

BOSNA REOSIGURANJE D.D.
SARAJEVO

Annual report for 2025

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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 2025 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	2025	Plan for 2026	INDEX
		Amount in KM	Amount in KM	3/2*100
0	1	2	3	4
1.	TOTAL REVENUES	70,465,085	74,858,424	106
2.	TOTAL EXPENSES	65,303,640	69,501,608	106
3.	PROFIT	5,161,445	5,356,816	104

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 2025, 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 2025, 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 2025, 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, and its financial performance for that period.

After making enquiries, the Management Board has a reasonable expectation that the Company 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 will continue in business.

The Management is responsible for keeping appropriate accounting records, which at all times show the financial position of the Company 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 2025, presented on pages 10 to 44, were approved by the Management for submission to the Supervisory Board.

For and on behalf of the Management:


Zlatan Filipović, Director

25 March 2026



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 2025, 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 2025, 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

Estimate of technical reserves for reinsurance operations

Refer to notes 3 “Key accounting judgements and key sources of estimation uncertainty”, 16 “Reinsurance assets and liabilities” and 28 “Reinsurance risks management”.

The Company recognized technical reserves in the amount of KM 176,313,635 as of 31 December 2025 representing 90.89% of the Company’s total liabilities.

The calculation of technical reserves 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 reserves are created separately for each category. The calculations depend largely on economic and demographic assumptions.

Management reviews premiums, claims settlements and other model inputs and assumptions. The Company’s actuarial function is responsible for verifying the adequacy of estimated reserves.

Technical reserves 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.

How our audit addressed the key audit matter

Procedures performed

We used the work of licensed independent actuary specialist to assist us in performing our audit procedures, including, among the others:

- 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 reserves 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.

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.

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, 25 March 2026

Bosna Reosiguranje d.d. Sarajevo
Statement of financial position
as at 31 December 2025

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

	Notes	Company and its associate		Company	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
ASSETS					
Property, plant and equipment, and intangible assets	4	2,971,603	3,066,987	2,971,603	3,066,987
Investment properties	5	2,151,098	2,399,449	2,151,098	2,399,449
Investment in associate	6	2,917,411	3,048,467	678,528	678,528
Deferred acquisition costs	7	8,134,736	7,520,958	8,134,736	7,520,958
Financial assets available-for-sale	8	9,356,881	8,733,070	9,356,881	8,733,070
Financial assets held-to-maturity	9	21,450,889	21,005,655	21,450,889	21,005,655
Deposits	10	42,798,550	36,298,550	42,798,550	36,298,550
Reinsurance assets (reinsurers' share in reinsurance liabilities)	16	125,519,830	115,462,969	125,519,830	115,462,969
Reinsurance premium receivables and for claims recovered by reinsurers	11	13,434,677	12,904,577	13,434,677	12,904,577
Other receivables	12	355,218	943,819	355,218	943,819
Other assets	13	315,023	219,805	315,023	219,805
Cash and cash equivalents	14	8,080,828	5,138,757	8,080,828	5,138,757
Deferred tax property liability	25	644	722	644	722
TOTAL ASSETS		237,487,388	216,743,785	235,248,505	214,373,846
EQUITY AND LIABILITIES					
Share capital	15	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		5,362,297	4,797,025	5,362,297	4,797,025
Retained earnings		11,692,503	8,878,676	9,453,620	6,508,737
		43,492,915	40,113,816	41,254,032	37,743,877
LIABILITIES					
Reinsurance liabilities	16	176,313,635	159,719,614	176,313,635	159,719,614
Reinsurance premium and claims payables	17	12,264,974	11,246,360	12,264,974	11,246,360
Deferred reinsurance commission	7	4,155,124	4,162,564	4,155,124	4,162,564
Tax income		-	57,923	-	57,923
Other liabilities	18	436,427	704,495	436,427	704,495
Provisions for employee benefits		227,858	205,288	227,858	205,288
Deferred tax liability	25	596,455	533,725	596,455	533,725
TOTAL LIABILITIES		193,994,473	176,629,969	193,994,473	176,629,969
TOTAL EQUITY AND LIABILITIES		237,487,388	216,743,785	235,248,505	214,373,846

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

Bosna Reosiguranje d.d. Sarajevo
Statement of profit or loss
for the year ended 31 December 2025

