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of Republic of Srpska

Annual report

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

for year 2022

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INTRODUCTORY WORD

The report on the state of the insurance sector in the Republic of Srpska for 2022 contains information about the state in the field of insurance and voluntary pension insurance, and it has been prepared on the basis of financial statements, auditor's, actuarial and other reports provided by the participants in the insurance and voluntary pension insurance market to the Insurance Agency of the Republic of Srpska pursuant to relevant legislation.

In 2022, there were 24 insurance companies operating on the insurance market of the Republic of Srpska, 14 of which were headquartered in the Republic of Srpska, and 10 in the Federation of BiH, which perform insurance business through a registered branch office in the Republic of Srpska. The Herfindahl Hirschman index and the fact that 17 insurance companies have an individual share in the total premium of less than 5% indicate that there is strong competition on the insurance market in the Republic of Srpska, which has been expressed for many years. Increased competition on the insurance market, viewed through the total number of insurance companies, and the fact that the share of the MTPL insurance premium is approximately 70% and more in 10 insurance companies based in the Republic of Srpska, may threaten the stability of the insurance sector.

In the insurance market of the Republic of Srpska, the total calculated premium was BAM 276.9 million, which is 7.3% more compared to the previous year. The premium of insurance companies based in the Republic Srpska increased by 6.5%, and the premium of branch offices of companies from FBiH is 9.6% higher on the market of the Republic of Srpska, compared to the previous year. The non-life insurance premium was higher by 8.4%, and the life insurance premium by 2.9%. From a nominal point of view, the life insurance premium realized by branch offices of insurance companies based in the FBiH increased materially more significantly on the market of the Republic of Srpska, compared to the premium realized by insurance companies based in the Republic of Srpska. In this context, it is important to emphasize that the MTPL insurance premium dominates with 60.5% in the premium structure of insurance companies based in the Republic of Srpska, while it participates with 34.9% in the premium structure of branch offices of insurance companies based in the FBiH written in the Republic of Srpska. Through representatives and brokers, 33.2% of the premium was written in the insurance market of the Republic of Srpska.

Regarding the operations of insurance companies based in the Republic of Srpska, which also includes operations in the FBiH, it should be noted that the calculated premium was higher by 8.1% and amounted to BAM 265.6 million. The total balance sum increased by 10.2%, within which technical reserves increased by 11.4%. It should be emphasized that capital, calculated technical reserves, mathematical reserve and reserve for profit share together made up 91.3% of the total liabilities of insurance companies, which is in accordance with the principles of performing insurance activities. The net result of the period is a profit in the amount of BAM 30.5 million, which resulted in a rate of return on capital of 18.0%. At the end of 2022, all insurance companies achieved a net profit for the period. The value of the combined ratio was below 100, which means that a positive result was achieved from the insurance business, as well as that the premium was sufficient to cover the obligations from the insurance contract. A total of BAM 109.8 million, or 29.5% more compared to the previous year, was paid to the

insured, third injured parties and beneficiaries based on the insurance contract. There were no significant changes in the value of efficiency rates in the settlement and payment of insurance liabilities. The solvency of the insurance sector observed through the fulfillment of capital adequacy requirements, the coverage of calculated technical reserves, and the solvency ratio was at a satisfactory level. The coefficient of general liquidity at the sector level was higher than 1, which reflects the ability to settle obligations within the due date.

Voluntary pension insurance activity was performed by a voluntary pension fund management company. As of 31 December 2022, the total number of active members of the voluntary pension fund was 36,416, which is 9.3% or 3,095 more than on the same day of the previous year. Of the total number of active members, 95.2% of members joined through pension plans of public companies and institutions. The average age of members of the voluntary pension fund was 47.8 years. Investments in bonds accounted for 82.6% of the total investments of the voluntary pension fund, and the net value of assets amounted to BAM 26.4 million and increased by 51.8%, due to the increase in the number of members.

Acting Director,
Draženka Janjanin

1. STRUCTURE OF THE SECTOR

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

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

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

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

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

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

2. INSURANCE

2.1. Insurance market

2.1.1. Participants in the insurance market

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

2.1.1.1. Insurance companies

At the insurance market of the Republic of Srpska, in 2022, a total of 14 insurance companies based in the Republic of Srpska operated in the insurance market of the Republic of Srpska, and they are presented in the table below by insurance activity, seat and the majority ownership structure as at 31 December 2022.

Table 1: Insurance companies from the RS

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

Извор: Централни регистар ХОВ

Of the 14 insurance companies based in the Republic of Srpska, 12 companies were registered to pursue the activity of non-life insurance, and 2 companies to pursue the activity of non-life and life insurance (composite insurance companies), whereby 8 insurance companies operated through their branch offices in the FBiH.

In 2022, a total of 10 branch offices of the insurance companies from the FBiH operated in the insurance market of the Republic of Srpska.

Ownership structure

As regards the ownership structure, as at 31 December 2022, a total of 10 insurance companies had majority domestic ownership and 4 insurance companies had majority foreign ownership.

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

Ownership	Number of insurance companies	Share in equity	Share in the total assets	Share in the invoiced premium
Majority domestic ownership	10	62.9%	41.5%	56.6%
Majority foreign ownership	4	37.1%	58.5%	43.4%
TOTAL	14	100.0%	100.0%	100.0%

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

The share of companies with the majority foreign capital in the equity was 37.1%. Insurance companies with majority foreign capital account for 58.5% of total assets and 43.4% of invoiced premium.

Human resources

As at 31 December 2022, a total of 1,560 persons were employed in the insurance companies based in the Republic of Srpska. The number and the qualification structure of the employees in the insurance companies are shown in the table below.

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

QUALIFICATION	31 Dec 2020		31 Dec 2021		31 Dec 2022		Index 2022/21
	number	%	number	%	number	%	
unskilled	7	0.4	5	0.3	5	0.3	100.0
semi-skilled	0	0.0	0	0.0	0	0.0	
primary education	0	0.0	0	0.0	0	0.0	
skilled	51	3.2	62	3.9	61	3.9	98.4
secondary education	836	52.7	815	51.9	785	50.3	96.3
two-year college degree	4	0.3	2	0.1	4	0.3	200.0
highly-skilled	78	4.9	67	4.3	69	4.4	103.0
university degree	578	36.4	590	37.6	601	38.5	101.9
MA	31	2.0	29	1.8	33	2.1	113.8
PhD	1	0.1	2	0.1	2	0.1	100.0
U K U P N O	1.586	100.0	1.572	100.0	1.560	100.0	99.2

Source: Reports of the insurance companies from the RS

In addition to that, a total of 317 persons were employed in branch offices of the insurance companies from the FBiH, and 7 persons were employed in the Protection Fund of the Republic of Srpska, which gives a total of 1,884 employees, including the employees in the insurance companies based in the Republic of Srpska. Apart from that, insurance agents and brokers (natural persons) and certified actuaries work in the insurance market as well, which is presented later in this chapter.

2.1.1.2. Insurance agents and brokers

As at 31 December 2022, the register of insurance agents and brokers kept by the Agency lists a total of:

- 569 insurance agents – natural persons, of which a total of 60 persons registered businesses as entrepreneurs,
- 17 insurance agency companies based in the Republic of Srpska (including Pošte Srpske, microcredit companies and banks) and 4 branch offices of the agency companies from the FBiH,
- 15 insurance brokers – natural persons,
- 6 brokerage companies based in the Republic of Srpska and 2 branch offices of the brokerage companies from the FBiH.

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

In 2022, the Agency organised training and held one accustomed and two unaccustomed examination for the professional knowledge verification required for obtaining the authorisation to pursue the activity of insurance agency and brokerage. A total of 116 candidates passed the professional examination.

2.1.1.3. Protection Fund of the Republic of Srpska

The Protection Fund of the Republic of Srpska (hereinafter referred to as: Protection Fund) was established pursuant to the Law on Liability Insurance for Motor Vehicles and other Compulsory Liability Insurance (Official Gazette of the Republic of Srpska, 102/09 – Consolidated text), as a separate legal person. The responsibility of the Protection Fund is set out in the Law on Compulsory Traffic Insurance (Official Gazette of the Republic of Srpska, 82/15 and 78/20). The Protection Fund is obliged to pay compensation for damage incurred in the territory of the Republic of Srpska to the injured third parties, if it was caused by an unknown vehicle (damage to persons¹) or a vehicle whose owner did not conclude an MTPL insurance contract (damage to persons and objects). In addition to that, the Protection Fund is obliged to pay compensation to injured parties if no contract on the compulsory accident insurance for passengers in public transport has been concluded and for any damage arising from MTPL insurance and insurance of passengers in public transport which could not be compensated from the bankruptcy estate or liquidation value of the insurance company.

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

The total income generated by the Protection Fund in 2022 was BAM 2.956.330 and were lower by 7.3%, compared to the previous year, of which 83.6% related to business income,

¹ With an exception set out in Article 51, paragraph (2) of the Law on Compulsory Traffic Insurance

financial income 4.2% and other income 12.2%. The decrease in total income was influenced by a decrease in business income due to a decrease in the determined contributions of insurance companies for 2022, and due to less planned income based on contributions from the Protection Fund, and a decrease in income based on recourse claims.

Total expenses amounted to BAM 2,335,996 and were lower by 16.7%, and they consisted of business expenses (75.8%), expenses on the basis of value correction and write-off of receivables (23.3%) and expenses from adjusting the value of assets (0.9%). The decrease in total expenses was influenced by a decrease in the cost of provisioning for claims, resulting from a lower number of reported claims and an increase in the amount of claims paid compared to the previous year, as well as a decrease in expenses for corrections and write-offs of recourse claims. The Protection Fund realized an excess of income over expenses in the amount of BAM 620,334.

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

Table 4: Claims towards the Protection Fund

Claims	2020	2021	2022	Index 2022/2021
1. Registered in the current period and reactivated	363	309	291	94.2
2. Transferred from the previous period	136	102	101	99.0
3. Total number of claims (1+2)	499	411	392	95.4
4. Claims rejected	95	75	78	104.0
5. Claims processed, less the rejected ones	302	235	228	97.0
6. Number of claims paid	302	235	228	97.0
7. Amount of claims paid (BAM)	1,191.099	1,112.275	1,132,738	101.8

Source: Report of the Protection Fund

In comparison with the previous year, the total number of claims in 2022 decreased, while the amount of claims paid increased. All processed claims have been paid. The average value of the paid claim was BAM 4,968 and was higher by 5.0%.

2.1.1.4. Certified actuaries

In accordance with the international insurance standards, it is of utmost importance to provide an adequate number of qualified actuaries. As at 31 December 2022, a total of 40 persons were on the Register of Certified Actuaries kept by the Agency. The up-to-date extract from the Register of Certified Actuaries is available on the website of the Agency (www.azors.rs.ba).

2.1.2. Insurance market development indicators

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

Table 5: Premium and macroeconomic indicators²

Country		Premium/population (in USD)			Premium/GDP (%)			Life insurance / total premium (%)		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
BiH	RS	118.5	122.2	138.3	2.1	2.1	2.1	18.4	19.2	20.6
	FBiH	137.5	138.0	156.2	2.3	2.3	2.2	21.9	21.4	21.7
Austria		2,239.0	2,310.0	2,479.0	4.5	4.7	4.6	30.8	29.9	29.1
Bulgaria		235.0	238.0	281.0	2.4	2.4	2.4	12.2	12.0	15.1
Greece		464.0	457.0	510.0	2.4	2.6	2.5	49.5	47.3	50.7
Hungary		401.0	396.0	444.0	2.4	2.5	2.4	44.4	44.2	45.3
Romania		133.0	141.0	166.0	1.0	1.1	1.1	18.9	17.7	19.2
Slovenia		1,073.0	1,071.0	1,047.0	5.2	5.5	5.0	29.8	29.3	28.5
Serbia		147.0	154.0	177.0	1.9	2.0	1.9	21.6	22.4	21.5
Turkey		135.0	128.0	124.0	1.5	1.5	1.3	17.6	18.9	17.9
Croatia		389.0	391.0	473.0	2.5	2.8	2.7	29.1	25.3	24.9
Czech Republic		676.0	675.0	771.0	2.8	2.9	2.9	32.0	30.7	28.6

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

The share of the premium in the GDP was approximately at the same level as in other countries in the region with a similar level of insurance market development. The amount of the premium per capita is low throughout the observed period, where it should be noted that the share of the life insurance premium in the total premium reached the level of 20%.

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

The table below provides an overview of the total premium written in the insurance market of the Republic of Srpska³, for 2020, 2021 and 2022.

Table 6: Insurance premium written in the RS market

No.	Entities in the RS market	Premium written in the market of the Republic of Srpska						Index 2022/21
		2020		2021		2022		
		Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
1.	RS COMPANIES	181,422,362	76.1	191,995,945	74.4	204,446,727	73.8	106.5
1.1.	Non-life insurance	157,116,037	65.9	165,668,950	64.2	177,786,431	64.2	107.3
1.2.	Life insurance	24,306,325	10.2	26,326,995	10.2	26,660,296	9.6	101.3
2.	BRANCH OFFICES OF FBiH COMPANIES	56,872,581	23.9	66,092,689	25.6	72,411,832	26.2	109.6
2.1.	Non-life insurance	35,542,125	14.9	39,161,754	15.2	44,291,917	16.0	113.1
2.2.	Life insurance	21,330,456	9.0	26,930,935	10.4	28,119,915	10.2	104.4
TOTAL		238,294,943	100.0	258,088,634	100.0	276,858,559	100.0	107.3

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

The premium written in the insurance market of the Republic of Srpska in the period from 1 January to 31 December 2022, was BAM 276,858,559 and it was higher, compared to the same period of the previous year, by BAM 18,769,925 or 7.3%. The premium written in the

² In the period of preparation of this report, the comparative statistics for 2022 were not available.

³ The total premium written in the insurance market of the Republic of Srpska was calculated in such a manner that the total premium generated by the insurance companies based in the Republic of Srpska was decreased by the premium generated by those companies in the FBiH, and increased by the premium which branch offices of the insurance companies based in the FBiH generated in the Republic of Srpska.

branch offices of insurance companies from FBiH is higher by 9.6%, while the premium written in the insurance companies from the Republic of Srpska is higher by 6.5%.

The table below shows the structure of the premium written in the insurance market in the Republic of Srpska, by type of insurance, for 2020, 2021 and 2022.

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

Type of insurance	2020		2021		2022		Index 2022/21
	Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
Accident insurance	13,822,492	5.8	14,248,749	5.6	15,718,688	5.7	110.3
Land vehicle insurance (except for railway vehicles)	18,361,681	7.7	20,236,360	7.8	22,922,415	8.3	113.3
Insurance of property against fire and natural forces	8,340,874	3.5	9,051,057	3.5	10,062,016	3.6	111.2
Insurance against other types of property damage	9,609,346	4.0	9,798,332	3.8	12,015,599	4.3	122.6
MTPL insurance	135,408,942	56.8	142,120,068	55.1	148,913,859	53.8	104.8
Other	7,114,827	3.0	9,376,139	3.6	12,445,770	4.5	132.7
Total non-life insurance	192,658,162	80.8	204,830,704	79.4	222,078,347	80.2	108.4
Life insurance	45,636,781	19.2	53,257,930	20.6	54,78,212	19.8	102.9
Total	238,294,943	100.0	258,088,634	100.0	276,858,559	100.0	107.3

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

Out of the total premium written in the insurance market of the Republic of Srpska in 2022, a total of BAM 222,078,347 or 80.2% referred to the non-life insurance premium, while a total of BAM 54,780,212 or 19.8% referred to the life insurance premium written. In comparison with the previous year, the non-life insurance premium written increased by 8.4%, and the life insurance premium by 2.9%. The MTPL insurance premium with 60.5% dominates the premium structure of insurance companies based in the Republic of Srpska.

