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of Republic of Srpska

Annual report

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

for year 2023

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INTRODUCTORY WORD

The report on the state of the insurance sector in the Republic of Srpska for 2023 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 2023, there were 23 insurance companies operating on the insurance market of the Republic of Srpska, 14 of which were based in the Republic of Srpska, and 9 in the Federation of Bosnia and Herzegovina, which performed insurance business through a branch office registered in the Republic of Srpska. Although the number of insurance companies (including the branch offices of companies from the FBiH) in the peer group with up to 5% individual participation in the total premium has decreased, compared to previous reporting periods, the number is still high. It can be stated that there is quite strong competition in the insurance market of Republic of Srpska, which is additionally indicated by the value of the Herfindahl Hirschman index. Increased competition on the insurance market, viewed through the total number of insurance companies, with the dominant share of the premium of compulsory motor vehicles liability insurance, has been a risk for preserving the stability of the insurance sector for a longer period time.

On the insurance market of the Republic of Srpska, the total written premium amounted to BAM 320.5 million, which was 15.8% higher compared to the previous year. Within it, the premium of insurance companies based in Republic of Srpska increased by 16.0%, and the premium of branch offices of companies from FBiH by 14.9%. The non-life insurance premium was higher by 18.7%, while the life insurance premium by 3.6%. In the structure of the total premium, the motor vehicle liability insurance premium participated with 55.8%, the life insurance premium with 17.7%, the premium of motor vehicle comprehensive insurance with 8.7%, while the joint participation of the premium of all other types of non-life insurance was 17.8%. It is important to emphasize that the motor vehicle liability insurance premium with 62.0% dominates the premium structure of insurance companies based in Republic of Srpska, while it participates with 37.9% in the premium structure of branch offices of insurance companies based in FBiH written in the Republic of Srpska. Through agents and brokers, 34.0% of the premium was written on the insurance market of the Republic of Srpska.

As regards the business operations of the insurance companies based in the Republic of Srpska, including their operations in the FBiH, it is noteworthy that the premium written was higher by 13.6%, and amounted to BAM 301.6 million. The total balance amount was higher by 5.4%, within which technical reserves increased by 8.1%. Time deposits, real estate and securities had the most significant share, with a total share of 72.7%, in the structure of investments of assets to cover technical reserves of non-life insurance. Investments in securities participated with 96.0% in the structure of total investments of assets to cover the technical reserves of life insurance, within which bonds issued by the Republic of Srpska had a dominant share. It should be emphasized that the capital, calculated technical reserves, mathematical reserve and reserve for profit participation together made up 91.2% of the business 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 30.4 million, which resulted in a rate of return on capital of 17.6%. At the end of 2023, all insurance companies achieved a net profit for the period. The value of the combined ratio was below 100, which meant 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 119.1 million, or 8.5% more than the previous year, was paid to the insured, third party 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. Solvency of the insurance sector observed through the fulfilment of capital adequacy requirements, coverage of calculated technical reserves, and solvency ratio was at a satisfactory level. The general liquidity ratio at the sector level was greater than 1, which reflects the ability to meet obligations as they fall due. All insurance companies from Republic of Srpska met the prescribed requirements of capital adequacy and coverage of calculated technical reserves. Although all indicators of stability and solvency of the insurance sector are at a satisfactory level and in accordance with legal requirements, it should be borne in mind that according to the current regulatory framework for evaluating the adequacy of capital, assets, etc. they are not based on the approach of evaluating risk exposure, and in that context the indicators of the insurance sector should be viewed with a certain degree of caution.

The activity of voluntary pension insurance was pursued by one company for the management of voluntary pension funds. As at 31 December 2023, the total number of active members of the voluntary pension fund was 37,906, which was by 4.1% or by 1.490 higher compared to the same date of the previous year. Of the total number of active members, 93.7% of members joined through pension plans of public companies and institutions. The net asset value of the voluntary pension fund was BAM 35.8 million, which was higher by 35.4% in comparison with the previous year.

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 Agency and Insurance and Reinsurance Brokerage ('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, 78/20 and 1/24), setting out the types and rules of compulsory traffic insurance.

The Law on Voluntary Pension Funds and Pension Schemes ('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 schemes, 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*

In 2023, 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 2023.

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.[1]	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

Source: Central Securities Registry

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 2023, a total of 9 branch offices of the insurance companies from the FBiH operated in the insurance market of the Republic of Srpska.

[1] In 2023, Triglav osiguranje d.d. Sarajevo, became the 100% owner of Triglav osiguranje a.d. Banja Luka. Since Triglav osiguranje d.d. Sarajevo is owned by Triglav INT, holdinška družba Ljubljana (Slovenia), accordingly Triglav osiguranje a.d. Banja Luka, in an indirect way, is considered a company with foreign ownership.

Ownership structure

As regards the ownership structure, as at 31 December 2023, 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	62.4%	42.1%	58.0%
Majority foreign ownership	4[2]	37.6%	57.9%	42.0%
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 37.6%. A total of 57.9% of the total assets and 42.0% of the invoiced premium refers to insurance companies with the majority foreign capital.

Human resources

As at 31 December 2023, a total of 1,525 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	31.12.2021		31.12.2022		31.12.2023		Index 2023/22
	Number	%	Number	%	Number	%	
Unskilled	5	0.3	5	0.3	3	0.2	60.0
Semi-skilled	0	0.0	0	0.0	0	0.0	
Primary education	0	0.0	0	0.0	2	0.1	
Skilled	62	3.9	61	3.9	66	4.3	108.2
Secondary education	815	51.9	785	50.3	784	51.4	99.9
Highly-skilled	2	0.1	4	0.3	1	0.1	25.0
Two-year college degree	67	4.3	69	4.4	68	4.5	98.6
University degree	590	37.6	601	38.5	559	36.7	93.0
MA	29	1.8	33	2.1	40	2.6	121.2
PhD	2	0.1	2	0.1	2	0.1	100.0
T O T A L	1,572	100.0	1,560	100.0	1,525	100.0	97.8

Source: Reports of the insurance companies from the RS

In addition to that, a total of 290 persons were employed at branch offices of the insurance companies from the FBiH, and 8 persons were employed at the Protection Fund of the Republic of Srpska, which gives a total of 1,823 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] Note: see footnote number 1

2.1.1.2. Insurance agents and brokers

As at 31 December 2023, the Register of insurance agents and brokers kept by the Agency lists a total of:

- 593 insurance agents – natural persons, of which a total of 72 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,
- 14 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 2023, the Agency organised training and held one accustomed and one unaccustomed examination for the professional knowledge verification required for obtaining the authorisation to pursue the activity of insurance agency and brokerage. A total of 86 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 Compulsory Insurance for Motor Vehicles and other Types of 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, 78/20 and 1/24). 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 persons[3]) 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.

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

The total income generated by the Protection Fund in 2023 was BAM 2,765,818, representing a decrease of 6.4% in comparison with the previous year, and 77.1% of the income referred to operating income, 4.7% to financial income, and 18.2% other income. The decrease in total income was influenced by the decrease in operating income due to the decrease in the determined contributions of insurance companies for the year 2023, and due to less planned income based on contributions from the Protection Fund The total expenses were BAM 2,466,949 and they increased by 5.6%, of which 83.7% referred to operating expenses, 16.2% to other expenses, while 0.1% referred to expenses from adjustments of the values of assets. The increase in total expenses was influenced by the increase in operating expenses, i.e. the increase in the cost of provisions for claims. The Protection Fund had excess of income over expenses in the amount of BAM 298.869.

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	2021	2022	2023	Index 2023/2022
1. Registered in the current period and reactivated	309	291	315	108.2
2. Transferred from the previous period	102	101	86	85.1
3. Total number of claims (1+2)	411	392	401	102.3
4. Claims rejected	75	78	80	102.6
5. Claims processed, less the rejected ones	235	228	250	109.6
6. Number of claims paid	235	228	250	109.6
7. Amount of claims paid (BAM)	1,112,275	1,132,738	1,188,803	104.9

Source: Report of the Protection Fund

In comparison with the previous year, the total number of claims, as well as the number and amount of claims paid increased. All processed claims were paid. The average value of a claim paid was BAM 4,755, representing a decrease of 4.3% compared to the previous year.

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 2023, 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 indicators*[4]**

Country		Premium/population (in USD)			Premium/GDP (%)			Life insurance / total premium (%)		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
BiH	RS	122.2	138.3	132.9	2.1	2.1	1.9	19.2	20.6	19.8
	FBiH	138.0	156.2	150.6	2.3	2.2	2.1	21.4	21.7	22.0
Austria		2,310.0	2,463.0	2,262.0	4.7	4.6	4.3	29.9	29.1	27.7
Bulgaria		238.0	281.0	280.0	2.4	2.4	2.2	12.0	15.5	13.5
Greece		464.0	535.0	502.0	2.7	2.6	2.4	48.1	49.7	48.9
Hungary		398.0	448.0	392.0	2.5	2.4	2.1	44.1	45.1	42.4
Romania		141.0	179.0	193.0	1.1	1.2	1.3	17.7	16.9	13.9
Slovenia		1,392.0	1,464.0	1,396.0	5.5	5.0	4.7	29.3	28.5	27.5
Serbia		154.0	176.0	177.0	2.0	1.9	1.9	22.4	21.5	20.0
Turkey		128.0	128.0	154.0	1.5	1.3	1.5	18.9	18.0	13.8
Croatia		391.0	465.0	455.0	2.8	2.7	2.6	25.3	24.9	22.6
Czech Republic		675.0	781.0	791.0	2.9	2.9	2.9	30.7	28.5	26.9

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 while the premium per capita is low throughout the reporting period. The share of the life insurance premium in the total premium is about 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 Srpska[5], for 2021, 2022 and 2023.

Table 6: Insurance premium written in the RS market

No.	Entities in the Republic of Srpska market	Premium written in the market of the Republic of Srpska						Index 2023/22
		2021		2022		2023		
		Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
1.	COMPANIES FROM RS	191,995,945	74.4	204,446,727	73.8	237,234,954	74.0	116.0
1.1.	Non-life insurance	165,668,950	64.2	177,786,431	64.2	209,967,151	65.5	118.1
1.2.	Life insurance	26,326,995	10.2	26,660,296	9.6	27,267,803	8.5	102.3
2.	BRANCH OFFICES OF COMPANIES FROM FBiH	66,092,689	25.6	72,411,832	26.2	83,235,814	26.0	114.,9
2.1.	Non-life insurance	39,161,754	15.2	44,291,917	16.0	53,741,368	16.8	121.3
2.2.	Life insurance	26,930,935	10.4	28,119,915	10.2	29,494,446	9.2	104.9
TOTAL		258,088,634	100.0	276,858,559	100.0	320,470,768	100.0	115.8

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

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[4] In the period of preparation of this report, the comparative statistics for 2023 were not available. The data for 2020 and 2021 were subsequently corrected by SwissRe, and included in this report as such.

[5] 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.

The premium written in the insurance market of the Republic of Srpska in the period from 1 January to 31 December 2023 was BAM 320,470,768 and was higher by BAM 43,612,209 or 15.8% in comparison with the same period of the previous year. The premium written by the insurance companies from the Republic of Srpska increased by 16.0%, while the premium written by the insurance companies from the FBiH increased by 14.9%.

The table below shows the structure of the premium written in the insurance market in the Republic of Srpska, by type of insurance, for 2021, 2022 and 2023.

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

Type of insurance	2021		2022		2023		Index 2023/22
	Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
Accident insurance	14,248,749	5.6	15,718,688	5.7	18,059,070	5.6	114.9
Land vehicle insurance (except for railway vehicles)	20,236,360	7.8	22,922,415	8.3	27,856,755	8.7	121.5
Insurance of property against fire and natural forces	9,051,057	3.5	10,062,016	3.6	10,430,236	3.3	103.7
Insurance against other types of property damage	9,798,332	3.8	12,015,599	4.3	13,577,653	4.2	113.0
Motor vehicle liability insurance	142,120,068	55.1	148,913,859	53.8	178,745,937	55.8	120.0
Other	9,376,139	3.6	12,445,770	4.5	15,038,868	4.7	120.8
Total non-life insurance	204,830,704	79.4	222,078,347	80.2	263,708,519	82.3	118.7
Life insurance	53,257,930	20.6	54,780,212	19.8	56,762,249	17.7	103.6
Total	258,088,634	100.0	276,858,559	100.0	320,470,768	100.0	115.8

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 2023, a total of BAM 263,708,519 or 82,3% referred to the non-life insurance premium, while a total of BAM 56.762.249 KM or 17.7% referred to the life insurance premium written. In comparison with the previous year, the non-life insurance premium written increased by 18.7%, and the life insurance premium increased by 3.6%. The motor vehicle liability insurance premium with 62.0% dominates the structure of premium 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 offices of the companies from the FBiH	2021	2022	2023
1.	D.D. Brčko gas osiguranje	4.4%	4.4%	4.2%
2.	Grawe osiguranje a.d.	13.8%	13.0%	12.2%
3.	Drina osiguranje a.d.	7.6%	7.4%	7.2%
4.	Dunav osiguranje a.d.	6.8%	6.7%	6.4%
5.	Euros osiguranje a.d.	3.7%	3.3%	3.2%
6.	Wiener osiguranje a.d.	7.0%	7.4%	6.8%
7.	Krajina osiguranje a.d.	1.6%	2.1%	2.4%

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 offices of the companies from the FBiH	2021	2022	2023
8.	Mikrofin osiguranje a.d.	3.3%	3.5%	4.1%
9.	Nešković osiguranje a.d.	6.5%	6.0%	6.1%
10.	Osiguranje Aura a.d.	6.6%	6.3%	6.4%
11.	Osiguranje Garant a.d.	4.5%	4.2%	4.3%
12.	Premium osiguranje a.d.	2.9%	3.6%	4.1%
13.	SAS-SuperP osiguranje a.d.	1.3%	1.2%	1.2%
14.	Triglav osiguranje a.d.	4.5%	4.7%	5.3%
15.	Asa osiguranje d.d.	3.3%	3.5%	5.0%
16.	Adriatic osiguranje d.d.	2.6%	2.4%	3.4%
17.	Camelija osiguranje d.d.	0.4%	0.6%	0.9%
18.	Central osiguranje d.d.	1.5%	1.9%	
19.	Croatia osiguranje d.d.	0.7%	0.8%	0.9%
20.	Euroherc osiguranje d.d.	2.9%	2.9%	2.9%
21.	SARAJEVO osiguranje d.d.	1.5%	1.5%	1.5%
22.	Vienna osiguranjed.d.	3.6%	3.6%	3.4%
23.	UNIQA osiguranje d.d.	7.0%	7.3%	6.7%
24.	Triglav osiguranje d.d.	2.1%	1.6%	1.3%
	UKUPNO	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 the number of companies with share in the premium written has decreased to 5%, due to the merger of two insurance companies from the FBiH that operated in the Republic of Srpska through branch offices, and the increase in the share of an insurance company from the Republic of Srpska. Accordingly, the number of companies with a share of 5-10% increased, while there was no insurance company whose share in the total premium written was higher than 15%.

