



Centralna banka
BOSNE I HERCEGOVINE
Централна банка
БОСНЕ И ХЕРЦЕГОВИНЕ

Annual Report
2023



Centralna banka
BOSNE I HERCEGOVINE
Централна банка
БОСНЕ И ХЕРЦЕГОВИНЕ

Annual Report
2023

Introduction by the Governor

I have a pleasure to present the Annual Report of the Central Bank of Bosnia and Herzegovina (Central Bank) for the year 2023, adopted at the session of the Governing Board of the Central Bank on March 28, 2024.

This Report addresses the economic trends in 2023, including the international economic environment, the report on the condition of the economy in Bosnia and Herzegovina, and the business operations of the Central Bank in the previous year. In very complex geopolitical and economic challenges, the Central Bank carried out all tasks defined by the Law and maintained the stability of the domestic currency within the framework of the currency board arrangement. The normalization of the monetary policy of the world's leading central banks, and the continuation of the restrictive policy trend, significantly affected the yields of the securities in which the Central Bank invests. By timely restructuring the portfolio of foreign exchange reserves, the Central Bank readily met the growth of yields on international markets and the growth of interest rates in the euro area. Consequently, the foreign exchange reserves that amounted to KM 16.29 billion at the end of 2023 exceeded the monetary liabilities of the Central Bank by KM 886.2 million at the end of 2023. This strengthened the absorption power of the Central Bank's balance sheet for potential shocks on the international financial markets, which is a direct contribution to the stability of the domestic currency.

In 2023, the Central Bank achieved a positive financial result, expressed through a net profit in the amount of KM 278,261,211.49. Based on Article 27 of the Law on the Central Bank and the Decision of the Governing Board of the Central Bank as of March 28, 2024, part of the realized net profit for 2023, in the amount of KM 64,319,561.58, will be paid into the budget of the institutions of Bosnia and Herzegovina.

The Central Bank regularly carried out other tasks within its jurisdiction, including the operations of payment systems for interbank settlements in domestic payment transactions, fiscal agent tasks, statistics, financial stability, cash management operations, macroeconomic projections and others. In cooperation with Entities' Banking Agencies, a Methodology was developed for calculating the reference rate of the average cost of financing banks operating on the territory of BH, and the reference rates are published on the website of the Central Bank. With the beginning of 2024, additional flexibility was introduced in the required reserves policy, which enabled a more efficient calibration of the targeted effects.

The role of the Central Bank in the process of European integration, especially in the context of the opening the negotiations between Bosnia and Herzegovina and the European Union, will be extremely important in the coming period.

The Central Bank will continue to work on strengthening the institution and preserving the stability of the monetary system of Bosnia and Herzegovina as one of the key factors in the process of strengthening the BH economy and upcoming European integration.

The project of including Bosnia and Herzegovina in the Single Euro Payment Area (SEPA), which includes the countries of the Western Balkans, and for which the Central Bank has the support of the EU, is particularly significant. In this process, the Central Bank will continue activities on the preparation and construction of the necessary infrastructure together with other institutions in Bosnia and Herzegovina. We will strive to ensure a great reputation and recognition in domestic and international circles, and proceed in accelerated pace on the further improvement of all our business processes.

As I stated in my initial address from the position of Governor, the activities of the Central Bank will, in the coming period, be focused primarily on preserving the currency board and the stability of the institution and the system of operations. The Central Bank will continue to consistently apply the Law on the Central Bank, ensuring the stability of the domestic currency under the arrangement of the currency board and performing all its tasks defined by the Law, in the best interest of all citizens and the economy of our country. We certainly plan to intensify all activities, within the scope of our mandate, in order to support the country's EU integration process.

I would like to take this opportunity to thank all the members of the Governing Board, the members of the Management and the employees, for their professional approach and contribution in achieving so far results. I am confident that all of us, through joint engagement, will continue to make our selfless contribution to the professional operations and successful results of our institution.



Jasmina Selimović, Ph.D.

Governor

Legal Status

According to the Constitution - Annex 4 of the General Framework Agreement for Peace in Bosnia and Herzegovina, the Central Bank of Bosnia and Herzegovina is an institution of Bosnia and Herzegovina established by the Law on the Central Bank of Bosnia and Herzegovina, adopted by the Parliament of Bosnia and Herzegovina on 20 June 1997¹ and it has commenced its operations on 11 August 1997. The main objectives and tasks of the Central Bank of Bosnia and Herzegovina, as defined by the Law on the Central Bank of Bosnia and Herzegovina, are the following:

- to achieve and maintain the stability of the local currency (convertible mark) by issuing it with the full coverage in free convertible foreign exchange funds, according to the arrangement known as currency board, according to the fixed exchange rate: one convertible mark for one Deutsche Mark. Since 1 January 2002, convertible mark has been pegged to euro at the exchange rate: one convertible mark for 0.511292 euro, i.e. one euro amounts to 1.955830 convertible mark;
- to define and control the implementation of the monetary policy of Bosnia and Herzegovina;
- to hold the official foreign exchange reserves and manage them in a safe and profitable manner;
- to maintain appropriate payment and settlement systems;
- to coordinate the activities of the Entities' Banking Agencies responsible for issuing banking licenses and supervising banks;
- to receive deposits from Bosnia and Herzegovina and commercial banks in order to meet the mandatory reserves requirements. The Central Bank can also hold deposits of Entities and other public institutions, as well as other reserves of commercial banks, in case they want it;
- to issue regulations and guidelines for performing the activities of the Central Bank of Bosnia and Herzegovina within the mandate set by the Law on the Central Bank of Bosnia and Herzegovina;

¹ "Official Gazette of BH", 1/97, 29/02, 13/03, 14/03, 9/05, 76/06 and 32/07.

- to participate in the work of international organizations strengthening the financial and economic stability and to represent Bosnia and Herzegovina in intergovernmental organizations related to monetary policy issues.

The Central Bank of Bosnia and Herzegovina is completely independent from the Federation of Bosnia and Herzegovina, Republika Srpska or any public agency or body, with the purpose of objective implementation of its tasks. The Central Bank of Bosnia and Herzegovina performs its operations through the Governing Board, the Management and the staff.

The Governing Board of the Central Bank of Bosnia and Herzegovina is a body of the Central Bank of Bosnia and Herzegovina in charge of defining monetary policy and control of its implementation, organization and strategy of the Central Bank of Bosnia and Herzegovina, according to its mandate stipulated by the Law on the Central Bank of Bosnia and Herzegovina. The Presidency of Bosnia and Herzegovina appoints the Governing Board of the Central Bank of Bosnia and Herzegovina featuring five members who elect the Governor among themselves, who is at the same time the Chairman of the CBBH Governing Board and of the Management. The Governor is the chief executive officer in charge of daily operations of the Central Bank of Bosnia and Herzegovina. The Management of the CBBH which includes Governor and three Vice Governors (appointed by Governor, with the approval of the Governing Board of the Central Bank of Bosnia and Herzegovina) at the request of the Governor, as the chief executive officer, carries out the activities of the Central Bank of Bosnia and Herzegovina and harmonizes the activities of the organizational units.

Governor, with the approval of the Governing Board of the Central Bank of Bosnia and Herzegovina, appoints Chief Audit Executive and Chief Audit Executive Deputies for the risk control in the Central Bank of Bosnia and Herzegovina.

The operations of the Central Bank of Bosnia and Herzegovina are carried out through the Head Office seated in Sarajevo, three Main Units seated in Sarajevo, Mostar and Banja Luka and two Branches seated in Pale and Brčko District.

Content

Introduction by the Governor	1
Legal Status	3
List of text boxes	6
List of tables	7
1 Economic Trends in 2023	12
1.1 International Economic Environment	12
1.2 Report on the Situation in BH Economy	19
1.2.1 Real Sector	19
I Industrial Production and Construction	22
II Prices	25
III Employment and Wages	31
1.2.2 Fiscal Sector	35
1.2.3 Banking Sector	47
1.2.4 External Sector	55
I Balance of Payments	55
II Nominal and Real Effective Exchange Rates	62
2 Report on the CBBH Activities in 2023	63
2.1 Monetary Policy	65
2.2 Reserve Accounts with the CBBH	67
2.3 Foreign Exchange Management	75
2.4 Cash Management	81
2.5 Maintenance of Payment Systems	88

2.6 Role of the Fiscal Agent	92
2.7 Compilation of Statistics	95
2.8 Monitoring of Systemic Risks in the Financial System	96
2.9 Cooperation with International Institutions and Rating Agencies	99
2.10 Risk Management.....	104
2.11 Internal Audit	106
2.12 Other.....	106
2.12.1. Human Resources Management.....	106
2.12.2 Communication with the Public	110
2.12.3 Energy Efficiency Projects, Preservation of National Monuments.....	112
3 Financial Statements and the Independent Auditor’s Report (delivered separately)	113
4 Statistical Tables	
5 Publications and Web Services	

List of text boxes

Text Box 1: Estimated Core Inflation in BH.....	28
Text Box 2: Entity Government Measures to Combat Inflation	43
Text Box 3: Foreign Trade Commodity Deficit in BH in 2023	56

List of tables

Table 1.1: Medium-term Projections of the CBBH from November 2023.....	20
Table 1.2: The Entities' Public Debt Issues in 2023.....	45
Table 1.3: Average Yield to Maturity Rate in the Primary Market of Entities' Public Debt in 2023	47
Table 1.4: BH Commodity Foreign Trade, by the Most Significant Trade Partners, in billion KM	56
Table 2.1: Liquidity Indicators of BH Banking Sector	74
Table 2.2: Weighted Average Annual Net Interest Rate on the CBBH Foreign Exchange Reserves and Average Annual Interest Rates and Market Yields on the Euro Area Sovereign Bonds	78
Table 2.3: Payment Transactions via Commercial Banks.....	89
Table 2.4: Survey of ATM and POS Card Transactions.....	90
Table 2.5: Realized Values in Card Transactions Based on Residence Principle.....	91
Table 2.6: Shares of Card Brands.....	91
Table 2.7: The CBBH Management Structure	107

List of graphs

Graph 1.1: Annual Changes of Average Consumer Prices	14
Graph 1.2: Prices of Fuels at Global Market.....	15
Graph 1.3: Balance Assets of Euro Area and the Interest Rate on Deposits with the ECB	16
Graph 1.4: Annual Change of the Loans Level in Euro Area	18
Graph 1.5: Annual Changes of GDP and Industrial Production, the first three quarters	21
Graph 1.6: Contribution to the Annual Changes of Industrial Production Volume per Activities	23
Graph 1.7: Contribution of Main Activities in the Decline of Manufacturing Industry in 2023	24
Graph 1.8: Annual Changes in the Intensity of Construction Industry	25
Graph 1.9: Contributions to the Annual Inflation Rate in BH	26
Graph 1.10: Annual Changes of Production Prices in BH, period to period	27
Graph 1.11: Annual Changes of Production Prices in BH per Activities, period to period.....	28
Graph 1.12: Annual Changes of Headline and Core Inflation	29

Graph 1.13: Contributions of the Prices of Food, Energy Supplies and Services to the Annual Change Rates of Consumer Prices in Euro Area.....	30
Graph 1.14: Accumulated Number of Employees since the beginning of 2011	32
Graph 1.15: Contributions to the Annual Change in Number of Employees per Activities..	33
Graph 1.16: Average Annual Net Wages	34
Graph 1.17: Number of Employees and Change in Average Nominal Net Wage by Activities	35
Graph 1.18: Indirect Tax Revenues.....	36
Graph 1.19: Inflation Impact on the Growth of VAT Revenues.....	37
Graph 1.20: The Total Public Debt of General Government Sector	40
Graph 1.21: Foreign Debt of General Government Sector	41
Graph 1.22: General Government Debt with Commercial Banks.....	42
Graph 1.23: Value of Issues per Maturity Segments	45
Graph 1.24: Yield to Maturity Rate in the Primary Market of Six Month Treasury Bills of Republika Srpska.....	46
Graph 1.25: Annual Deposit Growth Rate	48
Graph 1.26: Household Deposits, Currency Structure	49
Graph 1.27: Annual Credit Growth Rate	50
Graph 1.28: Interest Rates on New Loans.....	51
Graph 1.29: Interest Rates on the Deposits	52
Graph 1.30: Real Interest Rates on Newly Contracted Deposits	53
Graph 1.31: Net Foreign Assets	54
Graph 1.32: Current and Capital Accounts	55
Graph 1.33: BH Exports and Imports, GDP and Industrial Production in the EU.....	57
Graph 1.34: Net Exports by the Main Groups of Products	58
Graph 1.35: Account of Services in Balance of Payments	60
Graph 1.36: Remunerations to Employees in Foreign Countries, Remittances and Pensions from Foreign Countries	61
Graph 1.37: Annual Changes in KM Foreign Exchange Rate, December 2023.....	62
 Graph 2.1: The CBBH Foreign Exchange Reserves	 63
Graph 2.2: Impact of Balance of Payments Items on the Foreign Exchange Reserve Growth	64
Graph 2.3: Structure of Net Foreign Borrowing	65
Graph 2.4: Coverage of Monetary Liabilities with Net Foreign Exchange Reserves	66
Graph 2.5: Required Reserve Policy in Respect of Remuneration Changes.....	67

Graph 2.6: Required Reserve Policy in Respect of Positions in the Latest Calculation Period in 2023	68
Graph 2.7: Annual Changes of Required Reserves and Excess Holdings above Required Reserve	69
Graph 2.8: Balance of Reserve Accounts with the CBBH and RR Implicit Rate.....	70
Graph 2.9: Annual Changes in Reserve Money Components.....	71
Graph 2.10: Annual Growth Rates of Monetary Aggregates	72
Graph 2.11: Monetary Multiplication	73
Graph 2.12: Average Daily Market Yields on the Euro Area Sovereign Bonds, and the ECB Deposit Rates in 2023	77
Graph 2.13: The Structure of the CBBH Foreign Exchange Reserve Investment at Year End	79
Graph 2.14: Annual Yield Rates on the CBBH Foreign Exchange Reserves	81
Graph 2.15: Cash outside Monetary Authorities and Banks	82
Graph 2.16: Positions of Cash in Bank Vaults	83
Graph 2.17: Denomination Structure of Banknotes in 2023	84
Graph 2.18: Denomination Structure of Coins in 2023	84
Graph 2.19: Change in the Number of Banknotes and Coins by Denominations Compared to 2022	85
Graph 2.20: Banknotes and Coins Issued in 2023, by Denominations	86
Graph 2.21: Cash (KM) Outflows in 2023.....	86
Graph 2.22: Denomination Structure of Counterfeited Banknotes in 2023	87
Graph 2.23: Denomination Structure of Counterfeited Coins in 2023	88
Graph 2.24: The Total Number of Employees in the CBBH	109

ABBREVIATIONS

APP	Asset Purchase Programme
ATM	automatic teller machine
BAM	currency code of convertible mark
BHAS	Bosnia and Herzegovina Agency for Statistics
BH	Bosnia and Herzegovina
BIS	Bank for International Settlements
bp	basis point
CBBH	Central Bank of Bosnia and Herzegovina
CHF	Swiss franc
CNY	Chinese yen
CPI	consumer price index
CRC	Central Registry of Credits
CZK	Check krone
EC	European Commission
ECB	European Central Bank
EFSE DF	European Fund for Southeast Europe Development Facility
ESCB	European System of Central Banks
EU	European Union
EUR	euro
FBH	Federation of Bosnia and Herzegovina
FED	US Federal Reserves System
FOMC	Federal Open Market Committee
GDP	gross domestic product
HUF	Hungarian forint
IMF	International Monetary Fund
INR	Indian rupee
ITA	Indirect Taxation Authority
KM	convertible mark
LCR	liquidity coverage ratio
MWh	Megawatt hour
NEER	nominal effective exchange rate
NSFR	net stable funding ratio
OPEC+	Organization of the Petroleum Exporting Countries and other oil exporting countries
PEPP	Pandemic Emergency Purchase Programme
PLN	Polish zloty
POS	point of sale
pp	percentage point
REER	real effective exchange rate
RON	Romanian leu
RS	Republika Srpska
RSD	Serbian dinar
RTGS	Real Time Gross Settlement

SCFS	Standing Committee for Financial Stability
SDR	special drawing rights
SRBEA	Single Registry of Business Entities' Accounts
SWIFT	Society for Worldwide Interbank Financial Telecommunications
TRL	Turkish lira
TTF	“Title Transfer Facility” Dutch gas hub
USA	United States of America
USD	US dollar, currency of the USA
VAT	Value added tax
WAnIR	Weighted average net interest rate

ISO country code

AL	Albania
BA	Bosnia and Herzegovina
EA	euro area
EU	European Union
ME	Montenegro
MK	Republic North Macedonia
RS	Serbia

1 Economic Trends in 2023

1.1 International Economic Environment

Global economic activity in 2023 exceeded the expectations from the beginning of the year, due to the strong resilience of several key economies, primarily the USA economy. Taking into account the decline in household purchasing power, and the tightening of the leading central banks' monetary policies aimed at mitigating the inflationary shock, global economic activity proved to be quite resilient in the first half of 2023. Signs of a slowdown in economic activity became more visible in the second half of the year. There are several factors that have marked the global economy in 2023. The first one, particularly present in Europe, was the fear of disruptions in supply chains for energy, especially natural gas, and other raw materials. However, delays in supply did not occur, thanks to the efficient use of raw materials, energy imports from new countries and mild winter that made demand for heat energy low. Another feature of the global economy in 2023 was inflationary pressures weakening, primarily in Europe and the USA, and at a faster rate than expected. In the last months of the year, the recorded inflation rates were close to the average pre-pandemic values of headline and core inflation. On the other hand, new commodity price increases caused by geopolitical developments, and rising costs of insurance for maritime transport of goods, and longer-lasting high core inflation, could keep the monetary policies of leading central banks restrictive in the coming period.

The growth of US economic activity in 2023 (2.5%) resulted from strong final consumption of both goods and services, with strong contributions from low unemployment rates and rising nominal wages. On the other hand, the economic activity in the euro area and the EU recorded very modest growth rates, with the growth of economic activity at the level of entire 2023 estimated at 0.5%², which is partly due to strong geopolitical risks, especially regarding the uncertainties related to the wars in Ukraine and the Middle East. The European Central Bank (ECB)'s restrictive monetary policy, low global demand, and available income continually exposed to inflationary pressures are some of the factors resulting in the EU economy growth slowdown. During 2023, Germany was struggling with the effects of the energy price shock

² Eurostat Euro indicators, the first annual growth estimate for 2023 based on quarterly, seasonally and calendar adjusted data, February 2024.

from the previous year, as well as a decline in industrial production, recording a 0.3% decline in economic activity³ according to preliminary estimates. In 2023, industrial output declined by 2.0% and 2.4% at the level of the EU and the euro area respectively, with positive expectations for 2024⁴. In 2023, manufacturing industry also declined in the EU and the euro area, by 1.6% and 2.2% respectively, while the construction industry recorded negligible growth rates compared to the previous year.

After a challenging year for the EU economy and very low growth of economic activity in 2023, a modest recovery of economic activity can be expected in 2024. According to the latest, winter projections of the European Commission⁵, the economic activity growth of the euro area and the EU in 2024 was estimated at 0.8% and 0.9%, respectively, having been revised downwards compared to the autumn projection round. In 2025, economic activity is expected to grow by 1.5% in the euro area and by 1.7% in the EU. The economic recovery is expected to be affected by stronger household spending and a weakening effect of price shocks.

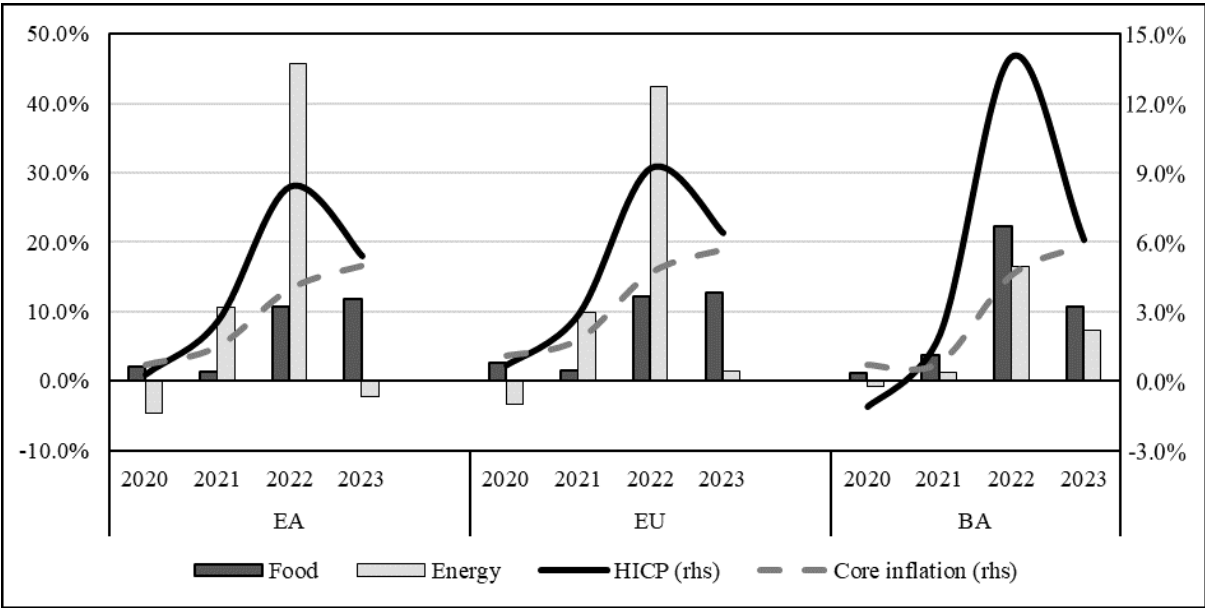
The USA recorded an official inflation rate of 3.0% in 2023, lower by 5.7 pp compared to 2022. In the euro area and the EU, there was also a continuous weakening of price pressure (Graph 1.1) in 2023, with registered annual inflation rates of 5.4% and 6.4%, respectively (which is lower by 3.0 pp, i.e. 2.8 pp compared to the previous year). Inflationary pressure on average consumer prices varied greatly comparing domestic and the euro area markets, both in the contributions of individual categories and in the strength of inflationary pressure itself, with a slightly higher increase of domestic prices recorded on average in 2023. Food price inflation in the EU, on average, remained strong, with significant heterogeneity among the member states. Food prices in the euro area were rising at the rate of 11.9% in the reporting year, which is higher by 1.1 pp compared to the previous year's recorded growth rate. Diversification of supply, unexpectedly mild winter, as well as weak demand, resulted in a decrease of energy prices on the global market during 2023. In 2023, the euro area saw an annual decline of the prices of electric energy, gas and other energy sources, amounting to 2.3%.

³ Eurostat database

⁴ The ECB Economic Bulletin, Issue 1, February 2024

⁵ European Commission: Winter 2024 Economic Forecast, February 2024

Graph 1.1: Annual Changes of Average Consumer Prices



Source: EUROSTAT, BHAS

In 2024, headline and core inflation are expected to slow down further, in about 80% of the world's economies⁶, as a result of weakening of the effects of previous energy shocks and supply disruptions. According to the latest winter projections of the European Commission⁷, inflation measured by the Harmonised Index of Consumer Prices in the EU is expected to fall to 3.0% in 2024 and 2.5% in 2025. According to the same projections, price growth in the euro area is expected to slow down to 2.7% in 2024 and to 2.2% in 2025.

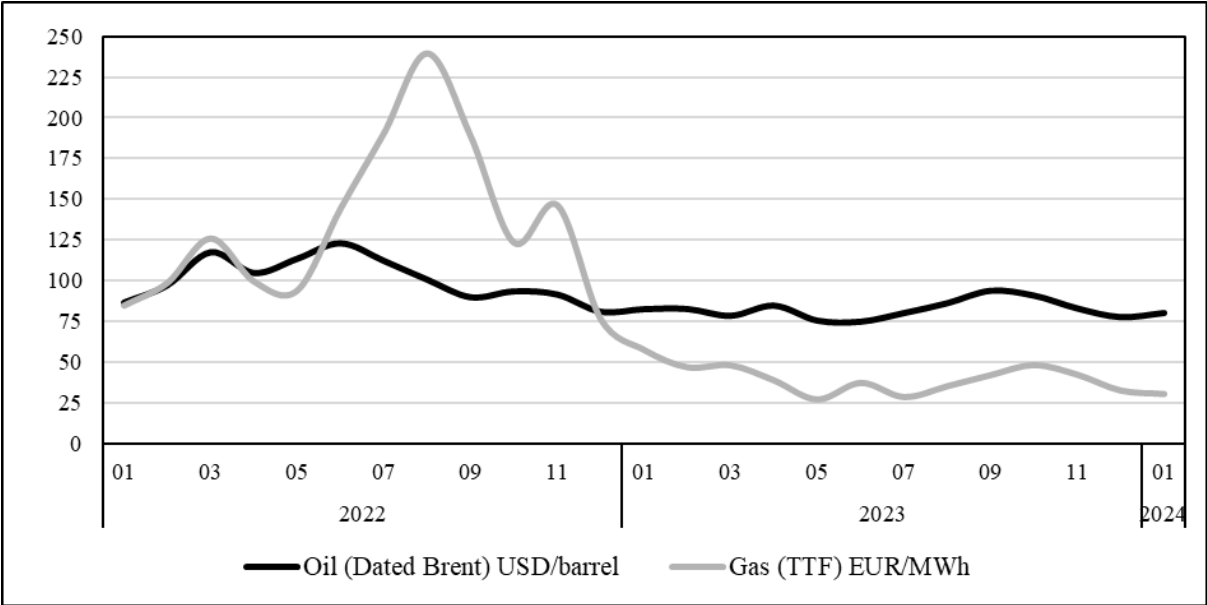
Following a turbulent 2022, energy prices in the international market were relatively stable in 2023, with the exception of short-term shocks caused by conflicts in the Middle East. The global energy market was under a heavy pressure of reduced demand in 2023, mainly linked to a global slowdown in business activity and insufficient demand in China, the largest oil importer. In 2023, oil was traded at the average price of USD 82.5 per barrel, which is lower by 18.2% than a year earlier (Graph 1.2). Brent oil prices remained stable in the international market despite the programme of reduced oil supplies by the leaders of the OPEC+ countries. The fear of a

⁶ IMF World Economic Outlook update, January 2024

⁷ European Commission: Winter 2024 Economic Forecast, February 2024

reduction in produced quantities was mainly compensated by the strong growth of US stocks as well as the International Energy Agency's expectations of a surplus in oil production in 2024.

Graph 1.2: Prices of Fuels at Global Market



Source: www.tradingeconomics.com , www.statista.com

After a significant increase of the natural gas price in 2022, the EU countries managed to stabilize its price by diversifying the supply sources. Europe's natural gas consumption fell by 7.0% in 2023⁸, reaching its lowest level since 1995. The price decline was intensified both by the rapid expansion of renewable energy sources, as well as the increased availability of nuclear energy. At the end of 2023, natural gas was traded at the Dutch TTF hub at the price of 32.4 euros per megawatt hour, which is more than twice cheaper compared to the same period last year. The sharp decline in natural gas prices in the last quarter of 2023 was due to an unusually mild winter as well as the high level of the European natural gas storage facilities filling.

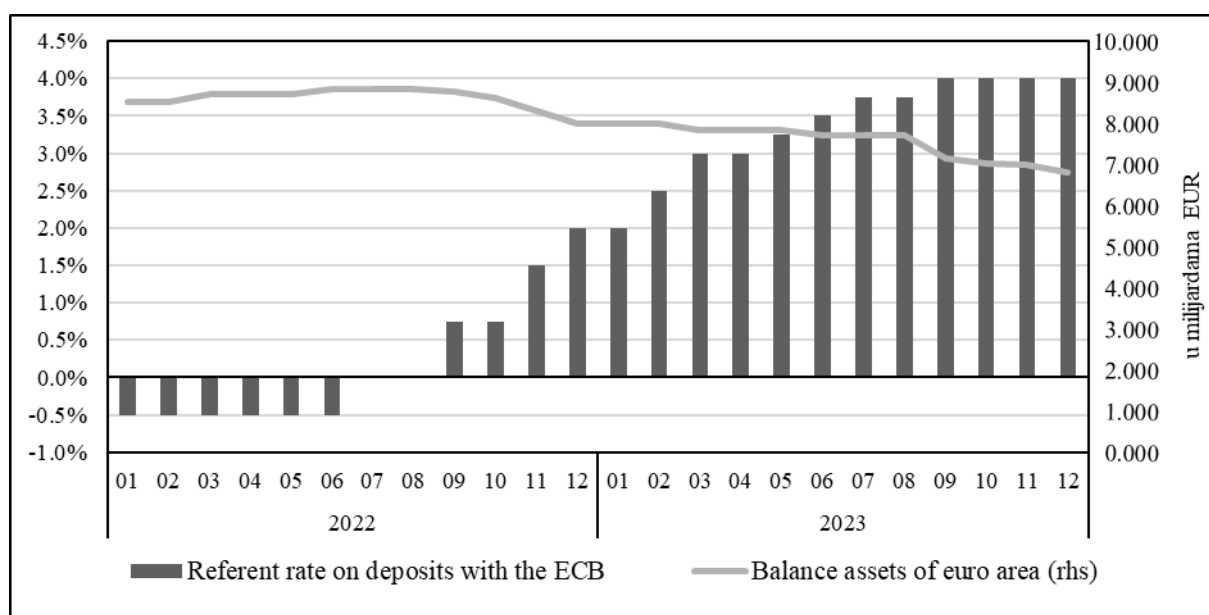
Despite relatively stable prices throughout 2023, potential risk for the price level of not only oil, but also other stock exchange goods (grains and industrial products) occurred at the end of the year with attacks on cargo ships passing via the Red Sea on their way from Asia to Western Europe. Such circumstances forced the world's leading transport companies to divert their cargo

⁸ International Energy Agency, "Gas Market Report, Q1-2024", January 2024

ships to a new route around Africa, bearing additional costs both of transport and cargo insurance and significantly extending the travelling time. The situation could again disrupt distribution chains and bring inflationary pressure on the price levels in the EU.

Responding to high inflation rates, the ECB was raising its key interest rates significantly throughout 2023, bringing conventional monetary policy instruments back into focus. Net purchases of securities under monetary policy were fully completed, the reinvestment of maturing assets was largely halted, while the volume of loans with significantly lower interest rates granted to banks during the pandemic declined rapidly. With inflationary pressures in the euro area proving stronger and more persistent than predicted, the ECB's Governing Council has raised the key interest rates by the total of 4.50 percentage points since July 2022. The ECB benchmark rate (deposit facility rate) was 4.00% after the latest growth of 25 basis points in September. In this way, the ECB's key interest rates have reached their maximum since the establishment of the euro area, with the current series of interest rate increases at ten consecutive monetary policy meetings has been extremely fast and strong.

Graph 1.3: Balance Assets of Euro Area and the Interest Rate on Deposits with the ECB



Source: ECB

The Asset Purchase Programme (APP) has been declining passively at the expected intensity (without reinvestment of maturing bonds) since July 2023. In December 2023, the ECB announced a similar but more gradual exit from the Pandemic Emergency Purchase Programme

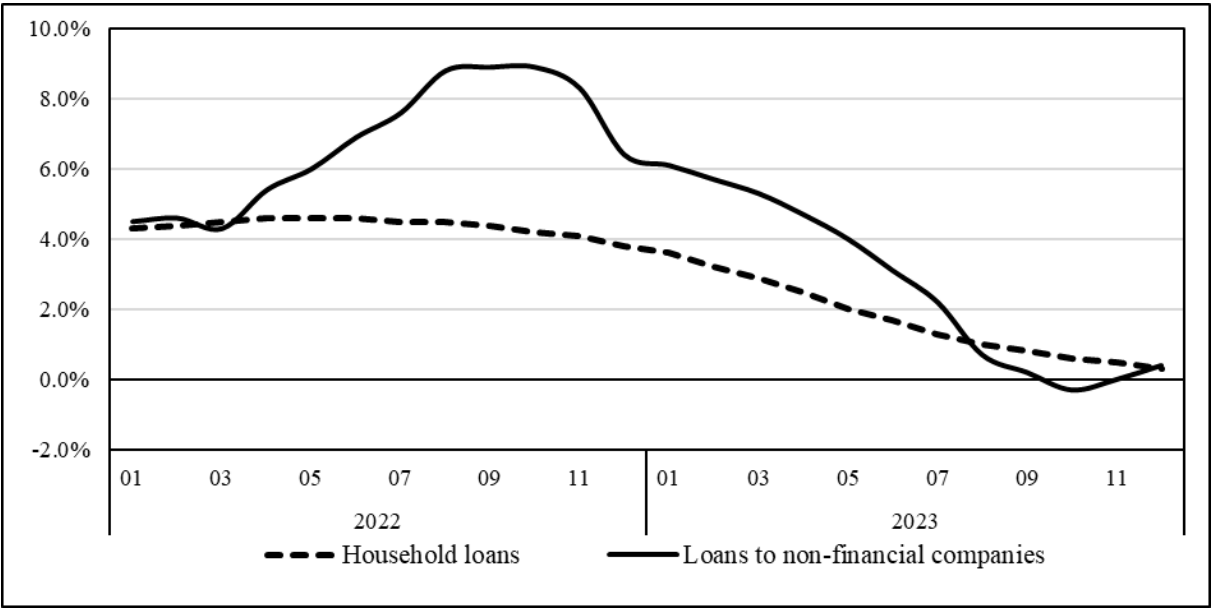
(PEPP). The full reinvestment of the PEPP shares will be continued during the first half of 2024, partial reinvestment will be carried out during the second half of 2024, and there will be no reinvestment from 2025. In the current circumstances, it is unlikely that there will be changes of the currently agreed pace of the balance sheet asset decreasing. The declining trend of the ECB balance sheet assets slowed down at the end of 2023. The total cumulative decrease of balance sheet assets for these three monetary policy instruments in 2023 amounted to 1.13 billion euros. In 2024, the balance sheet assets decrease will amount to 778 billion euros, and to 520 billion euros in 2025.

It is still not realistic to expect the beginning of monetary policy normalisation, in terms of key interest rate decreases, during the first quarter of 2024, in the current circumstances and with regard to the latest ECB announcements. In this regard, expectations regarding key interest rate decreases have also changed significantly from earlier forecasts in 2023. Continuing geopolitical risks that could affect the return of inflation should not be neglected, and, with the energy crisis in the euro area weakening, it is certain that governments will be revoking the relevant support measures. The ECB's cautious stance, as well as decisions taken solely on the basis of official data, will potentially lead to a gradual decrease of the key ECB interest rates, but according to the latest official announcements of the ECB, it will not take place in the first half of 2024.

The banking shock in the USA at the beginning of the year, caused by a combination of the FED reference interest rates increase and poor management of liquidity risk and market risk in some banks, resulted in turmoil in world financial markets. The shock was overcome by increasing the banking system liquidity, raising the insured deposits amount, and several banks exiting the market. At the beginning of the year, some systemically important banks in Europe also had problems in operations (Credit Suisse). Due to the connections of European banks with Swiss banks, investor confidence decreased and consequently the value of their shares decreased as well. Due to the rapid and efficient reaction of regulators, these shocks were mitigated, resulting in normalization in the financial markets. The stock market of European banks began to recover as early as the end of March. Judging by the movement of stock exchange indices, the US and to a lower extent the European economy (with the exception of the British one) adjusted to a higher level of interest rates. The high growth of the US stock market is also a consequence of the base effect. The leading stock indices in the European Union, after last year's decline, also saw a high growth.

The ECB's restrictive monetary policy was transmitted strongly to the euro area terms of financing throughout the year and particularly during the last two quarters of 2023. Higher bank interest rates, decreased demand for loans and decreased loan supply significantly weakened the euro area's lending dynamics further. According to the latest official data, a much slower interest rates growth will continue in the first part of 2024. The growth of lending interest rates was also reflected in the decreased loan demand (Graph 1.4) with implications on the aggregate demand level and inflation decrease. The increase of the ECB's reference rate (by 200 bp) induced approximately the same growth of bank lending and deposit interest rates. The trend of credit growth slowdown, having started in the household loan market in July 2022, continued throughout 2023. The slowdown of growth in the market of loans to non-financial companies began later (November 2022), but with stronger tightening of financial conditions compared to the household loan market. The annual growth rate of these loans decreased from 6.4% at the end of 2022 to 0.4% in December 2023 ⁹.

Graph 1.4: Annual Change of the Loans Level in Euro Area



Source: EUROSTAT

⁹ The highest credit growth rate in the market of non-financial companies of the euro area during the latest credit expansion period in the euro area was seen in October 2023, amounting to 8.5%.

After the yields rates had increased last year under the impact of the ECB's restrictive monetary policy, the EU countries' public debt market was again, for much of 2023, under pressure from rising budget financing costs. According to data for the third quarter of 2023, at the annual level, the largest part of the EU countries slightly reduced their public debt to GDP levels. In some countries, public debt to GDP remained almost unchanged, while only a few countries saw their public debt increase slightly. Most EU countries since the global financial crisis (some even before that) have recorded budget deficits, their absolute public debt values rising on that basis. The expected interest rate decrease will not significantly affect the fiscal positions of the euro area countries in 2024. At the end of 2023, three of the four Europe's largest economies have public debts higher than their nominal GDP levels (Spain, France and Italy).

1.2 Report on the Situation in BH Economy

1.2.1 Real Sector

In 2023, a modest growth of real economic activity is expected, which is caused by a decline in foreign demand and the resulting significant decline of domestic exports, while on the other hand, investment and personal spending have positive contributions to growth. According to the autumn round of medium-term macroeconomic projections from November 2023, the CBBH¹⁰ projects real GDP growth in 2023 at the level of 1.6%. According to the currently available information, economic activity is expected to recover in medium term as inflationary pressures are expected to weaken additionally (Table 1.1 below). In 2024, a modest growth of economic activity is expected, primarily due to long-lasting and strong inflationary pressures, and weak trade opportunities for domestic industrial production and exports that marked the entire 2023 due to the decline of foreign demand. The decrease of foreign demand was seen after deterioration of monetary conditions, due to high inflationary pressures. The key assumptions for domestic GDP growth in 2023 include the growth of investment spending (personal and government), accompanied by nominal wages and employment growth. The growth of private sector investment is impacted by the still lower domestic interest rates than interest rates in the euro area and the retained financial earnings of the previous year, in which

¹⁰ The announcement is available on the CBBH website, https://cbbh.ba/data/dokumenti/pdf/Jesenji_krug_srednjoro%C4%8Dnih_makroekonomskih_projekcija_CBBiH_hr.pdf.

many companies had reached record high net profits. The investment spending by the government is brought about by works on large infrastructure projects, which can be expected particularly in 2024 due to local elections. In 2024, a projected GDP growth rate is 2.1%, assuming weakening of inflationary shocks. Inflation in 2024 is expected to be 2.9% where core inflation and food prices will again have the largest contributions in the growth structure.

In 2024, adverse risks for economic activity prevail, which is particularly related to the deepening of negative net exports, taking into account the modest expected export growth, continuing also in January 2024 when commodity exports decreased by 16.6%. On the other hand, inflation growth is increasingly affected by core inflation (see Text Box 1), deglobalisation and climate change. The positive effects on inflation suppressing are reflected in limiting the prices of the main consumer products, the effects of which should be visible as early as in the beginning of 2024. The next round of medium-term macroeconomic projections, for the period 2024-2026, will be published by the CBBH in May 2024.

