

# ANNUAL REPORT 2023

BANJA LUKA STOCK EXCHANGE

**JUNE, 2024**





# INTRODUCTION

The total turnover on the stock exchange amounted to 1.05 billion KM and compared to the previous year it increased by 53 percent. The stock market index of Republika Srpska recorder a growth of 15.45 percent, primarily due to the increase in share prices from the Elektroprivreda Republika Srpska system. The increase in turnover was contributed by the highest borrowing by the RS Government on the securities market last year. Republika Srpska borrowed a total of 861.6 million KM on the stock exchange market last year.

The securities market has proven to be an important instrument for public debt management. Issues of corporate bonds were also significantly increased, through which eight companies collected over 20 million KM. It is necessary to work on the development of the market for short-term securities, i.e. commercial bills that would be issued by companies. In this way, financing would be possible on more favorable terms, especially for public companies guaranteed by the Republic of Srpska.

The biggest challenge relates to the development of share ownership, without which there is no capital market. Last year, changes to the regulations were adopted that give the possibility to distribute part of the profit to the workers, which, along with additional relief in the tax regulations, could encourage company owners to include workers in the ownership structure. Practice in developed countries shows that workers are the most important investors, without whom many large companies would not exist. Years of work on product development were paid by workers after the company went public. This type of tying of workers to companies could help to reduce the departure of people from these areas, that is, the "labor shortage" as this problem is usually viewed today.

**MILAN BOŽIĆ**  
CEO



## IMPORTANT EVENTS

14  
FEB

First multilateral debt netting in 2023.

3  
MAY

Organized national competition for high school students in financial markets.

20  
DEC

Ten public issues of Republika Srpska bonds were organized, as well as 13 corporate bond issues and two share issues.

23.  
DEC

During 2023, nine auctions of treasury bills of the Republic of Srpska were organized on the stock exchange.

28.  
DEC

The Government of RS adopted the Decision on Implementation of multilateral debt netting in 2024.

