

BOSNA REOSIGURANJE D.D.
SARAJEVO

Annual report for 2024

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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 Bosna Reosiguranje d.d. Sarajevo (the "Company"):

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

In the period from 31 December 2024 to the date of adoption and submission of the financial statements, no significant business events within the meaning of IAS 10 - Events after the reporting period occurred, for which financial statements should be adjusted.

Estimation of expected future development

No.	Position	2024	Plan for 2025	INDEX
		Amount in KM	Amount in KM	3/2*100
0	1	2	3	4
1.	TOTAL REVENUES	62,466,257	65,630,964	105
2.	TOTAL EXPENSES	58,343,896	61,096,644	105
3.	PROFIT (LOSS)	4,122,361	4,534,320	110

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

The Company is firmly committed to maintaining its strength, position and reputation in the domestic and international insurance market. The Company will continue to operate indefinitely under the same business model as before, while adapting to the requirements of the insurance market, macroeconomic indicators and regulatory standards. No research and development activities have been carried out within the defined business model, nor are they planned in the future.

Information on the purchase of own shares

During 2024, the Company had no recorded transactions related to the acquisition of its own shares.

Business segment information

The Company performs its activities centrally in its headquarters located in Bosnia and Herzegovina and has no separate business segments in terms of the need for reporting according to the IFRS 8 requirements.

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

The Company has no credit indebtedness. The Company invests its free funds in accordance with the regulations of the Insurance Supervision Agency of the Federation of Bosnia and Herzegovina and internal acts in various forms of assets, namely deposits with commercial banks in Bosnia and Herzegovina, bonds of various levels of government in Bosnia and Herzegovina, shares and stakes of business entities, real estate and equipment. Diversification of the investment portfolio enables the Company to maintain a stable financial position and achieve 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

The comprehensive risk management system in the Company includes the strategy, processes and reporting procedures necessary for identifying, measuring and monitoring risks, managing risks and continuously reporting on the risks to which the Company is exposed in its regular operations or to which it could be exposed.

The Company has defined its principled commitments, organizational structure and process approach to risk management in a separate strategic document - the Risk Management Strategy, while maintaining a conservative risk attitude that, in accordance with the Risk Management Strategy, permanently monitors changes in the Company's risk profile.

The basis for risk review, including financial risks, is the Business Strategy, Risk Management Strategy, regulatory requirements, current risk management reports, own risk and solvency assessment, as well as the ability to assume risk or manage risk.

The Company intends to continuously maintain and apply the achieved level of the risk management system and further improve it. In the coming period, the Company intends to quantify and correlate all risk segments to which it is exposed to the greatest extent possible, and special focus will be placed on improving the system for quantifying risk profile segments related to financial, market and operational risk.

Further changes within the risk management process expected in the coming year relate to the modification and preparation of parallel reporting under IFRS 17: "Insurance Contracts", which will be included within the Company's annual risk and solvency assessment.

During 2024, there were no significant changes to the Company's risk portfolio.

Exposure to market, credit, liquidity risk and other risks present in the Company's business, 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 2024, 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

The Company 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

The Company 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.

For and on behalf of the Management:


Zlatan Filipović, Director



Statement of Management's responsibility

The Management of Bosna Reosiguranje d.d. Sarajevo (the "Company") is responsible for ensuring that separate and consolidated financial statements are prepared for each financial period in accordance with the legal accounting regulations applicable to insurance and reinsurance companies in the Federation of Bosnia and Herzegovina (the "FBiH") (which is based on the Law on Accounting and Auditing in the FBiH and the Law on Insurance in the FBiH), which give a true and fair view of the state of affairs of 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 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 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 is responsible for keeping appropriate accounting records, which at all times show the financial position of the Company and the Group with justified accuracy. Also, the Management is responsible for safeguarding the Company's assets and for taking reasonable steps to prevent and detect fraud and other irregularities.

The Management Board is responsible for submitting the annual report to the Supervisory Board, together with the annual financial statements, after which the Supervisory Board must approve the annual financial statements for submission to the Company's Assembly for adoption.

The Company's financial statements for the year ended 31 December 2024, presented on pages 10 to 51, were approved by the Management for submission to the Supervisory Board.

For and on behalf of the Management:


Zlatan Filipović, Director
27 March 2025



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. Sarajevo (the "Company") and its associate (together - the "Company and its associate"), which comprise the separate and consolidated statements of financial position as of 31 December 2024, the separate and consolidated statements of profit or loss, the separate and consolidated statements of comprehensive income, the separate and consolidated statements of changes in equity and the separate and consolidated statements of cash flows for the year then ended, and notes to the separate and consolidated financial statements, which contain information on significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements, present fairly, in all material respects, the financial position of the Company, and the Company and its associate, as of 31 December 2024, and their financial performance and their cash flows for the year then ended, in accordance with the legal accounting regulations applicable to insurance and reinsurance companies in the Federation of Bosnia and Herzegovina.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section. We are independent of the Company and its associate in accordance with the Code of Ethics for Professional Accountants (including the International Standards on Independence) issued by the International Ethics Standards Board for Accountants (IESBA Code), and the ethical requirements of the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina that are relevant to our audit of the financial statements in the Federation of Bosnia and Herzegovina. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina. 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 separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<i>Estimate of technical provisions for reinsurance operations</i>	<i>Procedures performed</i>
<p>Refer to notes 4 “Key accounting judgements and key sources of estimation uncertainty”, 26 “Reinsurance liabilities” i 29 “Reinsurance risks management”.</p> <p>The Company recognized technical provisions in the amount of KM 159,719,614 as of 31 December 2024 representing 90.43% of the Company’s total liabilities.</p> <p>The calculation of technical provisions for reinsurance contracts is a complex process as it involves a high degree of management judgement, as well as complex mathematical and statistical calculations. Models for calculating the amount of technical provisions are created separately for each category. The calculations depend largely on economic and demographic assumptions.</p> <p>Management reviews premiums, claims settlements and other model inputs and assumptions. The Company’s actuarial function is responsible for verifying the adequacy of estimated provisions.</p> <p>Technical provisions for reinsurance operations are accounting estimates that are material positions in the financial statements and are subject to a high degree of judgment, which is why we considered these accounting estimates to be a key audit matter.</p>	<p>We used the work of licensed independent actuary specialist to assist us in performing our audit procedures, including, among the others:</p> <ul style="list-style-type: none">• assessment of actuarial judgments used in the models, as well as the compliance of the methodologies applied by the Company when calculating reserves in accordance with relevant regulatory and reporting requirements,• assessment of the consistency of the methodology application during the reporting period compared to previous years;• checking input data for the calculation of technical provisions as well as models in terms of correctness and completeness of provision calculations;• analysis and critical review of provision calculations, which are the most subject to uncertainty and which are the largest in terms of amounts;• confirmation of the validity of liability adequacy testing by Management, which is a key test performed to verify whether liabilities are adequate compared to future contractual obligations. <p>Furthermore, we reviewed the information disclosed in the separate and consolidated financial statements of the Company in order to evaluate their sufficiency in terms of comprehensibility for the users of the separate and consolidated financial statements.</p>