Table 1.1: Medium-term Projections of the CBBH from November 2023

	2019	2020	2021	2022	2023*	2024 *	2025*
	changes on annual level						
Real GDP	2.8%	-2.9%	7.3%	3.8%	1.6%	2.1%	3.5%
Inflation (consumer prices)**	0.6%	-1.1%	2.0%	14.0%	6.1%	2.9%	2.3%
	share in GDP (expenditure approach)						
Individual spending	71.3%	70.9%	68.8%	67.5%	68.5%	68.2%	67.5%
Government spending	18.9%	19.8%	18.9%	18.5%	18.6%	18.5%	18.1%
Investments	25.0%	23.6%	27.0%	26.6%	27.5%	28.2%	28.5%
Net exports	-15.2%	-14.1%	-14.6%	-12.8%	-14.7%	-15.0%	-14.1%

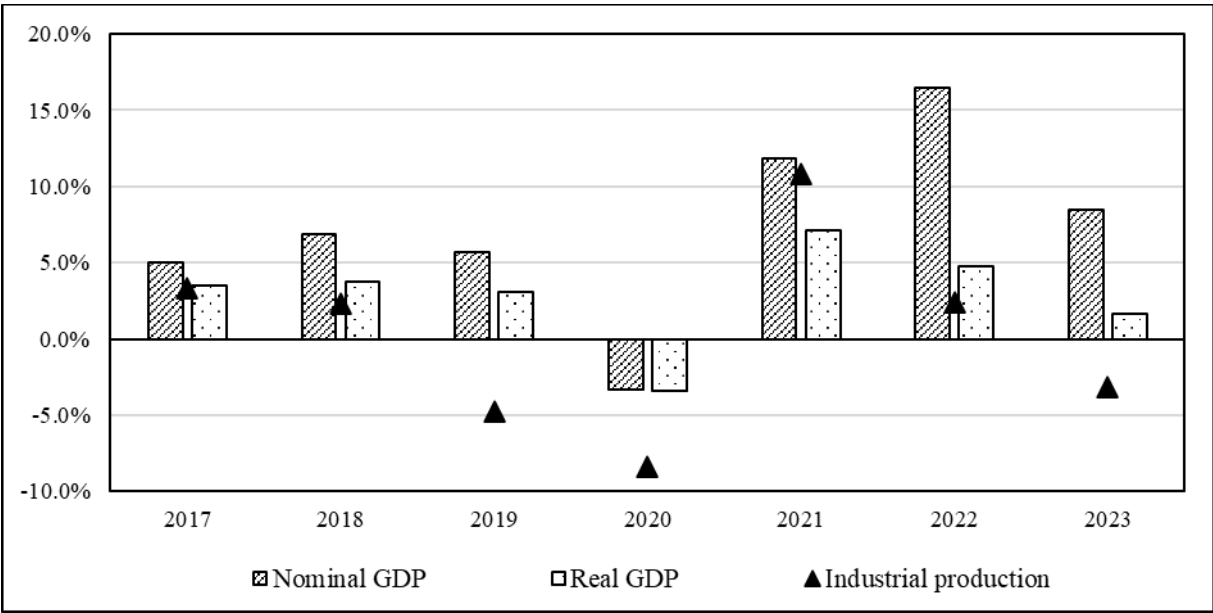
Source: BHAS

Note: official data on GDP for the period 2019- 2022 at the moment of preparing the projections. The period of the CBBH projections is marked with*. Inflation for 2023 is based on the latest published official data from the beginning of 2024, differing slightly from the November projections (6.3%).**.

At the moment of preparation of the CBBH Annual Report, official statistics on the structure and level of GDP according to production and expenditure approach were available, ending with the third quarter of 2023. In the first nine months of 2023, there was a modest annual growth of real GDP of 1.7%, which is in line with real economic activity developments in the region. In the observed period, there was a significant decrease of the annual growth rate of

nominal GDP (up to the level of 8.5%), due to the stabilisation of inflation (GDP deflator for the first nine months of 2023 was 6.7%, according to the production approach¹¹). The contraction of domestic economic activity was largely determined by the industrial production decline (see the Section Industrial Production and Construction), which was 3.2% for the first three quarters of 2023, compared to the same period of the previous year. The graph below shows annual changes of the nominal and real GDP, according to production approach¹², and the rate of industrial output change, for the first three quarters, compared to the same period of the previous year¹³.

Graph 1.5: Annual Changes of GDP and Industrial Production, the first three quarters



Surce: BHAS

By the areas of classification of activities, although modest, the growth of real GVA (gross value added) resulted from the growth of service activities, while production activities recorded either annual decreases or negligible growth rates. The strongest growth of real economic activity at the annual level, for the first three quarters, was seen in the activities of the hotel and

¹¹ The value for the first three quarters of 2022 was 11.2%.
¹² Agency for Statistics of BH, Press release Gross domestic product, production approach, quarterly data (29 December 2023).
¹³ The share of industrial production in gross value added for the first three quarters of 2023 was 18.9%. According to the latest data from the BHAS Structural Business Statistics, 15.6% of enterprises and entrepreneurs are in the field of industrial activities, while 41.7% of employees are engaged in industrial activities.

catering industry, and wholesale and retail trade (which had the largest share in the total annual increase of GVA, of 19.1%). Manufacturing industry, which is also a significant component of GVA¹⁴, recorded a significant rate of decline (4.7%) in the observed period.

Observing the GDP structure by expenditure approach, the exports of goods and services are the component that has recorded the largest positive contribution to real GDP growth in recent years, but in the first three quarters of 2023, a decline was recorded. Exports of goods and services (whose share in the consumption structure in the first three quarters was 39.3%), recorded a rate of decline of 6.3% for the first three quarters (for more detailed information see Chapter 1.2.4. The External Sector).

I Industrial Production and Construction

The slowdown of economic activity in the EU, as well as global geopolitical tensions, impacted a decrease of demand in the markets of BH main trading partners (see Chapter 1.2.4 External Sector), resulting in a decreased industrial output in 2023. Industrial production declined in 2023 for the first time since the pandemic year, by 3.9% compared to 2022. In the groups of activities comprising industrial production (see Graph 1.6), the trend from the previous two years was interrupted by the registered decline in manufacturing industry¹⁵. This decline in manufacturing production had the strongest effect on the annual decline of industrial production volume. Mining¹⁶ has been on a downward production trend for years, with strong cyclicity within the year. Mining recorded a decline in 2023, for the fifth successive year, in the amount of 6.9% compared to 2022. On the other hand, the activity of production and supply of electricity and gas¹⁷ recorded a growth of 2%, which mitigated the overall decline of industrial production. Observing the main industrial groups, intermediate products made the strongest contribution to the 2023 industrial production decline, due to the large share in the overall industrial output index (38.4%) and also due to the output decline.

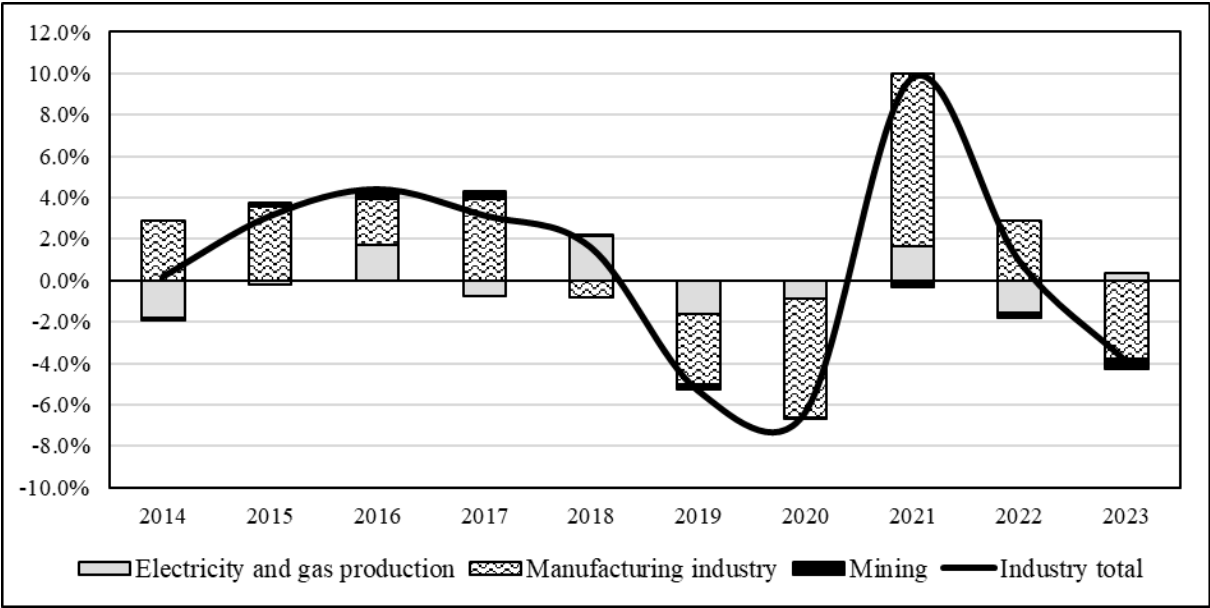
¹⁴ The share of manufacturing industry in the total gross value added amounted to 13.5%.

¹⁵ The weight of manufacturing industry in the industrial production index (March 2023) was 74%.

¹⁶ The weight of mining in the index of industrial production (March 2023) was 7.2%.

¹⁷ The weight of the electricity and gas production and supply in the industrial production index (March 2023) was 18.8%.

Graph 1.6: Contribution to the Annual Changes of Industrial Production Volume per Activities



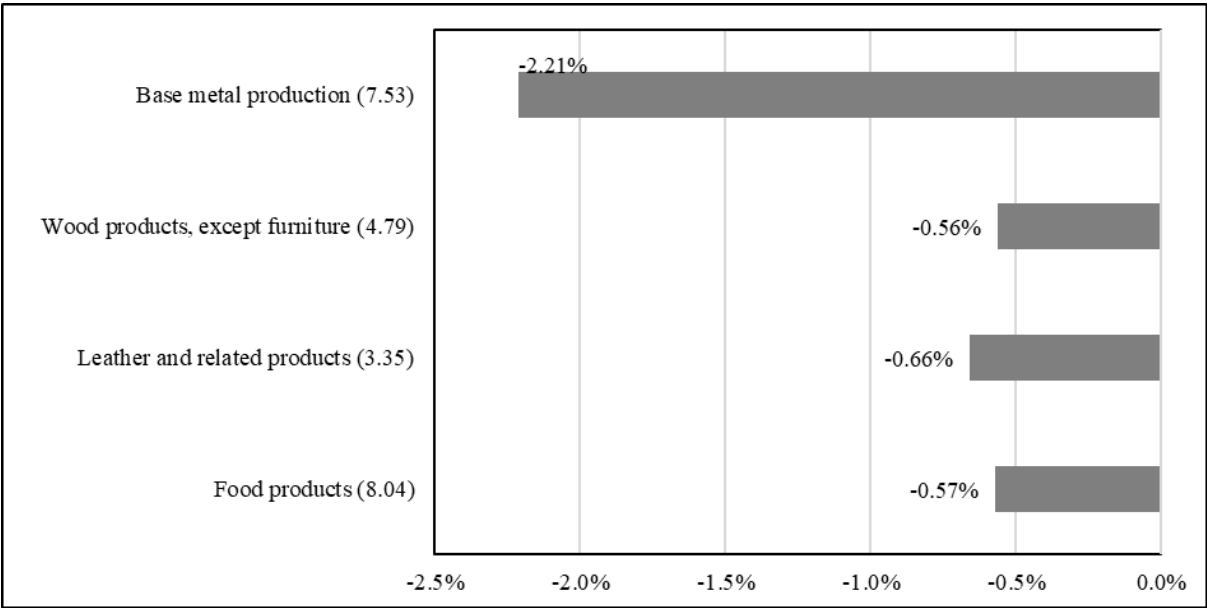
Source: BHAS

The graph below shows the manufacturing industry activities that contributed most to the 2023 industrial production decline, with the activity of base metal production certainly standing out. Base metal production recorded an annual decline of 29.4% compared to the previous year, partly a direct result of a delay in the operations of one of the largest iron production¹⁸ facilities. This annual decline directly affected this product group export value (see Chapter 1.2.4 The External Sector). Also, the negative impact on this activity volume of production, as well as the export value came from a global decline of demand for steel, which was estimated at 6.3% for 2023.¹⁹ Weak foreign demand also affected the annual decline of other major branches of manufacturing industry. Some of the industrial production activities (such as repair and installation of machines and equipment) recorded significant growth in 2023, but with their weight in industrial production being low, their impact on the overall volume was weak.

¹⁸ The share of base metal production in the index of industrial production is 7.5%, and the share of enterprises included in the production of base metals is only 0.07%, according to the latest data of the BHAS Structural Business Statistics.

¹⁹ Economic and Steel Market Outlook, February 2024

Graph 1.7: Contribution of Main Activities in the Decline of Manufacturing Industry in 2023



Source: BHAS

Note: Within the brackets we put the March 2023 weights by the name of series

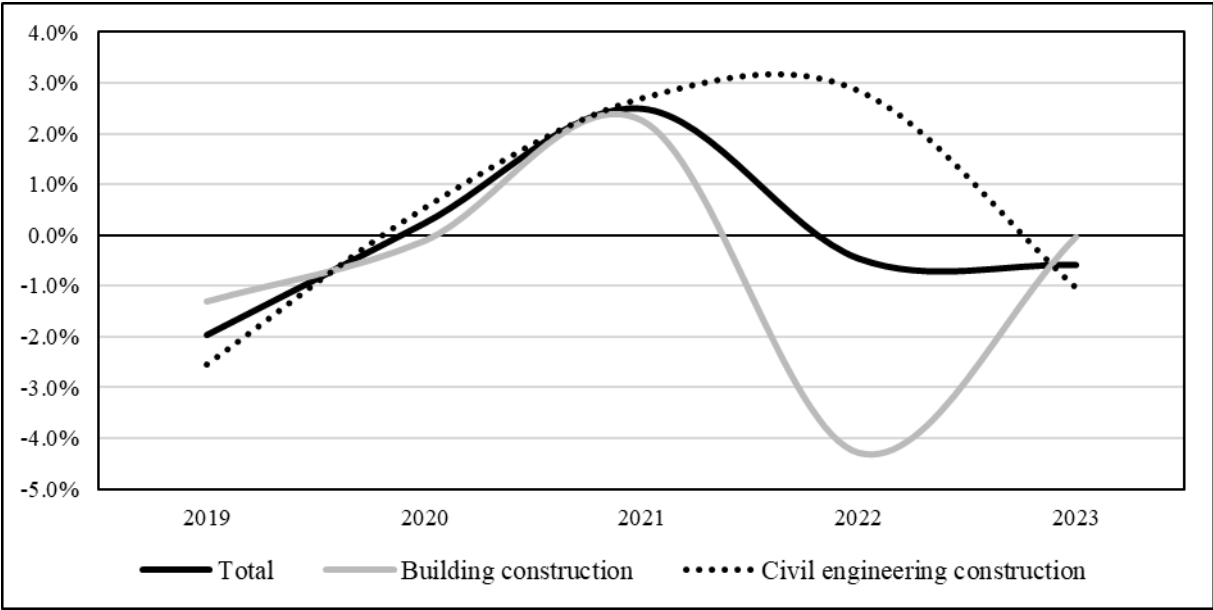
The construction industry in BH recorded a decline in 2023 (Graph 1.8), for the second successive year. The decline in the volume of works was recorded both in the segment of building construction and that of civil engineering. According to the BHAS data, both the number of completed works and surface in residential construction²⁰ were higher compared to 2022. This information suggests that such growth was achieved with fewer man-hours in construction²¹, which may be due to either a higher employee productivity, or the completion of a higher number of previously started works on new buildings. The structure of the index, in which architectural and construction works requiring less physical labour than other types of jobs in building construction, have the largest share, should also be taken into account.

²⁰ Only new apartments built by construction companies covered by the quarterly reports are included.

²¹ According to metadata for the BHAS construction production index, the construction work volume indices are based on man-hours on construction sites.

The producer price index in construction (residential construction) recorded growth in 2023 (+2.3% in the fourth quarter for the total index), in all types of works²². In the construction segment related to civil engineering, there was a 1.0% decrease in production output in 2023, compared to 2022. The same as in the case of residential construction, the prices of contractors' works in civil engineering increased compared to 2022 (8.5% for the total index, and growth was recorded for all types of constructions: main roads, highways, bridges, tunnels).

Graph 1.8: Annual Changes in the Intensity of Construction Industry



Source: BHAS

II Prices

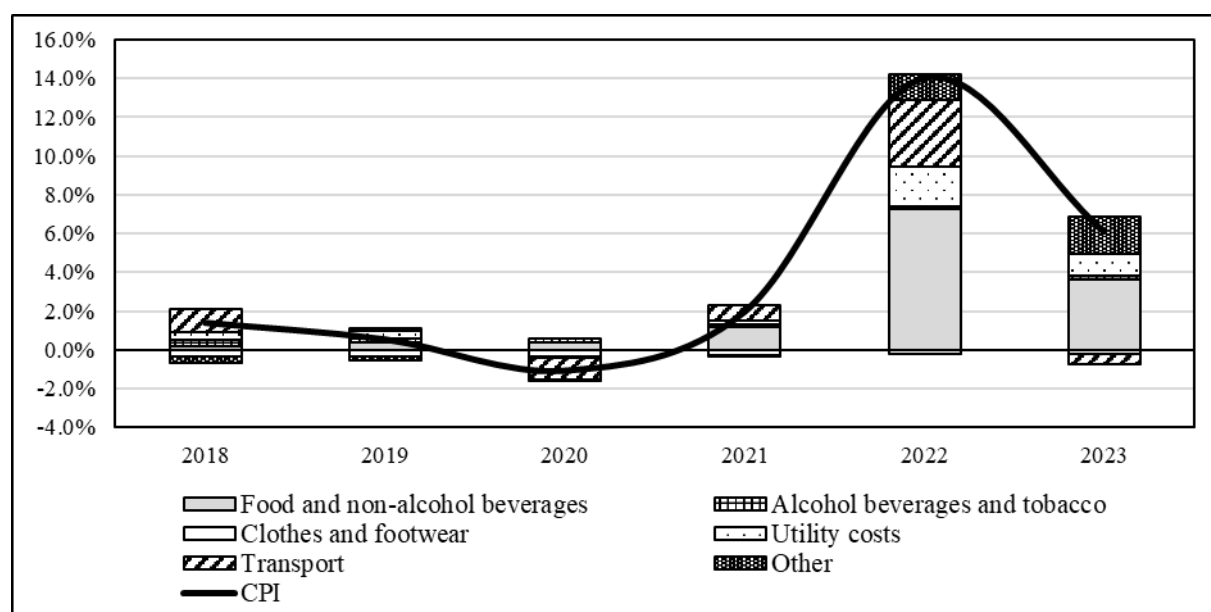
After the 2022 exceptionally strong inflation shock, the growth of average consumer prices, the same as in the region, slowed down in 2023. According to currently available information, further weakening of inflationary pressures is expected in medium term. In 2023, inflation of 6.1% was registered in BH, which is by even 7.9 pp lower compared to the price growth rate

²² Architectural and construction works (+2.3% in Q4 2023 compared to the same quarter of the previous year; weight in the total index 80.6%), plumbing and sewage works (+1.8% in Q4 2023, compared to the same quarter of the previous year), electrical installation works (+2.4% in Q4 2023, compared to the same quarter of the previous year), and mechanical installation works (+1.2% in Q4 2023, compared to the same quarter of the previous year).

from the previous year. Inflationary pressure in 2023 was not only a consequence of the growth of exogenous prices, but also increasing pressure on domestic prices (see Text Box 1).

Observing the growth of average consumer prices by categories (Graph 1.9), the price category of food and non-alcohol beverages recorded the highest annual price increase in 2023 (10.6%). In addition, significant annual price growth was also recorded by the categories of other products and services (9.5%) and furniture (9.3%). Electricity prices, as the most important sub-category of total utility costs, had a large contribution to the inflation growth in 2023, with the recorded annual growth of 6%. The stabilization of inflation in 2023 was partly influenced by the fall in prices recorded for the category of transport. This category, with the categories of food and non-alcohol drinks and utility costs, together accounted for 62% of the total household consumption. Unlike the previous year, when the price growth rates for the category of transport were very high, in 2023, this category recorded a decrease of prices, which affected the relaxation of the overall price pressure. In the observed year, the trend of negative contribution of the category of clothes and footwear continued, which had a deflation effect on the average prices. The largest contribution to the overall price growth in 2023 came from the category of food and non-alcohol drinks, with the contribution of this category almost twice lower compared to the previous year. Also, the category of other costs had a significant contribution to the overall price growth in 2023, exceeding the average level recorded for the previous year.

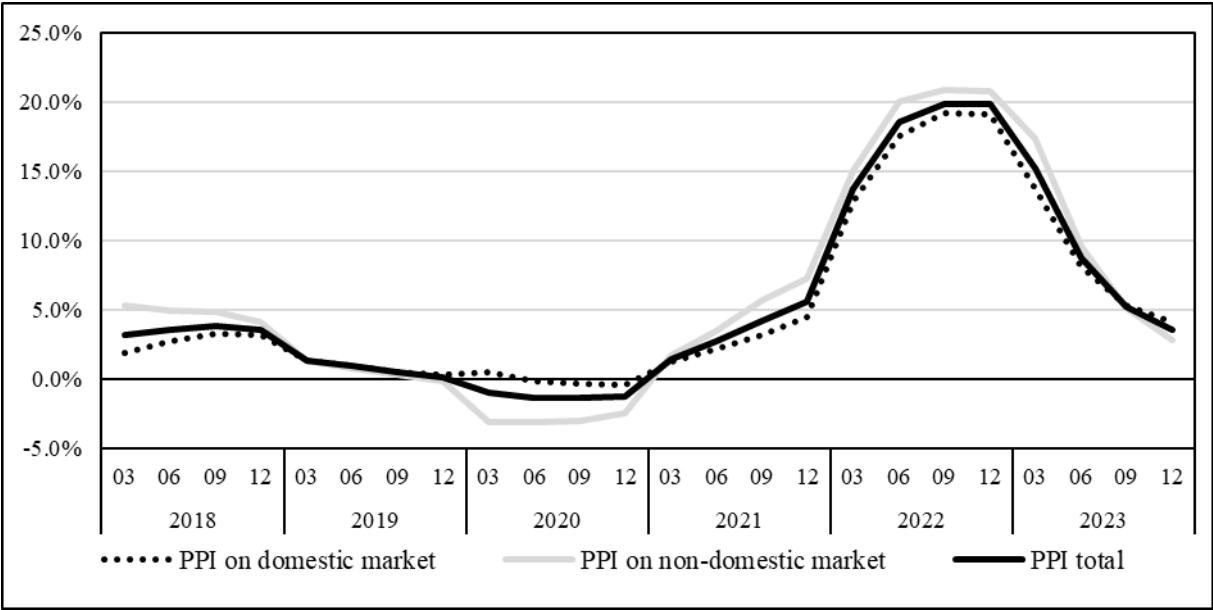
Graph 1.9: Contributions to the Annual Inflation Rate in BH



Source: BHAS

Industrial producer prices in BH also recorded a slowdown of growth in 2023. Producer prices for domestic and non-domestic markets had similar trends in 2023 (Graph 1.10). On the basis of the development of producer prices for the domestic and non-domestic markets, it can be concluded that there are common factors in the production inputs, which affect the product price trends, regardless of the target market. The increase of industrial producer prices for the domestic market in 2023 was 4.1%, and that for non-domestic market was 2.8%. According to the official BHAS data, the prices of goods and services produced in the country (all, not only industrial producers), for the first three quarters of 2023, increased by 6.7%. Inflation measured by producer prices for the domestic market (5.3%, period per period), for the first nine months, was lower than the GDP deflator for the same period, indicating also an increase of prices of other categories, not only those classified in mining, manufacturing industry and electricity production and supply.

Graph 1.10: Annual Changes of Production Prices in BH, period to period



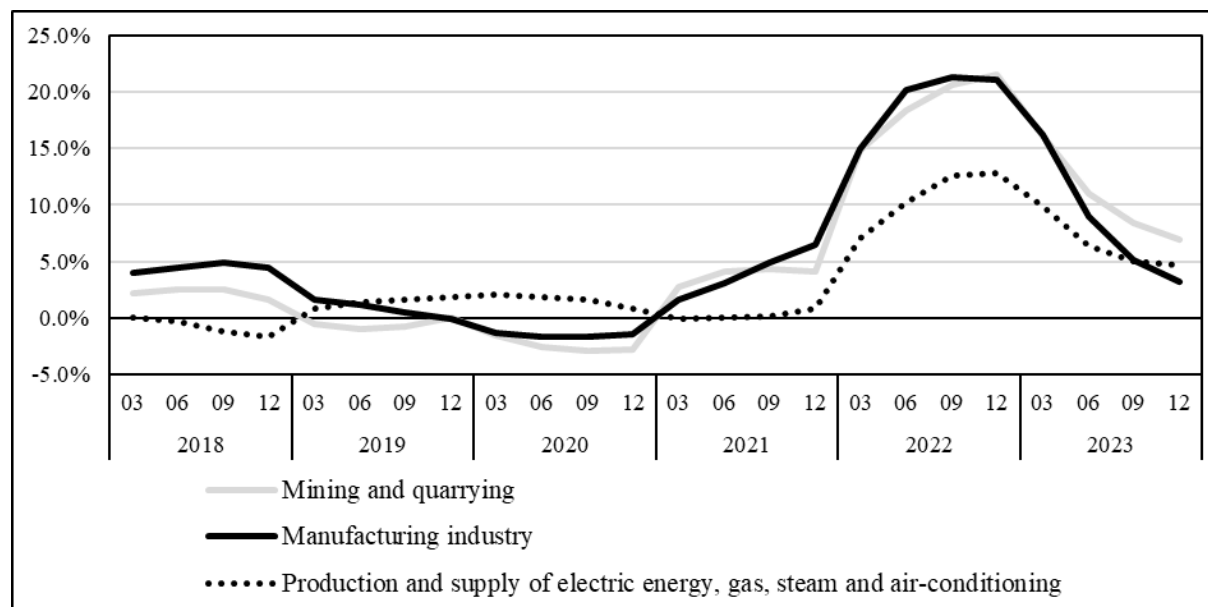
Source: BHAS, CBBH

According to the official BHAS data, in activities B, C and D²³ , the average producer prices, in 2023, increased by 7.0%, 3.2% and 4.7%, respectively (Graph 1.11). In mining and quarrying and production and supply of electricity and gas, the average producer prices for the domestic market, in 2023, increased by 4.7% and 4.6%, respectively. On the other hand, manufacturing

²³ B – mining and quarrying, C – manufacturing industry, D – production and supply of electricity and gas

industry saw a 1.0% decline of the average producer prices for the domestic market, indicating that many companies absorb inflationary pressures by reducing margins in order to maintain their positions.

Graph 1.11: Annual Changes of Production Prices in BH per Activities, period to period



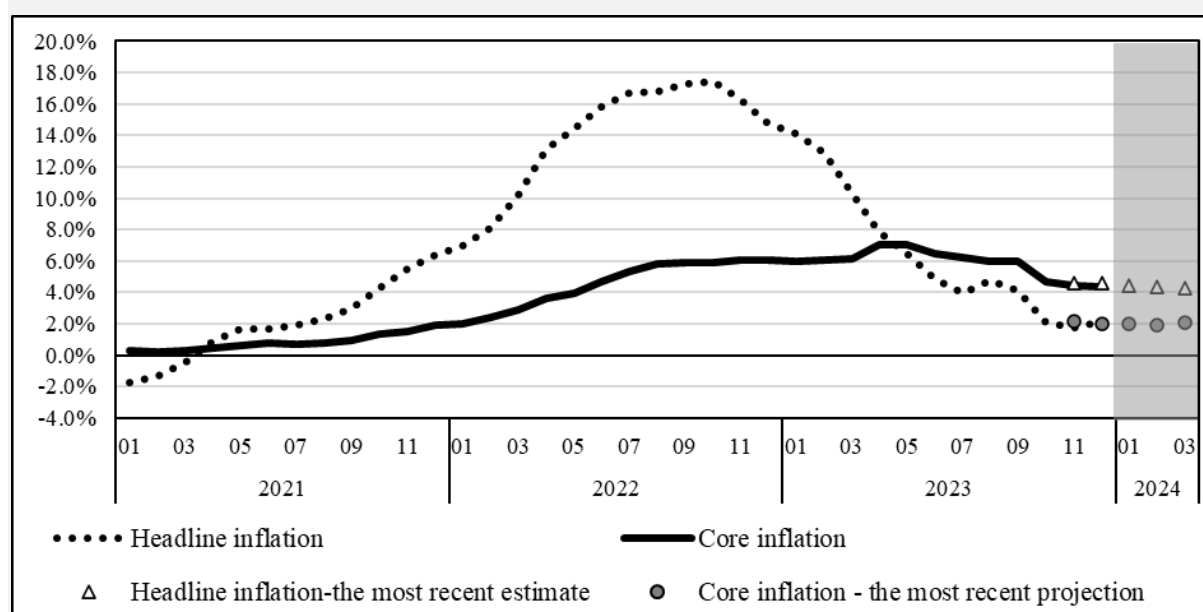
Source: BHAS, CBBH

Text Box 1: Estimated Core Inflation in BH

Core inflation and headline inflation in Bosnia and Herzegovina at the end of 2023 were slightly higher (5.9% and 6.1%, respectively) than in the euro area (5.0% and 5.5%), showing that inflationary pressure in 2023 is not only affected by rising exogenous prices but also by increasing pressure from domestic prices. The calculation of domestic core inflation takes into account the CBBH methodology, which has been established in the spring of 2023, excluding the prices of food and non-alcohol beverages; energy sources, including sub-indices: gas, liquid fuels, solid fuels and heat energy; and fuels and lubricants for passenger cars. On the other hand, the core inflation calculation in the euro area according to the EUROSTAT methodology in relation to the domestic methodology additionally excludes the category of alcohol beverages and tobacco and excludes electricity prices within energy sources. As domestic prices for these categories have been formed administratively and are not so dependent on exogenous prices, the calculation of domestic core inflation differs on this basis, which is a very frequent practice in individual central banks that create their methodologies based on the countries' specific economic features.

Despite a very significant slowdown of the average consumer prices in recent months, the core inflation in the domestic market according to the latest data from December was twice higher than the headline inflation, with a recorded growth of 4.4% vs. 2.2%, respectively. Although they have been stagnating in recent months, electricity prices, as the most important sub-category of the total utility costs, have made a large contribution to the inflation growth in 2023, with the recorded annual growth of 6.0%. According to announcements, electricity prices for companies will rise significantly in 2024, so this utility cost sub-category is expected to bring about further inflationary pressure on the core prices. Consequently, the growth rate of estimated core inflation in the first quarter (Graph 1.12) is expected to be significantly higher than the headline inflation growth rate (4.4% vs. 2.0%). Taking into account our previous estimates of short-term core inflation, in the previous two quarterly reports, which included data on the average prices from July and October, core inflation in 2023 was forecast at 6.1% and 5.9%, equivalent to the published data in early 2024. The low forecast error indicates the consistency of the core inflation short-term forecasting model despite the very high volatility of domestic prices due to high union pressure to adjust real income and increase of profit margins by entrepreneurs.

Graph 1.12: Annual Changes of Headline and Core Inflation

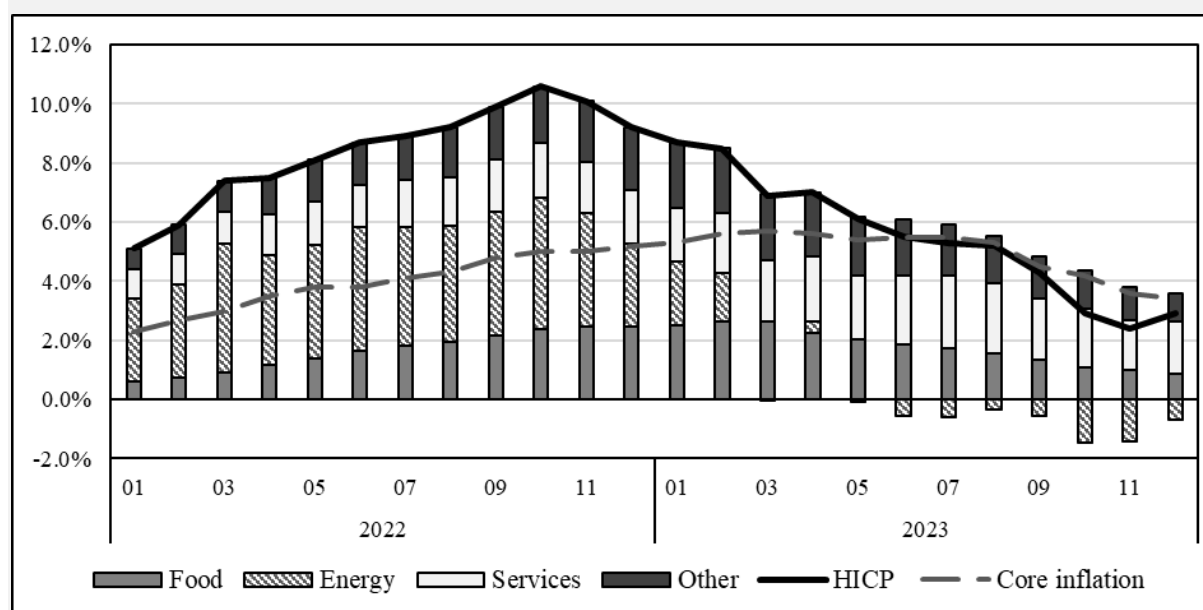


Source: BHAS, CBBH

Note: The last projection refers to the quarterly report on the short-term inflation forecast from December 15, 2023. year, available at: <https://cbbh.ba/press/ShowNews/1545>.

Taking into account the dynamics of the euro area price developments, it has been observed that at the beginning of 2023, headline inflation continued to record higher growth rates than core inflation (by 3.4 pp). The category of food made a significant contribution to the price growth in the euro area, following the energy price shocks, with the growth of basic or core prices becoming faster and more persistent than the headline inflation growth in the second half of the year. The decreasing external shocks effect and the strengthening of domestic price pressures resulted in an equalization of the euro area's headline and core inflation rates, at 5.5% in June. By the end of the year, both headline and core inflation continued to fall, and the annual growth rate of core inflation in December exceeded the headline inflation by 0.5 pp. The euro area core inflation was on its record high level of 5.7% in March 2023, while the average annual core inflation rate was 5.0%, being lower by only 0.4 pp than the average consumer price growth rate for 2023 (Graph 1.13). The largest contribution to the core inflation growth was that of the prices of services, with their 4.0% annual growth rate in December 2023 exceeding the headline and core inflation. Towards the end of the year, a gradual disinflation was seen for some categories of price indices included in the core inflation calculation, which was to a significant extent impacted by the fall of prices of primary commodities in the international market (decline of natural gas and oil prices).

Graph 1.13: Contributions of the Prices of Food, Energy Supplies and Services to the Annual Change Rates of Consumer Prices in Euro Area



Source: EUROSTAT

Inflation persistently higher than the target and a high level of interest rates have remained a key challenge for the euro area monetary policy makers. Bearing in mind that the ECB's policy rather explicitly links the future trend of the benchmark interest rate with the core inflation trend, the continuation of restrictive monetary policy is expected, which includes not only conventional but also unconventional measures having recorded expansionary growth until 2022, due to a long period of the zero bottom interest rate limit and modest economic activity.

III Employment and Wages

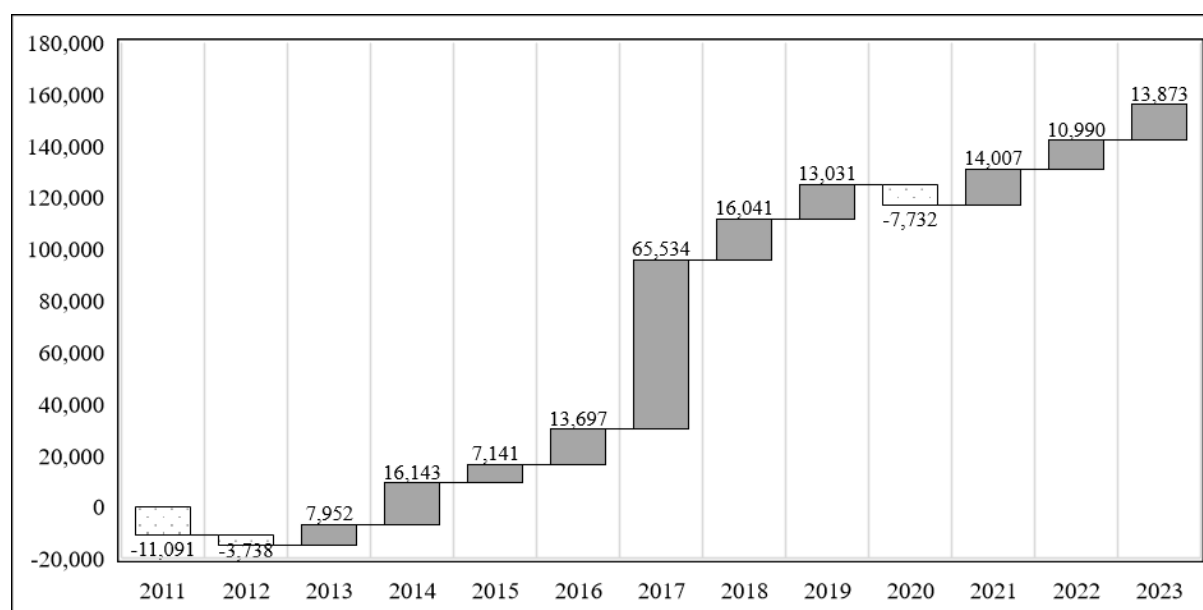
Despite the slowdown of economic growth and the modest volume of economic activity in 2023, official data recorded positive developments in the labour market (decrease of unemployment, increase of the number of employees and the activity rates of the working age population).²⁴ Since July 2023, there has been a continuous decline of unemployment, and at the end of December, also the lowest number of unemployed persons (343.5 thousand) in the last five years. The unemployment rate in the third quarter of 2023 was 13.6%, according to the Labour Survey,²⁵ as the only internationally comparable indicator of unemployment in BH, which is lower by 1.8 pp than the rate recorded for 2022. Although there has been a slowdown of employment growth since the second half of 2023, in December there was an increase of the number of employees on cumulative basis, i.e. 13,873 new employees (Graph 1.14).²⁶

²⁴ Bearing in mind the negative demographic trends and the continuous outflow of labour, due to the migration of skilled workers, available administrative data should be carefully interpreted.

²⁵ Labour Survey, 3rd quarter 2023, BHAS, 11 December 2023.

²⁶ Press release no. 12: "Employees by activities, December 2023", BHAS, 20 February 2024. At the beginning of December 2023, a correction of published data on employed persons was made, and the data from March to September 2023 are final, while those for the other months of 2023 are temporary.

Graph 1.14: Accumulated Number of Employees since the beginning of 2011



Source: BHAS

Note: In 2017, the Methodology for calculating the number of employees per activities was changed.

Despite the initial signs of resilience, the basic features of the labour market remained relatively unchanged in 2023.²⁷ The features of the labour market still included the accumulation of structural problems, such as lack and mismatch of workers' skills, with the highest participation of people with high school education and specialization in the labour structure (69.3% in the third quarter of 2023), and high rates of youth unemployment and long-term unemployment. People with high school education and specialization have difficulties in integrating into the labour market, accounting for even 45.6% of inactive population (predominantly structural unemployment due to the mismatch of knowledge and skills with the actual labour market needs). According to the Labour Survey for the third quarter of 2023, 71.4% of the unemployed have been looking for jobs for more than a year, while the youth unemployment (age group 15-24) reached the level of 32%, which is twice higher than the overall unemployment rate in the

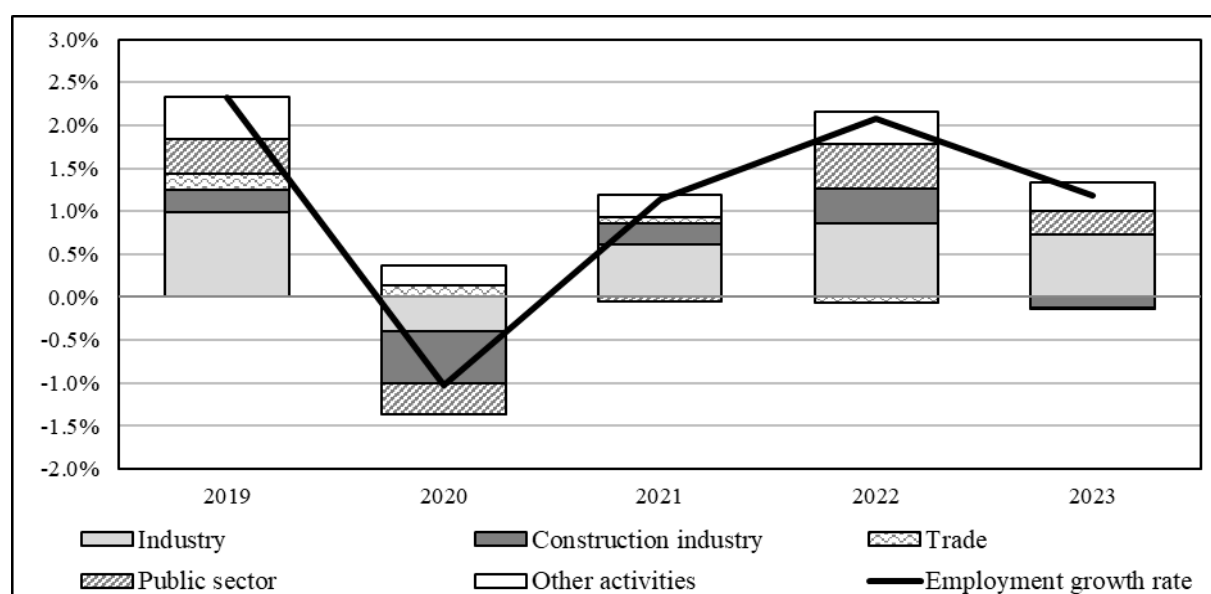
²⁷ There is no progress in improving labour market statistics and social statistics and preparing regulations that are a precondition for the next census. It is necessary to improve administrative data that do not provide a comprehensive overview of labour market dynamics. At the same time, methodological changes in the preparation of the Labour Survey, conducted on a quarterly and annual basis by the BHAS, make it difficult to compare historical series of the survey data.

country. At the same time, a significant gender gap in the men and women activity and employment rates was recorded. According to administrative data for the end of the third quarter of 2023, the share of employed women in the total active population was 30.7%, and the unemployment rate of women was 16.7% (90 thousand registered unemployed female persons, of which over 70% from the age group of 25 to 49 years).

