial statements.
- 2) Management Report has been prepared, in all material respects, in accordance with the Article 42 of the Accounting Act.
- 3) Corporate Governance Rules has been prepared, in all material aspects, in accordance with the Article 43.

Based on the knowledge and understanding of the Company and Group and their environment, which we gained during our audit of the separate and consolidated financial statements, we have not identified material misstatements in the other information.

Responsibilities of the Management Board and Those Charged with Governance for the Separate and Consolidated Financial Statements

The Management Board is responsible for the preparation and fair presentation of the accompanying separate and consolidated financial statements in accordance with the International Financial Reporting Standards, and for such internal control as the Management Board determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, the Management Board is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence concerning the financial statements of group companies or their business activities in order to express an opinion on the consolidated financial statements. We are responsible for conducting, overseeing and performing the audit of the Group. We have sole responsibility for the audit opinion expressed.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

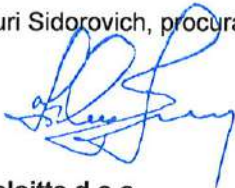
Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sabina Softić.

Yuri Sidorovich, procurator



Sabina Softić, partner and licensed auditor



Deloitte d.o.o.
Zmaja od Bosne 12c
Sarajevo, Bosnia and Herzegovina
31 March 2023

Bosna Reosiguranje d.d. Sarajevo
Statement of profit or loss
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

	Notes	Company and associates 2022	Company and associates 2021	Company 2022	Company 2021
Reinsurance revenue	5	76,058,147	64,157,870	76,058,147	64,157,870
Premium revenue ceded to reinsurers, net	5	(46,161,529)	(38,385,876)	(46,161,529)	(38,385,876)
Net premium revenue		29,896,618	25,771,994	29,896,618	25,771,994
Reinsurance claims and expenses	6	(43,708,953)	(35,696,165)	(43,708,953)	(35,696,166)
Reinsurance claims and expenses covered by reinsurers, net	6	22,652,765	17,793,985	22,652,765	17,793,986
Net claims expenses		(21,056,188)	(17,902,180)	(21,056,188)	(17,902,180)
Commission income		13,819,458	11,940,044	13,819,458	11,940,044
Commission expenses		(18,268,205)	(15,532,818)	(18,268,205)	(15,532,818)
Net commission expenses		(4,448,747)	(3,592,774)	(4,448,747)	(3,592,774)
Net income from insurance		4,391,683	4,277,040	4,391,683	4,277,040
Investment income	7	1,164,147	1,120,751	1,464,147	1,120,751
Other operating income	8	194,555	165,984	194,555	165,984
General and administrative expenses	9	(2,964,030)	(2,821,988)	(2,964,030)	(2,821,988)
Other expenses	10	(30,816)	(1,721)	(30,816)	(1,721)
Foreign exchange losses, net		(4,031)	(989)	(4,031)	(989)
Share in profit of associates	15	(30,030)	1,046,990	-	-
Profit before tax		2,721,478	3,786,067	3,051,508	2,739,077
Income tax expense	11	(241,580)	(249,598)	(241,580)	(249,598)
Net profit		2,479,898	3,536,469	2,809,928	2,489,479
Earnings per share	12	133.01	189.67	150.71	133.52

The accompanying notes are an integral part of these financial statements.

Bosna Reosiguranje d.d. Sarajevo
Statement of comprehensive income
for the year ended 31 december 2022

(All amounts are expressed in KM, unless otherwise stated)

	Notes	Company and associates 2022	Company and associates 2021	Company 2022	Company 2021
Net profit for the year		2,479,898	3,536,469	2,809,928	2,489,479
Other comprehensive income		-	-	-	-
<i>Items that will not be subsequently reclassified to statement of profit or loss</i>		-	-	-	-
<i>Items that will be subsequently reclassified to statement of profit or loss when specific conditions are met</i>		-	-	-	-
Net changes in fair value of financial assets available for sale	16	352,098	(55,727)	352,098	(55,727)
		352,098	(55,727)	352,098	(55,727)
Total comprehensive income		2,831,996	3,480,742	3,162,026	2,433,752

The accompanying notes are an integral part of these financial statements.

Bosna Reosiguranje d.d. Sarajevo

Statement of financial position

as at 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

		Company and associates	Company and associates	Company	Company
	Notes	31 December 2022	31 December 2021	31 December 2022	31 December 2021
ASSETS					
Property, plant and equipment, and intangible assets	13	3,351,015	3,480,601	3,351,015	3,480,601
Investment property	14	2,661,224	2,792,113	2,661,224	2,792,113
Investment in associates	15	6,645,130	6,975,160	1,878,529	1,878,529
Deferred acquisition costs	18	4,965,563	4,133,154	4,965,563	4,133,154
Financial assets available-for-sale	16	3,546,945	3,194,847	3,546,945	3,194,847
Financial assets held-to-maturity	17	10,356,741	1,402,107	10,356,741	1,402,107
Deposits	19	35,985,252	39,732,421	35,985,252	39,732,421
Reinsurance assets (reinsurers' share in reinsurance liabilities)	26	114,917,522	103,231,282	114,917,522	103,231,282
Reinsurance premium receivables and for claims recovered by reinsurers	20	10,784,113	6,858,138	10,784,113	6,858,138
Other receivables	21	92,774	51,227	92,774	51,227
Other assets	22	108,277	15,942	108,277	15,942
Cash and cash equivalents	23	6,277,679	10,197,111	6,277,679	10,197,111
TOTAL ASSETS		199,692,235	182,064,103	194,925,634	176,967,472
EQUITY AND LIABILITIES					
Share capital	24	6,339,300	6,339,300	6,339,300	6,339,300
Reserves		20,098,815	20,098,815	20,098,815	20,098,815
Revaluation reserves for financial assets available-for-sale		1,843,903	1,491,805	1,843,903	1,491,805
Retained earnings		11,271,358	10,036,012	6,504,756	4,939,381
		39,553,376	37,965,932	34,786,774	32,869,301
LIABILITIES					
Reinsurance liabilities	26	148,017,811	133,267,369	148,017,811	133,267,369
Reinsurance premium and claims payables	25	9,230,315	8,458,963	9,230,315	8,458,963
Deferred reinsurance commission	18	2,521,207	1,969,876	2,521,207	1,969,876
Income tax liabilities		5,404	33,770	5,404	33,770
Other liabilities	27	139,754	142,659	139,754	142,659
Provisions for employee benefits		224,369	225,534	224,369	225,534
TOTAL LIABILITIES		160,138,860	144,098,171	160,138,860	144,098,171
TOTAL EQUITY AND LIABILITIES		199,692,236	182,064,103	194,925,634	176,967,472

The accompanying notes are an integral part of these financial statements.

Bosna Reosiguranje d.d. Sarajevo
Statement of changes in equity
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

Company and associates

	Share capital	Reserves	Revaluation reserves for financial assets available-for-sale	Retained earnings	Total
As at 31 December 2020	6,339,300	20,098,815	1,547,532	7,613,582	35,599,229
Dividend payment	-	-	-	(1,114,039)	(1,114,039)
Net profit	-	-	-	3,536,470	3,536,470
Other comprehensive income	-	-	(55,727)	-	(55,727)
<i>Total comprehensive income</i>	-	-	(55,727)	3,536,470	3,480,743
As at 31 December 2021	6,339,300	20,098,815	1,491,805	10,036,013	37,965,933
Dividend payment	-	-	-	(1,244,553)	(1,244,553)
Net profit	-	-	-	2,479,898	2,479,898
Other comprehensive income	-	-	352,098	-	352,098
<i>Total comprehensive income</i>	-	-	352,098	2,479,898	2,831,996
As at 31 December 2022	6,339,300	20,098,815	1,843,903	11,271,358	39,553,376

The accompanying notes are an integral part of these financial statements.