# STATISTICS

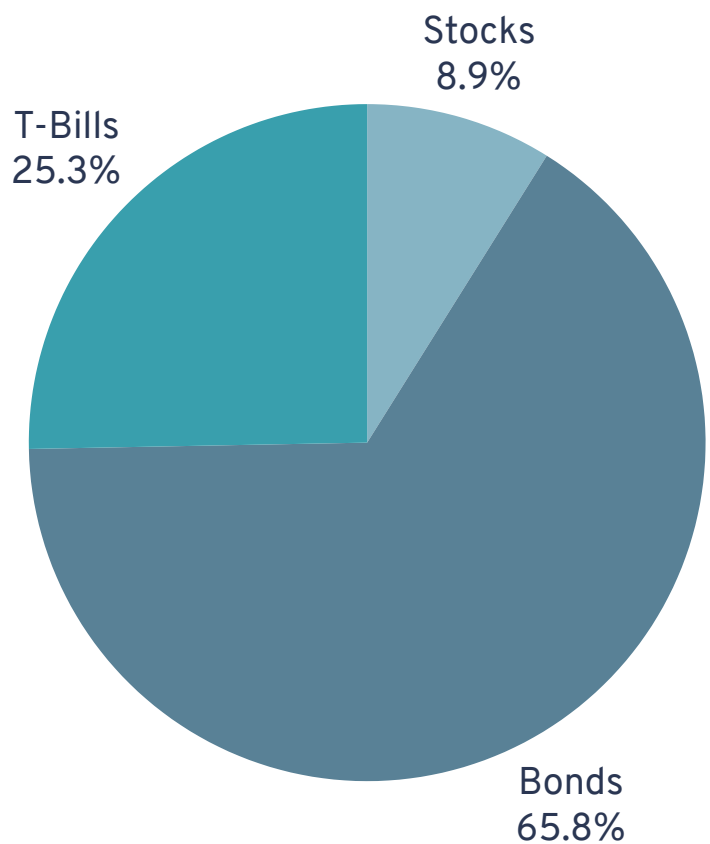
TOTAL TURNOVER  
**1,054,704,564 KM**



Turnover increase  
53%

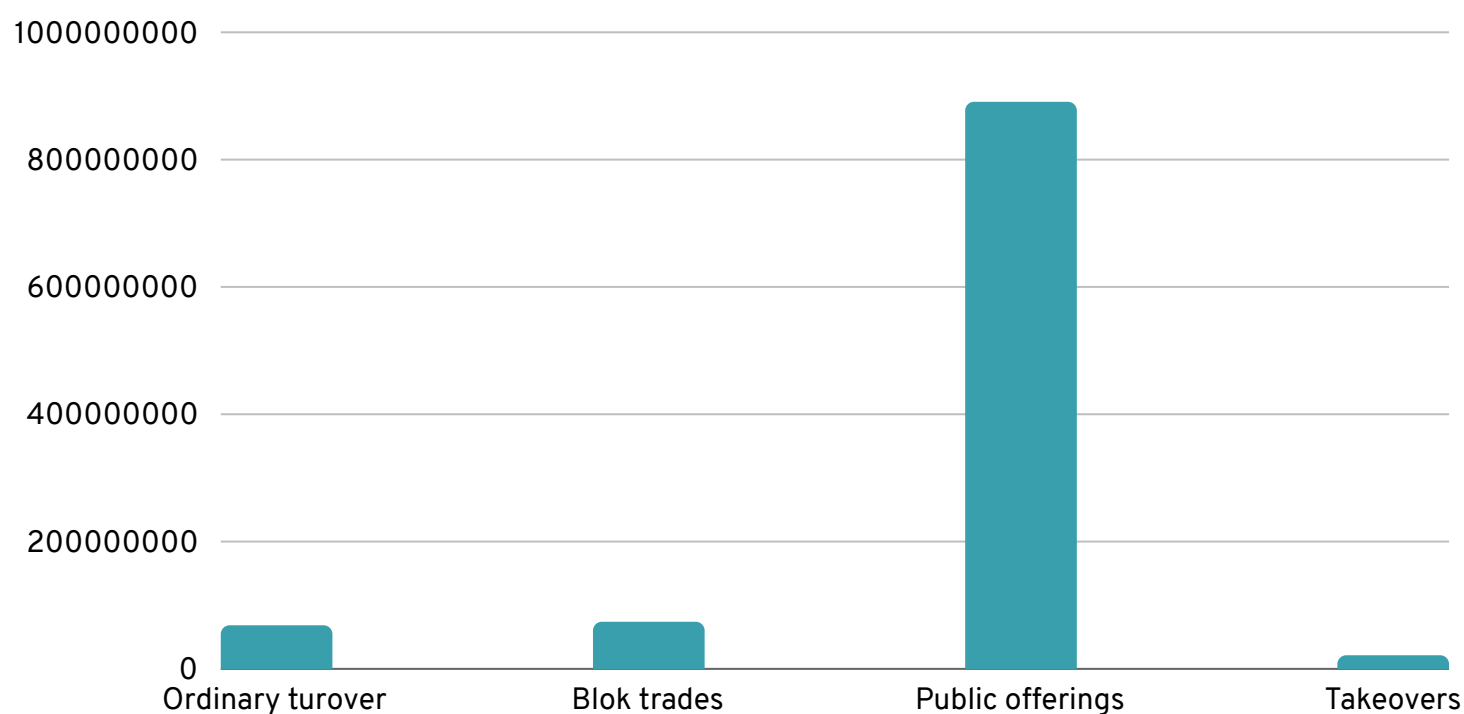


4,907 trades



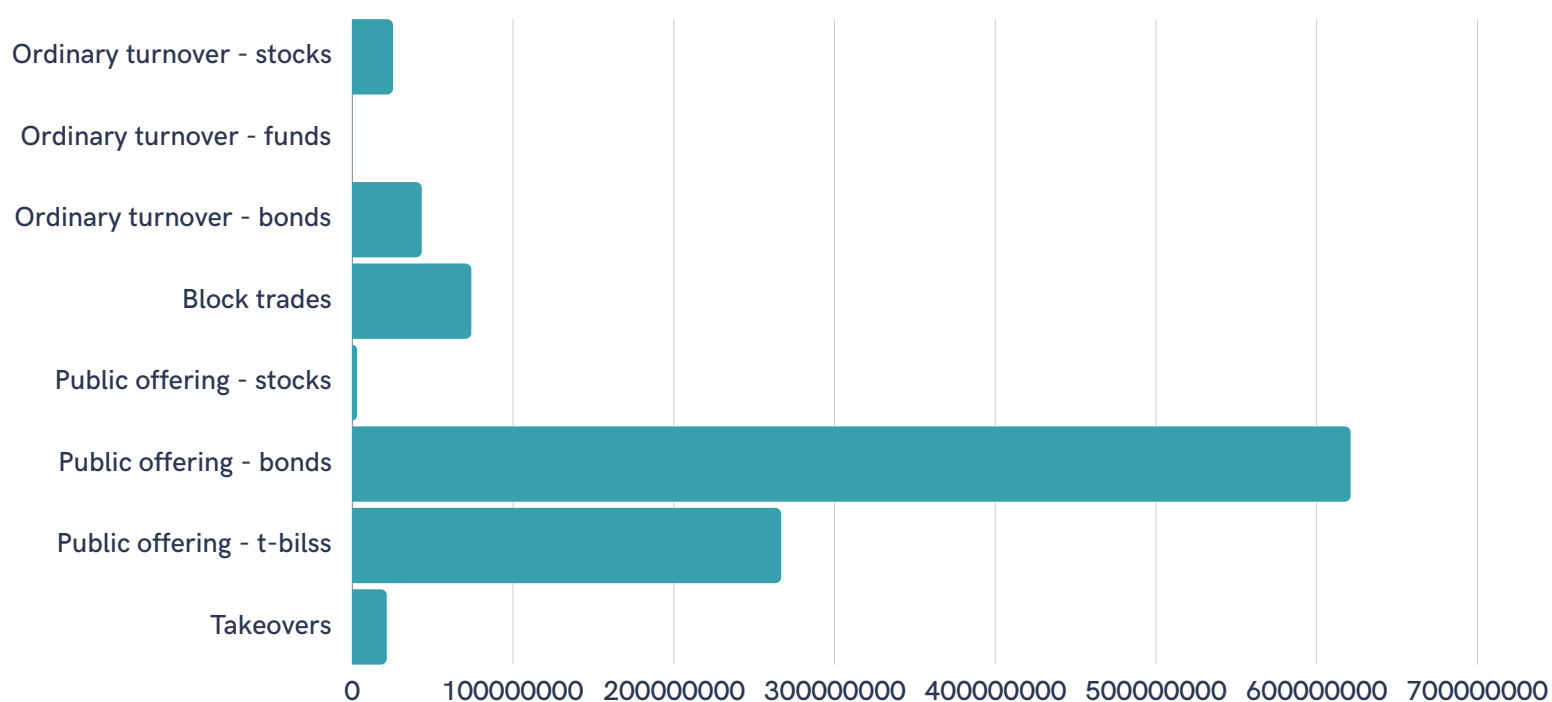
# TURNOVER STRUCTURE

PUBLIC OFFERINGS  
**890,808,863 KM**



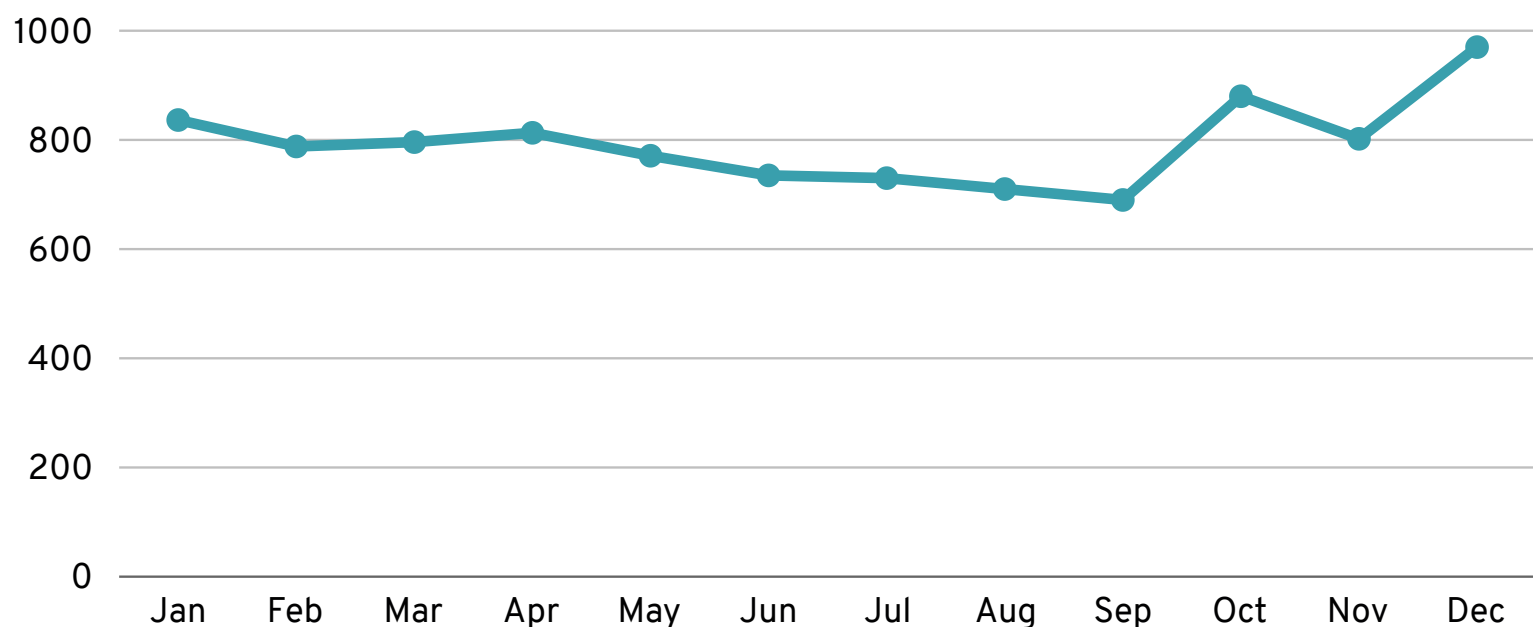
# TURNOVER STRUCTURE

PUBLIC OFFERINGS  
OF BONDS  
**621,103,800 KM**



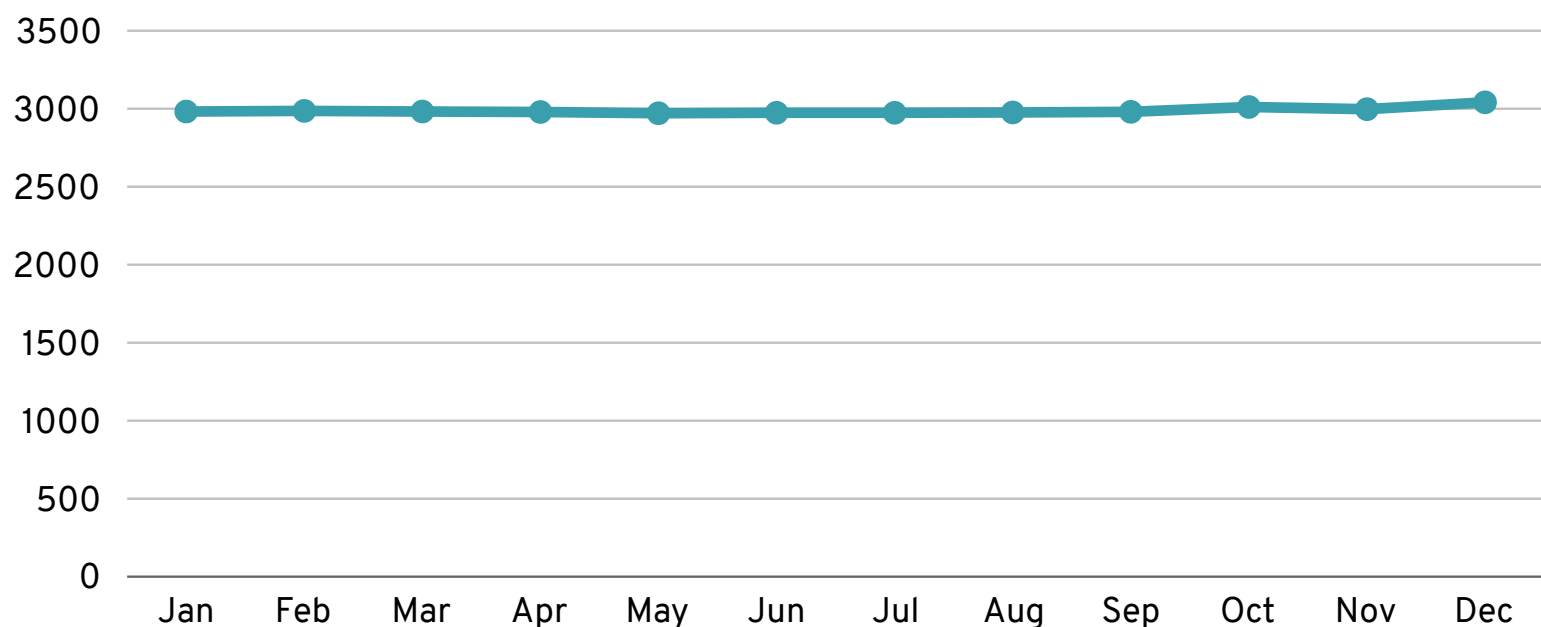
# STOCK INDEX BIRS

**+ 15.45 %**  
increase in 2023



# BONDS INDEX ORS

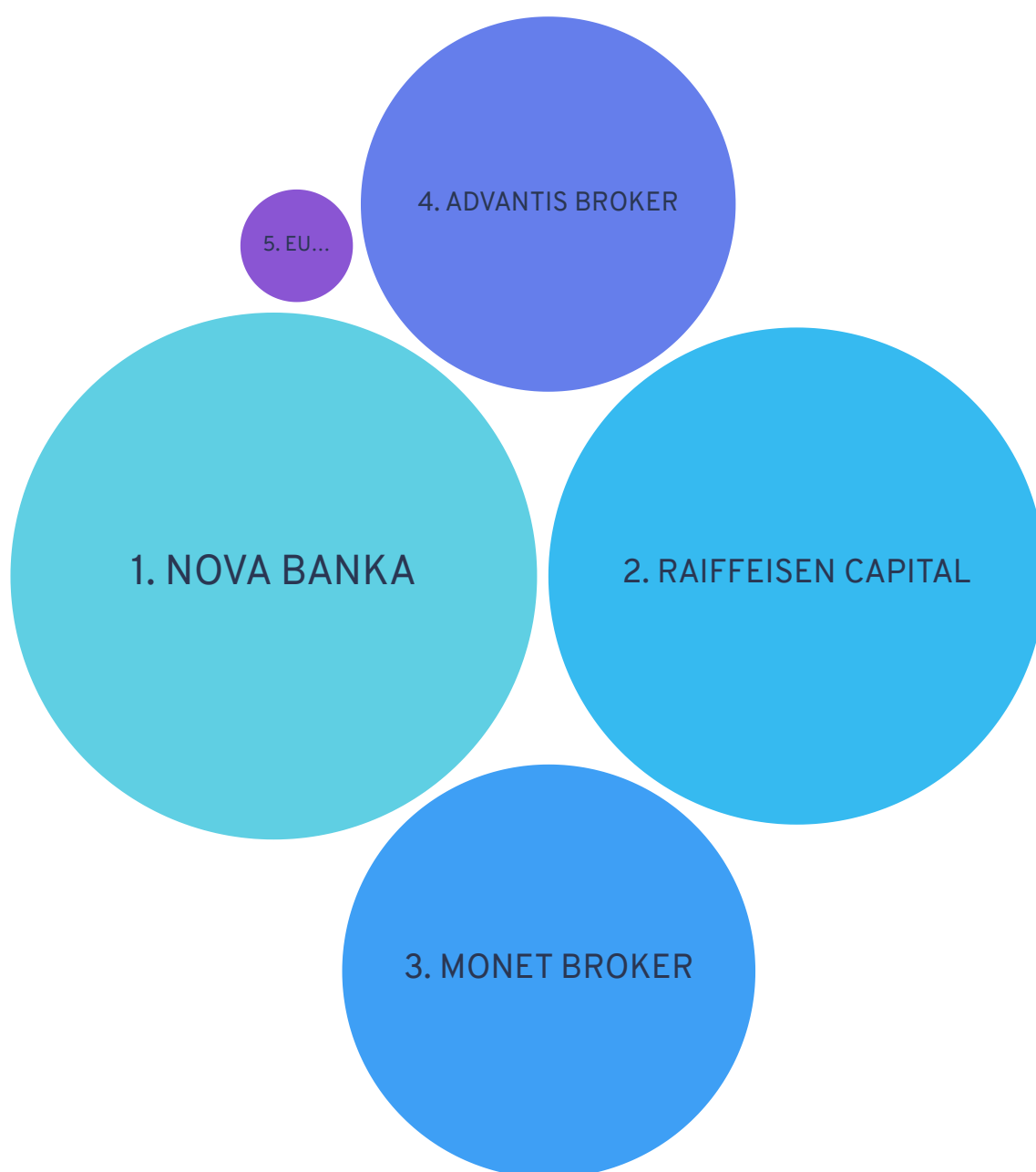
**+ 2.12 %**  
increase in 2023





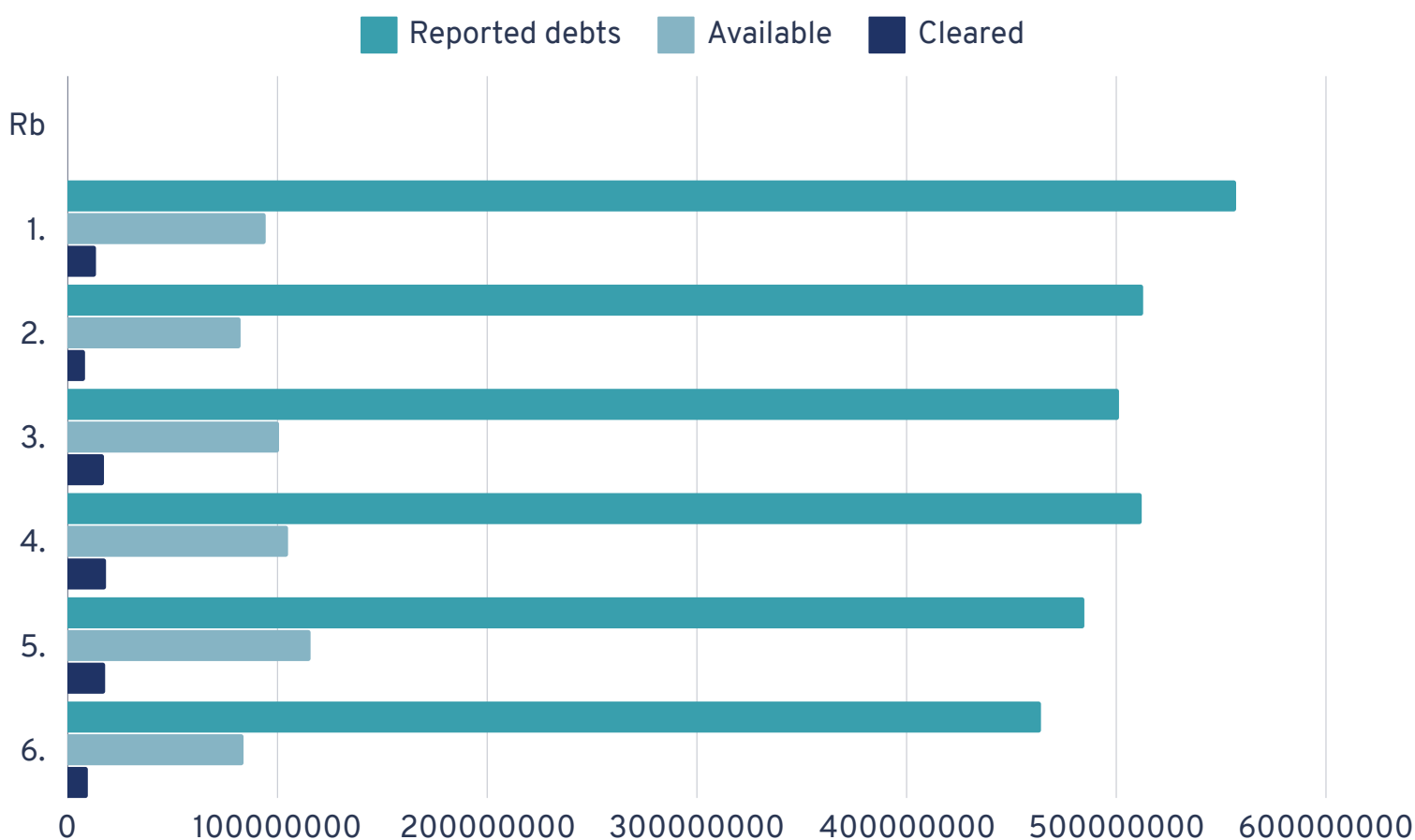
# TURNOVER BY MEMBERS

## TOTAL TURNOVER



# SYSTEM FOR DEBT CLEARING

DEBT CLEARED  