Although the official data recorded increase in the activity rate of the working age population compared to 2022, it stayed below 50% in 2023 (48.3% in the third quarter of 2023). The age group 25-49 years of age accounted for 77.8% of active population, although a significant part of the total number of the unemployed (64%) belongs to this age group. Official data also indicated a decrease in the number of people outside labour (1.48 million registered people outside labour at the end of the third quarter of 2023), with over 50% of inactive population in the age group above 50 years of age.

The largest share in the total number of employed persons in December 2023 (over 60%) refers to employees in industry, trade and public sector (Graph 1.15), with the largest cumulative growth of the number of employees, compared to the same month of the previous year, was seen in wholesale and retail trade, repair of motor vehicles and motorcycles (5,725 new employees). A notable increase in the number of employees was also achieved in the activities of hotel and catering (2,686 new employees), and other service activities.

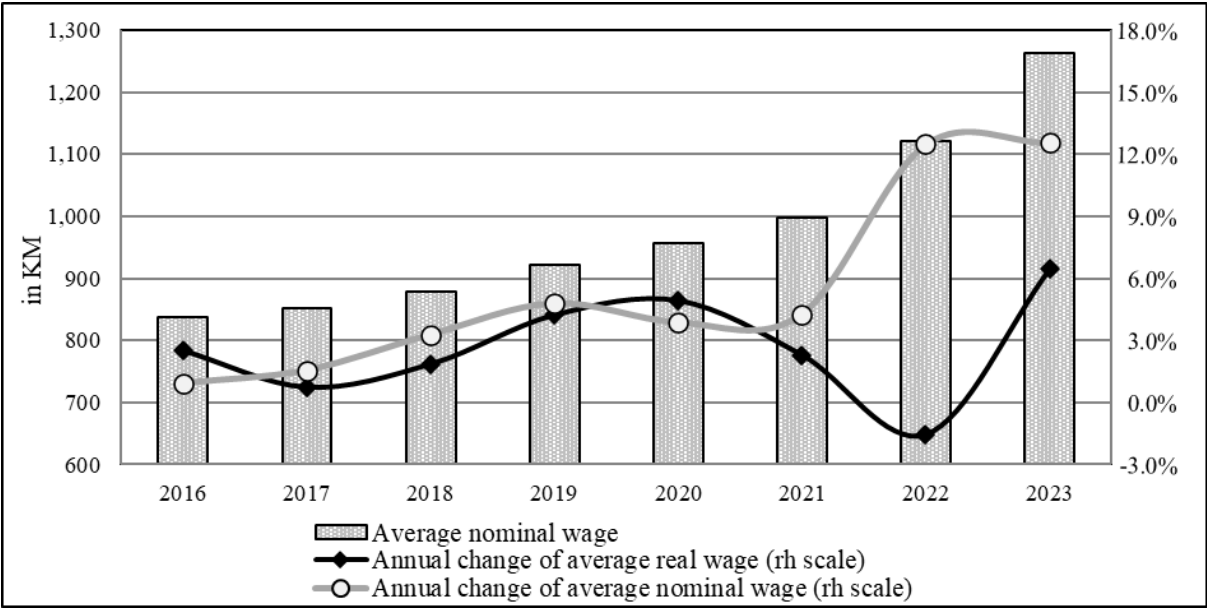
Graph 1.15: Contributions to the Annual Change in Number of Employees per Activities



Source: BHAS

In 2023, available household income was exposed to persistent price pressures. Annual nominal wage growth, which was on its record high level in January 2023 (15.94%), continued at a slower pace until the end of the year, with the average annual growth rate of 12.6%, exceeding the growth rate for the previous year (Graph 1.16).

Graph 1.16: Average Annual Net Wages

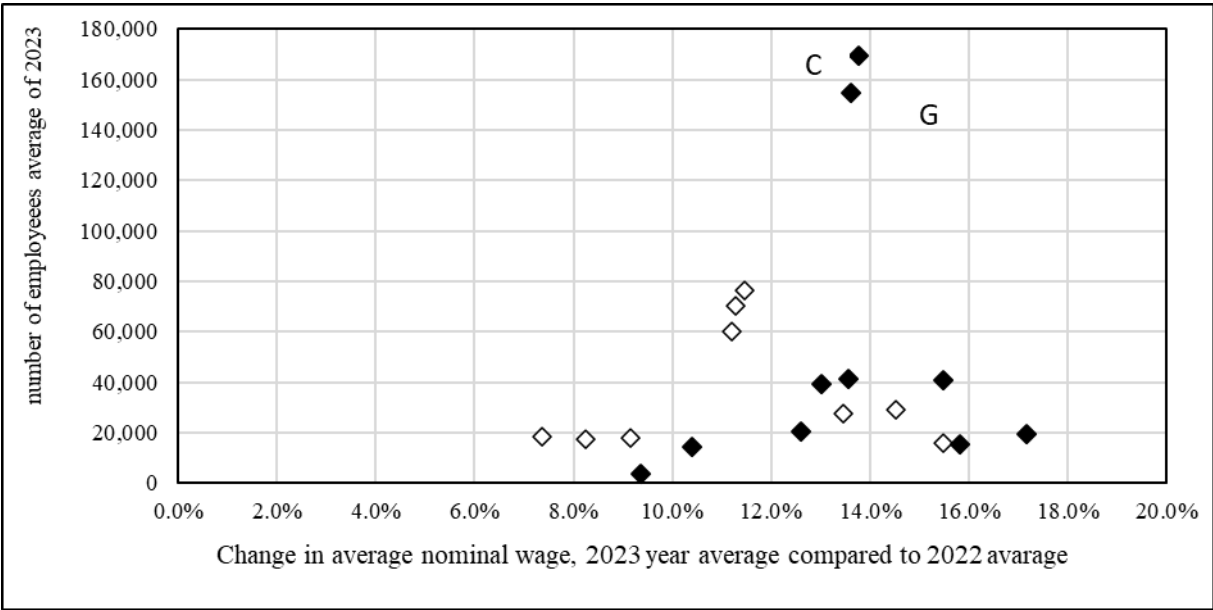


Source: BHAS

Note: Real wage is adjusted with average consumer prices. Average annual wage is arithmetic mean of average wages per months.

During the year, various fiscal measures were in place with goal of reducing the social and economic impacts of price growth, increase of social benefits, pensions, additional payments, and public sector wage increases, all aimed at recovering income and primary consumption as a key growth factor (more details in Chapter 1.2.2). In 2023, the highest annual growth rate of real wages of 6.5% was recorded, which affected the modest recovery of the households' real purchasing power. Nominal wage growth reached its record high level in the last 5 years, varying strongly by activities. The highest average net wages in 2023 were recorded in information and communication and financial and insurance activities, employing 5.4% of the total number of employees (Graph 1.17). At the same time, average nominal wages in the industry and public sector activities exceeded the average net wage by 13% and 20%, respectively.

Graph 1.17: Number of Employees and Change in Average Nominal Net Wage by Activities



Source: BHAS, CBBH

Legend: C- Manufacturing industry; G- Retail and wholesale trade; repair of motor vehicles and motorcycles.

Note: Black mark applies to the industries in which the average wage in 2023 was under the average for BH .They employed 61% of the total number of employees in December 2023

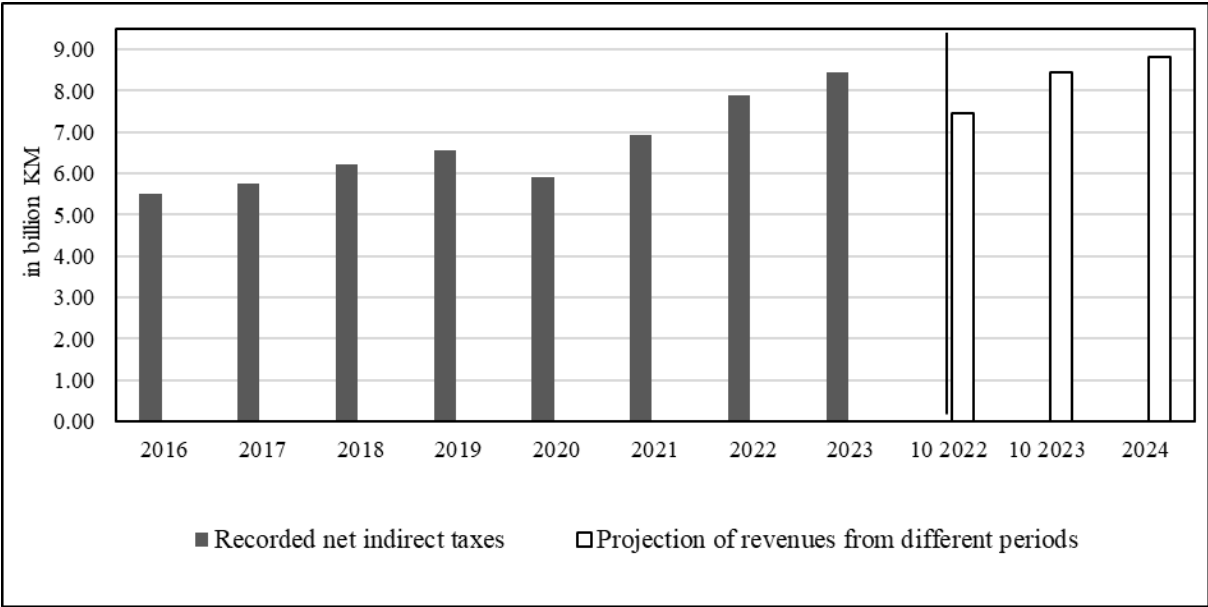
1.2.2 Fiscal Sector

Fiscal indicators in 2023 indicate a strong growth of revenues and expenditures, with a slightly higher intensity of growth of public expenditures. The higher intensity of expenditure growth can be explained by the growth of the government sector current spending, which represented a fiscal response to mitigating the consequences of high prices for vulnerable groups of the population. Government spending focused on higher nominal allocations for pensions, public sector wages, as well as one-off payments to vulnerable groups. Given that the government's focus was on preserving the standard of living of vulnerable groups of population, significant investments and withdrawals of funds from foreign creditors under concession conditions did not take place, so the general government public debt according to the Maastricht criteria additionally declined in 2023.

Net revenues from indirect taxes recorded strong annual growth in 2023 (Graph 1.18). The amount of collected net revenues in 2023 (KM 8.45 billion) was the highest since the establishment of the indirect taxation system. Compared to the previous year only, this amount

increased by KM 570.0 million or 7.2%. The main contribution to the mentioned revenue growth came from the prices staying at a high level, nominal wages growth as well as strengthening service activities in tourism.

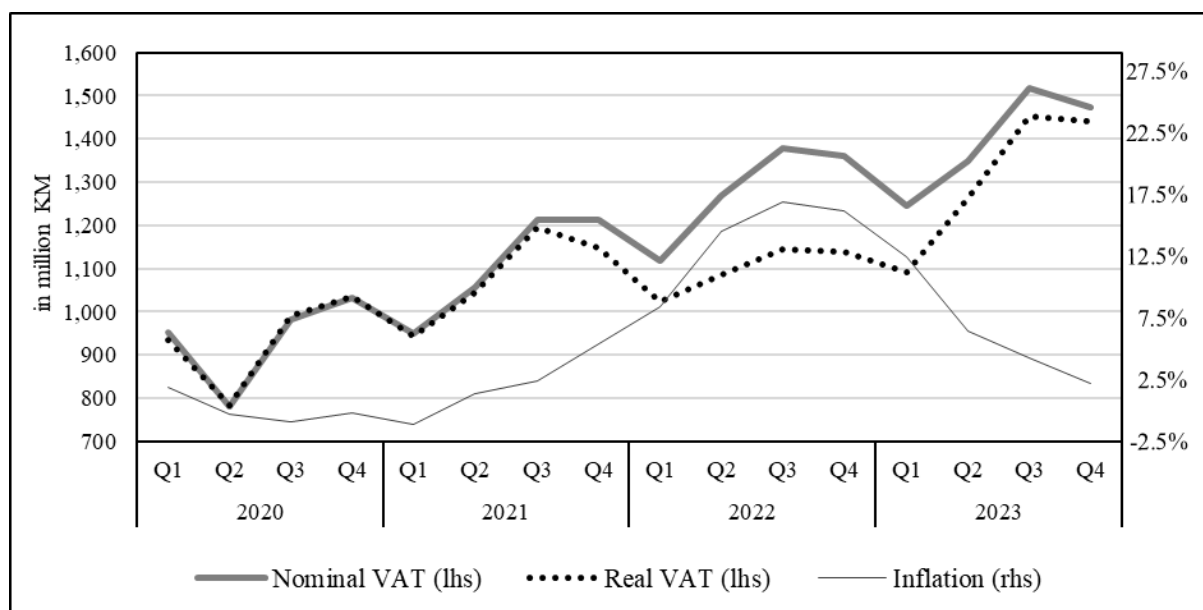
Graph 1.18: Indirect Tax Revenues



Source: Indirect Taxation Authority. Macroeconomic Analysis Department of the Governing Board of Indirect Taxation Authority (MAD Bulletin, No. 221/222, November-December 2023).

The record high growth of the total revenues was dominated by the growth of VAT (value added tax) revenues, as the largest item in the revenue structure. Net VAT revenue amounted to KM 5.59 billion in 2023, which is an increase of 9.0% compared to the previous year. The main factor of the revenue growth on this basis was the continuing high general price level, as well as private spending, but also the strengthening of services related to the tourism sector. In addition, VAT on imports also increased. In the second part of 2023, weakening of inflationary pressures was recorded (Graph 1.19).

Graph 1.19: Inflation Impact on the Growth of VAT Revenues



Source: BH Statistics Agency, Indirect Taxation Authority, CBBH

In June 2023, there were changes of tax policy, in respect of the VAT rates regulation. The House of Peoples of the Parliamentary Assembly of BH has adopted the Proposal of the Law on Supplements to the Law on VAT, referring to the revoke of VAT on donated food. The introduction of zero rate on donated food in June 2023 is a support for socially vulnerable groups of the population.

A new regime of payment of excise duties on tobacco products was introduced in 2023. The new regime implies the payment of excise duties when importing tobacco products, instead of paying excise duties when taking over excise stamps. The mentioned change of excise payment regime was made due to adjustments to customs procedures. Due to the mentioned change of the excise duties collection, according to the data of the Indirect Taxation Authority, a one-time decline of excise revenues was recorded (period February-April 2023) in the amount of the average monthly collection on the basis of excise duties. The total collection of excise revenues in 2023 recorded a modest annual growth of 1.5%, mainly coming from excise duties on oil and oil products. Net revenues based on tolls recorded annual growth (8.1%), which can be explained by a higher number of trips. Also, every year, the Governing Board of the Indirect Taxation Authority makes a Decision on the amount of diesel fuel which is exempt from toll

payment.²⁸ Customs revenues are closely related to imports, so the growth of imports affected the growth of customs revenues in the amount of KM 74.7 million (17.3%) compared to 2022. Revenue growth on this basis is linked to the increase of prices of energy, raw materials, food and other imported goods.

At the time of preparation of the Report, the last available projections of indirect tax revenues for 2024 by the Indirect Taxation Authority were from October 2023, projecting growth of 4.8% annually or 17.3% of the nominal GDP projected value. The risks regarding the realization of these projections are significant, primarily due to the unknowns and the uncertainties regarding the war in Ukraine, and also due to possible changes of indirect taxation policy (differentiated VAT rate, temporary revoke of excise duties on derivatives).

Despite record high revenues, a deficit in the 2023 Entity budgets was planned, due to a significant growth of expenditures due to inflationary pressures and the implementation of government measures to help vulnerable groups. The governments of both BH Entities revised the 2023 budgets. The budget revisions in the Federation of BH (increase by KM 211.7 million) and Republika Srpska (increase by KM 140 million), financed higher interest rates in the foreign debt repayment due to the growth of Euribor, as well as higher allocations for social purposes and health insurance.

Although the Public Investment Strategies, in both Entities were aimed at intensifying investments in infrastructure projects and energy sector, significant capital investments were not realised in the first nine months of 2023. Consequently, public investments in the first nine months of the current year were lower by KM 2.4 million compared to the same period last year. In this period, only KM 210.5 million of public investments were realized through budgets.

In January 2024, the Government of the Federation of BH has adopted the Public Investment Programme of the Federation of Bosnia and Herzegovina for the period 2024-2026. In accordance with the mentioned Programme, the total value of 134 projects included in the Programme amounts to KM 19.07 billion for the period 2024-2026. The source of financing

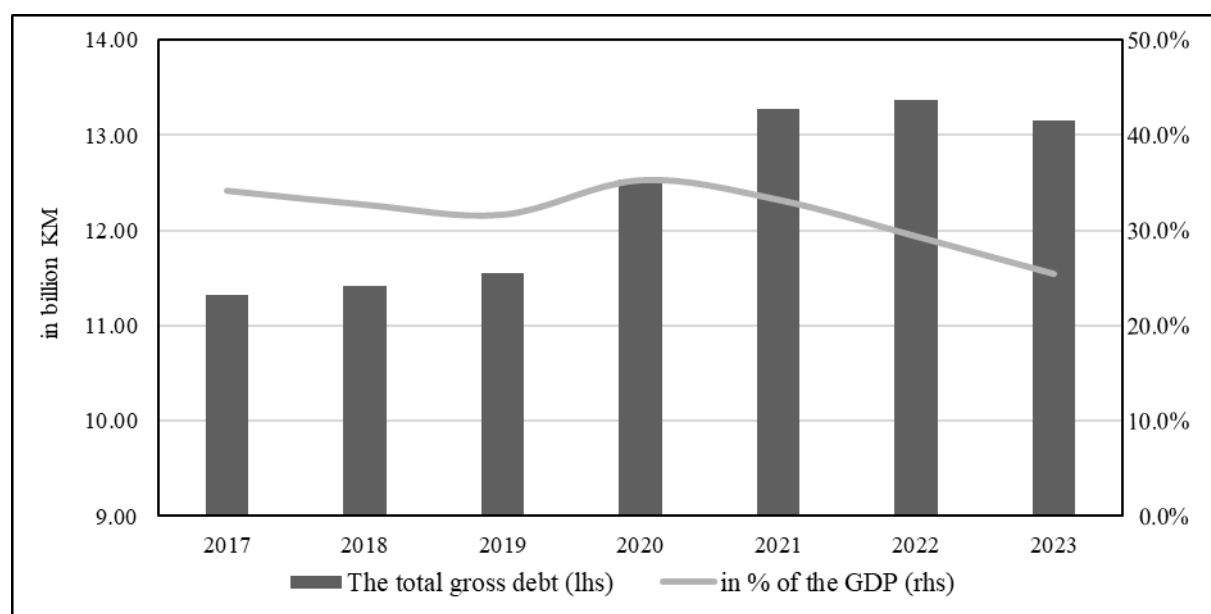
²⁸ <https://www.uino.gov.ba/portal/bs/akciza-i-putarina/putarina/>

mainly includes funds from foreign creditors (the World Bank, the EIB, the EBRD). On the other hand, the Government of Republika Srpska has adopted the proposal of the Public Investment Programme for the period 2024-2026 in January 2024. According to the programme, the largest investments are planned in the fields of energy, transport, health care and agriculture. For the period 2024-2026, the total value of all the nominated projects by ministries and institutions amounts to KM 9.3 billion.

The Entity budgets for 2024 are adopted reflecting larger financing of current and less financing of capital spending. The Budget of the Federation of BH for 2024 was adopted in January 2024 in the amount of KM 7.5 billion, which is the highest amount so far having been increased by more than half a billion KM compared to the budget from the previous year. The adopted budget includes, among other things, an increase of funds for pension payments by KM 317.17 million, as well as an increase for war veteran categories in the amount of KM 57.7 million. On the other hand, the National Assembly of Republika Srpska adopted the Budget of RS for 2024 in December 2023. The RS Budget was adopted in the amount of KM 5.73 billion, which represents an increase of KM 212 million, i.e. 3.8% compared to the total budget funds planned by the 2023 Republika Srpska Budget Revision. A budget deficit KM million of 255.4 is planned. The financing needs for RS in 2024 amount to KM 954.7 million (according to the RS Budget for 2024, a debt of KM 810 million is planned on a foreign market and 144.7 million in the local market. On the other hand, the Federation planned a budget deficit in 2024 in the amount of KM 469.9 million. The financing needs for the Federation of BH in 2024, according to the Budget of the Federation of BH, amount to KM 1.29 billion (borrowing is planned in the form of bonds in the amount of KM 540 million, treasury bills in the amount of KM 360 million and on a foreign market and from foreign creditors in the amount of up to KM 395 million). With respect to all of the above, further growth of government liabilities in 2024 is expected.

The general government sector public debt level at the end of the fourth quarter of 2023 compared to the end of 2022 decreased in nominal amount by KM 211.8 million. In 2023, there was no significant borrowing by the Entity governments from international financial institutions, while borrowing in the domestic capital market was somewhat more intensive. The total public debt of the general government sector at the end of the fourth quarter of 2023 was 25.5% of GDP (Graph 1.20).

Graph 1.20: The Total Public Debt of General Government Sector

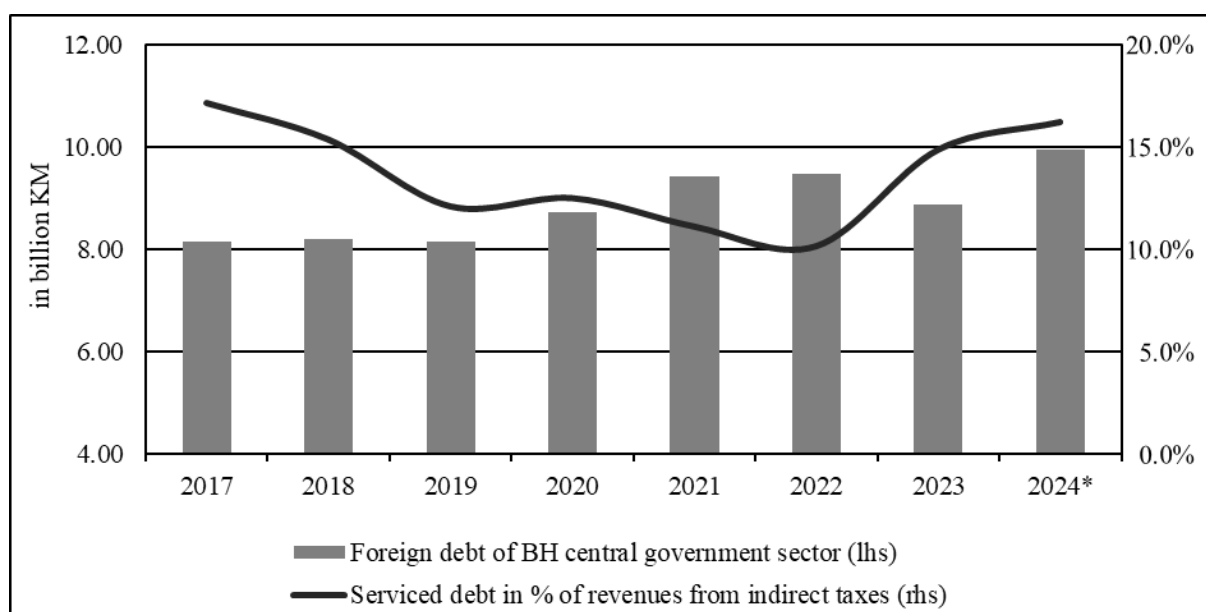


Source: CBBH, GDP by expenditures for 2023, CBBH projection of the nominal GDP

The general government sector foreign debt recorded a significant decline in 2023 (KM 616.1 million or 6.5%) reaching KM 8.86 billion at the end of the year (Graph 1.21). According to the projections of the Global Fiscal Balance and Policy Framework in BH for the period 2024-2026²⁹, a significant borrowing from foreign creditors under concession terms is planned in 2024.

²⁹ Global Fiscal Balance and Policy Framework in BH for the period 2023-2025, March 2023
<https://www.mft.gov.ba/Content/OpenAttachment?id=02eae856-ec98-4ab7-8d19-f57a04e2d9d0&lang=bs>

Graph 1.21: Foreign Debt of General Government Sector



Source: CBBH, Indirect Taxation Authority and Ministry of Finance and Treasury of BH.

Note: * projection.

In 2023, the total amount of funds withdrawn from international financial institutions amounted to KM 552.3 million, although the withdrawal of funds in the amount of KM 2.21 billion ³⁰ had been planned. In 2023, there was no significant withdrawal of funds from foreign creditors. The largest withdrawal was recorded in the fourth quarter of 2023 (KM 258.6 million), of which the largest part was related to the financing of corridor Vc (around KM 134 million).

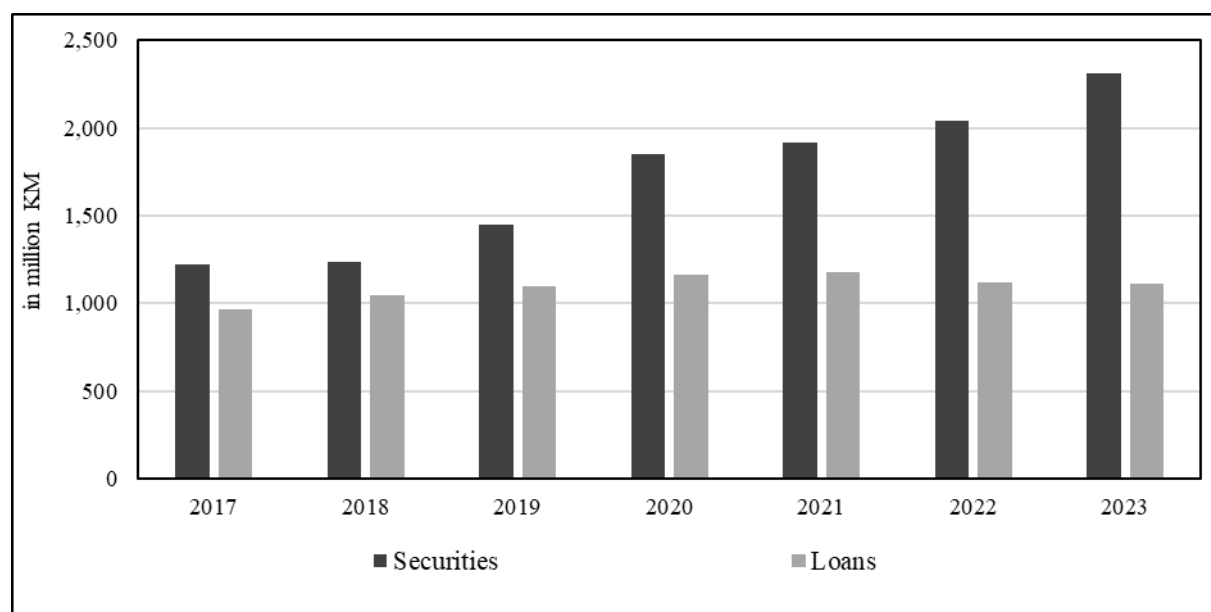
The foreign debt repayment of the general government sector exceeded significantly the amount of new withdrawals of funds in 2023. Out of the total serviced funds towards foreign creditors (KM 1.25 billion) the highest individual amounts of KM 283.3 million and KM 233.0 million were serviced to the International Monetary Fund – IMF and the World Bank – IDA, respectively. Funds in the amount of KM 1.43 billion are planned for servicing the general government sector foreign debt in 2024, which is 16.2% of projected revenues from indirect taxes for 2024³¹ (this percentage was lower in 2023 amounting to 14.9%).

³⁰ The Global Framework of Fiscal Balance and Policies in BH for the period 2023-2025, March 2023.

³¹ Source: Ministry of Finance and Treasury of BH (Foreign Debt Servicing Plan in 2024) and Macroeconomic Analysis Unit of the Governing Board of the Indirect Taxation Authority (MAU Bulletin No. 217/218, November-December 2023).

Government sector debt with commercial banks recorded a significant growth at the annual level based on securities (KM 269.0 million), while a small decrease was recorded on the basis of loans (Graph 1.22). In the first half of 2023, the Entity governments issued significant new debts in the domestic capital market. The Government of Republika Srpska issued KM 210 million at the interest rate of 6.1% per year for a five year period, and the funds were used as a part of financing of the liabilities based on the debt maturity at the Vienna Stock Exchange based on the bonds issued in 2018 in the total amount of KM 327 million. As the debt on the Vienna Stock Exchange was repaid mainly with funds raised on the domestic capital market, only a currency reclassification took place, i.e. the decrease of foreign currency debt and increase of the local currency debt with commercial banks, while the banking sector exposure to the government sector was not changed significantly, being 8.6% of the total banking sector assets at the end of 2023. In 2024, the FBH and the RS should allocate the total of KM 947.7 million based on the internal debt repayment (the Federation of BH KM 443.9 million and Republika Srpska KM 503.8 million).

Graph 1.22: General Government Debt with Commercial Banks



Source: CBBH

Text Box 2: Entity Government Measures to Combat Inflation

In 2023, the Entity governments continued to implement the fiscal measures started in the previous year, responding to inflation which reduced the purchasing power of vulnerable groups of the population. The financial effects of the measures adopted by the Entity governments in 2022 in the form of additional allocations were continued in 2023. In addition to the fact that the Entity governments in the past year adopted temporary measures related to one-time help in the form of payments to pensioners, war veterans, disabled persons, young people and the unemployed, certain measures were also permanent. One of such measures is the Decision³² of the RS government regulating the allowances to unemployed mothers with four or more children, according to which they receive a monthly allowance in the amount of KM 750, the right to allowance being exercised as long as at least one of the children is under-age. At the same time, the Federation of BH government subsidized fuel for farms. Furthermore, the FBH government reduced electricity bills for around 70,000 households in the vulnerable category. In FBH, a Regulation was adopted enabling employers to pay to their employees two average wages in FBH or KM 2520 during 2023, which they are exempt from the obligation to pay contributions and taxes for. Regarding wages in FBH in 2023, a 11% increase of the public sector wages and up to 20% pension increases were planned. In RS, public sector wages lower than KM 1,200 were increased by 5% at the beginning of the year, with the same level of increase for the second part of 2023 for all the remaining wages. At the same time, pensions were increased by 13.5%.

At the consolidated BH level in 2023, there was an increase of allocations for gross wages of KM 614.0 million (1.3% of GDP)³³, and an increase of expenditures of KM 968.1 million (2.0% of GDP) was seen in the category of subsidies, social benefits and transfers.

As a part of social policy, and as a response to persisting high prices in the country, the Government of the Federation of BH has adopted a Decision on direct price control measures by determining the maximum level of margins for certain basic food and other products³⁴. In

³² <https://vladars.rs/sr-SP-Cyrl/Vlada/Ministarstva/mpos/media/vijesti/Pages>

³³ The Global Framework of Fiscal Balance and Policies in BH for the period 2024-2026, January 2023.

³⁴ <https://www.fmt.gov.ba/novosti/odluka-o-propisivanju-mjera-neposredne-kontrole-cijena-utvr%C4%91ivanjem-maksimalne-visine-mar%C5%BEi-za-pojedine-osnovne-%C5%BEivotne-namirnice-i-druge-proizvode-obavijest-o-primjeni.html>

addition, in December 2023, the Federal Ministry of Trade announced a Public Invitation for voluntary participation in the "price lockdown" ³⁵action, which is a joint project of the Employers' Association, Consumers' Association and Trade Union, by which the prices for 40 food and hygiene products are reduced and locked down for a period of three months, with the beginning of implementation in December 2023. At the same time, as a part of social policy, the RS government has adopted a Decision to revoke margins³⁶ for a certain number of products sold in Republika Srpska. Among other things, the list of products includes milk and dairy products, meat and meat products, children's food and personal hygiene products.

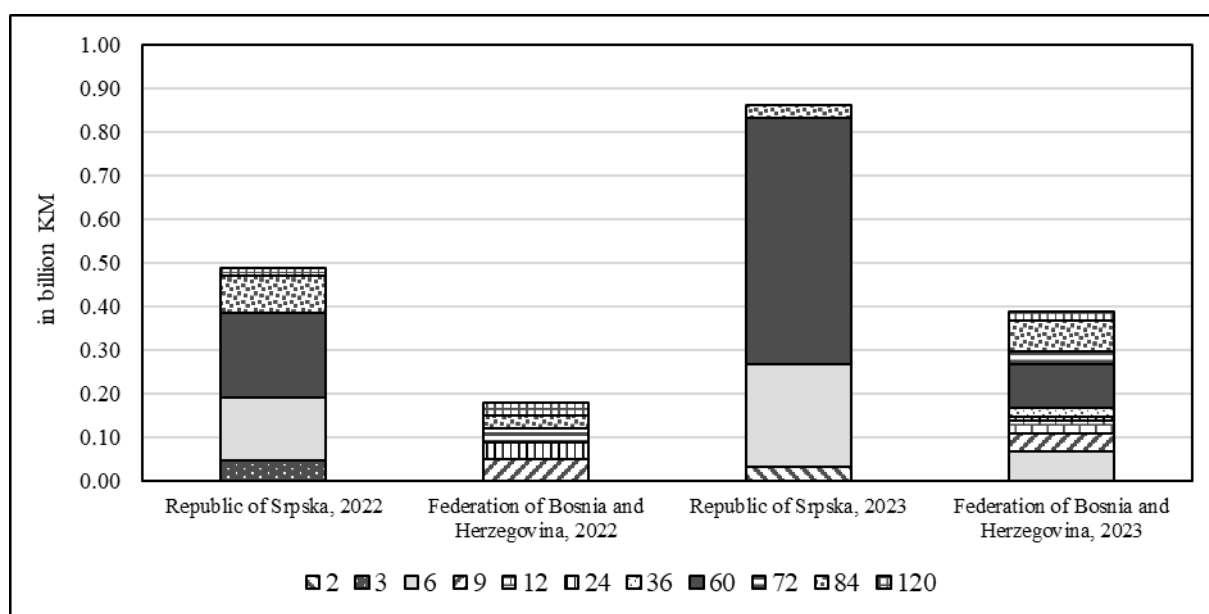
The total amount of fiscal allocations in 2023 was around 6.0% of GDP of RS, while in the Federation of BH it amounted to around 2.8% of GDP of FBH.

The recorded trading in BH financial markets was one of the highest in the history of BH stock exchanges. The same as in the previous several years, the total trading on the stock exchanges was influenced by the Entities' public issues, and this year the Republika Srpska issues were dominating. The growth in 2022 was due to the base effect. The continuation of both absolute and relative growth in 2023 is due to the growth of the budgets of the Entity governments and their financing by means of debt issuance on stock exchanges. The total value of the traded financial instruments is 1.47 billion. In the total trading structure, despite the high and growing market capitalization of stock companies (especially at BLSE), the trading in equity securities participated with less than 10%. In 2023, public debt issues were carried out in the total of ten maturity segments (last year in eight maturity segments), and in addition to the issues of five year bonds (the total of twelve issues), public debt issues for a half year period (the total of ten issues) were the most frequent ones. Unlike the last year, there were no issues of three month treasury bills in 2023, but two month and twelve month treasury bills were issued, as well as three year bonds (Graph 1.23). In terms of the value, Republika Srpska issued 93% of the issues in the maturity segments of 6 months and five years, and in the Federation of Bosnia and Herzegovina, these two maturity segments and the seven year bond issues account for 62% of the value of all the issues realised in 2023.

³⁵ <https://www.fmt.gov.ba/zaklju%C4%8Davamo-cijene>

³⁶ <https://vladars.rs/sr-SP-Cyrl/Vlada/Ministarstva/MTT/Za%C5%A1tita%20potro%C5%A1a%C4%8Da/Pages/default.aspx>

Graph 1.23: Value of Issues per Maturity Segments



Source: BLSE and SASE

Note: Maturity of the issue is in months.

The average bid to cover ratio of Republika Srpska issues (the ratio between received and accepted bids) was lower than that in the Federation of Bosnia and Herzegovina, the same as the last year. There is also a difference in dynamics, and especially in the number of issues that is again in favour of Republika Srpska (Table 1.2.). Republika Srpska borrowed intensively in the domestic financial market almost throughout the entire year¹, starting from February, and the Federation of BH from April.

Table 1.2: The Entities' Public Debt Issues in 2023

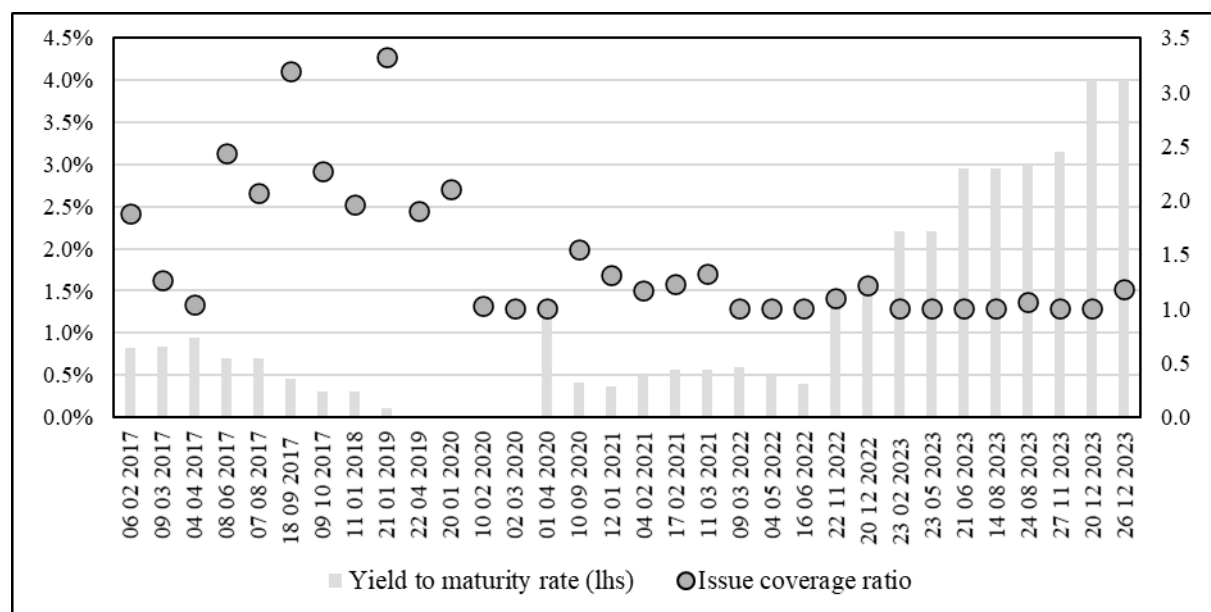
Maturity, in months	2	6	9	12	24	36	60	72	84	120	Total
Republika Srpska	1	8	0	0	0	0	9	0	1		19
Federation of Bosnia and Herzegovina		2	1	1	1	1	3	1	2	1	13
Total	1	10	1	1	1	1	12	1	3	1	32
Value of issues (million KM)	32.4	303.8	39.0	29.7	10.0	20.0	664.8	29.9	99.9	20.0	1,249.4

Source: BLSE and SASE

The Entity budget financing in 2023, the same as in the last year, was carried out in circumstances of rising yields in the financial market, which is particularly visible in the six month treasury bills market (Graph1.24) and in the five year bond market of Republika Srpska,

as well as in most maturity segments of the public debt of the Federation of Bosnia and Herzegovina. The average yield rate in the market of six month treasury bills of Republika Srpska increased almost two times, while the growth of the yield rates on the five year bond market increased by 147 bp.

Graph 1.24: Yield to Maturity Rate in the Primary Market of Six Month Treasury Bills of Republika Srpska



Source: BLSE

Note: In one issue from 2019 and in three issues from 2020, yield on six month treasury bills was 0%.

All the yield to maturity rates in the primary bond market were lower in 2023, as well as in the previous year, in the Federation of Bosnia and Herzegovina (Table 1.3). The difference ranged from 100 basis points in the six month treasury bill market to nearly 300 basis points in the five year bond market. The same as in the last year, Republika Srpska made a decision this year on the maximum interest rate on some public debt categories from the aspect of the type of creditors, which this time it linked to the level of six month or twelve month Euribor³⁷. The maximum interest rate on credit debts with domestic creditors, international creditors and the

³⁷ Decision on the long-term borrowing of Republika Srpska for 2023. Official Gazette of Republika Srpska 112/22, November 2022.

international financial market is determined as Euribor to which 4%, 5.5% and 7% are added, respectively, depending on the type of creditor.

Table 1.3: Average Yield to Maturity Rate in the Primary Market of Entities' Public Debt in 2023

Maturity, per month	2	6	9	12	24	36	60	72	84	120
Republika Srpska	2.40	3.05					5.94		6.10	
Federation of Bosnia and Herzegovina		2.04	3.50	1.15	3.74	3.23	3.12	3.50	3.44	3.80

Source: SASE and BLSE

Note: The Federation of Bosnia and Herzegovina did not carry out any issues in the first quarter of 2023. Republika Srpska did not issue public debt in January, April and October.