2.1.4. Market structure and concentration

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

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

No.	Share of the insurance companies from the Republic of Srpska and branch offices of the companies from the FBiH in the total premium written in the market of the Republic of Srpska			
	Insurance company from the RS / Branch office of the companies from the FBiH	2020	2021	2022
1.	D.D. Brčko gas osiguranje	4.8%	4.4%	4.4%
2.	Grawe osiguranje a.d.	13.8%	13.8%	13.0%
3.	Drina osiguranje a.d.	8.5%	7.6%	7.4%
4.	Dunav osiguranje a.d.	7.0%	6.8%	6.7%
5.	Euros osiguranje a.d.	4.0%	3.7%	3.3%
6.	Wiener osiguranje a.d.	7.0%	7.0%	7.4%
7.	Krajina osiguranje a.d.	1.8%	1.6%	2.1%
8.	Mikrofin osiguranje a.d.	3.2%	3.3%	3.5%
9.	Nešković osiguranje a.d.	6.8%	6.5%	6.0%
10.	Osiguranje Aura a.d.	6.5%	6.6%	6.3%

No.	Share of the insurance companies from the Republic of Srpska and branch offices of the companies from the FBiH in the total premium written in the market of the Republic of Srpska			
	Insurance company from the RS / Branch office of the companies from the FBiH	2020	2021	2022
11.	Osiguranje Garant a.d.	4.6%	4.5%	4.2%
12.	Premium osiguranje a.d.	2.0%	2.9%	3.6%
13.	SAS-SuperP osiguranje a.d.	1.5%	1.3%	1.2%
14.	Triglav osiguranje a.d.	4.7%	4.5%	4.7%
15.	Asa osiguranje d.d.	3.1%	3.3%	3.5%
16.	Adriatic osiguranje d.d.	2.8%	2.6%	2.4%
17.	Camelija osiguranje d.d.	0.3%	0.4%	0.6%
18.	Central osiguranje d.d.	1.4%	1.5%	1.9%
19.	Croatia osiguranje d.d.	0.6%	0.7%	0.8%
20.	Euroherc osiguranje d.d.	3.2%	2.9%	2.9%
21.	SARAJEVO osiguranje d.d.	1.4%	1.5%	1.5%
22.	Vienna osiguranjed.d.	3.8%	3.6%	3.6%
23.	UNIQA osiguranje d.d.	5.9%	7.0%	7.3%
24.	Triglav osiguranje d.d.	1.4%	2.1%	1.6%
	TOTAL	100.0%	100.0%	100.0%

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

The overview below shows the level of concentration of the insurance market in the Republic of Srpska, by peer group, which shows that there were no significant changes when it comes to the number of insurance companies by peer group, and that there was no insurance company whose share in the total premium written was higher than 15%, while only one company is in the group of 10-15% of the share in the total premium written.

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

Share	Share of the insurance companies from the Republic of Srpska and branch offices of the companies from the FBiH in the total premium in the market of the Republic of Srpska, by peer group					
	2020		2021		2022	
	Total share	Number of insurance companies	Total share	Number of insurance companies	Total share	Number of insurance companies
below 5%	44.6%	17	44.8%	17	45.9%	17
5-10%	41.6%	6	41.4%	6	41.1%	6
10-15%	13.8%	1	13.8%	1	13.0%	1
above 15%	0.0%	0	0	0	0	0

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

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

there were many companies with a proportionally low share, around 0%, the index would be close to 0, indicating perfect competition in the market. If the Herfindahl-Hirschman Index is between 1,000 and 1,800, it is considered that there is moderate concentration in the market. Taking into account that the Herfindahl-Hirschman Index in 2022 was 603 points, it may be concluded that there was fairly strong competition in the insurance market of the Republic of Srpska.

2.1.5. Premium written by insurance companies

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

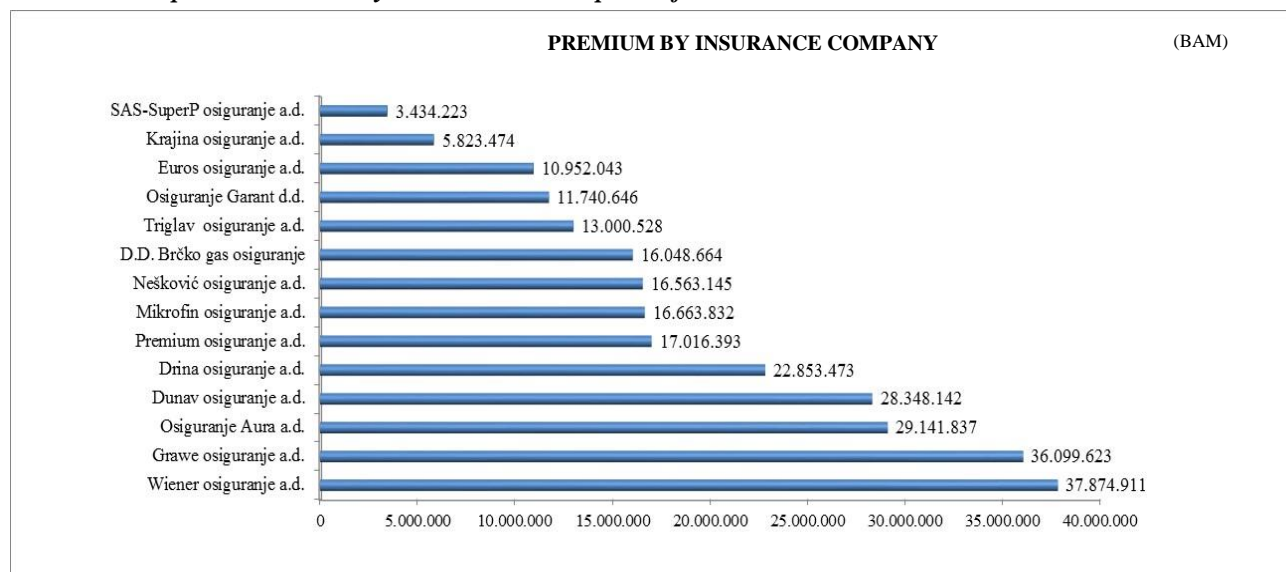
The total premium written in the period from 1 January to 31 December 2022, and generated by the insurance companies based in the Republic of Srpska, including the premium generated by these insurance companies in the insurance market of the FBiH, was BAM 265,560,934 (of which BAM 204,446,727 in the Republic of Srpska and BAM 61,114,207 in FBiH). In comparison with the same period of the previous year, the premium written by the insurance companies based in the Republic of Srpska was higher by BAM 19,946,206 or 8.1%.

The table below provides an overview of the premium written by the insurance companies based in the Republic of Srpska for 2020, 2021 and 2022.

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

No.	NAME OF THE COMPANY IN THE RS	Premium written						Index 2022/21
		2020		2021		2022		
		Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
	NON-LIFE INSURANCE							
1.	D.D. Brčko gas osiguranje	16,578,043	7.3	16,083,806	6.5	16,048,664	6.0	99.8
2.	Grawe osiguranje a.d.	9,959,302	4.4	10,778,553	4.4	11,129,779	4.2	103.3
3.	Drina osiguranje a.d.	23,045,841	10.2	22,138,712	9.0	22,853,473	8.6	103.2
4.	Dunav osiguranje a.d.	23,617,908	10.4	25,965,457	10.6	28,348,142	10.7	109.2
5.	Euros osiguranje a.d.	11,135,097	4.9	11,786,329	4.8	10,952,043	4.1	92.9
6.	Wiener osiguranje a.d.	25,652,585	11.3	29,117,354	11.9	34,956,301	13.2	120.1
7.	Krajina osiguranje a.d.	4,401,240	1.9	4,238,903	1.7	5,823,474	2.2	137.4
8.	Mikrofin osiguranje a.d.	11,645,609	5.1	14,192,989	5.8	16,663,832	6.3	117.4
9.	Nešković osiguranje a.d.	16,235,462	7.2	16,718,775	6.8	16,563,145	6.2	99.1
10.	Osiguranje Aura a.d.	24,230,036	10.7	27,606,984	11.2	29,141,837	11.0	105.6
11.	Osiguranje Garant d.d.	11,225,944	5.0	11,920,751	4.9	11,740,646	4.4	98.5
12.	Premium osiguranje a.d.	8,768,640	3.9	12,612,568	5.1	17,016,393	6.4	134.9
13.	SAS-SuperP osiguranje a.d.	3,487,593	1.5	3,401,603	1.4	3,434,223	1.3	101.0
14.	Triglav osiguranje a.d.	11,153,030	4.9	11,523,222	4.7	13,000,528	4.9	112.8
	TOTAL NON-LIFE INSURANCE	201,136,330	88.7	218,086,007	88.8	237,672,480	89.5	109.0
	LIFE INSURANCE							
1.	Grawe osiguranje a.d.	23,021,827	10.1	24,870,928	10.1	24,969,844	9.4	100.4
2.	Wiener osiguranje a.d.	2,612,577	1.2	2,657,793	1.1	2,918,610	1.1	109.8
	TOTAL LIFE INSURANCE	25,634,404	11.3	27,528,721	11.2	27,888,454	10.5	101.3
	TOTAL PREMIUM	226,770,734	100.0	245,614,728	100.0	265,560,934	100.0	108.1

Source: Reports of the insurance companies from the RS

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

Source: Reports of the insurance companies from the RS

The table below provides an overview of the premium of the insurance companies based in the Republic of Srpska written in the FBiH, for 2020, 2021 and 2022.

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

No.	NAME OF THE COMPANY	Obračunata premija						INDEX 2022/21
		2020		2021		2022		
		Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
NON-LIFE INSURANCE								
1.	D.D. Brčko-gas osiguranje	5,256,912	11.6	4,713,681	8.8	3,927,865	6.4	83.3
2.	Drina osiguranje a.d.	2,825,929	6.2	2,543,983	4.7	2,473,806	4.0	97.2
3.	Dunav osiguranje a.d.	6,850,417	15.1	8,461,470	15.8	9,813,574	16.1	116.0
4.	Wiener osiguranje a.d.	10,327,928	22.8	12,614,177	23.5	16,190,750	26.5	128.4
5.	Mikrofin osiguranje a.d.	3,958,064	8.7	5,774,772	10.8	6,851,610	11.2	118.6
6.	Osiguranje Aura a.d.	8,799,719	19.4	10,541,533	19.7	11,671,961	19.1	110.7
7.	Premium osiguranje a.d.	4,035,316	8.9	5,180,675	9.7	7,025,585	11.5	135.6
8.	Euros osiguranje a.d.	1,674,038	3.7	2,151,629	4.0	1,930,897	3.2	89.7
9.	Osiguranje Garant d.d.	291,971	0.6	435,137	0.8	-	-	-
	TOTAL NON-LIFE INSURANCE	44,020,293	97.1	52,417,057	97.8	59,886,050	98.0	114.2
LIFE INSURANCE								
1.	Wiener osiguranje a.d.	1,328,079	2.9	1,201,726	2.2	1,228,157	2.0	102.2
	TOTAL LIFE INSURANCE	1,328,079	2.9	1,201,726	2.2	1,228,157	2.0	102.2
	TOTAL PREMIUM	45,348,372	100.0	53,618,783	100.0	61,114,207	100.0	114.0

Source: Reports of the insurance companies from the RS

The premium of the insurance companies based in the Republic of Srpska written in the FBiH totalled BAM 61,114,207, which was higher by 14.0% in comparison with the previous year and which constituted 23.0% of the total premium of the insurance companies based in the Republic of Srpska. The non-life insurance premium was dominant in the structure of this premium with 98.0%.

Portfolio structure

The table below shows the structure of the total premium written by the insurance companies based in the Republic of Srpska, by type of insurance, for 2020, 2021 and 2022, whereby the *Other* category refers to 13 groups of non-life insurance, whose individual share in the total premium is around one per cent.

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

Type of insurance	2020		2021		2022		Index 2022/21
	Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
Accident insurance	13,563,651	6.0	14,927,375	6.1	17,445,775	6.6	116.9
Land vehicle insurance (except for railway vehicles)	14,568,057	6.4	16,659,847	6.8	18,797,721	7.1	112.8
Insurance of property against fire and natural forces	7,599,229	3.4	8,052,132	3.3	8,803,700	3.3	109.3
Insurance against other types of property damage	11,320,847	5.0	11,989,610	4.9	16,023,517	6.0	133.6
MTPL insurance	147,028,120	64.8	157,679,958	64.2	164,492,362	61.9	104.3
Other	7,056,426	3.1	8,777,085	3.6	12,109,406	4.6	138.0
Total non-life insurance	201,136,330	88.7	218,086,007	88.8	237,672,480	89.5	109.0
Life insurance	25,634,404	11.3	27,528,721	11.2	27,888,454	10.5	101.3
Ukupno	226,770,734	100.0	245,614,728	100.0	265,560,934	100.0	108.1

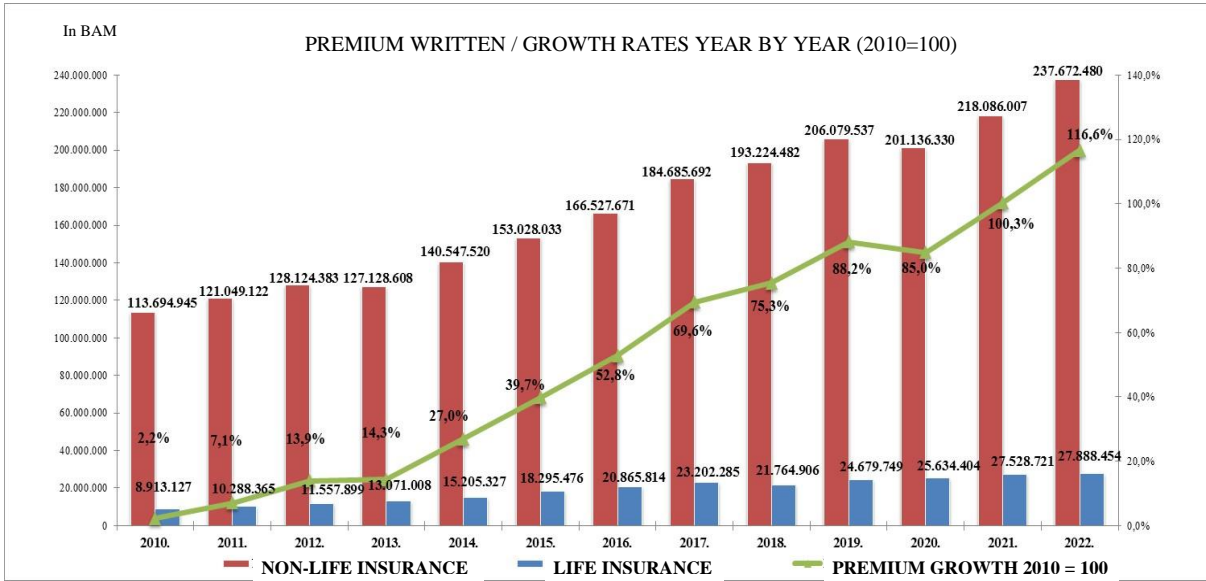
Source: Reports of the insurance companies from the RS

Of the total premium written in 2022, a total of BAM 237,672,480 or 89.5% % referred to the non-life insurance premium, while the life insurance premium written totalled BAM 27,888,454 or 10.5%. In comparison with the previous year the non-life insurance premium written was higher by 9.0%, while the life insurance premium written was higher by 1.3%.

The compulsory MTPL insurance premium had the highest share in the total MTPL insurance premium with 99.4%. The share of the compulsory MTPL insurance premium in the total insurance premium written by the insurance companies based in the Republic of Srpska was 61.6%, while its share in the total non-life insurance premium written was 68.8%, and it did not change significantly in comparison with the previous year.

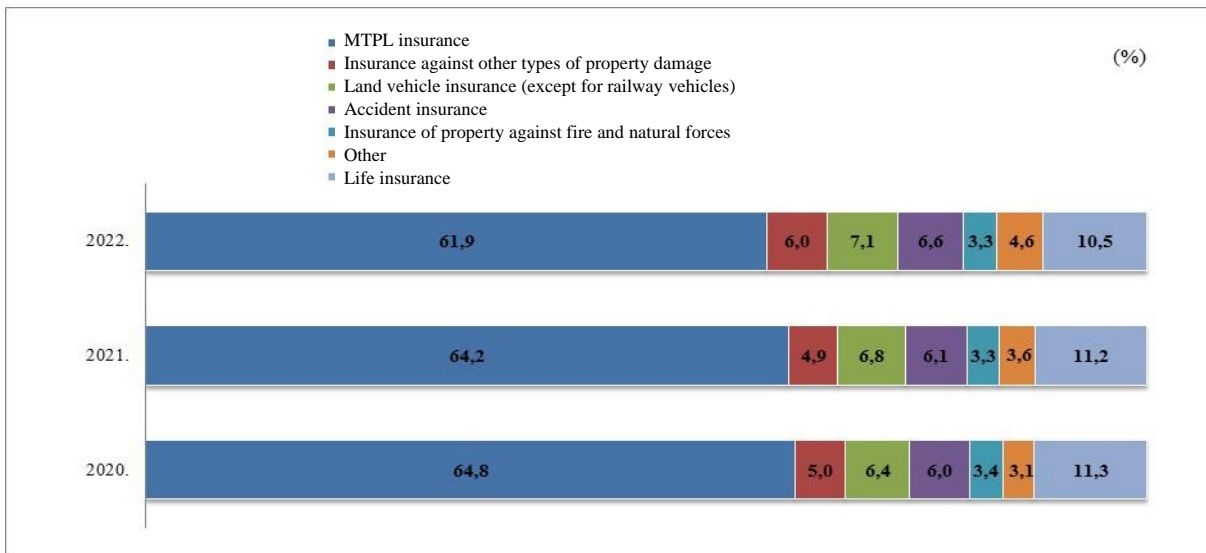
A series of charts illustrating the premiums written by the insurance companies based in the Republic of Srpska are given below.