**84,428,398 KM**



# SHORT FINANCIAL STATEMENT

Business revenues  
**1,074,300 KM**

Net income  
**382,63 KM**

Business expenses  
**855,741 KM**

Total results  
**449,982 KM**

Unqualified opinion of independent auditor



# INCOME STATEMENT

For year ending 31.12.2023	- in BAM -	2023	2022
Operating Income		1,074,300	928,561
Sales of products and services		1,071,900	926,661
Other operating income		2,400	1,900
<b>Operating expenses</b>		<b>855,741</b>	<b>835,992</b>
Costs of materials, energy and fuel		13,423	12,853
Staff costs (wages and related costs)		623,386	603,758
Production services expenses		55,983	46,212
Depreciation		67,231	71,821
Immaterial expense		92,483	96,659
Tax expense and contribution		3,235	4,689
Operating income		218,559	92,569
Financial income		204,874	189,659
Financial revenues		206,017	189,979
Financial expenses		1,143	320
Ordinary activity income		423,433	282,228
Other incomes		17,180	109,607
Other expenses		28,031	26,411
Revaluation income		-	-
Revaluation expenses		760	3,024
Income before taxes		411,732	362,400
Taxes		29,096	27,147
Net income		382,636	335,253
Losses on financial assets at fair value through other total capital		67,346	138,529
Total net income		449,982	196,724

# BALANCE SHEET

For year ending 31.12.2023	- in BAM -	2023.	2022.
<b>ASSETS</b>		<b>4,990,264</b>	<b>4,760,635</b>
Fixed assets		3,963,969	3.035.142
Intangible assets		97,433	104,580
Real-estate and equipment		483,561	474,975
Equity instruments		1,169,658	1,170,418
