

Moscow, 17 March 2016

**Pension Reserve Fund of the
Republic of Srpska
&
Capital Market of
the Republic of Srpska**

Darko Lakić, CEO

The Pension Reserve Fund of Republic of Srpska

BiH & The Republic of Srpska



- Republic of Srpska
(Banja Luka Stock Exchange)
- Federation of Bosnia and Herzegovina
- Sarajevo Stock Exchange

Key Macroeconomic Indicators for the Republic of Srpska



Indicator	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
GDP (billion EUR) - current prices	3.347	3.759	4.341	4.211	4.253	4.439	4.389	4.480	4.524	4.537
GDP growth	15.00%	12.30%	15.49%	-3.00%	0.99%	4.38%	-1.12%	2.06%	0.98%	0.30%
Population (mil.)	1.444	1.440	1.437	1.435	1.433	1.430	1.429	1.426	1.421	1.421
GDP per capita (EUR)	2,319	2,611	3,020	2,934	2,968	3,105	3,071	3,142	3,183	3,192
Inflation rate	6.40%	1.1%	7.20%	-0.40%	2.5%	3.9%	2.1%	1.00%	-0.80%	-1.60%
Total debt / GDP	49.15%	43.24%	40.35%	44.70%	46.26%	48.94%	54.39%	53.69%	57.14%	60.31%
Industrial output growth	19.10%	1.40%	16.80%	19.00%	5.00%	4.70%	-4.20%	4.10%	2.20%	2.70%
Export growth	36.20%	8.60%	15.00%	-13.00%	30.20%	17.60%	-7.30%	9.00%	3.55	6.60%

* Estimation

Pension system of the Republic of Srpska

- Pension income derives primarily from first-pillar public schemes financed on a “pay-as-you go” (PAYG) basis. Currently, there is no second or third pillar;
- During 2016, we expect first voluntary pension fund, which will be established by EBRD, Skupna Fund Ljubljana (Slovenia) and PREF;
- From 2016, there are no taxes and contributions for employers who paid contributions for employees in voluntary pension fund (max 600€ per year).



Pension system of the Republic of Srpska

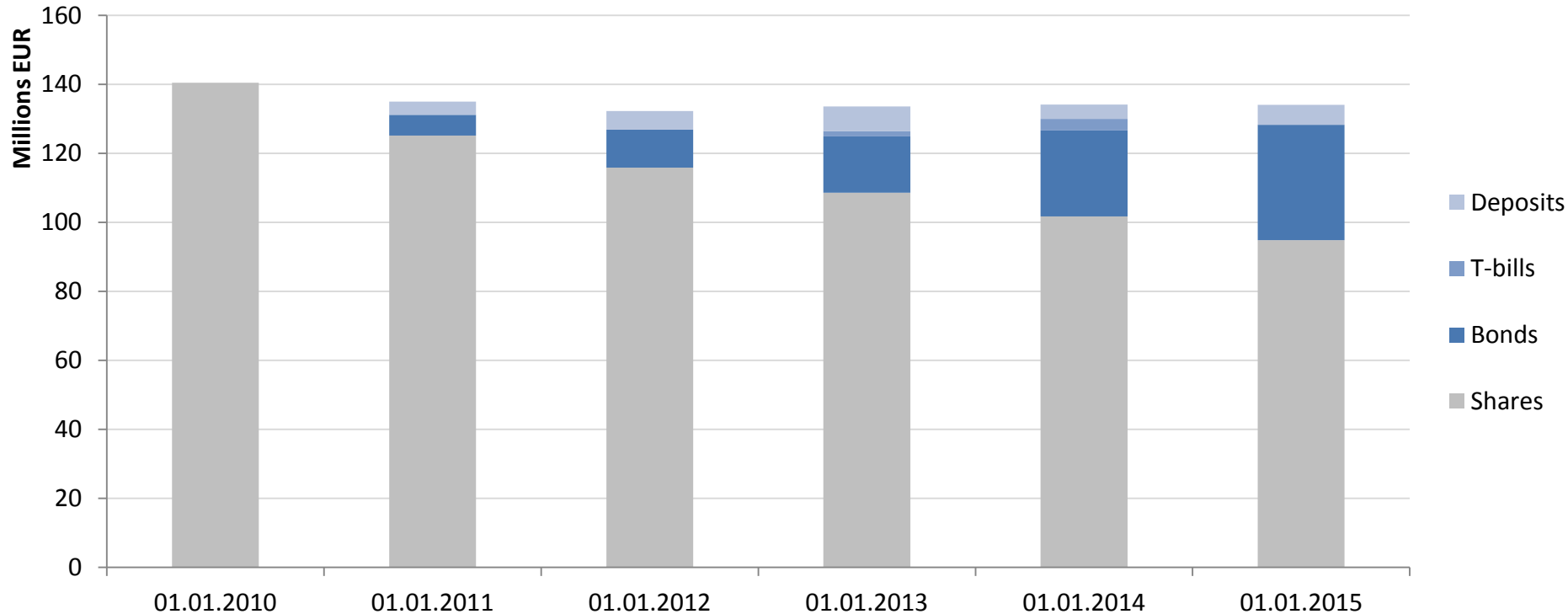
- 286.000 employees
- 252.000 retired people
- Workers to pensioners (dependency ratio) 1,14
- Average Pension 201€ (without disability income)
- Replacement ratio 41,54%
- Pension contribution 18,5%
- Pension system deficit cca. 20% (Transfer from budget)