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

	Notes	Company and its associate 2025	Company and its associate 2024	Company 2025	Company 2024
Reinsurance revenue	19	117,742,852	104,894,297	117,742,852	104,894,297
Premium revenue ceded to reinsurers, net	19	<u>(72,934,805)</u>	<u>(64,952,264)</u>	<u>(72,934,805)</u>	<u>(64,952,264)</u>
Net premium revenue	19	44,808,047	39,942,033	44,808,047	39,942,033
Reinsurance claims and expenses	20	(64,429,030)	(64,445,260)	(64,429,030)	(64,445,260)
Reinsurance claims and expenses covered by reinsurers, net	20	<u>30,475,780</u>	<u>33,994,122</u>	<u>30,475,780</u>	<u>33,994,122</u>
Net claims expenses	20	(33,953,250)	(30,451,138)	(33,953,250)	(30,451,138)
Commission income		22,248,124	19,548,364	22,248,124	19,548,364
Commission expenses		<u>(28,217,581)</u>	<u>(24,720,286)</u>	<u>(28,217,581)</u>	<u>(24,720,286)</u>
Net commission expenses		(5,969,457)	(5,171,922)	(5,969,457)	(5,171,922)
Net income from insurance		<u>4,885,340</u>	<u>4,318,973</u>	<u>4,885,340</u>	<u>4,318,973</u>
Investment income	21	3,183,768	2,454,482	3,183,768	2,454,482
Other operating income	22	187,547	467,566	187,547	467,566
General and administrative expenses	23	<u>(3,014,626)</u>	<u>(2,941,308)</u>	<u>(3,014,626)</u>	<u>(2,941,308)</u>
Other expenses	24	<u>(80,321)</u>	<u>(177,567)</u>	<u>(80,321)</u>	<u>(177,567)</u>
Foreign exchange losses, net		(263)	215	(263)	215
Share in (loss)/ profit of associate	6	<u>(131,056)</u>	<u>221,910</u>	-	-
Profit before tax		<u>5,030,389</u>	<u>4,344,271</u>	<u>5,161,445</u>	<u>4,122,361</u>
Income tax expense	25	<u>(333,417)</u>	<u>(354,755)</u>	<u>(333,417)</u>	<u>(354,755)</u>
Net profit		<u>4,696,972</u>	<u>3,989,516</u>	<u>4,828,028</u>	<u>3,767,606</u>
Earnings per share	26	<u>251.92</u>	<u>213.97</u>	<u>258.94</u>	<u>202.07</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 2025

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

	Notes	Company and its associate 2025	Company and its associate 2024	Company 2025	Company 2024
Net profit		4,696,972	3,989,516	4,828,028	3,767,606
Other comprehensive income					
<i>Items that will not be subsequently reclassified to statement of profit or loss</i>					
		-	-	-	-
<i>Items that will be subsequently reclassified to statement of profit or loss when specific conditions are met</i>					
Net changes in fair value of financial assets available for sale	8	628,081	1,462,912	628,081	1,462,912
Deferred income tax	25	(62,808)	(533,003)	(62,808)	(533,003)
		<u>565,273</u>	<u>929,909</u>	<u>565,273</u>	<u>929,909</u>
Total comprehensive income		<u>5,262,245</u>	<u>4,919,425</u>	<u>5,393,301</u>	<u>4,697,515</u>

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 2025

(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 1 January 2024	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
Dividend payment	-	-	-	(1,883,145)	(1,883,145)
Net profit	-	-	-	4,696,972	4,696,972
Other comprehensive income	-	-	565,272	-	565,272
Total comprehensive income	-	-	565,272	4,696,972	5,262,244
As at 31 December 2025	6,339,300	20,098,815	5,362,297	11,692,503	43,492,915

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 2025

(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 1 January 2024	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
Dividend payment	-	-	-	(1,883,145)	(1,883,145)
Net profit	-	-	-	4,828,028	4,828,028
Other comprehensive income	-	-	565,272	-	565,272
Total comprehensive income	-	-	565,272	4,828,028	5,393,300
As at 31 December 2025	6,339,300	20,098,815	5,362,297	9,453,620	41,254,032

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 2025

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

	Company and its associate		Company	
	2025	2024	2025	2024
Operating activities				
Profit before tax	5,030,389	4,344,271	5,161,445	4,122,361
Adjustments for:				
- depreciation and amortization	357,723	350,698	357,723	350,698
- allowance for impairment losses on premium and for claims recovered from reinsurers	177,709	402,952	177,709	402,952
- collected written off receivables	(187,539)	(436,379)	(187,539)	(436,379)
- share in (profit)/loss of associate	131,056	(221,910)	-	-
- write-off of equity instrument investment	4,269	-	4,269	-
- reinsurance technical reserves, net	6,537,160	7,194,271	6,537,160	7,194,271
- deferred acquisition costs, net	(621,441)	(396,218)	(621,441)	(396,218)
- reserve for employee benefits, net	22,570	(1,175)	22,570	(1,175)
- dividend income recognized in profit or loss	(1,110,540)	(976,649)	(1,110,540)	(976,649)
- interest income recognized in profit or loss	(1,845,228)	(1,253,551)	(1,845,228)	(1,253,551)
<i>Operating cash flow before movements in working capital</i>	<i>8,496,128</i>	<i>9,006,310</i>	<i>8,496,128</i>	<i>9,006,310</i>
<i>Changes in:</i>				
- reinsurance premium receivables and claims recovered from re-insurers	(532,839)	3,071,115	(532,839)	3,071,115
- other assets and receivables	371,906	(90,263)	371,906	(90,263)
- reinsurance premium and claims payable	721,661	(1,153,028)	721,661	(1,153,028)
- other liabilities	(6,667)	673	(6,667)	673
Income tax paid	(412,678)	(346,002)	(412,678)	(346,002)
Net cash from operating activities	8,637,511	10,488,805	8,637,511	10,488,805
Investing activities				
Purchases of property and equipment	(13,988)	(142,417)	(13,988)	(142,417)
Dividends received	1,361,892	794,722	1,361,892	794,722
Interest received	1,762,658	1,250,530	1,762,658	1,250,530
Maturity of financial assets held-to-maturity	(451,743)	(6,909,261)	(451,743)	(6,909,261)
Increase in deposits	(6,500,000)	2,786,702	(6,500,000)	2,786,702
Purchases of financial assets available-for-sale	-	(500,000)	-	(500,000)
Net cash from investing activities	(3,841,181)	(2,719,724)	(3,841,181)	(2,719,724)
Financing activities				
Dividends paid	(1,854,259)	(5,640,760)	(1,854,259)	(5,640,760)
Net cash used in financing activities	(1,854,259)	(5,640,760)	(1,854,259)	(5,640,760)
Net increase in cash and cash equivalents	2,942,071	2,128,321	2,942,071	2,128,321
Cash and cash equivalents at the beginning of year	5,138,757	3,010,436	5,138,757	3,010,436
Cash and cash equivalents at the end of year	8,828,028	5,138,757	8,828,028	5,138,757

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 2025

(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.