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					
	2021		2022		20230	
	Total share	Number of insurance companies	Total share	Number of insurance companies	Total share	Number of insurance companies
below 5%	44.8%	17	45.9%	17	37.8%	14
5–10%	41.4%	6	41.1%	6	50.0%	8
10–15%	13.8%	1	13.0%	1	12.2%	1
above 15%	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. 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*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 2023 was 589 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 2023 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 301,580,613 (of which BAM 237,234,954 in the Republic of Srpska and BAM 64,345,659 in the 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 lower by BAM 36,019,679 or 13.6%.

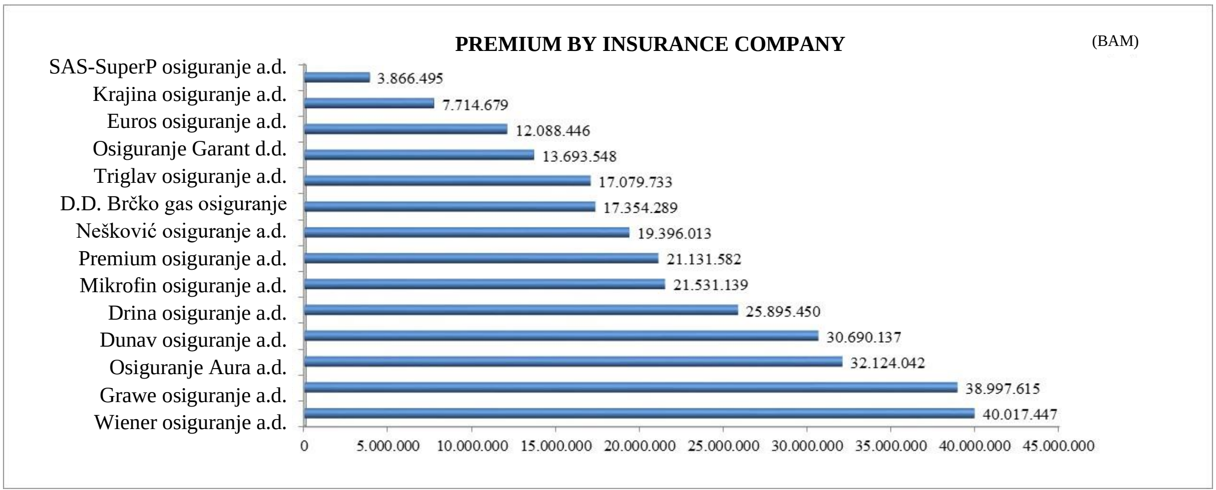
The table below provides an overview of the premium written by the insurance companies based in the Republic of Srpska for 2021, 2022 and 2023.

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

No.	NAME OF THE COMPANY IN THE RS	Premium written						Index 2023/22
		2021		2022		2023		
		Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
NON-LIFE INSURANCE								
1.	D.D. Brčko gas osiguranje	16,083,806	6.5	16,048,664	6.0	17,354,289	5.8	108,1
2.	Grawe osiguranje a.d.	10,778,553	4.4	11,129,779	4.2	13,083,833	4.3	117,6
3.	Drina osiguranje a.d.	22,138,712	9.0	22,853,473	8.6	25,895,450	8.6	113,3
4.	Dunav osiguranje a.d.	25,965,457	10.6	28,348,142	10.7	30,690,137	10.2	108,3
5.	Euros osiguranje a.d.	11,786,329	4.8	10,952,043	4.1	12,088,446	4.0	110,4
6.	Wiener osiguranje a.d.	29,117,354	11.9	34,956,301	13.2	37,383,581	12.4	106,9
7.	Krajina osiguranje a.d.	4,238,903	1.7	5,823,474	2.2	7,714,679	2.6	132,5
8.	Mikrofin osiguranje a.d.	14,192,989	5.8	16,663,832	6.3	21,531,139	7.1	129,2
9.	Nešković osiguranje a.d.	16,718,775	6,8	16,563,145	6.2	19,396,013	6.4	117,1
10.	Osiguranje Aura a.d.	27,606,984	11.2	29,141,837	11.0	32.124.042	10.7	110,2
11.	Osiguranje Garant d.d.	11,920,751	4.9	11,740,646	4.4	13,693,548	4.5	116,6
12.	Premium osiguranje a.d.	12,612,568	5.1	17,016,393	6.4	21,131,582	7.0	124,2
13.	SAS-SuperP osiguranje a.d.	3,401,603	1.4	3,434,223	1.3	3,866,495	1.3	112,6
14.	Triglav osiguranje a.d.	11,523,222	4.7	13,000,528	4.9	17,079,733	5.7	131,4
TOTAL NON-LIFE INSURANCE		218,086,007	88.8	237,672,480	89.5	273,032,966	90.5	114.9
LIFE INSURANCE								
1.	Grawe osiguranje a.d.	24,870,928	10.1	24,969,844	9.4	25,913,781	8.6	103.8
2.	Wiener osiguranje a.d.	2,657,793	1.1	2,918,610	1.1	2,633,866	0.9	90.2
	TOTAL LIFE INSURANCE	27.528.721	11,2	27.888.454	10,5	28.547.647	9,5	102,4
	TOTAL PREMIUM	245.614.728	100,0	265.560.934	100,0	301.580.613	100,0	113,6

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 2021, 2022 and 2023.

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

No.	NAME OF THE COMPANY	Premium written						
		2021		2022		2023		INDEX 2023/22
		Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
NON-LIFE INSURANCE								
1.	D.D. Brčko-gas osiguranje	4,713,681	8.8	3,927,865	6.4	3,794,074	5.9	96.6
2.	Drina osiguranje a.d.	2,543,983	4.7	2,473,806	4.0	2,711,409	4.2	109.6
3.	Dunav osiguranje a.d.	8,461,470	15.8	9,813,574	16.1	10,090,393	15.7	102.8
4.	Wiener osiguranje a.d.	12,614,177	23.5	16,190,750	26.5	16,789,563	26.1	103.7
5.	Mikrofin osiguranje a.d.	5,774,772	10.8	6,851,610	11.2	8,246,267	12.8	120.4
6.	Osiguranje Aura a.d.	10,541,533	19.7	11,671,961	19.1	11,652,163	18.1	99.8
7.	Premium osiguranje a.d.	5,180,675	9.7	7,025,585	11.5	7,901,791	12.3	112.5
8.	Euros osiguranje a.d.	2,151,629	4.0	1,930,897	32	1,880,156	2.9	97.4
9.	Osiguranje Garant d.d.	435,137	0.8					
	TOTAL NON-LIFE INSURANCE	52,417,057	97.8	59,886,050	98.0	63,065,815	98.0	105.3
LIFE INSURANCE								
1.	Wiener osiguranje a.d.	1,201,726	2.2	1,228,157	2,0	1,279,844	2.0	104.2
	TOTAL LIFE INSURANCE	1,201,726	2.2	1,228,157	2,0	1,279,844	2.0	104.2
	TOTAL PREMIUM	53,618,783	100.0	61,114,207	100,0	64,345,659	100.0	105.3

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 64,345,659, which was higher by 5.3% in comparison with the previous year and which constituted 21.3% 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 2021, 2022 and 2023, 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	2021.		2022.		2023.		Index 2023/22
	Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
Accident insurance	14,927,375	6.1	17,445,775	6,6	20,155,640	6.7	115.5
Land vehicle insurance except for railway vehicles	16,659,847	6.8	18,797,721	7,1	22,108,251	7.3	117.6
Insurance of property against fire and natural forces	8,052,132	3.3	8,803,700	3,3	9,548,735	3.2	108.5
Insurance against other types of property damage	11,989,610	4.9	16,023,517	6,0	15,439,747	5.1	96.4
Motor vehicle liability insurance	157,679,958	64.2	164,492,362	61,9	191,206,233	63.4	116.2
Other	8,777,085	3.6	12,109,406	4,6	14,574,360	4.8	120.4
Total non-life insurance	218,086,007	88.8	237,672,480	89,5	273,032,966	90.5	114.9
Life insurance	27,528,721	11.2	27,888,454	10,5	28,547,647	9.5	102.4
Total	245,614,728	100.0	265,560,934	100,0	301,580,613	100.0	113.6

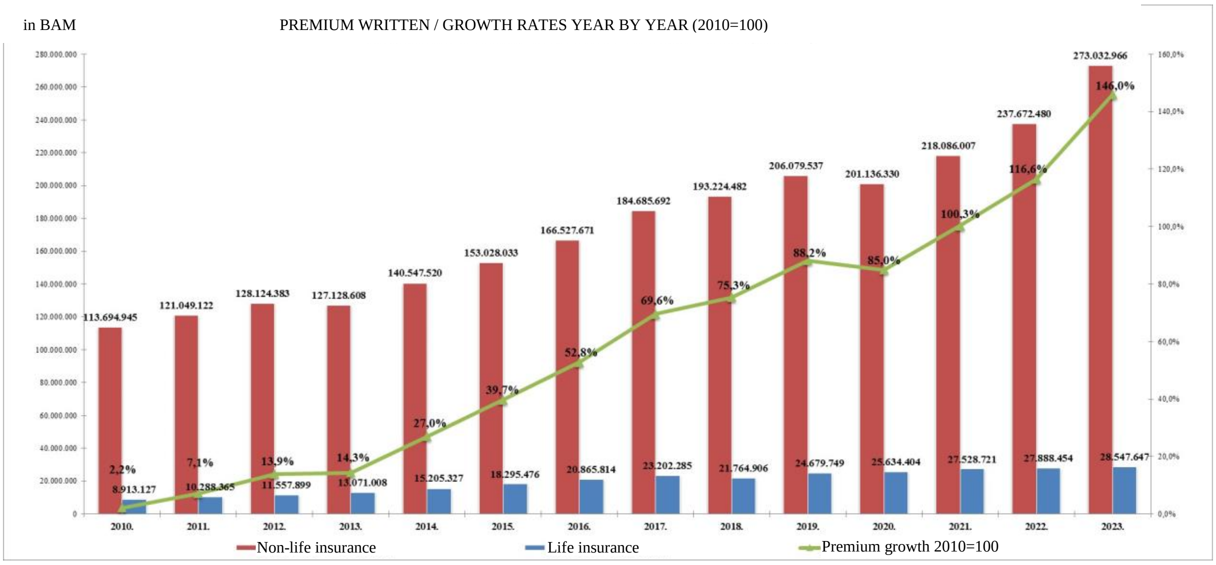
Source: Reports of the insurance companies from the RS

Of the total premium written in 2023, a total of BAM 273,032,966 or 90.5% referred to the non-life insurance premium, while the life insurance premium written totalled BAM 28,547,647 or 9.5%. In comparison with the previous year, the non-life insurance premium written was higher by 14.9%, while the life insurance premium written was higher by 2.4%.

The compulsory MTPL insurance premium had the highest share in the total motor vehicle liability insurance premium with 99.5%. 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 63.1%, while its share in the total non-life insurance premium written was 69.7%, and it did not change significantly in comparison with the previous year.

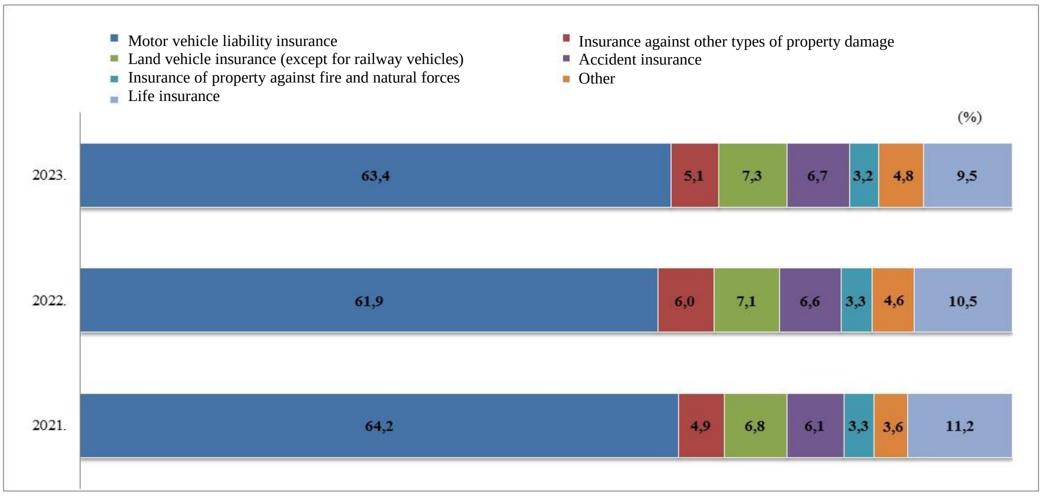
A series of charts illustrating the premiums written by the insurance companies based in the Republic of Srpska are given below.