Bosna Reosiguranje d.d. Sarajevo
Statement of changes in equity
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

Company	Share capital	Reserves	Revaluation reserves for financial assets available-for-sale	Retained earnings	Total
As at 31 December 2020	6,339,300	20,098,815	1,547,532	3,563,941	31,549,588
Dividend payment	-	-	-	(1,114,039)	(1,114,039)
Net profit	-	-	-	2,489,479	2,489,479
Other comprehensive income	-	-	(55,727)	-	(55,727)
<i>Total comprehensive income</i>	-	-	(55,727)	2,489,479	2,433,752
As at 31 December 2021	6,339,300	20,098,815	1,491,805	4,939,381	32,869,301
Dividend payment	-	-	-	(1,244,553)	(1,244,553)
Net profit	-	-	-	2,809,928	2,809,928
Other comprehensive income	-	-	352,098	-	352,098
<i>Total comprehensive income</i>	-	-	352,098	2,809,928	3,162,026
As at 31 December 2022	6,339,300	20,098,815	1,843,903	6,504,756	34,786,774

The accompanying notes are an integral part of these financial statements

Bosna Reosiguranje d.d. Sarajevo
Statement of cash flows
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

	Note	Company and associates 2022	Company and associates 2021	Company 2022	Company 2021
Operating activities					
Profit before tax		2,721,478	3,786,067	3,051,508	2,739,077
Adjustments for:					
- depreciation and amortization	9	351,312	354,975	351,312	354,975
- allowance for impairment losses on premium and for claims recovered from reinsurers	10	30,816	1,721	30,816	1,721
- collected written off receivables	8	(145,344)	(104,578)	(145,344)	(104,578)
- share in profit of associates	15	30,030	(1,046,990)	-	-
- provision for unearned premium, net	5,26	2,002,588	1,413,058	2,002,588	1,413,058
- provision for incurred but not reported claims, net	6,26	164,539	(123,014)	164,539	(123,014)
- provision for reported but not settled claims, net	6,26	1,585,146	(622,085)	1,585,146	(622,085)
- provision for bonuses, discounts and premiums, net	6,26	(688,071)	(49,107)	(688,071)	(49,107)
- deferred acquisition costs, net	18	(281,077)	(261,328)	(281,077)	(261,328)
- provision for employee benefits, net	8	(1,165)	(39,888)	(1,165)	(39,888)
- dividend income recognized in profit or loss	7	(226,092)	(214,907)	(526,092)	(214,907)
- interest income recognized in profit or loss	7	(721,130)	(749,566)	(721,130)	(749,566)
<i>Operating cash flow before movements in working capital</i>		<u>4,823,030</u>	<u>2,344,358</u>	<u>4,823,030</u>	<u>2,344,358</u>
<i>Changes in:</i>					
- reinsurance premium receivables and claims recovered from re-insurers	20	(3,925,975)	(969,206)	(3,925,975)	(969,206)
- other assets and receivables	22	(39,498)	(11,237)	(39,498)	(11,237)
- reinsurance premium and claims payable	25	771,352	2,865,096	771,352	2,865,096
- other liabilities	27	31,272	121,608	31,272	121,608
<i>Cash generated from operations</i>		<u>1,616,553</u>	<u>4,350,619</u>	<u>1,616,553</u>	<u>4,350,619</u>
Income tax paid	11	(280,766)	(253,691)	(280,766)	(253,691)
Net cash from operating activities		<u>1,335,787</u>	<u>4,096,928</u>	<u>1,335,787</u>	<u>4,096,928</u>
Investing activities					
Purchases of property and equipment	13	(93,838)	(135,484)	(93,838)	(135,484)
Dividends received	7	526,092	214,907	526,092	214,907
Interest received	19	720,851	737,108	720,851	737,108
Maturity of financial assets held-to-maturity	17	(8,954,634)	1,000,000	(8,954,634)	1,000,000
Increase in deposits	19	3,747,169	(2,454,477)	3,747,169	(2,454,477)
Net cash from investing activities		<u>(2,674,945)</u>	<u>3,458,982</u>	<u>(2,674,945)</u>	<u>3,458,982</u>
Financing activities					
Dividends paid		(1,244,487)	(1,116,342)	(1,244,487)	(1,116,342)
Net cash used in financing activities		<u>(3,919,432)</u>	<u>(1,116,342)</u>	<u>(3,919,432)</u>	<u>(1,116,342)</u>
Net increase in cash and cash equivalents		<u>(3,919,432)</u>	<u>2,342,640</u>	<u>(3,919,432)</u>	<u>2,342,640</u>
Cash and cash equivalents at the beginning of year		<u>10,197,111</u>	<u>7,854,471</u>	<u>10,197,111</u>	<u>7,854,471</u>
Cash and cash equivalents at the end of year	23	<u>6,277,679</u>	<u>10,197,111</u>	<u>6,277,679</u>	<u>10,197,111</u>

The accompanying notes are an integral part of these financial statements.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

1. GENERAL INFORMATION

Bosna Reosiguranje d.d. Sarajevo (the "Company") was registered in the Federation of Bosnia and Herzegovina as a shareholders' company. The principal activities of the Company include reinsurance of life and non-life insurance.

As at 31 December 2022, the Company had 25 employees (2021: 26).

Management

Zlatan Filipović	Director
Bakir Pilav	Executive director for finance

Supervisory Board

Midhad Salčin	President
Enisa Babić	Member
Ismet Hadžić	Member
Jasenko Karahmet	Member since
Semiha Repak	Member

Audit Committee

Alma Kozarić	President
Amra Karasalihović	Member
Kornelije Vujnović	Member since

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Initial application of new amendments to the existing standards effective for the current reporting period

The following new amendments to the existing standards issued by the International Accounting Standards Board (IASB) are effective for the current reporting period:

- Amendments to IFRS 3 "Business Combinations" - Reference to the Conceptual Framework with amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022).
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Heavy Contracts - Costs of Performance of Contracts (effective for annual periods beginning on or after January 1, 2022).
- Amendments to various standards due to "Improvements to IFRS (Cycle 2018-2020)" resulting from the annual IFRS improvement project (IFRS 1, IFRS 9 and IAS 41) primarily with the view of removing inconsistencies and clarifying wording (Amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 16 "Leases" - Covid-19-Related Rent Concessions beyond 30 June 2021 adopted on 6 February 2022 (effective from 30 June 2021 for financial years starting, at the latest, on or after 1 January 2021).

The adoption of these new standards, amendments to the existing standards and interpretation has not led to any material changes in the Group's and Company's financial statements.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.2 New standards and amendments to existing standards in issue not yet adopted

At the date of authorisation of these financial statements, the following new standards, amendments to existing standards and new interpretation were in issue, but not yet effective:

- Amendments to IAS 1 "Presentation of Financial Statements" - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" - Interest Rate Benchmark Reform — Phase 2 (effective for annual periods beginning on or after 1 January 2021), which is adopted and effective from 10 February 2023.
- Amendments to IAS 1 "Presentation of financial statements" – Long-term debt with agreements (effective for annual periods beginning on 1 January 2024 or after 1 January 2024).
- Amendments to IAS 12 "Income Taxes" - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 16 "Leases" – Lease liability in Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024).
- IFRS 17 "Insurance Contracts" including amendments to IFRS 17 from 25 June 2020 and Amendments to IFRS 17 "Insurance contracts" - Initial Application of IFRS 17 and IFRS 9 from 9 December 2021 (effective for annual periods beginning on or after 1 January 2026).

IFRS 17 was issued in May 2017 as a replacement for IFRS 4 Insurance Contracts. The standard requires a measurement model based on current best estimates, whereest estimates are re-measured in each reporting period. Contracts are measured using, inter alia, the following parameters:

- the weighted (on the basis of probability) discounted cash flowsand,
- an explicit adjustment for the risk of non-realisation of expected cash flows, and
- contractual service margin ("CSM") representing the unearned profit of the contract recognised as income over the period.