Other matter

The Company's financial statements for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified audit opinion on 29 March 2024.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Company's Annual business report as prescribed by the Law on accounting and auditing of the Federation of Bosnia and Herzegovina (but does not include the separate financial statements and our auditor's report thereon).

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Supervisory Board for the separate and consolidated financial statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with the legal accounting regulations applicable to insurance companies in the Federation of Bosnia and Herzegovina, and for such internal control as management 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, management is responsible for assessing the Company'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 or to cease operations, or has no realistic alternative but to do so.

Supervisory Board is 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 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 the International Standards on Auditing, 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 an integral part of an audit in accordance with the International Standards on Auditing, we make professional judgments and maintain professional scepticism during 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 the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 internal controls.
- Assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and disclosures made by the Management.
- Conclude on adequacy the going concern basis of accounting used by the Management and, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention 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 independent auditor's report. However, future events or conditions may cause the Company to cease to be 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 reflect the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform audit of the Company and its associate to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company and its associate as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the audit of the Company and its associate. We remain solely responsible for our audit opinion.

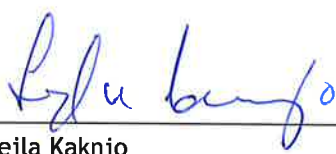
We communicate with Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Supervisory Board 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, actions taken to eliminate threats or safeguards applied.


From the matters communicated with Supervisory Board, we determine those matters that were of most significance in the audit of the separate and consolidated 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 Mirza Bihorac.

For and on behalf of BDO BH d.o.o. Sarajevo:



Lejla Kaknjo
Director

BDO BH d.o.o.
Sarajevo
Društvo za reviziju

Mirza Bihorac
Licensed auditor

Sarajevo, 27 March 2025

Bosna Reosiguranje d.d. Sarajevo
Statement of profit or loss
for the year ended 31 December 2024

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

	Notes	Company and its associate 2024	Company and its associate 2023	Company 2024	Company 2023
Reinsurance revenue	5	104,894,297	106,366,341	104,894,297	106,366,341
Premium revenue ceded to reinsurers, net	5	<u>(64,952,264)</u>	<u>(70,201,774)</u>	<u>(64,952,264)</u>	<u>(70,201,774)</u>
Net premium revenue		39,942,033	36,164,567	39,942,033	36,164,567
Reinsurance claims and expenses	6	(64,445,260)	(56,915,010)	(64,445,260)	(56,915,010)
Reinsurance claims and expenses covered by reinsurers, net	6	<u>33,994,122</u>	<u>29,566,964</u>	<u>33,994,122</u>	<u>29,566,964</u>
Net claims expenses		(30,451,138)	(27,348,046)	(30,451,138)	(27,348,046)
Commission income		19,548,364	16,482,554	19,548,364	16,482,554
Commission expenses		<u>(24,720,286)</u>	<u>(20,705,244)</u>	<u>(24,720,286)</u>	<u>(20,705,244)</u>
Net commission expenses		(5,171,922)	(4,222,690)	(5,171,922)	(4,222,690)
Net income from insurance		<u>4,318,973</u>	<u>4,593,831</u>	<u>4,318,973</u>	<u>4,593,831</u>
Investment income	7	2,454,697	1,628,091	2,454,697	1,628,091
Other operating income	8	467,566	366,064	467,566	366,064
General and administrative expenses	9	(2,941,308)	(2,888,093)	(2,941,308)	(2,888,093)
Other expenses	10	<u>(177,567)</u>	<u>(119,890)</u>	<u>(177,567)</u>	<u>(119,890)</u>
Foreign exchange losses, net		-	(1,134)	-	(1,134)
Share in profit/(loss) of associate	15	221,910	(53,751)	-	-
Loss of loss from significant control	15	<u>-</u>	<u>(429,822)</u>	<u>-</u>	<u>-</u>
Profit before tax		<u>4,344,271</u>	<u>3,095,296</u>	<u>4,122,361</u>	<u>3,578,869</u>
Income tax expense	11	<u>(354,755)</u>	<u>(296,833)</u>	<u>(354,755)</u>	<u>(296,833)</u>
Net profit		<u>3,989,516</u>	<u>2,798,463</u>	<u>3,767,606</u>	<u>3,282,036</u>
Earnings per share	12	<u>213.97</u>	<u>150.13</u>	<u>202.07</u>	<u>176.03</u>

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 2024

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

	Notes	Company and its associate 2024	Company and its associate 2023	Company 2024	Company 2023
Net profit		3,989,516	2,798,463	3,767,606	3,282,096
<i>Other comprehensive income</i>		-	-	-	-
<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	929,909	2,023,213	929,909	2,023,213
		<u>929,909</u>	<u>2,023,213</u>	<u>929,909</u>	<u>2,023,213</u>
Total comprehensive income		<u>4,919,425</u>	<u>4,821,676</u>	<u>4,697,515</u>	<u>5,305,249</u>

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

Bosna Reosiguranje d.d. Sarajevo
Statement of financial position
as at 31 December 2024