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



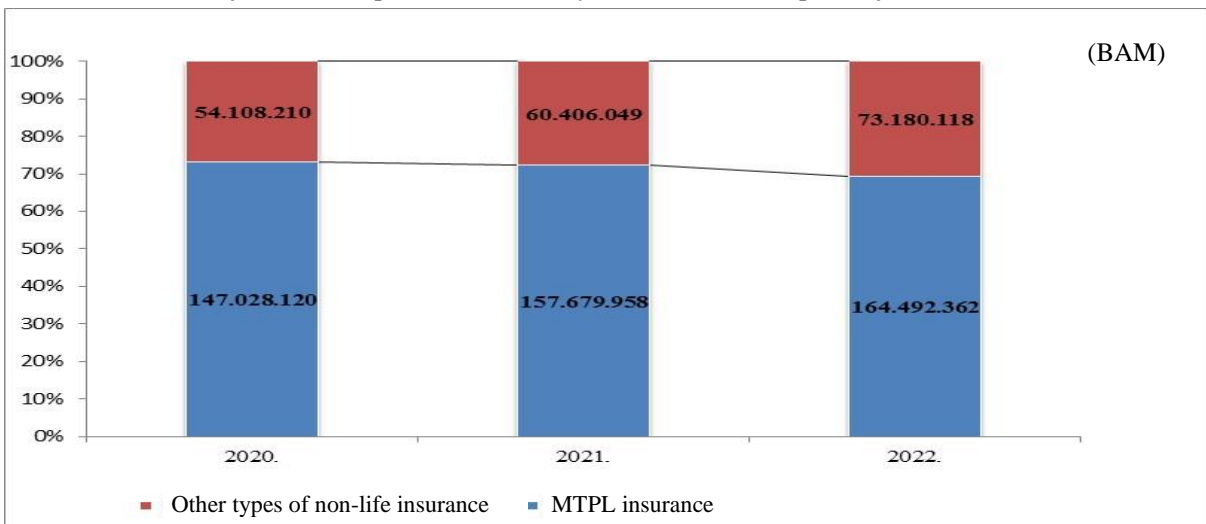
Source: Reports of the insurance companies from the RS

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



Source: Reports of the insurance companies from the RS

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



Source: Reports of the insurance companies from the RS

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

The share of branch offices of the insurance companies from the FBiH in the total premium written in the insurance market of the Republic of Srpska was 26.2%, or in the amount of BAM 72,411,832.

The table below provides an overview of the premium written in the insurance market in the Republic of Srpska by branch offices of the companies from the FBiH for 2020, 2021 and 2022.

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

No.	Branch offices of the insurance companies from the FBiH operating in the RS	Premium written						Index 2022/21
		2020		2021		2022		
		Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
NON-LIFE INSURANCE								
1.	Asa osiguranje d.d.	7,465,924	13.1	8,526,054	12.9	9,603,484	13.3	112.6
2.	Adriatic osiguranje d.d.	6,491,652	11.4	6,626,311	10.0	6,677,269	9.2	100.8
3.	Camelija osiguranje d.d.	627,779	1.1	1,028,296	1.6	1,777,454	2.5	172.9
4.	Central osiguranje d.d.	3,257,209	5.7	3,977,326	6.0	5,339,647	7.4	134.3
5.	Croatia osiguranje d.d.	1,413,343	2.5	1,689,931	2.6	2,060,610	2.8	121.9
6.	Euroherc osiguranje d.d.	7,669,724	13.5	7,421,454	11.2	8,015,997	11.1	108.0
7.	SARAJEVO osiguranje	3,291,904	5.8	3,931,947	5.9	4,230,297	5.8	107.6
8.	Vienna osiguranje d.d.	152,432	0.3	274,770	0.4	519,323	0.7	189.0
9.	UNIQA osiguranje d.d.	5,172,159	9.1	5,496,992	8.3	5,833,526	8.1	106.1
10.	Triglav osiguranje d.d.			188,672	0.3	234,310	0.3	124.2
TOTAL NON-LIFE INSURANCE		35,542,125	62.5	39.161.754	59.3	44.291.917	61.2	113.1
LIFE INSURANCE								
1.	Adriatic osiguranje d,d,	117,555	0.2	68,090	0.1	60,975	0.1	89.6
2.	Croatia osiguranje d,d,	120,961	0.2	117,677	0.2	112,059	0.2	95.2
3.	Vienna osiguranje d,d,	8,861,762	15.6	9,076,338	13.7	9,318,923	12.9	102.7
4.	UNIQA osiguranje d,d,	8,780,429	15.4	12,455,942	18.8	14,425,091	19.9	115.8
5.	Triglav osiguranje d,d,	3,449,749	6.1	5,212,887	7.9	4,202,868	5.8	80.6
TOTAL LIFE INSURANCE		21,330,456	37,5	26.930.935	40.7	28.119.915	38.8	104.4
TOTAL PREMIUM		56,872,581	100,0	66.092.689	100.0	72.411.832	100.0	109.6

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

In the structure of premium of branch offices of the insurance companies from the FBiH, which was generated in the insurance market of the Republic of Srpska in 2022, the share of non-life insurance was 61.2%, and the share of life insurance was 38.8%. The non-life insurance premium generated in the Republic of Srpska by branch offices of the insurance companies based in the FBiH is higher by 13.1%, and the life insurance premium increased by 4.4%, in comparison with 2021. In nominal terms, life insurance premiums realized by branch offices of insurance companies based in FBiH increased significantly, in relation to the premium realized by insurance companies based in the Republic of Srpska. MTPL insurance premium had a share of 34.9% in the total premium written by the branch offices of insurance companies based in FBiH.

2.1.6. Premium written through insurance agents and brokers

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

The table below provides an overview of the premium written through insurance agents and brokers in the insurance market in the Republic of Srpska 2021 and 2022.

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

No.	Entities in the market	2021				2022			
		Premium written through insurance agents		Premium written through insurance brokers		Premium written through insurance agents		Premium written through insurance brokers	
		Amount (BAM)	Share in the total premium written	Amount (BAM)	Share in the total premium written	Amount (BAM)	Share in the total premium written	Amount (BAM)	Share in the total premium written
1.	INSURANCE COMPANIES FROM THE RS	44,142,315	23.0%	7,554,601	3.9%	48,965,714	24.0%	11,772,011	5.8%
1.1.	Non-life insurance	20,680,277	12.5%	7,412,519	4.5%	25,332,723	14.2%	11,642,095	6.5%
1.2.	Life insurance	23,462,038	89.1%	142,082	0.5%	23,632,991	88.6%	129,916	0.5%
2.	BRANCH OFFICES OF THE COMPANIES FROM THE FBiH	25,292,541	38.3%	707,069	1.1%	29,529,788	40.8%	1,533,779	2.1%
2.1.	Non-life insurance	4,629,045	11.8%	700,317	1.8%	8,489,860	19.2%	1,528,693	3.5%
2.2.	Life insurance	20,663,496	76.7%	6,752	0.0%	21,039,928	74.8%	5,086	0.0%
UKUPNO		69,434,856	26.9%	8,261,670	3.2%	78,495,502	28.4%	13,305,790	4.8%

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

In 2022, the premium in the insurance market of the Republic of Srpska written through insurance agents and brokers totalled BAM 91,801,292 or 33.2% of the total premium written, and it is higher by 18.2%, in comparison with the previous year. The premium written through insurance agents totalled BAM 78,495,502 or 28.4% of the total premium, while BAM 13,305,790 or 4.8% of the total premium was written through insurance brokers.

The non-life insurance premium written through insurance agents and brokers totalled BAM 46,993,371 KM or 21.1% of the non-life insurance premium, and it is higher by 40.6% compared to the same period of the previous year. Through insurance agents and brokers, BAM 44,807,921 or 81.7% of life insurance premiums were written.

The table below provides an overview of the premium written through insurance agents and brokers in the Republic of Srpska, by type of insurance, for 2021 and 2022.

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

Types of insurance	2021				2022			
	Premium written through insurance agents		Premium written through insurance brokers		Premium written through insurance agents		Premium written through insurance brokers	
	Amount (BAM)	Share in the premium written, by the types of insurance	Amount (BAM)	Share in the premium written, by the types of insurance	Amount (BAM)	Share in the premium written, by the types of insurance	Amount (BAM)	Share in the premium written, by the types of insurance
Accident insurance	2,379,588	16.7%	3,211,661	22.5%	2,254,369	14.3%	3,617,140	23.0%
Land vehicle insurance (except for railway vehicles)	2,336,420	11.5%	529,315	2.6%	2,910,635	12.7%	647,281	2.8%
Insurance of property against fire and natural forces	848,133	9.4%	1,085,821	12.0%	1,287,184	12.8%	1,214,700	12.1%
Insurance against other types of property damage	737,943	7.5%	1,518,544	15.5%	1,048,455	8.7%	4,196,926	34.9%
MTPL insurance	17,488,683	12.3%	189,206	0.1%	23,553,534	15.8%	712,068	0.5%
Other	1,518,555	16.2%	1,578,289	16.8%	2,768,406	22.2%	2,782,673	22.4%
Total non-life insurance	25,309,322	12.4%	8,112,836	4.0%	33,822,583	15.2%	13,170,788	5.9%
Total life insurance	44,125,534	82.9%	148,834	0.3%	44,672,919	81.5%	135,002	0.2%
TOTAL	69,434,856	26.9%	8,261,670	3.2%	78,495,502	28.4%	13,305,790	4.8%

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

The highest share of the premium written through insurance agents was recorded in types of life insurance, and the highest share of the premium written through insurance brokers in the form of other property damage insurance and accident insurance.

Nominally observed, the largest amount of premium written through agents was recorded in life insurance and the type of MTPL insurance, and through brokers in other property damage insurance and accident insurance.

The MTPL insurance premium, written through insurance agents and brokers, had a share of 16.3% of the total premium written for this type of insurance.

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

The premium written by insurance companies based in the Republic of Srpska through insurance agents and brokers, in 2022, amounted to BAM 83,810,231 or 31.6% of the total premium written. Compared to the same period of the previous year, the premium written through these sales channels was higher by BAM 12,297,633 or 17.2%.

The table below provides an overview of the premium of the insurance companies based in the Republic of Srpska, written through insurance agents and brokers for 2021 and 2022, by type of insurance.

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

Type of insurance	2021				2022			
	Premium written through agents		Premium written through brokers		Premium written through agents		Premium written through brokers	
	Amount (BAM)	Share in the premium written, by the types of insurance	Amount (BAM)	Share in the premium written, by the types of insurance	Amount (BAM)	Share in the premium written, by the types of insurance	Amount (BAM)	Share in the premium written, by the types of insurance
Accident insurance	3,863,404	25.9%	3,299,673	22.1%	4,509,163	25.8%	3,700,139	21.2%
Land vehicle insurance (except for railway vehicles)	2,544,810	15.3%	807,521	4.8%	3,012,797	16.0%	911,386	4.8%
Insurance of property against fire and natural forces	1,107,281	13.8%	1,366,506	17.0%	1,385,807	15.7%	1,396,835	15.9%
Insurance against other types of property damage	665,560	5.6%	3,727,954	31.1%	948,566	5.9%	7,796,712	48.7%
MTPL insurance	26,448,183	16.8%	260,101	0.2%	30,008,440	18.2%	261,665	0.2%
Other	1,467,356	16.7%	1,971,922	22.5%	2,511,740	20.7%	3,298,334	27.2%
Total non-life insurance	36,096,594	16.6%	11,433,677	5.2%	42,376,513	17.8%	17,365,071	7.3%
Total life insurance	23,840,245	86.6%	142,082	0.5%	23,938,732	85.8%	129,915	0.5%
TOTAL	59,936,839	24.4%	11,575,759	4.7%	66,315,245	25.0%	17,494,986	6.6%

Source: Reports of the insurance companies from the RS

The premium written by the insurance companies based in the Republic of Srpska through insurance agents totalled BAM 66,315,245 or 25.0% of the total premium, while the premium written through an insurance broker totalled BAM 17,494,986 or 6.6% of the total premium.

In 2022, The non-life insurance premium written by the insurance companies based in the Republic of Srpska through insurance agents and brokers totalled BAM 59,741,584 (25.1% of the total non-life insurance premium written) and it was higher by 25.7% compared to the same period of the previous year. A total of BAM 24,068,647 or 86.3% of the life insurance premium was written by insurance agents and brokers.

The highest share of the premium written through insurance agents was recorded in types of life insurance, and the highest share of the premium written through insurance brokers in the type of other property damage insurance, of the total premium written for this type of insurance.

Nominally observed, the largest amount of premium written through agents was recorded in types of MTPL insurance and life insurance, and through a broker in other types of property damage insurance and accident insurance.

The share of the MTPL insurance premium, written through insurance agents and brokers, was 18,4% of the total premium written for this type of insurance.

2.2. Bilance structure

On the basis of the audited financial statements submitted by the insurance companies for 2022, this chapter provides a comparative overview and an analysis of the main balance items for 2021 and 2022.

2.2.1. Balance sheet

As at 31 December 2022, the value of the operating assets and liabilities of the insurance companies based in the Republic of Srpska was BAM 619,549,399 which was higher by 9.9% in comparison with 31 December 2021.

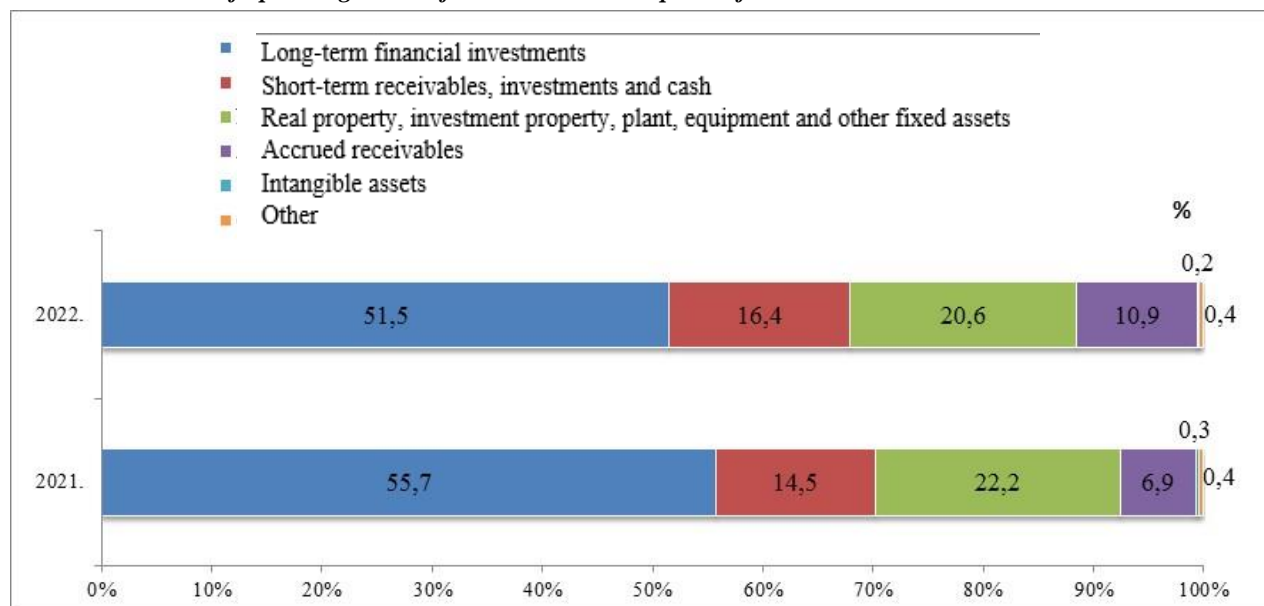
The table below provides a brief overview of the aggregate balance sheet assets of the insurance companies for 2021 and 2022.