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



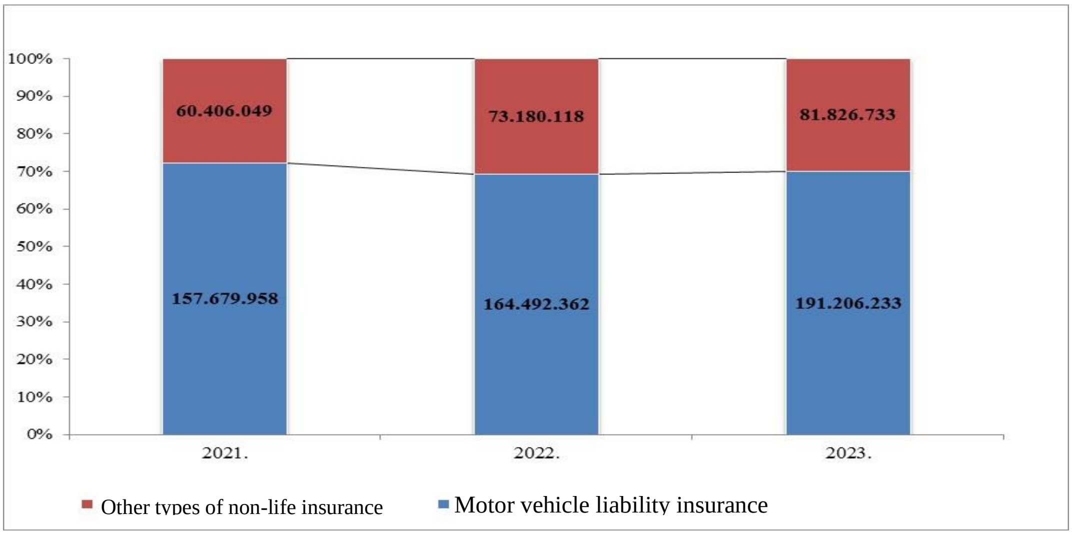
Source: Reports of the insurance companies from the RS

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 BAM 83,235,814 or 26.0%.

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 2021, 2022 and 2023.

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 2023/22
		2021		2022		2023		
		Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
NON-LIFE INSURANCE								
1.	Asa osiguranje d.d.	8,526,054	12.9	9,603,484	13.3	16,150,461	19.4	168.2
2.	Adriatic osiguranje d.d.	6,626,311	10.0	6,677,269	9.2	10,441,566	12.5	156.4
3.	Camelija osiguranje d.d.	1,028,296	1.6	1,777,454	2.5	2,889,187	3.5	162.5
4.	Central osiguranje d.d.	3,977,326	6.0	5,339,647	7.4			0.0
5.	Croatia osiguranje d.d.	1,689,931	2.6	2,060,610	2.8	2,896,811	3.5	140.6
6.	Euroherc osiguranje d.d.	7,421,454	11.2	8,015,997	11.1	9,351,724	11.2	116.7
7.	SARAJEVO osiguranje	3,931,947	5.9	4,230,297	5.8	4,716,656	5.7	111.5

No.	Branch offices of the insurance companies from the FBiH operating in the RS	Premium written						Index 2023/22
		2021		2022		2023		
		Amount (BAM)	%	Amount (BAM)	%	Amount (BAM)	%	
8.	Vienna osiguranje d.d.	274,770	0.4	519,323	0.7	829,783	1.0	159.8
9.	UNIQA osiguranje d.d.	5,496,992	8.3	5,833,526	8.1	6,247,872	7.5	107.1
10.	Triglav osiguranje d.d.	188,672	0.3	234,310	0.3	217,308	0.3	92.7
	TOTAL NON-LIFE INSURANCE	39,161,754	59.3	44,291,917	61.2	53,741,368	64.6	121.3
LIFE INSURANCE								
1.	Adriatic osiguranje d.d.	68,090	0.1	60,975	0.1	510,700	0.6	837.6
2.	Croatia osiguranje d.d.	117,677	0.2	112,059	0.2	103,484	0.1	92.3
3.	Vienna osiguranje d.d.	9,076,338	13.7	9,318,923	12.9	9,915,633	11.9	106.4
4.	UNIQA osiguranje d.d	12,455,942	18.8	14,425,091	19.9	15,099,848	18.1	104.7
5.	Triglav osiguranje d.d.	5,212,887	7.9	4,202,868	5.8	3,864,782	4.6	92.0
	TOTAL LIFE INSURANCE	26,930,935	40.7	28,119,915	38.8	29,494,446	35.4	104.9
	TOTAL PREMIUM	66,092,689	100.0	72,411,832	100.0	83,235,814	100.0	114.9

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 2023, the share of non-life insurance was 64.6%, and the share of life insurance was 35.4%. 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 21.3%, and the life insurance premium increased by 4.9% in comparison with 2022. The share of premium for motor vehicles liability insurance was 37.9% of total written premium of 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, for 2022 and 2023.

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

No.	Entities in the market	2022				2023			
		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	48,965,714	24.0%	11,772,011	5.8%	59,300,627	25.0%	12,974,069	5.5%
1.1.	Non-life insurance	25,332,723	14.2%	11,642,095	6.5%	34,627,347	16.5%	12,840,707	6.1%
1.2.	Life insurance	23,632,991	88.6%	129,916	0.5%	24,673,280	90.5%	133,362	0.5%
2.	BRANCH OFFICES OF THE COMPANIES FROM THE FBiH	29,529,788	40.8%	1,533,779	2.1%	35,215,843	42.3%	1,473,479	1.8%
2.1.	Non-life insurance	8,489,860	19.2%	1,528,693	3.5%	13,367,184	24.9%	1,467,339	2.7%
2.2.	Life insurance	21,039,928	74.8%	5,086	0.0%	21,848,659	74.1%	6,140	0.0%
	TOTAL	78,495,502	28.4%	13,305,790	4.8%	94,516,470	29.5%	14,447,548	4.5%

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

In 2023, the premium in the insurance market of the Republic of Srpska written through insurance agents and brokers totalled BAM 108.964.018 or 34.0% of the total premium written, and it is higher by 18.7% in comparison with the previous year. The premium written through insurance agents totalled BAM 94,516,470 or 29.5% of the total premium, while the premium written through insurance brokers totalled BAM 14,447,548 or 4.5% of the total premium.

The non-life insurance premium written through insurance agents and brokers totalled BAM 62,302,577 or 23.6% of the non-life insurance premium, and it is higher by 32.6% compared to the same period of the previous year. The life insurance premium written through insurance agents and brokers totalled BAM 46.661.441 or 82.2% of the life insurance premium, representing an increase of 4.1% in the life insurance premium written via these sales channels.

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 2022 and 2023.

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

Врсте осигурања	2022.				2023.			
	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, by types of isnurance	Amount (BAM)	Share in the total premium written, by types of isnurance	Amount (BAM)	Share in the total premium written, by types of isnurance	Amount (BAM)	Share in the total premium written, by types of isnurance
Accident insurance	2,254,369	14.3%	3,617,140	23.0%	2,575,114	14.3%	4,093,544	22.7%
Land vehicle insurance except for railway vehicles	2,910,635	12.7%	647,281	2.8%	4,012,407	14.4%	837,969	3.0%
Insurance of property against fire and natural forces	1,287,184	12.8%	1,214,700	12.1%	1,498,092	14.4%	1,242,248	11.9%
Insurance against other types of property damage	1,048,455	8.7%	4,196,926	34.9%	1,509,716	11.1%	4,338,181	32.0%
Motor vehicle liability insurance	23,553,534	15.8%	712,068	0.5%	34,177,526	19.1%	806,565	0.5%
Other	2,768,406	22.2%	2,782,673	22.4%	4,221,677	28.1%	2,989,539	19.9%
Total non-life insurance	33,822,583	15.2%	13,170,788	5.9%	47,994,531	18.2%	14,308,046	5.4%
Total life insurance	44,672,919	81.5%	135,002	0.2%	46,521,939	82.0%	139,502	0.2%
TOTAL	78,495,502	28.4%	13,305,790	4.8%	94,516,470	29.5%	14,447,548	4.5%

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 type of insurance of other property damages, in the total written premium of these types of insurance. In nominal terms, the largest amount of written premium through agents was recorded in life insurance and motor vehicle liability insurance, and through brokers in insurance against other types of property damage and accident insurance. The share of the motor vehicle liability insurance premium, written through insurance agents and brokers, was 19.6% in 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 calculated by insurance companies based in Republic of Srpska through insurance agents and brokers, in 2023, amounted to BAM 98,133,340 or 32.5% of the total written premium. Compared to the same period of the previous year, the premium written through these sales channels was higher by BAM 14,323,109 or 17.1%.

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 2022 and 2023, by type of insurance.

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

Type of insurance	2022				2023			
	Premium written through agents		Premium written through brokers		Premium written through agents		Premium written through brokers	
	Amount (BAM)	Share in the total premium written, by types of isnurance	Amount (BAM)	Share in the total premium written, by types of isnurance	Amount (BAM)	Share in the total premium written, by types of isnurance	Amount (BAM)	Share in the total premium written, by types of isnurance
Accident insurance	4,509,163	25.8%	3,700,139	21.2%	5,524,603	27.4%	4,260,429	21.1%
Land vehicle insurance (except for railway vehicles)	3,012,797	16.0%	911,386	4.8%	4,037,873	18.3%	1,000,442	4.5%
Insurance of property against fire and natural forces	1,385,807	15.7%	1,396,835	15.9%	1,665,974	17.4%	1,478,636	15.5%
Insurance against other types of property damage	948,566	5.9%	7,796,712	48.7%	1,293,290	8.4%	6,741,262	43.7%
Motor vehicle liability insurance	30,008,440	18.2%	261,665	0.2%	38,846,235	20.3%	431,314	0.2%
Other	2,511,740	20.7%	3,298,334	27.2%	3,608,342	24.8%	4,087,260	28.0%
Total non-life insurnace	42,376,513	17.8%	17,365,071	7.3%	54,976,317	20.1%	17,999,343	6.6%
Total life insurance	23,938,732	85.8%	129,915	0.5%	25,024,318	87.6%	133,362	0.5%
TOTAL	66,315,245	25.0%	17,494,986	6.6%	80,000,635	26.5%	18,132,705	6.0%

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 80.000.635 or 26.5% of the total premium, and the premium written through insurance brokers totalled BAM 18,132,705 or 6.0% of the total premium.

In 2023, the non-life insurance premium written by the insurance companies based in the Republic of Srpska through insurance agents and brokers totalled BAM 72,975,660 (26.7% of the total non-life insurance premium written) and it was higher by 22.2% compared to the same period of the previous year. A total of BAM 25,157,680 or 88.1% of the life insurance premium was written by insurance agents and brokers, representing an increase of 4.5% in the life insurance premium written via these sales channels compared to the same period of the previous year.

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 is in the type of insurance against other types of property damage, in the total written premium of these types of insurance. In nominal terms, the largest amount of written premium through agents was recorded in life insurance and motor vehicle liability insurance, and through brokers in insurance against other types of property damage and accident insurance. The share of the motor vehicle liability insurance premium, written through insurance agents and brokers, was 20.5% in the total premium written for this type of insurance..

2.2. Balance structure

On the basis of the audited financial statements submitted by the insurance companies for 2023, this chapter provides a comparative overview and an analysis of the main balance items for 2022 and 2023.

2.2.1. Balance sheet

As at 31 December 2023, the value of the operating assets and liabilities of the insurance companies based in the Republic of Srpska was BAM 653,652,512, which was higher by 5.5% in comparison with 31 December 2022.

The table below provides a brief overview of the aggregate balance sheet assets of the insurance companies for 2022 and 2023.