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

		Company and its associate	Company and its associate	Company	Company
	Notes	31 December 2024	31 December 2023	31 December 2024	31 December 2023
ASSETS					
Property, plant and equipment, and intangible assets	13	3,066,987	3,144,380	3,066,987	3,144,380
Investment property	14	2,399,449	2,530,338	2,399,449	2,530,338
Investments in associates	15	3,048,467	2,826,557	678,528	678,528
Deferred acquisition costs	18	7,520,958	6,391,889	7,520,958	6,391,889
Financial assets available-for- sale	16	8,733,070	6,770,158	8,733,070	6,770,158
Financial assets held-to-maturity	17	21,005,655	14,114,599	21,005,655	14,114,599
Deposits	19	36,298,550	39,085,252	36,298,550	39,085,252
Reinsurance assets (reinsurers' share in reinsurance liabilities)	26	115,462,969	109,190,987	115,462,969	109,190,987
Reinsurance premium receivables and for claims recovered by reinsurers	20	12,904,577	15,942,265	12,904,577	15,942,265
Other receivables	21	943,819	672,310	943,819	672,310
Other assets	22	219,804	197,897	219,804	197,897
Cash and cash equivalents	23	5,138,757	3,010,436	5,138,757	3,010,436
Deferred tax property liability		723		723	
TOTAL ASSETS		216,743,785	203,877,068	214,373,846	201,729,039
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		4,797,025	3,867,116	4,797,025	3,867,116
Retained earnings		8,878,676	10,529,920	6,508,737	8,381,891
		40,113,816	40,835,151	37,743,877	38,687,122
LIABILITIES					
Reinsurance liabilities	26	159,719,614	146,253,366	159,719,614	146,253,366
Reinsurance premium and claims payables	25	11,246,360	12,469,737	11,246,360	12,469,737
Deferred reinsurance commission	18	4,162,564	3,429,712	4,162,564	3,429,712
Tax income		57,923	49,170	57,923	49,170
Other liabilities	27	704,495	633,469	704,495	633,469
Provisions for employee benefits		205,288	206,463	205,288	206,463
Deferred tax liability		533,725	-	533,725	-
TOTAL LIABILITIES		176,629,969	163,041,917	176,629,969	163,041,917
TOTAL EQUITY AND LIABILITIES		216,743,785	203,877,068	214,373,846	201,729,039

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 2024

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

Company and its associate

	Share capital	Reserves	Revaluation reserves for financial assets available-for- sale	Retained earnings	Total
As at 31 December 2022	6,339,300	20,098,815	1,843,903	11,271,358	39,553,376
Dividend payment	-	-	-	(1,404,901)	(1,404,901)
Transfer of investment in former associate to financial assets	-	-	2,135,000	(2,135,000)	-
Net profit	-	-	-	2,798,463	2,798,463
Other comprehensive income	-	-	(111,787)	-	(111,787)
Total comprehensive income	-	-	(111,787)	2,798,463	2,686,676
As at 31 December 2023	6,339,300	20,098,815	3,867,116	10,529,920	40,835,151
Dividend payment	-	-	-	(5,640,760)	(5,640,760)
Net profit	-	-	-	3,989,516	3,989,516
Other comprehensive income	-	-	929,909	-	929,909
Total comprehensive income	-	-	929,909	3,989,516	4,919,425
As at 31 December 2024	6,339,300	20,098,815	4,797,025	8,878,676	40,113,816

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 2024

(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 2022	6,339,300	20,098,815	1,843,903	6,504,756	34,786,774
Dividend payment	-	-	-	(1,404,901)	(1,404,901)
Net profit	-	-	-	3,282,036	3,282,036
Other comprehensive income	-	-	2,023,213	-	2,023,213
Total comprehensive income	-	-	2,023,213	3,282,036	5,305,249
As at 31 December 2023	6,339,300	20,098,815	3,867,116	8,381,891	38,687,122
Dividend payment	-	-	-	(5,640,760)	(5,640,760)
Net profit	-	-	-	3,767,606	3,767,606
Other comprehensive income	-	-	929,909	-	929,909
Total comprehensive income	-	-	929,909	3,767,606	4,697,515
As at 31 December 2024	6,339,300	20,098,815	4,797,025	6,508,737	37,743,877

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 2024

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

	Company and its associate 2024	Company and its associate 2023	Company 2024	Company 2023
Operating activities				
Profit before tax	4,344,271	3,095,296	4,122,361	3,578,869
Adjustments for:				
- depreciation and amortization	350,698	354,962	350,698	354,962
- allowance for impairment losses on premium and for claims recovered from reinsurers	402,952	119,890	402,952	119,890
- collected written off receivables	(436,379)	(348,087)	(436,379)	(348,087)
- share in (profit)/loss of associate	(221,910)	53,751	-	-
- loss from loss of significant control	-	429,822	-	-
- reinsurance technical provisions, net	7,194,271	3,962,087	7,194,271	3,962,087
- deferred acquisition costs, net	(396,218)	(517,822)	(396,218)	(517,822)
- provision for employee benefits, net	(1,175)	(17,906)	(1,175)	(17,906)
- dividend income recognized in profit or loss	(976,649)	(495,584)	(976,649)	(495,584)
- interest income recognized in profit or loss	(1,253,551)	(901,515)	(1,253,551)	(901,515)
<i>Operating cash flow before movements in working capital</i>	<i>9,006,310</i>	<i>5,734,894</i>	<i>9,006,310</i>	<i>5,734,894</i>
Changes in:				
- reinsurance premium receivables and claims recovered from re-insurers	3,071,115	(4,929,956)	3,071,115	(4,929,956)
- other assets and receivables	(90,263)	(526,926)	(90,263)	(526,926)
- reinsurance premium and claims payable	(1,153,028)	3,725,667	(1,153,028)	3,725,667
- other liabilities	673	2,068	673	2,068
Income tax paid	(346,002)	(242,249)	(346,002)	(242,249)
Net cash from operating activities	10,488,805	3,763,498	10,488,805	3,763,498
Investing activities				
Purchases of property and equipment	(142,417)	(17,438)	(142,417)	(17,438)
Dividends received	794,722	438,727	794,722	438,727
Interest received	1,250,530	845,677	1,250,530	845,677
Maturity of financial assets held-to-maturity	(6,909,261)	(3,792,806)	(6,909,261)	(3,792,806)
Increase in deposits	2,786,702	(3,100,000)	2,786,702	(3,100,000)
Purchases of financial assets available-for-sale	(500,000)	-	(500,000)	-
Net cash from investing activities	7,769,081	(1,862,342)	7,769,081	(1,862,342)
Financing activities				
Dividends paid	(5,640,760)	(1,404,901)	(5,640,760)	(1,404,901)
Net cash used in financing activities	(5,640,760)	(1,404,901)	(5,640,760)	(1,404,901)
Net increase in cash and cash equivalents	2,128,321	(3,267,243)	2,128,321	(3,267,243)
Cash and cash equivalents at the beginning of year	3,010,436	6,277,679	3,010,436	6,277,679
Cash and cash equivalents at the end of year	5,138,757	3,010,436	5,138,757	3,010,436

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 2024

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

1. GENERAL

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 2024, the Company had 24 employees (2023: 23).