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

ASSETS	31 December 2021		31 December 2022		Index 2022/21
	Amount (BAM)	Share	Amount (BAM)	Share	
A. FIXED ASSETS (I+II+III+IV)	440,920,866	78.2%	448,336,473	72.4%	101.7
I - Intangible assets	1,595,916	0.3%	1,511,110	0.2%	94.7
II - Real property, investment property, plant, equipment and other fixed assets (1+2+3)	125,362,107	22.2%	127,722,891	20.6%	101.9
1. Land, buildings, plant and equipment	42,495,125	7.5%	43,036,794	6.9%	101.3
2. Investment property	73,930,309	13.1%	76,794,659	12.4%	103.9
3. Other fixed assets	8,936,673	1.6%	7,891,438	1.3%	88.3
III - Long-term financial investments (1+2)	313,962,843	55.7%	319,102,472	51.5%	101.6
1. Share in the capital of related, associated and other legal persons	5,204,485	0.9%	4,580,795	0.7%	88.0
2. Long-term financial investments to parent, related and other associated legal persons, domestic and foreign long-term financial investments, financial assets held to maturity, financial assets available for sale, and other long-term financial investments	308,758,358	54.8%	314,521,677	50.8%	101.9
IV - Deferred tax assets					
B. CURRENT ASSETS (I+II+III+IV)	122,629,626	21.8%	171,212,926	27.6%	139.6
I - Inventories, fixed assets and assets of discontinued operations available for sale	1,809,895	0.3%	1,859,180	0.3%	102.7
II - Short-term receivables, investments and cash	81,725,216	14.5%	101,409,534	16.4%	124.1
1. Receivables from premiums, participation in compensation for damage and other purchasers	13,729,315	2.4%	16,683,466	2.7%	121.5
2. Receivables from specific business operations and other receivables	9,092,358	1.6%	7,066,508	1.1%	77.7
3. Short-term financial investments	32,459,447	5.8%	45,450,002	7.3%	140.0
4. Cash	26,444,096	4.7%	32,209,558	5.2%	121.8
III - Accrued receivables	38,814,661	6.9%	67,656,597	10.9%	174.3
IV - Deferred tax assets	279,854	0.0%	287,615	0.0%	102.8
OPERATING ASSETS (A+B)	563,550,492	100.0%	619,549,399	100.0%	109.9
OFF-BALANCE-SHEET ASSETS	11,841,195		14,371,470		121.4
TOTAL ASSETS	575,391,687		633,920,869		110.2

Source: Balance sheets of the insurance companies from the RS

The chart below shows the structure of operating assets for 2021 and 2022.

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

Source: Balance sheets of the insurance companies from the RS

In the structure of operating assets, as at 31 December 2022, the share of fixed assets was 72.4%, and the share of current assets was 27.6%.

In comparison with the balance as at 31 December 2021, the amount of fixed assets increased (1.7%), and within this item, the amount of real property, investment property, plant, equipment and other fixed assets increased (1.9%) and the amount of long-term financial investments increased (1.6%). The increase in the amount of real property, investment property, plant, equipment and other fixed assets was the result of the increase in the amount of investment property and other fixed assets. In the framework of long-term financial placements, an increase was recorded in the items financial assets held to maturity and financial assets available for sale, due to the increase in investments in bonds issued by the Republic of Srpska. In the position of long-term financial placements, there was a decrease in the share of capital of dependent, associated and other legal entities by 12.0% (reduction of the share of one insurance company in the capital of other legal entities) and long-term financial placements in the country by 19.7% (time deposits), and which is connected with the increase of short-term investments in deposits, that is, an increase in part of long-term investments in deposits that are due for payment within one year. The reduction in the position of intangible assets (5.3%) has no material significance, because the share of this position in business assets is only 0.2%.

The amount of current assets increased by 39.6%, and within this item, there was an increase in the positions of inventory, fixed assets and assets of discontinued operations intended for sale (2.7%), short-term receivables, placements and cash (24.1%), active accruals (74.3%) and deferred tax assets (2.8%). Within the position of short-term claims, placements and cash, there was an increase in claims on the basis of premiums, share in claims compensation and other customers (claims on the basis of non-life insurance premiums), short-term financial placements (term deposits and bonds), and cash. Within this position, receivables from specific business and other receivables (profit paid on account to shareholders) decreased. In

the position of active accruals, an increase was recorded, more significantly at one insurance company due to an increase in the amount of reserved claims that are borne by the reinsurer. The increase in the positions of inventory, fixed assets and assets of discontinued operations intended for sale and deferred tax assets is not materially significant because the participation of these positions in business assets is only 0.3%.

The amount of off-balance-sheet assets and liabilities increased by 21.4% more significantly with one insurance company, and refers to part of the long-term revolving loan, recorded in off-balance sheet records. One part of the amount reported within this item refers to state-owned property (buildings used by the insurance company Wiener osiguranje a.d.) and to claims from legal entities that are in bankruptcy and that did not change after the initial registration.

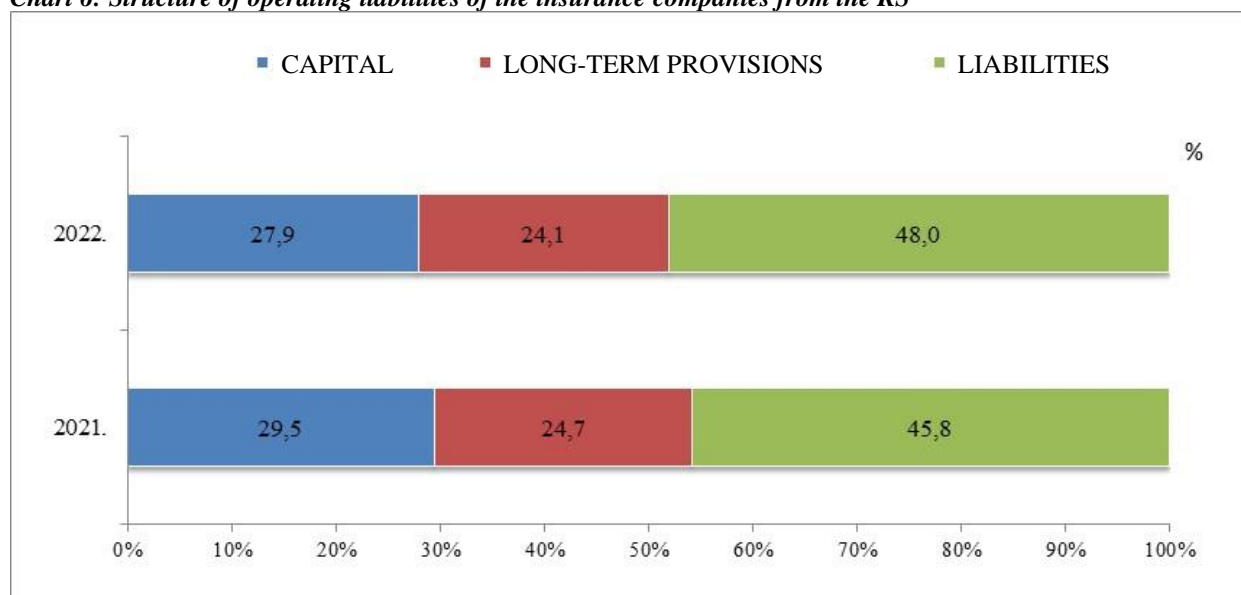
The table below provides a brief overview of the aggregate items of liabilities of all insurance companies for 2021 and 2022.

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

LIABILITIES	31 December 2021		31 December 2022		Index 2022/21
	Amount (BAM)	Share	Amount (BAM)	Share	
A. CAPITAL	166,416,922	29.5%	172,957,178	27.9%	103.9
1. Share capital	114,758,191	20.4%	131,868,891	21.3%	114.9
2. Share issuance premium	6,606,242	1.2%	3,923,289	0.6%	59.4
3. Share issuance loss	4,034,299	0.7%	8,067,383	1.3%	200.0
4. Reserves from profit	5,934,567	1.1%	5,817,321	0.9%	98.0
5. Revaluation reserves	2,980,508	0.5%	3,745,144	0.6%	125.7
6. Unrealised profit on financial assets available for sale	6,544,245	1.2%	5,853,538	0.9%	89.4
7. Unrealised losses on financial assets available for sale	1,408,733	0.2%	4,631,701	0.7%	328.8
8. Retained profit (9+10)	46,785,399	8.3%	45,605,105	7.4%	97.5
9. Retained profit from previous years	15,145,689	2.7%	17,965,027	2.9%	118.6
10. Retained profit in the current year	31,639,710	5.6%	27,640,078	4.5%	87.4
11. Loss below the amount of capital (12+13)	11,749,198	2.1%	11,157,026	1.8%	95.0
12. Loss from previous years	9,101,106	1.6%	11,157,026	1.8%	122.6
13. Loss in the current year	2,648,092	0.5%	0	0.0%	0.0
B. LONG-TERM PROVISIONS	139,299,664	24.7%	149,331,028	24.1%	107.2
C. LIABILITIES (1+2)	257,833,906	45.8%	297,261,193	48.0%	115.3
1. Long-term liabilities	10,308,548	1.8%	12,621,511	2.0%	122.4
2. Short-term liabilities and accruals and deferred income	247,525,358	43.9%	284,639,682	45.9%	115.0
2.1. Unearned premium – life insurance	7,168,958	1.3%	7,296,698	1.2%	101.8
2.2. Unearned premium – non-life insurance	128,810,365	22.9%	138,174,754	22.3%	107.3
2.3. Outstanding claims reserves – life insurance	1,541,299	0.3%	1,397,973	0.2%	90.7
2.4. Outstanding claims reserves – non-life insurance	77,226,885	13.7%	97,897,005	15.8%	126.8
2.5. Other accruals and deferred income	5,835,264	1.0%	4,668,492	0.8%	80.0
2.6. Other short-term liabilities	26,942,587	4.8%	35,204,760	5.7%	130.7
D. OPERATING LIABILITIES (A+B+C)	563,550,492	100.0%	619,549,399	100.0%	109.9
E. OFF-BALANCE-SHEET LIABILITIES	11,841,195		14,371,470		121.4
F. TOTAL LIABILITIES	575,391,687		633,920,869		110.2

Source: Balance sheets of the insurance companies from the RS

The chart below shows the structure of operating liabilities for 2021 and 2022.

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

Source: Balance sheets of the insurance companies from the RS

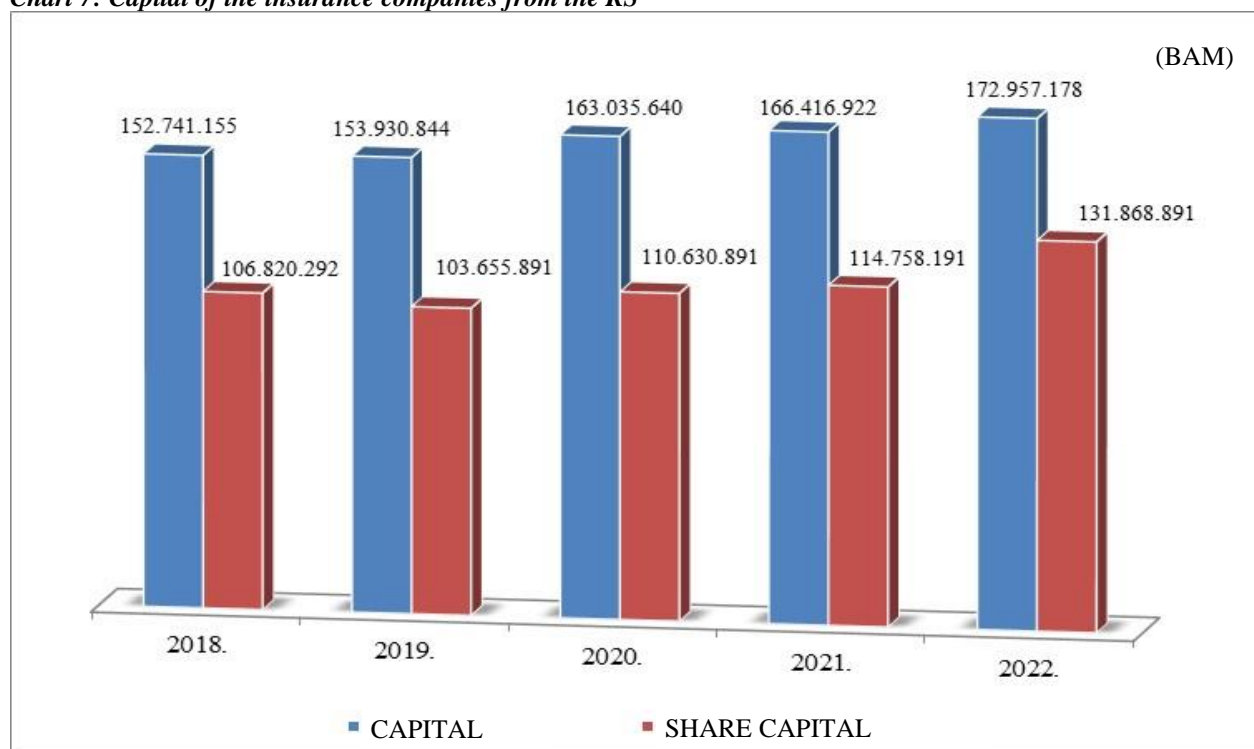
In the structure of operating liabilities, as at 31 December 2022, the share of capital was 27.9%, the share of long-term provisions was 24.1% and the share of liabilities was 48.0%, whereby technical reserves (unearned premiums and outstanding claims reserves) comprised 82.3% of the total liabilities. In the structure of operating liabilities, the share of unearned premium and claims reserves of life and non-life insurance was 39.5%, the share of mathematical reserve and provisions for profit share in life insurance was 23.9% and the share of capital was 27.9%. The total share of the amounts reported under these items in the operating liabilities was 91.3% and their interrelationship was in accordance with their activity and the portfolio structure of the insurance companies.

In comparison with the balance as at 31 December 2021, the amount of capital increased by 3.9%, and within this item, there was an increase in share capital (14.9%), issues loss (2 times), revaluation reserves (25.7%) and unrealized losses based on financial assets available for sale (3 times). Increase in the amounts of the share capital are related to the increase in the capital for the purposes of fulfilment of the capital requirements set out in the Law on Amendments to the Law on Insurance Companies⁴. The issues loss occurred at one insurance company during the increase of the basic capital. Within the capital position, a decrease was recorded in the issue premium items (40.6%), reserves from profit (2.0%), unrealized gains based on financial assets available for sale (10.6%), neraspoređeni dobitak (2.5%) and loss up to the amount of capital (5.0%), within which the loss of the current year is not reported. The reduction in the issue premium items is related to the use of it to increase the basic capital of an insurance company. Changes in amounts on the items unrealized gains on the basis of financial assets available for sale and unrealized losses on the basis of financial assets available for sale are related to valuations arising from International Accounting Standard 39 - Financial instruments: recognition and measurement.

The chart below provides an overview of the movement of capital for the period of 2018 - 2022.

⁴ Official Gazette of the Republic of Srpska, 58/19

Chart 7: Capital of the insurance companies from the RS



Source: Balance sheets of the insurance companies from the RS

The item of long-term provisions had an increase of 7.2%. Within this item, there was an increase of 7.6% in the amount of mathematical reserve and an increase of 4.1% in provisions for profit share in life insurance. The amounts of mathematical reserve and provisions for profit share in life insurance comprised 99.3% of the reported amount of long-term provisions. The increase in the amount of mathematical reserve and provisions for profit share in life insurance was a result of portfolio maturation and an increase in the life insurance premium written, representing a continuation of the positive trend.

The total liabilities increased by 15.3%, and within that item, long-term liabilities increased by 22.4% and short-term liabilities and accruals and deferred income increased by 15.0%. The increase in long-term liabilities was influenced by the increase in financial leasing liabilities, which refer to liabilities based on long-term loans that are recorded in accordance with the International Financial Reporting Standard 16 - Leasing. Amounts of unearned premiums and reserved life and non-life insurance claims accounted for 86.0%, while liabilities based on claims and contracted amounts only accounted for 0.2% of the total amount of short-term liabilities and accrued liabilities. The increase in other short-term liabilities (30.7%) was influenced by the increase in short-term financial liabilities to related legal entities and liabilities for reinsurance premiums. The 20.0% decrease in the amount reported under other passive accruals was influenced by a significant decrease in the amount in this item with one insurance company.

2.2.2. Income statement

A brief overview of the aggregate income statement for all insurance companies based in the Republic of Srpska for 2021 and 2022 is provided in the table below.