The Company expects that the new standard will result in a change in accounting policies, will have some impact on profits and total capital, and will also lead to changes in the presentation and disclosure of the financial statements.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.2 New standards and amendments to existing standards in issue not yet adopted (continued)

IFRS 9 Financial Instruments, which will have an impact on the classification and measurement of the Company's financial assets and financial liabilities as well as the measurement of expected credit losses, was completed in full and issued by the International Accounting Standards Board in 2014 with mandatory application as of 1 January 2018.

In accordance with the standard, reporting entities in the 2017 financial statements should publish key determinants of the methodological approach used in the application of IFRS 9, as well as the effects on balance sheet items and the level of capital on the first day of application (1 January 2018). The Company meets the criteria for temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new standard for insurance contracts (IFRS 17) which is applicable for periods beginning on or after 1 January 2023.

The Company has elected not to adopt these new standards, amendments to existing standards and new interpretation in advance of their effective dates. The Company anticipates that the adoption of these standards, amendments to existing standards and new interpretations will have no material impact on the financial statements of the Company in the period of initial application.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board.

These financial statements consist of separate and consolidated financial statements, where investments in associates in the consolidated financial statements of the Company and associates are presented using the equity method, while in the separate financial statements of the Company these investments are stated at cost less impairment if there are any indications of impairment.

Basis of preparation

These financial statements have been prepared on a historical cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except the measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date; fair value indicators are those derived from quoted prices in active markets;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Convertible marks since that is the functional currency of the Company. The Convertible mark (KM) is officially tied to the Euro (EUR 1 = KM 1.95583).

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires Management to make judgements, estimates and assumptions that affect application of accounting policies, and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Information on amounts where significant uncertainty exists in their estimate and critical judgments in applying accounting policies that have the most impact on the amounts disclosed in these financial statements are disclosed in Note 4.

Basis of consolidation

In accordance with IFRS 10, as the Company has investments in associates, the Company prepares consolidated financial statements.

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the financial statements of the Company and associates using the equity method of accounting from the date that significant influences commences until the date the significant influences ceases, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Under the equity method, investments in associates in the financial statements are carried at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Company's interest in that associate which includes any long-term interests that, in substance, form part of the Company's net investment in the associate are not recognised unless it has further liabilities towards an associate or has made payments in favour of an associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities after reassessment is recognised immediately in profit or loss.

Investments in associates in the financial statements of the Company are stated at cost less any impairment in the value of individual investments if needed.

Dividends received from associates are recognized as a reduction in investments in associates in the Company's consolidated statement of financial position and also as dividend income in the Company's separate statement of profit and loss. Unrealized gains from transactions between the Company and its associates are eliminated to the extent of the Company's share in the associate. Unrealized losses are also eliminated unless there is evidence of a decrease in the value of the transferred property in the market.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Gross reinsurance premiums are recognised as revenue on a pro-rata basis over the periods of the respective contracts of reinsurance.

Reinsurance premiums, which are subject to adjustments, are estimated based upon available information. Any variances from the estimates are recorded in the periods in which they become known.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate.

Foreign currencies

Transactions denominated in foreign currencies are converted into KM at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are translated at the rates prevailing on the reporting period date due to official exchange rate of Central Bank of Bosnia and Herzegovina. Profits and losses arising on exchange are included in net profit or loss for the period.

Employee benefits

On behalf of its employees, the Company pays personal income tax and contributions for pension, disability, health and unemployment insurance, on and from salaries, which are calculated as per the set legal rates during the course of the year on the gross salary. The Company pays the tax and contributions in the favour of the institutions of the Federation of Bosnia and Herzegovina (on federal and cantonal level). In addition, meal allowances, transport allowances and vacation bonuses are paid in accordance with the local legislation. These expenses are recorded in the statement of profit or loss in the period in which the salary expense is incurred.

Jubilee awards

The Company pays to its employees jubilee awards in accordance with the internal Rulebook on salaries and employee benefits.

Retirement severance payments

According to the local legislation and internal Rulebook on salaries and remunerations, the Company makes retirement severance payments provisions in accordance with the Law on Personal Income Tax to the maximum amount of non-taxable income defined by the Rulebook on Implementation of the Law on personal Income Tax.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting period date.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred Income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting period date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited in the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Property, plant and equipment

Property and equipment are started at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price and directly associated cost of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacement of assets are capitalised. Gains or losses on the retirement or disposal of property, plant and equipment are included in the statement of profit or loss in the period they occur.

Properties in the course of construction are carried at cost, less impairment loss, if any. Investment property is accounted for under the cost model and the accounting treatment after initial recognition follows that applied to property and equipment.

Depreciation commences when the assets are ready for their intended use. Depreciation is calculated so that it will reduce book values to their estimated realisable values over their estimated useful lives, which are as follows:

	2022	2021
Buildings	33.3 years (3%)	33.3 years (3%)
Equipment	4 to 6.67 years (15%-25%)	4 to 6.67 years (15%-25%)
IT equipment	3 to 5 years (20%-33.3%)	3 to 5 years (20%-33.3%)

The Company reassesses useful lives of its property and equipment annually. There were no changes compared to the previous period.

Gains or losses on the retirement or disposal of tangible assets are recognized in the statement of profit or loss and other comprehensive income for the period they occur in.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

At each reporting period date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible assets

Intangible assets are valued at purchase costs and amortized over their useful lives using the straight-line method.

	2022	2021
Intangible assets	5 years (20%)	5 years (20%)

The Company annually evaluates the useful life of intangible assets.

Investment property

Investment property, which is property held to earn rental income and/or for capital appreciation, is measured initially at its cost, including transaction costs. Depreciation commences when the assets are ready for their intended use. Depreciation is calculated based on the estimated based on the estimated useful lives of the applicable assets, which is as follows:

	2022	2021
Investment property – buildings	33.3 years (3%)	33.3 years (3%)

The Company annually evaluates the useful life of investment property.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial assets

Financial assets are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" (FVTPL), "available-for-sale" (AFS), "held-to-maturity investments", and "loans and receivables".

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Currently, the Company has no financial assets at FVTPL.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Loans and receivables

Trade receivables, deposits and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets available-for-sale

Financial assets available-for-sale is non-derivative financial assets which is classified in this category or is not classified in any other category. It is intended to be held for a while, but it can be sold in response to liquidity needs or changes in interest rates, prices, and so. It includes stocks and investments in investment funds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

a) Financial assets (continued)

Financial assets available-for-sale (continued)

Listed and unlisted shares held by the Company that are traded in an active market are classified as being AFS and are stated at fair value. For such investments a reasonable estimate of fair value is determined by reference to the current market value of another instrument which is substantially the same or is based on the expected cash flows or the underlying net asset base of the investment. Investments whose fair value cannot be reliably measured are carried at cost.

Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting period date. The change in fair value attributable to translation differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in equity.

Held-to-maturity investments

Bonds with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis. This financial assets includes Federation of BiH bonds.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting period date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as AFS, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

a) Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another company. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

b) Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities". As at the reporting date, the Company had no financial liabilities at FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

b) Financial liabilities and equity instruments issued by the Company (continued)

Financial liabilities (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Reinsurance contracts

The Company issues reinsurance contracts for the transfer of reinsurance or finance risk. These contracts include contracts on personal accident reinsurance, property reinsurance, liability reinsurance and short-term life reinsurance contracts.

Liability insurance protects the insured individuals from the risk of inflicting damage upon third parties as a result of their activities. This type of reinsurance covers events specified in the contract. A typical example of this type of insurance is product liability insurance.

Property insurance provides compensation to the insured person for any damages inflicted upon his/her property, or for a decrease in its value. Insured persons who perform business activities using insured property can also be compensated for a loss in profit caused by an inability to use the insured property. A typical example of this type of insurance is fire and allied perils insurance that property can be exposed to.

Personal accident insurance protects insured persons and/or members of their family from the consequences of death or disability caused by a calamity. Should the calamity result in the death or disability of the insured person, they or their families receive a specified compensation to alleviate the consequences of the calamity.