Management

Zlatan Filipović	Director
Bakir Pilav	Executive director for finance

Supervisory Board

Semiha Repak	President
Enisa Babić	Member
Damir Lačević	Member
Muhamed Hasić	Member since
Midhad Salčin	Member

Audit Committee

Alma Kozarić	President
Amra Karasalihović	Member
Kornelije Vujnović	Member

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 New and amended standards adopted by the Company

For the annual reporting period beginning on 1 January 2024, the following new and revised IFRS standards and amendments became effective:

- Amendments to IFRS 16: Lease Liability in Sale and Leaseback Transactions
- Classification of liabilities as current or non-current - Amendments to IAS
- Amendments to IAS 7 and IFRS 7: Supplier Financing Arrangements
- Amendment to IAS 1: Long-term liabilities linked to financial indicators ("covenants").

The standards and amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.2 Standards issued but not yet effective

As of the date of issuance of these financial statements, the following standards, amendments to existing standards and interpretations have been published, but are not yet effective:

- Amendments to IAS 21: Exchange Impossibilities (effective for annual periods beginning on or after 1 January 2025).
- Changes in the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
- Amendments to IFRS 9 and IFRS 7 relating to contingent electricity contracts (effective for annual periods beginning on or after 1 January 2026)
- Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2026)
- IFRS 18: "Presentation and Disclosure in Financial Statements" (effective for annual periods beginning on or after 1 January 2027)
- IFRS 19: "Subsidiaries without public liability: Disclosures" (effective for annual periods beginning on or after 1 January 2027).

Those standards and amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transaction.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

(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 the legal accounting regulations applicable to insurance and reinsurance companies in the Federation of Bosnia and Herzegovina ("FBiH"), which is based on the Law on Accounting and Auditing in the FBiH and the Law on Insurance in the FBiH.

According to the Law on accounting and auditing of the FBiH, reporting standards applied in the FBiH International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"), which are officially translated and published in local language by the authorized accounting body.

According to the FBiH Insurance Law, the provisions of the regulations governing the accounting and auditing system in the FBiH, IAS and IFRS apply to the compilation of financial statements. The Company applies all IFRS with amendments and interpretations adopted by the IASB and the Conceptual Framework for Financial Reporting, as well as all related interpretations, accompanying instructions, explanations and guides, excluding the assessment of the impact of IFRS 9: "Financial Instruments" and IFRS 17: "Contracts on insurance" on the Company in current or future reporting periods and on foreseeable future transactions, although both standards have been translated and published in FBiH.

On 19 September 2022, the Board of Directors of the Federation of Accountants, Auditors and Financial Workers of the FBiH issued a Decision on the application of IFRS 17 for annual reporting periods beginning on or after 1 January 2026, with the possibility of earlier application. The application of IFRS 9 follows the application of IFRS 17.

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:

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

- 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).

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 associate, 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 its associate using the equity method of accounting from the date that significant influences commences until the date the significant influences ceases.

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.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates (continued)

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 or 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.

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.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

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.

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.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	2024	2023
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 determined as the difference between the sales revenue and the book value of that asset and are recognized in the statement of profit or loss and other comprehensive income for the period they occur in.

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.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

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

	2024	2023
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:

	2024	2023
Investment property - buildings	33.3 years (3%)	33.3 years (3%)

The Company annually evaluates the useful life of investment property.

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.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

a) Financial assets (continued)

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.

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.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

a) Financial assets (continued)

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.

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.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

a) Financial assets (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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

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.

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.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

b) Financial liabilities and equity instruments issued by the Company

Reinsurance contracts (continued)

Unearned premiums (continued)

Net unearned reinsurance premium is gross unearned premium less the retroceded portion. The retrocession share in unearned premiums is determined on the basis of valid 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.

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.

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Notes to financial statements
for the year ended 31 December 2024

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

b) Financial liabilities and equity instruments issued by the Company

Reinsurance contracts (continued)

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 profit or loss 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.

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.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital and reserves (continued)

Retained earnings

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

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 2023 and 2024 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.

Notes to the financial statements

Notes to the financial statements, from 5 to 32, relate exclusively to the Company, except for Note 15, which also presents separate amounts relating to the Company and its associate.

4. KEY 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 2024

(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.

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.

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.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

5. REINSURANCE REVENUE

	2024	2023
Reinsurance premium, domestic	101,473,001	86,551,878
Reinsurance premium, foreign	8,511,582	8,517,992
Change in unearned premium	(4,864,902)	11,555,073
Impairment of reinsurance premium	(225,384)	(258,602)
Reinsurance revenue arising from the reinsurance contracts issued	104,894,297	106,366,341
Reinsurance premium ceded to reinsurers	(67,126,125)	(58,064,899)
Change in unearned premiums ceded to reinsurers	2,173,861	(12,136,875)
Reinsurance premium ceded to reinsurers, net	(64,952,264)	(70,201,774)
	39,942,033	36,164,567

6. REINSURANCE CLAIMS AND EXPENSES

	2024	2023
Reinsurance claims and expenses, domestic	53,025,296	43,852,514
Reinsurance claims and expenses, foreign	2,818,617	3,271,868
Change in the provision for incurred but not reported claims	(485,458)	2,672,996
Change in the provision for reported but not settled claims	8,720,147	4,894,478
Change in the provision for bonuses, discounts and premiums	95,033	(306,182)
Change reserves for unexpired claims	271,625	2,529,335
Reinsurance claims and expenses	64,445,260	56,915,009
Reinsurance claims and expenses covered by reinsurers	(29,896,003)	(23,156,623)
Change in the provision for incurred but not reported claims	1,170,634	(2,093,864)
Change in the provision for reported but not settled claims	(5,177,753)	(4,506,111)
Change in the provision for bonuses, discounts and premiums	(91,000)	189,635
Reinsurance claims and expenses covered by reinsurers, net	(33,994,122)	(29,566,963)
	30,451,138	27,348,046