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

I T E M	2021	Share	2022	Share	Index 2022/21
	Amount (BAM)		Amount (BAM)		
A. OPERATING INCOME AND EXPENSES					
I - Operating income (1+2+3+4+5+6)	267,259,950	94.0%	293,795,335	93.3%	109.9
1. Income from insurance, co-insurance and reinsurance premiums, and retrocession in terms of life insurance	28,346,876		28,905,492		102.0
2. Income from insurance, co-insurance and reinsurance premiums, and retrocession in terms of non-life insurance	208,970,600		229,319,084		109.7
3. Income from participation of co-insurance, reinsurance and retrocession in compensation for damage in terms of non-life insurance	7,963,327		17,541,313		220.3
4. Income from cancellation and reduction of provisions in terms of non-life insurance	8,998,712		4,510,266		50.1
5. Income from refund of tax and other levies, and income from premiums, subsidies, grants, donations, etc.	386,613		464,988		120.3
6. Other operating income	12,593,822		13,054,192		103.7
II - Operating expenses (1+2)	240,628,966	96.0%	274,111,378	97.5%	113.9
1. Functional expenses (1.1.+1.2.+1.3.)	138,209,190		165,947,446		120.1
1.1. Expenses for long-term provisions and functional contributions	16,754,232		14,808,758		88.4
1.2. Compensation for damage, contract amounts and co-insurance and reinsurance premiums	13,960,235		16,574,947		118.7
1.3 Compensation for damage and other types of compensation in terms of non-life insurance	107,494,723		134,563,741		125.2
2. Expenses for execution of insurance	102,419,776		108,163,932		105.6
III - Operating profit/loss (I-II)	26,630,984		19,683,957		73.9
B. FINANCIAL INCOME AND EXPENSES					
I - Financial income	11,622,509	4.1%	12,681,568	4.0%	109.1
II - Financial expenses	1,542,730	0.6%	1,419,937	0.5%	92.0
III - Financial profit/loss (I-II)	10,079,779		11,261,631		111.7
AB - Profit/loss from regular operation (AIII+BIII)	36,710,763		30,945,588		84.3
C. OTHER INCOME AND EXPENSES					
I - Other income	4,243,058	1.5%	6,298,658	2.0%	148.4
II - Other expenses	4,982,505	2.0%	3,734,028	1.3%	74.9
III - Profit/loss based on other income and expenses (I-II)	-739,447		2,564,630		-346.8
D. INCOME AND EXPENSES FROM PROPERTY VALUE ADJUSTMENT					
I - Income from property value adjustment	1,045,039	0.4%	1,755,129	0.6%	167.9
II - Expenses from property value adjustment	2,430,922	1.0%	962,836	0.3%	39.6
III - Profit/loss from property value adjustment (I-II)	-1,385,883		792,293		-57.2
E. LOSS OF BUSINESS THAT IS SUSPENDED					
	74,805				
F. INCOME FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS YEARS					
	106,414	0.0%	90,241	0.0%	84.8
F I - EXPENSES FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS YEARS					
	382,386	0.2%	530,255	0.2%	138.7
G. PROFIT/LOSS BEFORE TAX (AB+CIII+ DIII+E-E1)					
	34,234,656		33,862,497		98.9
H. CURRENT AND DEFERRED INCOME TAX - Tax expenses in the reporting period					
	3,809,487		3,310,592		86.9
I. DEFERRED TAX EXPENSES IN THE REPORTING PERIOD					
	12,014	0.0%	7,669	0.0%	63.8
I I - DEFERRED TAX INCOME IN THE REPORTING PERIOD					
	2,329	0.0%	4,709	0.0%	202.2
J. NET PROFIT / NET LOSS IN THE REPORTING PERIOD (F-G-H+HI)=(I 1-I 2)					
	30,415,484		30,548,945		100.4
1. Net profit in the current year	33,072,421		30,548,945		92.4
2. Net loss in the current year	2,656,937				0.0
K. OTHER PROFIT AND LOSSES IN THE REPORTING PERIOD					
I - Profit determined directly in the capital	175,639	0.1%	151,587	0.0%	86.3
II - Losses determined directly in the capital	768,941	0.3%	490,989	0.2%	63.9

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I T E M	2021	Share	2022	Share	Index 2022/21
	Amount (BAM)		Amount (BAM)		
III - Income tax referring to other profit and losses	52,530	0.0%	28,085	0.0%	53.5
L. TOTAL NET RESULT IN THE ACCOUNTING PERIOD (I+JI- JII±JIII)	29,874,712		30,237,628		101.2
M. TOTAL INCOME AND PROFIT	284,454,938	100.0%	314,777,227	100.0%	110.7
N. TOTAL EXPENSES AND LOSSES	250,770,739	100.0%	281,229,007	100.0%	112.1
O. TOTAL GROSS RESULT IN THE ACCOUNTING PERIOD	33,684,199		33,548,220		99.6
P. CURRENT AND DEFERRED INCOME TAX	3,809,487		3,310,592		86.9
Q. TOTAL NET RESULT IN THE ACCOUNTING PERIOD	29,874,712		30,237,628		101.2

Source: Income statement of the insurance companies from the RS

The total income in 2022, including the profit determined directly in the capital, was BAM 314,777,227 representing an increase of 10.7% in comparison with 2021. Operating income accounted for 93.3% of total income, and they amounted to BAM 293,795,335 and were higher by 9.9%. The increase in income from insurance premiums, co-insurance, reinsurance and retrocessions of non-life and life insurances is related to the increase in premiums. Realization of the insurance contract, covered by reinsurance, had an impact on the increase in income based on the participation of co-insurance and reinsurance and retrocessions in the compensation of non-life insurance claims. The decrease in income from the cancellation and reduction of provisions for non-life insurance results from the impact of the increase in the amount of calculated reserves for claims, compared to the previous period. Revenues from the refund of tax and other duties and revenues from premiums, subsidies, grants, donations, etc. increased by 20.3% and the share of these revenues is only 0.16% in operating revenues. Changes at individual insurance companies resulted in an increase in other operating income by 3.7%.

The amount of financial income comprised 4.0% of the total income and it was higher by 9.1%, and they refer to the increase in interest income and income from parent, subsidiary and other related legal entities. Other income accounted for 2.0% of total income and were higher by 48.4% due to the increase in the amount of collected written-off receivables in the observed period compared to the same period of the previous year.

Income from property value adjustment contributed 0.6% to total income and were higher by 67.9%. The increase in these income was influenced by the increase in income from adjustments, i.e. the increase in the value of real estate, plants, equipment and investment real estate, and this was materially more significant in the case of an insurance company.

Income based on changes in accounting policies and correction of errors from previous years was lower by 15.2%, but the share of this income in total income is only 0.03%. Profits determined directly in capital decreased (13.7%), in an amount that is not nominally significant.

Total expenses, including losses determined directly in capital, amounted to BAM 281,229,007 and were higher by 12.1%.

Operating expenses accounted for 97.5% of total expenses, amounting to BAM 274,111,378. In the structure of business expenses, functional expenses participated with 60.5% and were higher by 20.1% compared to the same period of the previous year. As part of functional expenses, claims compensations, contracted amounts and coinsurance and reinsurance

premiums increased (18.7%) due to the impact of growth in claims compensation amounts, contracted amounts and the share of life insurance claims, as well as claim compensations and other non-life insurance compensations (25.2%), while expenditures for long-term provisions and functional contributions decreased by 11.6%. The costs of insurance implementation accounted for 39.5% of business expenses and increased by 5.6%, consisting of depreciation and provisioning costs (5.6%), costs of materials, energy, services and intangible costs (64.5%) and salary expenses, salary compensation and other personal expenses (29.9%). The growth rate of insurance implementation costs (5.6%) was lower compared to the growth rate of the calculated premium (8.1%), and therefore these costs did not have a negative impact on the financial capacity of insurance companies to fulfill their obligations under insurance contracts.

Financial expenses participated in total expenses with 0.5%, other expenses with 1.3%, expenses from property value adjustment with 0.3%, expenses based on changes in accounting policies and correction of errors from previous years with 0.2% and losses determined directly in capital with 0.2%. Due to the small share in the total expenses, changes in the positions of the mentioned expenses did not have a materially significant impact on the total net result, regardless of their relative change.

The amount of operating profit was BAM 19,683,957 and it was lower by 26.1%, while the amount of profit from regular operation (including financial income and expenses) totalled BAM 30,945,588 and it was lower by 15.7%.

The net result in the accounting period was a profit in the amount of BAM 30,548,945. All insurance companies in this reporting period reported a net profit for the accounting period. The total net result in the accounting period at the sector level, obtained as the difference between total revenues and gains determined directly in capital, on the one hand, and total expenses, losses determined directly in capital and current and deferred income tax, on the other hand, was a gain in the amount of BAM 30,237,628.

2.2.3. Consolidated financial statements

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

In accordance with the above-mentioned requirement, the insurance companies prepared and submitted consolidated financial statements to the Agency. The total net result of the period presented in the consolidated financial statements was positive and amounted to BAM 12,729,009. The net result shown in the individual audited financial statements of these insurance companies is a profit in the amount of BAM 12,578,167 and was lower by BAM 150,842 than the profit shown in the consolidated financial statements⁵.

⁵ The above data do not include the data of one insurance company, which was not able to compile consolidated financial statements, due to the fact that the related legal entity of that company did not submit its financial statements for 2022.

2.3. Financial and technical indicators

2.3.1. Compliance with the capital adequacy requirements

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

The capital adequacy of an insurance company is based on compliance with the prescribed requirements, according to which the available capital of the insurance company must at least be equal to the adequacy threshold of the available capital⁶, while the core capital must at least be equal to the amount of the guarantee fund⁷. Composite insurance companies must report separately the compliance with the capital adequacy requirements for life and non-life insurance.

Table 20: Compliance with the capital adequacy requirements

No.	Description	2021		2022	
		Non-life insurance	Life insurance	Non-life insurance	Life insurance
		Amount (BAM)	Amount (BAM)	Amount (BAM)	Amount (BAM)
1.	Core capital	107,654,708	18,015,723	120,417,045	18,543,965
2.	Guarantee fund	73,000,000	8,000,000	87,000,000	12,000,000
3.	More/less core capital (1-2)	34,654,708	10,015,723	33,417,045	6,543,965
4.	Available capital	93,901,151	14,349,370	106,029,320	15,362,849
5.	Adequacy threshold of the available capital	73,000,000	9,853,411	87,000,000	12,326,087
6.	More/less available capital (4-5)	20,901,151	4,495,959	19,029,320	3,036,763

Source: Reports of the insurance companies from the RS

The total core capital of all insurance companies based in the Republic of Srpska, with the balance as of 31 December 2022, which includes the capital of both life and non-life insurances, amounted to BAM 138,961,010 and was higher than the guarantee fund by BAM 39,961,010 or 40.4%. The core capital for non-life insurance was higher than the guarantee fund by 38.4%, and for life insurance by 54.5%.

The total available capital of all insurance companies based in the Republic of Srpska⁸, as a total for life and non-life insurance, determined for the purpose of reporting the compliance with the capital adequacy requirements, was BAM 121.392.169. The surplus available capital in relation to the adequacy threshold of the available capital was reported in the amount of BAM 22,066,083 (22.2%), of which BAM 19,029,320 (21.9%) of surplus in non-life insurance and BAM 3,036,763 (24.6%) of surplus in life insurance.

because a preliminary procedure was initiated to determine the conditions for opening bankruptcy proceedings against the related legal entity.

⁶ The adequacy threshold of the available capital represents the amount of the solvency margin or the minimum prescribed amount of the share capital for insurance companies, whichever is larger.

⁷ The guarantee fund corresponds to 1/3 of the solvency margin or the minimum prescribed amount of the share capital for insurance companies, whichever is larger.

⁸ It must be noted that the amount of capital, determined for the purpose of complying with the capital adequacy requirements, differs from the amount of capital reported in the balance sheet.

Apart from the reported overall compliance with the capital adequacy requirements, all insurance companies based in the Republic of Srpska individually complied with the prescribed capital adequacy requirements.

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

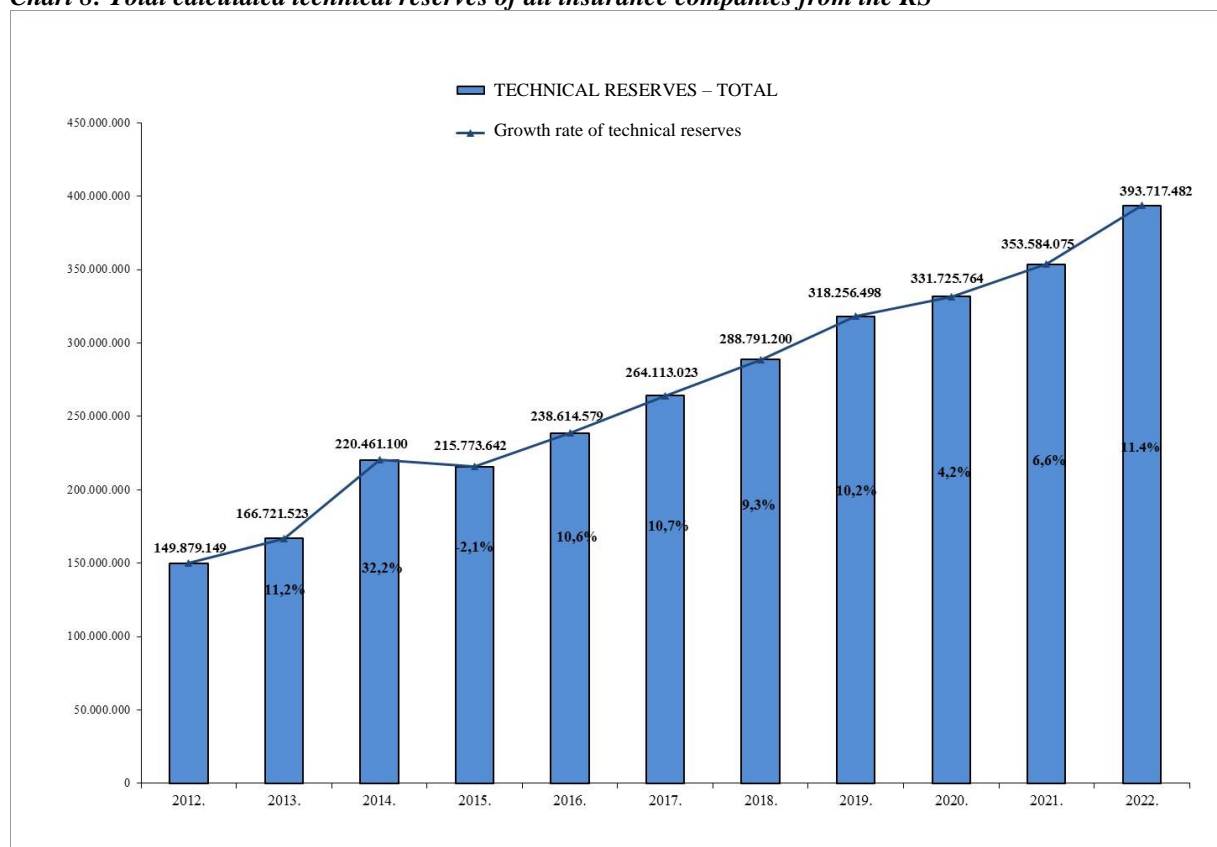
2.3.2. Calculation and coverage of technical reserves by the prescribed forms of assets

2.3.2.1. Total calculated technical reserves

Actuarially based calculation of technical reserves is an important prerequisite for the maintenance of solvency of insurance companies, which contributes to better protection of interests of insured persons and beneficiaries, as well as to strengthening the trust in the insurance activity. The rules for calculation of technical reserves are prescribed by the regulations of the Agency, and their adequate application is subject to review conducted by both certified actuaries and the Agency, through mandatory reports submitted by the insurance companies on a periodical basis and through direct and indirect supervision.

The chart below provides an overview of the total calculated technical reserves of all insurance companies based in the Republic of Srpska, for the period of 2012 - 2022.

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



Source: Reports of the insurance companies from the RS

As at 31 December 2022, the total calculated technical reserves of all insurance companies based in the Republic of Srpska were higher by 11.4%, in comparison with the same day of the previous year.