Written premiums

Gross written premiums for non-life business include all policies written during the accounting period that came out from reconciliation of reinsurance accounts with partners - cedant, irrespective of whether these amounts relate wholly or partially to subsequent accounting periods. Retrocession premiums are calculated for accounting period by the same way as reinsurance premiums. Income from non-life reinsurance premium is recognized after statement of reinsurance account is confirmed by cedant.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reinsurance contracts (continued)

Unearned premiums

Unearned premiums are calculated for reinsurances in which reinsurance coverage lasts after the end of accounting period, since accounting and reinsurance periods are not the same.

The gross unearned reinsurance premium is calculated using single calculation pro rata temporis method for each insurance policy for which the Company holds data on commencement and expiry of original insurance contract, and in cases where, according to the reinsurance contract, the Company does not hold data on commencement and expiry and insurance premium of original insurance contract and gross premium but holds summary data on insurance premium of certain accounting period by class of insurance, gross unearned reinsurance premium is calculated according to the method of eight/quarter/half (1/8-1/4-1/2) which is an aggregate method of calculating the gross unearned reinsurance premium. In such cases, the assumption of commencement of each individual policy in the middle of the accounting period is used. For certain specific reinsurance contracts, that contain specific items such profit commission as an example, gross unearned reinsurance premiums are accepted from the cedant's calculations.

Net unearned premium is gross unearned premium decreased by portion recoverable from retrocessionaries. Participation of retrocessionaries in unearned premiums is determined by the terms of existing retrocession contracts. Provision for unearned premium and deferred acquisition cost are in the statement of financial position presented separately.

Provisions for reported but not settled claims

Provisions for reported claims refer to claims incurred and reported by the end of the accounting period for which a claim reserve is formed, that is, until the balance sheet date, if they have not been settled by that date. The level of provisions is determined by the cedant by assessing each potential claim individually, taking into account circumstances related to the claim, available information and historical experience on size of similar claims, and the reinsurer accepts the cedant's assessment.

Provision for incurred but not reported claims

Provisions for claims that are incurred but are yet to be reported are calculated on the basis of the Company's own statistical data for such claims, claims data and claims processing technology, and other available data and information. Depending on the quality and quantity of data and given the specificity of reinsurance business technology, the Company uses Bornhuetter-Ferguson and the expected claims ratio method in calculating the IBNR claims reserves.

These provisions are based on estimates, while final liabilities may be lower or higher than the estimated amounts. In accordance with economic practice, adaptations of these estimates and the difference between the estimate and the amounts actually paid out are recorded in the period in which they occur.

Mathematical reserve of life-insurance premium

The Company does not have reinsurance contracts based on which mathematical reserve should be provided.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reinsurance contracts (continued)

Reinsurance assets and liabilities

Assets and liabilities from reinsurance contracts are recognised when they become due. These amount include re-insurers' assets and liabilities, compensations paid to and collected from agents, brokers and insurance policy holders.

Receivables and payables for reinsurance premium and claims payable

The Company cedes reinsurance with retrocessionaries with the intention of limiting the potential loss. Retrocession contracts do not deprive the Company of any direct liabilities towards insurance companies. Reinsurance premiums and retroceded reinsurance premiums as well as reinsurer and retrocessionaries' shares in claims are presented at the appropriate income statement positions based on gross principle.

On every reporting period date the Company re-evaluates the recorded amounts of its receivables on the basis of reinsurance and retrocession contracts in order to determine whether a loss has arisen from a decrease in value of the said financial asset. If there are indications that this is indeed the case, the value of this loss is estimated and recognised in the statement of profit or loss.

Acquisition costs

The acquisition costs primarily involves reinsurance commissions granted by the reinsurer to the cedants and fees to brokers for the provision of new (re)insurance in accordance with concluded contracts. Reinsurance acquisition costs are included in statement of profit or loss when the calculation from which these costs result is reconciled with the cedant. Acquisition costs are deferred in line with the movement in provision for unearned premiums. During the financial year, provision for unearned premium and unearned commission related to future periods are presented separately in the statement of financial position.

Liability adequacy test

Testing of adequacy of technical reserves is carried out regularly at annual intervals, during the annual calculation, using the so-called run-off analysis. The run-off analysis takes into account the overall technical reserves of the "zero" date versus the paid claims in the period from the zero to the current date and the current technical reserves. Testing is performed for each type of insurance separately and the final result is considered at the overall portfolio level. Testing is done on a net basis. If the test result shows that the technical reserves are insufficient, the Company performs additional reserving in accordance with the test results, and if the test result shows that the technical reserves have been overvalued, the Company does not adjust (decrease) the technical reserves.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital and reserves

Share capital

Ordinary share capital represents the nominal value of paid-in ordinary shares as equity.

Reserves

The statutory reserves represent accumulated apportions from retained earnings in accordance with Companies Law of Federation of Bosnia and Herzegovina. The statutory reserve may be used to cover prior period losses if the losses are not covered by current year profits or if other reserves are not available.

Retained earnings

Profit for the period after appropriations to owners and allocations to other reserves are transferred to retained earnings.

Revaluation reserve for properties

Revaluation reserve for properties includes the cumulative effects of increase in the carrying amount of properties arising on the revaluation of them.

Revaluation reserve for financial assets available for sale

Revaluation reserve for financial assets available for sale comprises changes in fair value of this assets.

Dividends

Dividends on ordinary shares are recognized as a liability in the period in which they are approved by the Company's shareholders.

Earnings per share

The Company publishes basic and diluted earnings per share (EPS) data.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares bought by the Company and classified as treasury shares.

During 2021 and 2022 there were no dilution effects.

If the number of ordinary or potential shares is increased as a result of a capitalization, bonus/free issue or sharing of shares, or if the number decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively.

If these changes occur after the statement of financial position date, but before issuing of financial statements, calculation of the amount per share for these financial statements and any previous period is based on the new number of shares.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Estimations are used but not limited to the actuarial reserves, periods of amortization and remained property and equipment value, and allowance for impairment of receivables.

Estimation of uncertainty in relation to actuarial reserves

The most significant estimate in relation to the Company's financial statements relates to reserving. The Company takes a reasonably prudent approach to reserving and applies regulations set by the Agency for supervision of the insurance companies in Federation of Bosnia and Herzegovina. The Company's policy is to make a provision for unexpired risks by type of insurance. The Company makes the calculation of the unexpired risk reserve by applying a premium sufficiency test. The Company performs the premium sufficiency test using the methodology of the premium sufficiency test characteristic for reinsurance companies. In case the premium sufficiency test shows that the unexpired risk reserve for a certain class of insurance is higher than the unearned premium of that class of insurance, the Company sets an additional provision for that class of insurance as the difference between the previous two. Such provision is included in the unearned premium.

Estimation of provisions for claims reported

The nature of business makes it difficult to predict with certainty the outcome of every particular claim and the ultimate cost of every reported claim. Each reported claim is assessed by the cedant on a separate, case by case basis, with due regard to the claim circumstances, information available and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises. The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments. The provision estimation difficulties also differ by class of business due to differences in the underlying reinsurance and retrocession contracts, claim complexity, the volume of claims and the individual severity of claims. The risk associated with estimate of provisions for claims reported but not settled is mitigated through retrocession arrangements and through appropriate methods of calculating IBNR reserves.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

**4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
(CONTINUED)**

Key sources of estimation uncertainty (continued)

Provision for claims incurred but not reported (IBNR)

Provision for claims incurred but not reported are estimated using actuarial methods. The sources of data used in the provisioning calculation are internal statistics for such claims, claims data and other available data and information, and when information needed to reliably assess the development of claims are insufficient, prudent assumptions are used..

Provision for claims incurred but not reported is based on calculations performed for each line of business. For each line of business calculations are based on claims statistical data for several recent years. For the calculation of provision following methods are used:

- Average amount of expected claims methods,
- Bornhuetter-Ferguson method.