Registered address of the Company: Zmaja od Bosne 74, 71000 Sarajevo.

As at 31 December 2025, the Company had 25 employees (2024: 24).

Management

Zlatan Filipović	Director
Bakir Pilav	Executive director for finance

Supervisory Board

Semiha Repak	President
Enisa Babić	Member
Damir Lačević	Member
Midhad Salčin	Member
Muhamed Hasić	Member (until 21 May 2025)
Amel Memić	Member (since 21 May 2025)

Audit Committee

Alma Kozarić	President
Amra Karasalihović	Member
Kornelije Vujnović	Member

2. BASIS FOR PREPARATION

(a) Reporting framework

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.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2025

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

2. BASIS FOR PREPARATION (CONTINUED)

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the certain financial assets measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in the currency of the primary economic environment in which the Company operates which is convertible mark (KM). Convertible mark (KM) is officially tied to Euro (EUR 1 = KM 1.95583).

(d) Use of estimates and judgements

The preparation of financial statements in conformity with the legal accounting regulations applicable to insurance and reinsurance companies in the FBiH requires Management to make estimates and assumptions that affect the application of accounting policies and disclosure of contingent assets and liabilities at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. 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 3.

(e) Foreign currencies

Transactions in currencies other than KM are initially recorded at the rates of exchange prevailing on the dates of the transactions.

Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the reporting period date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Profits and losses arising on exchange are included in the statement of profit or loss in the period when they incur. Any exchange component of the gain or loss on a non-monetary item measured at FVOCI shall be recognised in OCI.

The most significant foreign currency in which the Company holds assets and liabilities is Euro. The exchange rate used for translation at 31 December 2025 was EUR 1= KM 1.95583 (31 December 2024: EUR 1 = KM 1.95583).

(f) Basis of consolidation

In accordance with IFRS 10, as the Company has investments in associate (Note 6), the Company prepares consolidated financial statements.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2025

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

2. BASIS FOR PREPARATION (CONTINUED)

(g) New and amended standards adopted by the Company

The following standards, amendments to existing standards and interpretations, issued by the International Accounting Standards Board, are effective for annual periods beginning on or after 1 January 2025:

- Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability.

These standards and amendments did not have an impact on the amounts recognized in prior periods and are not expected to have a significant impact on current or future periods.

(h) 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 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),
- Additions to IFRS 9 and IFRS 7 related to contracts for electricity that is dependent on weather conditions (effective for annual periods beginning on or after 1 January 2026),
- Annual Improvements to IFRS Standards - Cycle 11,
- IFRS 18: "Presentation and Disclosure in Financial Statements" (effective for annual periods beginning on or after 1 January 2027),
- IFRS 19: "Subsidiaries without Public Accountability: Disclosures" (effective for annual periods beginning on or after 1 January 2027).

By decision of the Management Board of the Association of Accountants, Auditors and Financial Workers of the FB&H dated 19 September 2022, the application of IFRS 17 begins with annual periods beginning on or after 1 January 2024. Subsequently, by the additional decision of the Management Board dated 24 April 2025, the application of IFRS 17 was further prolonged, with the start of application for annual periods beginning on or after 1 January 2027.

These standards are not expected to have a significant impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(i) Notes to the financial statements

Notes to the financial statements, from 4 to 31, relate exclusively to the Company, except for Note 6, which also presents separate amounts relating to the Company and its associate.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2025

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

3. 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 Management is 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.

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 reserve 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 reserve for that class of insurance as the difference between the previous two. Such provision is included in the unearned premium.

Estimation of reserves 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 reserves 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 reserves 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 2025

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

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

Key sources of estimation uncertainty (continued)

Reserve for claims incurred but not reported (IBNR)

Reserve 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.

Reserve 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.

Reserve 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.

Determining fair values

Fair value is the price that would be received to sell an asset 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 for 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 for measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date; indicators of fair value are those derived from quoted prices on 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 Company measures fair values using the fair value hierarchy as discussed in Note 30.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2025

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

4. PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

Property, plant and equipment, and intangible assets, are started at cost less accumulated depreciation/amortization and any accumulated impairment losses.

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:

	2025	2024
Buildings	33.3 years (3%)	33.3 years (3%)
Equipment and furniture	4 to 6.67 years (15% - 25%)	4 to 6.67 years (15% - 25%)
Electronic equipment	3 to 5 years (20% - 33.3%)	3 to 5 years (20% - 33.3%)
Software and licenses	5 years (20%)	5 years (20%)