Financial assets at fair value through other results		2,213,317	1,285,169
Current assets		1,026,295	1,725,493
Advances paid		22,066	9,543
Receivables		234,393	197,756
Other short-term provisions		114,794	89,127
Short-term financial placements		280,763	1,200,000
Cash equivalents and cash		336,203	214,149
Accruals		38,076	14,903
<b>EQUITY AND LIABILITIES</b>		<b>4,990,264</b>	<b>4,760,635</b>
Equity		4,525,931	4,408,449
Shareholders equity		2,660,000	2,660,000
Legal reserves		271,468	271,468
Unrealized gains on financial assets at fair value		86,964	19,619
Retained earnings		1,509,499	1,457,362
Long-term reservations and liabilities		2,144	2,253
Accrued incomes		2,144	2.253
Long-term provisions		-	-
Short-term liabilities		462,189	349.933
Advances from customers		6,679	6,145
Accounts payable and other liabilities from operation		20,018	21,565
Other short-term liabilities		435,492	322,213

# AUDITOR'S OPPINION

## INDEPENDENT AUDITOR'S REPORT

To the founders of **"Banja Luka stock exchange"** a.d. Banja Luka

### Opinion

We have audited the financial statements of **"Banja Luka stock exchange"** a.d. Banja Luka (hereinafter **"the Stock exchange"**), which comprise the balance sheet as of 31 December 2023, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Stock exchange as of 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the accounting regulations prevailing in the Republic of Srpska and accounting policies disclosed in Notes to the financial statements.