1.2.3 Banking Sector

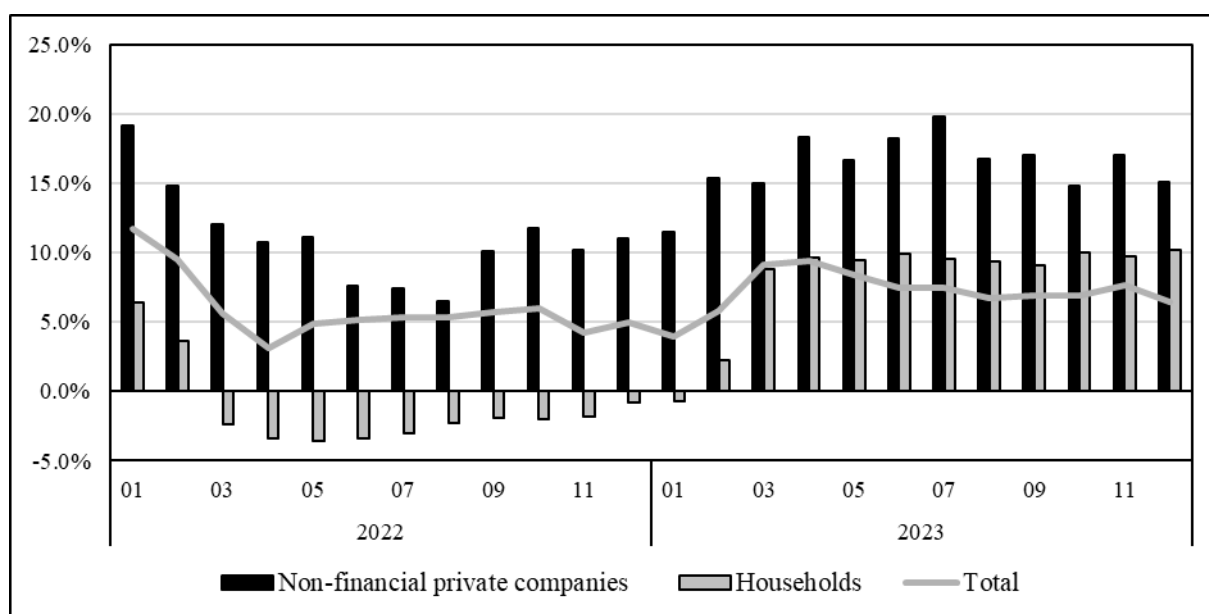
In 2023, the banking sector was stable, profitable, and without significant growth of credit, foreign exchange, or market risks. Profitability growth was achieved with high liquidity, low share of non-performing loans, and in conditions of moderate asset growth. All the financial soundness indicators improved compared to the previous year³⁸. In the banking sector ownership structure, the share of banks with majority domestic ownership in the total banking sector assets amounted to 25.7%³⁹.

After the last year's decline of bank deposits, caused primarily by the short lasting but strong withdrawal of deposits from two banks which were exposed to reputational risk, the growth of deposits continued in 2023. High deposit growth rates in 2023 (Graph 1.25) are due to the base effect, inflation slowdown and bank lending. The largest contributions to the deposit growth in 2023 came from the sectors of households and non-financial companies.

³⁸ More details on numerical indicators of Bosnia and Herzegovina banking sector financial soundness can be found on the portal of the Central Bank of BH, www.cbbh.ba

³⁹ Data for Q3 2023.

Graph 1.25: Annual Deposit Growth Rate

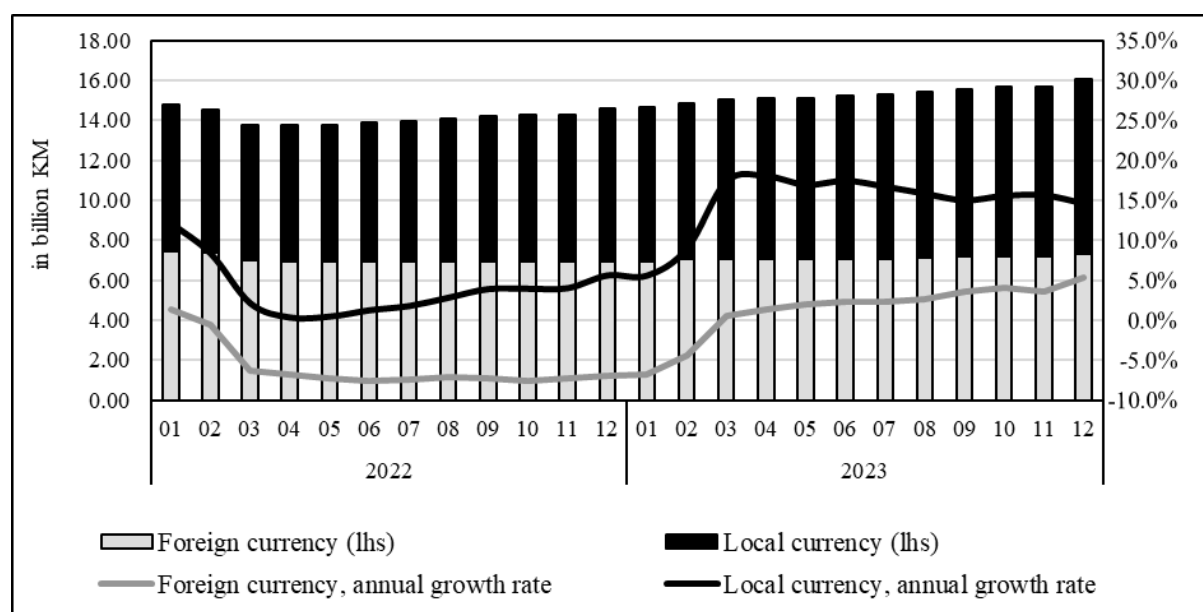


Source: CBBH

Despite inflationary increase of tax base and the record high level of indirect taxes, the deposits of the Entity's governments decreased for the first time in nine years. For the first time, a decrease of other financial institutions deposits' was recorded at the annual level. In some other financial institutions, a significant credit growth was seen, as well as dividend payments, which could have been some of the determinants of the strong decrease of other financial institutions' deposits. For the first time after eight years of growth, deposits of the non-financial public companies sector also decreased.

One of the key positive features in deposit dynamics is the continuing upward trend of household deposits in the local currency (Graph 1.26). At the end of 2023, the share of household deposits in the local currency was 54%. The currency structure of deposits of non-financial companies shows approximately the same ratios as in the previous year, with a third of deposits in foreign currency. The trend of relative decline of the positions of other, i.e. term-deposits of households was continued this year. Given their importance in financing lending, banks remain exposed to an unfavourable maturity structure of funding sources. On the other hand, changes in the maturity structure of deposits of non-financial companies, as another significant sector, did not take place.

Graph 1.26: Household Deposits, Currency Structure



Source: CBBH

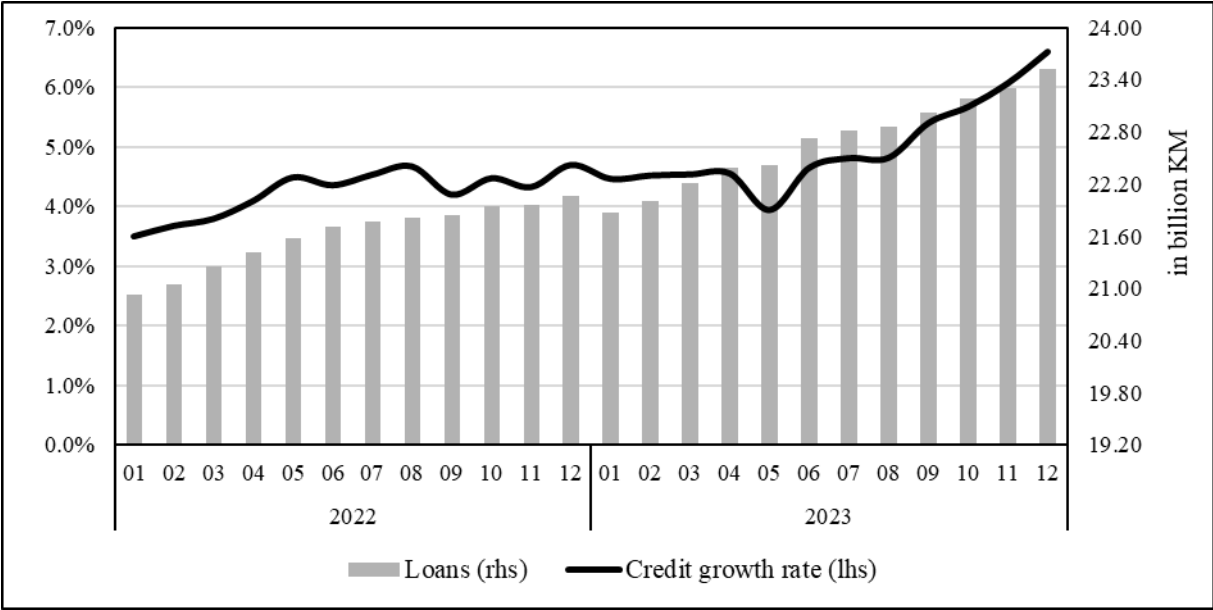
Note: Foreign currency, along with foreign currency deposits, includes deposits with euro indexation.

An average low annual growth of lending interest rates and still exceptionally low real interest rates on loans, with satisfactory loan approval conditions and abundant domestic sources of financing, resulted in a stronger credit dynamics than in the previous year (Graph 1.27). The surveys conducted by the CBBH among banks⁴⁰ indicated that banks had expected a slowdown of lending in 2023. Despite tightening of bank lending standards⁴¹, and despite the expected rise in the costs of financing sources, credit growth in BH exceeded the expectations. Given the recession pressures in the environment, and low economic growth in BH, there was a substantial growth of the total loans of 6.6%, which was recorded almost entirely in the private non-financial companies and the household sectors. Within household loans, consumer non-purpose loans and housing loans recorded the highest growth. The structure of household loans is almost unchanged compared to the previous year, with the credit growth rate exceeding that in the previous year.

⁴⁰ Surveys on bank lending in BH for the first, second and third quarters of 2023.

⁴¹ The latest survey on bank lending refers to the third quarter of 2023.

Graph 1.27: Annual Credit Growth Rate



Source: CBBH

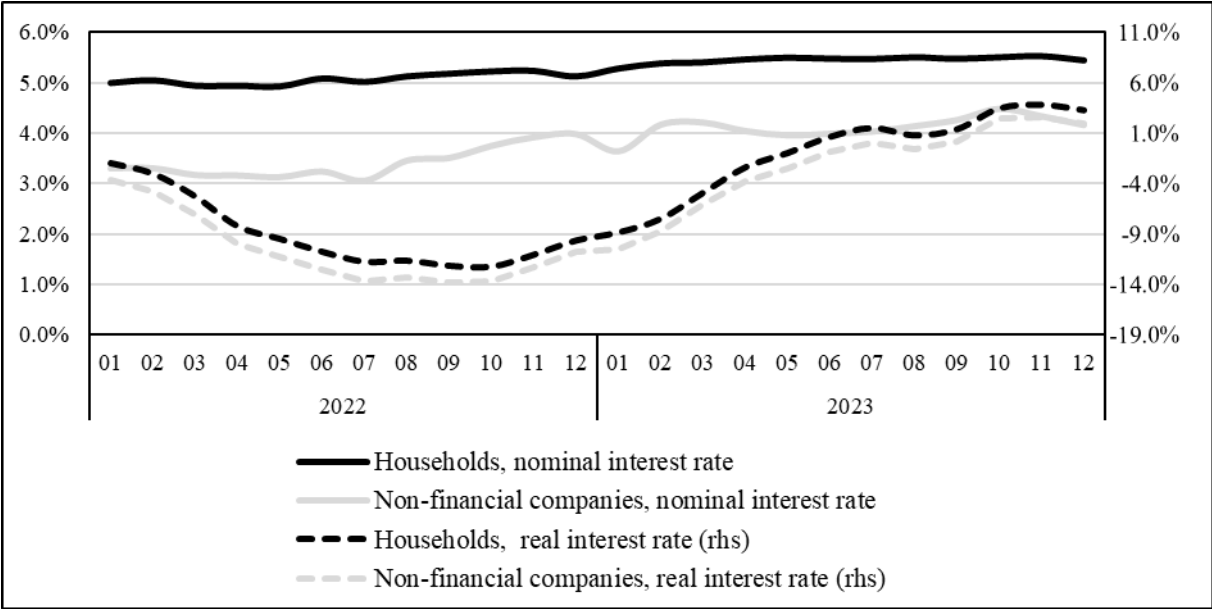
There was no significant increase of nominal lending interest rates in the sector of non-financial companies, with small interest rates changes in the household sector. Interest rates are either slightly changed compared to the end of the previous year (housing loans), or growth is relatively low as for non-purpose consumer loans and non-financial companies. With the weakening of inflationary pressures, real interest rates increased continuously throughout the year, with the nominal and real interest rates spread decreasing significantly by the end of the year (Graph 1.28). The tightening of lending standards did not cause a significant rise of lending interest rates. Banks only partially followed the change of the ECB's benchmark interest rate. Some of the reasons of the low ECB's monetary policy transmission include the domination of domestic short-term sources of financing in banks' liabilities, regarding the bank-centric financial system and the lack of alternative forms of monetary assets investment. At the end of December 2023, the interest rates on housing loans, loans to non-financial companies and non-purpose consumer loans to households were 3.9%, 4.2%, 5.8% respectively.

Immediately after the ECB started raising interest rates in July 2022, the Entity Banking Agencies made decisions on temporary measures to mitigate the risk of rising interest rates⁴²,

⁴² These decisions are valid until the end of 2023, or until revocation by the Banking Agencies.

which made the rise in interest rates above a certain level⁴³ conditioned by additional allocations for provisions ⁴⁴.

Graph 1.28: Interest Rates on New Loans



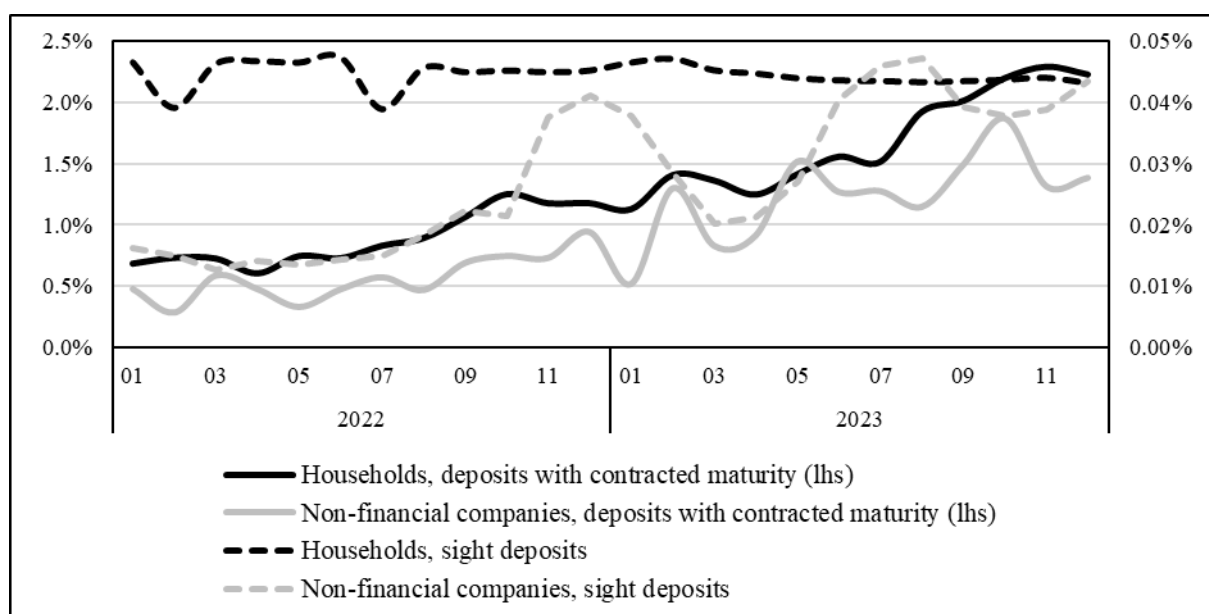
Source: CBBH

Deposit interest rates on deposits with agreed maturities on average increased more than lending interest rates. However, it is the most important to point out that interest rates on sight deposits of households and non-financial companies accounting for 60% of the total deposits remain very low and unchanged compared to the end of the previous year (Graph 1.29). In October last year, the CBBH started publishing data on bank funding costs (Reference rate of average weighted bank funding cost in BH - RRFC 3) which banks can use as a reference rate for tying interest rates to sources of financing and loans with variable interest rates instead of the Euribor values. These statistics also show that there were no significant changes in the bank financing costs as measured by the reference rates of the average weighted cost of bank financing.

⁴³ An increase of 200 bp compared to the interest rate level at 30 June 2022 was considered a significant increase of interest rates.

⁴⁴ The Banking Agencies believed that the potential increase of bank costs would impact the slowdown of interest rate growth and the degree of financial burden on debtors.

Graph 1.29: Interest Rates on the Deposits



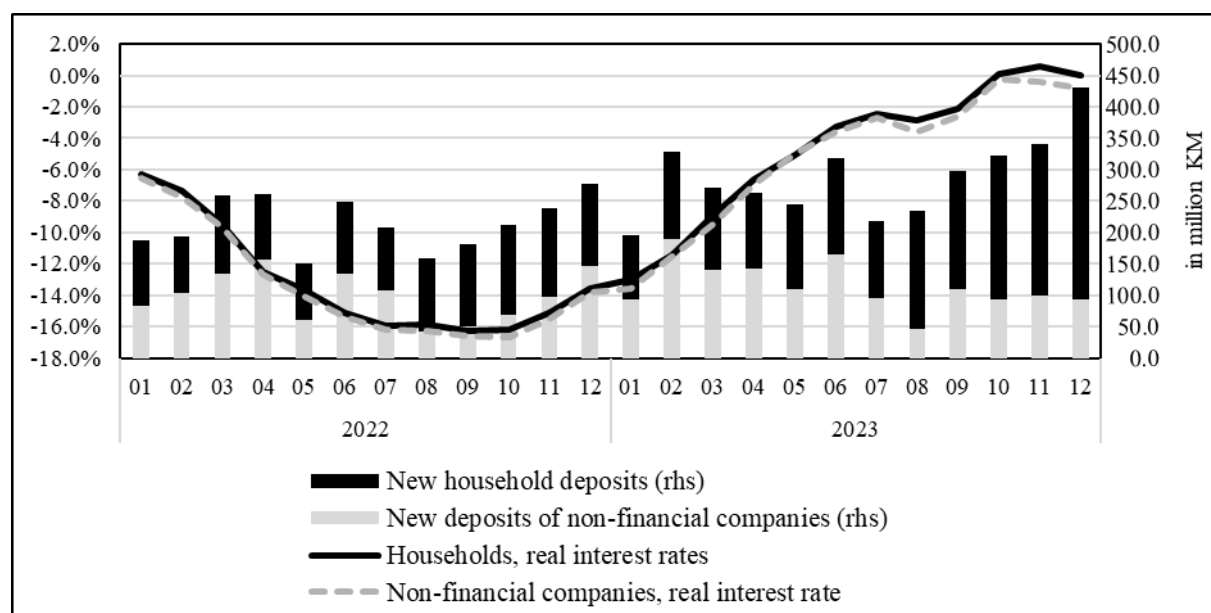
Source: CBBH

The growth of newly contracted household deposits (deposits with agreed maturities), especially in maturity segments over a year, was impacted by the recorded increase of interest rates. An increase of interest rates on deposits of non-financial companies, although much lower, was also recorded. At the end of the year, the average weighted interest rate on household deposits is 2.2%, and that on deposits of non-financial companies is 1.4%. The difference between the year's end foreign (euro area) and domestic average interest rates on household and non-financial companies' deposits indicates different features of markets of deposits with agreed maturities in Bosnia and Herzegovina compared to the euro area. Such, much weaker reaction of BH banks to the general increase of interest rates, the same as in the case of lending interest rates, can be related to the structure of the financial market of Bosnia and Herzegovina dominated by banks as financial intermediaries. The declining and low share of foreign sources of financing in banks' liabilities reduces the degree of impact of the ECB's monetary policy on interest rates on deposits with agreed maturities in BH. As previously pointed out, the growth of deposit interest rates on household deposits with agreed maturities was higher in longer maturity segments, and accordingly, the interest rate increased most in the maturity segment between one and two years. The difference between interest rates on newly contracted deposits

in KM and interest rates on newly agreed deposits in foreign currency increased during 2023.⁴⁵ At its peak in October, the difference reached 90 bp in favour of the interest rate on foreign currency deposits, to decrease at the end of this year.

Following a very low level of real interest rates in the previous year due to the two digit inflation rate, a steady upward trend was seen in 2023 due to the weakening of inflationary pressures (Graph 1.30). During 2023, a high value of the total new household deposits was contracted, while the level of the total deposits at the end of the year (KM 31.1 billion) is the highest in the banking sector history.

Graph 1.30: Real Interest Rates on Newly Contracted Deposits



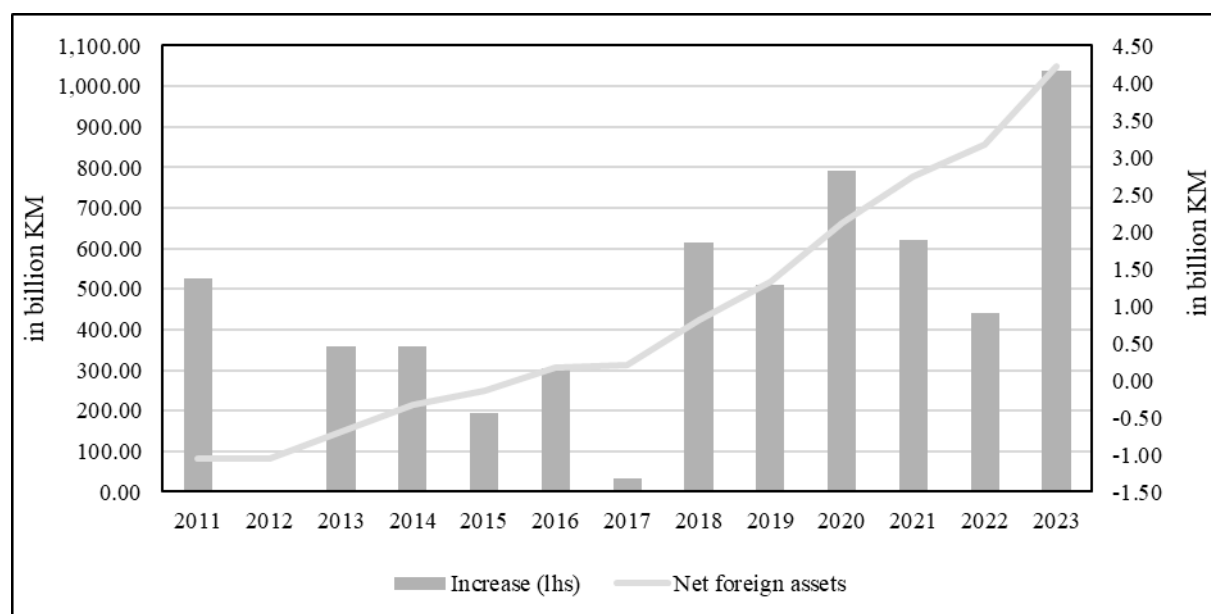
Source: CBBH

The achieved, very high, increase of net foreign assets in 2023 (Graph 1.31) results from the maximum value of foreign assets and the minimum value of foreign liabilities. During the year, in October, the historically highest amount of net foreign assets was recorded (KM 4.65 billion). In addition to the differences between interest rates in the country and abroad, the causes of the growth of net foreign assets include the substitution of foreign sources of financing (foreign liabilities) with domestic sources of financing. The largest contribution to the growth of bank

⁴⁵ At the end of the year, the share of deposits in euros and in other foreign currencies in the total deposits was 36% and 3%, respectively.

foreign assets was made by other deposits with non-residents, whose share in foreign assets, due to the increase of interest rates on deposits in the euro area significantly increased. The annual growth of securities, in the structure of bank foreign assets, although strong, was partly limited by the new banking⁴⁶ regulations.

Graph 1.31: Net Foreign Assets



Source: CBBH

At the end of the year, foreign assets not redeemable at notice ⁴⁷ accounted for around two thirds of foreign assets. By increasing these positions in the foreign assets structure, banks try to generate additional income, without exposing themselves to the foreign exchange liquidity risk due to the further high share of currency and transferable deposits with non-residents in foreign assets. In addition, the balance of these two positions exceeds the balance of foreign liabilities, which ensures the liquidity of this part of the foreign exchange sub-balance. The annual decline of foreign liabilities of almost a fifth is an expected result of interest differentiation, and, as previously pointed out, the replacement of foreign sources of financing with domestic sources of financing. The largest individual contribution to the decrease of

⁴⁶ Both Entity Agencies passed decisions on limiting bank exposure to foreign central banks and foreign central governments to 100% of the appropriate capital.

⁴⁷ Other deposits with non-residents, securities of non-residents (except for shares) and other loans to non-residents.

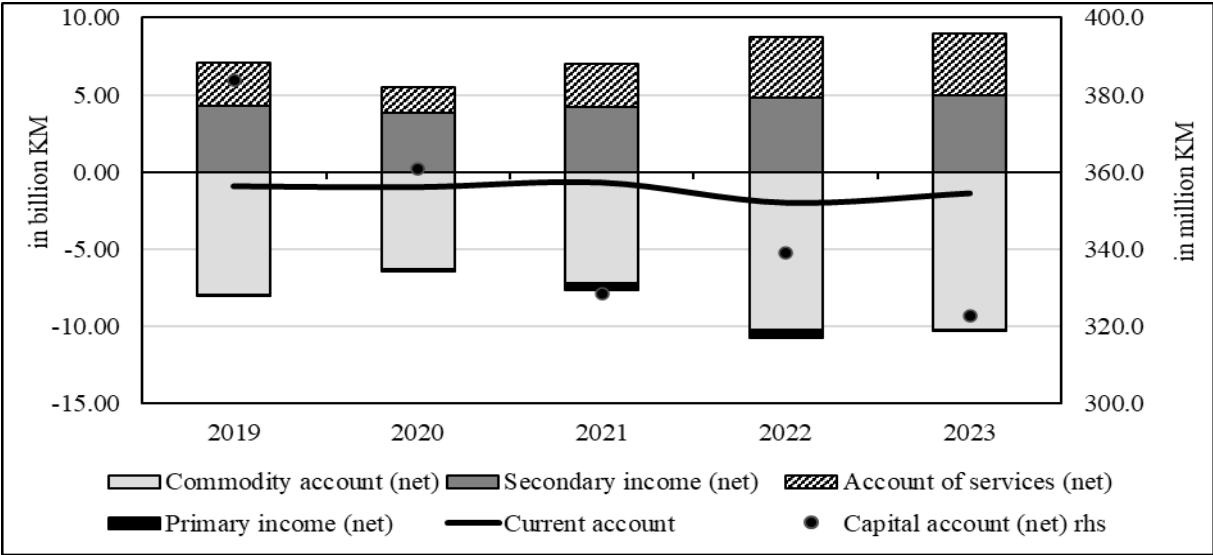
foreign liabilities came from the position of other deposits (term deposits), but despite these major changes, almost three quarters of foreign liabilities are still other loans from non-residents.

1.2.4 External Sector

I Balance of Payments

Unlike 2022, when record high values were recorded in international trade in goods, 2023 saw a decline in the value of foreign trade in goods. The contraction of the international commodity market is due to the modest volume of economic activity at the global level, as well as strong geopolitical tensions. In 2023, in absolute terms, the current account deficit was recorded in the amount of KM 1.38 billion (Graph 1.32), which represents a decrease of 30.4% compared to the previous year. As in previous years, the current account deficit is largely due to the deficit in the account of goods, while services and inflows based on secondary income recorded a positive impact. Due to the nominal decrease of the current account deficit, as well as a nominal GDP growth in 2023⁴⁸, the current account deficit expressed as a percentage of GDP decreased by 1.7 percentage points to the level of 2.7%.

Graph 1.32: Current and Capital Accounts



Source: CBBH

⁴⁸ Nominal GDP for 2023 is the CBBH projection from November 2023.

In 2023, the value of international trade in goods declined, with the decline of exports being stronger, resulting in a record high trade deficit. The decline of the industrial production volume as well as modest final consumption in BH resulted in a decline in the value of imports of goods in 2023. According to the balance of payments data, the value of imported goods amounted to KM 25.87 billion, which represents an annual decrease of 2.6%. On the other hand, the decline of demand in the markets of the main trading partners resulted in a 4.3% decrease of the value of exports of goods from BH. Exports of goods reached the value of KM 15.67 billion, with over 73.0% of the value of exports of goods realized in the market of the EU countries (Table 1.4).

Table 1.4: BH Commodity Foreign Trade, by the Most Significant Trade Partners, in billion KM

	Exports			Imports		
	2021	2022	2023	2021	2022	2023
EU	10.39	13.23	12.19	12.73	16.30	16.37
CEFTA	2.41	3.30	3.12	2.76	3.52	3.24
Other countries	1.47	1.44	1.39	6.10	8.82	8.15
TOTAL	14.27	17.97	16.70	21.60	28.64	27.77

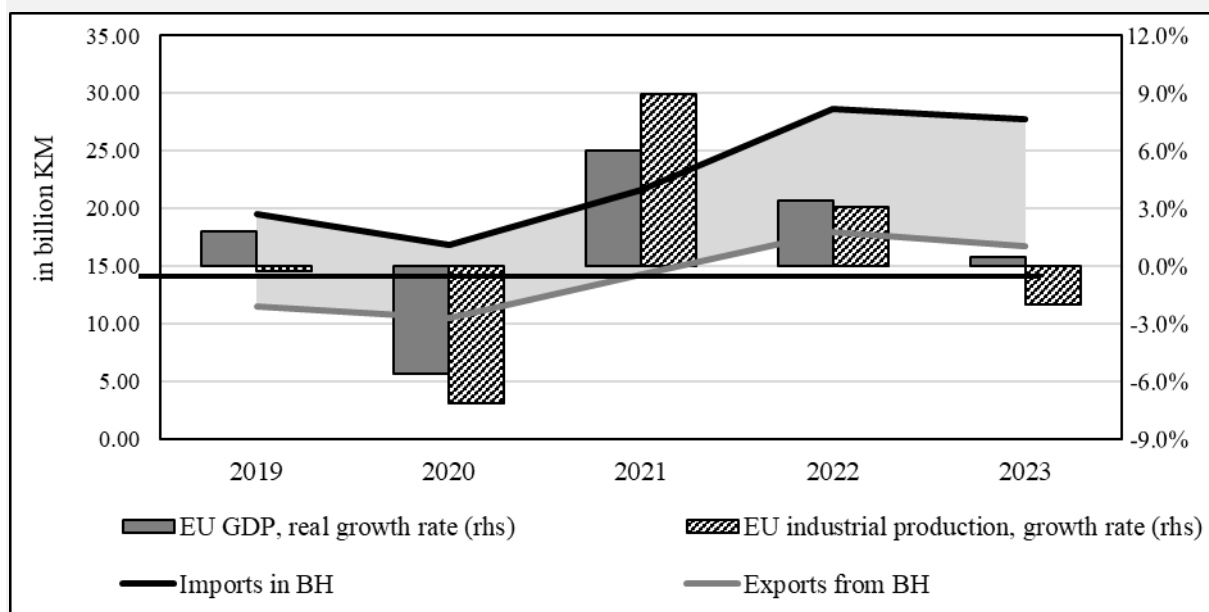
Source: BHAS

Note: the data in the table represent foreign trade statistical data by the BH Agency for Statistics

Text Box 3: Foreign Trade Commodity Deficit in BH in 2023

Economic trends at the global level, and especially in the EU market, reflected on the economic activity and foreign trade of BH in the last year. After a very high volume of BH foreign trade in goods in 2022, mostly caused by the price effect as well as the growth of demand, in 2023, decreases, both of exports and imports, were recorded, with exports recording a stronger decrease in value (Graph 1.33). BH position as a net importer on the international commodity market resulted in a record high commodity foreign trade deficit in 2023 amounting to KM 11.07 billion (Graph 1.34).

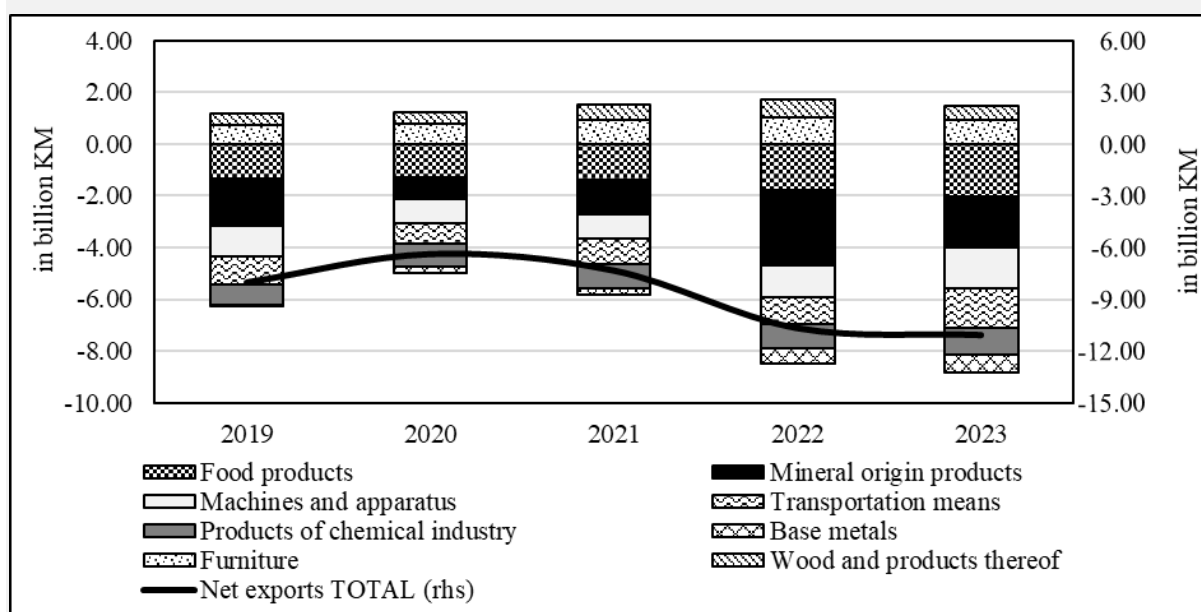
Graph 1.33: BH Exports and Imports, GDP and Industrial Production in the EU



Source: BHAS, EUROSTAT

The decline in the value of exports of goods from BH of 7.1% in 2023 is the largest generator of the record high trade deficit, mainly resulting from a decline of demand for BH goods in the markets of BH most important trading partners countries. Considering that 73.0% of exports of goods from BH in 2023 were directed to the market of the EU countries, the modest level of economic activity in the EU in the observed period (growth of 0.5%) was not sufficient to achieve a significant value of exports. The contraction of the German economy in 2023, estimated at 0.3%, was particularly important for the value of BH exports, Germany being the most important export market for BH products. In addition, of the five most important export partners of BH, only Serbia recorded an increase in the volume of industrial production in the observed year, which affected the exports of raw materials and semi-finished products.

Graph 1.34: Net Exports by the Main Groups of Products



Source: BHAS

According to product groups, food products, mineral origin products, machines and appliances and means of transport generated the largest part of the commodity trade deficit in 2023. Despite strong production potentials, as well as favourable climate conditions, BH imported five times more food products in 2023 compared to the value of exports, which resulted in a deficit of KM 2.01 billion. Due to the decrease of oil prices in the international market in 2023 compared to the previous year, the deficit in the exchange of mineral origin products recorded a decrease of 31.3% in the reporting year. Despite the relatively stable physical volume of electric energy exports, slightly lower prices of this energy source affected the annual decline of export value. Within the same group of products, a decrease in value, due to a significantly lower demand, was also recorded in coal exports (25.0%). Although BH has traditionally recorded a high commodity deficit in the trade of machines and appliances, in 2023, it was higher by one third than the five-year pre-pandemic average level. International trade in base metals has historically recorded the strongest oscillations in net exports, from positive values in the pre-pandemic period to negative ones in the pandemic and post-pandemic periods. The growth of deficit in the trade of base metals is due to both domestic and external factors. A significant factor was the temporary halt of steel production in one of the largest production facilities in BH at the end of 2023, which had an impact on both secondary and tertiary activities. On the other hand, the 24.5% decline of the value of base metal exports is also due to a decrease of global demand for

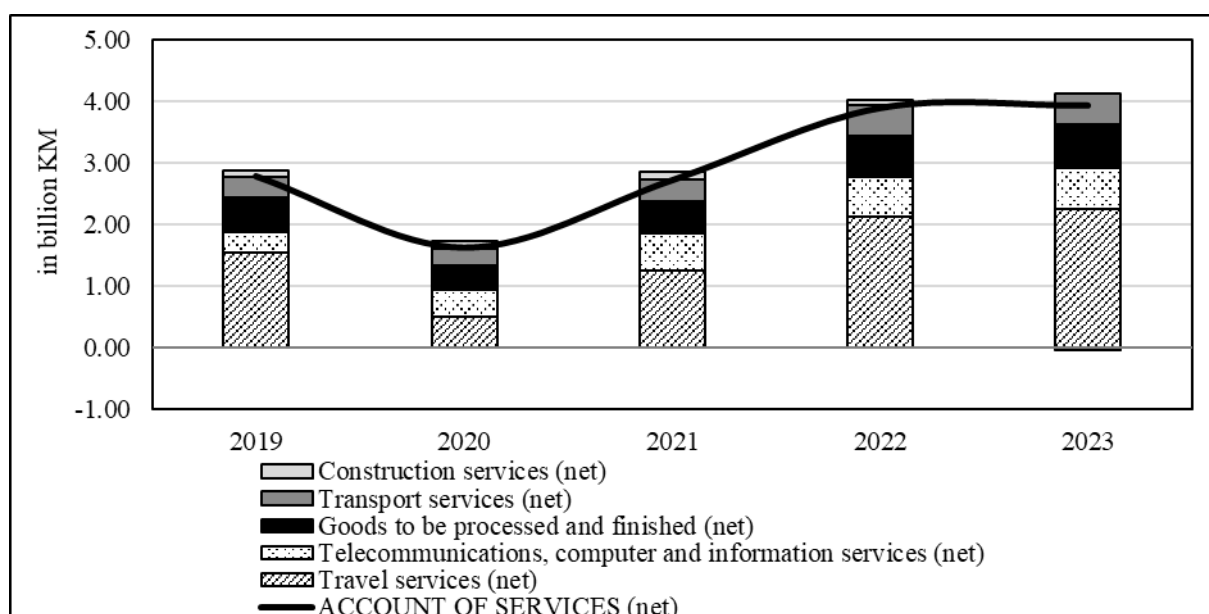
steel by 5.2% in 2023, due to the developed countries' industries being burdened with high energy costs, as well as due to the base effect due to significantly lower steel prices in the reporting year compared to the previous year. A decline of demand in developed markets also reduced the trade surplus based on trade in furniture, a group of products that, along with wood and wood products, continuously recorded a surplus, but it is still well above the pre-pandemic level. On the other hand, the growth of the value of imports of means of transport, continuously recording high annual growth rates (except in the first year of the pandemic) had a very high contribution to the foreign trade commodity deficit in 2023.

Adverse developments in foreign trade present in 2023 continued in the first month of 2024 with the recorded annual decline of the value of exports and an increase of the value of imports. The modest estimated growth of the EU economic activity in 2024 of 0.9%⁴⁹ does not indicate an improvement of the outlooks for positive developments in BH foreign trade in 2024. Foreign trade activity in 2024 will also be heavily influenced by shocks caused by conflicts in the Middle East, which could result in price and distribution disruptions for raw materials and products.

The largest part of the deficit in the account of goods is covered by net inflows in the account of services, which in 2023 amounted to KM 3.95 billion, slightly above the previous year's level (1.1%). All the most important categories in the service account, except for construction, recorded a growth of net inflows in 2023 (Graph 1.35). Traditionally, the largest part of the net inflow in the service account relates to inflows based on foreign tourists' visits, which recorded an increase of 5.8%. Despite a decline of the industrial production volume and a decrease of the number of orders from developed countries, net inflows from processing of goods increased by 7.6%, while transport services, conditioned by contraction in the international commodity market, recorded net inflows slightly above the last year's level. In 2023, telecommunications, computer and information services stayed on the upward trend, achieving net inflows in the value of KM 667.9 million (growth by 2.3%).