PREF – process of establishing

- In process of privatization in Republic of Srpska (Bosnia and Herzegovina) 10% of all State-owned companies went to Pension Fund (1st pillar);
- In the beginning (1998 – 2002) there were shares in cca. 800 companies;
- From 2002 to 2011 it was part of State-owned Pension Fund without professional Management Company;
- Pension Reserve Fund (capital 140 mio €) owned by State owned Pension Fund (1st pillar) and Management Company was established in 2011;
- PREF pays dividend to owner every year (3,4 mil. € on average per year).

PREF – Asset Allocation

31.12.2015 (€)



	31.12.2010	31.12.2011	31.12.2012	31.12.2013	31.12.2014	31.12.2015
Deposits	0,00	3,80	5,41	7,20	4,17	5,77
T-bills	0,00	0,00	0,00	1,52	3,38	0,00
Bonds	0,00	6,08	10,99	16,30	24,87	33,45
Shares	140,51	125,15	115,90	108,62	101,77	94,87

Assets as an Economy Driver during the Crisis

- During 2016 - first Voluntary Pension Fund Management Company (33%);
- Government Bonds – Infrastructure projects;
- Municipal Bonds - Infrastructure projects;
- New Infrastructure Fund with other financial institutions;

Tax Regime in Republic of Srpska

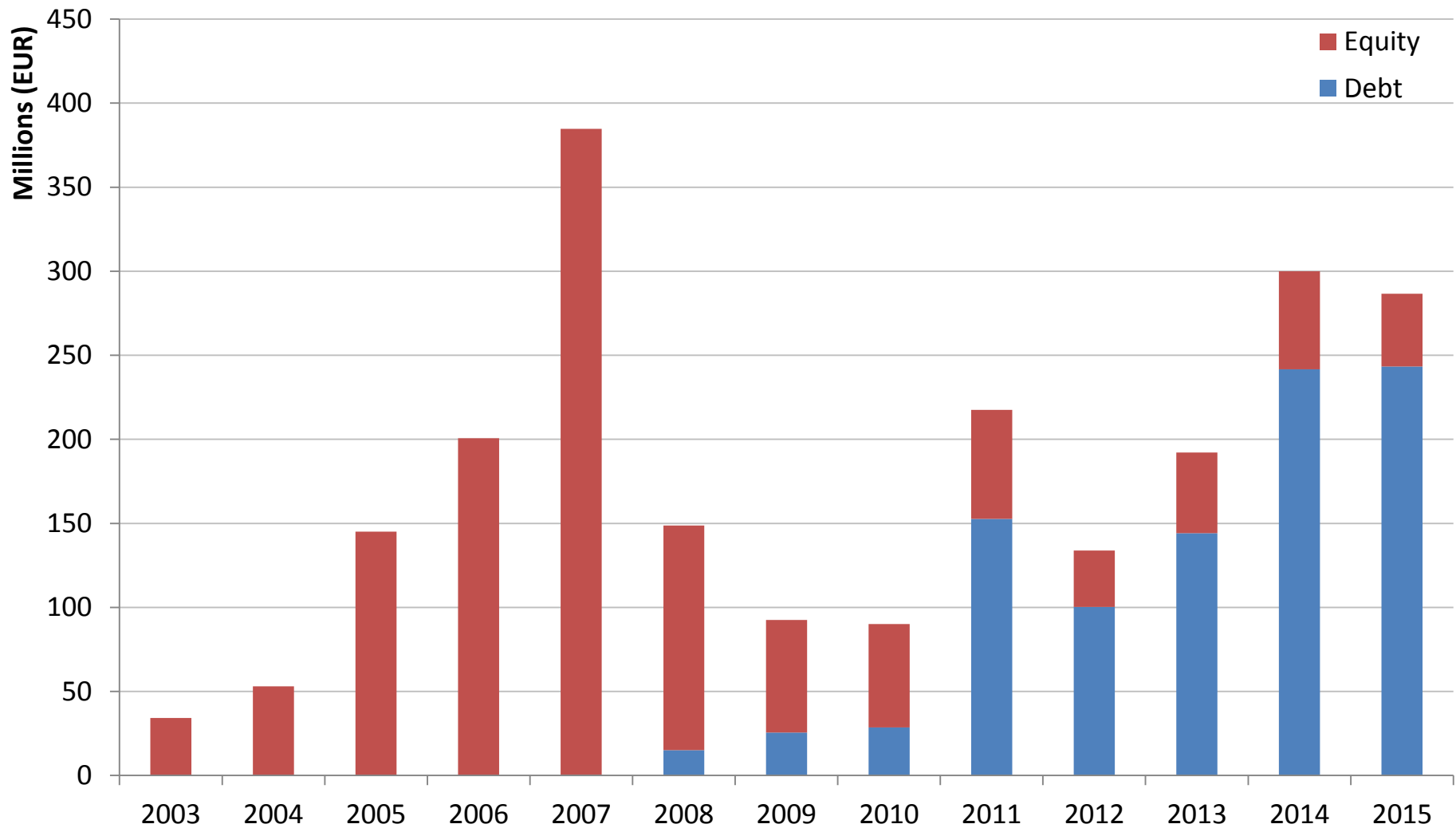
Individuals (domestic and foreign)

- debt securities - no taxes on interest earned, capital gain is taxed at 10% rate
- stocks – no taxes on dividends, capital gain is taxed at 10% rate,
- free profit repatriation.

Legal entities (domestic and foreign)

- corporate tax 10%,
- no taxes on dividends and interest earned.