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

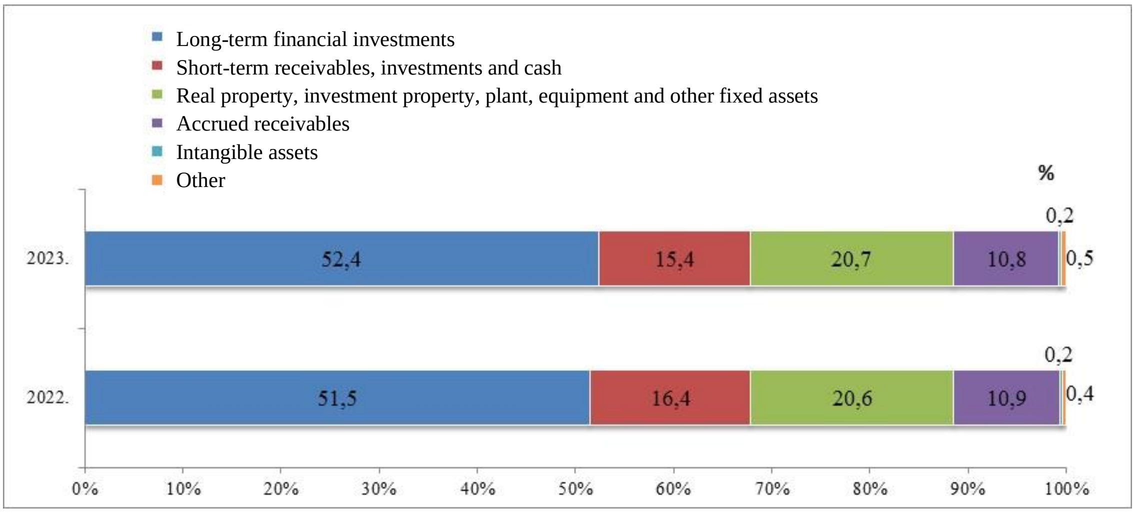
A S S E T S	31 December 2022.		31 December 2023.		Index 2023/22
	Amount (BAM)	Share	Amount (BAM)	Share	
A. FIXED ASSETS (I+II+III+IV)	448,336,473	72.4%	479,726,121	73.4%	107.0
I - Intangible assets	1,511,110	0.2%	1,567,163	0.2%	103.7
II - Real property, investment property, plant, equipment and other fixed assets (1+2+3)	127,722,891	20.6%	135,539,467	20.7%	106.1
1. Land, buildings, plant and equipment	43,036,794	6.9%	43,173,414	6.6%	100.3
2. Investment property	76,794,659	12.4%	85,430,310	13.1%	111.2
3. Other fixed assets	7,891,438	1.3%	6,935,743	1.1%	87.9
III - Long-term financial investments (1+2)	319,102,472	51.5%	342,595,524	52.4%	107.4
1. Share in the capital of related, associated and other legal persons	4,580,795	0.7%	4,380,704	0.7%	95.6
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	314,521,677	50.8%	338,214,820	51.7%	107.5
IV - Deferred tax assets			23,967	0.0%	
B. CURRENT ASSETS (I+II+III+IV)	171,212,926	27.6%	173,926,391	26.6%	101.6
I - Inventories, fixed assets and assets of discontinued operations available for sale	1,859,180	0.3%	2,642,872	0.4%	142.2
II - Short-term receivables, investments and cash	101,409,534	16.4%	100,748,001	15.4%	99.3
1. Receivables from premiums, participation in compensation for damage and other purchasers	16,683,466	2.7%	18,302,162	2.8%	109.7
2. Receivables from specific business operations and other receivables	7,066,508	1.1%	7,676,104	1.2%	108.6

ASSETS	31 December 2022.		31 December 2023.		Index 2023/22
	Amount (BAM)	Share	Amount (BAM)	Share	
3. Short-term financial investments	45,450,002	7.3%	44,024,688	6.7%	96.9
4. Cash	32,209,558	5.2%	30,745,047	4.7%	95.5
III - Accrued receivables	67,656,597	10.9%	70,293,152	10.8%	103.9
IV - Deferred tax assets	287,615	0.0%	242,366	0.0%	84.3
OPERATING ASSETS (A+B)	619,549,399	100.0%	653,652,512	100.0%	105.5
OFF-BALANCE-SHEET ASSETS	14,371,470		14,642,363		101.9
TOTAL ASSETS	633,920,869		668,294,875		105.4

Source: Balance sheets of the insurance companies from the RS

The chart below shows the structure of operating assets for 2022 and 2023.

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 2023, the share of fixed assets was 73.4%, and the share of current assets was 26.6%.

In comparison with the balance as at 31 December 2022, the amount of fixed assets increased by 7.0%, and within this item, the amount of intangible assets increased by 3.7%, the amount of real property, investment property, plant, equipment and other fixed assets increased by 6.1%, and the amount of long-term financial investments increased by 7.4%. 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, which increased by 11.2%. Within the long-term financial investment, a nominally significant increase in the amount of financial assets held to maturity and financial assets available for sale was recorded due to the increase in investments in bonds issued by Republic of Srpska. Within the item long-term financial investment, the amount of share in the capital of related, associated and other legal persons decreased, due to the decrease in the share of two insurance companies in the capital of other legal persons. The increase in the item of intangible assets and deferred tax assets has no material significance, because the share of these positions in operating assets together is only 0.2%.

Current assets increased by 1.6%, within which an increase was recorded in the items inventories, fixed assets and assets of discontinued operations available for sale (42.2%) and accrued receivables (3.9%). The increase in the amount of the item of accrued receivables was influenced by the growth of deferred acquisition costs and unearned premiums borne by co-insurers and reinsurers. Deferred acquisition costs increased due to the growth of total acquisition costs, while the unearned premium borne by co-insurers and reinsurers increased due to the increase in the reinsurer's share in the unearned premium, in accordance with reinsurance policies. The share of the amount in the item of inventories, fixed assets and assets of discontinued operations available for sale in operating assets is only 0.4%, so the stated increase is not materially significant. Within current assets, a decrease was recorded in the item of short-term receivables, placements and cash (0.7%) and deferred tax assets (15.7%). The decrease in the amount in the item of short-term receivables, investments and cash was influenced by the decrease in the amount of short-term financial investments in the country (more significantly with one insurance company, which is connected to the increase in long-term financial investments of this company), and the decrease in the amount of cash that is related to investments into other forms of funds. The increase in the amount in this item was recorded in receivables from premiums, participation in compensation for damage and other purchasers, due to the increase in receivables from premiums, participation in compensation for damage and other purchasers. Within this item, receivables from specific business operations and other receivables increased in an amount that has no material significance. The reduction of the item of deferred tax assets, nominally considered, is not materially significant (the share of this item in operating assets is only 0.04%).

Off-balance sheet assets, i.e. liabilities, increased by 1.9%, more significantly at one insurance company, and it referred to recourse claims. One part of the amount reported within this item refers to state-owned property (buildings used by the insurance company Wiener osiguranje a.d.), to claims from legal entities that are in bankruptcy and that did not change after the initial recording, and to obligations based on revolving loans.

The table below provides a brief overview of the aggregate items of liabilities of all insurance companies for 2022 and 2023.

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

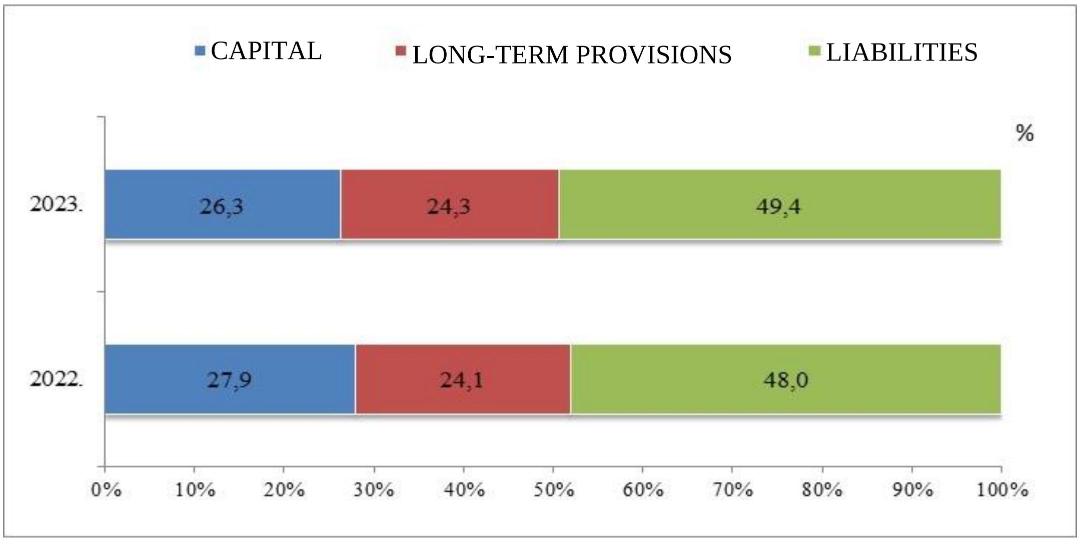
LIABILITIES	31 December 2022		31 December 2023		Index 2023/22
	Amount (BAM)	Share	Amount (BAM)	Share	
A. CAPITAL	172,957,178	27.9%	171,995,824	26.3%	99,4
1. Share capital	131,868,891	21.3%	128,405,700	19.6%	97,4
2. Share issuance premium	3,923,289	0.6%	3,923,289	0.6%	100,0
3. Share issuance loss	8,067,383	1.3%	10,189,258	1.6%	126,3
4. Reserves from profit	5,817,321	0.9%	7,296,377	1.1%	125,4
5. Revaluation reserves	3,745,144	0.6%	3,600,584	0.6%	96,1
6. Unrealised profit on financial assets available for sale	5,853,538	0.9%	5,502,096	0.8%	94,0
7. Unrealised losses on financial assets available for sale	4,631,701	0.7%	4,302,837	0.7%	92,9
8. Retained profit (9+10)	45,605,105	7.4%	38,251,463	5.9%	83,9
9. Retained profit from previous years	17,965,027	2.9%	12,781,451	2.0%	71,1
10. Retained profit in the current year	27,640,078	4.5%	25,470,012	3.9%	92,1
11. Loss below the amount of capital (12+13)	11,157,026	1.8%	491,590	0.1%	4,4
12. Loss from previous years	11,157,026	1.8%	491,590	0.1%	4,4
13. Loss in the current year					

LIABILITIES	31 December 2022		31 December 2023		Index 2023/22
	Amount (BAM)	Share	Amount (BAM)	Share	
B. LONG-TERM PROVISIONS	149,331,028	24.1%	158,793,327	24.3%	106,3
C. LIABILITIES (1+2)	297,261,193	48.0%	322,863,361	49.4%	108,6
1. Long-term liabilities	12,621,511	2.0%	11,886,285	1.8%	94,2
2. Short-term liabilities and accruals and deferred income	284,639,682	45.9%	310,977,076	47.6%	109,3
2.1. Unearned premium – life insurance	7,296,698	1.2%	7,439,741	1.1%	102,0
2.2. Unearned premium – non-life insurance	138,174,754	22.3%	160,598,964	24.6%	116,2
2.3. Outstanding claims reserves – life insurance	1,397,973	0.2%	1,146,406	0.2%	82,0
2.4. Outstanding claims reserves – non-life insurance	97,897,005	15.8%	97,524,626	14.9%	99,6
2.5. Other accruals and deferred income	4,668,492	0.8%	5,922,082	0.9%	126,9
2.6. Other short-term liabilities	35,204,760	5.7%	38,345,257	5.9%	108,9
D. OPERATING LIABILITIES (A+B+C)	619,549,399	100.0%	653,652,512	100.0%	105,5
E. OFF-BALANCE-SHEET LIABILITIES	14,371,470		14,642,363		101,9
F. TOTAL LIABILITIES	633,920,869		668,294,875		105,4

Source: Balance sheets of the insurance companies from the RS

The chart below shows the structure of operating liabilities for 2022 and 2023.

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



Source: Balance sheets of the insurance companies from the RS

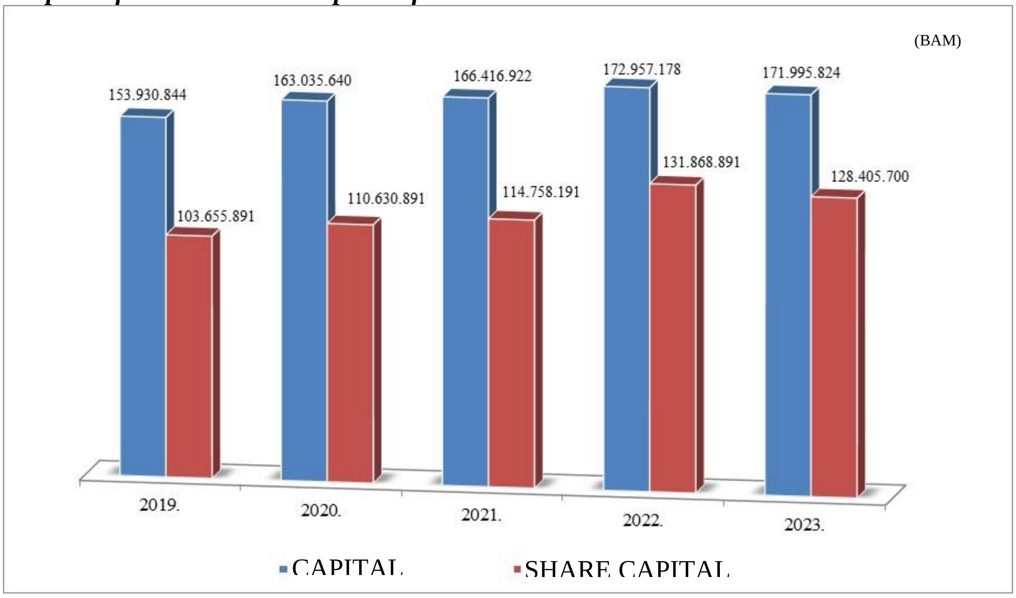
In the structure of operating liabilities, as at 31 December 2023, the share of capital was 26.3%, the share of long-term provisions was 24.3%, and the share of liabilities was 49.4%, whereby technical reserves (unearned premiums and outstanding claims reserves) comprised 82.6% of the total liabilities. In the structure of operating liabilities, the share of unearned premium and claims reserves of life and non-life insurance was 40.8%, the share of mathematical reserve and provisions for profit share in life insurance was 24.1%, and the share of capital was 26.3%. The total share of the amounts reported under these items in the operating liabilities was 91.2%, 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 2022, the amount of capital insignificantly decreased (0.6%), and within this item, there was a decrease in share capital (2.6%), revaluation reserves (3.9%), retained profit (16.1%), and loss below the amount of capital (95.6%).

A decrease in share capital and an increase in issue loss at one insurance company, as well as a smaller amount of revaluation reserves and retained profit resulted in a decrease in total capital, which at the level of the insurance sector has no material significance. There were no changes in the amount of issue premiums. Changes in amounts on the items unrealised profit on financial assets available for sale and unrealized losses on 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 2019–2023.