Based on quality and quantity of data, relevant method is applied. Management believes that the current level of technical reserves is sufficient.

Useful lives of property and equipment, and investment property

As described in the Note 3, the Company reviews the estimated useful lives of property and equipment, and investment property at the end of each annual reporting period.

Provision for claims arising from reinsurance contracts

At each reporting date, the Company reviews whether there is objective evidence of reinsurance/retrocession contracts receivables impairment. Impairment of receivables arising from reinsurance/retrocession contracts is carried out if there is objective evidence that an event has occurred that causes impairment after initial recognition of assets and that this event causing impairment has an impact on future cash flows of the asset that can be reliably estimated.

Fair value of financial instruments

If the price for a financial instrument is not quoted, or if, for any reason, fair value cannot be reliably determined on the basis of market prices, the Company determines fair value by applying valuation techniques except for non-listed equity instruments. These techniques involve the reference to recent transactions, the reference to the fair value of other instruments that are basically the same and the analysis of discounted cash flows.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

5. REINSURANCE REVENUE	2022	2021
Reinsurance premium, domestic	81,776,653	68,867,916
Reinsurance premium, foreign	5,355,968	4,407,838
Change in unearned premium	(10,946,309)	(9,021,027)
Impairment of reinsurance premium	(128,165)	(96,857)
Reinsurance revenue arising from the reinsurance contracts issued	76,058,147	64,157,870
Reinsurance premium ceded to reinsurers	(55,105,250)	(45,993,846)
Change in unearned premiums ceded to reinsurers	8,943,721	7,607,970
Reinsurance premium ceded to reinsurers, net	(46,161,529)	(38,385,876)
	29,896,618	25,771,994
6. REINSURANCE CLAIMS AND EXPENSES	2022	2021
Reinsurance claims and expenses, domestic	37,602,986	28,810,282
Reinsurance claims and expenses, foreign	2,301,834	1,927,337
Change in the provision for incurred but not reported claims	6,467,384	(875,061)
Change in the provision for reported but not settled claims	(2,000,408)	5,899,201
Change in the provision for bonuses, discounts and premiums	(662,843)	(65,593)
Reinsurance claims and expenses	43,708,953	35,696,166
Reinsurance claims and expenses covered by reinsurers	(19,910,247)	(12,041,231)
Change in the provision for incurred but not reported claims	(4,882,237)	252,975
Change in the provision for reported but not settled claims	2,164,947	(6,022,216)
Change in the provision for bonuses, discounts and premiums	(25,228)	16,486
Reinsurance claims and expenses covered by reinsurers, net	(22,652,765)	(17,793,986)
	21,056,188	17,902,180
7. INVESTMENT INCOME	2022	2021
Interest on bank deposits	531,530	649,209
Dividends	526,092	214,907
Rent income	216,925	155,289
Interest on financial assets held to maturity	189,600	101,346
	1,464,147	1,120,751

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

8. OTHER OPERATING INCOME

	2022	2021
Collected written-off reinsurance premium receivables and claims recovered from reinsurers	112,324	99,471
Decrease in provisions for other employee benefits, net	48,000	21,500
Revenues from the sale of tangible assets	33,020	5,107
Collected written-off receivables – other and commission	1,165	39,888
Other	46	18
	<u>194,555</u>	<u>165,984</u>

9. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Gross salaries	1,560,999	1,556,515
Depreciation (Notes 13 and 14)	385,980	340,389
Services	351,312	354,975
Memberships	220,819	213,097
Other employee benefits	197,958	113,523
Fees to members of Supervisory Board and Audit Committee	79,279	79,279
Material and energy	52,830	48,534
Maintenance	29,635	41,578
Insurance premiums	21,872	21,334
Costs of payment transactions	20,910	18,095
Taxes	20,598	13,070
Advertising and entertainment	14,709	16,487
Donations and scholarships	7,100	5,100
Other expenses	29	12
	<u>2,964,030</u>	<u>2,821,988</u>

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

10. OTHER EXPENSES

	2022.	2021.
Impairment losses on claims receivables and other receivables	30,816	1,721
	30,816	1,721

11. INCOME TAX EXPENSE

Total tax is recognized in the statement of profit or loss and can be summarized as follows:

	Company and associates 2022	Company and associates 2021	Company 2022	Company 2021
Current income tax	241,580	249,598	241,580	249,598
Income tax	241,580	249,598	241,580	249,598

The taxable income can be reconciled to the profit per the statement of profit or loss as follows:

	Company and associates 2022	Company and associates 2021	Company 2022	Company 2021
Profit before income tax	2,721,478	3,769,272	3,051,508	2,739,077
Income tax expense at 10% - statutory rate	272,148	376,927	305,151	273,908
Effect of non-deductible expenses	4,310	6,984	4,310	6,984
Effect of non-taxable income	(34,878)	(134,313)	(67,881)	(31,294)
Income tax	241,580	249,598	241,580	249,598
Effective tax rate for the year	8.88%	6.62%	7.92%	9.11%

12. EARNINGS PER SHARE

	Company and associates 2022	Company and associates 2021	Company 2022	Company 2021
Net profit available to the shareholders	2,479,898	3,536,469	2,809,928	2,489,479
Weighted average number of ordinary shares during the year	18,645	18,645	18,645	18,645
Basic earnings per share	133.01	189.67	150.71	133.52

Diluted earnings per share are not presented as the Company has not issued dilutive equity instruments.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

13. PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS	Land	Buildings	Equipment and furniture	Electronic equipment	Other	Total
COST						
At 31 December 2020	95,850	5,151,658	471,963	320,561	670,968	6,711,000
Additions	-	-	71,837	46,020	20,628	138,485
Transfer from investment property	-	23,241	-	-	-	23,241
Disposals	-	-	(58,561)	(3,095)	-	(61,656)
At 31 December 2021	95,850	5,174,899	485,239	363,486	691,596	6,811,070
Additions	-	-	90,838	-	-	90,838
Transfer from investment property	-	-	(92,488)	(74,649)	(13,462)	(180,599)
At 31 December 2022	95,850	5,174,899	483,589	288,837	678,134	6,721,309
ACCUMULATED DEPRECIATION						
At 31 December 2020	-	1,786,839	419,343	284,965	659,941	3,151,088
Depreciation	-	155,247	32,576	31,668	4,597	224,088
Transfer from investment property	-	16,949	-	-	-	16,949
Disposals	-	-	(58,561)	(3,095)	-	(61,656)
At 31 December 2021	-	1,959,035	393,358	313,538	664,538	3,330,469
Depreciation	-	155,248	39,455	18,971	6,750	220,424
Transfer from investment property	-	-	(92,489)	(74,650)	(13,460)	(180,599)
At 31 December 2022	-	2,114,283	340,324	257,859	657,828	3,370,294
CARRYING VALUE						
At 31 December 2020	95,850	3,060,616	143,265	30,978	20,306	3,351,015
At 31 December 2021	95,850	3,215,864	91,881	49,948	27,058	3,480,601

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

14. INVESTMENT PROPERTY

	Land	Buildings	Total
COST			
At 31 December 2020	81,650	4,386,159	4,467,809
Disposals and sale	-	(23,241)	(23,241)
At 31 December 2021	81,650	4,362,918	4,444,568
Transfer to property, plant and equipment	-	-	-
At 31 December 2022	81,650	4,362,918	4,444,568
ACCUMULATED DEPRECIATION			
Balance as of 31 December 2020	-	1,538,517	1,538,517
Depreciation	-	130,888	130,888
Transfer to property, plant and equipment	-	(16,949)	(16,949)
Balance as of 31 December 2021	-	1,652,456	1,652,456
Depreciation	-	130,888	130,888
Balance as of 31 December 2021	-	1,783,344	1,783,344
CARRYING VALUE			
At 31 December 2022	81,650	2,579,574	2,661,224
At 31 December 2021	81,650	2,710,463	2,792,113

The Management believes that the carrying amounts of investment property recorded at cost less accumulated depreciation and accumulated impairment in the financial statements are approximate to its fair value.