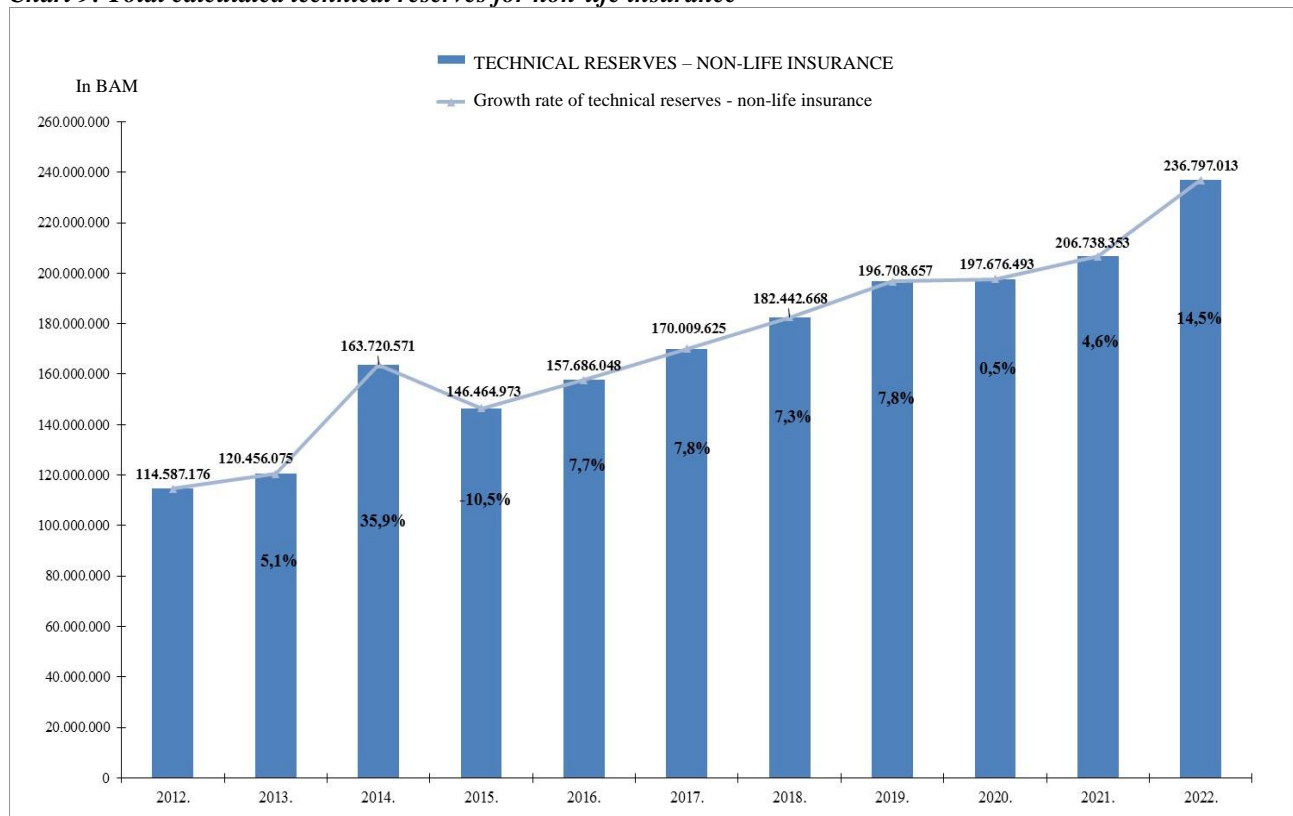
For the purpose of maintaining the financial capacity to fulfil the obligations to pay the compensation for damage and other compensations under insurance contracts, the insurance company is obliged to invest the funds for coverage of technical reserves in the prescribed types of assets, applying the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

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

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

The total calculated technical reserves for non-life insurance, in the period from 2012 to 2022, are shown in the chart below.

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

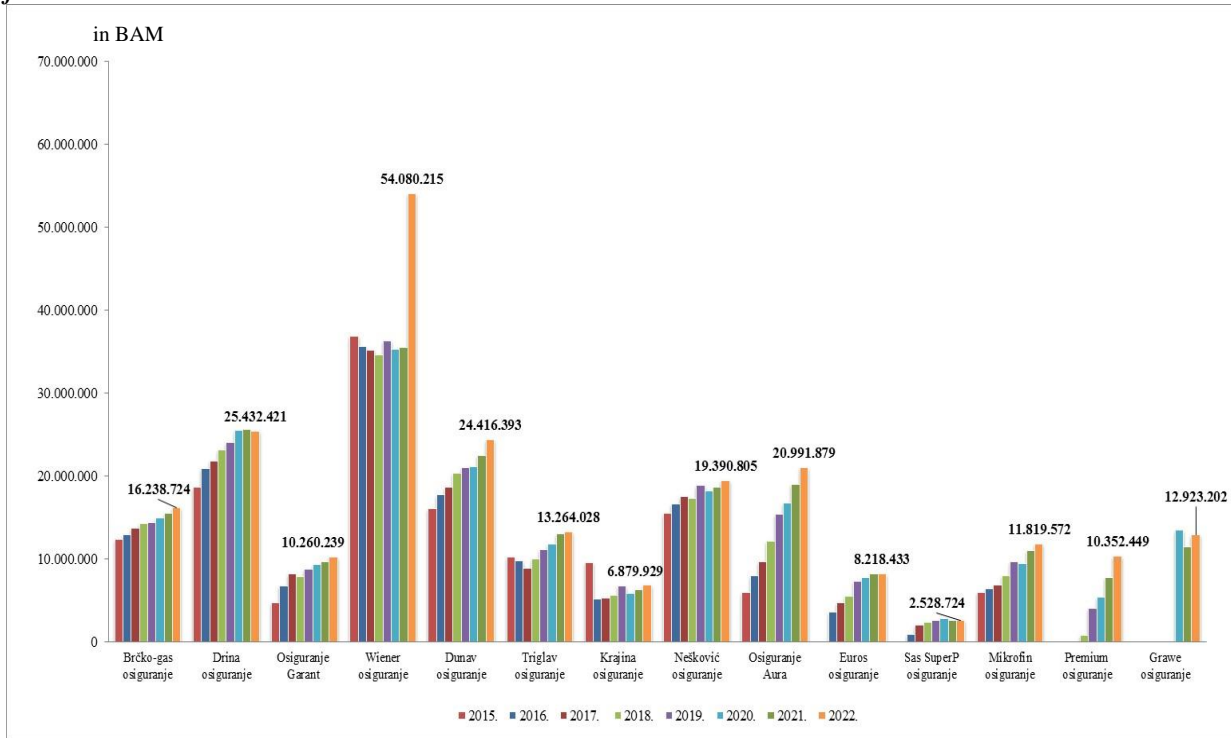


Source: Reports of the insurance companies from the RS

The total calculated technical reserves for non-life insurance, as at 31 December 2022, were BAM 236,797,013 and they were higher by 14.5%, in comparison with the amount on the same day of the previous year.

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

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

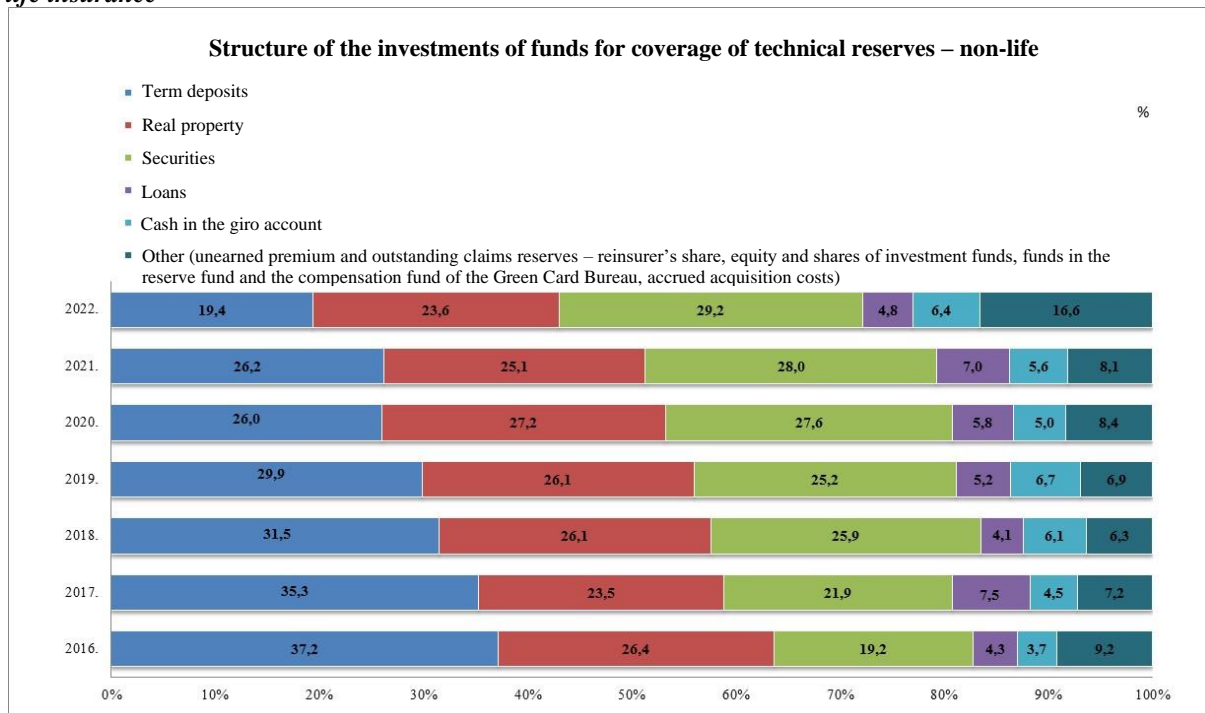


Source: Reports of the insurance companies from the RS

The chart shows that, at 31 December 2022, the amount of calculated technical reserves of four insurance companies was lower in comparison with the same day of the previous year, which was the result of a decrease in the amount of unearned premium due to a lower amount of premium written, and a decrease in claims reserves.

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

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



Source: Reports of the insurance companies from the RS

The highest share in the structure of the investments of funds for coverage of technical reserves for non-life insurance was the share of term deposits, real property and securities, with the overall share of 72.2%. Compared to the situation on 31 December 2021, reserves for claims borne by reinsurers have increased.

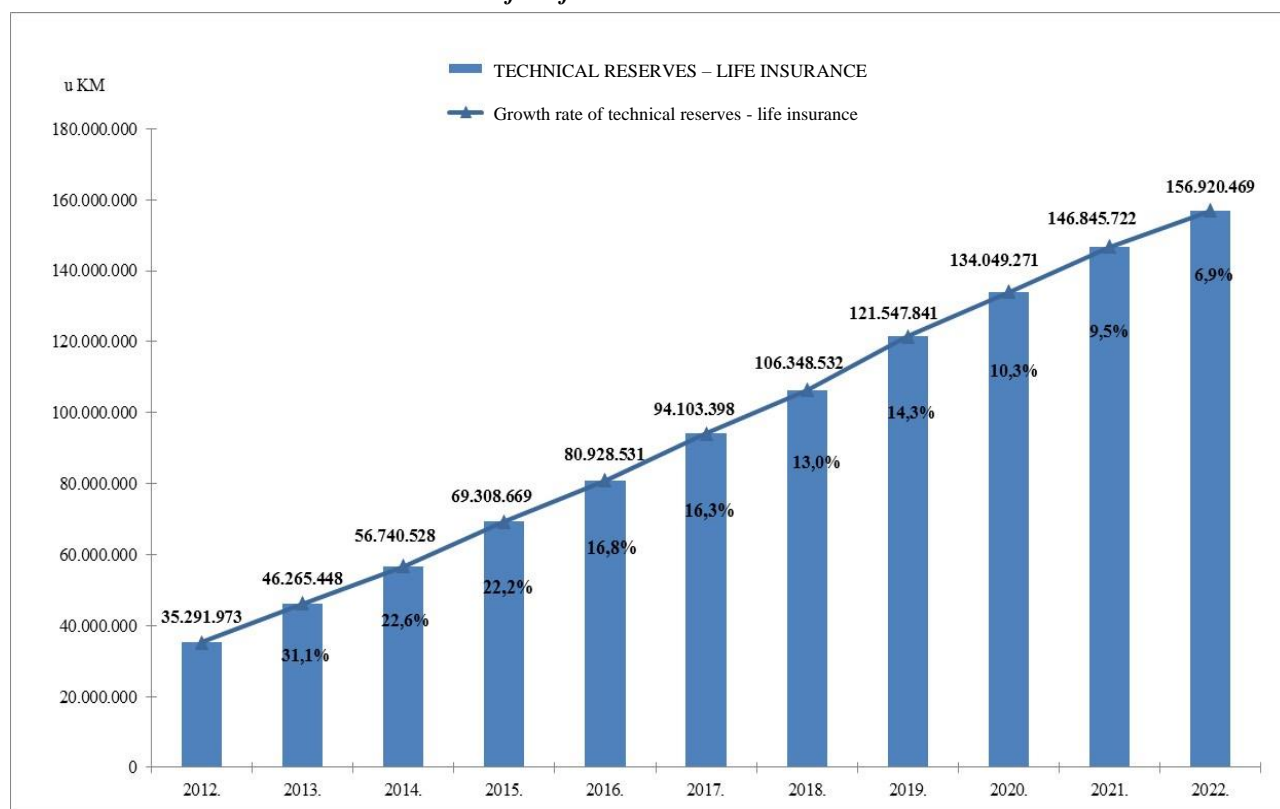
As at 31 December 2022, one insurance company reported a lack of funds for coverage of technical reserves, which is both relatively and nominally insignificant, i.e. a lack of 0.6% was reported. The other companies which pursue non-life insurance ensured quantitative and qualitative compliance with the prescribed requirements related to coverage of technical reserves.

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

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

The chart below shows the calculated technical reserves for life insurance for the period of 2012 – 2022.

Chart 12: Total calculated technical reserves for life insurance

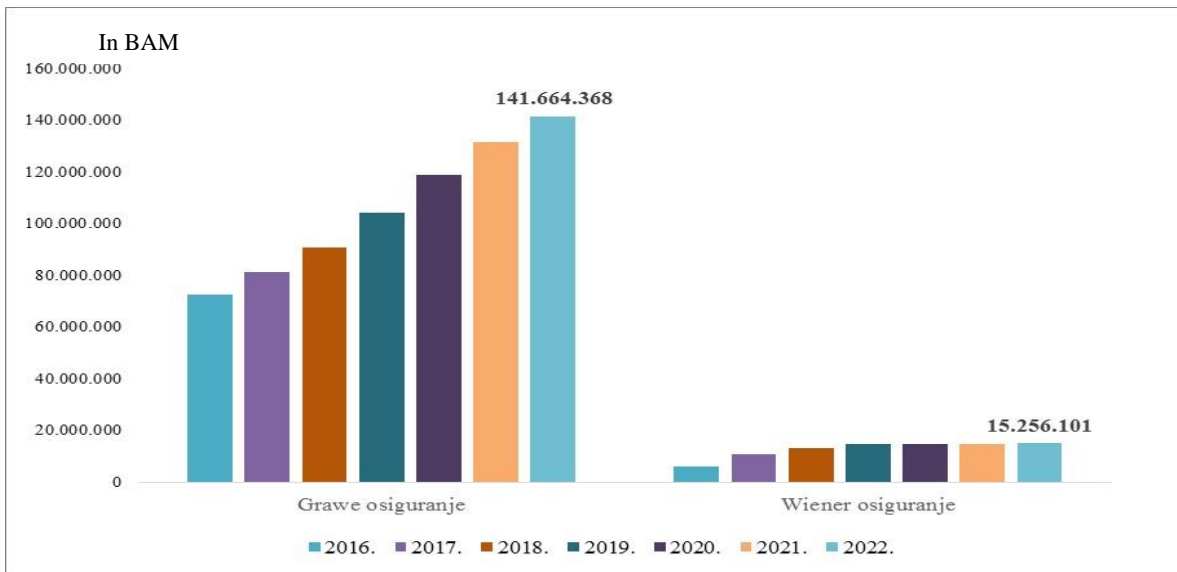


Source: Reports of the insurance companies from the RS

As at 31 December 2022, the total calculated technical reserves for life insurance were BAM 156,920,469 and they were higher by 6.9% in comparison with the same day of the previous year.