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 6.3%. within which there was an increase of 6.6% in mathematical reserve and 3.1% 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 8.6%, and within that item, the amount of short-term liabilities and accruals and deferred income increased by 9.3%. The most significant impact on the increase in the amount of short-term liabilities and accruals and deferred income was the increase in the amount of the unearned premium of non-life insurance, which is connected with the increase in the premium (primarily due to the change in regulations that increased the amount of the single basis used in the calculation of all premiums of compulsory auto liability insurance). The decrease in the amount of reserved life and non-life insurance claims has no material significance and is related to the increase in the amount of paid claims. The changes in the amounts reported under other accruals and deferred income at insurance companies, compared to the previous reporting period, resulted in an increase in the total amount reported under this item. Amounts of unearned premiums and reserved life and non-life insurance claims accounted for 85.8%, while liabilities based on claims and contracted amounts only accounted for 0.3% of the total amount of short-term liabilities and accruals and deferred income. The increase in other short-term liabilities was significantly influenced by the increase in liabilities for dividends at an insurance company. A decrease in the amount of liabilities for issued long-term securities and a decrease in other long-term liabilities (lease), as well as an increase in the amount of long-term loans, resulted in a decrease in the total reported amount of long-term liabilities by 5.8%.

2.2.2. Income statement

A brief overview of the aggregate income statement for all insurance companies based in the Republic of Srpska for 2022 and 2023 is provided in the table below.

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

ITEM	2022	Share	2023	Share	Index 2023/22
	Amount (BAM)		Amount (BAM)		
A. OPERATING INCOME AND EXPENSES					
I - Operating income (1+2+3+4+5+6)	293,795,335	93.3%	319,069,628	94.0%	108.6
1. Income from insurance, co-insurance and reinsurance premiums, and retrocession in terms of life insurance	28,905,492		29,952,202		103.6
2. Income from insurance, co-insurance and reinsurance premiums, and retrocession in terms of non-life insurance	229,319,084		250,615,445		109.3
3. Income from participation of co-insurance, reinsurance and retrocession in compensation for damage in terms of non-life insurance	17,541,313		19,036,635		108.5
4. Income from cancellation and reduction of provisions in terms of non-life insurance	4,510,266		4,367,652		96.8
5. Income from refund of tax and other levies, and income from premiums, subsidies, grants, donations, etc.	464,988		483,383		104.0
6. Other operating income	13,054,192		14,614,311		112.0
II - Operating expenses (1+2)	274,111,378	97.5%	297,301,212	97.1%	108.5
1. Functional expenses (1.1.+1.2.+1.3.)	165,947,446		174,813,433		105.3
1.1. Expenses for long-term provisions and functional contributions	14,808,758		13,997,902		94.5
1.2. Compensation for damage, contract amounts and co-insurance and reinsurance premiums	16,574,947		18,368,209		110.8
1.3 Compensation for damage and other types of compensation in terms of non-life insurance	134,563,741		142,447,322		105.9
2. Expenses for execution of insurance	108,163,932		122,487,779		113.2
III - Operating profit/loss (I-II)	19,683,957		21,768,416		110.6
B. FINANCIAL INCOME AND EXPENSES					
I - Financial income	12,681,568	4.0%	13,409,907	3.9%	105.7
II - Financial expenses	1,419,937	0.5%	1,663,984	0.5%	117.2
III - Financial profit/loss (I-II)	11,261,631		11,745,923		104.3
AB - Profit/loss from regular operation (AIII+BIII)	30,945,588		33,514,339		108.3
C. OTHER INCOME AND EXPENSES					
I - Other income	6,298,658	2.0%	4,781,774	1.4%	75.9
II - Other expenses	3,734,028	1.3%	4,694,375	1.5%	125.7
III - Profit/loss from other income and expenses (I-II)	2,564,630		87,399		3.4
D. INCOME AND EXPENSES FROM PROPERTY VALUE ADJUSTMENT					
I - Income from property value adjustment	1,755,129	0.6%	1,583,095	0.5%	90.2

I T E M	2022	Share	2023	Share	Index 2023/22
	Amount (BAM)		Amount (BAM)		
II - Expenses from property value adjustment	962,836	0.3%	1,072,741	0.4%	111.4
III - Profit/loss from property value adjustment (I-II)	792,293		510,354		64.4
E. OPERATING LOSS THAT IS SUSPENDED					
F. INCOME FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS YEARS	90,241	0.0%	47,702	0.0%	52.9
F I - EXPENSES FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS YEARS	530,255	0.2%	446,811	0.1%	84.3
G. PROFIT/LOSS BEFORE TAX (AB+CIII+ DIII+F-F1)	33,862,497		33,712,983		99.6
H. CURRENT AND DEFERRED INCOME TAX - Tax expenses in the reporting period	3,310,592		3,338,796		100.9
I. DEFERRED TAX EXPENSES IN THE REPORTING PERIOD	7,669	0.0%	12,056	0.0%	157.2
I I - DEFERRED TAX INCOME IN THE REPORTING PERIOD	4,709	0.0%	7,811	0.0%	165.9
J NET PROFIT / NET LOSS IN THE REPORTING PERIOD (G-H-I+II)=(I 1-I 2)	30,548,945		30,369,942		99.4
1. Net profit in the current year	30,548,945		30,369,942		99.4
2. Net loss in the current year					
K. OTHER PROFIT AND LOSSES IN THE REPORTING PERIOD					
I - Profit determined directly in the capital	151,587	0.0%	622,935	0.2%	410.9
II - Losses determined directly in the capital	490,989	0.2%	939,669	0.3%	191.4
III - Income tax referring to other profit and losses	28,085	0.0%	17,090	0.0%	60.9
L. TOTAL NET RESULT IN THE ACCOUNTING PERIOD (I+KI-KII±KIII)	30,237,628		30,036,118		99.3
M. TOTAL INCOME AND PROFIT	314,777,227	100.0%	339,522,852	100.0%	107.9
N. TOTAL EXPENSES AND LOSSES	281,229,007	100.0%	306,147,938	100.0%	108.9
O. TOTAL GROSS RESULT IN THE ACCOUNTING PERIOD	33,548,220		33,374,914		99.5
P. CURRENT AND DEFERRED INCOME TAX	3,310,592		3,338,796		100.9
Q. TOTAL NET RESULT IN THE ACCOUNTING PERIOD	30,237,628		30,036,118		99.3

Source: Income statement of the insurance companies from the RS

The total income in 2023, including the profit determined directly in the capital, was BAM 339,522,852, representing an increase of 7.9% in comparison with the previous year.

Operating income accounted for 94.0% of total income and amounted to BAM 319,069,628, representing an increase of 8.6% . The increase in operating income was mostly influenced by the nominally significant increase in income from insurance premiums, co-insurance, reinsurance and non-life insurance retrocessions, within which the largest part referred to the premium increase. The increase in income from insurance premiums, coinsurance, reinsurance and life insurance retrocessions was also related to the increase in written premium. Execution 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 damage of non-life insurance. Other operating income increased by 12.0%, more significantly at one insurance company due to higher income from the increase in the value of non-depreciable investment properties. Income from the return of tax and other duties and income from premiums, subsidies, grants, donations, etc. they increased by 4.0% and the share of this income was only 0.15% in operating income. The decrease in income from the cancellation and reduction of non-life insurance provisions (3.2%) was nominally not significant from the point of view of the impact on the operating result.

Financial income accounted for 3.9% of total income and was higher by 5.7%, referring to the increase in interest income. Other revenues accounted for 1.4% of the total revenues and are lower by 24.1%, due to the decrease in the amount of collected written-off receivables. Income from property value adjustment contributed only 0.5% to total revenue, so their reduction by 9.8% is not materially significant. The decrease in this income was influenced by the decrease in income from the adjustment of the value of intangible assets, real estate, biological assets, plants, equipment and investment real estate. Income based on changes in accounting policies and correction of errors from previous years was lower by 47.1% and participated with only 0.01% in total income. Gains determined directly in the capital account for 0.2% of total income and were higher due to the increase in gains based on changes in the fair value of available-for-sale securities.

The total expenses, including the losses determined directly in the capital, were BAM 306,147,938, and they were higher by 8.9%.

The operating expenses comprised 97.1% of the total expenses, and they totalled BAM 297,301,212, representing an increase of 8.5% compared to the previous year. Within the operating expenses, the share of functional expenses was 58.8%, which was higher by 5.3%. In the structure of functional expenses, the expenses referring to compensation for damage, contract amounts and co-insurance and reinsurance premiums for life insurance increased (10.8%), due to the impact of the growth of compensation for damage, contract amounts and the share of life insurance claims, as well as compensation for damage and other non-life insurance compensations, and which was more significantly affected by the increase in paid obligations based on insurance contracts. The costs of insurance implementation accounted for 41.2% of operating expenses, they increased by 13.2%, and they consist of depreciation and provisioning costs (5.0%), costs of materials, energy, services and intangible expenses (66.3%) and wages, employee reimbursements and other personal expenses (28.7%). The increase in the expenses for execution of insurance was influenced by the increase in the costs of commissions and the costs of production services, advertising and propaganda. The growth rate of insurance execution expenses (13.2%) follows the growth rate of the written premium (13.6%).

The share of financial expenses in the total expenses was 0.5%, the share of other expenses was 1.5%, the share of expenses referring to property value adjustment was 0.4%, the share of expenses from changes in accounting policies and corrections of errors from previous years was 0.1% and the share of losses determined directly in capital was 0.2%. Due to a low share in the total expenses, the changes under the items referring to the above-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 21,768,416, and it was higher by 10.6%, while the amount of profit from regular operation (including financial income and expenses) totalled BAM 33,514,339 which was higher by 8.3%.

The net result in the accounting period was a profit in the amount of BAM 30,369,942. All insurance companies reported a net profit of the period in the reporting period. The total net result in the accounting period at the level of the sector, obtained as a difference between the total income and the profit determined directly in the capital, on one hand, and the total expenses, the losses determined directly in the capital and the current and deferred income tax, on the other hand, and it represents a profit in the amount of BAM 30,036,118.

2.2.3. Consolidated financial statements

Of the total of 14 insurance companies, five insurance companies[6] 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, as reported in the consolidated financial statements, was positive and it totalled BAM 12,275,046.

The net result reported in the individual audited financial statements of these insurance companies was a profit in the amount of BAM 12.024.917 and it was lower by BAM 250,129 in comparison with the profit reported in the consolidated financial statements.

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 capital[7], while the share capital must at least be equal to the amount of the guarantee fund[8]. Composite insurance companies must report separately the compliance with the capital adequacy requirements for life and non-life insurance.

[6] Compared to previous reporting periods, the number of insurance companies that are obliged to submit consolidated financial statements is smaller, because in 2023 bankruptcy proceedings were initiated against a related legal entity of one insurance company. In the period of preparation of this report, the bankruptcy proceedings against the related legal entity were concluded.

[7] 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.

[8] 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.

Table 20: Compliance with the capital adequacy requirements

No.	Description	2022		2023	
		Non-life insurance	Life insurance	Non-life insurance	Life insurance
1.	Share capital	120,417,045	18,543,965	121,957,025	18,906,717
2.	Guarantee fund	87,000,000	12,000,000	91,000,000	12,000,000
3.	More/less share capital (1-2)	33,417,045	6,543,965	30,957,025	6,906,717
4.	Available capital	106,029,320	15,362,849	109,658,009	16,434,002
5.	Adequacy threshold of the available capital	87,000,000	12,326,087	91,000,000	12,868,546
6.	More/less available capital (4-5)	19,029,320	3,036,763	18,658,009	3,565,456

Source: Reports of the insurance companies from the RS

The total share capital of all insurance companies based in the Republic of Srpska, as at 31 December 2023, including the capital of both life and non-life insurance, was BAM 140.863.742, and it was higher than the guarantee fund by BAM 37,863,742 or 36.8%. The share capital for non-life insurance was higher than the guarantee fund by 34.0%, and for life insurance by 57.6%.

The total available capital of all insurance companies based in the Republic of Srpska[9], as a total for life and non-life insurance, determined for the purpose of reporting the compliance with the capital adequacy requirements, was BAM 126,092,011. The surplus available capital in relation to the adequacy threshold of the available capital was reported in the amount of BAM 22,223,465 (21.4%), of which BAM 18,658,009 (20.5%) of surplus in non-life insurance and BAM 3,565,456 of surplus in life insurance (27.7%).

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

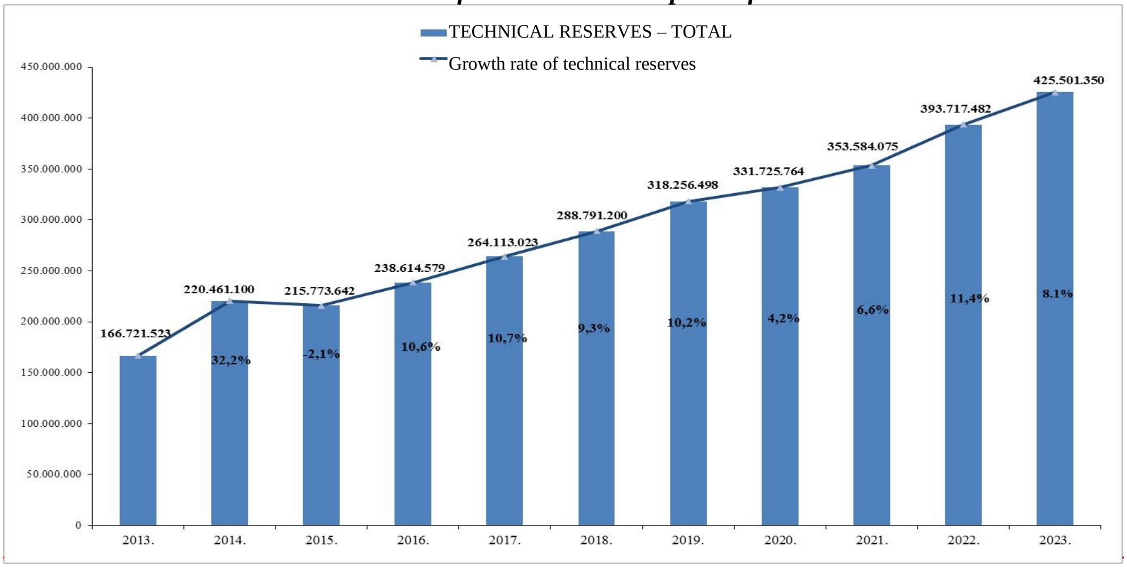
The calculation of technical reserves based on the actuarial cost method is an important prerequisite for the maintenance of solvency of insurance companies, which contributes to better protection of interests of insured persons and beneficiaries, as well as to strengthening the trust in the insurance activity. The rules for calculation of technical reserves are prescribed by the regulations of the Agency, and their adequate application is subject to review

[9] 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.