	Land	Buildings	Equipment and furniture	Electronic equipment	Software and licenses	Total
COST						
At 1 January 2024	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
Additions	-	-	-	13,989	-	13,989
Transfer from Investment property (Note 5)	-	234,344	-	-	-	234,344
At 31 December 2025	95,850	5,409,242	478,652	349,559	681,094	7,014,397
ACCUMULATED DEPRECIATION						
At 1 January 2024	-	2,269,527	376,539	278,470	664,660	3,589,196
Depreciation and amortization	-	155,247	37,942	19,995	6,626	219,810
Depreciation and amortization	-	-	(61,870)	(48,059)	-	(109,929)
At 31 December 2024	-	2,424,774	352,611	250,406	671,286	3,699,077
Transfer from Investment property (Note 5)	-	109,849	-	-	-	109,849
Depreciation and amortization	-	162,279	42,838	24,034	4,717	233,868
At 31 December 2025	-	2,696,902	395,449	274,440	676,003	4,042,794
NET BOOK VALUE						
At 31 December 2025	95,850	2,712,340	83,203	75,119	5,091	2,971,603
At 31 December 2024	95,850	2,750,124	126,041	85,164	9,808	3,066,987
At 1 January 2024	95,850	2,905,371	105,623	21,102	16,434	3,144,380

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2025

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

5. INVESTMENT PROPERTIES

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:

	2025	2024	
Investment property - buildings	33.3 years (3%)	33.3 years (3%)	
	Land	Buildings	Total
COST			
At 1 January 2024	81,650	4,362,918	4,444,568
	-	-	-
At 31 December 2024	81,650	4,362,918	4,444,568
Transfer to Property, plant and equipment (Note 4)	-	(234,344)	(234,344)
At 31 December 2025	81,650	4,128,574	4,210,224
ACCUMULATED DEPRECIATION			
At 1 January 2024	-	1,914,231	1,914,231
Depreciation	-	130,888	130,888
At 31 December 2024	-	2,045,119	2,045,119
Transfer to Property, plant and equipment (Note 4)	-	(109,849)	(109,849)
Depreciation	-	123,857	123,857
At 31 December 2025	-	2,059,127	2,059,127
NET BOOK VALUE			
At 31 December 2025	81,650	2,069,447	2,151,097
At 31 December 2024	81,650	2,317,799	2,399,449
At 1 January 2024	81,650	2,448,688	2,530,338

The fair value of the Company's investment properties as of 31 December 2025 was, approximately, KM 4.8 million.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2025

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

5. INVESTMENT PROPERTIES (CONTINUED)

The fair value measurement of the Company's investment properties as of 31 December 2021 was performed by the Management, by using the valuation model in accordance with that recommended by the International Valuation Standards Committee:

- measurement model: market approach,
- inputs: current price for similar properties in the same location.

The best evidence of fair value is current prices in an active market for similar properties.

All resulting fair value estimates for investment properties are included in level 3.

6. INVESTMENT IN ASSOCIATE

Investment in associate in the separate financial statements of the Company are stated at cost less any impairment in the value of individual investments, if needed.

Investment in associate in the consolidated financial statements of the Company are stated using the equity method of accounting, from the date that significant influences commences, if needed.

Company name	Business	Ownership	Company and its associate		Company	
			31 December 2025	31 December 2024	31 December 2025	31 December 2024
Triglav Investments d.o.o. Sarajevo	Fund management company	35.76%	2,917,411	3,048,467	678,528	678,528
			<u>2,917,411</u>	<u>3,048,467</u>	<u>678,528</u>	<u>678,528</u>

Reporting period date for associate is 31 December.

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

	31 December 2025	31 December 2024
Total revenue	810,187	1,919,942
Result for the period	(454,259)	710,170
Share in (loss) / profit of associate	<u>(162,438)</u>	<u>251,329</u>
Total assets	8,383,036	8,893,595
Total liabilities	<u>224,498</u>	<u>279,672</u>
Net assets	<u>8,158,538</u>	<u>8,613,923</u>
Share in net assets of associates	<u>2,917,411</u>	<u>3,048,467</u>

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2025

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

6. INVESTMENT IN ASSOCIATE (CONTINUED)

Movement in investments in associates can be presented as follows:

	Company and its associate		Company	
	at equity method		at cost	
	2025	2024	2025	2024
Balance at the beginning of the year	3,048,467	2,826,557	678,528	678,528
Share in (loss) / profit of associate	(131,056)	221,910	-	-
Balance at the end of the year	<u>2,917,411</u>	<u>3,048,467</u>	<u>678,528</u>	<u>678,528</u>

7. DEFERRED ACQUISITION COSTS, NET

Deferred 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 reserve for unearned premiums.

	31 December 2025	31 December 2024
Deferred acquisition costs	8,134,736	7,520,958
Deferred reinsurance commission	<u>(4,155,124)</u>	<u>(4,162,564)</u>
	<u>3,979,612</u>	<u>3,358,394</u>

8. 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 investments in equity instruments and investment funds.

	31 December 2025	31 December 2024
Investments in equity instruments	8,823,319	8,213,651
Investments in investments funds	<u>533,562</u>	<u>519,419</u>
	<u>9,356,881</u>	<u>8,733,070</u>

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.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2025

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

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

Investments in equity instruments

Equity instruments	Principal activity	Ownership interest	31 December 2025	31 December 2024
ASA Central osiguranje d.d. Sarajevo	Insurance	11.97%	3,335,000	3,335,000
Adriatic osiguranje d.d. Sarajevo	Insurance	5.20%	3,716,467	3,307,200
Sarajevo osiguranje d.d. Sarajevo	Insurance	1.45%	975,162	811,400
Osiguratelna Polisa, Skopje, North Macedonia	Insurance	4.44%	420,158	420,158
Union banka d.d., Sarajevo	Banking	0.21%	309,026	294,812
Sava reosiguranje d.d., Ljubljana, Slovenija	Reinsurance	0.003%	65,031	39,117
Privredna banka Sarajevo d.d. Sarajevo	Banking	0.004%	2,475	1,695
Conny d.o.o. Belgrade, Serbia	Trading	43.00%	-	4,269
			8,823,319	8,213,651