15. INVESTMENTS IN ASSOCIATES

The Company's investments in its associates using equity method are as follows:

Company name	Business	Voting interest %	Company and associates 31 December 2022	Company and associates 31 December 2021	Company 31 December 2022	Company 31 December 2021
Triglav fondovi d.o.o. Sarajevo (previous name "PROF-IN" d.o.o. Sarajevo)	Fund management company	35.39	2,880,308	3,424,913	678,529	678,529
ASA osiguranje d.d. Sarajevo	Insurance	20.00	3,764,822	3,550,247	1,200,000	1,200,000
			6,645,130	6,975,160	1,878,529	1,878,529

Reporting period date for all associates is 31 December.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

15. INVESTMENTS IN ASSOCIATES (CONTINUED)

Summary of financial information of the Company's associates is presented below:

	31 December 2022	31 December 2021
Total revenue	44,580,630	39,258,997
Result for the period	1,048,008	4,323,208
Share in profit of associates	(30,030)	1,030,195
Total assets	77,560,570	67,951,831
Total liabilities	50,597,697	40,522,967
Net assets	26,962,873	27,428,864
Share in net assets of associates	6,645,130	6,975,160

Movement in investments in associates can be presented as follows:

	Company and associates at equity method 2022	Company and associates at equity method 2021	Company at cost 2022	Company at cost 2021
Balance at the beginning of the year	6,675,160	5,928,170	1,878,529	1,878,529
Share in total comprehensive income of associates	(30,030)	1,046,990	-	-
Balance at the end of the year	6,645,130	6,975,160	1,878,529	1,878,529

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

16. FINANCIAL ASSETS AVAILABLE-FOR-SALE

Available for sale	Principal activity	Proportion of ownership interest (%)	31 December	31 December
			2022	2022
Adriatic osiguranje d.d., Sarajevo	Insurance	5.20%	2,067,000	1,653,600
Sarajevo osiguranje d.d., Sarajevo	Insurance	1.45%	926,640	983,922
Osiguratelna Polisa, Skopje, Macedonia	Insurance	4.44%	420,146	424,096
Union banka d.d., Sarajevo	Banking	0.2125%	105,290	100,026
Sava reosiguranje d.d., Ljubljana, Slovenia.d., Sarajevo	Reinsurance	0.003%	21,905	27,284
Conny d.o.o., Belgrade, Serbia	Trading	43.00%	4,269	4,269
Privredna banka Sarajevo d.d. Sarajevo	Banking	0.00402%	1,695	1,650
			3,546,945	3,194,847

Movements in the fair value of shares were as follows:

	2022	2021
Balance at beginning of the year	3,194,847	3,250,354
Fair value (loss) / gain	352,098	(55,727)
Purchase during the year	-	220
Balance at end of the year	3,546,945	3,194,847

17. FINANCIAL ASSETS HELD-TO-MATURITY

	31 December 2022	31 December 2021
Bonds of the Republike Srpske	5,228,086	-
Bonds of the JP Autoceste FBiH d.o.o, Mostar	3,005,984	-
Bonds of the Federation of Bosnia and Herzegovina ("FBiH")	2,122,671	1,402,107
	10,356,741	1,402,107

In 2015, Company purchased 1,400 bonds issued by the Ministry of Finance of FBiH, with nominal value of KM 1,400,000. Those bonds purchased in 2015 bear annual interest of 3.90%; the maturity date is 28 November 2022.. In 2022, the Company purchased bonds in the nominal value of 10,200 thousand CONVERTIBLE MARKS, which refers to the following issuers:

- Bonds issued by the Ministry of Finance of the Republic of Srpska with a nominal value of BAM 5,200,000, purchased in March 2022, bearing a yield of 3.2% per annum and with a maturity date of 10 June 2025;
- Bonds issued by the Ministry of Finance of the Federation of Bosnia and Herzegovina with a nominal value of BAM 2,000,000, bearing a yield of 2.7% per year and with a maturity date of 28 June 2028;
- Bonds issued by JP Autoceste Federacije BiH d.d. Mostar with a nominal value of BAM 3,000,000, which carries a yield of 3.5% per year and with a maturity date of 28 December 2025.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

18. DEFERRED ACQUISITION COSTS, NET	31 December 2022	31 December 2021
Deferred acquisition costs	4,965,563	4,133,154
Deferred reinsurance commission	(2,521,207)	(1,969,876)
	<u>2,444,356</u>	<u>2,163,278</u>
19. DEPOSITS	31 December 2022	31 December 2021
ASA banka dd Sarajevo, 11 deposits due in the period from 10 April 2023 to 29 July 2024, bearing interest within the range from 1.45% to 2.10% p.a.	8,286,417	8,624,786
Sparkasse Bank dd BiH, 5 deposits due in the period from 9 March 2024 to 27 May 2024, bearing interest within the range from 1.15% to 1.20% p.a.	4,190,747	5,852,628
Union banka d.d. Sarajevo, 6 deposits due in the period from 18 July 2023 to 14 November 2024, bearing interest within the range from 1.20% to 1.50% p.a.	5,066,168	5,066,168
NLB Bank d,d, Sarajevo, 1 deposits with maturity in period from 21 May 2025, bearing interest of 0.60% p.a.	1,388,639	-
Ziraat Bank BH d.d Sarajevo, 5 deposits due in the period from 1 April 2024 to 11 March 2025, bearing interest within the range from 0.55% to 1.45% p.a.	4,730,086	4,914,627
Bosna Bank International d.d Sarajevo, 7 deposits with maturity on 3 December 2024 to 11 March 2025, bearing interest of 1.10% p.a.	6,276,773	4,276,773
Raiffeisen Bank d.d. Sarajevo, 3 deposits due in the period from 30 May 2023 to 24 August 2025, bearing interest within the range from 1.40% to 1.55% p.a.	3,700,000	3,800,000
Procredit banka BH d,d, Sarajevo, 2 deposits due in the period from 29 September to 29 October 2025, bearing interest of 1.57% p.a.	2,346,422	-
Sberbank BH d.d. Sarajevo, 3 deposits due in the period from 28 June 2022 to 10 April 2023, bearing interest within the range from 1.86% to 2.10% p.a.	-	2,269,081
UniCredit Bank d.d. Mostar, 6 deposits due in the period from 11 February 2022 to 8 August 2022, bearing interest within the range from 1.65% to 2.00% p.a.	-	4,928,358
	<u>35,985,252</u>	<u>39,732,421</u>

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

20. RECEIVABLES FOR REINSURANCE PREMIUM AND FOR CLAIMS RECOVERED FROM REINSURERS

	31 December 2022	31 December 2021
Reinsurance premium receivables – domestic	9,718,782	6,069,579
Receivables for claims recovered from reinsurer	563,851	447,383
Reinsurance premium receivables – foreign	501,480	341,176
Bad and doubtful receivables	128,684	109,613
Less: Impairment allowance	<u>(128,684)</u>	<u>(109,613)</u>
	<u>10,784,113</u>	<u>6,858,138</u>

Movement in impairment allowance for reinsurance premium receivables and for claims recovered from reinsurers, were as follows:

	2022	2021
Balance at beginning of the year	109,613	112,270
Increase	152,972	97,843
Collected impaired receivables	<u>(133,901)</u>	<u>(100,500)</u>
Balance at the end of the year	<u>128,684</u>	<u>109,613</u>

The impairment of receivables is done in accordance with the legal regulations defined by the Regulator.

The Company does not hold any collateral over these balances. Valuation and recognition of the allowance for impairment losses, if any, is done on a yearly basis.