### Basis for Opinion

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

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting regulations prevailing in the Republic of Srpska, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

(Continued)



# AUDITOR'S OPINION

To the founders of "Banja Luka stock exchange" a.d. Banja Luka (Continued)

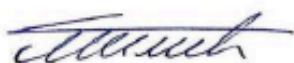
## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Mirko Ilić  
Certified Auditor and the  
Authorized representative of  
BDO d.o.o. Banja Luka



May 31, 2024





# PRODUCTS AND SERVICES

- Trading monitoring
- Data vending
- Broker Office
- Interkont
- Money market system
- Debt clearing system
- Virtual stock exchange game





Banja Luka stock exchange enables trading monitoring in two ways:

- BLSE observer station
- BLSE Online

w Help													
Page 5 All symbols Indices Summary BIRS													
Trading mode: Schedule:													
Type	Market	Tier	Trading mode	Schedule	Average price	Avg % chg.	Best bid	Best bid ...	Best ask	Best ask...	Open price	Last trade	
C	OM	23	CONT	Cont	0,245	16,67	0,237	3.343			0,244	12:01:	
C	OM	23	CONT	Cont	0,576	20	market	12.000			0,576	10:58:	
C	OM	23	CONT	Cont	0,11	0,92	0,1	1.000	0,11	3.504	0,109	10:53:	
C	OM	1	CONT	Cont	0,48	-2,04	0,42	3.000	0,504	8.400	0,48	10:52:	
C	OM	1	CONT	Cont	1,17	-0,85	1,16	1.086	1,18	5.000	1,17	10:51:	
B	OM	12	CONT	Cont	75,02	0,00	75,02	23.000	77,00	4.000	75,02	09:36:	
C	FM	6	FIX	Fix	0,19	0						18.12.20	
B	OM	12	CONT	Cont	103,00	0,00			103,00	15		18.12.20	
C	OM	23	CONT	Cont	0,2	0	0,2	2.000	0,24	1.000		18.12.20	
C	FM	6	FIX	Fix	0,45	0						18.12.20	
C	OM	1	CONT	Cont	0,35	0	0,34	2.000	0,369	700		18.12.20	
C	FM	6	FIX	Fix	27	0	26	150	27	1.987		15.12.20	
C	FM	6	FIX	Fix	0,3	0	0,3	7.428				15.12.20	



## DATA VENDING

### VENDORS:

- [Bank of New York Mellon](#)
- [Barclays Bank plc](#)
- [Bečka berza](#)
- [Bloomberg](#)
- [Citigroup Global Markets Ltd](#)
- [Dow Jones Indices](#)
- [Exchange Data International](#)
- [FactSheet Research System Inc](#)
- [FTSE International Limited](#)
- [Goldman Sachs&Co](#)
- [JP Morgan Chase & Co](#)
- [Morningstar Ltd](#)
- [MSCI](#)
- [Rimes Technologies Corp.](#)
- [SIX Telekurs](#)
- [SNL Financial LC](#)
- [Société Générale](#)
- [Statpro Canada Inc](#)
- [S&P Dow Jones Indices](#)
- [Raiffeisen Centrobank AG](#)
- [Renaissance Technologies](#)
- [Teletrader Software AG](#)
- [TGS Management Company, LLC](#)
- [Thomson Reuters](#)
- [UBS AG](#)



# BROKER OFFICE

Broker Office is a software package designed for brokerage houses developed solely by the Banja Luka Stock Exchange. It consists of three applications:

- eBroker- application for brokers;
- eTrader - etrading application;
- Interkont – application for accounting.

All three applications are web-oriented (all that user needs is an Internet browser) thus providing high degree of flexibility. The application design is similar to Windows's interface, so users can easily and quickly adapt to its usage

# INTERKONT

Interkont is an accounting program based on Internet technology.

In addition to accounting as the basis of the program, the program contains a module for investment funds and portfolio management. This module enables an easier and faster process of recognition and valuation of financial instruments in accordance with international accounting standards.

The module enables the creation of prescribed reports as well as reports that the user compiles himself for the needs of investment decisions.

Interkont is an application that is also used for the following purposes:

- recording of business transactions;
- records of client payments;
- records of the balance on the client account;
- records of net liabilities and claims to CRHOV;
- record of realized commission income;
- records of the balance of the basic and additional guarantee fund and additional payments.

In addition to commercial use, Interkont is also available for the educational needs of students.

The program allows teachers to grant each student access to a personal or "group" enterprise to perform accounting exercises. The teacher has the possibility of continuous insight into the work of the students.



# MONEY MARKET SYSTEM

Market participants can be banks, insurance companies, microcredit companies, management companies investment funds, stock brokers and other financial institutions from Bosnia and Herzegovina.