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

	2025	2024
Balance at beginning of the year	8,213,651	6,770,158
Fair value gain	613,937	1,443,493
Investment write-off	(4,269)	-
Balance at end of the year	8,823,319	8,213,651

Investments in investments funds

Fund name	Number of shares	31 December 2025	31 December 2024
OIF Triglav fondovi	4,521.79	533,562	519,419
		533,562	519,419

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 Investments d.o.o. Sarajevo (former Triglav Fondovi d.o.o. Sarajevo)

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

	2024	2023
Balance at beginning of the year	519,419	-
Investments during the year	-	500,000
Fair value gain	14,143	19,419
Balance at end of the year	533,562	519,419

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2025

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

9. FINANCIAL ASSETS HELD-TO-MATURITY

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.

	31 December 2025	31 December 2024
Bonds of the Federation of Bosnia and Herzegovina	10,499,334	11,508,268
Bonds of the Republic of Srpska	7,951,500	6,495,334
Bonds of JP Autoceste FBiH d.o.o. Mostar	<u>3,000,055</u>	<u>3,002,053</u>
	<u>21,450,889</u>	<u>21,005,655</u>

During 2025, the Company purchased bonds in the nominal value of KM 6.7 million, which refers to the following issuers:

- Bonds issued by the Ministry of Finance of the Republic of Srpska with a nominal value of KM 1,500,000, bearing a yield of 5.5% per year and with a maturity date of 31 October 2030;
- Bonds issued by the Ministry of Finance of the Republic of Srpska with a nominal value of KM 5,200,000, bearing a yield of 5.25% per year and with a maturity date of 7 May 2030.

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2025

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

10. DEPOSITS

Receivables for deposits placed are measured at amortized cost using the effective interest method less any impairment.

Interest income is recognised by applying the effective interest rate.

	31 December 2025	31 December 2024
ASA banka d.d. Sarajevo, 11 deposits due in the period from 17 May 2026 to 22 September 2028, bearing interest within the range from 2.10% to 3.05% p.a.	9,128,657	6,978,658
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	8,087,676
Bosna Bank International d.d Sarajevo, 7 deposits due in the period from 11 April to 28 November 2028, bearing interest within the range from 2.85% to 2.95% p.a.	6,846,423	2,000,000
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	5,586,749
Intesa Sanpaolo banka d.d. BiH, 4 deposits due in the period from 02 May 2027 to 24 July 2029, bearing interest within the range from 2.73% to 3.20% p.a.	5,049,045	2,160,406
ProCredit Bank d,d, Sarajevo, 3 deposits due in the period from 14 December 2027 to 18 January 2029, bearing interest of 2.48% to 2.95% p.a.	4,500,000	4,346,422
ATOS banka a.d. Banja Luka, 2 deposits due in the period from 28 May 2026 to 25 July 2028, bearing interest of 2.40% and 3.05% p.a	1,800,000	1,300,000
ZiraatBank BH d.d. Sarajevo, 3 deposits due in the period from 22 April to 08 December 2026, bearing interest within the range from 0.55% to 1.80% p.a.	1,800,000	2,300,000
Raiffeisen Bank d.d. BiH, 1 deposit due on 24 August 2025, bearing interest of 1.40% p.a.	-	2,150,000
NLB Banka d,d, Sarajevo, 1 deposit due on 21 May 2025, bearing interest of 0.60% p.a.	-	1,388,639
	<u>42,798,550</u>	<u>36,298,550</u>

Bosna Reosiguranje d.d. Sarajevo
Notes to financial statements
for the year ended 31 December 2025

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

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

	31 December 2025	31 December 2024
Reinsurance premium receivables - domestic	11,048,873	11,286,928
Reinsurance premium receivables - foreign	1,301,653	1,447,471
Receivables for claims recovered from reinsurer	1,201,099	284,388
Less: Impairment allowance	(116,948)	(114,210)
	<u>13,434,677</u>	<u>12,904,577</u>

Impairment of receivables is recognized in accordance with the regulations of the Insurance Supervisory Agency of the Federation of Bosnia and Herzegovina (the "Regulator") and relevant internal documents of the Company. Those regulations require insurance and reinsurance companies to classify outstanding receivables for insurance premium based on days past due and apply allowance rate on each group as predetermined by the Regulator.

Following impairment rates are used based on days past due:

Days past due:	Impairment rate:
Less than 90 days	5% - 10%
91 to 180 days	25% - 50%
181 to 365 days	50% - 75%
Over 365 days	100%

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

	2025	2024
Balance at beginning of the year	114,210	157,203
Increase	119,391	280,791
Decrease due to collection	(111,653)	(323,784)
Balance at the end of the year	<u>116,948</u>	<u>114,210</u>

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 2025	31 December 2024
Undue	13,266,479	12,865,288
1 - 90 days	168,143	24,950
91 - 180 days	55	13,902
181 - 360 days	-	437
Over 365 days	-	-
	<u>13,434,677</u>	<u>12,904,577</u>

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12. OTHER RECEIVABLES

	31 December 2025	31 December 2024
Commission and brokerage receivables	309,714	532,233
Receivables from investments activities	402,355	408,274
Other receivables	28,880	401,612
Less: Allowance for impairment of other receivables	<u>(385,731)</u>	<u>(398,300)</u>
	<u>355,218</u>	<u>943,819</u>