⁴⁹ Eurostat, Winter Round of Economic Projections, February 2024

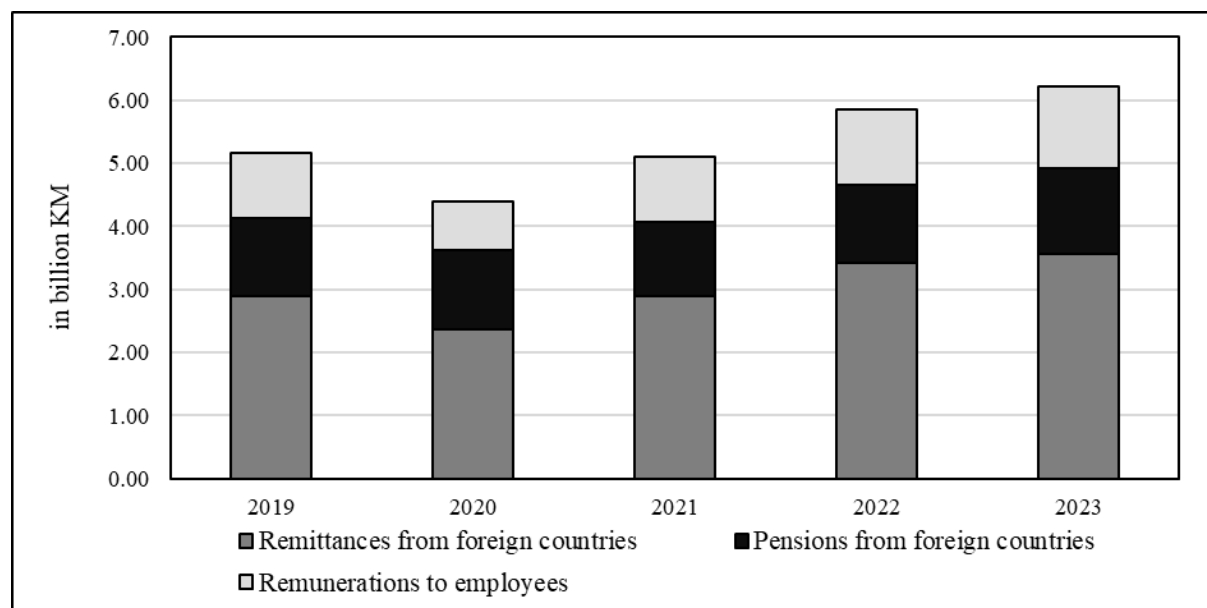
Graph 1.35: Account of Services in Balance of Payments



Source: CBBH

In addition to the surplus in the service account, the largest contribution to the decrease of the current account deficit was that of the surplus in the secondary income account, primarily based on workers' remittances from abroad (Graph 1.36). Despite the modest volume of economic activities in developed countries, strong labour market indicators as well as nominal wage growth resulted in net inflows based on workers' remittances in the amount of KM 3.56 billion, which represents an increase of 4.5%. In addition to workers' remittances, pensions from abroad as the second most important category of secondary income also achieved a 9.3% increase of net inflows in 2023. In addition, net inflows based on residents' wages abroad, which amounted to KM 1.30 billion, had a significant contribution to decrease of the current account deficit.

Graph 1.36: Remunerations to Employees in Foreign Countries, Remittances and Pensions from Foreign Countries



Source: CBBH

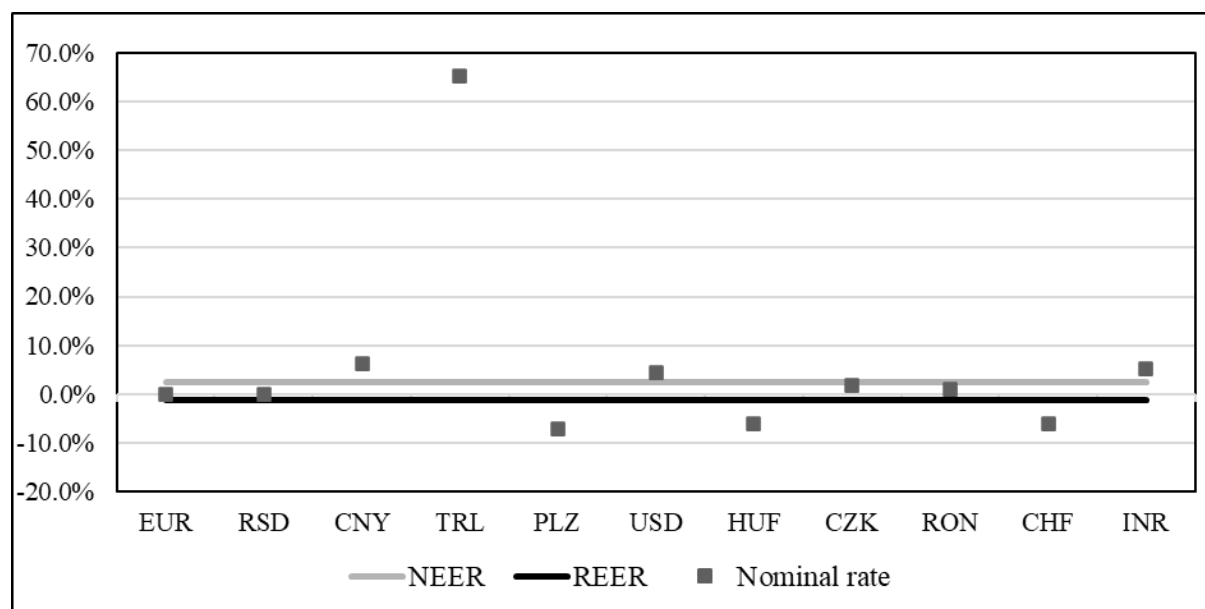
The current account deficit in 2023 was largely financed by net inflows based on foreign direct investment, as well as private sector borrowing from international creditors. Net inflows based on foreign direct investments reached the record high amount of KM 1.63 billion. Despite considerable net inflows on the basis of investments in debt instruments in the second quarter, more than half of the foreign direct investments value in 2023 was related to reinvested earnings. Within portfolio investments, there was an increase of investments in debt securities of foreign issuers in the amount of KM 402.0 million, mostly realized by banks and other financial institutions.

Within other investments, in the observed period, net outflow of funds in the amount of KM 605.1 million was recorded, mostly as a result of net outflow in the item of currency and deposits, which was quite present in the first half of 2023. In the observed period, based on currencies and deposits, there was an increase of foreign assets of all sectors at the same time accompanied by a decrease of foreign liabilities. The general government sector decreased its debt towards international creditors by KM 482.5 million in the observed period, while non-financial companies increased their debts based on loans. Due to contractions in the international trade in commodities, net inflows based on trade loans and advance payments declined by 4.1% in 2023.

II Nominal and Real Effective Exchange Rates

In the last four years, with the exception of short-term oscillations, NEER has had a distinct appreciation trend. At the end of 2023, NEER recorded an annual appreciation of 2.4%. The appreciation of NEER is due to the nominal appreciation of the euro, our anchor currency, towards the Turkish lira (65.4%), the Chinese yuan (6.3%) and the US dollar (4.4%) (Graph 1.37). On the other hand, real effective exchange rate, with the consumer price index used as a deflator (REER-CPI) since the beginning of the second quarter of 2023, shows a depreciation trend, as a consequence of much lower inflation rates in BH compared to the main trading partners countries⁵⁰. At the end of the reporting year, REER-CPI recorded an annual depreciation of 1.3%.

Graph 1.37: Annual Changes in KM Foreign Exchange Rate, December 2023



Source: CBBH

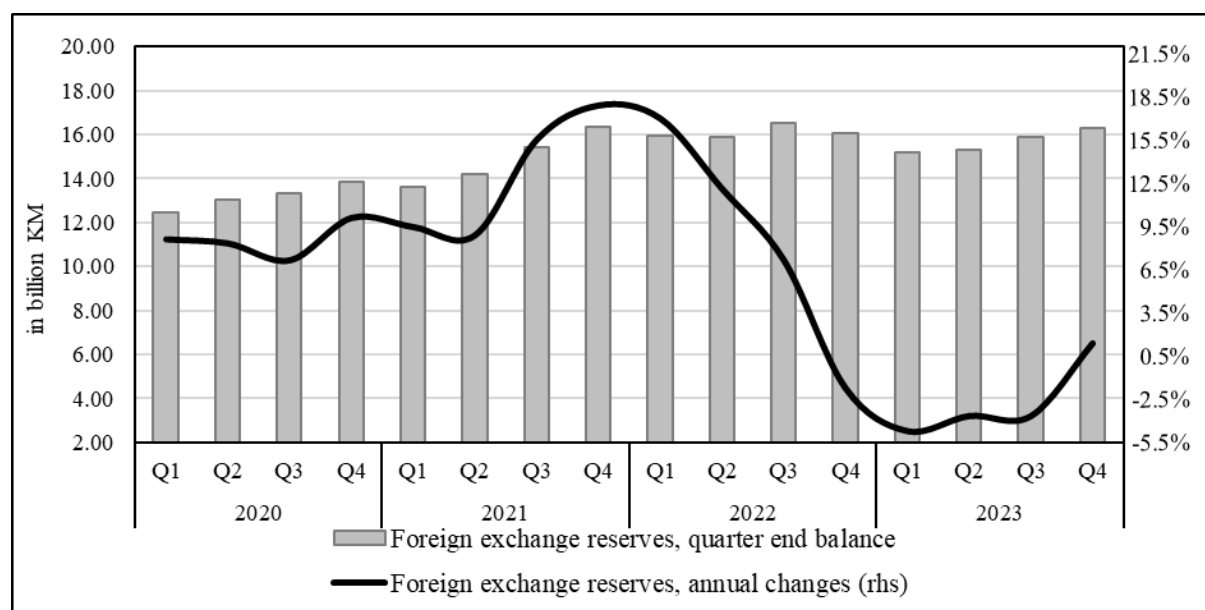
Note: Currencies are listed by the importance of the country in trade exchange in 2023. Report on the CBBH Activities in 2023.

⁵⁰ Of the ten most important trading partners in 2023, BH recorded a lower average annual inflation compared to seven countries (Serbia 12.1%, Croatia 8.4%, Austria 7.7%, Slovenia 7.2%, Turkey 54.0%, Poland 10.9% and Hungary 17.0%)

2 Report on the CBBH Activities in 2023

In December 2023, the net foreign exchange reserves amounted to KM 16.29 billion and increased by KM 224 million (1.39%) compared to the same period last year (Graph 2.1). Such foreign exchange reserves trend in 2023 was influenced by the foreign debt servicing, the absence of foreign borrowing by governments, the stronger effects being neutralised by inflows from remittances, and net inflows of foreign direct investment. The decrease of foreign exchange reserves recorded in the first quarter is not unusual, and to a significant extent, it is a result of the negative cumulative purchase and sale balance with commercial banks and internal depositors, as well as significant foreign debt repayment. During the second quarter, the foreign exchange reserves recorded no significant fluctuations, and in the third and fourth quarters, foreign exchange reserves increased, mainly due to the positive significant impact of the tourist season. In the last three months of 2023, the foreign exchange reserves increase is due to a decrease of banks' foreign assets, and the consequential positive KM purchase and sale balance with commercial banks recorded in December 2023.

Graph 2.1: The CBBH Foreign Exchange Reserves



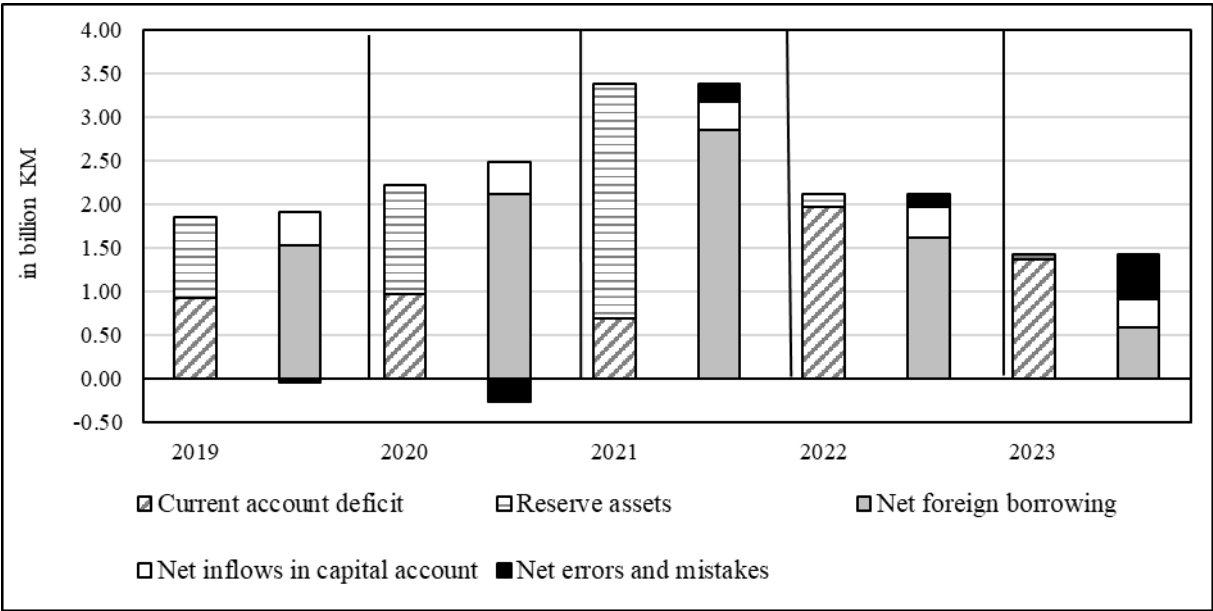
Source: CBBH

All the transactions that affect the foreign exchange reserves level are reflected, at the aggregate level, in the trend of KM purchase and sale with the CBBH. During 2023, the CBBH achieved a negative cumulative KM purchase and sale balance with commercial banks and internal

depositors in the amount of KM 237.3 million, which affected the foreign exchange reserves decrease. Foreign debt repayment, as another factor influencing the foreign exchange reserves decrease, in 2023 reached the cumulative amount of KM 1.25 billion. Changes in the value of the CBBH portfolio due to favourable market conditions in 2023 had a significant positive impact on the foreign exchange reserves (see Chapter 2.3).

Graph 2.2 illustrates the changes in reserve assets, which, from a balance of payments point of view, mainly consist of the foreign exchange reserves of the CBBH. The current account deficit, which from a balance of payments point of view can be seen as a debt to foreign countries, is financed by net foreign borrowing from non-residents for an amount not covered by net inflows in the capital account. Net foreign borrowing can be in the form of foreign direct investment, which is the most convenient form from a macroeconomic point of view, or in the form of borrowing from non-residents by the government, companies or financial sector. The amount of net foreign borrowing above the current account deficit level increases reserve assets, i.e. foreign exchange reserves in the observed period. Net foreign borrowing from non-residents in 2023 was well below the current account deficit level. Nevertheless, net inflows in the capital account, as well as a very high value of the net error and mistakes item, which from the balance of payments point of view compensates for a part of the current account deficit, resulted in the growth of reserve assets in the observed period by KM 51.7 million.

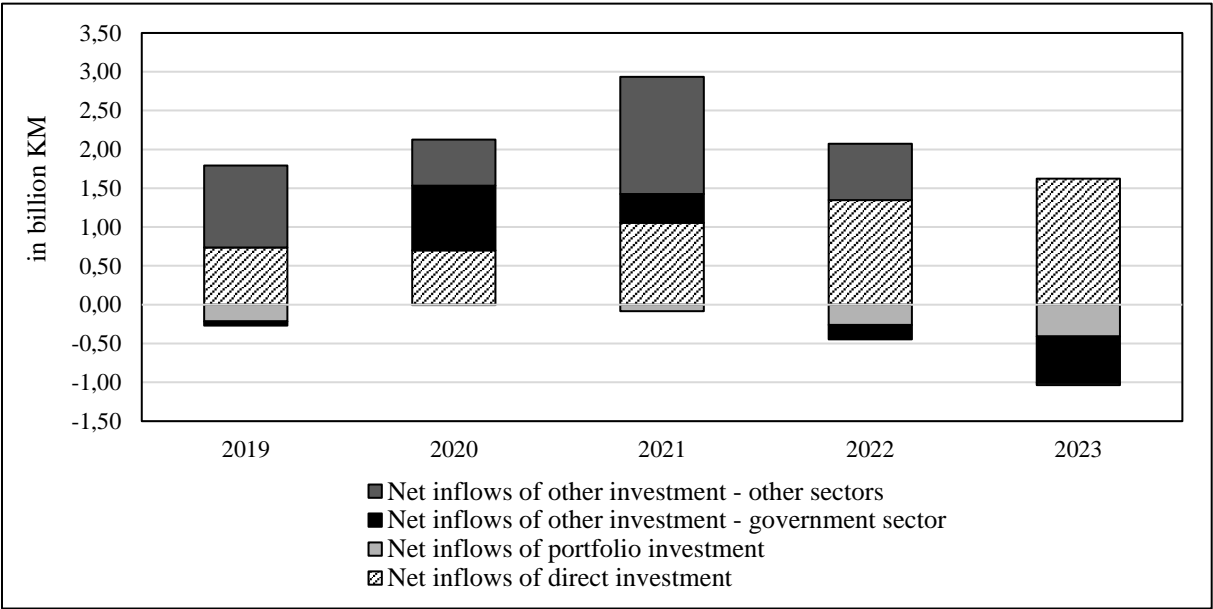
Graph 2.2: Impact of Balance of Payments Items on the Foreign Exchange Reserve Growth



Source: CBBH

Net foreign borrowing in 2023 was significantly lower than in 2022 (63.8%), and the borrowing structure itself was different (Graph 2.3). The government sector borrowing, which particularly during the pandemic period had a significant contribution to the growth of reserve assets, did not take place in 2023 on a significant level, so repayments of loans to international financial institutions were significantly higher than new debts. Also, net outflow of funds in the observed period was recorded on the basis of portfolio investments, as a result of investments of companies from the financial sector in debt securities. Net foreign borrowing was under a positive effect of net inflows on the basis of foreign direct investments, which recorded an increase of KM 278.2 million in 2023, of which the largest part relates to reinvested earnings. Within other investments, private sector inflows, primarily in the form of trade loans and advance payments, but also loans to non-financial companies, had an effect on reserve assets.

Graph 2.3: Structure of Net Foreign Borrowing



Source: CBBH

2.1 Monetary Policy

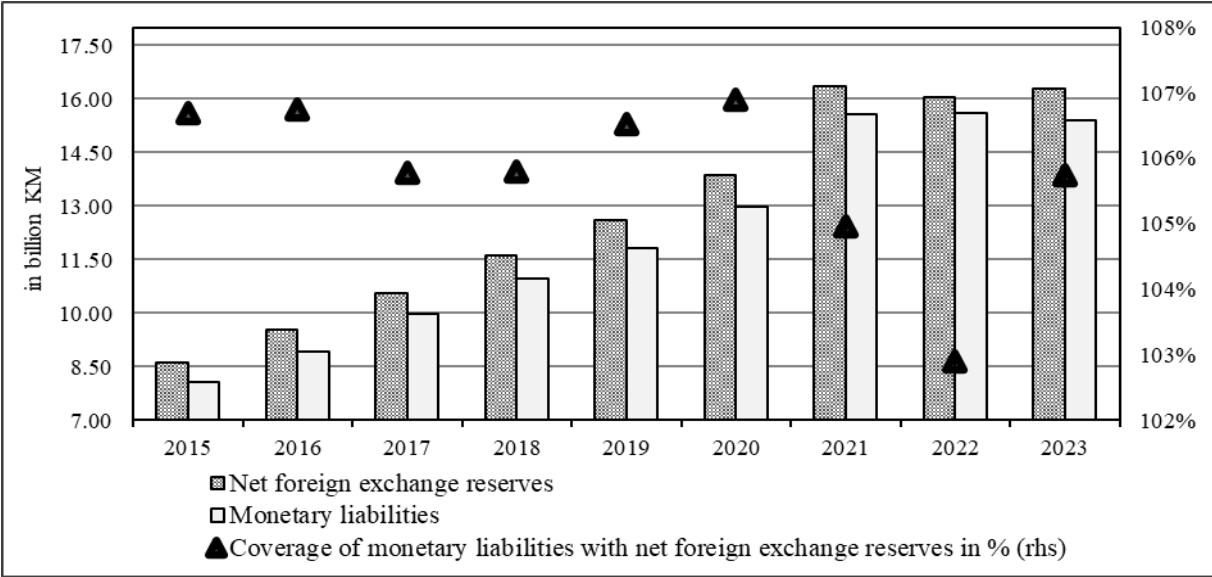
In 2023, the CBBH fulfilled the objective defined by the Law, the issue of the local currency according to the currency board arrangement. According to Article 31 of the CBBH Law, the Bank is obliged to ensure that the total amount of its monetary liabilities should never exceed the equivalent amount of its net foreign exchange reserves, which was completely met.

According to the Law, the total amount of the monetary liabilities of the Central Bank is always the sum of the following:

- (A) all the banknotes and coins put into circulation by the Head Office, Main Units and other Branches of the Central Bank, and
- (B) credit balances of all accounts held in the books of the Central Bank and its organisational parts by resident account holders.

At the end of 2023, net foreign assets amounted to KM 886.2 million, which is higher by KM 434.7 million than at the end of 2022. At the end of 2023, net foreign exchange reserves amounted to KM 16.29 billion, having increased by KM 224.1 million (1.39%) compared to the same period last year. Monetary liabilities recorded a decrease of KM 210.5 million in the same period, due to a decrease of the total bank holdings in reserve accounts with the CBBH. The CBBH net foreign assets represent a buffer against market shocks that can have a negative impact on the fair value of financial instruments which foreign exchange reserves are invested in. The rate of coverage of monetary liabilities with foreign exchange reserves at the end of 2023 is significantly higher compared to the end of the previous year amounting to 105.8% (Graph 2.4). The increase of the coverage ratio is due to the timely and adequate adjustment of the foreign exchange reserves portfolio with regard to the expected growth of the ECB benchmark rates and yields on the euro area governments' debt securities (see Chapter 2.3).

Graph 2.4: Coverage of Monetary Liabilities with Net Foreign Exchange Reserves

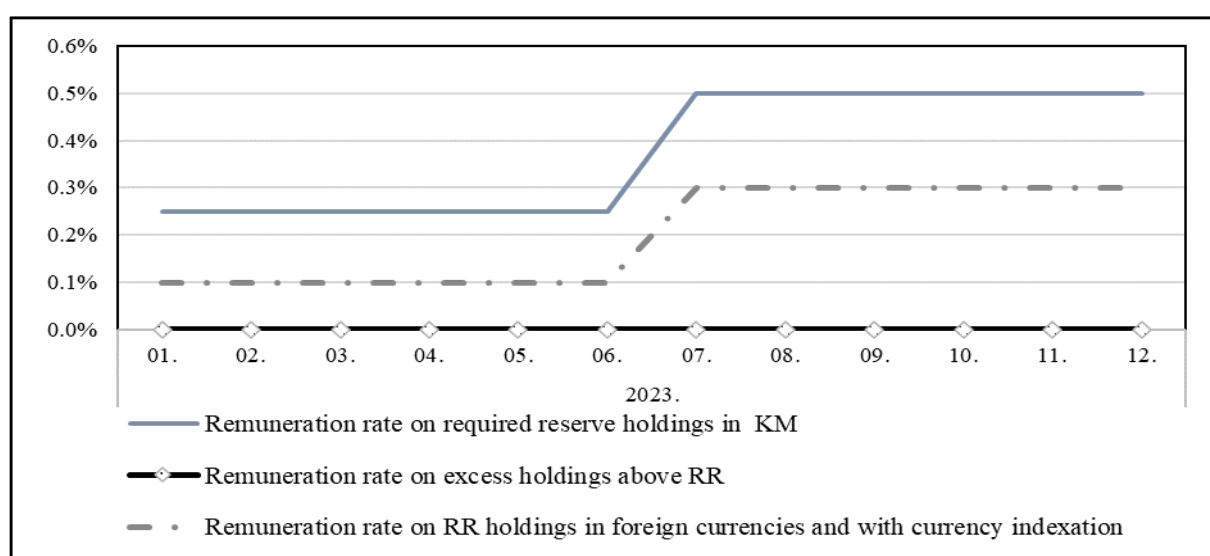


Source: CBBH

2.2 Reserve Accounts with the CBBH

The only monetary policy instrument available to the CBBH is a required reserve. During 2023, the CBBH did not change the required reserve rate, or the coverage of the base for the required reserve calculation. The reserve requirement rate is retained at 10%, and applies to all domestic and foreign liabilities of banks. With the increase of benchmark interest rates, due to the strong tightening of the monetary policy of the ECB, the central bank of our anchor currency, the CBBH communicated that the remuneration policy for holdings in bank reserve accounts will be harmonized with the ECB policy, with regard to the trend, but not necessarily with regard to the levels. As communicated to the public, the CBBH has chosen the principle of a higher remuneration on the required reserve holdings with KM base compared to the one for the foreign currency base. Also, it was communicated that the sources of financing cost will be one of the key parameters that will determine the rates of remuneration on reserve accounts with the CBBH. In May 2023, the CBBH Governing Board made a decision to increase the remuneration rates calculated by the CBBH on required reserves and excess holdings above the required reserve. Starting from 01 July 2023, the required reserve holdings with the base in the domestic currency KM are remunerated at the rate of 50 basis points (0.50%), the required reserve holdings with the base in foreign currencies and in domestic currency with currency indexation are remunerated at the rate of 30 basis points (0.30%). Excess holdings above required reserve are remunerated at zero remuneration. This Decision has remained in effect until the end of 2023 (Graph 2.3).

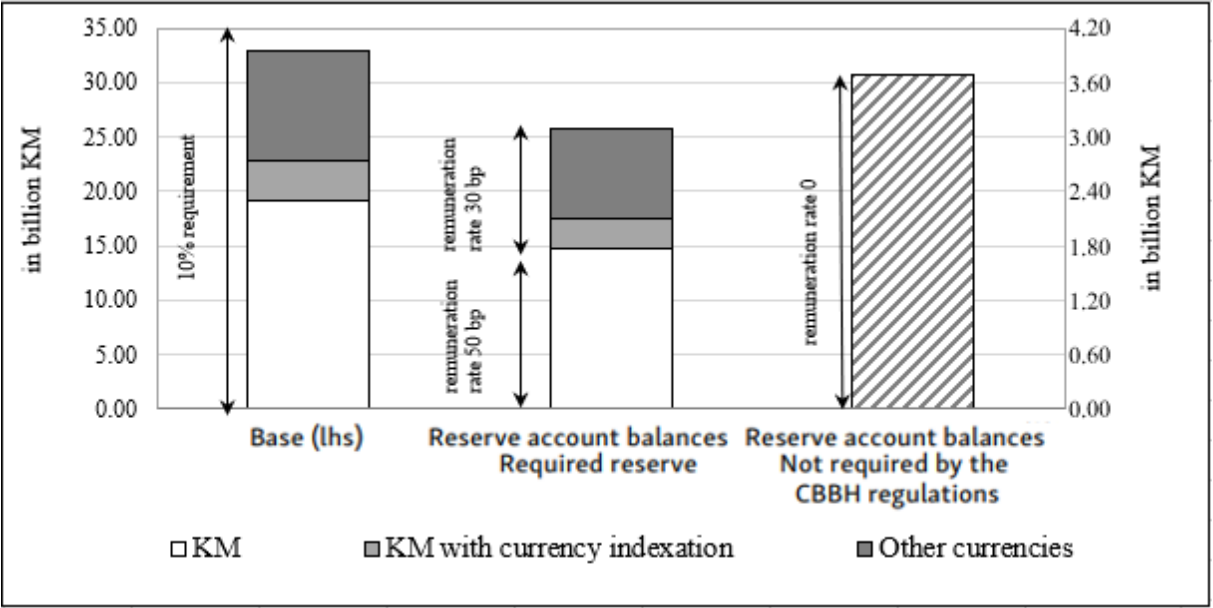
Graph 2.5: Required Reserve Policy in Respect of Remuneration Changes



Source: CBBH

Since the beginning of 2024, the CBBH has introduced changes to the reserve requirement policy, which imply greater flexibility in the monetary policy calibration. The key change relates to the obligation to allocate the required reserve from the base for the calculation of the required reserve in foreign currency. With the aim to facilitate transition, especially from the aspect of managing the net open position of banks, but also taking into account the effects on the CBBH investment policy, it was decided the implementation would take place in phases. This Decision defines that in the transition period, from January to September 2024, banks maintain the calculated required reserve in EUR by holding 5% of the calculated required reserve in EUR in the reserve account in EUR, while the remaining amount will be maintained in KM. The required reserve rate applied by the Central Bank is 10% for all currency and maturity categories.

Graph 2.6: Required Reserve Policy in Respect of Positions in the Latest Calculation Period in 2023

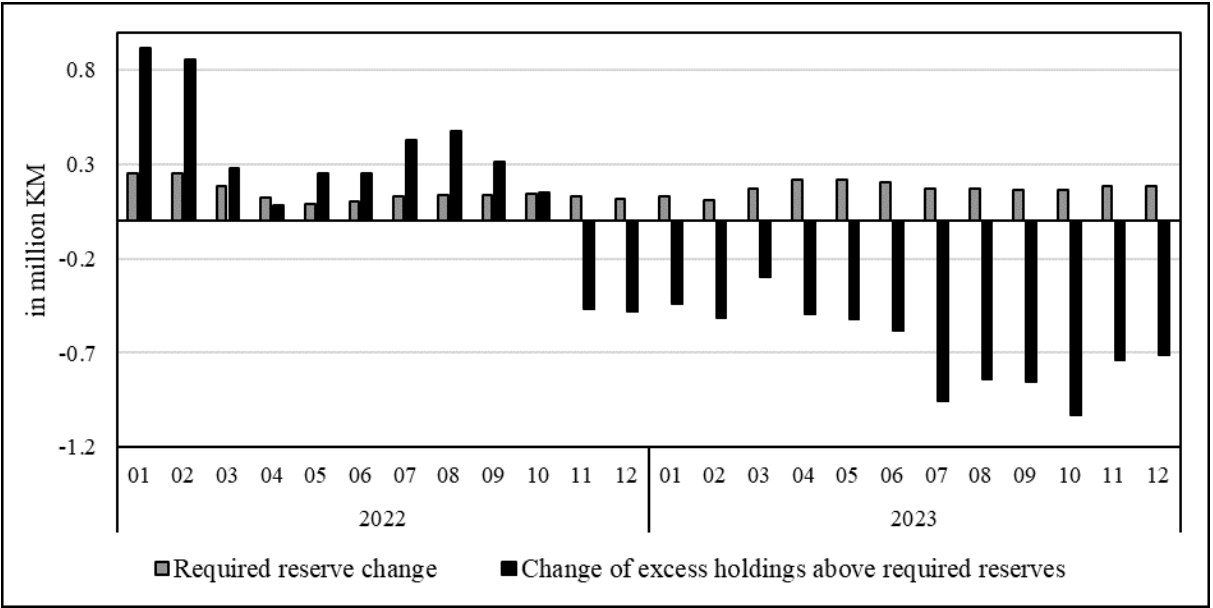


Source: CBBH

Note: Reserve account balances (surplus above RR), which are not required by CBBH regulations, include all currencies

In 2023, 22 banks were included in the required reserve system. All banks have fulfilled the obligation to make allocations to required reserve account. The strong growth of deposits of domestic sectors was a dominant growth factor for the base for the required reserves calculation in 2023, so the base for required reserve calculation throughout the year recorded continuous monthly growth (Graph 2.5).

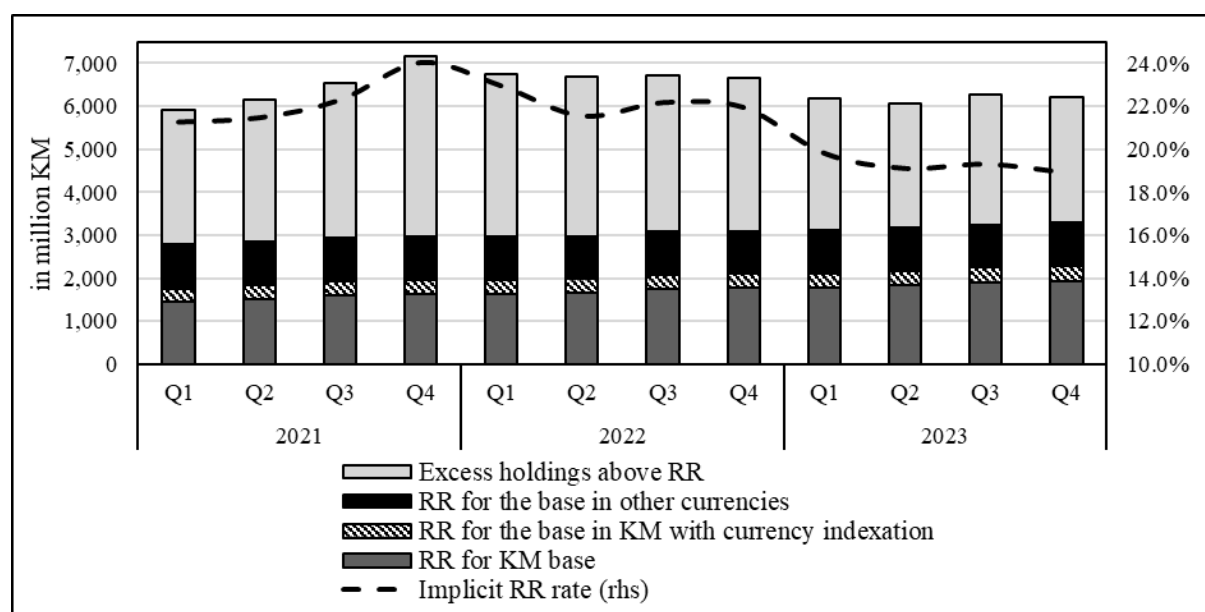
Graph 2.7: Annual Changes of Required Reserves and Excess Holdings above Required Reserve



Source: CBBH

At the end of the reporting period, the base for the required reserve calculation amounted to KM 32.88 billion, and compared to the same period last year, it increased by KM 1.9 billion. In the currency structure of the base, the KM base dominates with the share of over 58% at the end of the last calculation period in 2023, while the share of the base in KM with currency indexation and the foreign currency base is 10.9% and 30.6%, respectively. The share of the KM base in the total base for the required reserve calculation is higher by 1.2% compared to the same period of the previous year. These currency recompositions were only changes in the base structure, while at the aggregate level, the required reserve recorded continuous growth (Graph 2.8).

Graph 2.8: Balance of Reserve Accounts with the CBBH and RR Implicit Rate



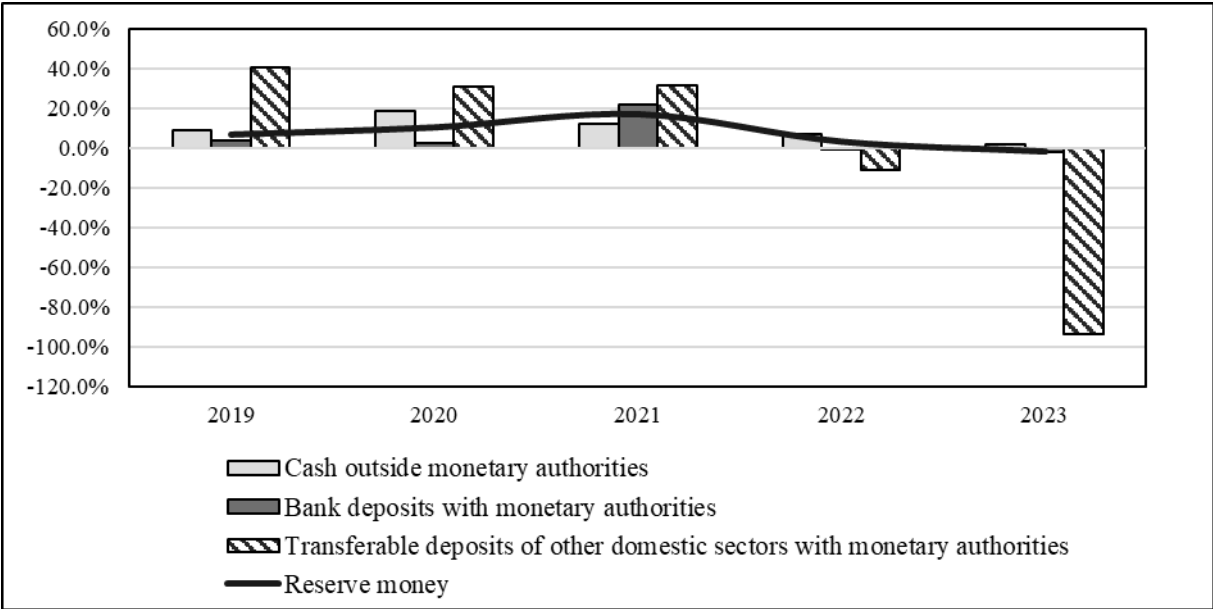
Source: CBBH

The total holdings in reserve accounts with the CBBH at the end of 2023 amounted to KM 6.20 billion and decreased by KM 570.7 million compared to the end of 2022. Consequently, the implicit required reserve rate was 18.9% and decreased by 3% compared to the same period of the previous year. At the end of December, the average holdings above the required reserve amounted to KM 2.92 billion. The significant decrease of excess holdings above the required reserve, having begun in the fourth quarter of 2022, continued throughout 2023. Consequently, the annual decrease of excess reserves in 2023 amounted to KM 709.86 million, which is a significantly larger decrease than the one recorded in the previous year (KM 480 million). Although the tendency to keep a significantly higher balance in accounts with the CBBH, compared to the prescribed requirement by the CBBH, is more visible for a few banks, it is evident that this is still a system development. Significant changes of the ECB monetary policy in 2023, as well as changes of conditions in the euro area financial markets should be taken into account.

After the short-term withdrawal of deposits from banks in the first quarter of 2022, a complete recovery of deposits took place during 2023, while the reserve money structure did not change significantly. Although at a much lower intensity, at the annual level, cash outside monetary authorities in the reserve money structure has seen growth, with the strong seasonal impact of cash outside banks increases in the summer months. Unlike the previous year, when the growth

of cash outside monetary authorities had a dominant impact, the reserve money trend during 2023 was primarily determined by changes in the balances of banks' reserve accounts with the CBBH. The continued growth of household and non-financial private companies' deposits during the last two quarters of 2023, however, was not sufficient to make this item in the reserve money structure return to the level recorded at the end of 2022. The growth trend of transferable deposits of other domestic sectors was ended in 2022, these deposits recording a decline, at the annual level, in 2023. Although the share of transferable deposits of other domestic sectors with monetary authorities in the reserve money structure is negligible, the decrease of this item of reserve money, in addition to the decrease of bank deposits with monetary authorities, resulted in a slight annual decrease of reserve money (Graph 2.7). The recorded significant monthly growth of reserve money of KM 544 million in the last month of 2023, due to the growth of deposits with monetary authorities, was not sufficient to neutralize the recorded decrease of reserve money during other months. At the end of 2022, reserve money amounted to KM 14.66 billion and decreased by 1.75% compared to the same period last year.

Graph 2.9: Annual Changes in Reserve Money Components



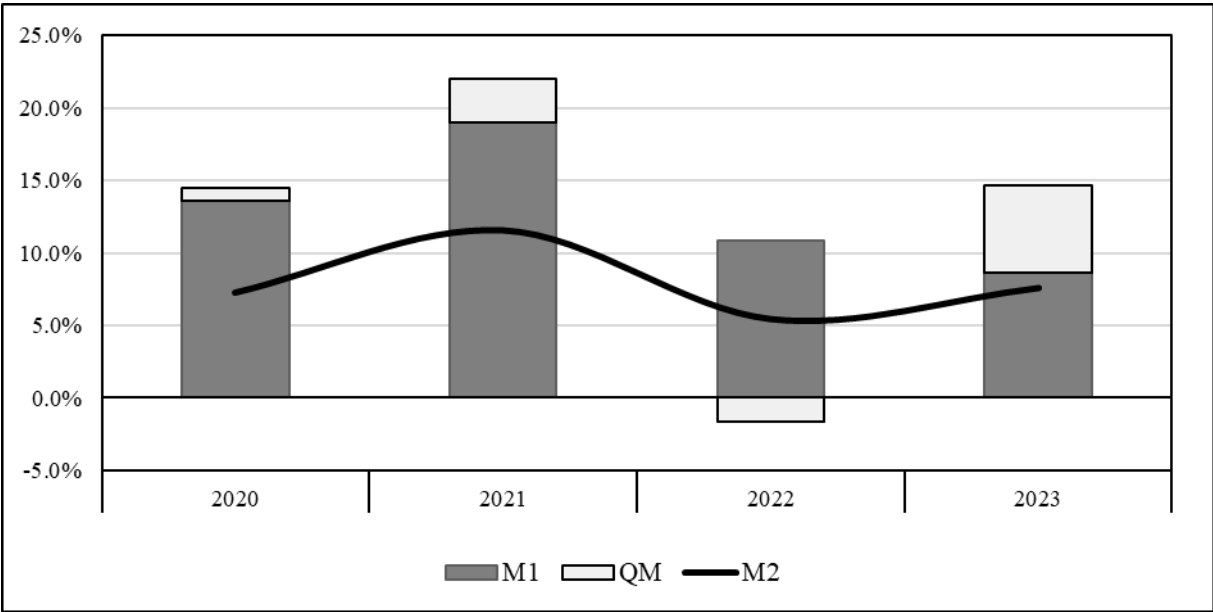
Source: CBBH

During 2023, there was a significant growth of money supply (KM 2.52 billion), with the increase recorded in all the components of broad money supply. In this regard, M1 and M2 monetary aggregates grew at a faster pace during 2023, to reach their historic highest values at

the end of 2023. The total money supply at the end of the year amounted to KM 35.76 billion, which is an increase of 7.6% compared to the same period last year. Out of the total money supply growth in 2023, KM 1.7 billion was related to the growth of the M1 monetary aggregate (of which KM 1.3 billion to the growth of transferable deposits in the local currency), and KM 788 million to the quasi money growth. The largest increase of transferable deposits in 2023 is still, as in the previous year, recorded mostly in the household sector.