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

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

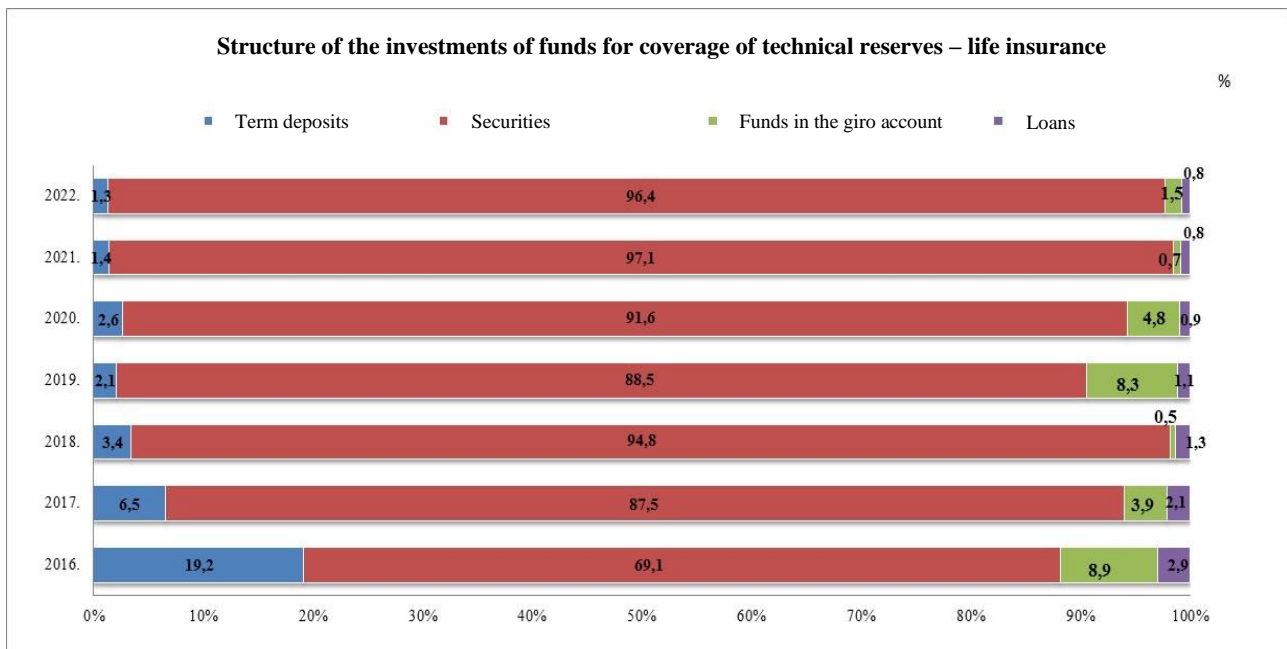


Source: Reports of the insurance companies from the RS

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

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

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



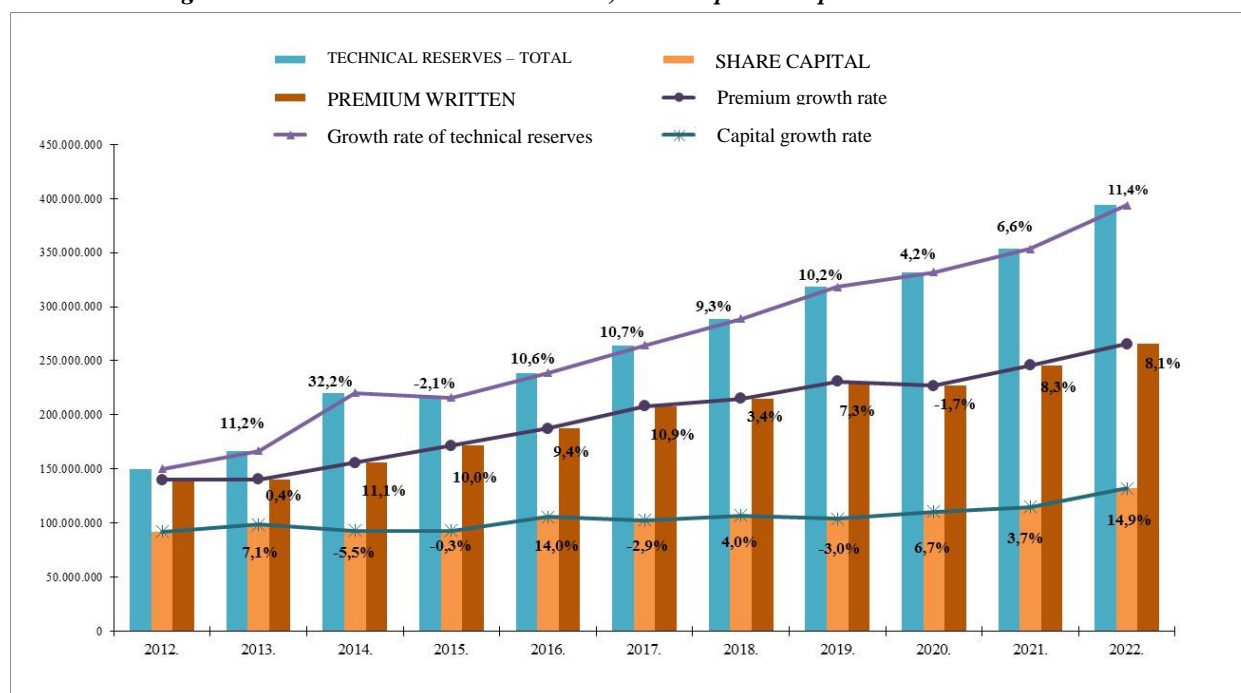
Source: Reports of the insurance companies from the RS

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

2.3.3. Comparative overview of key indicators

The chart below provides a comparison of the total amounts of calculated technical reserves, premium written and share capital, for the period of 2012 - 2022.

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



Source: Reports of the insurance companies from the RS

The data from the previous chart indicate the growth of premium, technical reserves and share capital. As at 31 December 2022, the total amount of calculated technical reserves was higher than the total premium written by 48.3%, which was significantly affected by the growth and maturation of the life insurance portfolio, and the related increase in the amount of mathematical reserve, but also the inflationary impact on both non-life and life insurances.

2.3.4. Indicators of damage compensations and other insurance benefits paid

The basic information related to settlement and payment of damage compensations and other insurance benefits under insurance contracts (hereinafter referred to as: insurance claims) may be found below. In 2022, the insurance companies based in the Republic of Srpska paid a total of BAM 109,809,194 to insured persons and beneficiaries, which represents an increase of BAM 25,016,942 or 29.5% in comparison with 2021, when the amount of insurance claims paid was BAM 84,792,252.

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

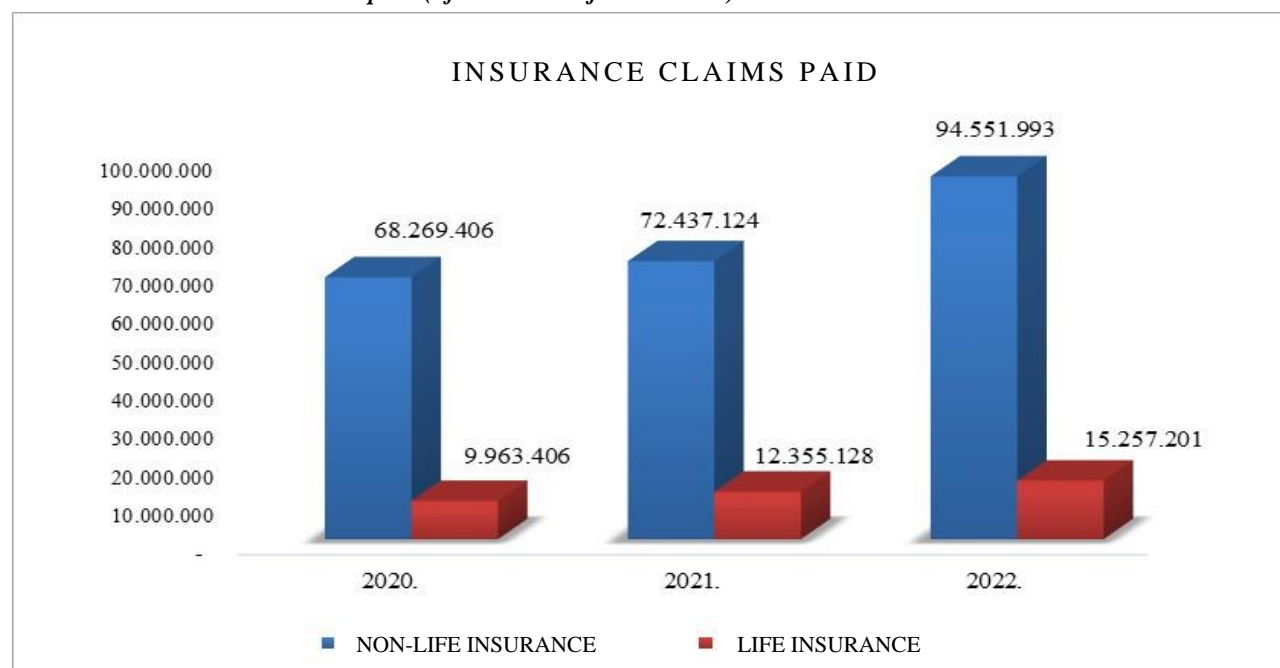
TYPES OF INSURANCE	2020	2021	2022
	Amount (BAM)	Amount (BAM)	Amount (BAM)
Accident insurance	6,742,963	7,861,502	7,385,242
Health insurance	543,890	419,107	589,279
Land vehicle insurance (except for railway vehicles)	10,924,792	11,413,145	12,452,265
Railway vehicles insurance		9,128	
Marine insurance	2,432		101,696
Insurance of goods in transport	42,065	59,205	59,788

TYPES OF INSURANCE	2020	2021	2022
	Amount (BAM)	Amount (BAM)	Amount (BAM)
Insurance of property against fire and natural forces	5,052,087	3,542,487	5,039,864
Insurance against other types of property damage	1,594,433	2,718,311	10,837,164
MTPL insurance	42,627,999	45,013,911	57,168,777
Civil liability insurance	208,926	622,739	351,300
Credit insurance	215,193	622,419	459,761
Insurance against various financial losses	308,459	148,908	102,357
Assistance insurance	6,169	6,260	4,500
TOTAL NON-LIFE INSURANCE	68,269,406	72,437,124	94,551,993
Life insurance	8,910,634	11,109,990	13,970,265
Annuities	16,285	28,645	35,333
Additional insurance to life insurance	1,036,488	1,216,493	1,251,603
TOTAL LIFE INSURANCE	9,963,406	12,355,128	15,257,201
TOTAL	78,232,812	84,792,252	109,809,194

Source: Reports of the insurance companies from the RS

The total paid liabilities based on concluded non-life insurance contracts amounted to BAM 94,551,993 and were higher by 30.5%. In this reporting period, BAM 15,257,201 were paid to life insurance beneficiaries, which represents an increase of 23.5%. The increase in the amount of claims paid is related to a large property damage at one insurance company, but also to the inflationary impact. The amount of claims paid in the type of MTPL insurance increased by 27.0%.

Chart 1: Total insurance claims paid (life and non-life insurance)



Source: Reports of the insurance companies from the RS

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

Table 22: Efficiency of settlement and payment of insurance claims

Description	2020	2021	2022
Rate of efficiency of settlement of insurance claims in non-life insurance (in %)	85.0	86.4	86.5
Rate of efficiency of settlement of insurance claims in life insurance (in %)	87.4	87.1	88.2
Rate of efficiency of payment of insurance claims in non-life insurance (in %)	99.0	99.3	99.4
Rate of efficiency of payment of insurance claims in life insurance (in %)	100.0	100.0	100.0

Source: Reports of the insurance companies from the RS

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

The rates of efficiency of settlement and payment of insurance claims for MTPL insurance in 2022, by insurance company, are shown in the table below.

Table 23: Efficiency of settlement and payment of insurance claims for MTPL insurance

No.	Insurance company	Rate of efficiency of settlement of insurance claims (%)	Rate of efficiency of payment of insurance claims (%)
1.	D.D. Brčko-gas osiguranje	79.5	100.0
2.	Grawe osiguranje a.d.	71.9	100.0
3.	Euros osiguranje a.d.	79.1	99.2
4.	Drina osiguranje a.d.	81.2	100.0
5.	Dunav osiguranje a.d.	83.5	100.0
6.	Wiener osiguranje a.d.	75.5	100.0
7.	Krajina osiguranje a.d.	67.7	77.3
8.	Mikrofin osiguranje a.d.	92.5	100.0
9.	Nešković osiguranje a.d.	77.1	100.0
10.	Osiguranje Aura a.d.	90.2	100.0
11.	Osiguranje Garant d.d.	80.6	99.9
12.	Premium osiguranje a.d.	95.2	100.0
13.	Triglav osiguranje a.d.	79.5	98.2
14.	SAS-SuperP OSIGURANJE a.d.	88.3	100.0
	TOTAL:	83.0	99.1

Izvor: Izveštaji društava za osiguranje iz RS

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

2.3.5. Technical result

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

Table 24: Technical result

No.	Types of insurance	2020	2021	2022
		Amount (BAM)	Amount (BAM)	Amount (BAM)
1.	Accident insurance	6,560,457	5,565,633	8,180,799
2.	Health insurance	616,291	961,597	1,477,060
3.	Land vehicle insurance, except for railway vehicles	3,007,944	3,066,876	4,839,443
4.	Railway vehicle insurance	7,367	5,487	7,968
5.	Aircraft insurance	1,170	24,136	28,301
6.	Vessel insurance	16,543	-10,161	-26,875
7.	Insurance of goods in transport	422,073	159,386	398,160
8.	Insurance of property against fire and natural forces	3,118,457	2,530,256	978,108
9.	Insurance against other types of property damage	3,099,589	2,881,980	2,464,573
10.	MTPL insurance	96,582,821	101,574,408	95,503,724
11.	Civil liability insurance for aircraft	39,780	91,364	18,410
12.	Civil liability insurance for vessels	6,280	9,509	9,501
13.	Civil liability insurance	1,135,853	724,931	1,823,377
14.	Credit insurance	358,213	412,026	884,334
15.	Guarantee insurance	13,282	15,048	20,630
16.	Insurance against various financial losses	324,295	464,817	734,236
17.	Legal protection insurance	0	171	1,550
18.	Assistance insurance	18,525	7,204	142,079
	NON-LIFE INSURANCE	115,328,942	118,484,669	117,485,380
19.	LIFE INSURANCE	8,257,368	8,655,323	8,370,593
	TOTAL	123,586,310	127,139,992	125,855,973

Source: Reports of the insurance companies from the RS

In 2022, The overall technical result was positive, indicating that the total premium was sufficient to settle the liabilities towards the insured persons, insurance beneficiaries and injured third parties. Observed individually by type of insurance, the technical result for vessel insurance was negative, which is not materially significant. In the reporting period, the total technical result is lower by 1.0% compared to the previous year, due to the higher growth of the claims incurred, net of reinsurance (23.6%) compared to the earned premiums, net of reinsurance (7.2%).

2.3.6. Loss ratio, expense ratio and combined ratio

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

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

Table 25: Loss ratio, expense ratio and combined ratio

DESCRIPTION	2020	2021	2022
Loss ratio (%)	34.9	35.1	51.1
Expense ratio (%)	42.4	39.4	40.6
Combined ratio (%)	77.3	74.6	91.7

Source: Reports of the insurance companies from the RS

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

As at 31 December 2022, the combined ratio was below 100, which means that the result of the insurance activities was positive. The increase in loss ratio is related to the increase in the amount of paid insurance liabilities, which is, among other things, related to the inflationary impact. If the amount of claims covered by the reinsurer was taken into account, in that case the combined ratio would amount to 81.7%. The expense ratio is approximately at the same level throughout the observed period.

2.3.7. Profitability indicators

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

Table 26: Profitability indicators

DESCRIPTION	2020	2021	2022
Return on assets (ROA %)	6.0	5.4	5.1
Return on equity (ROE %)	20.0	18.5	18.0

Source: Reports of the insurance companies from the RS

Return on assets (ROA) is calculated as the ratio of the net result in the accounting period to the average assets, representing the measure of return on total assets. Return on equity (ROE) is the ratio of the net result in the accounting period to the average equity, which shows the amount of return on the equity invested. In the observed period, there were no significant changes in these indicators.

2.3.8. Other performance indicators

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

Table 27: Other performance indicators

DESCRIPTION	2020	2021	2022
Premium per employee (in BAM)	142,983	156,243	170,231
Total income per employee (in BAM)	169,897	180,839	201,683
Profit per employee (in BAM)	19,987	19,348	19,583
Profit / Total income (%)	11.8	10.7	9.7
Solvency ratio (%)	80.5	75.8	74.0
General liquidity (%)	5.1	4.6	4.9

Source: Reports of the insurance companies from the RS

As at 31 December 2022, premium per employee, total income per employee and profit per employee were higher, compared to the same day of the previous year, which results from a higher amount of calculated premium and total income. Other indicators are at approximately the same level as last year.