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

	2025	2024
Balance at the beginning of the year	398,300	388,725
Increase	-	12,568
Decrease due to collection	<u>(12,569)</u>	<u>(2,993)</u>
Balance at the end of the year	<u>385,731</u>	<u>398,300</u>

13. OTHER ASSETS

	31 December 2025	31 December 2024
Accrued interest income	303,118	208,122
Prepaid insurance expenses	7,180	7,707
Other prepaid expenses	<u>4,725</u>	<u>3,976</u>
	<u>315,023</u>	<u>219,805</u>

14. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash with domestic banks -KM accounts	7,780,637	3,465,453
Cash with domestic banks - foreign currency accounts	298,409	1,672,367
Cash on hand	<u>1,782</u>	<u>937</u>
	<u>8,080,828</u>	<u>5,138,757</u>

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15. SHARE CAPITAL

	31 December 2025	31 December 2024
18,645 ordinary shares of par value KM 340 each	<u>6,339,300</u>	<u>6,339,300</u>
	<u>6,339,300</u>	<u>6,339,300</u>

Ownership of share capital is as follows:

	31 December 2025		31 December 2024	
	% share	Share amount	% share	Share amount
Aida Babić-Berkovac	15.86	1,005,380	15.86	1,005,380
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 citizens	22.02	1,395,360	22.02	1,395,360
Other legal entities	10.29	652,460	10.29	652,460
	<u>100.00</u>	<u>6,339,300</u>	<u>100.00</u>	<u>6,339,300</u>

16. REINSURANCE ASSETS AND LIABILITIES

Unearned premiums

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

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

Net unearned 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.

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16. REINSURANCE ASSETS AND LIABILITIES (CONTINUED)

Reserves for reported but not settled claims

Reserves 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 reserves 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.

Reserve for claims incurred but not reported and reactivated

Reserves 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 reserves 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.

Reserves for bonuses and discounts

Reserves for bonuses and discounts are formed in the amount to which cedants are entitled based on their rights to:

1. participation in the profit realized from their reinsurance contracts, or other rights based on the reinsurance contract (bonuses);
2. future partial reductions in the reinsurance premium (discounts);
3. return of a part of the reinsurance premium for unused insurance time due to early termination of insurance (cancellation).

Reserves for unexpired risks

The Company forms reserves for unexpired risks in accordance with the Law on Insurance of the Federation of BiH and the by-laws of the Regulator.

The calculation of the technical reserve for unexpired risks is performed by applying the premium sufficiency test. In the event that the premium sufficiency test shows that the reserve for unexpired risks for a particular type of insurance is greater than the unearned premium for that type of insurance, an additional provision is made to cover future liabilities.

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.

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16. REINSURANCE ASSETS AND LIABILITIES (CONTINUED)

	31 December 2025	31 December 2024
Gross		
Reserve for unearned premium	41,517,588	37,120,197
Reserve for claims reported but not settled	43,093,024	43,700,306
Reserve for claims incurred but not reported and reactivated	90,342,214	77,605,024
Reserve for bonuses and discounts	(1,898,000)	(1,506,873)
Reserve for unexpired risks	3,258,809	2,800,960
Total insurance liabilities, gross	176,313,635	159,719,614
Covered by reinsurers		
Reserve for unearned premium	(19,613,098)	(17,775,981)
Reserve for claims reported but not settled	(33,565,098)	(33,954,407)
Reserve for claims incurred but not reported and reactivated	(72,508,385)	(63,898,240)
Reserve for bonuses and discounts	166,751	165,659
Total insurance assets, gross	(125,519,830)	(115,462,969)
Reserve for unearned premium	21,904,490	19,344,216
Reserve for claims reported but not settled	9,527,926	9,745,899
Reserve for claims incurred but not reported and reactivated	17,833,829	13,706,784
Reserve for bonuses and discounts	(1,731,249)	(1,341,214)
Reserve for unexpired risks	3,258,809	2,800,960
Total insurance liabilities, net	50,793,805	44,256,645

17. REINSURANCE PREMIUM AND CLAIMS PAYABLE

	31 December 2025	31 December 2024
Reinsurance premium payables	11,611,772	9,791,554
Claims payable, domestic	415,975	940,349
Claims payable, foreign	237,227	514,457
	12,264,974	11,246,360

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18. OTHER LIABILITIES

	31 December 2025	31 December 2024
Liabilities for provision	237,063	544,142
Employee payables	116,067	83,452
Advances received	23,583	39,907
Liabilities toward suppliers	13,237	17,308
VAT liabilities	3,460	3,619
Other liabilities	43,017	16,067
	<u>436,427</u>	<u>704,495</u>

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

19. NET REINSURANCE REVENUE

Gross non-life reinsurance premiums include all reinsurance premiums during the accounting period that arise from reinsurance settlements agreed with cedants during the accounting period, regardless of whether those amounts relate in whole or in part to subsequent accounting periods. Retrocession premiums are accounted for in the accounting period in the same way as reinsurance premiums.

Gross reinsurance premiums are recognized as income on a proportional basis over the periods of the reinsurance contracts.

Reinsurance premiums, adjusted where necessary, are estimated on the basis of available information. Deviations from the estimate of premium amounts are made in the period in which they become known.