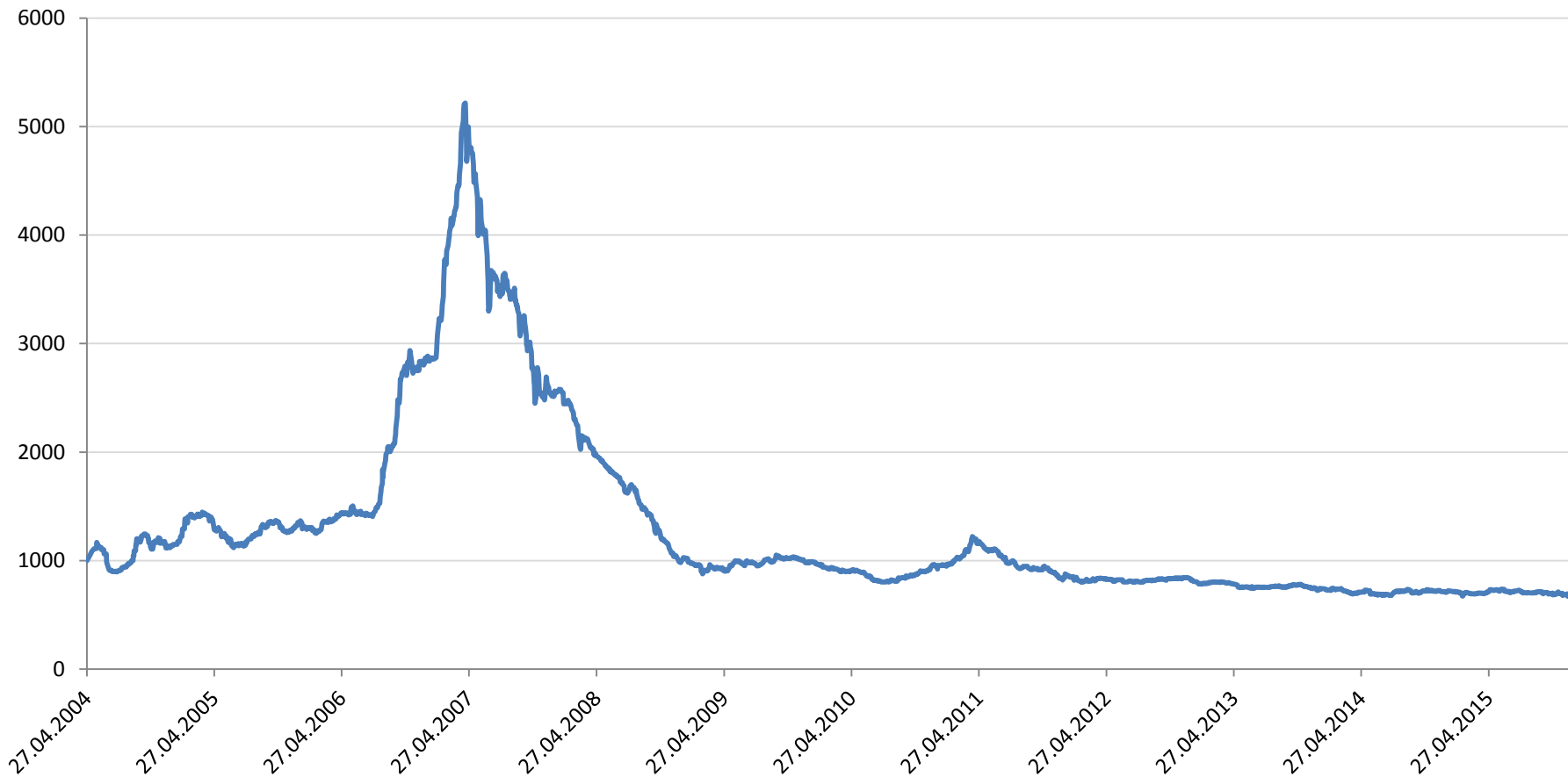
Banja Luka Stock Exchange Yearly Turnover



Banja Luka Stock Exchange (Stock Index – BIRS)



BIRS



Stocks listed on BLSE (260 listed companies)