7. INVESTMENT INCOME

	2024	2023
Dividends	989,216	498,577
Interest on bank deposits	700,141	522,669
Interest on financial assets held to maturity	525,125	378,845
Rent income	228,000	228,000
	2,454,482	1,628,091

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

8. OTHER OPERATING INCOME

	2024	2023
Collected written-off reinsurance premium receivables and claims recovered from reinsurers (Note 20)	269,248	230,102
Collected written-off receivables - other and commission	167,132	117,985
Decrease in provisions for other employee benefits, net	1,175	17,096
Other	30,011	71
	<u>467,566</u>	<u>366,064</u>

9. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Gross salaries	1,456,938	1,512,052
Services	382,952	383,828
Depreciation and amortization (Notes 13 and 14)	350,698	354,962
Other employee benefits	272,465	195,534
Memberships	209,303	212,154
Fees to members of Supervisory Board and Audit Committee	84,469	79,279
Material and energy	48,765	49,330
Maintenance	29,793	35,007
Advertising and entertainment	38,169	32,799
Costs of payment transactions	27,383	20,486
Insurance premiums	19,975	20,401
Taxes	16,285	16,647
Donations and scholarships	4,100	5,600
Other expenses	13	14
	<u>2,941,308</u>	<u>2,888,093</u>

The contractual costs of auditing the financial statements for the year that ended amounted to KM 36,000 and includes additional audit services in accordance with the Rulebook on External Audit (Official Gazette of FBiH, No. 1/18).

10. OTHER EXPENSES

	2024.	2023.
Impairment losses on claims receivables and other receivables	<u>177,567</u>	<u>119,890</u>
	<u>177,567</u>	<u>119,890</u>

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

11. INCOME TAX EXPENSE

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

	Company and its associate 2024	Company and its associate 2023	Company 2024	Company 2023
Current income tax	354,755	296,833	354,755	296,833
Deferred income tax	-	-	-	-
Income tax	354,755	296,833	354,755	296,833

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

	Company and its associate 2024	Company and its associate 2023	Company 2024	Company 2023
Profit before income tax	4,373,690	3,095,296	4,122,361	3,578,869
Income tax expense at 10% - statutory rate	437,690	309,530	412,236	357,887
Effect of non-deductible expenses	15,567	3,453	15,567	3,453
Effect of non-taxable income	(98,502)	(16,150)	(73,048)	(64,507)
Current income tax	354,755	296,833	354,755	296,833
Effective tax rate for the year	8,11%	9,60%	8,61%	8,29%

12. EARNINGS PER SHARE

	Company and its associate 2024	Company and its associate 2023	Company 2024	Company 2023
Net profit available to the shareholders	3,989,516	2,798,463	3,767,606	3,282,036
Weighted average number of ordinary shares during the year	18,645	18,645	18,645	18,645
Basic earnings per share	213.97	150.13	202.07	176.03

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 2024

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

13. PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

COST	Land	Buildings	Equipment and furniture	Electronic equipment	Other	Total
At 1 January 2023	95,850	5,174,898	483,590	288,838	678,134	6,721,310
Additions	-	-	3,744	10,734	2,960	17,438
Disposals	-	-	(5,172)	-	-	(5,172)
At 31 December 2023	95,850	5,174,898	482,162	299,572	681,094	6,733,576
Additions	-	-	58,360	84,057	-	142,417
Disposals	-	-	(61,870)	(48,059)	-	(109,929)
At 31 December 2024	95,850	5,174,898	478,652	335,570	681,094	6,766,064

ACCUMULATED DEPRECIATION

At 1 January 2023	-	2,114,280	340,326	257,862	657,827	3,370,295
Depreciation	-	155,247	41,385	20,608	6,833	224,073
Disposals	-	-	(5,172)	-	-	(5,172)
At 31 December 2023	-	2,269,527	376,539	278,470	664,660	3,589,196
Depreciation	-	155,247	37,942	19,995	6,626	219,810
Disposals	-	-	(61,870)	(48,059)	-	(109,929)
At 31 December 2024	-	2,424,774	352,611	250,406	671,286	3,699,077

NET BOOK VALUE

At 31 December 2024	95,850	2,750,124	126,041	85,164	9,808	3,066,987
At 31 December 2023	95,850	2,905,371	105,623	21,102	16,434	3,144,380
At 1 January 2023	95,850	3,060,618	143,264	30,976	20,307	3,351,015

Bosna Reosiguranje d.d. Sarajevo
Napomene uz finansijske izvještaje
za godinu koja je završila 31. decembra 2024.
(svi iznosi su izraženi u KM, osim ukoliko nije drugačije naznačeno)

14. ULAGANJA U INVESTICIJSKE NEKRETNINE

	Zemljište	Građevine	Ukupno
NABAVNA VRIJEDNOST			
Stanje na dan 1. januar 2023.	81.650	4.362.918	4.444.568
	-	-	-
Stanje na dan 31. decembar 2023.	81.650	4.362.918	4.444.568
	-	-	-
Stanje na dan 31. decembar 2024.	81.650	4.362.918	4.444.568
ISPRAVKA VRIJEDNOSTI			
Stanje na dan 1. januar 2023.	-	1.783.343	1.783.343
Trošak amortizacije	-	130.888	130.888
Stanje na dan 31. decembar 2023.	-	1.914.231	1.914.231
Trošak amortizacije	-	130.888	130.888
Stanje na dan 31. decembar 2024.	-	2.045.119	2.045.119
NETO KNJIGOVODSTVENA VRIJEDNOST			
Stanje na 31. decembar 2024.	81.650	2.317.799	2.399.449
Stanje na 31. decembar 2023.	81.650	2.448.688	2.530.338
Stanje na 1. januar 2023.	81.650	2.579.575	2.661.225

Uprava Društva vjeruje da je knjigovodstvena vrijednost investicijskih nekretnina knjižena po trošku nabave umanjenom za akumuliranu amortizaciju, te za akumulirano umanjenje vrijednosti, u finansijskim izvještajima, približno odgovara njihovoj fer vrijednosti.