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 monitoring.

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 2013–2023.

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 2023, the total calculated technical reserves of all insurance companies based in the Republic of Srpska were higher by 8.1% in comparison with the same day of the previous year.

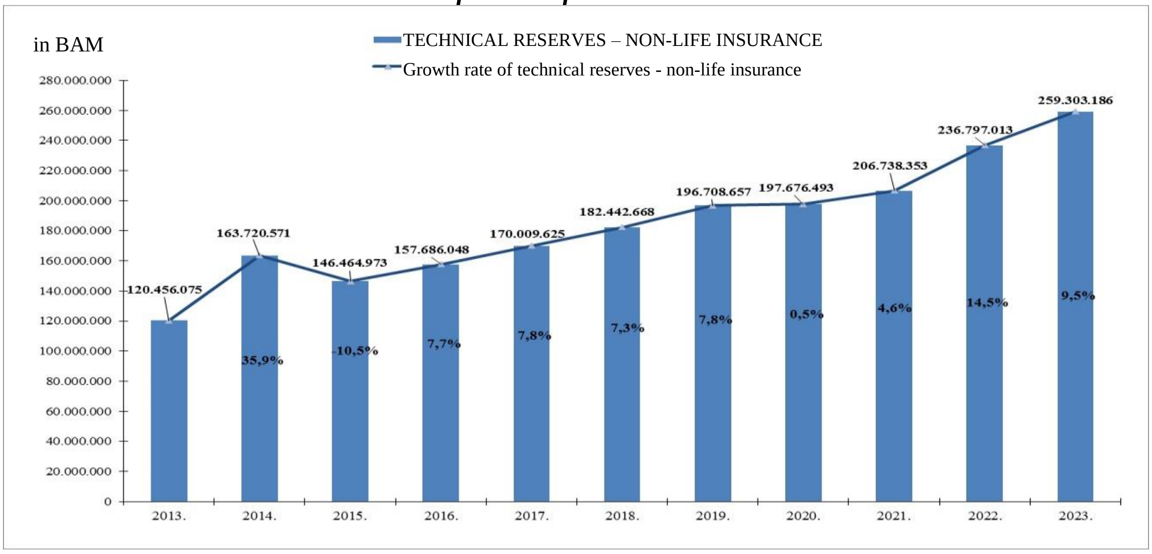
For the purpose of maintaining the financial capacity to fulfil the obligations to pay the compensation for damage and other compensations under insurance contracts, the insurance company is obliged to invest the funds for coverage of technical reserves in the prescribed types of assets, applying the 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 2013 to 2023, are shown in the chart below.

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

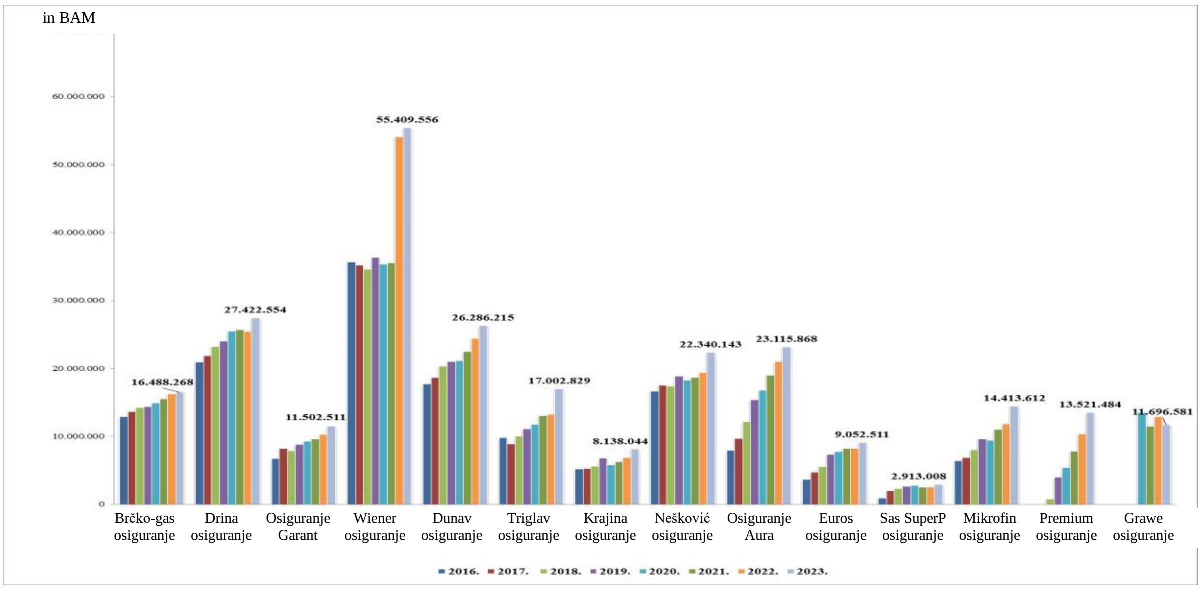


Source: Reports of the insurance companies from the RS

The total calculated technical reserves for non-life insurance, as at 31 December 2023, were BAM 259,303,186, which was higher by 9.5% 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

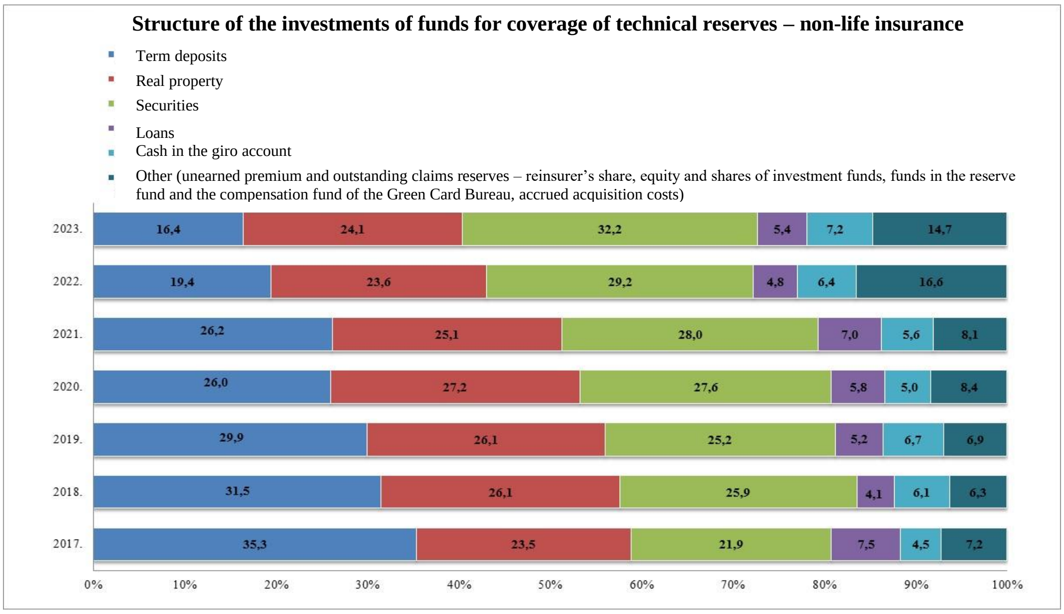


Source: Reports of the insurance companies from the RS

The chart shows that, at 31 December 2023, at one insurance company there was a decrease in the amount of calculated technical reserves, which was caused by a decrease in reserves for claims, which is related to an increase in the amount of claims paid, that is, a decrease in the amount of claims reserves for the purpose of paying claims.

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 72.7%.

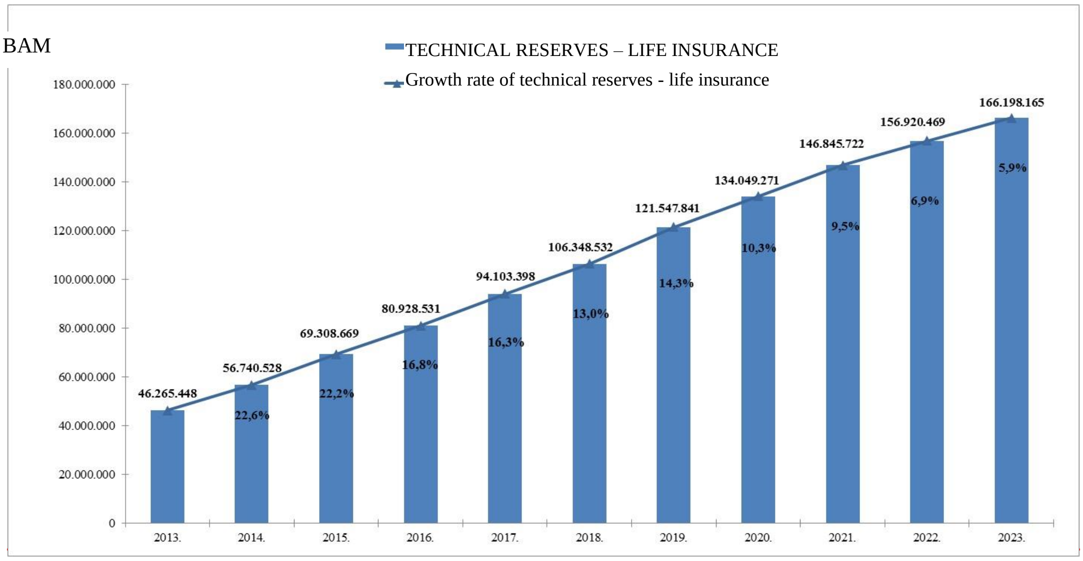
As at 31 December 2023, all insurance companies which pursue non-life insurance ensured quantitative and qualitative compliance with the prescribed requirements related to coverage of technical reserves.

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 2013–2023.

Chart 12: Total calculated technical reserves for life insurance

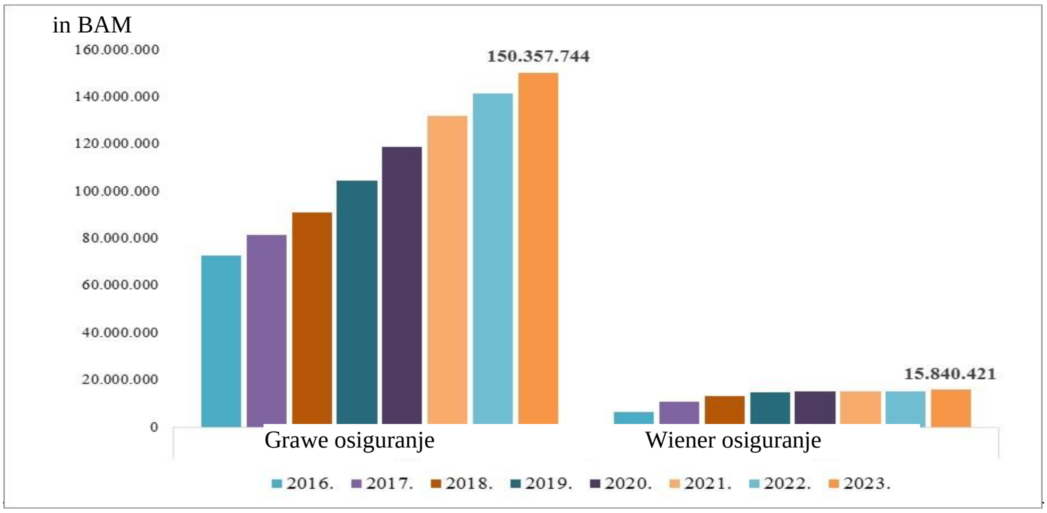


Source: Reports of the insurance companies from the RS

As at 31 December 2023, the total calculated technical reserves for life insurance were BAM 166,198,165, and they were higher by 5.9% in comparison with the same day of the previous year. The trend of decreasing the growth rate of life insurance technical reserves is associated with lower premium growth rates, an increase in the number of life insurance contracts expiring, and a larger amount of base in relation to which the growth of these reserves is observed