Aging structure of receivables:

	31 December 2022	31 December 2021
Undue	10,401,127	6,844,888
1 – 90 days	382,986	13,250
91 – 180 days	-	-
181 – 360 days	-	-
Over 365 days	<u>-</u>	<u>-</u>
	<u>10,784,113</u>	<u>6,858,138</u>

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

21. OTHER RECEIVABLES	31 December 2022	31 December 2021
Commission and brokerage receivables	60,484	41,178
Interest receivables on deposits	24,268	9,917
Other receivables	8,022	132
Bad and doubtful receivables	386,840	392,157
Less: Allowance for impairment of other receivables	<u>(386,840)</u>	<u>(392,157)</u>
	<u>92,774</u>	<u>51,227</u>
Changes in allowance for impairment of other receivables can be shown as follows:		
	2022	2021
Balance at the beginning of the year	392,275	397,257
Increase (Note 10)	6,009	7
Collected impaired receivables (Note 8)	<u>(11,444)</u>	<u>(4,989)</u>
Balance at the end of the year	<u>386,840</u>	<u>392,275</u>
22. OTHER ASSETS	31 December 2022	31 December 2021
Accrued interest	94,382	-
Prepaid insurance expenses	6,980	8,318
Other prepaid expenses	<u>6,915</u>	<u>7,624</u>
	<u>108,277</u>	<u>15,942</u>
23. CASH AND CASH EQUIVALENTS	31 December 2022	31 December 2021
Cash with domestic banks – KM accounts	3,822,649	9,735,236
Cash with domestic banks – foreign currency accounts	2,453,416	459,664
Cash on hand	1,368	1,965
Cash with foreign banks – foreign currency accounts	<u>246</u>	<u>246</u>
	<u>6,277,679</u>	<u>10,197,111</u>

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

24. SHARE CAPITAL

	31 December 2022	31 December 2021
18,645 ordinary shares of par value KM 340 each (2021: 18,645 shares of per value KM 340 each)	6,339,300	6,339,300
	6,339,300	6,339,300

Ownership of ordinary shares is as follows:

	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	% share	Share amount	% share	Share amount
Triglav osiguranje d.d. Sarajevo	13.65	865,300	13.65	865,300
Sarajevo osiguranje d.d. Sarajevo	12.74	807,500	12.74	807,500
Euroherc osiguranje d.d. Zagreb, Croatia	10.97	695,300	10.97	695,300
Adriatic osiguranje d.d. Sarajevo	8.55	542,300	8.55	542,300
Union banka d.d. Sarajevo	5.87	372,300	5.87	372,300
Intesa Sanpaolo Banka d.d. Bosna i Hercegovina	0.05	3,400	0.05	3,400
Other legal entities	10.29	652,460	10.18	644,300
Private persons	37.88	2,400,740	37.99	2,408,900
	100.00	6,339,300	100.00	6,339,300

25. REINSURANCE PREMIUM AND CLAIMS PAYABLE

	31 December 2022	31 December 2021
Reinsurance premium payables	8,608,561	6,289,157
Claims payable, domestic	555,979	2,003,014
Claims payable, foreign	65,775	166,792
	9,230,315	8,458,963

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

26. REINSURANCE ASSETS AND LIABILITIES	31 December 2022	31 December 2021
Gross		
Provision for unearned premium	43,810,368	32,864,059
Provision for claims reported but not settled	41,512,768	43,513,176
Provision for claims incurred but not reported and reactivated	63,990,399	57,523,015
Provision for bonuses, discounts and premiums	<u>(1,295,724)</u>	<u>(632,881)</u>
Total insurance liabilities, gross	<u>148,017,811</u>	<u>133,267,369</u>
Covered by reinsurers		
Provision for unearned premium	(27,738,995)	(18,795,274)
Provision for claims reported but not settled	(33,031,177)	(35,196,124)
Provision for claims incurred but not reported and reactivated	(54,214,375)	(49,332,137)
Provision for bonuses, discounts and premiums	<u>67,025</u>	<u>92,253</u>
Total insurance assets, gross	<u>(114,917,522)</u>	<u>(103,231,282)</u>
Provision for unearned premium	16,071,373	14,068,785
Provision for claims reported but not settled	8,481,591	8,317,052
Provision for claims incurred but not reported and reactivated	9,776,024	8,190,878
Provision of bonuses, discounts and premiums	<u>(1,228,699)</u>	<u>(540,628)</u>
Total insurance liabilities, net	<u>33,100,289</u>	<u>30,036,087</u>
27. OTHER LIABILITIES		
	31 December 2022	31 December 2021
Employee payables	81,409	81,407
Income tax payables	17,535	19,293
Liabilities toward suppliers	14,730	14,222
Advances received	8,551	8,698
Liabilities for VAT	3,597	2,497
Other liabilities	<u>13,932</u>	<u>16,542</u>
	<u>139,754</u>	<u>142,659</u>

Interest is not charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The Company has no overdue liabilities nor has given any collateral for their timely repayment.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

28. RELATED PARTY TRANSACTIONS

During the year, the Company had the following related party transactions with related parties, who are related due to the Company's equity share. These transactions are related to the reinsurance premium and dividend income earned and claims paid, as well as related assets and liabilities at the reporting period date. The transactions are recorded at fair exchange amount, which is the amount agreed to between the related parties.

	Income		Expenses	
	2022	2021	2022	2021
Triglav osiguranje d.d. Sarajevo	31,313,758	21,584,425	22,354,404	15,425,279
ASA osiguranje d.d. Sarajevo	12,211,412	9,766,294	10,596,081	8,681,383
Sarajevo osiguranje d.d. Sarajevo	8,592,536	8,949,272	7,999,728	7,609,499
Adriatic osiguranje d.d. Sarajevo	1,490,690	1,122,646	919,074	801,734
Euroherc osiguranje d.d. Sarajevo	1,231,130	1,108,042	2,014,503	677,390
	54,839,526	42,530,679	43,883,790	33,195,285

At year-end the following amounts were due to or due (presented for the Company) from related parties:

	Receivables		Liabilities	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Triglav osiguranje d.d. Sarajevo	2,503,342	1,065,934	328,768	870,089
Sarajevo osiguranje d.d. Sarajevo	304,872	334,168	-	-
Adriatic osiguranje d.d. Sarajevo	327,857	201,661	4	-
ASA osiguranje d.d. Sarajevo	248,523	74,193	120,685	480,424
Euroherc osiguranje d.d. Sarajevo	46,900	22,750	5,936	37,179
	3,431,494	1,698,706	455,393	1,387,692

Management remuneration

The remuneration of directors and other members of key management during the year was as follows:

	2022	2021
Management	527,258	524,182
Supervisory Board	68,900	68,900
	596,158	593,082

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

29. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

Insurance risks

The Company signs active reinsurance contracts on the basis of which insurance risk is transferred from its clients - insurance or reinsurance companies to the Company, as well as passive reinsurance contracts for the transfer of insurance risk from the Company to other reinsurance institutions.

The nature of every particular insurance risk is such that it is unpredictable and fortuitous. Reinsurance operations relate to various methods of covering individual risks by means obligatory or facultative reinsurance contracts, proportional or unproportional reinsurance contracts; thus the risk is reflected in the possibility of the realisation of damage whose monetary value cannot be determined before it occurs.

When reinsuring entire portfolios or parts of portfolios of one or several different types of insurance provided by an insurance or reinsurance company, the basic risk arises from the fact that total claims and compensation payments disbursed in accordance to contracts may exceed the amount paid in as premium or the liability commitments for each individual risk, due to recurrence or extent of the damage.

The Company pays attention to diversification of retrocessionists and geographical dispersion for prevention of risk concentration and credit risk related to insurance risk.

The Company has not been exposed to potentially numerous claims arising from liability for the use of asbestos; exclusion of asbestos is one of the standard reinsurance contract exclusion. Liability reinsurance (with the exception of MTPL) and life insurance policies constitute a marginal portion of the Company's total operations, due to the low volume of such reinsurance on the Company's market.

The main businesses include: personal accident reinsurance, property reinsurance, motor third party liability – both within the country and "green card" reinsurance – and motor hull reinsurance.