The change of the broader monetary aggregate, quasi money (QM), as opposed to the previous year, was positive, entirely resulting from an increase of transferable and other foreign currency deposits (Graph 2.8). Having in mind the observed trends of both quasi money as well as transferable deposits in the local currency, the currency structure of banks' deposits at the end of 2023 indicates the continuing significant share of deposits in the local currency (over 60%) their share not changing significantly compared to the same period of the previous year.

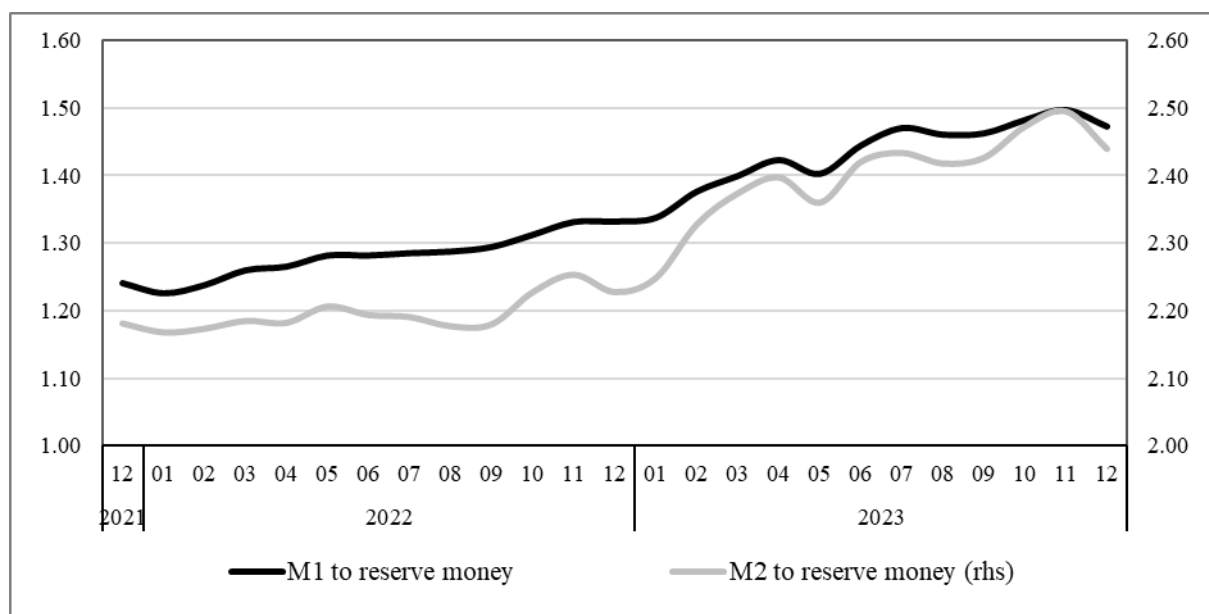
Graph 2.10: Annual Growth Rates of Monetary Aggregates



Source: CBBH

Changes in the trend of money supply components, as well as reserve money changes recorded during 2023, were also reflected in monetary multiplication. Due to a faster growth of monetary aggregates compared to the growth of reserve money, monetary multipliers recorded significant growth throughout 2023, except during the last month when significant monthly growth rates of reserve money were recorded (Graph 2.9).

Graph 2.11: Monetary Multiplication



Source: CBBH

Regulatory data also indicate a steady growth of domestic sources of funds (Table 2.1). The share of short-term financial liabilities in the total financial liabilities is still high. The growth of transferable deposits has again (as in the previous year) influenced the increase of liquidity indicators. A very high percentage of short-term towards the total financial liabilities of banks indicates a still unfavourable maturity structure of sources, which is currently not favourable for a stronger growth of long-term loans. A stronger growth of deposits than lending resulted in the total amount of deposits significantly exceeding the total amount of loans over the entire reporting period in 2023. Liquidity coverage (LCR)⁵¹ and net stable funding (NSFR)⁵² ratios, in the third quarter of 2023 at the system level, amounted to 238.7% and 159.8%, respectively, with almost all the banks in the system recording significantly higher indicator values than the defined minimum.

⁵¹ The liquidity coverage ratio (LCR) demonstrates banks' ability to withstand a 30-day liquidity stress scenario and is calculated as a ratio between a liquidity buffer, which would be liquid in times of stress and net liquidity outflows calculated in accordance with established scenario parameters over the next 30 calendar days. Banks are required to maintain LCR in the amount of at least 100%.

⁵² The net stable funding ratio (NSFR) is a new FSI that demonstrates the ability of banks to withstand market disruptions over a period of one year. This FSI is calculated as the ratio of available stable funding to the required stable funding.

Table 2.1: Liquidity Indicators of BH Banking Sector

	Liquid assets to total assets	Liquid assets to short term financial liabilities	Deposits to credits	Short term financial liabilities to total financial liabilities
Q1	28.4%	58.4%	109.7%	57.4%
Q2	28.4%	59.1%	109.6%	56.4%
Q3	29.6%	61.6%	112.5%	56.6%
Q4	29.2%	61.0%	112.7%	56.2%
Q1	27.7%	57.5%	113.2%	56.3%
Q2	26.9%	52.7%	114.9%	59.7%
Q3	27.6%	49.8%	117.8%	64.9%
Q4	28.6%	51.3%	120.7%	65.4%
Q1	28.5%	51.2%	122.3%	65.5%
Q2	27.8%	49.0%	125.4%	66.5%
Q3	28.5%	49.9%	127.7%	67.2%
Q4	30.7%	51.3%	130.3%	68.8%
Q1	29.3%	49.2%	124.6%	68.9%
Q2	29.6%	48.7%	126.1%	70.3%
Q3	30.8%	49.8%	129.3%	71.5%
Q4	30.5%	48.4%	130.8%	72.6%
Q1	29.4%	48.0%	129.8%	70.9%
Q2	28.8%	47.0%	130.0%	71.0%
Q3	30.3%	49.5%	132.0%	71.3%

Source: CBBH

2.3 Foreign Exchange Management

In accordance with the Law on the CBBH and corresponding internal acts (investment guidelines, strategic asset allocation and risk rules and parameters), the CBBH manages foreign exchange reserves based primarily on the principles of safety and liquidity. Given that, according to Article 34 of the Law on the CBBH, it is not allowed to invest more than the equivalent of 50% of the total un-reduced capital and reserves in currencies other than EUR, the CBBH invests more than 99% of its foreign exchange reserves in financial instruments denominated in EUR. In the interbank market of the euro area, during 2023, there was an increase in yields and interest rates, and therefore the CBBH invested foreign exchange reserves on more favorable terms compared to previous years. This environment implies higher net income from investing foreign exchange reserves.

Decisions on the management and investment of foreign exchange reserves are made at three levels within the CBBH organization: strategic – Governing Board; tactical - the Investment Committee, and operational - competent departments of the Sector for monetary operations, foreign exchange reserves management and cash management. The Governing Board sets the investment guidelines, defining the maximum risk tolerance, the trade-off between risk and return, strategic allocation of assets, investment restrictions, investment period and benchmark for performance evaluation. The Investment Committee operates within the framework of binding legal restrictions and Investment Guidelines adopted by the Governing Board, as well as rules and risk parameters related to the investment of foreign exchange reserves. Decision-making and responsibility for the daily management of foreign exchange reserves is at the operational level, which operates in accordance with guidelines, rules and risk parameters.

During the 2023 in the process of managing the foreign exchange reserves, we were continuously considering the available information from the relevant money and capital markets in the euro area and globally, as well as available forecasts that could influence the investment of foreign exchange reserves in the current year and in the coming period. Also, the possibilities and modalities of the CBBH's investment policy and management of foreign exchange reserves were analyzed, and corresponding changes in the investment policy were initiated in order to adapt to the new market conditions in the euro area. There were continuously analyzed also the information related to the ratings of the foreign banks with

which the CBBH has term deposits and current account funds, and of the countries that are issuers of securities composing the portfolio of the CBBH foreign exchange reserves.

The CBBH portfolio of foreign exchange reserves is primarily exposed to financial risks (interest, credit and liquidity risks), foreign exchange risk, and gold price risk. The management of interest rate risk, that is, the risk of a decrease in the market value of the foreign exchange reserves portfolio, due to hypothetical, unfavorable trends of the interest rates, implies: defining the target modified duration of the foreign exchange reserves portfolio, and the permitted deviation of the duration for the investment portfolio and for the total portfolio of foreign reserves, as well as the Value at risk monitoring.

The CBBH limits exposure to credit risk by investing in bonds of selected euro area countries, and by placing deposits in: selected central banks in the euro area, the Bank for International Settlements (BIS), and selected commercial foreign banks, if they meet eligibility standards as the contracting parties. The basic principle in credit risk management is the appropriate criteria for selecting the contracting parties and debt securities with fixed income, and avoiding excessive concentration of credit risk exposure to an individual contracting party. The stated standards and restrictions are reviewed and, if necessary, updated, while taking into account the official ratings of the world's leading rating agencies, as well as indicators obtained by applying internal methods for assessing credit risk.

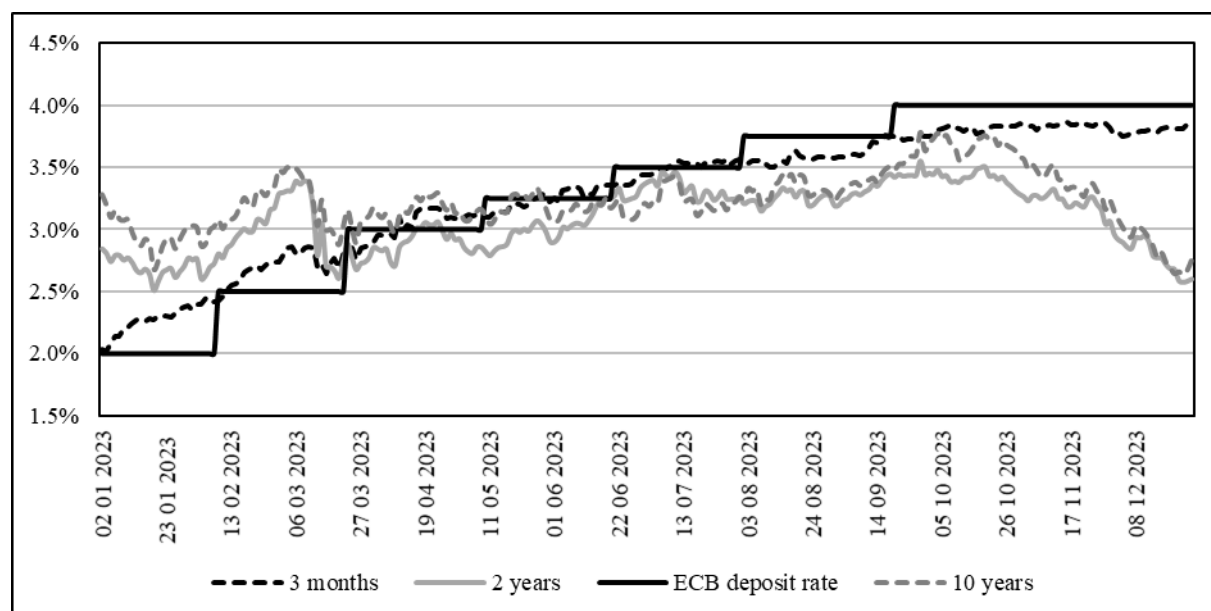
Liquidity risk management is based on the assessment of potential liquidity needs and the identification of liquid financial instruments. The instruments used to ensure daily liquidity are overnight deposits and funds on current accounts with contracting parties that meet the credit risk criteria, as well as due funds for all instruments.

Foreign exchange risk represents the risk of changes in the value of foreign currency assets and liabilities due to changes in the exchange rates in which foreign currency reserves are held and transactions are carried out, in relation to the domestic currency. Foreign exchange risk management is carried out primarily through the harmonization of the currency structure of the CBBH assets and liabilities, as well as by setting quantitative limits for exposure to foreign exchange risk.

During 2023, the leading central banks pursued a restrictive monetary policy, trying, among other things, to curb record high levels of inflation by increasing reference interest rates. The

FED increased its reference interest rate spread 4 times, by 25 basis points each. All three key ECB interest rates were increased in February, March, May, June, August and September 2023 (see Chapter 1.1), which was reflected to the Euribor trends, resulting in the growth of market yields on Eurobonds and government bonds of euro area countries of all remaining maturities (see Graph 2.12). The ECB entered 2023 with a key interest rate (Main refinancing operations) of 2.5%, which, after the last increase in September, reached the level of 4.5%. At the same time, the FED increased its reference interest rate range 4 times, by 25 basis points each. Short-term interest rates, as well as market yields on short- and medium-term government bonds of the euro area countries, have increased significantly compared to the values from 2022, which was largely contributed by the ECB increasing key interest rates in the euro area.

Graph 2.12: Average Daily Market Yields on the Euro Area Sovereign Bonds, and the ECB Deposit Rates in 2023



Source: ECB

A particularly evident growth of market yields was recorded at the shorter end of the yield curve (shorter remaining terms to maturity) on the bonds of the euro area countries. From April 2023, there was a noticeable inversion of the yield curve on the bonds of the euro area countries, which means that the market yields of shorter remaining terms until maturity were higher than the market yields of longer remaining terms of maturity (Graph 2.12). Yields on five-year and ten-year bonds of the euro area countries were, at the end of the year, below the levels recorded

at the beginning of 2023. The inversion was especially emphasized in the fourth quarter of 2023.

How strong the increase in market yields was, especially on bonds with shorter remaining terms until maturity, is shown by the levels of average market yields on bonds of euro area countries in 2023, which are significantly higher than market yields in 2022 (Table 2.2). Average market yields on three-month bonds of the euro area countries in 2023 (3.28%) were over 300 bp higher than in 2022 (Table 2.2).

Average yields on two-year bonds of euro area countries (3.08%) were over 200 basis points higher, compared to 2022, while in the case of five-year government bonds, the yield increase was over 150 bp. The growth of market yields contributed to a significant increase in the weighted average net interest rate (WAnIR, which is calculated as the ratio of realized net interest income/expenses and the average balance of foreign exchange reserves in the observed period). WAnIR in 2023 amounted to 2.14% (Table 2.2), which is significantly higher compared to the value from 2022 (0.09%), and represents the second highest achieved value of the WAnIR since 2008, when it was 4.18%. Observed by quarters, WAnIR was 1.25% in the first quarter, 1.83% in the second quarter, 2.45% in the third quarter, and rose to the level of 3.01% in the fourth quarter of 2023.

Table 2.2: Weighted Average Annual Net Interest Rate on the CBBH Foreign Exchange Reserves and Average Annual Interest Rates and Market Yields on the Euro Area Sovereign Bonds

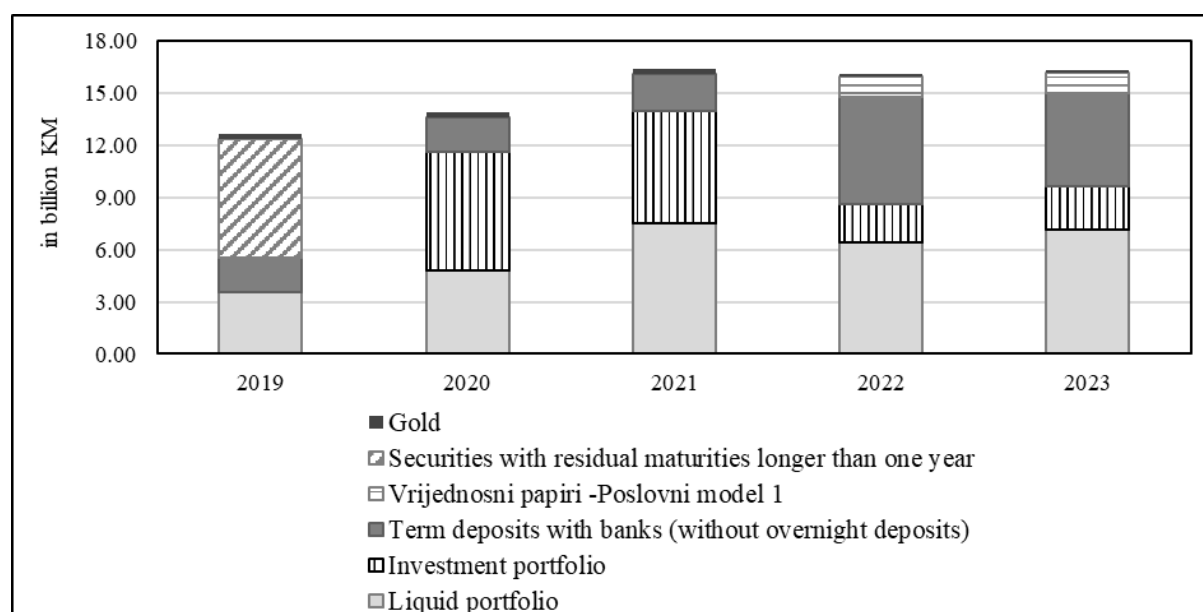
	WAnIR, %	ECB - deposit facility rate, %	ECB - main refinancing operations, %	Euribor, %		EUR bonds, %					
				1m	3m	months		years			
						3	6	1	2	5	10
2016	0.22	-0.38	0.01	-0.34	-0.27	-0.42	-0.39	-0.36	-0.32	0.01	0.77
2017	0.18	-0.40	0.00	-0.37	-0.41	-0.54	-0.52	-0.49	-0.39	0.18	1.09
2018	0.16	-0.40	0.00	-0.37	-0.32	-0.48	-0.43	-0.33	-0.13	0.46	1.14
2019	0.11	-0.43	0.00	-0.40	-0.36	-0.46	-0.42	-0.37	-0.27	-0.02	0.40
2020	0.04	-0.50	0.00	-0.50	-0.43	-0.50	-0.49	-0.47	-0.43	-0.27	0.08
2021	-0.08	-0.50	0.00	-0.56	-0.55	-0.64	-0.63	-0.62	-0.58	-0.37	0.10
2022	0.09	0.08	0.58	0.09	0.35	0.15	0.35	0.66	0.97	1.44	1.91
2023	2.14	3.30	3.80	3.25	3.43	3.28	3.33	3.27	3.08	2.99	3.24
Change (in bp) in 2023, compared to:											
2022	205	322	322	315	309	313	298	261	211	156	132
2008	-204	29	58	-103	-121	-37	-31	-38	-63	-96	-109

Source: ECB, CBBH, www.global-rates.com

Note: Average annual interest rates and market yields are calculated as the average of daily interest rates and market yields in the observed year. The ECB deposit rate is in the period 21 December 2022 – 07 February 2023 was 2%, and in 2023 it was increased six times. The level of the ECB deposit rate at the end of 2023 was 4%.

The structure of foreign exchange reserves at the end of 2023 (Graph 2.13) consisted of: term deposits with banks (without overnight deposits) with a share of 32.63%; liquid portfolio with share of 43.76%; investment portfolio (securities with over one year of remaining maturity) with a share of 15.28%; securities (Business model 1) with a share of 7.25%, and gold with a share of 1.08%. At the end of 2023, the liquid portfolio consisted of: current accounts with banks (11.12% of total foreign exchange reserves); overnight deposits (7.37% of total foreign exchange reserves); cash in the CBBH vaults (2.79% of total foreign exchange reserves); IMF special drawing rights (0.01% of total foreign exchange reserves), and; securities with one year or less of remaining maturity (22.47% of total foreign exchange reserves). Securities with one year or less of remaining maturity, as the largest item of the liquid portfolio, amounted to KM 3.66 billion at the end of 2023. Current accounts with banks, as the second largest item of the liquid portfolio, amounted to KM 1.81 billion at the end of 2023.

Graph 2.13: The Structure of the CBBH Foreign Exchange Reserve Investment at Year End



Source: CBBH

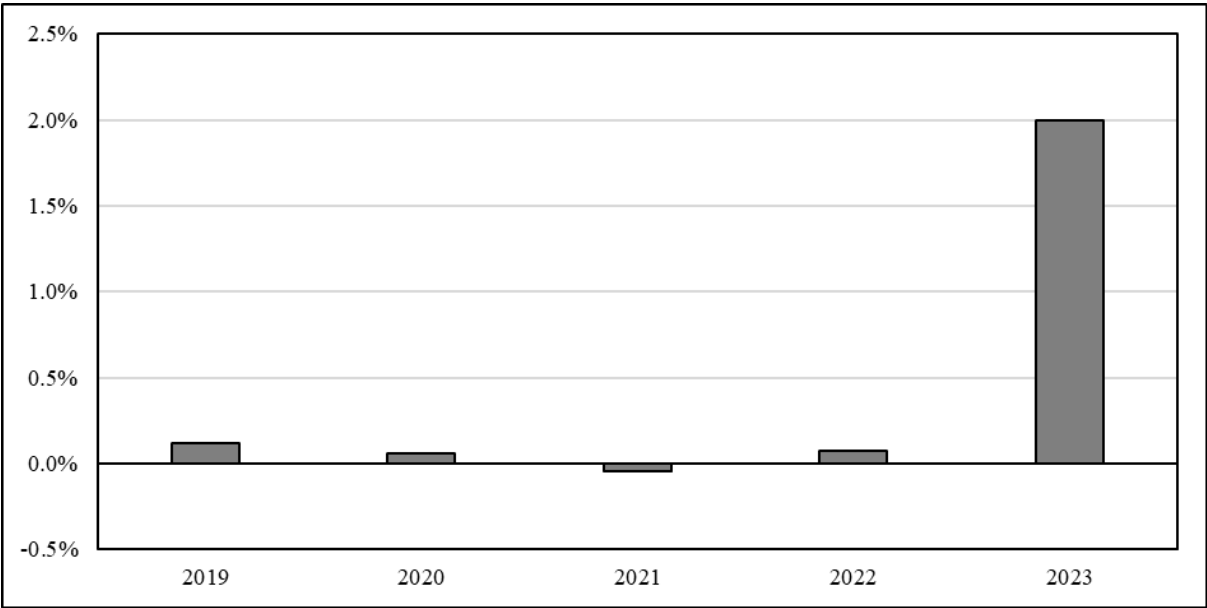
Fixed income securities, at the end of 2023, accounted for 44.99% of total foreign exchange reserves, which is slightly higher than their share in foreign exchange reserves at the end of 2022 (43.94%). Funds deposited with non-resident banks at the end of 2023 accounted for 51.12% (51.50% at the end of 2022). In order to protect against credit risk, investments are made in securities of selected European countries, with restrictions on the minimum acceptable threshold of the composite credit rating and the required average credit rating of the portfolio.

The investment portfolio contains securities with more than one year to maturity. Securities with one year or less to maturity are an integral part of the liquid portfolio. Since February 2022, part of the securities portfolio is classified according to the amortized cost method (Business model 1).

The net effect of the investment of CBBH foreign currency funds in convertible foreign currency on the income statement for the period 1 January to 31 December 2023 is KM 303.8 million , and expressed as an effective yield rate ⁵³ is 1.99% (Graph 2.14). The growth of the yield rates on investments in convertible foreign currency is a consequence of the increase in interest rates on short-term deposits in euros, and the yield of securities, but also the timely restructuring of the portfolio of foreign exchange reserves, which was undertaken in 2022 and continued in 2023. A number of strategic and tactical investment decisions were taken, and a timely and adequate restructuring of the portfolio of foreign exchange reserves was carried out, including a significant shortening of the average modified duration of the total portfolio of foreign exchange reserves. In 2023, too, the CBBH remained consistent with its investment policy in accordance with legally defined goals and objectives, which implies that the official foreign exchange reserves are managed in a safe and profitable manner.

⁵³ The effective yield rate is calculated by dividing the net effect of investing foreign currency reserves funds by the average balance of foreign currency reserves in the observed period. When calculating the total net effects of investing foreign currency reserves funds, we took in account all net income from interest on securities and deposits in foreign currency, as well as realized net capital gains/losses due to the sale of securities from the portfolio of foreign currency reserves of the CBBH.

Graph 2.14: Annual Yield Rates on the CBBH Foreign Exchange Reserves

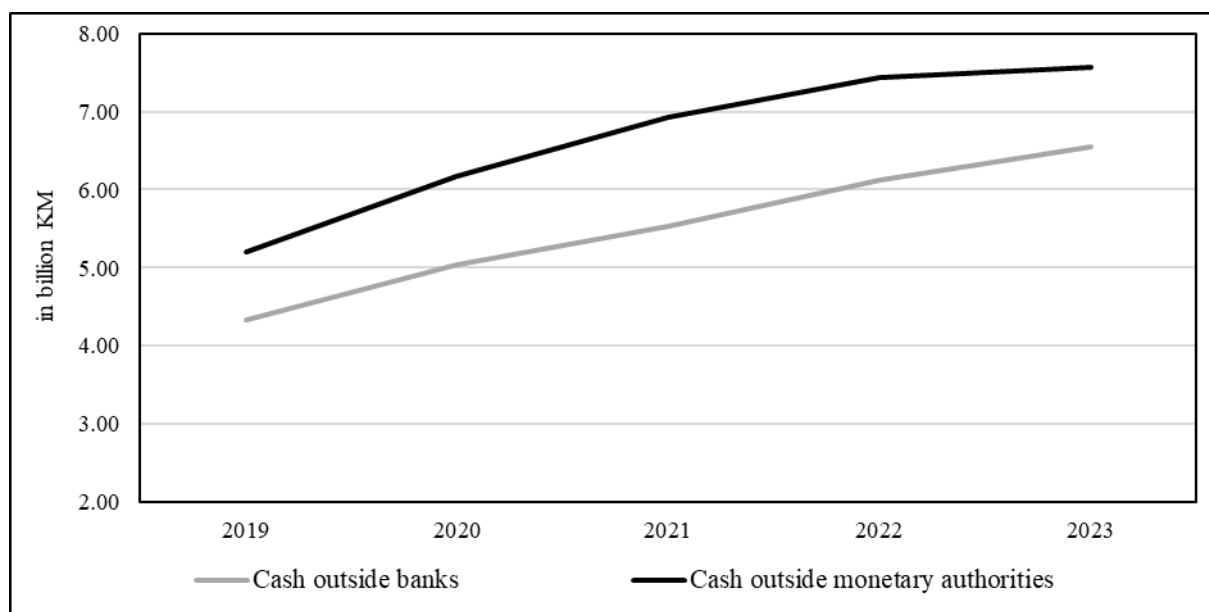


Source: CBBH

2.4 Cash Management

The trend of strong growth of cash in circulation (outside banks) from previous years has continued. On 31 December 2023, the balance of cash in circulation outside banks amounted to KM 6.54 billion (Graph 2.15), which is 6.80% more than in 2022. Probable reasons for the increase in demand for KM are the significant momentum in the tourism sector and related service activities (see Chapter 1.2.4), but also the growth of economic activity, despite still strong inflationary pressures (Chapter 1.1.1.), as evidenced by the strong growth in income from indirect taxes (Chapter 1.1.2). However, unlike previous years, the trend of strong cash increase outside the CBBH has stopped (Graph 2.15). The annual increase of cash outside the CBBH (1.73%) in 2023 was the lowest recorded since the establishment of the CBBH.

Graph 2.15: Cash outside Monetary Authorities and Banks



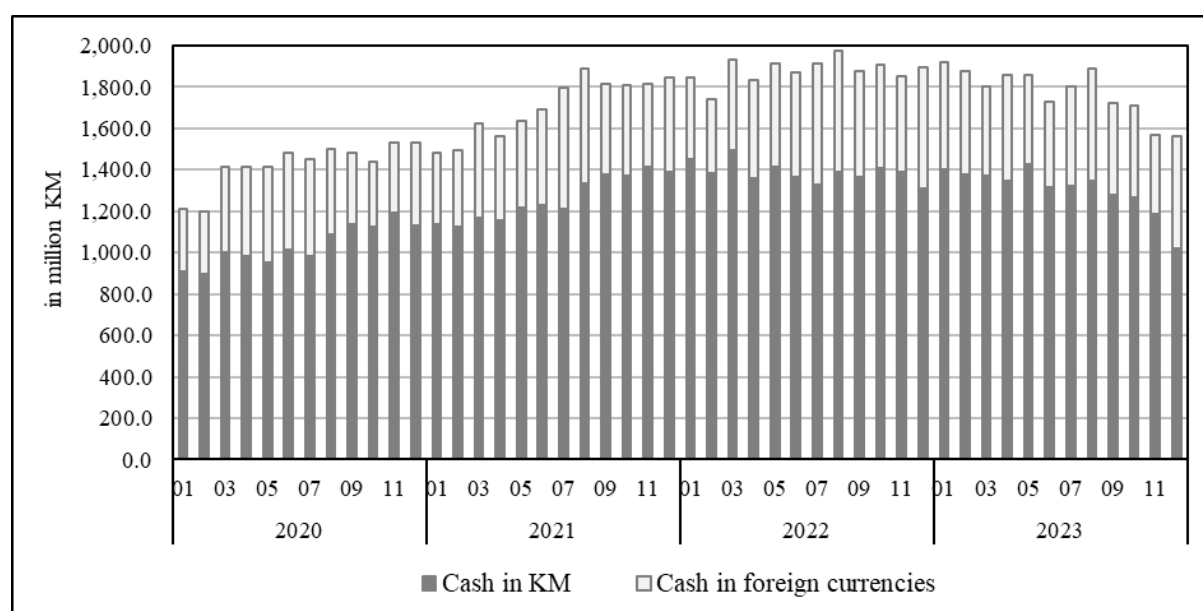
Source: CBBH

Contrary to previous years, commercial banks significantly reduced the amount of cash in their own vaults (Graph 2.16). The decrease in cash in KM was particularly evident, compared to the end of 2022 (KM 287.4 million, or 21.94%), while the decrease of cash in foreign currencies, in commercial bank vaults, was much milder (KM 43.7 million). This kind of change is certainly not worrisome, because there is no shortage of cash in the system, either with banks or with their clients. However, it should be borne in mind that working with cash is expensive. From the point of view of domestic regulations on liquidity risk management in banks, there is no difference between cash, balances in reserve accounts, and securities of domestic governments. Also, there are no indications of deteriorating liquidity in the banking system⁵⁴. What is noticeable in the structure of bank assets, compared to the end of 2022, is a significant increase of debt securities in local currency (KM 621.9 million, or 57.3%). Bearing in mind the regulations on liquidity risk management, as well as the significant differences between the yield on domestic securities (see Chapter 1.1.3) and the remunerations paid by the CBBH to banks for the funds on their reserves accounts (see Chapter 2.2), it is certain that banks redirected a part of cash from their vaults, but also of their excess reserves (Chapter 2.2) to

⁵⁴ See Financial Soundness Indicators, Financial Stability Risk Assessment, and Financial Stability Report, all available on the CBBH website.

debt securities issued by domestic governments. In addition to all of the above, there was also an increase in loans (Chapter 1.1.3) compared to the previous year. As for the reduction of cash in foreign currencies, a part of cash in foreign currencies, in commercial banks' vaults, was probably reduced, together with a part of the excess reserves, in favor of securities issued by non-residents (increase of KM 287.3 million, or 22.6% compared to the end of 2022). However, from the daily changes of the foreign exchange reserves balance, we conclude that in question are very short-term instruments, and we do not notice any signs of strengthening of foreign exchange risk in the banking system.

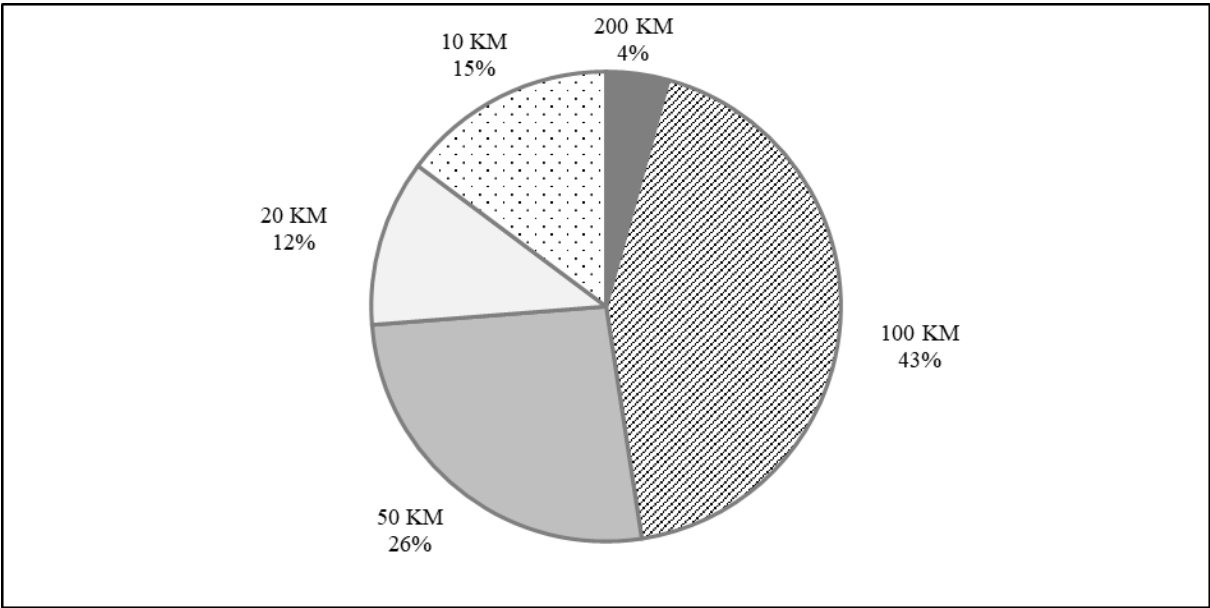
Graph 2.16: Positions of Cash in Bank Vaults



Source: CBBH

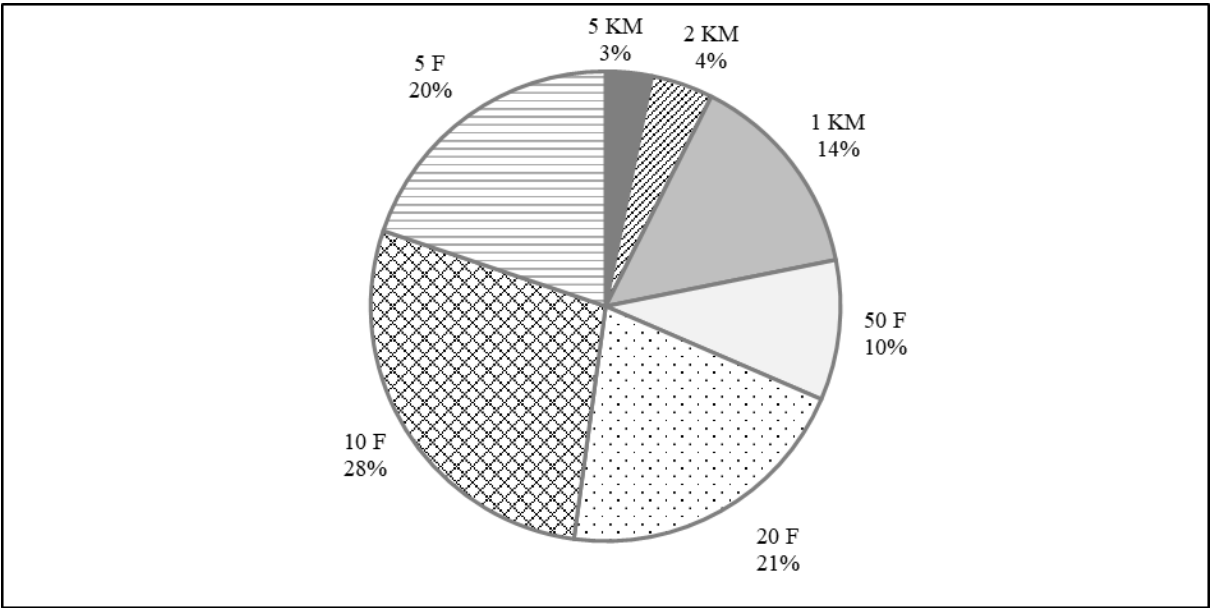
Outside the CBBH, at the end of 2023, there were 106.2 million KM banknotes and 514.5 million KM coins, with a total value of KM 7.57 billion, which is 1.73% more than in 2022. As for the denominational structure of money outside the CBBH, the most represented were KM 100 and KM 50 banknotes, and coins with a denomination of 10 F (Graphs 2.17 and 2.18).

Graph 2.17: Denomination Structure of Banknotes in 2023



Source: CBBH

Graph 2.18: Denomination Structure of Coins in 2023

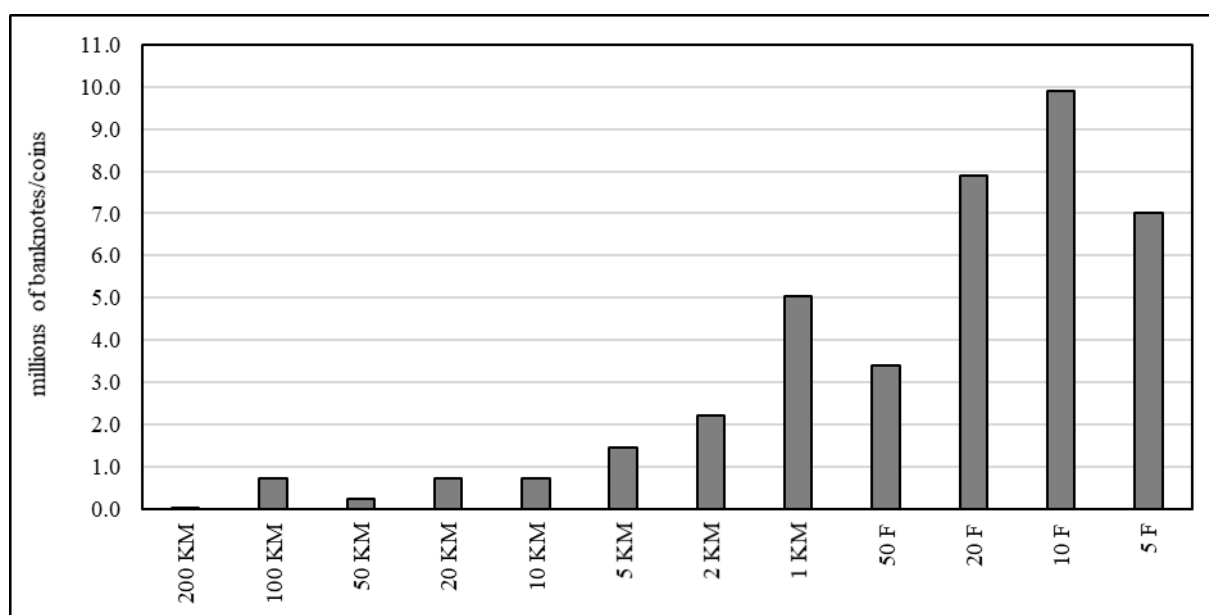


Source: CBBH

Unlike previous years, when the most significant annual growth in the number of banknotes was recorded in high denominations, in 2023 a significant growth was recorded only in the case of banknotes in denominations of KM 20 (8.87%) and KM 10 (6.24%) . The weaker demand for high-denomination banknotes is probably a consequence of commercial banks' policies to

reduce cash holdings in their own vaults. Compared to 2022, the number of banknotes outside the CBBH increased by 2.4 million pieces (2.32%), with a total value of KM 107.7 million (Graph 2.19). In the same period, the amount of coins outside the CBBH increased by 36.9 million pieces (7.73%), with a total value of KM 21.3 million (Graph 2.19).