15. ULAGANJA U PRIDRUŽENA DRUŠTVA

Ulaganje Društva u pridruženo pravno lice prema metodi udjela su kako slijedi:

Naziv kompanije	Djelatnost	Vlasništvo %	Društvo sa pridruženim društvom 31. decembar 2024.	Društvo sa pridruženim društvom 31. decembar 2023.	Društvo 31. decembar 2024.	Društvo 31. decembar 2023.
Triglav fondovi d.o.o. Sarajevo	Društvo za upravljanje fondovima	35,39	3.048.467	2.826.557	678.528	678.528
			<u>3.048.467</u>	<u>2.826.557</u>	<u>678.528</u>	<u>678.528</u>

Datum izvještavanja pridruženog društva je 31. decembar.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

15. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	31 December 2024	31 December 2023
Total revenue	1,919,942	1,017,425
Result for the period	710,170	(151,883)
Share in profit of associates	251,329	(53,751)
Total assets	8,893,595	8,133,948
Total liabilities	279,672	147,068
Net assets	8,613,923	7,986,880
Share in net assets of associates	3,048,467	2,826,557

Movement in investments in associates can be presented as follows:

	Company and its associate at equity method 2024	Company and its associate equity method 2023	Company at cost 2024	Company 2023
Balance at the beginning of the year	2,826,557	6,645,130	678,528	1,878,529
Share in total comprehensive income of associates	221,910	(53,751)	-	(1,200,001)
Transfer ASA Central Insurance from associated companies to available for sale financial assets	-	(3,764,822)	-	-
Balance at the end of the year	3,048,467	2,826,557	678,528	678,528

The company had a 20% ownership stake in ASA Osiguranje d.d. shares, which were valued at IAS 28 as investments in associated companies under the equity method. From February 10, 2023, ASA Osiguranje d.d. Sarajevo and Central Osiguranje d.d. operate as an integrated company ASA Central osiguranje d.d. With this status change, the Company lost significant influence on the operations of ASA Central Insurance, and the Company's Management decided to reclassify the retained shares as financial assets available for sale at fair value in accordance with IAS 39.

16. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	31 December 2024	31 December 2023
Investments in equity instruments	8,213,651	6,770,158
Investments in investments funds	519,419	-
	8,733,070	6,770,158

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2024

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

16. FINANCIAL ASSETS AVAILABLE-FOR-SALE (CONTINUED)

Equity instruments	Principal activity	Ownership interest (%)	31 December 2024	31 December 2023
ASA Central osiguranje d.d. Sarajevo	Insurance	11,97%	3,335,000	3,335,000
Adriatic osiguranje d.d., Sarajevo	Insurance	5,20%	3,307,200	2,067,000
Sarajevo osiguranje d.d., Sarajevo	Insurance	1,45%	811,400	809,378
Osiguratelna Polisa, Skopje, North Macedonia	Insurance	4,44%	420,158	420,144
Union banka d.d., Sarajevo	Banking	0,21%	294,812	105,290
Sava reosiguranje d.d., Ljubljana, Slovenija	Reinsurance	0,003%	39,117	27,382
Conny d.o.o., Belgrade, Serbia	Trading	43,00%	4,269	4,269
Privredna banka Sarajevo d.d., Sarajevo	Banking	0,004%	1,695	1,695
			<u>8,213,651</u>	<u>6,770,158</u>

Movements in the fair value of equity instruments were as follows:

	2024	2023
Balance at beginning of the year	6,770,158	3,546,945
Fair value gain/(loss)	(1,443,493)	(111,787)
Increase due to the transfer of ASA Central osiguranje from investments in associates	-	3,335,000
Balance at end of the year	<u>8,213,651</u>	<u>6,770,158</u>

Shares in investment funds:

Fund name	Number of shares	31 December 2024	31 December 2023
OIF Triglav fondovi	4,521.79	519,419	-
		<u>519,419</u>	<u>-</u>

In 2024, the Company purchased shares in the investment fund in the amount of KM 500 thousand. The investment was realized through the purchase of shares in the open investment fund OIF Triglav Global Stock and OIF Triglav Bonds (hereinafter: Funds) managed by the company Triglav Fondovi d.o.o.

Movements in the fair value of investments funds were as follows::

	2024	2023
Balance at beginning of the year	-	-
Investments during the year	500,000	-
Fair value gain/(loss)	19,419	-
Balance at end of the year	<u>519,419</u>	<u>-</u>

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
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(All amounts are expressed in KM, unless otherwise stated)

17. FINANCIAL ASSETS HELD-TO-MATURITY

	31 December 2024	31 December 2023
Bonds of the Federation of Bosnia and Herzegovina ("FBiH")	11,508,268	4,606,681
Bonds of the Republika Srpska	6,495,334	6,503,864
Bonds of the JP Autoceste FBiH d.o.o. Mostar	3,002,053	3,004,054
	<u>21,005,655</u>	<u>14,114,599</u>

During 2024, the Company purchased bonds in the nominal value of KM 7.5 million, which refers to the following issuers:

- Bonds issued by the Ministry of Finance of the Federation of Bosnia and Herzegovina with a nominal value of KM 1,500,000, bearing a yield of 4.3% per year and with a maturity date of 27 March 2027;
- Bonds issued by the Ministry of Finance of the Federation of Bosnia and Herzegovina with a nominal value of KM 2,000,000, bearing a yield of 3.95% per year and with a maturity date of 29 June 2029;
- Bonds issued by the Ministry of Finance of the Federation of Bosnia and Herzegovina with a nominal value of KM 4,000,000, bearing a yield of 3.75% per year and with a maturity date of 6 December 2029.