The Company transfers excess of risk to other reinsurance companies. For particular class of insurance the maximum risk exposure is limited by retention protection excess of loss contracts.

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

	31 December 2022	31 December 2021
Financial assets		
Loans and receivables (including cash and cash equivalents)	53,139,818	56,838,897
Financial assets available-for-sale	3,546,945	3,194,847
Financial assets held-to-maturity	10,356,741	1,402,107
	<u>67,043,504</u>	<u>61,435,851</u>
Financial liabilities		
At amortised cost	9,375,473	8,635,392
	<u>9,375,473</u>	<u>8,635,392</u>

Bosna Reosiguranje d.d. Sarajevo
 Notes to financial statements
 for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.2 Financial risk management objectives

The Finance function provides services to the business co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

30.3 Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). Market risk exposures are supplemented by sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

30.4 Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

The amounts of the monetary assets and monetary liabilities of the Company at the reporting period date denominated in foreign currencies were as follows:

<i>(amounts in KM)</i>	Assets		Liabilities	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
EUR	39,588,997	41,021,822	8,664,945	6,455,948
USD	-	680	-	-

30.4.1 Foreign currency sensitivity analysis

The Company is exposed to foreign currency risk related to EUR, USD and GBP. The following table details the Company's sensitivity to a 10% increase and decrease in KM against these currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where KM strengthens 10% against the relevant currency. For a 10% weakening of KM against the relevant currency there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Gain or loss	
	2022	2021
Effects of change in EUR rate	3,092,405	3,456,587
Effects of change in USD rate	-	68

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Foreign currency risk management (continued)

30.4.1 Foreign currency sensitivity analysis (continued)

In the Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk related to change of EUR exchange rate, since in accordance with the Law on Central Bank of Bosnia and Herzegovina the Convertible Mark ("KM") is officially tied to the Euro. Change in the exchange rate would require the amendments of the law and approval by Parliamentary Assembly of Bosnia and Herzegovina.

30.5 Interest rate risk management

The Company is exposed to interest rate risk as it places funds at fixed interest rates. The Company's exposures to interest rates on financial assets and financial liabilities are detailed in liquidity risk management section, Note 30.7.

30.5.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting period date. The analysis is prepared assuming the amount of financial instruments outstanding at the reporting period date was outstanding for the whole year. A 50 basis point increase or decrease (0.5%) is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (0.5%) higher/lower and all other variables were held constant, the net result of the Company for the year ended 31 December 2022 would increase / decrease by KM 235,260 (2021: KM 198.662).

30.6 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Management Board annually.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

Maximum exposure to credit risk is the carrying value of financial assets presented in financial statements (Note 30.1) decreased by impairment losses.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Management Board which has built an appropriate liquidity risk management framework for the management of the Company's short medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserve, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

30.7.1 Liquidity and interest risk tables

The following table details the remaining contractual maturity of the Company for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

Maturity of non-derivative financial assets

	Weighted average effective interest rate	Up to 1 month	1 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
31 December 2022							
Non-interest bearing	-	17,154,566	-	3,546,945	-	-	20,701,511
Fixed interest rate instruments	1.27%	-	2,465,260	9,453,659	36,680,178	2,133,539	50,732,672
		17,154,566	2,465,260	13,000,640	36,680,178	2,133,539	71,434,183
31 December 2021							
Non-interest bearing	-	17,106,476	-	3,194,847	-	-	20,301,323
Fixed interest rate instruments	1.72%	-	3,905,767	7,463,138	30,788,001	-	42,156,906
		17,106,476	3,905,767	10,657,985	30,788,001	-	62,458,229

The following table details the remaining contractual maturity for non-derivative financial liabilities of the Company. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.7 Liquidity risk management (continued)

30.7.1 Liquidity and interest risk tables (continued)

Maturity for non-derivative financial liabilities

	Weighted average effective interest rate	Up to 1 month	1 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total
31 December 2022							
Non-interest bearing		8,266,549	-	1,108,924	-	-	9,375,473
TOTAL		8,266,549	-	1,108,924	-	-	9,375,473
31 December 2021							
Non-interest bearing	-	8,635,392	-	-	-	-	8,635,392
TOTAL		8,635,392	-	-	-	-	8,635,392

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

31. FAIR VALUE MEASUREMENT

31.1 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets / financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 December 2022	31 December 2021		
Financial assets at fair value through profit and loss (see Note 16)	Listed equity securities on stock exchanges in Bosnia and Herzegovina:	Listed equity securities on stock exchanges in Bosnia and Herzegovina:		
	<ul style="list-style-type: none"> Adriatic osiguranje d.d., Sarajevo – KM 2,067,000 Sarajevo osiguranje d.d., Sarajevo – KM 926,640 Union banka d.d., Sarajevo – KM 105,290 Privredna banka Sarajevo d.d., Sarajevo – KM 1,695 	<ul style="list-style-type: none"> Adriatic osiguranje d.d., Sarajevo – KM 1,653,600 Sarajevo osiguranje d.d., Sarajevo – KM 983,923 Union banka d.d., Sarajevo – KM 71,071 Privredna banka Sarajevo d.d., Sarajevo – KM 1,650 		
	Freely Transferable Securities: -	Freely Transferable Securities: -	Level 1	Quoted bid prices in an active market.
Financial liabilities	Listed equity securities on stock exchanges in other countries:	Listed equity securities on stock exchanges in other countries:		
	<ul style="list-style-type: none"> Sava reosiguranje d.d., Ljubljana, Slovenia – KM 21,905 Osiguritelna Polisa, Skopje, Macedonia – KM 420,146 	<ul style="list-style-type: none"> Sava reosiguranje d.d., Ljubljana, Slovenia – KM 27,284 Osiguritelna Polisa, Skopje, Macedonia – KM 424,096 		
	Listed equity securities not quoted on stock exchanges in other countries:	Listed equity securities not quoted on stock exchanges in other countries:	Level 3	Quoted bid prices are not in an active market.
	<ul style="list-style-type: none"> Conny d.o.o., Beograd, Serbia – KM 4,269 	<ul style="list-style-type: none"> Conny d.o.o., Beograd, Serbia – KM 4,269 		

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

31. FAIR VALUE MEASUREMENT (CONTINUED)

31.2 Fair value of the Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the Management consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	31 December 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
<i>Loans and receivables:</i>				
- deposits	35,985,252	34,144,291	39,732,421	38,881,909

	Fair value hierarchy as at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Loans and receivables:</i>				
- deposits	-	34,144,291	-	34,144,291
Total	-	34,144,291	-	34,144,291

The fair values of the financial assets included in Level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

32. SUBSEQUENT EVENTS

Subsequent events occurring after the balance sheet date and before the date of approval of the financial statements by the Management Board of the Company for 2022 are:

- As of December 31, 2022, the Company owned in its investment portfolio 20% of shares of Asa Osiguranje d.d., which on 10 February 2023 made a status change of association of The Central Osiguranje d.d.. After this status change, ASA Osiguranje d.d. was renamed ASA Central Osiguranje d.d. and its share capital increased, which is why Bosna RE d.d. loses significant influence in Asa Osiguranje d.d. Sarajevo.
- On 21 February 2023, the Company related a transaction with a significant value of EUR 8,215,516 relating to the return of the transfer premium from the retrocessionaire gp Reinsurance EAD on the basis of reinsurance of the loan of UniCredit Bank d.d. and the return of that same transfer premium to The Triglav Osiguranje d.d. Sarajevo as an insurer with a net effect on the financial statements zero because the entire contract to which the transaction relates is retroceded and the Company in self-retention does not carry the risk on this contract. This transaction did not produce financial effects on bosna RE d.d.'s business because at the same time there was a change in the reserve balance of the transfer premium and the share of reinsurance in the transfer premium.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2022

(All amounts are expressed in KM, unless otherwise stated)

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Management and authorised for issue on 31 March 2023.


Zlatan Filipović, Director