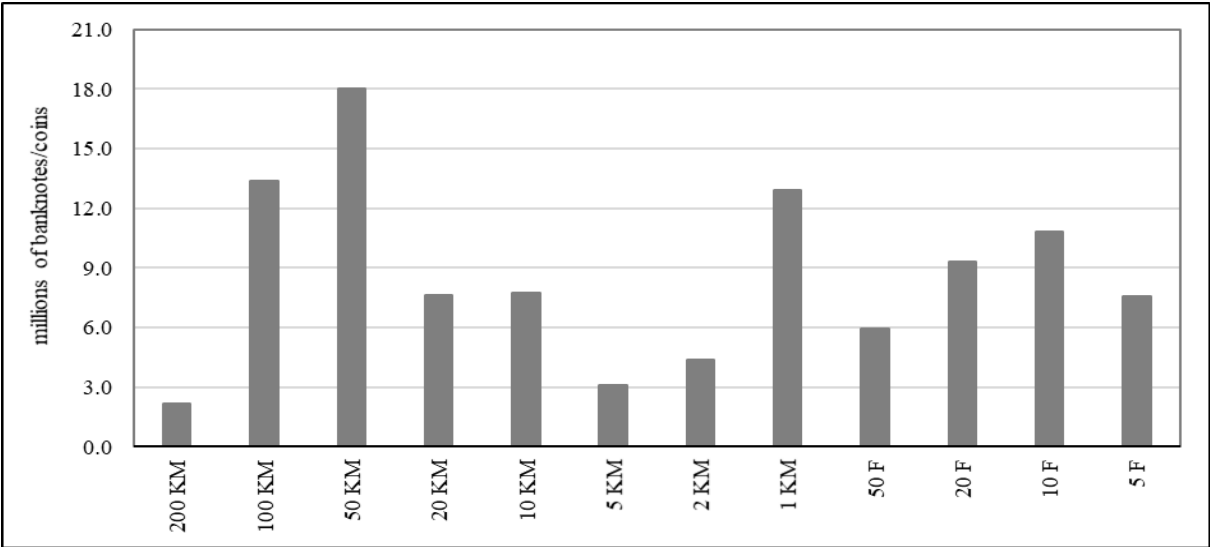
Graph 2.19: Change in the Number of Banknotes and Coins by Denominations Compared to 2022



Source: CBBH

Commercial banks are supplied with cash through the vaults of the CBBH Main Units and Branches, located in Sarajevo, Banja Luka, Mostar and Brčko, with strict adherence to the currency board arrangement. In the course of 2023, 48.9 million pieces of banknotes and 54.0 million pieces of coins were issued to commercial banks, with a total value of KM 2.94 billion (Graph 2.20).

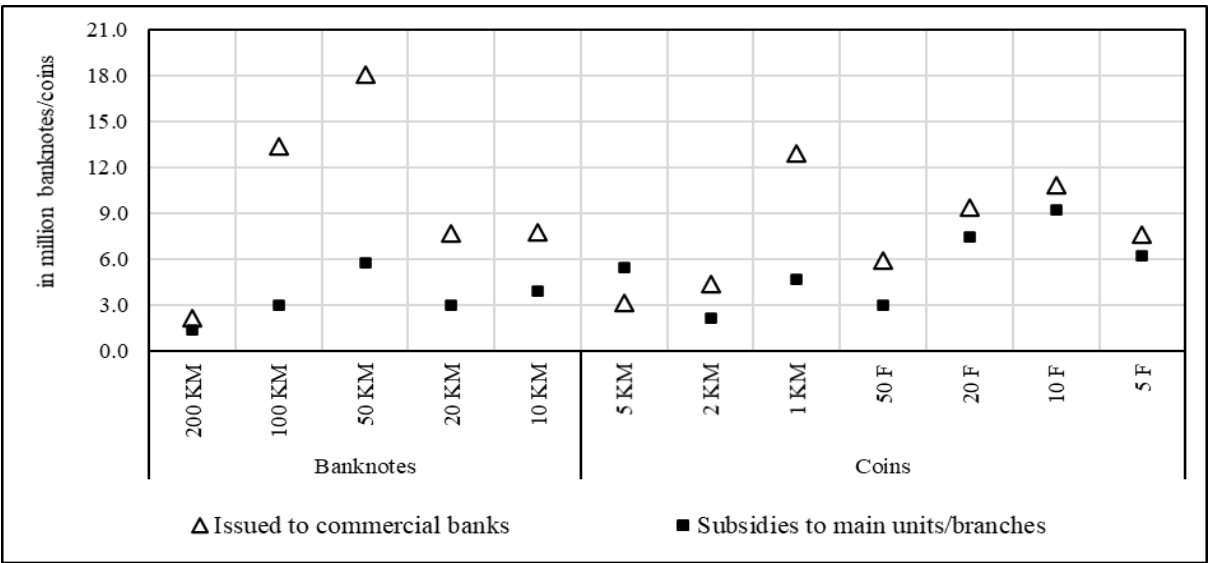
Graph 2.20: Banknotes and Coins Issued in 2023, by Denominations



Source: CBBH

In the same period, 17.0 million pieces of banknotes and 38.06 million pieces of coins, with a total value of KM 998.5 million, were handed over (cash supplies) from the Cash Management Department of the Head Office to the Main Units and the Brčko Branch. Graph 2.21 below implies that the CBBH took into account the commercial banks requests of cash in a certain denomination structure. Since commercial banks also return a significant amount of cash to the CBBH vaults, the cash supplies to the CBBH Main Units / Branches are, as a rule, significantly smaller.

Graph 2.21: Cash (KM) Outflows in 2023

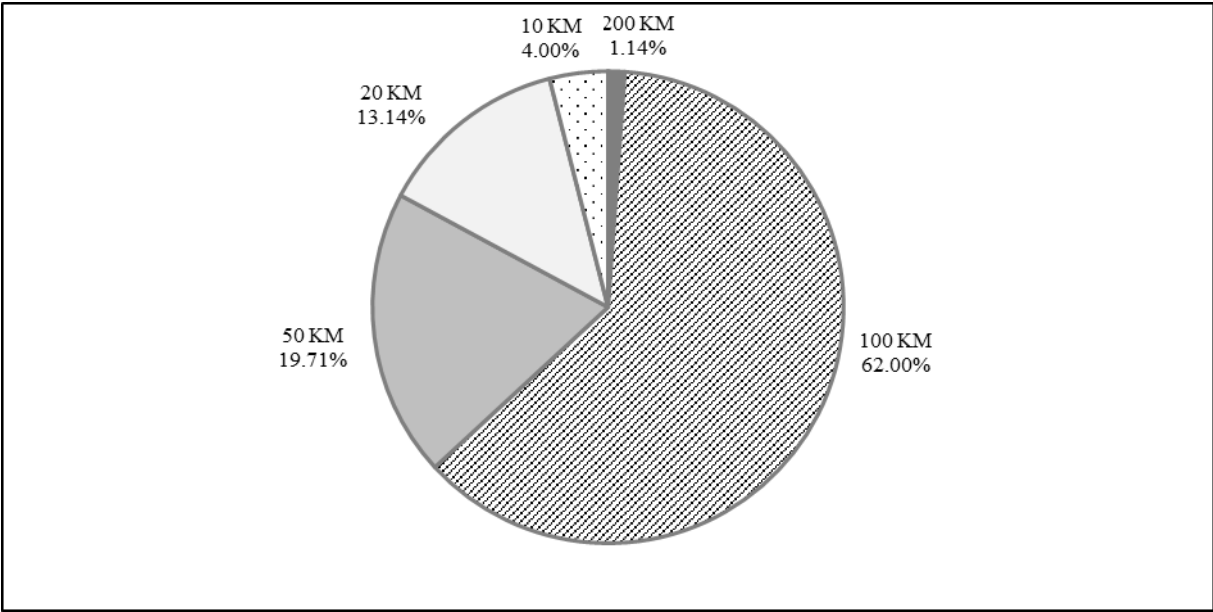


Source: CBBH

The CBBH continuously withdraws the banknotes unfit for the circulation, which are destroyed in accordance with the current regulations. By withdrawing unfit banknotes and putting new series of banknotes into circulation, the CBBH maintains a satisfactory quality of cash in circulation. In 2023, 12.0 million of banknotes’ pieces and 14,570 coins’ pieces unfit for circulation were destroyed.

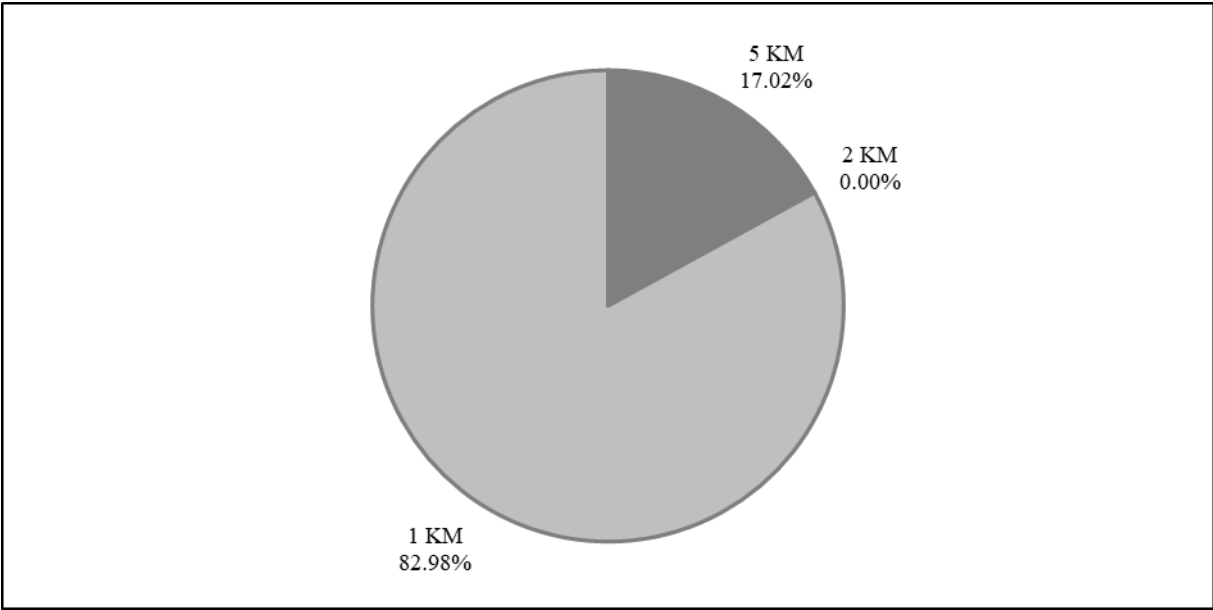
In 2023, 350 counterfeited banknotes of the convertible mark were recorded in the CBBH, which is by 53.5% more than in 2022, 423 pieces of counterfeited convertible mark coins were recorded, which is 10.0% less than in 2022. As per the denomination structure, the mostly counterfeited banknotes were in the denomination of KM 100 (Graph 2.22), and the counterfeited coins in the denomination of KM 1 (Graph 2.23).

Graph 2.22: Denomination Structure of Counterfeited Banknotes in 2023



Source: CBBH

Graph 2.23: Denomination Structure of Counterfeited Coins in 2023



Source: CBBH

2.5 Maintenance of Payment Systems

The CBBH has also met the legal obligation to maintain the corresponding payment and accounting systems in 2023: payment transactions in the country continued to run smoothly, through Giro clearing and Real Time Gross Settlement systems (RTGS); the Central Register of Credits (CRC) and the Single Register of Business Entities Accounts (SRBEA) were maintained and improved; and international clearing of payments with foreign countries was also performed. Recognizing their macroeconomic importance and the importance of safe and efficient payment systems for financial stability, the CBBH worked intensively to strengthen the capacity and operationalize the function of the payment systems’ oversight during 2023.

In 2023, the growth was recorded in both the number and value of interbank transactions in the payment systems that were carried out through the CBBH (Table 2.3). Compared to 2022, the growth was particularly emphasized in the number and value of transactions through the Real Time Gross Settlement system in (Table 21 in the Statistical Appendix). The annual change is less evident compared to the pandemic years, due to the base effect, but it is at the level of growth recorded in years with the approximate intensity of economic activity. As in earlier periods, most transactions in interbank payment transactions were performed in a few banks;

50.67% of the total value and 56.64% of the total number of payment transactions were carried out through five banks in 2023.

Table 2.3: Payment Transactions via Commercial Banks

	Interbank transactions	Change compared to the previous year	Intrabank transactions	Change compared to the previous year	Total	Change compared to the previous year
Number, in millions						
2019	43.6	3.0%	56.9	-3.3%	100.5	-0.7%
2020	43.8	0.4%	53.9	-5.2%	97.7	-2.8%
2021	48.0	9.6%	56.3	4.4%	104.3	6.8%
2022	49.7	3.6%	58.7	4.3%	108.4	4.0%
2023	50.8	2.3%	62.7	6.7%	113.5	4.7%
Value, in billion KM						
2019	123.05	19.8%	113.37	-1.8%	236.42	8.4%
2020	105.13	-14.6%	100.43	-11.4%	205.56	-13.1%
2021	122.40	16.4%	110.47	10.0%	232.87	13.3%
2022	145.83	19.1%	128.13	16.0%	273.95	17.6%
2023	163.10	11.8%	142.03	10.8%	305.12	11.4%

Source: CBBH

In 2023, a far greater number of both interbank and intrabank transactions was performed by clients - legal persons (85.0% and 69.2%, respectively). Therefore, and taking into account the average size of orders by legal persons, over 91% of the total value of intrabank transactions and over 96% of the total value of interbank transactions were related to this type of client. As for a type of transaction initiation, in 2023, in intrabank payment transactions, paper orders were slightly more prevalent (51.0% of the total number of orders), while 59.1% of interbank transactions were initiated by electronic orders. In 2023, the trend of significant growth of electronic banking clients continued, especially in the segment of natural persons (18.84%, to the number of 1.46 million users), with the largest part related to mobile banking. However, the number of active electronic banking clients is considerably lower; only 33.9% of natural persons - registered users actively used electronic banking in 2023. A particularly large disparity between active and registered natural persons using electronic banking (11.30%) is in the internet banking segment. The number of legal persons, active clients of electronic banking, was, in 2023, significantly higher than in the case of natural persons (69.9% of the total number of registered users). In 2023, the value of KM 150.17 billion of the electronic banking transactions was recorded, of which internet banking of the legal persons accounted for as much as 96.65% of the total value of electronic banking transactions.

Even after the disappearance of the base effect of the first post-pandemic year, in 2023 too, a strong increase in turnover at POSs (Point of sale) was recorded. In 2023, the value of realized transactions at POS terminals significantly exceeded pre-pandemic levels (Table 2.4). Internet sales continued to grow strongly (45.4%) compared to 2022 (Table 2.4), which was surely contributed by the new policies of sales chains in the country, the continued active use of goods' delivery services in the food and catering industry, but also by beginning of the delivery in Bosnia and Herzegovina by some of the world's largest online shops. Internet sales abroad accounted for 62.75% of total internet sales in 2023. Turnover at Automated Teller Machines (ATMs) also continued to grow strongly, which was expected, given the growth in nominal wages (Chapter 1.1.1, part III), and the growth in number of employees in 2023.

Table 2.4: Survey of ATM and POS Card Transactions

	2019	2020	2021	2022	2023
POS, in billion KM	3.26	3.19	2.94	3.77	4.42
Change compared to the previous year	4.3%	-2.1%	-7.7%	28.3%	17.1%
ATM, in billion KM	7.75	8.17	8.75	9.88	11.13
Change compared to the previous year	8.2%	5.3%	7.2%	12.9%	12.6%
Internet, in million KM	157.4	180.6	265.0	448.2	651.7
Total, in billion KM	11.17	11.54	11.96	14.10	16.20
Change compared to the previous year	8.6%	3.3%	3.7%	17.9%	14.8%

Source: CBBH

The strong growth in the tourism sector and related service activities in 2023 is best reflected in the strong growth of realized values through foreign Cards in BH (Table 2.5 below). The turnover by foreign Cards in Bosnia and Herzegovina, for the purchase of goods and services at POS, compared to 2022, is higher by as much as 26.32%. Cash withdrawals at ATMs in the country, using Cards issued abroad, also increased significantly compared to the previous year. On the other hand, the realized turnover abroad, via Cards issued in BH, is lower compared to the previous year.

Table 2.5: Realized Values in Card Transactions Based on Residence Principle

Year	Cash withdrawals		Purchase of goods and services at POS	Total
	ATMs	POS terminals		
Realized values by foreign cards in BH, in million KM				
2019	1,648.8	59.7	833.5	2,542.0
2020	1,117.6	59.7	399.3	1,576.6
2021	1,360.7	39.3	619.3	2,019.3
2022	1,793.1	63.0	1,105.1	2,961.1
2023	1,933.3	28.7	1,396.0	3,358.0
Realized values abroad by cards issued in BH, in million KM				
2019	165.3	3.0	426.8	595.1
2020	162.3	4.0	355.7	522.0
2021	143.4	3.4	447.0	593.8
2022	142.9	2.8	644.1	789.7
2023	153.4	3.0	594.0	750.3

Source: CBBH

Mastercard is still by far the most represented Card brand in BH (Table 2.6). The reason of that is that banks in Bosnia and Herzegovina generally accept Mastercard and Visa Card brands at ATM and POS. Other brands were represented in a very small number of banks. The number of contactless Card transactions in BH at ATM and POS, in 2023, was higher compared to contact ones (KM 91.94, versus KM 54.80 million), but the value of transactions realized via contact cards was significantly higher (KM 10.23 billion, i.e. 70.94% of the total value).

Table 2.6: Shares of Card Brands

Year	Visa	Mastercard	American	BamCard	Diners	Total
2019	757,775	1,348,275	7,304	12,280	12,970	2,138,604
2020	736,947	1,410,718	6,901	9,666	6,324	2,170,556
2021	749,874	1,452,272	6,382	10,371	30	2,218,929
2022	773,691	1,541,267	5,984	10,890	1,299	2,333,131
2023	831,883	1,601,158	5,682	13,953	1,674	2,454,350

Source: CBBH

In 2023, the CBBH also performed international clearing of payments between BH and Serbian banks. A total of 11,655 orders (+12.12% compared to 2022), whose value was 221.3 million euros (-23.2% compared to 2022), was placed through the system of the clearing method for calculating international payments with Serbia.

2.6 Role of the Fiscal Agent

The Law on the CBBH (Article 52) and the Law on Debt, Borrowing and Guarantees of BiH define that the CBBH provides the services of a banking agent, and executes transactions on the order of the Ministry of Finance and Treasury of BiH (MFT BiH) in connection with the servicing of the external debt of BH, and acts as a fiscal agent for BH's membership in international financial institutions. In accordance with the Agreement on the performance of banking and fiscal agent tasks between the CBBH and the Ministry of Finance and Treasury of BiH, the Central Bank of BH also performed the tasks of banker, depository, payment agent and fiscal agent during 2023. In 2023, this service included payment transactions in the country and abroad, management of deposit accounts and conversion of funds related to loans and donations according to contracts concluded by the Council of Ministers of Bosnia and Herzegovina with international financial institutions, tasks arising from arrangements and membership of Bosnia and Herzegovina in international financial institutions, and tasks of foreign debt servicing. Throughout 2023, the Ministry used favourable conditions on the international financial markets, and submitted orders for the investment of a part of the foreign currency funds having at the disposal.

CBBH provides banking services and executes transactions at the order of the Ministry of Finance of BiH, in connection with the servicing of BH's external debt. The MFT BiH is responsible for carrying out procedures for borrowing and managing the state debt, ensuring the coverage of liabilities in domestic currency and maintaining a database on the external debt of BH. The roles of the CBBH and the MFT of BiH, in terms of servicing the foreign debt of BH, are defined, in addition to the above-mentioned laws, by the Law on the Financing of Institutions of BiH, the Law on the System of Indirect Taxation in BiH and the Law on Payments to the Single Account and Distribution of Revenues.

The duties, tasks, competences and mutual relations between the MFT BiH and the CBBH are defined by the bilateral Agreement on Servicing the Foreign Debt of BiH, which the two institutions concluded for the first time in 1998 (the last version was contracted in 2013). According to the provisions of the aforementioned Agreement, the CBBH is responsible for:

- timely provision of the necessary amounts in foreign currencies for the payment of due liabilities;
- timely and accurate execution of payments based on orders/instructions of the MFT BiH;
- correspondence with foreign banks and creditors regarding the payment of liabilities, and;
- reporting to the MFT BiH on all executed transactions.

The funds needed to service the foreign debt in domestic currency are provided by the MFT BiH from the Indirect Taxation Authority (ITA) and/or direct payments from the end users of the loans. The Annual plan of funds needed to service the external debt is an integral part of the document "Budget of BiH Institutions and International Obligations of BiH" adopted by the Parliamentary Assembly of BiH. In accordance with the concluded Agreement on the performance of banking and fiscal agent tasks between the CBBH and the ITA, and based on the Law on Payments to a Single Account and Distribution of Revenues, we continued to maintain the single ITA account for the collection of indirect taxes revenues during 2003, too. According to this Arrangement, the commercial banks, on a daily basis, transfer to the account for the ITA revenues' recording, keeping and distribution with the CBBH, all collected revenues, and then, by order of the ITA, these revenues are allocated daily to several accounts for different purposes in accordance with the legal regulation and the ITA order. Based on the Excise Law, in 2023, we continued the process of collecting funds from the paid in tolls to the ITA account in the CBBH, and the distribution of these funds by order of the ITA to the Entities and the Brčko District.

All liabilities from the external debt of Bosnia and Herzegovina during the past year were serviced in an orderly and timely manner. In accordance with the maturities of liabilities and the programmed dynamics of debt repayment, obligations were met towards: the International Monetary Fund (IMF), the World Bank (IBRD, IDA), the Paris Club, the European Bank for Reconstruction and Development (EBRD), the London Club of Creditors, the Council of Europe Development Bank (CEB), Saudi Fund for Reconstruction and Development, European Investment Bank (EIB), European Commission, German Development Bank (KfW), Export-Import Bank of Korea, the OFID, International Fund for Agricultural Development (IFAD), Bank for Work and Economy and the Austrian Postal Savings Bank (B.A.W.A.G.),

EUROFIMA, the Kuwait Fund for Arab Economic Development, the Government of Japan, the Government of Belgium, the Government of Spain, and other public and private creditors.

The CBBH is a fiscal agent and executes transactions related to the membership and arrangements of BH in the IMF since 2002, based on the decision of the Council of Ministers of BiH, which was officially published in the Official gazettes of BH. Mutual relations, competences and actions of five institutions in BH (CBBH, MFT BiH, Federal Ministry of Finance, Ministry of Finance of Republika Srpska and ITA) regarding financial arrangements with the IMF are defined in the Memorandum of Understanding. The first was concluded in 2002, and those from 2016 and 2020 are in force. The CBBH is the depository for accounts (cash and securities) held by the IMF with the fiscal agent (usually a central bank) of all members in accordance with the IMF Articles of Agreement. In order to carry out the crediting transactions of the IMF funds and the payment of liabilities to the IMF, CBBH maintains a dedicated Deposit account for transactions with the IMF, with the sub-accounts of the Federation of BH, Republika Srpska and Brčko District. The CBBH executes transactions with the IMF after the relevant institutions in BH provide full coverage in domestic currency on the mentioned account/sub-accounts. The BH's quota, which represents the paid and recorded "capital" of each member country in the general source of the IMF funds, amounts to SDR 265.2 million. The SDR allocation for Bosnia and Herzegovina amounts to SDR 4 15.1 million, and the obligation of the member country is to pay quarterly expenses to the IMF on this basis.

In accordance with World Bank's Articles of Agreement, the CBBH is the depository for the members of the World Bank group: IBRD, IDA and MIGA. At the request of the aforementioned members, the CBBH executes transactions of buying and selling the foreign currency in exchange for domestic currency and executes payments / transfers to end users in the domestic payment transactions.

In 2023, according to the Agreement concluded with the Deposit Insurance Agency of Bosnia and Herzegovina (DIA BiH) and the CBBH, we kept the records on the DIA securities portfolio, managed by an external portfolio manager, according to the Contract between the Deposit Insurance Agency and the one. Also, based on the concluded agreements between the CBBH and the Federal Ministry of Finance, we carry out the tasks of the banking and fiscal agent. In accordance with the concluded agreements, the CBBH continued to act as a banking agent for the Banking Agency of the Federation of Bosnia and Herzegovina, the Banking Agency of the RS, Brčko District, and for the Entities' Registries of Securities.

The service of using electronic banking was provided to depositors also during 2023. The CBBH undertakes daily activities to improve operations in working with depositors, in the process automation, in the mutual communication, all with the aim of achieving the greatest possible efficiency in work.

2.7 Compilation of Statistics

The CBBH is the producer of official statistics at the level of BH (together with the Agency for Statistics of BiH), and in term of this it has the obligation to produce and publish the indicators of the official statistics of BH within the own competences, which refer to the monetary and financial sector statistics, external sector statistics, and government finance statistics for BH. All produced activities of the CBBH are included in the Statistical Activities Plan of Bosnia and Herzegovina. Within the Statistics Working Group, during the EU integration process, the List of priorities for statistical system in BH has been analysed and defined on several occasions.

We continuously invest in improving the compilation methods, expanding the number of source data (administrative and direct compilation), and applying internationally complied methodologies. In the last few years, particular emphasis has been placed on the introduction of statistical standards and methodologies that are in force within the EU, because the CBBH will have an emphasized accountability in the preparation and delivery of data as a candidate country. Therefore, numerous technical assistance projects and ongoing staff training are being undertaken.

During 2023, two projects were successfully implemented, the results of which raised the level of compliance with the EU requirements. These projects (see more in Chapter 2.9) developed additional tables related to the ESA 2010 transmission and started the development of the Methodology and compilation of the monthly balance of payments.

In addition to regular data production, external debt statistics were developed. With the use of available data sources and the application of the required methodology, we continue the regular delivery of data to the World Bank. In this way, BH is included and visible in the relevant database. The exchange of information with Eurostat was emphasized, and further improved, which includes regular methodological controls and analyses, as well as regular reporting

within the Monitoring Compliance with the EU statistical requirements (SIMS), and the annual (two-round) data collection for countries in the enlargement process.

On the international level, continuous efforts are made to improve the quantity and quality of statistics, through participation in forums (EC-BiH Subcommittee, working groups of the Eurostat, of the ECB, the BIS Irving Fischer Committee for Statistics, and in the countries from the region through various projects and conferences). The planned statistical surveys have been largely completed and rounded, and the data were published on time and submitted to international and domestic institutions, in accordance with the obligations of the CBBH in the area of statistics. The CBBH regularly delivers extensive sets of statistical data to international and regional institutions, through which BH is represented in international statistical databases (Eurostat, IMF, World Bank, European Central Bank, European Bank for Reconstruction and Development - EBRD, UNCTAD, BIS, UN Statistics. The CBBH prepares and delivers data for the needs of the Fiscal Council of BiH, the CEFTA Secretariat, the Directorate for Economic Planning, the Agency for the Promotion of Foreign Investments, the Ministry of Finance and Treasury of BiH, the Ministry of Economy and Entrepreneurship of the RS, and the Ministry of Trade of the FBiH.

2.8 Monitoring of Systemic Risks in the Financial System

The CBBH performs the financial stability monitoring function, which implies timely identification of vulnerabilities in the country's financial system. The goal of the CBBH's activities in this area is to improve the understanding of the cause-and-effect relationships between the financial system and the macroeconomic environment, to warn financial institutions and other market participants of existing risks, to initiate a dialogue about risks and to take corrective measures that will reduce the consequences of the risks materialisation. The CBBH's activities in the area of monitoring the financial system stability include specialised communication with relevant domestic and international institutions, which ensures the continuity of the process of monitoring systemic risks, as well as communicating the information on the financial stability risks to the general public. The CBBH contributes to the financial stability preservation through its membership in the BiH Standing Committee for Financial Stability (SCFS) which, in addition to the CBBH Governor and the Director of the

Banking Agencies, also includes the Minister of Finance and Treasury of BiH, Entities' Ministers of Finance, and the Director of the Deposit Insurance Agency of BiH.

The CBBH informs the general public about risks to financial stability through a regular annual publication, the Financial Stability Report, which has been published on the CBBH website since 2007. By publishing the Financial Stability Report, the CBBH wants to draw the attention of the public to the risks of the financial system, as well as, those from the macroeconomic environment and to the challenges that the financial system, and especially the banking sector, will face in the coming periods. The reports regularly present the results of analyses on monitoring systemic risks, those analyses are developed and carried out in the CBBH.

Since 2023, the CBBH began to publish a new annual publication, Financial Stability Risk Assessment, which contains a cross-section of the main macroeconomic developments and trends in the financial sector in the first half of the year, the results of analyses for risk assessment and the banking sector's risks resilience based on data for the first half of the year, as well as information on improvements in the financial infrastructure and the most important changes in the regulatory framework for bank operations in Bosnia and Herzegovina. The purpose of these publications is to promote the awareness of the general public and the financial institutions about issues in the area of financial stability, and in particular to point out potential risks to financial stability in BH.

The compilation and publication of a set of basic financial soundness indicators according to the IMF methodology is also an important channel of communication between the CBBH and the general public. Financial soundness indicators have been published quarterly on the CBBH website since mid-2009, and on the IMF website since September 2011. The reporting has been fully methodologically aligned with the IMF's 2019 Compilation Guide on Financial Soundness Indicators.

In 2023, the CBBH continued to carry out solvency and liquidity stress testing, as two important tools for risk assessment in the banking sector of BH, as well as the preparation of regular quarterly reports on stress tests: Reports on the results of solvency stress tests, and Reports on the results of the liquidity stress test. Solvency and liquidity stress tests' findings, including the reports on stress test results, are shared with the Banking Agencies. The SCFS is also informed about the results of the solvency stress tests through the appropriate form of the Report on the

results of the stress tests. The aggregated results of the solvency and liquidity stress tests, conducted with the data from the end of the year, are published in the Financial Stability Report, while the aggregated results of the stress test conducted on the basis of data from the end of the first half of the year are published in the Financial Stability Risk Assessment report.

In the course of 2023, we continued the cooperation with the ECB on the updating the information related to the "Report on financial stability for candidate countries and potential candidates for EU membership", which is reflected in the delivery of a comprehensive set of data, information and clarification of the current situation and trends in the domestic financial sector. The goal of this publication is to contribute to a better understanding of systemic risks in the region through the analysis of trends in the financial systems of these countries and the assessment of current challenges for the financial stability. The Report is produced every two years, and the information is updated for the purposes of the ECB on an annual basis.

During 2023, in cooperation with the Banking Agencies, the CBBH developed a Methodology for calculation of the reference rate for the average funding cost of the banks operating in the territory of BH. Reference rates for the average funding cost of the banks operating in the territory of BH for coverage 3 (RRFC)⁵⁵, which were calculated for the periods from the first quarter of 2018, began to be published on the statistical web portal of the CBBH from September 2023, and together with the aggregated data on the costs of the funding sources and the aggregated data on the funding sources, to which these costs are related, they shall continue to be published on a quarterly basis. Information on the average funding cost in Bosnia and Herzegovina in a longer time horizon can be useful to banks, but also to other participants in the financial markets for analysis and making business decisions. Also, domestic banks are offered the choice of using these rates as reference values in credit contracts with a variable interest rate with the aim of better managing interest-induced credit risk.

Continuous cooperation with other relevant domestic and international institutions in the area of financial stability continued in 2023, too. Through education and technical cooperation

⁵⁵ RRFC3 – reference rate of average weighted banks' funding cost for all funding sources received from households, non-financial companies and financial institutions.

programs, compliance of the approach to analyzing and identifying systemic risk with the best practices and trends in the world is ensured, as well as timely identification of systemic risks.

The tasks arising from the coordination of the activities of the Entities' Banking Agencies responsible for issuing banking licenses and supervision of banks continued to be implemented in 2023. The cooperation and exchange of data and information of the CBBH with the Entities' Banking Agencies took place continuously in various areas of regular cooperation. Thus, among other things, at the beginning of 2023, the CBBH participated in the creation of macroeconomic scenarios for supervisory testing of stress resilience, which was carried out by the Banking Agencies during the year. The Governor of the CBBH and the Directors of the Banking Agencies held meetings addressing the important issues on the situation in the banking sector, the leasing sector and the microcredit sector. At the invitation of the Governor, the Director of the Deposit Insurance Agency in BH also attends the meetings, which contributes to the regular information of the participants in the banking supervision coordination on the insured deposits in BH and the activities of this Agency, which, in addition to the CBBH and the Banking Agencies, is an important participant in the financial security network.

2.9 Cooperation with International Institutions and Rating Agencies

During 2023, the CBBH continued dialogue and cooperation with EU institutions, EU central banks, and other partners in the EU accession process, and fulfilled the tasks and obligations it has in the BH integration process to EU. By improving business processes in accordance with the EU recommendations, the CBBH confirmed its strong commitment to the European perspective.

In the complex EU coordination system of BH, the CBBH made a quality and timely contribution to the preparation of documents and reports that are significant for the further progress of BH. Through our participation in the working groups for European integration in accordance with the Decision on the coordination system of the European integration process in BH, the institutionally appointed representatives of the CBBH have met all obligations within the CBBH competences related to the completion of the European Union Integration Program. The CBBH participates in the work of the following working groups: Economic Criteria, Free Movement of Capital, Financial Services, Economic and Monetary Policy, Statistics, Financial

Control, and Financial and Budget Regulations. Representatives of the CBBH participated in the work and preparation of papers for working bodies established to monitor the implementation of contractual obligations from the Stabilization and Association Agreement (SAA): Subcommittee for Economic and Financial Issues and Statistics; Subcommittee on Internal Market and Competition, and; Committee for Stabilization and Association between the EU and Bosnia and Herzegovina.

Through several reporting cycles, the CBBH has prepared information and reports for the BH material for the European Commission's (EC) Annual Report, which is the most important document on the basis of which the EC assesses the country's progress in the EU. In last year's Report, the EC positively evaluated the activities of the CBBH, with special emphasis on the need to ensure the independence of the CBBH and the integrity of the monetary policy. The CBBH also prepared data and participated in regular annual activities as part of the preparation of the Economic Reform Program (ERP), including participation in consultations and meetings with the ECB and the EC, as part of the dialogue on economic policy within the EU Economic and Financial Affairs Council (ECOFIN).

In the following period, with the acquisition of the status of a candidate country with open negotiations, the most demanding phase of EU accession will begin, in which the CBBH will have greater obligations and a stronger role. From 2023, the representatives of the CBBH participate in expert meetings for macroeconomic projections between the EC and candidate countries. This is a standard procedure for all candidate countries for EU membership, and the meetings are held twice a year, before the Progress Report for the candidate member countries, in parallel with the spring and autumn rounds of EC macroeconomic projections. Reporting and discussion take place according to the EC format. With this, the multi-year activities of the CBBH on the preparation of macroeconomic projections and the nowcasts gained additional importance.

During the past year, the CBBH has also improved the institutional capacities, the introduction of new policies and practices, further development and training of staff in order to improve preparations for integration into the European System of Central Banks (ESCB). The gradual and continuous introduction of EU and international standards into the operations of the CBBH is achieved with its own capacities, but also through bilateral and multilateral cooperation with other central banks. The institutional dialogue of central banks, as the best and most effective

platform for knowledge transfer, is an extremely important instrument for integration into the structures of the ESCB.

During 2023, the implementation of a significant number of EU technical cooperation programs financed by the IPA grants continued. These programs continuously raise the level of compliance of the CBBH with EU standards in all areas of the CBBH's operations. The special value of this type of cooperation is the continuous enlargement and strengthening of the existing network and the establishment of new professional contacts. The particular importance has the IPA Program for strengthening the capacities of the central banks of the Western Balkans with the aim of their integration into the ESCB, which is led by the Deutsche Bundesbank, with the participation of 19 national central banks of the ESCB and the ECB. The purpose of the Program is to strengthen monetary and financial stability in the region, through further strengthening of the institutional capacities of the six central banks of the Western Balkans, the Banking Agencies in Bosnia and Herzegovina, as well as strengthening the dialogue between central banks, on two levels: regional and EU level. During the three-year project (in the period 2022-2025), an intensive regional training program is organized on key issues of central banking and supervision. In addition to joint regional activities, as part of this Program, last year, the CBBH realized direct bilateral cooperation with the Central Bank of Spain in the area of cloud computing. Also, cooperation with the Central Bank of Luxembourg was agreed with the aim of improving the foreign exchange reserve management process, which will be realized in the first half of 2024.

We took part again in the regular annual meeting of the Working Group for the Cooperation of the Central Banks acting within the ESCB Relations Committee. The working group is, among other things, in charge of coordinating cooperation activities with central banks of countries outside the EU, including the CBBH. In the context of deepening and strengthening existing cooperation with central banks, cooperation was initiated and ensured with: Bank of France and Deutsche Bundesbank Centre for International Central Bank Dialogue.

The Government of Switzerland has recognized the importance and role of the CBBH, and provides technical support in order to harmonize with European Union standards and the best international practices of central banking. After the successful completion of Phase II of the Program of Bilateral Assistance and Cooperation with Central Banks (BCC), which is implemented with the support of the Government of Switzerland, it was agreed to continue it, which began in September 2023 with the signing of the Program Continuation Agreement,

which officially marked the start of the implementation of the third phase of the multi-year partnership, for the period 2023 - 2028. Within the framework of the partnership and support strategy of Switzerland to BH, extremely successful cooperation with the CBBH is realized in cooperation with the Graduate Institute of International Studies (GIIS) from Geneva. The program is a tool to support the CBBH with the aim of improving the key functions from the aspect of modern and good management, as well as adequate preparation of the CBBH for global and EU integration. Based on the needs analysis, the CBBH defined strategic areas of work and prepared the Activity Plan for 2024. The program addresses the following areas:

1. Analysis and implementation of monetary policy
 - a. Management of foreign exchange reserves
 - b. Research strategy in accordance with EU requirements
 - c. Communications
2. Statistics and databases
3. Financial stability
4. Risk management
5. Human resource management

All activities in the CBBH, in the area of strengthening economic research (like area 1 b above), are based on a clear strategy for the development of the research function in the medium term. The primary focus is on research that will be required from the country, and the central bank, in the process of EU integration, and research that is of interest to the CBBH in the process of calibrating policies within its mandate. Through technical assistance programs, we have enriched our set of models for macroeconomic projections by two more, which are standard in application in central banks, including those operating within the ESCB. We plan to publish the findings from these two models regularly, starting in 2024, and technical papers will be available, as in the case of the models developed and used so far in the CBBH, with the aim of strengthening transparency.

In this regard, at the end of 2023, a two-year IMF technical assistance project was completed, which was financed by the Netherlands Constituency Partnership Program (NCP), one of the

two countries that presides over our Constituency in the IMF. The project was implemented by consultants from the Joint Vienna Institute. In two years, in the course of a very ambitious project, the Quarterly Macro Forecasting Framework (QMFF) was developed, which fully takes into account the characteristics of Bosnia and Herzegovina. It is a quarterly framework of adaptive expectations that quantifies basic behavioural equations in the context of deviations of real variables from their long-term trend. The QMFF, developed during the technical assistance program, can be considered a pilot version of a potential new approach to financial programming, which is one of the standard tools developed by the IMF, and which are in use in most member countries.

Recognizing the importance of central banks in the EU integration process of each candidate country, in 2023, the CBBH was included in the EU technical assistance program in the area of strengthening fiscal management, a component of the program related to the preparation of projections and nowcasts. The project was implemented by the World Bank. The goal of the project is for the relevant institutions in the candidate countries for EU membership to make macroeconomic projections and nowcasts of key macroeconomic variables, in a relatively harmonized way, to report to the EC in an identical format, and to make economic policies based on model projections, guided by the goal that is intended to be achieved by them, as well as by assessments of the expected effects. This kind of activity certainly does not mean that a country candidate for membership should rely on only one macroeconomic model, nor that every institution in the country should have identical projections. However, following the best practices of modern central banks, the CBBH will supplement its range of models for macroeconomic projections with another macro structural model, which will further strengthen our contribution to the country's EU integration process.

In the area of statistics, during 2023, two technical assistance projects were successfully implemented, the results of which raised the level of compliance with EU requirements:

- IPA 2019 Multi-user program focused on the area of government finance and excessive deficit statistics (GFS/EDP), within which additional tables related to ESA 2010 transmission were developed, and the quality of existing data was significantly improved. The project was completed in October 2023.
- IPA 2017 Twinning project for BH statistical system which was completed at the end of 2023. It is planned to continue with the implementation of the IPA 2019 Twinning

project for the BH statistical system, within which we continue the development of the methodology and test compilation of the monthly balance of payments, now including the geographical distribution for the balance of payments by country. The implementation of this project is planned by the end of 2025.

- With the support of the Swiss government, we have been improving the IT structure for static compilation and the development of new modern application solutions, which will continue in 2024.

Together with other institutional stakeholders in BH, the CBBH also takes part in a project to modernize the payment systems of the Western Balkans, which is financed by the EC, and implemented by the World Bank with the aim of preparing for the SEPA integration, i.e. joining the Single Euro Payment Area. Organized by the World Bank, an external cyber security assessor and the World Bank experts held presentations for members of the CBBH Risk Committee, in the area of operational risk management and cyber security.

During 2023, and organized by the CBBH, the rating agencies Standard & Poor's and Moody's Investors Service held the online missions. The rating agency Standard & Poor's also had the on site mission in BH, while meeting the relevant international and domestic institutions in BH, with the aim of evaluating the sovereign credit rating of BH. In the course of 2023, the Standard & Poor's agency increased the credit rating of BH to "B+/with a stable outlook", and the Moody's Investors Service agency confirmed the previously set credit rating of BH "B3/with a stable outlook".

2.10 Risk Management

Risk management in the CBBH is carried out in a systematic and structured manner, in accordance with the general framework of risk management defined by the Policy of Integrated Risk Management in the CBBH. The general framework of risk management defines the goals and principles of risk management, the organization of risk management, the classification of risks faced by the CBBH in its operations, as well as the risk management process.