	2025	2024
Reinsurance premium, domestic	113,037,419	101,473,001
Reinsurance premium, foreign	9,200,211	8,511,582
Change in unearned premium	(4,397,390)	(4,864,902)
Impairment of reinsurance premium	(97,388)	(225,384)
Reinsurance revenue arising from the reinsurance contracts issued	<u>117,742,852</u>	<u>104,894,297</u>
Reinsurance premium ceded to reinsurers	(74,771,921)	(67,126,125)
Change in unearned premiums ceded to reinsurers	1,837,116	2,173,861
Reinsurance premium ceded to reinsurers, net	<u>(72,934,805)</u>	<u>(64,952,264)</u>
	<u>44,808,047</u>	<u>39,942,033</u>

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20. NET REINSURANCE CLAIMS AND EXPENSES

	2025	2024
Reinsurance claims and expenses, domestic	48,404,028	53,025,296
Reinsurance claims and expenses, foreign	3,828,373	2,818,617
Change in the reserve for incurred but not reported claims	(607,282)	(485,458)
Change in the reserve for reported but not settled claims	12,737,190	8,720,147
Change in the reserve for bonuses, discounts and premiums	(391,127)	95,033
Change reserves for unexpired claims	457,848	271,625
<i>Reinsurance claims and expenses</i>	<u>64,429,030</u>	<u>64,445,260</u>
Reinsurance claims and expenses covered by reinsurers	(22,256,034)	(29,896,003)
Change in the reserve for incurred but not reported claims	389,308	1,170,634
Change in the reserve for reported but not settled claims	(8,610,146)	(5,177,753)
Change in the reserve for bonuses, discounts and premiums	1,092	(91,000)
<i>Reinsurance claims and expenses covered by reinsurers, net</i>	<u>(30,475,780)</u>	<u>(33,994,122)</u>
	<u>33,953,250</u>	<u>30,451,138</u>

21. INVESTMENT INCOME

	2025	2024
Interest on financial assets held-to-maturity	1,075,946	537,125
Dividends	996,841	989,216
Interest on bank deposits	882,981	700,141
Rent income	228,000	228,000
	<u>3,138,768</u>	<u>2,454,482</u>

22. OTHER OPERATING INCOME

	2025	2024
Collected written-off reinsurance premium receivables and claims recovered from reinsurers	91,306	269,248
Collected written-off receivables - other and commission	96,233	167,132
Decrease in provisions for other employee benefits, net	-	1,175
Other	8	30,011
	<u>187,547</u>	<u>467,566</u>

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23. GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
Gross salaries	1,554,825	1,456,938
Services	386,390	382,952
Depreciation and amortization (Notes 13 and 14)	357,724	350,698
Other employee benefits	222,295	272,465
Memberships	182,340	209,303
Fees to members of Supervisory Board and Audit Committee	84,469	84,469
Material and energy	58,146	48,765
Advertising and entertainment	38,948	38,169
Maintenance	35,512	29,793
Costs of payment transactions	23,054	27,383
Increase in provision for other employee benefits, net	22,570	-
Insurance premiums	20,038	19,975
Taxes	19,436	16,285
Donations and scholarships	4,600	4,100
Other expenses	4,279	13
	<u>3,014,626</u>	<u>2,941,308</u>

Employee benefits

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

Jubilee awards

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

Retirement severance payments

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

24. OTHER EXPENSES

	2025	2024
Impairment losses on claims receivables and other receivables	<u>80,321</u>	<u>177,567</u>
	<u>80,321</u>	<u>177,567</u>

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25. INCOME TAX EXPENSE

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

	Company and its associate		Company	
	2025	2024	2025	2024
Current income tax	333,417	354,755	333,417	354,755
Deferred income tax	-	-	-	-
Income tax	333,417	354,755	333,417	354,755

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

	Company and its associate		Company	
	2025	2024	2025	2024
Profit before income tax	5,030,389	4,344,271	5,161,445	4,122,361
Income tax expense at 10% - statutory rate	503,039	434,427	516,145	412,236
Effect of non-deductible expenses	7,940	15,567	7,940	15,567
Effect of non-taxable income	(177,562)	(95,239)	(190,668)	(73,048)
Current income tax	333,417	354,755	333,417	354,755
Effective tax rate for the year	6.63%	8.17%	6.46%	8.61%

The deferred tax assets comprise temporary differences attributable to:

	2025	2024
Change in fair value of financial assets available-for-sale	644	723
	644	723

The deferred tax liabilities comprise temporary differences attributable to:

	2025	2024
Change in fair value of financial assets available-for-sale	596,455	533,725
	596,455	533,725

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25. INCOME TAX EXPENSE (CONTINUED)

Movements in temporary differences in deferred tax assets and deferred tax liabilities can be summarized as follows:

	Deferred tax assets	Deferred tax liabilities
Balance as of 01 January 2024	-	-
<i>Deferred tax impacting income tax expense for the year:</i>	-	-
<i>Deferred tax related to items recognised in OCI during the year:</i>		
- effect of change in fair value of financial assets available-for-sale	(722)	533,725
	(722)	533,725
Balance as of 31 December 2024	(722)	533,725
<i>Deferred tax impacting income tax expense for the year:</i>	-	-
<i>Deferred tax related to items recognised in OCI during the year:</i>		
- effect of change in fair value of financial assets available-for-sale	78	62,730
	78	62,730
Balance as of 31 December 2025	(644)	596,455

26. EARNINGS PER SHARE

	Company and its associate		Company	
	2025	2024	2025	2024
Net profit available to the shareholders	4,696,972	3,989,516	4,828,028	3,767,606
Weighted average number of ordinary shares during the year	18,645	18,645	18,645	18,645
Basic earnings per share	251.92	213.97	258.94	202.07

During 2025 and 2024 there were no dilution effects, therefore diluted earnings per share equals basic earnings per share.