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

3. VOLUNTARY PENSION INSURANCE

3.1.1. Company for the management of the voluntary pension fund

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

According to the ownership structure, as at 31 December 2022, Company for the Management of the European Voluntary Pension Fund a.d. Banja Luka had majority foreign ownership with the share of 67% in the equity ('Triglav pokojninska družba' d.d. Ljubljana – 34%, 'European Bank for Reconstruction and Development' – 16.5%, and 'Enterprise Expansion Fund' – 16.5%) and domestic ownership of 33% (Pension Reserve Fund of the Republic of Srpska a.d. Banja Luka).

The table below provides a brief overview of the balance sheet of the company for the management of the voluntary pension fund, as at 31 December 2021 and 31 December 2022⁹.

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

ITEM	31 Dec 2021	%	31 Dec 2022	%	Index 2022/21
	Amount (BAM)		Amount (BAM)		
ASSETS					
A. FIXED ASSETS	1,232,155	45.3	1,175,320	45.9	95.4
I - Intangible assets	3,899	0.1	3,190	0.1	81.8
II - Real property, plant and equipment	65,397	2.4	54,271	2.1	83.0
III - Investment property					
IV - Leased assets	54,659	2.0	9,659	0.4	17.7
V- Biological assets					
VI - Long-term financial investments	1,108,200	40.8	1,108,200	43.3	100.0
VII - Other long-term assets and accruals					
B. DEFERRED TAX ASSETS					
C. CURRENT ASSETS	1,488,375	54.7	1,384,721	54.1	93.0
I - Inventories, fixed assets intended for sale and discontinued operations					
II - Short-term assets with the exception of inventories and fixed assets intended for sale	1,488,375	54.7	1,384,721	54.1	93.0
D. BALANCE SHEET ASSETS	2,720,530	100.0	2,560,041	100.0	94.1
E. OFF BALANCE SHEET ASSETS					
LIABILITIES					
A. CAPITAL	2,618,069	96.3	2,501,115	97.7	95.5
I - Share capital	4,400,000	161.7	4,400,000	171.9	100.0
II -Purchased own shares and subscribed capital unpaid					

⁹ In this reporting period, new regulations came into force that regulate the content and form of financial reports for companies, other legal entities and entrepreneurs, as well as the accounting framework and the content of accounts in the accounting framework for companies, other legal entities and entrepreneurs. Therefore, there are certain differences in the structure of the balance sheet and income statement in this report, compared to previous reporting periods.

ITEM	31 Dec 2021	%	31 Dec 2022	%	Index 2022/21
	Amount (BAM)		Amount (BAM)		
III - Share issuance premium					
IV - Share issuance loss					
V - Rezerves					
VI - Revaluation reserves					
VII - Positive effects of valuation of financial assets that are valued at fair value through other comprehensive income	97,267	3.6	97,338	3.8	100.1
VIII - Negative effects of valuation of financial assets that are valued at fair value through other comprehensive income					
IX - Retained profit					
X - Loss (1+2)	1,879,198	69.1	1,996,223	78.0	106.2
1. Loss from previous years	1,833,031	67.4	1,879,198	73.4	102.5
2. Loss in the current year	46,167	1.7	117,025	4.6	253.5
XI - Shares without control rights					
B. LONG-TERM RESERVATIONS AND LONG-TERM LIABILITIES	55,501	2.0	960	0.0	1.7
I Long-term reservations	842	0.0	960	0.0	114.0
II Short-term liabilities	54,659	2.0	0		0.0
III Accrued income and donations received					
C. DEFERRED TAX LIABILITIES	10,808	0.4	10,807	0.4	100.0
D. SHORT-TERM LIABILITIES AND SHORT-TERM RESERVATIONS	36,152	1.3	47,159	1.8	130.4
E. BALANCE SHEET LIABILITIES	2,720,530	100.0	2,560,041	100.0	94.1
F. OFF BALANCE SHEET LIABILITIES					

Source: Financial statements and Auditor's Reports

The amount of operating assets and liabilities, as at 31 December 2022, was BAM 2,560,041 which is lower by BAM 160,489 KM or 5.9%, in comparison with 31 December 2021.

In the structure of operating assets, the share of fixed assets was 45.9%, and the share of current assets was 54.1%. The share of long-term financial investments in the structure of fixed assets was 94.3% and they referred to investment in the financial assets measured at fair value through the other overall profit – bonds of the Republic of Srpska (BAM 1,108,200). The item of real property, plant, equipment and investment property comprised 4.6%, the share of leased assets was 0,8%, while the share of intangible assets was 0.3% in fixed assets. The structure of current assets consists of short-term financial placements (87.7%), cash (6.3%), short-term receivables (4.5%) and short-term accruals (1.5%).

In the structure of operating liabilities, the share of capital was 97.7%, short-term liabilities 1.8%, deferred tax liabilities 0.4% and long-term provisions in the amount of BAM 960. The capital amounted to BAM 2,501,115 and corresponded to the amount of shareholder's capital (BAM 4,400,000) minus the amount of accumulated loss up to the amount of capital of the previous and current years (BAM 1,996,223), and increased by the amount of positive effects of valuation of financial assets that are valued at fair value through other total results (BAM 97,338). Although short-term liabilities increased by 30.4%, their increase, due to the low

relative and nominal participation, was not significant from the point of view of the increase in indebtedness. Short-term liabilities related to liabilities under financial leasing, liabilities for salaries and wages, and other current liabilities from business.

The table below provides a brief overview of the income statement of the company for the management of the voluntary pension fund, for 2021 and 2022.

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

ITEM	2021	%	2022	%	Index 2022/21
A. OPERATING INCOME AND EXPENSES					
I - Operating income	425,726	80.8	616,891	93.3	144.9
II - Operating expenses	556,623	97.1	629,036	80.9	113.0
B. OPERATING PROFIT					
C. OPERATING LOSS					
	130,897		12,145		9.3
D. FINANCIAL INCOME AND EXPENSES					
I - Financial income	43,942	8.3	43,299	6.6	98.5
II - Financial expenses	3,581	0.6	1,586	0.2	44.3
E. PROFIT FROM REGULAR OPERATION					
	0		29,568		0.0
F. LOSS FROM REGULAR OPERATION					
	90,536		0		0.0
G. OTHER INCOME AND EXPENSES					
I - Other income	672	0.1	689	0.1	102.5
II - Other expenses	82	0.0	118	0.0	143.9
H. PROFIT FROM OTHER INCOME AND EXPENSES					
	590		571		96.8
I. LOSS FROM OTHER INCOME AND EXPENSES					
I- INCOME AND EXPENSES FROM PROPERTY VALUE ADJUSTMENT					
I – Income from property value adjustment	57,041	10.8	0	0.00	0.0
II - Expenses from property value adjustment	13,262	2.3	147,164	18.9	1.109.7
J. PROFIT FROM PROPERTY VALUE ADJUSTMENT					
	43,779		0		0.0
K. LOSS FROM PROPERTY VALUE ADJUSTMENT					
	0		147,164		0.0
L. INCOME BASED ON CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS YEARS					
M. EXPENDITURES BASED ON CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS YEARS					
N. PROFIT AND LOSS BEFORE TAX					
1. Profit before tax					
2. Loss before tax					
	46,167		117,025		253.5
O. CURRENT AND DEFERRED PROFIT TAX					
P. NET PROFIT AND NET LOSS FOR THE PERIOD					
I – Net profit for the period					
II - Net loss for the period					
	46,167		117,025		253.5
TOTAL INCOME					
	527,381	100.0	660,879	100.0	125.3
TOTAL EXPENSES					
	573,548	100.0	777,904	100.0	135.6

Source: Financial statements and Auditor's Reports

The total income in 2022 was BAM 660,879, within which the share of operating income (income from entrance fees and management fees for the voluntary pension fund) was 93.3%, the share of financial income (income from interest) was 6.6%, and the share of other income was 0.1%.

The total expenses were BAM 777,904, and they consisted of operating expenses (80.9%), expenses from property value adjustment (18.9%) and financial expenses (0.2%). Operating expenses stemmed from salary costs, salary compensation and other personal expenses (56.8%), production service costs (16.4%), intangible costs (14.0%), depreciation costs (9.4%), and other expenses (3.4%). Expenses from adjustment of asset value include expenses from adjustment of the value of investments in investment funds, and financial expenses refer to expenses based on interest.

The net result, in the reporting period, is a loss in the amount of BAM 117,025, which is two and a half times higher than in the previous year.

3.1.2. Voluntary pension fund

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

As at 31 December 2022, the total number of active members of the fund was 36,416, which is 3,095 members or 9.3% more compared to the same day of the previous year. Of the total number of active members, 99.6% joined the voluntary pension fund through pension plans, while 95.2% of the total active members of the fund joined through the pension plans of public companies and public institutions. The average age of the voluntary pension fund members was 47.8 years. The average amount of accumulated funds was BAM 708 per fund member.

The table below provides a brief overview of the balance sheet of the voluntary pension fund, as at 31 December 2021 and 31 December 2022.¹⁰

Table 30: Balance sheet of the voluntary pension fund

ITEM	31 December 2021	%	31 December 2022	%
ASSETS				
I – Cash and cash equivalents	1,101,874	6.3%	492,941	1.9%
II - Investments of the fund	16,344,338	93.0%	25,355,654	95.6%
III - Receivables	11,743	0.1%	465,931	1.7%
IV - Deferred tax assets				
V - Accruals	113,258	0.6%	216,356	0.8%
VI - Other receivables and assets				
A. TOTAL ASSETS	17,571,213	100.0%	26,530,882	100.0%
LIABILITIES				
I - Liabilities based on operations	104,139	68.9%	28,429	30.4%
II - Liabilities based on operating expenses	2,126	1.4%	3,353	3.6%
III - Liabilities towards the management company	42,206	27.9%	58,786	62.8%

¹⁰ In this reporting period, new regulations came into force that regulate the content and form of financial statements for investment funds, as well as the chart of accounts and the content of accounts in the chart of accounts for investment funds. Therefore, there are certain differences in the structure of the balance sheet and income statement in this report, compared to previous reporting periods.

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ITEM	31 December 2021	%	31 December 2022	%
IV - Financial liabilities at fair value through the income statement				
V - Financial liabilities at amortized value				
VI - Other liabilities	2,720	1.8%	2,970	3.2%
B. TOTAL LIABILITIES	151,191	100.0%	93,538	100.0%
NET ASSETS				
I – Share capital	17,236,434		26,123,566	
II - Reserves				
III - Revaluation reserves	144,251		326,210	
IV - Reserves from profit				
V - Profit	39,337		39,337	
VI - Loss	0		51,769	
C. TOTAL NET ASSETS	17,420,022		26,437,344	
D. NUMBER OF SHARES ISSUED	1,662,364.476836		2,514,250.550763	
E. NET ASSETS PER SHARE	10.47906		10.51500	
F. OFF-BALANCE SHEET RECORDS				

Source: Financial statements and Auditor's Reports

As at 31 December 2022, the total assets of the voluntary pension fund were BAM 26,530,882, and they were higher by 51.0% in comparison with the balance on the same day of the previous year. In the structure of total assets of the voluntary pension fund, the highest share referred to investments of the fund in securities (95.6%) (bonds issued by the Republika Srpska, local self-government units and joint-stock companies, as well as investments in shares and shares in investment funds) and deposits. The share of cash is 1.9%, claims on the basis of advances for the purchase of securities of local communities and joint stock companies account for 1.7%, while accruals refer to accrued interest on bonds and account for 0.8% of total funds.

On the other hand, the total liabilities were BAM 93,538, in which the share of liabilities towards the management company was 62.8%, the share of liabilities referring to business operations of the fund was 30.4%, the share of liabilities referring to expenses for business operations was 3.6% and the share of liabilities referring to membership was 3.2%.

The net value of the assets of the voluntary pension fund was BAM 26,437,344. The number of shares issued, i.e. the number of subscribed units of account was 2,514,250.550763, and the net worth per share was BAM 10.51500.¹¹ The rate of return on net assets of the voluntary pension fund in the reporting period was 0.34297%.

The table below provides a brief overview of the income statement of the voluntary pension fund, for 2021 and 2022.

¹¹ The value of the unit of account of the fund on the day of valuation is determined by dividing the value of the net assets of the fund by the total number of units of account. The total number of units of account of the fund, on the day of valuation, is calculated by increasing the number of units of account from the last day for which the value of the unit of account of the fund was calculated by the number of units of account obtained by recording the units of account in the individual accounts of the members of the fund on the basis of received payments, and decreasing it by the number of units of account obtained by termination of membership on the day of valuation.

Table 31: Income statement of the voluntary pension fund

ITEM	December 2021	December 2022
A. REALISED INCOME AND EXPENSES		
I Operating income	305,646	516,736
II Realised profit	0	0
III Operating expenses	275,282	465,755
IV Realised loss	0	0
V Financial income	0	0
VI Financial expenses	18,770	40,522
B. REALISED PROFIT (LOSS) BEFORE TAX	11,594	10,459
C. UNREALIZED PROFIT AND LOSS	24,574	-62,228
D. TOTAL UNREALISED PROFIT (LOSSES) OF THE FUND	24,574	-62,228
E. TOTAL PROFIT (LOSS) BEFORE TAX	36,168	-51,769
F. PROFIT TAX	0	0
G. TOTAL PROFIT (LOSS) AFTER TAX	36,168	-51,769
H. OTHER TOTAL RESULT	127,720	181,959
I. INCREASE (DECREASE) IN THE NET ASSETS - TOTAL RESULT		
1. Increase in the net assets of the fund	163,888	130,190
2. Decrease in the net assets of the fund		

Source: Financial statements and Auditor's Reports

In 2022, operating income amounted to BAM 516,736 and is higher by BAM 211,090 compared to the same period of the previous year, and the structure of which consists of income from interest (87.1%), income from amortization of premium - discount (9.4%) and income from dividends (3.5%). On the other hand, there was an increase in business expenses by BAM 190,473, due to an increase in fees to the management company, which participate with 92.9% in the structure of the mentioned expenses, fees to the depository bank with 6.9%, and BAM 900 refers to other allowed expenses of the fund.

In the reporting period, the total loss of the voluntary pension fund was BAM 51,769. However, when the other total result in the amount of BAM 181,959 is included, the increase in the fund's net assets - the total result was BAM 130,190.

Basic information about insurance companies based in the Republic of Srpska (as at 31 December 2022)

Insurance company	Seat	Address	Director	Operating assets	Total balance sheet capital	Calculated premium	Number of employees
D.D. Brčko gas osiguranje	Brčko	Banjalučka 8	Miladin Milošević	31,895,886	14,010,219	16,048,664	134
Grawe osiguranje a.d.	Banja Luka	I krajiškog korpusa 39	Veselin Petković	183,276,595	23,792,096	36,099,623	98
Drina osiguranje a.d.	Milići	Ulica 9. januara br.4	Valentino Janković	42,325,302	14,475,317	22,853,473	120
Dunav osiguranje a.d.	Banja Luka	Veselina Masleše 28	Bojan Popović	42,670,196	12,572,682	28,348,142	175
Euros osiguranje a.d.	Banja Luka	Bulevar srpske vojske 7	Duško Valan	14,651,242	6,035,393	10,952,043	89
Wiener osiguranje a.d.	Banja Luka	Kninska 1A	Borislav Doder	103,076,659	17,403,833	37,874,911	208
Krajina osiguranje a.d.	Banja Luka	Braće Pantića 2	Mile Janjić	18,425,479	7,220,467	5,823,474	56
Mikrofin osiguranje a.d.	Banja Luka	Aleja Svetog Save 61	Danijel Dragutinović	23,088,982	10,219,821	16,663,832	88
Nešković osiguranje a.d.	Bijeljina	Sremska 3	Milenko Mišanović	43,826,469	21,901,534	16,563,145	80
Osiguranje Aura a.d.	Banja Luka	Veljka Mladenovića 7d	Radenko Vujić	37,086,633	9,022,563	29,141,837	219
Osiguranje Garant d.d.	Brčko	Banjalučka 54	Goran Radović	23,064,248	12,498,627	11,740,646	36
Premium osiguranje a.d.	Banja Luka	Mladena Stojanovića 111	Bojan Burazor	19,608,225	7,413,118	17,016,393	124
SAS-SuperP OSIGURANJE a.d.	Bijeljina	Trg Đenerala Draže Mihailovića 12	Nikola Gavrić	8,712,943	6,024,186	3,434,223	31
Triglav osiguranje a.d.	Banja Luka	I krajiškog korpusa 29	Janez Rožmarin	27,840,539	10,367,322	13,000,528	102
				619,549,399	172,957,178	265,560,934	1,560