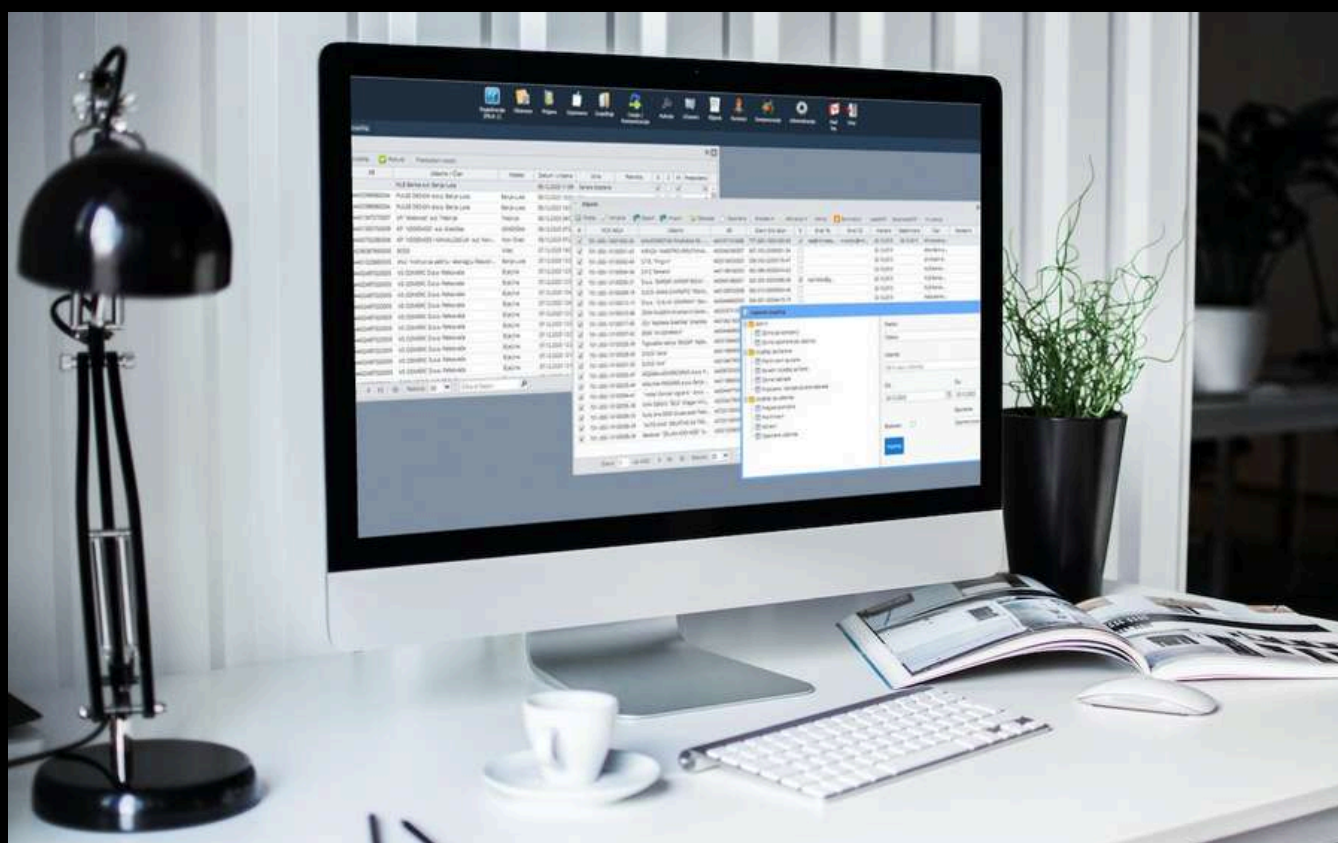
- setting and reviewing quotas,
- negotiating and executing transactions,
- automatic generation of contracts and reports,
- calculation of effective yields and reference rates,
- generation of reports for the Central Registry.



# MULTILATERA DEBT NETTING AND ASSIGNMENTS

The system is designed as a permanent system for non-cash payments. The system is based on the fact that participants, in accordance with the Law on the Single System for Multilateral Compensation and Assignments, report their obligations through authorized organizations (banks) with which they have a registered main account or intermediaries (stock brokers, accounting agencies and APIF).

By entering the obligations of one participant, the claims of other participants are indirectly created. After entering the obligations, the system functions so that by starting the compensation on a certain date, the algorithm finds the maximum possible settlement of the current state of the System and provides a detailed report on all completed compensations. Participants can transfer claims (assignment) and public auction of claims in the System.





# VIRTUAL STOCK EXCHANGE GAME

In a series of educational activities, the Banja Luka Stock Exchange has developed the internet application "Virtua" with the aim of providing a practical introduction to high school students, students and anyone interested in the functioning of the capital market in the Republic of Srpska.

The goal of the game is to put the player in a situation that corresponds to real trading on the Banja Luka Stock Exchange.

The virtual stock market game "Virtua" allows players to trade securities at real prices that are formed on the Banja Luka Stock Exchange, while investing 50,000 KM of virtual money.

In this way, players can learn and answer the question: "What would happen if I really invested my money on the Banja Luka Stock Exchange?"

# BLSE TEAM

## DIRECTOR'S OFFICE

Milan Božić, CEO  
Jelenko Konjević  
Silvana Kučuk

## BUSINESS OPERATION SECTOR

Nebojša Vuković  
Slaviša Risović  
Adrijana Cvijetić

## IT SECTOR

Jovan Tegeltija  
Milan Letić  
Srđan Amidžić  
Edvina Kolarić

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