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

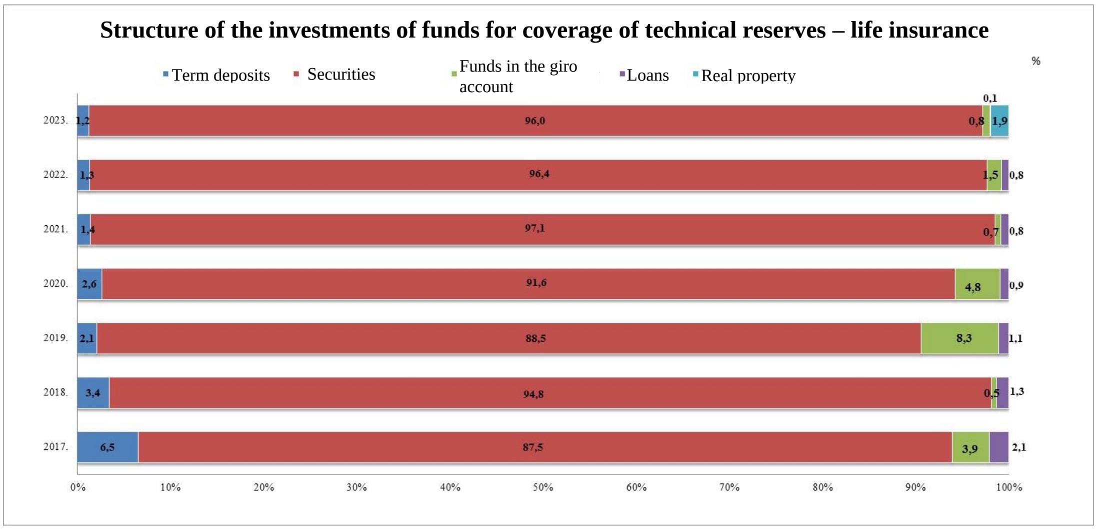


Source: Reports of the insurance companies from the RS

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



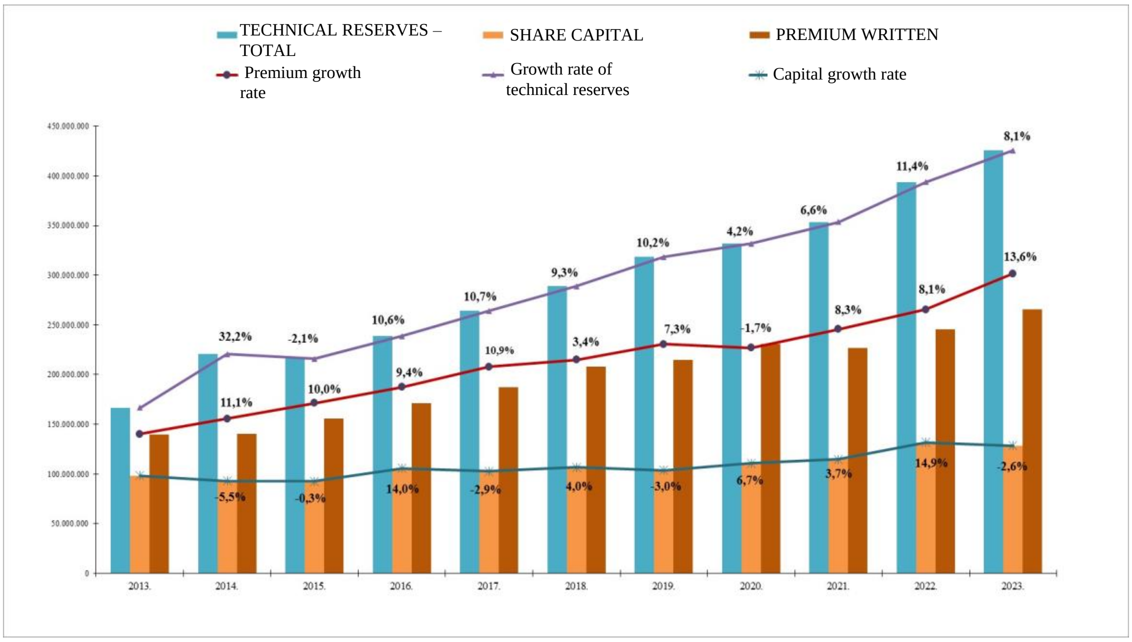
Source: Reports of the insurance companies from the RS

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 2013-2023.

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 graph indicate an increase in premium and technical reserves, and a decrease in share capital compared to the previous year. With the balance as of 31 December 2023, the total amount of calculated technical reserves was higher than the total calculated premium by 41.1%, which was significantly influenced by the so-called the maturation of the life insurance portfolio, and the associated increase in the amount of the mathematical reserve.

2.3.4. Indicators of compensation for damage and other insurance benefits paid

The basic information related to settlement and payment of compensation for damage and other insurance benefits under insurance contracts (hereinafter referred to as: insurance claims) may be found below. In 2023, the insurance companies based in the Republic of Srpska paid a total of BAM 119,133,483 to insured persons and beneficiaries, which, in comparison with 2022, when the amount of insurance claims paid was BAM 109,809,194, represents an increase of BAM 9,324,289 of 8,5%.

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

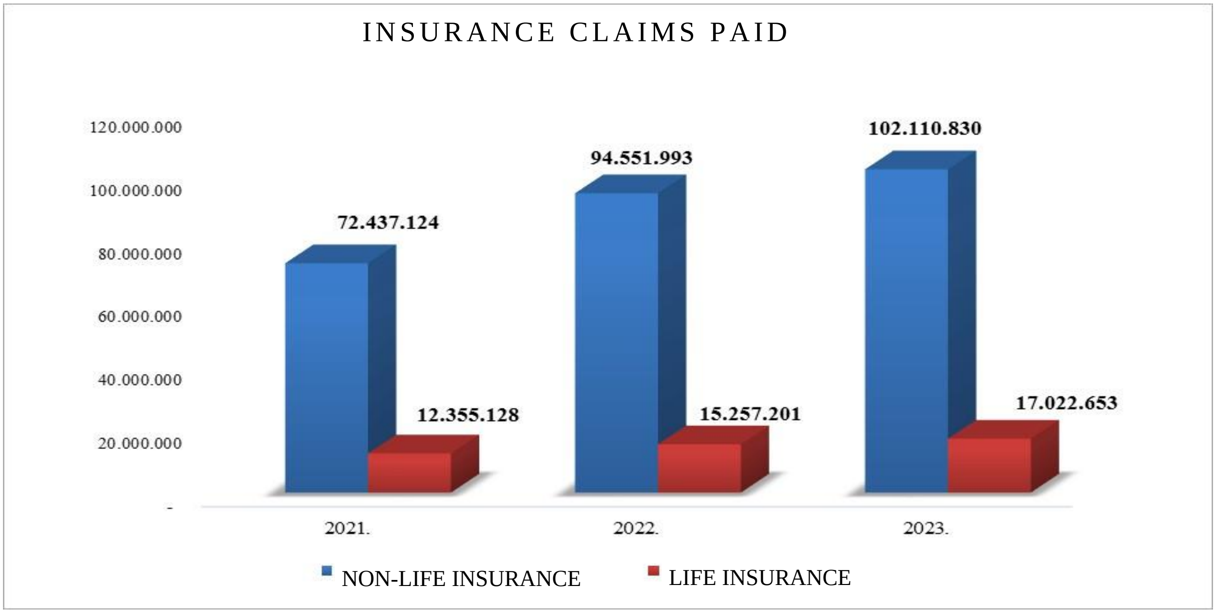
TYPES OF INSURANCE	2021	2022	2023
Accident insurance	7,861,502	7,385,242	7,515,710
Health insurance	419,107	589,279	666,553

TYPES OF INSURANCE	2021	2022	2023
Land vehicle insurance except for railway vehicles)	11,413,145	12,452,265	12,884,611
Insurance of rail vehicles	9,128		600
Marine insurance			
Aircrat insurance		101,696	163,713
Insurance of goods in transport	59,205	59,788	218,602
Insurance of property against fire and natural forces	3,542,487	5,039,864	6,903,731
Insurance against other types of property damage	2,718,311	10,837,164	10,429,311
Motor vehicle liability insurance	45,013,911	57,168,777	62,153,008
Civil liability insurance for aircrafts			33,135
Civil liability insurance for ships			
General civil liability insurance	622,739	351,300	446,722
Credit insurance	622,419	459,761	637,151
Guarantee insurance			
Insurance against various financial losses	148,908	102,357	44,755
Insurance against costs of legal protection			
Insurance of assistance	6,260	4,500	13,226
TOTAL NON-LIFE INSURANCE	72,437,124	94,551,993	102,110,830
Life insurance	11,109,990	13,970,265	15,722,240
Annuities	28,645	35,333	35,991
Additional insurance to life insurance	1,216,493	1,251,603	1,264,423
TOTAL LIFE INSURANCE	12,355,128	15,257,201	17,022,653
TOTAL:	84,792,252	109,809,194	119,133,483

Source: Reports of the insurance companies from the RS

The total paid liabilities based on concluded non-life insurance contracts amounted to BAM 102,110,830 and were 8.0% higher. In this reporting period, BAM 17,022,653 were paid to life insurance beneficiaries, which represented an increase of 11.6%. The structure of the amount of claims paid out by type of insurance was in accordance with the structure of the premium by type of insurance.

Chart 16: 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	2021	2022	2023
Rate of efficiency of settlement of insurance claims in non-life insurance (in %)	86.4	86.5	86.0
Rate of efficiency of settlement of insurance claims in life insurance (in %)	87.1	88.2	89.7
Rate of efficiency of payment of insurance claims in non-life insurance (in %)	99.3	99.4	99.5
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 motor vehicle liability insurance in 2023, by insurance company, are shown in the table below.

Table 23: Efficiency of settlement and payment of insurance claims for motor vehicle liability 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	79,3	100,0
2.	Grawe osiguranje a.d.	68,8	100,0
3.	Euros osiguranje a.d.	81,9	98,9
4.	Drina osiguranje a.d.	79,5	100,0
5.	Dunav osiguranje a.d.	78,7	100,0
6.	Wiener osiguranje a.d.	79,1	100,0
7.	Krajina osiguranje a.d.	61,1	83,4
8.	Mikrofin osiguranje a.d.	95,7	100,0
9.	Nešković osiguranje a.d.	82,3	100,0
10.	Osiguranje Aura a.d.	87,0	100,0
11.	Osiguranje Garant d.d.	73,9	98,7
12.	Premium osiguranje a.d.	91,5	100,0
13.	Triglav osiguranje a.d.	81,4	98,6
14.	SAS-SuperP OSIGURANJE a.d.	86,0	100,0
	TOTAL:	81,7	99,2

Source: Reports of the insurance companies from the 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 applicable retained premiums and the applicable retained losses, 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

(in BAM)

No.	Types of insurance	2021	2022	2023
		Amount (BAM)	Amount (BAM)	Amount (BAM)
1.	Accident insurance	5,565,633	8,180,799	9,581,538
2.	Health insurance	961,597	1,477,060	1,646,332
3.	Land vehicle insurance, except for railway vehicles	3,066,876	4,839,443	6,781,076
4.	Railway vehicle insurance	5,487	7,968	1,284
5.	Aircraft insurance	24,136	28,301	-40,903
6.	Vessel insurance	-10,161	-26,875	1,811
7.	Insurance of goods in transport	159,386	398,160	574,574
8.	Insurance of property against fire and natural forces	2,530,256	978,108	1,341,959
9.	Insurance against other types of property damage	2,881,980	2,464,573	3,803,534
10.	Motor vehicle liability insurance	101,574,408	95,503,724	105,387,868
11.	Civil liability insurance for aircraft	91,364	18,410	34,086
12.	Civil liability insurance for vessels	9,509	9,501	10,524
13.	Civil liability insurance	724,931	1,823,377	1,294,918
14.	Credit insurance	412,026	884,334	915,774
15.	Guarantee insurance	15,048	20,630	20,468
16.	Insurance against various financial losses	464,817	734,236	812,881
17.	Legal protection insurance	171	1,550	833
18.	Travel insurance	7,204	142,079	415,596
	NON-LIFE INSURANCE	118,484,669	117,485,380	132,584,156
19.	LIFE INSURANCE	8,655,323	8,370,593	8,727,667
	TOTAL	127,139,992	125,855,973	141,311,824

Source: Reports of the insurance companies from the RS

In 2023, 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, in the case of aircraft insurance, the technical result was negative, the amount of which was not materially significant. In the reporting period, the total technical result was higher by 12.3% compared to the previous year, due to the higher amount of the applicable retained losses.

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 expenses of insurance execution 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	2021	2022	2023
Loss ratio (%)	35.1	51.1	41.6
Expense ratio (%)	39.4	40.6	40.5
Combined ratio (%)	74.6	91.7	82.1

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 2023, the combined ratio was below 100, which means that the result of the insurance activities was positive.

In the reporting period, the loss ratio decreased, which was influenced by the decrease in the amount of the applicable retained losses and the increase in the amount of the applicable premium, compared to the previous year. Applicable losses were lower due to changes in the amount of reserves for losses, while the growth of the relevant premium was influenced by the growth of the written premium. The expense ratio was at the same level as the previous year. The growth of the expenses of execution of insurance follows the growth of non-life insurance premiums.

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	2021	2022	2023
Return on assets (ROA %)	5.4	5.1	4.7
Return on equity (ROE %)	18.5	18.0	17.6

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. The decrease in the value of the mentioned indicators results from a slight decrease in the amount of the net result of the period and capital. Regardless of the above, profitability is still at a satisfactory level.

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	2021.	2022.	2023.
Premium per employee (in BAM)	156,243	170,231	197,758
Total income per employee (in BAM)	180,839	201,.683	222,229
Profit per employee (in BAM)	19,348	19,583	19,.915
Profit / Total income (%)	10.7	9.7	9.0
Solvency ratio (%)	75.8	74.0	64.3
General liquidity (%)	4.6	4.9	4.5

Source: Reports of the insurance companies from the RS

As at 31 December 2023, premiums per employee, total income per employee and profit per employee were higher, compared to the previous year, due to the higher amount of the calculated premium and total income. Although slightly reduced, the solvency ratio still shows that solvency was not compromised. It should be noted that 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 2023, 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 2022 and 31 December 2023.