31.12.2015

Issuer	Industry	Mcap (mil. EUR)	P/E	P/B	Dividend YLD
Telekom Srpske ad Banja Luka	Telecommunications	404.50	7.1	1.09	12,90%
Hidroelektrane na Trebišnjici ad Trebinje	Hidro-power plant	71.29	17.6	0.11	3,60%
Hidroelektrane na Drini a.d. Višegrad	Hidro-power plant	65.76	26.4	0.20	2,68%
Nova banka ad Banja Luka	Bank	26.59	4,5	0,41	
Rafinerija ulja ad Modriča	Oil Refinery	23.51		0.21	
Hidroelektrane na Vrbasu ad Mrkonjic Grad	Hidro-power plant	21.98	8.8	0.14	
Banjalučka pivara a.d. Banja Luka	Brewery	15.83	5.7	1.61	
R I TE Ugljevik ad Ugljevik	Termo-power plant	12.44		0.05	
ZTC Banja Vrućica ad Teslić	Human health activities	10.72	15.2	0.45	3,90%
R I TE Gacko a.d. Gacko	Termo-power plant	8.74		0.04	

More information on: www.blberza.com

Republic of Srpska Bonds - listed on BLSE

31.12.2015

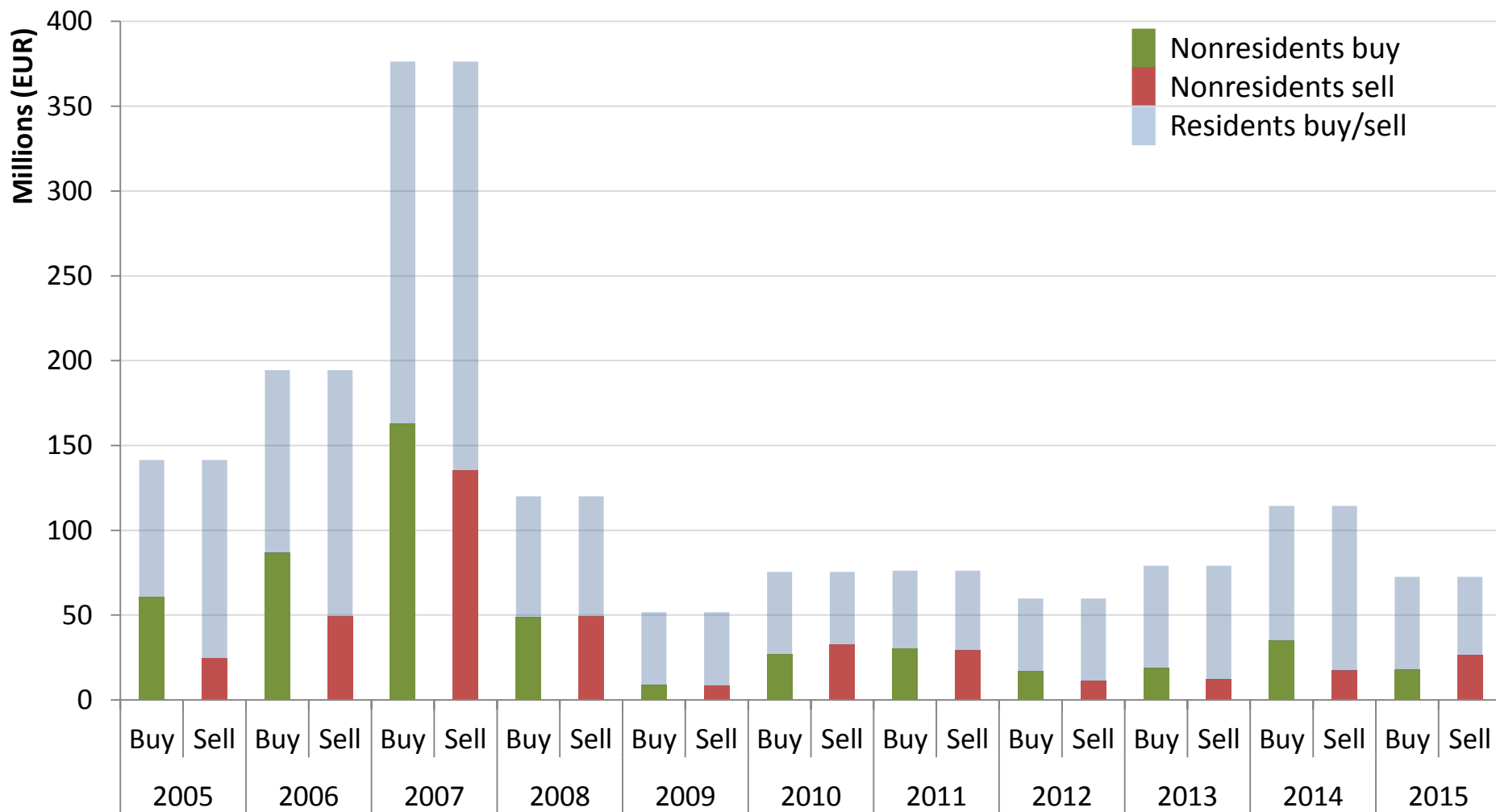
Symbol	Bonds	Nominal Amount EUR	Nominal Interest Rate	Maturity	YTM