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27. RELATED PARTY TRANSACTIONS

During the year, the Company had the following transactions with related parties - shareholders and their directly related parties, and companies in which the Company has an ownership stake. 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	
	2025	2024	2025	2024
Triglav osiguranje d.d. Sarajevo	51,175,282	46,738,043	43,933,654	39,379,983
ASA Central osiguranje d.d. Sarajevo	27,496,667	24,895,139	23,842,026	26,185,536
Sarajevo osiguranje d.d. Sarajevo	16,874,381	12,473,360	10,216,455	10,305,553
Adriatic osiguranje d.d. Sarajevo	2,355,635	2,150,837	1,305,642	2,943,807
Euroherc osiguranje d.d. Sarajevo	2,116,752	1,917,025	1,112,287	1,683,163
	<u>100,018,717</u>	<u>88,174,404</u>	<u>80,410,064</u>	<u>80,498,042</u>

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

	Receivables		Liabilities	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Triglav osiguranje d.d Sarajevo	2,231,741	2,646,831	551,992	912,199
Adriatic osiguranje d.d. Sarajevo	499,157	485,608	329,807	228,167
ASA Central osiguranje d.d. Sarajevo	157,366	370,209	450,573	-
Sarajevo osiguranje d.d. Sarajevo	86,118	341,992	37,995	157,813
Euroherc osiguranje d.d. Sarajevo	63,033	47,434	-	8,107
	<u>3,037,415</u>	<u>3,892,074</u>	<u>1,370,367</u>	<u>1,306,286</u>

Management and Supervisory Board remuneration

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

	2025	2024
Management	517,299	528,269
Supervisory Board	68,900	68,900
	<u>586,199</u>	<u>597,169</u>

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28. 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.

29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

	31 December 2025	31 December 2024
Financial assets		
Loans and receivables (including cash and cash equivalents)	64,669,273	55,285,703
Financial assets available-for-sale	9,356,881	8,213,651
Financial assets held-to-maturity	21,450,889	21,005,655
	<u>95,477,043</u>	<u>84,505,009</u>
Financial liabilities		
At amortised cost	12,701,401	12,008,778
	<u>12,701,401</u>	<u>12,008,778</u>

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29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 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.

29.3 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.

29.4 Foreign currency risk management

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

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

<i>(amounts in KM)</i>	Assets		Liabilities	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
EUR	45,922,497	40,251,868	11,505,687	9,870,202

29.4.1 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.

<i>(amounts in KM)</i>	Gain or loss	
	2025	2024
Effects of change in EUR rate	3,441,681	3,038,167

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.

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.5 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 29.7.

29.5.1 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 2025 would increase / decrease by KM 213,993 (2024: KM 181,493).

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 29.1) 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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29. FINANCIAL INSTRUMENTS (CONTINUED)

29.7 Liquidity risk management

29.7.1 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 2025							
Non-interest bearing	-	3,177,232	9,578,941	1,033,722	18,170,145	-	31,960,040
Fixed interest rate instruments	3.04%	3,000,054	5,250,000	1,518,090	54,481,295	-	64,249,439
		6,177,286	14,828,941	2,551,812	72,651,440	-	96,209,479
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

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 2025							
Non-interest bearing	-	4,590,953	7,100,015	1,010,433	-	-	12,701,401
		4,590,953	7,100,015	1,010,433	-	-	12,701,401
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

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30. FAIR VALUE MEASUREMENT

30.1 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 2025	31 December 2024		
Financial assets available-for-sale (see Note 8)	<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
Financial liabilities	<p>Listed equity securities on stock exchanges in Bosnia and Herzegovina</p> <ul style="list-style-type: none"> • Adriatic osiguranje d.d., Sarajevo - KM 3,716,466 • Sarajevo osiguranje d.d., Sarajevo - KM 975,162 • Union banka d.d., Sarajevo - KM 309,026 • Privredna banka Sarajevo d.d., Sarajevo - KM 2,475 <p>Listed equity securities on stock exchanges in other countries:</p> <ul style="list-style-type: none"> • Sava reosiguranje d.d., Ljubljana, Slovenia - KM 65,031 • 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 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 	Level 1	Quoted bid prices in an active market.
	<p>Unlisted investment funds:</p> <ul style="list-style-type: none"> • OIF Triglav fondovi - KM 533,562 	<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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30. FAIR VALUE MEASUREMENT (CONTINUED)

30.2 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 2025		31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables:				
- deposits	42,798,550	40,390,627	36,298,550	34,441,561
Financial assets held-to-maturity	21,450,889	18,843,555	21,005,655	20,242,600
	64,249,439	62,566,802	57,304,205	54,684,161

	Fair value hierarchy as at 31 December 2025			
	Level 1	Level 2	Level 3	Total
Financial assets				
Loans and receivables:				
- deposits	-	42,798,550	-	42,798,550
Financial assets held-to-maturity	-	21,450,889	-	21,450,889
	-	64,249,439	-	64,249,439

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.

31. SUBSEQUENT EVENTS

There were no material events after the reporting period date and until the date of approval of these financial statements requiring adjustment or disclosure in the financial statements.

32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Management and authorised for issue on 25 March 2026.

Zlatan Filipović, Director