18. DEPOSITS

	31 December 2024	31 December 2023
Union banka d.d. Sarajevo, 9 deposits due in the period from 18 August 2026 to 03 December 2027, bearing interest within the range from 2.41% to 3.01% p.a.	8,087,676	5,066,168
ASA banka d.d. Sarajevo, 10 deposits due in the period from 17 May 2026 to 14 December 2027, bearing interest within the range from 2.10% to 3.05% p.a.	6,978,658	7,786,416
Sparkasse Bank d.d. BiH, 7 deposits due in the period from 29 June 2026 to 02 May 2027, bearing interest within the range from 1.83% to 2.90% p.a.	5,586,749	6,240,748
ProCredit Bank d.d. Sarajevo, 3 deposits due in the period from 29 October to 14 December 2027, bearing interest of 1.57% to 2.95% p.a.	4,346,422	2,346,422
ZiraatBank BH d.d. Sarajevo, 3 deposits due in the period from 11 March 2025 to 08. December 2026, bearing interest within the range from 0.55% to 1.80% p.a.	2,300,000	6,530,086
Intesa Sanpaolo banka d.d. BiH, 2 deposits due in the period from 02 May 2027 to 30 August 2028, bearing interest within the range from 2.80% to 3.20% p.a.	2,160,406	-
Raiffeisen Bank d.d. BiH, 1 deposit due on 24 August 2025, bearing interest of 1.40% p.a.	2,150,000	2,150,000
Bosna Bank International d.d Sarajevo, 2 deposits due in the period from 3 December 2024 to 11 March 2025, bearing interest of 0.45% p.a.	2,000,000	6,276,773
NLB Banka d.d, Sarajevo, 1 deposit due on 21 May 2025, bearing interest of 0.60% p.a.	1,388,639	1,388,639
ATOS banka a.d. Banja Luka, 1 deposit due on 28 May 2026, bearing interest of 2.40% p.a	1,300,000	1,300,000
	<u>36,298,550</u>	<u>39,085,252</u>

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

19. DEFERRED ACQUISITION COSTS, NET

	31 December 2024	31 December 2023
Deferred acquisition costs	7,520,958	6,391,889
Deferred reinsurance commission	<u>(4,162,564)</u>	<u>(3,429,712)</u>
	<u>3,358,394</u>	<u>2,962,177</u>

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

	31 December 2024	31 December 2023
Reinsurance premium receivables - domestic	11,286,928	12,461,863
Reinsurance premium receivables - foreign	1,447,471	894,727
Receivables for claims recovered from reinsurer	284,388	2,742,878
Less: Impairment allowance	<u>(114,210)</u>	<u>(157,203)</u>
	<u>12,904,577</u>	<u>15,942,265</u>

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

	2024	2023
Balance at beginning of the year	157,203	128,684
Increase	280,791	373,558
Collected impaired receivables	<u>(323,784)</u>	<u>(345,039)</u>
Balance at the end of the year	<u>114,210</u>	<u>157,203</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 2024	31 December 2023
Undue	12,865,288	15,528,131
1 - 90 days	24,950	318,436
91 - 180 days	13,902	95,698
181 - 360 days	437	-
Over 365 days	<u>-</u>	<u>-</u>
	<u>12,904,577</u>	<u>15,942,265</u>

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21. OTHER RECEIVABLES

	31 December 2024	31 December 2023
Commission and brokerage receivables	532,233	572,787
Interest receivables on deposits	408,274	409,762
Other receivables	401,612	78,486
Less: Allowance for impairment of other receivables	<u>(398,300)</u>	<u>(388,725)</u>
	943,819	672,310

Changes in allowance for impairment of other receivables can be shown as follows:

	2024	2023
Balance at the beginning of the year	388,725	386,840
Increase	12,568	4,935
Collected impaired receivables	<u>(2,993)</u>	<u>(3,050)</u>
Balance at the end of the year	398,300	388,725

22. OTHER ASSETS

	31 December 2024	31 December 2023
Accrued interest income	208,122	185,407
Prepaid insurance expenses	7,707	6,749
Other prepaid expenses	<u>3,975</u>	<u>5,741</u>
	219,804	197,897

23. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash with domestic banks -KM accounts	3,465,453	873,836
Cash with domestic banks - foreign currency accounts	1,672,367	2,134,982
Cash on hand	937	1,372
Cash with foreign banks - foreign currency accounts	<u>-</u>	<u>246</u>
	5,138,757	3,010,436

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24. SHARE CAPITAL

	31 December 2024	31 December 2023
18,645 ordinary shares of par value KM 340 each (2023: 18,645 shares of per value KM 340 each)	6,339,300	6,339,300
	<u>6,339,300</u>	<u>6,339,300</u>

Ownership of share capital is as follows:

	31 December 2024		31 December 2023	
	% 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. BiH	0.05	3,400	0.05	3,400
Other legal entities	10.29	652,460	10.29	652,460
Citizens	37.88	2,400,740	37.88	2,400,740
	<u>100.00</u>	<u>6,339,300</u>	<u>100.00</u>	<u>6,339,300</u>

25. REINSURANCE PREMIUM AND CLAIMS PAYABLE

	31 December 2024	31 December 2023
Reinsurance premium payables	9,791,554	9,465,068
Claims payable, domestic	940,349	2,535,067
Claims payable, foreign	514,457	469,602
	<u>11,246,360</u>	<u>12,469,737</u>

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26. REINSURANCE ASSETS AND LIABILITIES

	31 December 2024	31 December 2023
Gross		
Provision for unearned premium	37,120,197	32,255,296
Provision for claims reported but not settled	43,700,306	44,185,764
Provision for claims incurred but not reported and reactivated	77,605,024	68,884,877
Provision for bonuses, discounts and premiums	(1,506,873)	(1,601,906)
Provision for unexpired risks	2,800,960	2,529,335
Total insurance liabilities, gross	159,719,614	146,253,366
Covered by reinsurers		
Provision for unearned premium	(17,775,981)	(15,602,120)
Provision for claims reported but not settled	(33,954,407)	(35,125,041)
Provision for claims incurred but not reported and reactivated	(63,898,240)	(58,720,486)
Provision for bonuses, discounts and premiums	165,659	256,660
Total insurance assets, gross	(115,462,969)	(109,190,987)
Provision for unearned premium	19,344,216	16,653,176
Provision for claims reported but not settled	9,745,899	9,060,723
Provision for claims incurred but not reported and reactivated	13,706,784	10,164,391
Provision of bonuses, discounts and premiums	(1,341,214)	(1,345,246)
Provision for unexpired risks		2,529,335
Total insurance liabilities, net	41,455,685	37,062,379

27. OTHER LIABILITIES

	31 December 2024	31 December 2023
Liabilities for provision	544,142	492,579
Employee payables	83,452	81,409
Advances received	39,907	10,005
Liabilities toward suppliers	17,308	18,991
VAT liabilities	3,619	3,608
Other liabilities	16,067	26,877
	704,495	633,469

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.