RSBD-O-A	Republika Srpska 5% 18/11/18	61,355,026	5.0	2018	8.34
RSBD-O-B	Republika Srpska 6% 26/04/19	12,015,359	6.0	2019	6.08
RSBD-O-C	Republika Srpska 6% 29/06/19	3,323,397	6.0	2019	
RSBD-O-D	Republika Srpska 4,5% 11/04/18	33,233,972	4.5	2018	4.48
RSBD-O-E	Republika Srpska 6% 18/06/19	20,451,675	5.6	2019	5.28
RSBD-O-F	Republika Srpska 6% 24/09/18	15,338,756	5.0	2018	5.20
RSBD-O-G	Republika Srpska 5,5% 03/12/19	25,564,594	4.5	2019	4.28
RSBD-O-H	Republika Srpska 4,5% 11/03/19	30,677,513	4.5	2019	4.49
RSBD-O-I	Republika Srpska 4,75% 05/06/20	28,632,345	4.0	2020	3.83
RSBD-O-J	Republika Srpska 4% 08/07/19	23,008,135	4.0	2019	3.99
RSBD-O-K	Republika Srpska 4,25% 21/10/20	23,008,135	3.4	2020	3.28
RSDS-O-D	Republika Srpska - frozen savings accounts 4	39,297,110	2.5	2017	5.41
RSDS-O-E	Republika Srpska - frozen savings accounts 5	33,892,146	2.5	2018	3.72
RSDS-O-F	Republika Srpska - frozen savings accounts 6	26,871,059	2.5	2019	5.05