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

(in BAM)

ITEM	31 Dec 2022	%	31 Dec 2023	%	Index 2023/22
	Amount (BAM)		Amount (BAM)		
ASSETS					
A. FIXED ASSETS	1,175,320	45.9	1,208,864	41.9	102.9
I - Intangible assets	3,190	0.1	2,480	0.1	77.7
II - Real property, plant, and equipment	54,271	2.1	43,334	1.5	79.8
III - Investment property					
IV -Leased assets	9,659	0.4	54,850	1.9	567.9
V - Biological assets					
VI - Long-term financial investments	1,108,200	43.3	1,108,200	38.4	100.0
VII – Other long-term assets and accruals					
B. DEFERRED TAX ASSETS					
C. CURRENT ASSETS	1,384,721	54.1	1,673,815	58.1	120.9
I – Inventories, fixed assets intended for sale and assets of discontinued operations					
II - Short-term assets exept form inventores and fixed assets intended for sale	1,384,721	54.1	1,673,815	58.1	120.9
D. BALANCE-SHEET ASSETS	2,560,041	100.0	2,882,679	100.0	112.6
E. OFF-BALANCE-SHEET ASSETS					
LIABILITIES					
A. CAPITAL	2,501,115	97.7	2.780.500	96.5	111.2
I - Share capital	4,400,000	171.9	4.400.000	152.6	100.0
II – Purchased own shares andubscribed capital unpaid					
III - Share issuance premium					
IV- Share issuance loss					
V - Reserves					
VI - Revaluation reserves					
VII - Positive effects of valuation of financial assets valued at fair value through other total results	97,339	3.8	97.369	3.4	100.0
VIII - Negative effects of valuation of financial assets valued at fair value through other total results					
IX - Retained profit			279.355	9.7	
X - Loss below the amount of capital	1,996,224	78.0	1.996.224	69.2	100.0
1. Loss from previous years	1,879,198	73.4	1.996.224	69.2	106.2
2. Loss in the current year	117,026	4.6			
XI – Shres without right to control					
B. LONG-TERM PROVISIONS AND LONG-TERM LIABILITIES	960	0.0	12.139	0.4	1264.5

ITEM	31 Dec 2022	%	31 Dec 2023	%	Index 2023/22
	Amount (BAM)		Amount (BAM)		
I - Long-term provisions	960	0.0	960	0.0	100.0
II - Long-term liabilities	0		11.179	0.4	0.0
II Defered incomes and reevied donations					
C. DEFERRED TAX LIAIBLITIES	10,807	0.4	10.807	0.4	100.0
D. DEFERRED TAX LIAIBLITS AND SHORT-TERM PROVISIONS	47,159	1.8	79.233	2.7	168.0
E. BALANCE-SHEET LIABILITIES	2,560,041	100.0	2.882.679	100.0	112.6
F. OFF-BALANCE-SHEET LIABILITIES					

Source: Financial statements and Independent Auditor's Report

The amount of operating assets and liabilities, as at 31 December 2023, was BAM 2,882,679, which is higher by BAM 322,638 or 12.6% in comparison with 31 December 2022.

In the structure of operating assets, the share of fixed assets was 41.9%, and the share of current assets was 58.1%. The share of long-term financial investments in the structure of fixed assets was 91.7%, and they referred to bonds issued by the Republic of Srpska (BAM 1,108,200). Leased assets participated with 4.5%, real estate, plants and equipment with 3.6% and intangible assets with 0.2% in fixed assets. The structure of current assets consists of short-term financial placements (77.9%), cash (15.8%), short-term receivables (4.9%) and short-term accruals (1.4%).

In the structure of operating liabilities, the share of capital was 96.5%, the share of short-term liabilities was 2.7%, the share of deferred tax liaiblities was 0.4% and the share of long-term provisions was 0.4%. The capital amounted to BAM 2,780,500 and corresponded to the amount of share capital (BAM 4,400,000) minus the amount of accumulated loss up to the amount of capital of previous years (BAM 1,996,224), and increased by the amount of retained profit of the current period (BAM 279,355) and the amount positive effects of valuation of financial assets valued at fair value through other total results (BAM 97,369). Short-term liabilities increased by 68.0% due to an increase in short-term liabilities based on leasing, while the nominal amount of the increase has no material significance.

The table below provides a brief overview of the income statement of the company for the management of the voluntary pension fund, for 2022 and 2023.

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

ITEM	2022	%	2023	%	Index 2023/22
A. OPERATING INCOME AND EXPENSES	616,891	93.3	809,334	87,6	131.2
I - Operating income	629,036	80.9	642,773	99,6	102.2
II - Operating expenses			166,561		
B. OPERATING PROFIT	12,145				
C. OPERATING LOSS					
D. FINANCIAL INCOME AND EXPENSES					
I - Financial income	43,299	6.6	44,815	4.8	103.5
II - Financial expenses	1,586	0.2	2,338	0.4	147.4
E. PROFIT FROM REGULAR OPERATION	29,568		209,038		707.0
F. LOSS FROM REGULAR OPERATION					
G. OTHER INCOME AND EXPENSES					
I - Other income	689	0.1	0	0.0	0.0

ITEM	2022	%	2023	%	Index 2023/22
II - Other expenses	118	0.0	0	0.0	0.0
H. PROFIT FROM OTHER INCOME AND EXPENSES	571				
I. LOSS FROM OTHER INCOME AND EXPENSES					
J. INCOME AND EXPENSES FROM PROPERTY VALUE ADJUSTMENT					
I - Income from property value adjustment	0	0.00	70,317	7.6	0.0
II - Expenses from property value adjustment	147,164	18.9	0	0.0	0.0
K. PROFIT FROM PROPERTY VALUE ADJUSTMENT	0		70,317		0.0
L. LOSS FROM PROPERTY VALUE ADJUSTMENT	147,164		0		0.0
M. INCOME BASED ON CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS YEARS					
N. EXPENDITURES BASED ON CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS YEARS					
O. PROFIT AND LOSS BEFORE TAX					
1. Profit before taxation			279,355		
2. Pre-tax loss	117,025				
P. CURRENT AND DEFERRED INCOME TAX					
Q. NET PROFIT AND NET LOSS IN THE REPORTING PERIOD					
I - Net profit in the reporting period			279,355		
II - Net loss in the reporting period	117,025				
TOTAL INCOME	660,879	100.0	924,466	100.0	139.9
TOTAL EXPENSES	777,904	100.0	645,111	100.0	82.9

Source: Financial statements and Independent Auditor's Report

The total income in 2023 was BAM 924,466, within which the share of operating income (income from entrance fees and fees for management of voluntary pension fund participated with 87.6%, income from adjustment of property values (income from investments in shares of open investment funds) with 7.6% and financial income (interest income) with 4.8%.

The total expenses were BAM 645.111, and they consisted of operating expenses (99.6%), financial expenses (0.4%). The operating expenses referred to wages, employee reimbursements and other personal expenses (55.6%), expenses from production services (18.1%), intangible expenses (14.6), and expenses of depreciation (8.7%), and other expenses (3.0%). Financial expenses refer to expenses based on interest on leasing and depreciation of discounts based on the purchase of bonds.

The net result in the reporting period was the profit in the amount of BAM 279.355.

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 2023, the Fund had a total of 37,906 active members. A total of 99.5% of all active members joined the voluntary pension fund via pension schemes, whereby a total of 93.7% of active members joined the Fund via the pension schemes of public companies and public institutions.

The table below provides a brief overview of the balance sheet of the voluntary pension fund, as at 31 December 2022 and 31 December 2023.

Table 30: Balance sheet of the voluntary pension fund

ITEM	31 December 2022	%	31 December 2023	%
ASSETS				
I – Cash and cash equivalents	492,941	1.9%	2,397,695	6.7%
II - Investments of the fund	25,355,654	95.6%	33,016,899	92.0%
III - Receivables	465,931	1.7%	50,000	0.1%
IV - Deferred tax assets				
V - Accrued receivables	216,356	0.8%	408,943	1.2%
VI – Other receivables and assets				
A. TOTAL ASSETS	26,530,882	100.0%	35,873,536	100.0%
LIABILITIES				
I - Liabilities referring to business operations	28,429	30.4%	0	0.0%
II - Liabilities referring to expenses of business operations	3,353	3.6%	4,564	5.3%
III - Liabilities towards the management company	58,786	62.8%	74,466	85.9%
IV - Short-term financial liabilities				
IV - Financial liabilities at fair value through the income statement				
V - Financial liabilities at depreciated value	2,970	3.2%	7,646	8.8%
VI - Other liabilities	93,538	100.0%	86,676	100.0%
B. TOTAL LIABILITIES				
NET ASSETS				
I - Share capital	26,123,566		34,815,340	
II - Capital reserves				
III - Revaluation reserves	326,210		612,818	
IV - Reserves from profit				
V – Profit	39,337		371,133	
VI - Loss	51,769		12,432	
C. TOTAL NET ASSETS	26,437,344		35,786,860	
D. NUMBER OF SHARES ISSUED	2,514,250.55		3,334,158.08	
E. NET ASSETS PER SHARE	10.51500		10.73340	
F. OFF-BALANCE SHEET RECORDS				

Source: Financial statements and Independent Auditor's Report

As at 31 December 2023, the total assets of the voluntary pension fund were BAM 35.873.536, and they were higher by 35.2% in comparison with the balance on the same day of the previous year. The fund's investments (92.0%) had the most significant share in the structure of the total assets of the voluntary pension fund and they related to investments in securities (bonds issued by the Republic Srpska, local self-government units and joint-stock companies, as well as investments in stocks and shares in investment funds) and deposits. The share of cash was 6.7%, the share of other receivables from the fund's activities had a share of 0.1%, while accrued receivables related to the accrued interest on bonds and had a share of 1.2% in the total assets.

On the other hand, the total liabilities were only BAM 86,676, in which liabilities to the management company participated with 85.9%, liabilities based on operating expenses (liabilities to the depository bank) with 5.3% and other liabilities (liabilities based on membership) with 8.8%.

The net value of the assets of the voluntary pension fund was BAM 35.786,860. The number of shares issued, i.e. the number of subscribed units of account was 3,334,158.08, and the net worth per share was BAM 10.73340.[10]

The table below provides a brief overview of the income statement of the voluntary pension fund, for 2022 and 2023.

Table 31: Income statement of the voluntary pension fund

ITEM	2022	2023
A. REALISED INCOME AND EXPENSES		
I - Operating income	516,736	904,626
II - Realized profit		
III - Operating expenses	465,755	664,697
IV - Realised loss		564
V - Realised profit/loss		
VI - Financial income	40,522	46,982
VII - Financial expenses	10,459	192,383
B. REALISED PROFIT/LOSS BEFORE TAX	-62,228	178,750
C. CURRENT AND DEFERRED INCOME TAX	-62,228	178,750
D. REALISED PROFIT/LOSS AFTER TAX	-51,769	371,133
E. UNREALISED PROFIT/LOSS		
F.TOTAL UNREALISED PROFIT (LOSSES) OF THE FUND	-51,769	371,133
G. INCREASE (DECREASE) IN THE NET ASSETS FROM THE BUSINESS OPERATIONS OF THE FUND	181,959	286,608
1. Increase in the net assets of the fund		
2. Decrease in the net assets of the fund	130,190	657,741

Source: Financial statements and Independent Auditor's Report

In 2023, operating income amounted to BAM 904,626 and was 75.1% higher than in the same period of the previous year, whose structure consists of interest income (91.1%), income from depreciation of premiums/discounts based on securities (7.1%) and income from dividends (1.8%). On the other hand, there was also an increase in operating expenses by 42.7%, due to the impact of the increase in the amount of fees to the management company, which participate with 93.0% in the structure of the said expenses, while fees to the depository bank account for 6.9%, and BAM 470 refers to other allowed expenses of the fund.

In the observed accounting period the net result of the voluntary pension fund is the profit in the amount of BAM 371,133, representing a positive change, bearing in mind that in the previous year, a loss in the amount of BAM 51,769 was realized. However, when the other total result in the amount of BAM 286,608 is included, the increase in the fund's net assets - the total result was BAM 657,741.

[10] 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.

Annex

Basic data on insurance companies based in the Republic of Srpska (as of 31 December 2023)[11]

Insurance Company	Seat	Addres	Director	Operating Assets	Total balance sheet capital	Premium written	Number of employees
D.D. Brčko gas osiguranje	Brčko	Banjalučka 8	Miladin Milošević	33,167,094	13,587,643	17,354,289	124
Grawe osiguranje a.d.	Banja Luka	I krajiškog korpusa 39	Veselin Petković	190,969,593	24,268,419	38,997,615	97
Drina osiguranje a.d.	Milići	Ulica 9. januara br. 4	Valentino Janković	43,905,238	14,058,915	25,895,450	115
Dunav osiguranje a.d.	Banja Luka	Veselina Masleše 28	Bojan Popović	44,207,291	12,817,108	30,690,137	177
Euros osiguranje a.d.	Banja Luka	Bulevar srpske vojske 7	Duško Valan[12]	17,711,766	7,035,811	12,088,446	70
Wiener osiguranje a.d.	Banja Luka	Kninska 1A	Borislav Doder	106,498,243	17,709,674	40,017,447	202
Krajina osiguranje a.d.	Banja Luka	Braće Pantića 2	Mile Janjić	19,234,814	7,429,604	7,714,679	54
Mikrofin osiguranje a.d.	Banja Luka	Aleja Svetog Save 61	Danijel Dragutinović	25,495,122	9,923,211	21,531,139	99
Nešković osiguranje a.d.	Bijeljina	Sremska 3	Milenko Mišanović	44,312,058	19,341,443	19,396,013	78
Osiguranje Aura a.d.	Banja Luka	Veljka Mladenovića 7d	Radenko Vujić	39,912,419	9,455,298	32,124,042	214
Osiguranje Garant d.d.	Brčko	Banjalučka 54	Goran Radović	24,153,558	12,094,825	13,693,548	39
Premium osiguranje a.d.	Banja Luka	Mladena Stojanovića 111	Bojan Burazor	23,619,237	8,491,106	21,131,582	125
SAS-SuperP OSIGURANJE a.d.	Bijeljina	Trg Đenerala Draže Mihailovića 12	Nikola Gavrić	9,045,896	5,973,249	3,866,495	28
Triglav osiguranje a.d.	Banja Luka	I krajiškog korpusa 29	Janez Rožmarin	31,420,183	9,809,518	17,079,733	103
Total:				653,652,512	171,995,824	301,580,613	**1.525**

[11] All current data on insurance companies are available on the Agency's website www.azors.rs.ba
[12] On 26 February 2024, the person authorized to represent Euros osiguranje a.d. was changed. During the preparation of this report, Dušan Šljivar was appointed as Company Director