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28. RELATED PARTY TRANSACTIONS

During the year, the Company had the following related party transactions with related parties - shareholders and companies in which it has a capital 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	
	2024	2023	2024	2023
Triglav osiguranje d.d. Sarajevo	46,738,043	56,742,608	39,379,983	33,033,973
ASA osiguranje d.d. Sarajevo	24,895,139	28,363,455	26,185,536	21,932,360
Sarajevo osiguranje d.d. Sarajevo	12,473,360	10,157,683	10,305,553	9,668,801
Adriatic osiguranje d.d. Sarajevo	2,150,837	1,504,728	2,943,807	2,452,693
Euroherc osiguranje d.d. Sarajevo	1,917,025	1,387,102	1,683,163	1,439,609
	<u>88,174,403</u>	<u>98,155,576</u>	<u>80,498,042</u>	<u>68,527,436</u>

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

	Receivables		Liabilities	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Triglav osiguranje d.d. Sarajevo	2,646,831	4,403,294	912,199	516,496
Sarajevo osiguranje d.d. Sarajevo	341,992	377,779	157,813	6,584
Adriatic osiguranje d.d. Sarajevo	485,608	318,269	228,167	224,094
ASA osiguranje d.d. Sarajevo	370,209	439,248	-	792,970
Euroherc osiguranje d.d. Sarajevo	47,434	63,104	8,107	-
	<u>3,892,074</u>	<u>5,601,694</u>	<u>1,306,286</u>	<u>1,540,144</u>

Management and Supervisory Board remuneration

The remuneration of Management and members of Supervisory Board during the year was as follows:

	2024	2023
Management	528,269	527,258
Supervisory Board	<u>68,900</u>	<u>68,900</u>
	<u>597,169</u>	<u>596,158</u>

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29. INSURANCE RISKS MANAGEMENT

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; and 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 2024	31 December 2023
Financial assets		
Loans and receivables (including cash and cash equivalents)	55,285,703	58,710,263
Financial assets available-for-sale	8,213,651	6,770,158
Financial assets held-to-maturity	21,005,655	14,114,599
	<u>84,505,009</u>	<u>79,595,020</u>
Financial liabilities		
At amortised cost	12,008,778	13,152,376
	<u>12,008,778</u>	<u>13,152,376</u>

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:

	Assets		Liabilities	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
EUR	40,251,868	45,451,264	9,870,202	9,920,936

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	
	2024	2023
Effects of change in EUR rate	3,038,167	3,553,033

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. FINANCIAL INSTRUMENTS (CONTINUED)

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 2024 would increase / decrease by KM 181,493 (2023: KM 265,999).

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.

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.

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30. FINANCIAL INSTRUMENTS (CONTINUED)

30.7 Liquidity risk management

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 2024							
Non-interest bearing	-	20,780,826	8,852,694	590,205	574,475	-	30,798,200
Fixed interest rate instruments	2.72%	-	9,093,687	8,496,780	39,713,738	-	57,304,205
		20,780,826	17,946,381	9,086,985	40,288,213	-	88,102,405
31 December 2023							
Non-interest bearing	-	19,625,011	-	-	6,770,158	-	26,395,169
Fixed interest rate instruments	2%	-	14,173,061	7,759,040	34,476,616	-	56,408,717
		19,625,011	14,173,061	7,759,040	41,246,774	-	82,803,886

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.

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 2024							
Non-interest bearing	-	4,210,136	7,187,427	571,308	-	-	11,968,871
		4,210,136	7,187,427	571,308	-	-	11,968,871
31 December 2023							
Non-interest bearing	-	5,971,890	-	7,180,486	-	-	13,152,376
		5,971,890	-	7,180,486	-	-	13,152,376

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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 2024	31 December 2023		
Financial assets at fair value through profit or loss (see Note 16)	<p>Listed equity securities on stock exchanges in Bosnia and Herzegovina</p> <ul style="list-style-type: none"> • ASA Central osiguranje d.d Sarajevo - KM 3,335,000 	<p>Listed equity securities on stock exchanges in Bosnia and Herzegovina:</p> <ul style="list-style-type: none"> • ASA Central osiguranje d.d Sarajevo - KM 3,335,000 	Level 2	Quoted bid prices as assessment fair value
	<p>Listed equity securities on stock exchanges in Bosnia and Herzegovina</p> <ul style="list-style-type: none"> • Adriatic osiguranje d.d., Sarajevo - KM 3,307,200 • Sarajevo osiguranje d.d., Sarajevo - KM 811,400 • Union banka d.d., Sarajevo - KM 294,812 • Privredna banka Sarajevo d.d., Sarajevo - KM 1,695 <p>Listed equity securities on stock exchanges in other countries:</p> <ul style="list-style-type: none"> • Sava reosiguranje d.d., Ljubljana, Slovenia - KM 39,117 • Osiguritelna Polisa, Skoplje, Macedonia - KM 420,158 	<p>Listed equity securities on stock exchanges in Bosnia and Herzegovina:</p> <ul style="list-style-type: none"> • Adriatic osiguranje d.d., Sarajevo - KM 2,067,000 • Sarajevo osiguranje d.d., Sarajevo - KM 809,371 • Union banka d.d., Sarajevo - KM 105,290 • Privredna banka Sarajevo d.d., Sarajevo - KM 1,695 <p>Listed equity securities on stock exchanges in other countries:</p> <ul style="list-style-type: none"> • Sava reosiguranje d.d., Ljubljana, Slovenia - KM 27,382 • Osiguritelna Polisa, Skoplje, Macedonia - KM 420,144 	Level 1	Quoted bid prices in an active market.
	<p>Unlisted investment funds:</p> <ul style="list-style-type: none"> • OIF Triglav fondovi - KM 519,419 	-	Level 2	Quoted bid prices as assessment fair value

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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 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
<i>Loans and receivables:</i>				
- deposits	36,298,550	34,441,561	39,085,252	37,085,699
	36,298,550	34,441,561	39,085,252	37,085,699
Fair value hierarchy as at 31 December 2024				
	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Loans and receivables:</i>				
- deposits	-	34,441,561	-	34,441,561
Total	-	34,441,561	-	34,441,561

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

After 31 December 2024, until the date of issuance of these financial statements, there were no events that would have a significant impact on the financial statements for the year 2024, nor they are significant for the Company's business to require disclosure in the notes to the financial statements for the year 2024.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Management and authorised for issue on 27 March 2025.

Zlatan Filipović, Director