Republic of Srpska Bonds - listed on BLSE

31.12.2015

Symbol	Bonds	Nominal Amount EUR	Nominal Interest Rate	Maturity	YTM
RSIO-O-A	Republika Srpska - settlement of obligations	1,486,861	1.5	2023	7.06
RSOD-O-A	Republika Srpska - settlement to suppliers 1	887,583	1.5	2022	9.18
RSOD-O-B	Republika Srpska - settlement to suppliers 2	277,270	1.5	2023	7.09
RSRS-O-A	Republika Srpska - war damage 1	20,842,697	1.5	2023	5.99
RSRS-O-B	Republika Srpska - war damage 2	14,249,047	1.5	2023	5.65
RSRS-O-C	Republika Srpska - war damage 3	41,182,245	1.5	2023	5.47
RSRS-O-D	Republika Srpska - war damage 4	18,404,564	1.5	2024	5.85
RSRS-O-E	Republika Srpska - war damage 5	14,880,555	1.5	2025	5.43
RSRS-O-F	Republika Srpska - war damage 6	28,350,965	1.5	2025	5.17
RSRS-O-G	Republika Srpska - war damage 7	11,155,512	1.5	2025	6.07
RSRS-O-H	Republika Srpska - war damage 8	13,959,088	1.5	2026	5.86
RSRS-O-I	Republika Srpska - war damage 9	16,455,979	1.5	2027	5.38

International Investors on the BLSE*



*Turnover without Public Offerings and Takeovers



Thank you for your attention

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