Risk management in the CBBH is based on the model of three lines of defence against risk. The first line of defence consists of organizational units/forms that are directly involved in business

processes and manage the associated risks. The second line of defence consists of committees responsible for risk management (Risk Committee and Investment Committee), specialized experts who perform methodological and control functions of risk management, and the organizational form responsible for risk management. The role of the risk committee is to support the Governor and the Governing Board in regular monitoring, coordination and provision of information on risk management. The third line of defence consists of the Office of the Chief Audit Executive, which conducts an independent assessment of the risk management system, and the Audit Committee.

In the course of 2023, the Risk Committee considered issues mainly in the field of operational risk management, information security and business compliance, while the Investment Committee considered issues related to the management of foreign exchange reserves of the CBBH. In 2023, operational risk management continued to take place in accordance with the adopted operational risk management framework, which consists of: Operational Risks Management Policy and Business Continuity in the CBBH; Operational Risks Management Methodology in the CBBH, and; Methodology of Data Collection on Incidents and Calculation of Operational Value at Risk. The goal of the operational risk management process is to provide reasonable assurance that the CBBH will achieve its mission and goals, and protect its reputation and financial resources, in accordance with the risk tolerance policy. Also, operational risks management aims to integrate risk information into decision-making processes in the CBBH.

The Risk Committee has introduced a system for monitoring the implementation of recommendations for risk prevention by organizational forms/units in order to adequately respond to risks, and to determine the degree of implementation of measures through the incident reporting process prepared by the organizational form responsible for risk management. Incident reports are regularly submitted to the meetings of the Risk Committee, before being sent to the Management, the Governing Board and the Audit Committee.

In addition to the regular reports of the main experts in the CBBH, analyses and reports on incidents prepared by the organizational form responsible for risk management (quarterly and annual), the Risk Committee considered, analysed, and submitted for adoption the following documents: Operational Risks Management Policy and Business Continuity in the CBBH; Analysis of the Critical Issues in Business Processes of the CBBH; Analysis and Proposals for Improvement of Business Processes; Reports on the Work of the Main Experts; Action Plan for

Upgrading the Security of CBBH Information Systems; Integrity Plan of the CBBH, and; Reports on conducted information security risk assessments for certain new IT services.

2.11 Internal Audit

The regulatory framework for the performance of the internal audit function is represented by the Law on the Central Bank of Bosnia and Herzegovina, the Rulebook on Internal Audit in the Central Bank of Bosnia and Herzegovina, the Manual on Internal Audit at the Central Bank of Bosnia and Herzegovina, and the binding guidelines of the International Framework for the Professional Practice of Internal Audit. The goal of the internal audit is to help the CBBH achieve its strategic goals and efficiently perform its tasks, checking whether the implementation of management and control mechanisms is appropriate, economical and consistent in relation to legal regulations, internal acts and other provisions. Internal audit provides opinions, recommendations and advice regarding the activities that are subject to audit.

During 2023, the activities of the Office of the CBBH Chief Audit Executive, were aimed at performing the duties defined in Article 20 of the Law, the Strategic Internal Audit Plan for the period 2022-2024, the Internal Audit Plan for 2023, and the implementation of tasks and duties determined by the Work Plan of the Central Bank for 2023.

2.12 Other

2.12.1. Human Resources Management

The supreme body of the CBBH is the Governing Board (GB), being responsible for determining the monetary policy and controlling its implementation, organisation and strategy of the CBBH in accordance with the powers established by the Law. The Governing Board consists of the Governor, who chairs the Governing Board, and four members (Table 2.7). The Central Bank Management consists of the Governor and three Vice Governors appointed by the Governor, with the approval of the Governing Board. The task of the Management is the operational governance of the Central Bank's operations. Each Vice Governor is directly responsible for the operations of one Sector of the Central Bank (see organisational Chart of the CBBH).

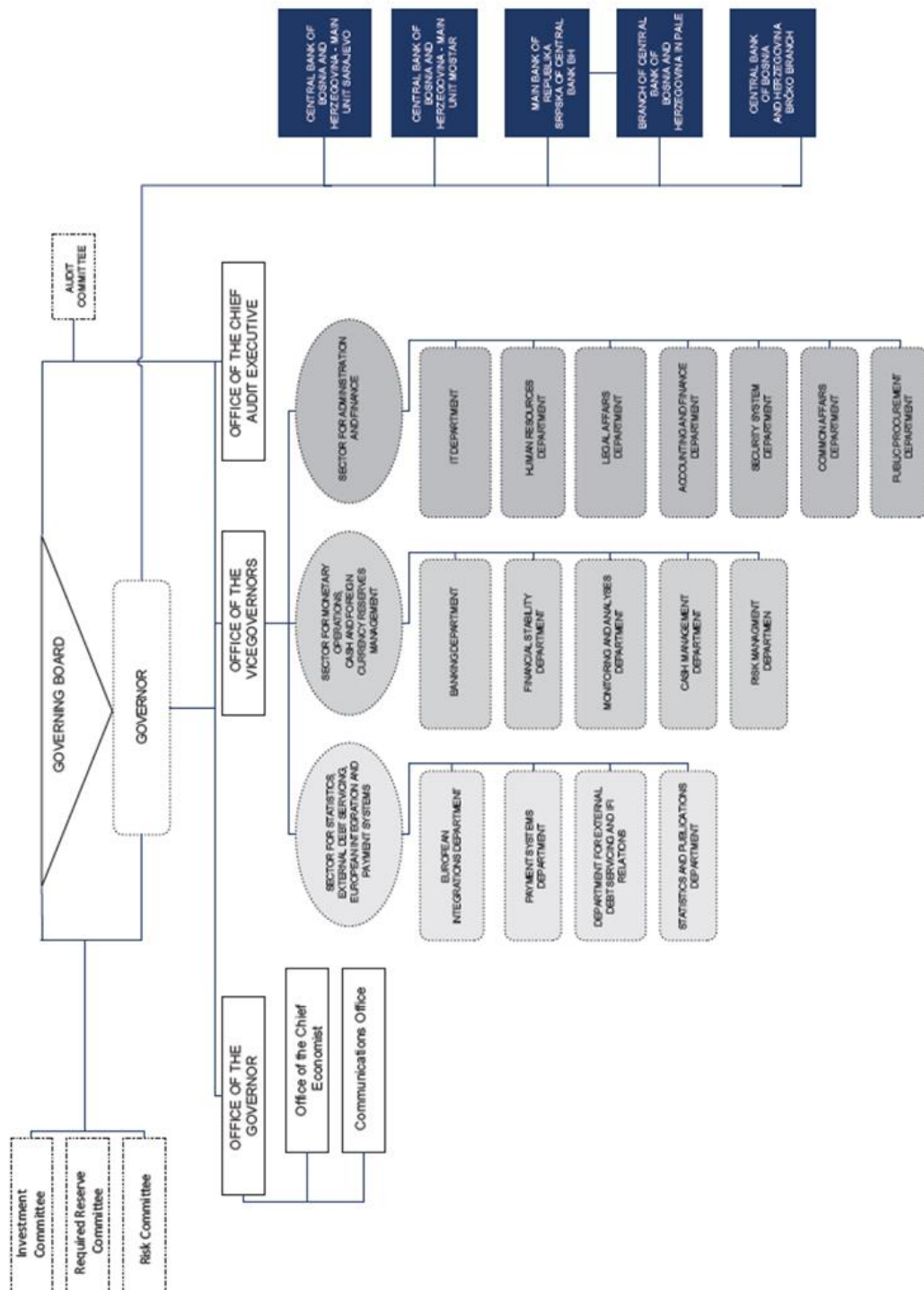
Table 2.7: The CBBH Management Structure

The CBBH Governing Board, until 03 January 2024	Senad Softić, Ph.D., chair
	Radomir Božić, Ph.D., member
	Šerif Isović, M.Sc., member
	Dragan Kulina, Ph.D., member
The CBBH Governing Board, from 03 January 2024	Danijela Martinović, Ph.D., member
	Jasmina Selimović, Ph.D., chair
	Danijela Martinović, Ph.D., member
	Radomir Božić, Ph.D., member
	Darko Tomaš, Ph.D., member
The CBBH Management	Mirza Kršo, Ph.D., member
	Senad Softić, Ph.D., Governor (until 03 January 2024)
	Jasmina Selimović, Ph.D., Governor (from 03 January 2024)
	Ernadina Bajrović, M.A., Vice Governor in charge of the Administration and Finance Sector
	Željko Marić, Ph.D., Vice Governor in charge of the Sector for Statistics, Foreign Debt Servicing, European Integration and Payment Systems
	Marko Vidaković, M. Sc., Vice Governor in charge of the Sector for Monetary Operations, Management of Foreign Exchange Reserves and Cash

Source: CBBH

Note: By the Decision on the Dismissal of the Central Bank of Bosnia and Herzegovina Governing Board members, Ref.: 01-50-1-3686-1/23, dated 18 December 2023, Senad Softić, Ph.D., Šerif Isović, M.Sc, Radomir Božić, Ph.D., Dragan Kulina, Ph.D. and Danijela Martinović, Ph.D. ,were removed from the office since 3 January 2024, due to the expiration of the mandate. By the Decision on the Appointment of the Central Bank of Bosnia and Herzegovina Governing Board members, Ref.: 01-50-1-3686-2/23, dated 18 December 2023, Jasmina Selimović, Ph.D., Danijela Martinović, Ph.D., Radomir Božić, Ph.D., Darko Tomaš, Ph.D. and Mirza Kršo, Ph.D. were appointed for a mandate period of six years, starting from January 3, 2024.

ORGANIZATIONAL CHART OF THE CENTRAL BANK OF BOSNIA AND HERZEGOVINA

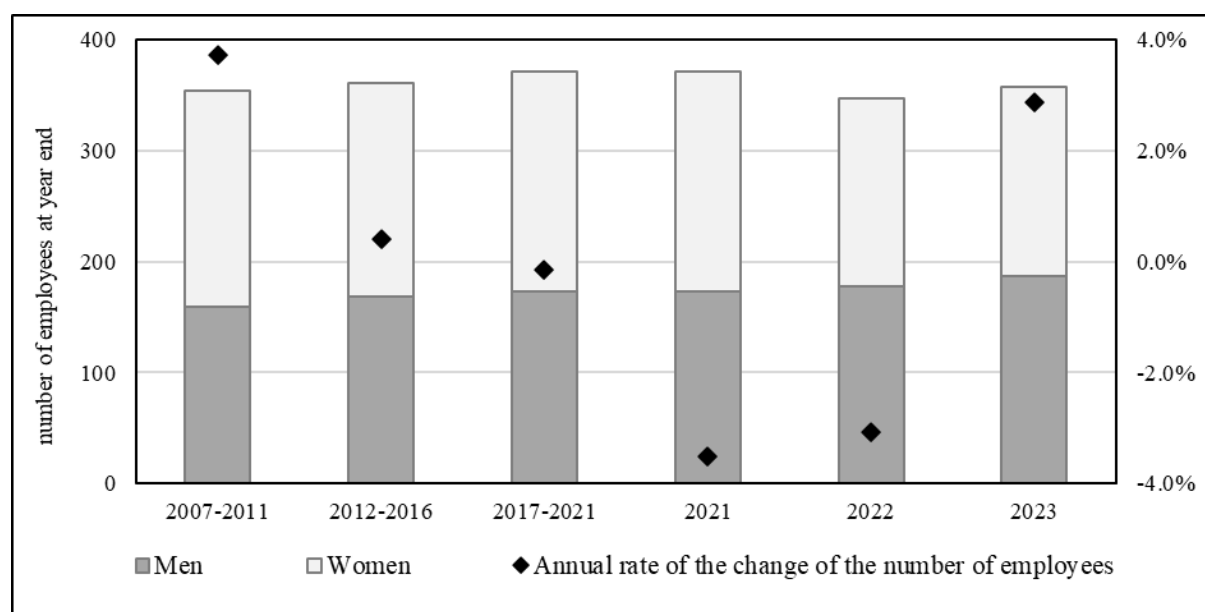


Considering the nature and specifics of central banks' operations, as well as their market role, the CBBH is committed to an efficiency strategy, with the aim of maintaining and continuously improving human resources, along with the modernization of the human resources management process, which enables efficient execution of all activities.

In the course of 2023, there was a natural fluctuation of employees, due to the retirement of employees, or the employment termination per mutual agreement, while the hiring number of new employees did not exceed the planned total number of employees. Thus, as of 31 December 2023 there was a total of 357 employees in the Central Bank.

Due to the natural fluctuation of employees, as a result of retirement or termination of the employment via mutual agreement, with limited hiring of new employees, in line with the planned increase, the number of employees amounted to 357 at the end of 2023 (Graph 2.24). Of the total number of employees, 75.91% had a university degree, of which eight had Ph.D. and seventy-three had Master Degree. The average age of the employees was 47 years, and of the total number of employees 47.6% were women at the end of 2023.

Graph 2.24: The Total Number of Employees in the CBBH



Source: CBBH

Note: The number of employees is the status at the end of the period. The growth rate of the number of employees for the periods 2007 - 2011, 2012 - 2016 and 2017 - 2021 is the average for the period.

One of the missions of the CBBH is to support the university institutions in BH, which is reflected in the signed cooperation agreements with several economic faculties in BH, and giving students, postgraduates and academic researchers the opportunity to gain much-needed experience through internships in the CBBH. Internships for students and postgraduates were also implemented in 2023. During 2023, the "Green HRM" project continued with the aim of raising awareness on the need of saving and the reasonable use of available resources. Various activities were implemented, such as the initiative to reduce the use of single-use plastic tableware and the distribution of personalized glass water bottles as an alternative to single-use plastic glasses, and the promotion of online meetings as an alternative to on site meetings.

2.12.2 Communication with the Public

During 2023, intensive activities continued, in accordance with the Communication Strategy for the period 2022-2026. The media, social networks, and website were used as a communication channel for the dissemination of information, and as a novelty in communication, a Viber group of journalists was introduced, through which information, announcements and notifications are also distributed. The introduction of the Viber group enabled a faster, more direct and more efficient way of communicating with the media. This platform enabled instant information sharing, quick responses to media inquiries and more efficient management of media requests. The Viber group has enabled the media to have immediate access to press releases, statements and other relevant information. This contributed to the transparency and openness of the institution towards the media, which is crucial for building trust and credibility.

As part of regular public information on the activities of the CBBH, in 2023, 66 press releases were published and 112 media inquiries were answered in written form, and a significant number of audio and video interviews of officials and employees of the CBBH were conducted. During the year, a total of 26 requests were processed based on the Law on Freedom of Access to Information of Bosnia and Herzegovina. The content on social networks has been improved with the aim of higher transparency, with more infographics and more attractive material.

In the organization of the CBBH and Color Media Group, with the support of the British Embassy in BH and the EU Delegation in BH, a conference called "The World in 2023" was held. The conference of the same title has been held in the region for years, and since two years ago in Bosnia and Herzegovina. The conference brought together leading economic experts,

businessmen and holders of the highest public positions as well as representatives of the diplomatic community in BH with the aim of providing analyzes and views on the economic environment and investment climate, and the implementation of reforms and legislation as well as the measures that BH should take through a constructive dialogue between representatives of economic institutions, authorities, the diplomatic and business community.

In 2023, a series of activities marked the 25th anniversary of the release of the convertible mark into circulation as the official currency and legal tender in BH. For this occasion, in cooperation with the company Pošte Srpske a.d. Banjaluka, we produced, promoted and put in sale a commemorative postage stamp and envelope "25 Years of Convertible Mark".

During the year, financial education was especially represented, so the activities for the promotion of financial education and inclusion included slightly more than a thousand pupils, students, teachers and professors. Nine primary schools from Sarajevo, Mostar, Brčko, Banja Luka and Pale attended educational presentations, entitled "Little School of Money", and twenty secondary school pupils from all parts of Bosnia and Herzegovina went through educational activities on the following topics: Role and importance of the CBBH; Skills of responsible management of personal finances, and; Basic financial products and services on the market. Out of twenty secondary schools, eleven of them were additionally involved in the "Train the Trainer" project. Forty-nine selected pupils and fifteen professors underwent trainings organized by the CBBH, where, on a voluntary basis, they accepted to independently educate other pupils as part of the headroom teacher class in schools, and in this way, to contribute to financial education becoming part of the curriculum in schools. Visits of students from the country and abroad were also organized, who expressed their wish to learn more on the monetary policy of the CBBH, as well as its role and importance in the country's financial system. The CBBH hosted a delegation from the Organization for Economic Cooperation and Development (OECD), which paid a two-day visit to BH with the aim of assessing the situation in terms of financial inclusion and literacy of the population in preparation of a document to support the development of financial literacy by the OECD. Activities in the field of financial literacy are carried out within the project "Financial Literacy in Countries Participating in the Dutch Constituency Program". The goal of the project is to support countries to raise the level of financial literacy and inclusion, by strengthening financial education in order to achieve the prosperity of citizens and small and medium-sized enterprises. The OECD project will be implemented in the period from 2023 to 2027, and includes Bosnia and Herzegovina, Bulgaria,

Croatia, Montenegro, the Republic of North Macedonia, and other constituent states of the Netherlands, with financial support from the Ministry of Finance of the Netherlands.

The activities of the CBBH are recognized outside the borders of the country, so the institution found its place among the winners of the prestigious "Central Banking Award" in the "Transparency" category. Namely, the CBBH was awarded for strengthening integrity and introducing the Ethics Line as an independent anti-corruption tool, as well as for strengthening communication with the public, which is a rare practice among public sector institutions. This award is given in 26 categories, 13 for central banks and 13 for financial market participants.

2.12.3 Energy Efficiency Projects, Preservation of National Monuments

By the decision of the Commission for the Preservation of National Monuments, activities on the preservation of the CBBH Head Office building, and ongoing maintenance, are carried out continuously. In 2023, we continued to improve the energy saving features of the building in order to reduce energy consumption, which contributes to environment protection. According to the Term Plan, the measurements of the percentage of capillary moisture in the walls of the basement were made, which were submitted to the Institute for the Protection of Monuments, which proved the effectiveness of the previously installed electronic devices. During the planning and performance of all works on the building, we established the cooperation with the Institute for the Protection of Monuments, which proves the Institute's gratitude for the correct and professional attitude during the conservation and restoration works, from January 2023.

In accordance with the Decision on the establishment of an energy management system and energy efficiency information system in the institutions of Bosnia and Herzegovina, we carried out the continuous data entry into the energy management information system (EMIS) and monitoring of energy consumption (gas, electricity, water). Entry in EMIS is made for all facilities of the Central Bank on a monthly basis for all measuring points in the facilities. In addition to the above, gas consumption data in the building of the CBBH Head Office, at the address Maršala Tita 25 in Sarajevo, is also sent automatically, via the Internet connection from the built-in meter.

During 2023, the CBBH submitted the Report on the waste production for 2022 to the Institute for Informatics and Statistics of Sarajevo Canton, in accordance with Article 31 of the Law on Statistics in the Federation of BH and the Rulebook on categories of waste.

3 Financial Statements and the Independent Auditor's Report (delivered separately)



Centralna banka
BOSNE I HERCEGOVINE
Централна банка
БОСНЕ И ХЕРЦЕГОВИНЕ

Statistical tables

LIST OF STATISTICAL TABLES

T01: Main Economic Indicators
T02: Gross Domestic Product of Bosnia and Herzegovina (Current Prices)
T03: Index of Industrial Production
T04: Consumer Price Index for BH (CPI)
T05: Average Gross and Net Wages and Pensions
T06: Monetary Aggregates
T07: Monetary Survey
T08: Balance Sheet of the CBBiH
T09: Consolidated Balance Sheet of Commercial Banks in BH
T10: Interest Rates on Loans to Households
T11: Interest Rates on Loans to Non-Financial Corporations
T12: Interest Rates on Deposits of Households
T13: Interest Rates on Deposits of Non-financial Corporations
T14: Total Deposits and Loans of Commercial Banks
T15: Structure of Transferable Deposits in Commercial Banks by Sectors
T16: Structure of Other Deposits in Commercial Banks by Sectors
T17: Structure of Short-Term Loans of Commercial Banks by Sectors
T18: Structure of Long -Term Loans of Commercial Banks by Sectors
T19: Purchase and Sale of Convertible Mark
T20: Average Reserve Requirements
T21: Payments System Transactions
T22: BH Balance of Payments
T23: International Investment Position (IIP)
T24: Government Sector Foreign Debt Servicing
T25: General government gross debt (Maastricht debt)
T26: Foreign Reserves of the CBBH
T27: BH Exports by Country of Destination
T28: BH Imports by Country of Origin
T29: KM Average Middle Exchange Rates of Convertible Mark
T30: Government Finance of BH - Government Sector Units
T31: BH Government Finance of BH - Structure of Consolidated Revenues and Expenses
T32: Flows of Foreign Direct Investment in BH, Classified by Country of Origin of Foreign Investor
T33: Flows of Foreign Direct Investment in BH by NACE Rev 2, Classification of Activities
T34: Stocks of direct investment in BH classified by country of foreign investor
T35: Nominal and Real KM effective exchange rate

T01: Main Economic Indicators

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
BH Nominal GDP (in KM million)¹⁾										
Current Prices	27,359	28,929	30,265	31,803	33,942	35,785	34,728	39,145	45,618	51,699
Real GDP Annual Growth (in %)¹⁾	1.2	3.1	3.2	3.2	3.8	2.9	-3.0	7.4	4.1	1.6
Consumer Prices Growth Rate in BH²⁾										
Average Annual growth Rate of CPI	-0.9	-1.0	-1.1	1.2	1.4	0.6	-1.0	2.0	14.0	6.1
Annual Growth Rate of CPI for December	-0.4	-1.3	-0.3	0.7	1.6	0.3	-1.6	6.4	14.7	2.2
General Government Sector Budget³⁾										
Revenues	43.8	43.0	42.7	42.4	42.4	42.0	41.6	41.0	39.9	-
Expenditures ⁴⁾	45.8	42.3	41.5	39.8	40.2	40.1	46.8	41.3	40.3	-
Overall Balance	-2.0	0.7	1.2	2.5	2.2	1.9	-5.2	-0.3	-0.4	-
Money and Credit										
Broad Money (M2)	63.1	64.5	66.7	69.5	71.3	73.6	81.3	80.5	72.9	69.2
Credit to Non-government Sector	56.2	54.4	53.7	54.9	54.3	55.0	55.2	50.8	45.9	43.4
Balance of Payments										
Gross Official Reserves										
In KM million	7,826	8,606	9,531	10,557	11,623	12,597	13,868	16,348	16,066	16,290
In USD million	5,309	4,883	5,391	6,083	7,012	7,210	8,079	9,885	8,637	9,004
In Months of Imports of Goods and Services	6.1	6.7	7.2	7.1	7.3	7.8	10.0	9.3	6.8	7.0
Current Account Balance										
In KM million	-1,983	-1,458	-1,424	-1,520	-1,094	-927	-980	-695	-1,978	-1,376
In USD million	-1,345	-827	-805	-876	-660	-531	-571	-420	-1,063	-760
As a percentage of GDP	-7.2	-5.0	-4.7	-4.8	-3.2	-2.6	-2.8	-1.8	-4.3	-2.7
Trade balance										
In KM million	-7,874	-7,176	-7,089	-7,417	-7,521	-7,963	-6,268	-7,170	-10,183	-10,198
In USD million	-5,342	-4,071	-4,010	-4,274	-4,538	-4,558	-3,651	-4,335	-5,474	-5,637
As a percentage of GDP	-28.8	-24.8	-23.4	-23.3	-22.2	-22.3	-18.0	-18.3	-22.4	-19.7
External Debt of Government Sector **										
In KM million	8,442	8,693	8,872	8,147	8,198	8,140	8,726	9,435	9,477	8,861
In USD million	5,249	4,856	4,782	4,996	4,801	4,657	5,479	5,417	5,238	5,006
As a percentage of GDP	30.9	30.0	29.3	25.6	24.2	22.7	25.1	24.1	20.8	17.1
External Debt Servicing⁵⁾										
In KM million	761	581	723	983	955	794	741	773	802	1,255
In USD million	516	330	409	567	576	454	432	467	431	694
As a percentage of Exports of Goods and Services	8.2	5.7	6.7	7.7	6.7	5.5	6.2	4.6	3.7	7.8

Note:

¹⁾ Source: Agency for Statistics of Bosnia and Herzegovina, Gross Domestic Product by Production, Income and Expenditure approach 2022, December 2023.

CBBH is source for data on the average annual exchange rate of KM/USD.

* GDP for 2023 is an assessment of CBBH and it is used as preliminary data, until the announcement of the official GDP by the Agency for Statistics of BH

²⁾ Source: Agency for Statistics of BH

³⁾ Source: Central Bank of BH

⁴⁾ Expenditures also include net acquisition of fixed assets.

⁵⁾ Source: BH Ministry of Finance and Treasury.

** Revised data since 2009 in accordance with the received report from the Ministry of Finance and Treasury of BiH dated January 26, 2023, including a loan of JP Putevi RS and direct debt of Brcko District.

- Data not available

T02: Gross Domestic Product of Bosnia and Herzegovina (Current Prices)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Nominal GDP (in KM million)	27,359	28,929	30,265	31,803	33,942	35,785	34,728	39,145	45,618	51,699
Nominal GDP (in USD million)	18,561	16,413	17,118	18,325	20,478	20,481	20,230	23,669	24,524	28,579
GDP per capita (in KM)	7,759	8,223	8,620	9,076	9,709	10,251	9,994	11,326	13,284	15,088
GDP per capita (in USD)	5,264	4,665	4,876	5,230	5,857	5,867	5,822	6,848	7,141	8,340
Real GDP Annual Growth (in %)	1.2	3.1	3.2	3.2	3.7	2.8	-3.1	7.4	4.1	1.6
Population (in thousands) ¹	3,526	3,518	3,511	3,504	3,496	3,491	3,475	3,453	3,434	3,427
Annual Average Exchange Rate of KM/USD	1.474	1.763	1.768	1.735	1.657	1.747	1.717	1.654	1.860	1.809

Source:

Agency for Statistics of Bosnia and Herzegovina, Gross Domestic Product by Production, Income and Expenditure approach 2022, December 2023. The data on the average annual exchange rate KM/USD, the source is the CBBH.

* GDP for 2023 is an assessment of CBBH and it is used as preliminary data, until the announcement of the official GDP by the BH Statistics Agency.

¹⁾ The estimate of the number of citizens for 2023 includes the available data on the natural growth in the end of September 2023; Source: Agency for Statistics of BH.

T03: Index of Industrial Production

Year	Month	Month/Same Month of the Previous Year			Period/Same Period of the Previous Year		
		FBH	RS	BH	FBH	RS	BH
2014	12	97.9	99.8	98.7	100.1	100.6	100.2
2015	12	101.7	99.5	101.7	102.2	103.0	103.1
2016	12	103.0	120.0	107.5	102.6	108.2	104.4
2017	12	101.5	97.3	99.6	103.8	101.2	103.1
2018	12	98.2	96.9	97.8	100.8	104.2	101.6
2019	12	97.4	92.4	95.5	97.3	88.1	94.7
2020	12	103.1	103.7	103.2	93.7	93.4	93.6
2021	12	107.4	106.6	107.2	109.8	109.9	109.8
2022	12	98.0	96.0	96.0	101.2	102.1	101.0
2023	12	90.0	93.8	91.0	95.8	96.8	96.1
2023	01	97.9	104.9	100.1	97.9	104.9	100.1
	02	97.0	97.2	97.0	97.5	100.9	98.5
	03	95.1	98.1	95.8	96.6	99.8	97.5
	04	89.1	92.5	90.1	94.6	97.9	95.6
	05	99.7	95.7	98.4	95.6	97.4	96.2
	06	92.0	92.5	92.3	95.0	96.6	95.5
	07	100.4	99.8	100.1	95.8	97.0	96.1
	08	101.2	97.8	100.2	96.4	97.1	96.6
	09	96.2	103.5	98.5	96.4	97.8	96.8
	10	97.6	99.6	98.2	96.5	98.0	97.0
	11	94.7	89.4	92.8	96.4	97.1	96.6
	12	90.0	93.8	91.0	95.8	96.8	96.1

Source:

Agency for Statistics of BH, Institute for Statistics of the FBH and RS Institute for Statistics

Note:

Index of Industrial Production for a period / the same period of the previous year for December represents a yearly index in comparison with the previous year.

T04: Consumer Price Index for BH (CPI)

Year	Month	Month/Previous Month of the Current Year	Month/Same Month of the Previous Year	Period/Same Period of the Previous Year
2014	12	...	99.6	99.1
2015	12	...	98.7	99.0
2016	12	...	99.7	98.9
2017	12	...	101.3	101.2
2018	12	...	101.6	101.4
2019	12	...	99.9	100.6
2020	12	...	98.4	99.0
2021	12	...	106.4	102.0
2022	12	...	114.7	114.0
2023	12	...	102.2	106.1
2023	01	100.5	114.1	114.1
	02	100.4	112.9	113.5
	03	100.4	110.3	112.4
	04	100.1	107.9	111.2
	05	99.8	106.5	110.2
	06	99.8	104.9	109.3
	07	99.8	104.0	108.5
	08	101.0	104.7	108.0
	09	100.6	104.1	107.6
	10	100.1	102.1	107.0
	11	99.8	101.7	106.5
	12	99.8	102.2	106.1

Source:

Agency for Statistics of Bosnia and Herzegovina.

Note:

Price index for a period/the same period of previous year for December represents annual index in comparison to the previous year.

T05: Average Gross and Net Wages and Pensions

- in KM -

Year	Month	Gross Wages				Net Wages				Pensions		
		FBH	RS	Brčko	BH	FBH	RS	Brčko	BH	FBH	RS	Brčko
2014		1,272	1,334	1,265	1,183	833	825	814	830	367	333	323
2015		1,269	1,339	1,275	1,289	830	831	821	830	368	343	327
2016		1,283	1,343	1,290	1,301	839	836	830	838	370	342	326
2017		1,318	1,331	1,304	1,321	860	831	838	851	372	344	326
2018		1,365	1,357	1,363	1,363	888	857	872	879	395	361	342
2019		1,420	1,407	1,426	1,421	923	906	915	921	415	378	357
2020		1,474	1,485	1,477	1,476	956	956	948	956	423	394	367
2021		1,542	1,546	1,486	1,542	996	1,004	959	997	428	408	375
2022		1,724	1,729	1,600	1,722	1,114	1,143	1,051	1,122	461	460	412
2023		1,959	1,937	1,744	1,947	1,261	1,274	1,171	1,263	570	540	491
2023	01	1,875	1,845	1,679	1,861	1,208	1,217	1,123	1,209	535	540	481
	02	1,849	1,908	1,669	1,863	1,193	1,256	1,117	1,211	535	540	481
	03	1,967	1,910	1,690	1,942	1,265	1,258	1,134	1,260	539	540	481
	04	1,913	1,921	1,714	1,911	1,233	1,265	1,150	1,241	563	540	489
	05	1,987	1,945	1,716	1,967	1,277	1,280	1,152	1,275	585	540	499
	06	1,963	1,953	1,731	1,954	1,262	1,284	1,161	1,267	584	540	469
	07	1,951	1,943	1,776	1,944	1,257	1,278	1,192	1,262	584	540	499
	08	1,991	1,954	1,785	1,974	1,281	1,286	1,201	1,280	584	541	499
	09	1,960	1,941	1,807	1,950	1,260	1,277	1,213	1,264	584	541	500
	10	1,995	1,963	1,776	1,981	1,285	1,290	1,192	1,285	584	541	500
	11	2,037	1,974	1,785	2,012	1,310	1,296	1,201	1,304	583	541	500
	12	2,018	1,988	1,807	2,004	1,296	1,304	1,213	1,297	583	541	501

Source:

Agency for Statistics of BH, Institute for Statistics of the FBH, RS Institute of Statistics and Branch of Brčko District

Note:

Since 1 January 2006, gross and net wages for BH level include Brčko District

- end of period, in KM million -

Year	Month	Currency outside Monetary Authorities	Bank Deposits with Monetary Authorities	Transf. Dep. of other Resident Sectors with Monetary Authorities	Cash Outside Banks	Transf. Deposits in Domestic Currency	Other Deposits in Domestic Currency	Transf. Deposits in Foreign Currency	Other Deposits in Foreign Currency	Reserve Money	M1	QM	M2
1	2	3	4	5	6	7	8	9	10	11=3+4+5	12=6+7	13=8+9+10	14=12+13
2014	12	3,210.5	3,751.1	38.3	2,814.0	4,496.4	3,377.3	1,301.2	5,280.0	6,999.9	7,310.4	9,958.5	17,268.9
2015	12	3,499.5	4,063.5	51.7	3,055.3	5,125.6	3,562.6	1,360.4	5,543.3	7,614.7	8,180.9	10,466.3	18,647.2
2016	12	4,066.8	4,269.1	52.0	3,401.2	5,899.8	3,883.0	1,535.6	5,478.0	8,387.9	9,301.0	10,896.6	20,197.6
2017	12	4,319.4	5,033.1	76.1	3,648.1	6,924.4	4,091.6	1,816.2	5,636.1	9,428.5	10,572.5	11,543.8	22,116.3
2018	12	4,750.6	5,523.3	125.5	3,977.2	8,166.4	4,302.2	1,961.5	5,782.3	10,399.4	12,143.7	12,046.0	24,189.6
2019	12	5,199.9	5,743.6	176.6	4,330.1	8,921.1	2,998.0	2,490.3	7,593.2	11,120.2	13,251.2	13,081.5	26,332.7
2020	12	6,172.5	5,901.1	231.8	5,043.4	10,011.8	3,034.7	2,902.5	7,256.6	12,305.4	15,055.2	13,193.8	28,249.0
2021	12	6,923.8	7,219.6	304.9	5,540.0	12,387.6	3,044.2	3,300.1	7,243.8	14,448.3	17,927.5	13,588.1	31,515.6
2022	12	7,436.1	7,217.4	272.7	6,126.2	13,752.5	2,878.7	3,583.9	6,898.8	14,926.2	19,878.6	13,361.3	33,240.0
2023	12	7,565.1	7,083.2	16.9	6,550.5	15,064.1	2,891.3	3,974.6	7,310.3	14,665.2	21,614.6	14,176.2	35,790.8
2023	01	7,355.2	7,097.0	288.7	5,953.5	13,758.9	2,906.9	3,657.1	6,856.4	14,741.0	19,712.4	13,420.4	33,132.8
	02	7,362.2	6,735.3	162.7	5,982.3	13,643.5	2,867.4	3,734.3	6,957.5	14,260.2	19,625.8	13,559.2	33,185.0
	03	7,397.9	6,454.3	160.1	6,027.0	13,583.4	2,873.8	3,763.5	7,003.9	14,012.3	19,610.4	13,641.2	33,251.6
	04	7,548.0	6,322.1	151.8	6,198.9	13,758.3	2,889.0	3,766.4	6,992.2	14,021.8	19,957.3	13,647.7	33,604.9
	05	7,588.7	6,578.4	151.7	6,163.5	13,922.7	2,815.6	3,924.3	6,956.7	14,318.8	20,086.2	13,696.6	33,782.8
	06	7,571.4	6,349.8	152.6	6,253.1	14,082.0	2,854.5	3,887.6	6,975.2	14,073.9	20,335.1	13,717.3	34,052.4
	07	7,694.8	6,429.3	131.6	6,373.8	14,593.9	2,825.2	3,946.5	6,942.0	14,255.7	20,967.7	13,713.7	34,681.4
	08	7,734.4	6,657.4	81.4	6,388.9	14,758.3	2,900.7	3,958.4	6,978.9	14,473.3	21,147.2	13,838.0	34,985.2
	09	7,677.2	6,720.3	83.4	6,397.2	14,788.1	2,904.5	4,009.3	7,027.1	14,480.9	21,185.3	13,941.0	35,126.3
	10	7,604.3	6,612.6	16.4	6,338.6	14,766.2	2,952.2	4,032.7	7,094.3	14,233.3	21,104.8	14,079.2	35,184.0
	11	7,473.4	6,631.4	15.5	6,289.4	14,859.2	2,946.0	4,050.8	7,074.9	14,120.3	21,148.6	14,071.6	35,220.2
	12	7,565.1	7,083.2	16.9	6,550.5	15,064.1	2,891.3	3,974.6	7,310.3	14,665.2	21,614.6	14,176.2	35,790.8

Note:

The cash outside monetary authorities is taken from the CBBH Balance Sheet and it consists of cash outside the Central Bank (monetary authorities). Deposits of commercial banks are commercial banks' funds in the accounts with the CBBH. Transferable deposits of other domestic sectors with monetary authorities are deposits of other domestic sectors (except for the central government deposits). The central government consists of BH institutions, Entity governments, Entities' social security funds and those of Brčko District. Social security funds on Entity level (from Federation of BH: Pension Fund of FBH, Health Care Fund of FBH, Employment Fund of FBH, and from Republika Srpska: Pension and Disability Insurance Fund of RS, Health Care Fund of RS, Employment Fund of RS and Fund for Child Protection of RS) are classified at the central government level. The cash outside banks is taken from the CBBH Balance Sheet (Table 08) and consists of cash in circulation out of the Central Bank (monetary authorities), as well as cash outside the commercial banks. Transferable deposits in the domestic currency are taken from the Monetary Survey (Table 07). They consist of deposits of non-central government (deposits of cantons and municipalities), deposits of public and private enterprises, of other financial institutions and deposits of other domestic sectors (households, non-profit institutions and other non-classified sectors). Other deposits in the domestic currency, transferable and other deposits in foreign currency are taken over from the Monetary Survey (Table 07). They consist of deposits of non central government (deposits of cantons and municipalities), deposits of public and private enterprises, other financial institutions and deposits of other domestic sectors (households, non-profit institutions and other non-classified sectors). Reserve money (primary money or monetary base) is taken entirely from the CBBH Balance Sheet (Table 08). It consists of cash outside the monetary authorities, deposits of commercial banks and deposits of other domestic sectors (except for deposits of the central government) with the monetary authorities. According to the national definition, money supply comprises all transferable and other deposits of domestic nonbank and nongovernment sectors, as well as, sectors of local government in domestic and foreign currency. Deposits of Entities' social security funds are included in those of the central government on Entity level and by that they are excluded from the Money Supply or Monetary Aggregates. Monetary aggregate M1 comprises cash outside banks and transferable deposits in domestic currency of all domestic sectors (except for deposits of the central government). Monetary aggregate QM is defined in the same way as the corresponding item in the Monetary Survey (Table 07). It consists of other deposits in domestic currency, transferable and other deposits in a foreign currency of all domestic sectors (except for deposits of the central government). Money supply M2 comprises monetary aggregates, M1 and QM.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

T07: Monetary Survey

- end of period, in KM million -

Year	Month	ASSETS										
		Foreign Assets (Net)				Claims on Domestic Sectors						
		Foreign Assets	Foreign Liabilities		Claims on Central Government (Net)	Claims on Cantons and Municipalities	Claims on Public Non-financial Enterprises	Claims on Private Non-financial Enterprises	Claims on Other Financial Institutions	Claims on Other Domestic Sectors		Total
1	2	3	4	5 = 3+4	6	7	8	9	10	11	12 = 6+...+11	13 = 5+12
2014	12	10,479.7	-2,961.1	7,518.6	71.0	509.1	443.6	7,452.0	61.3	7,502.5	16,039.4	23,557.9
2015	12	11,107.9	-2,614.6	8,493.3	160.1	537.2	400.0	7,452.6	74.6	7,875.3	16,499.8	24,993.1
2016	12	12,199.0	-2,476.4	9,722.6	101.8	517.8	375.6	7,743.9	67.2	8,155.8	16,962.0	26,684.6
2017	12	13,372.4	-2,589.5	10,782.9	-148.7	511.5	406.2	8,354.5	96.5	8,689.3	17,909.4	28,692.2
2018	12	15,505.5	-3,041.0	12,464.5	-461.2	496.5	428.0	8,655.0	136.8	9,315.0	18,570.1	31,034.5
2019	12	17,069.9	-3,120.0	13,949.9	-679.3	506.7	509.3	9,070.9	152.2	10,024.9	19,584.7	33,534.6
2020	12	18,340.2	-2,326.3	16,013.9	-236.3	538.1	540.8	8,618.1	155.0	9,937.9	19,553.6	35,567.5
2021	12	21,065.4	-1,949.0	19,116.3	-804.4	583.5	532.3	8,812.6	164.1	10,478.3	19,766.3	38,882.7
2022	12	21,084.4	-1,813.4	19,271.1	-509.1	592.0	652.8	9,197.6	180.2	11,027.6	21,141.1	40,412.2
2023	12	22,027.1	-1,492.6	20,534.4	125.1	645.6	644.9	9,828.3	231.8	11,847.1	23,322.8	43,857.2
2023	01	21,012.7	-1,693.5	19,319.2	-335.7	589.0	623.0	9,060.7	167.1	11,014.6	21,118.6	40,437.8
	02	20,758.1	-1,671.2	19,086.8	-182.0	586.0	637.0	9,164.9	158.9	11,047.5	21,412.3	40,499.2
	03	20,726.1	-1,527.5	19,198.5	-329.5	576.1	625.2	9,293.5	164.1	11,159.0	21,488.4	40,687.0
	04	20,960.6	-1,525.1	19,435.5	-349.2	592.4	632.4	9,400.4	161.8	11,246.5	21,684.4	41,119.9
	05	21,042.0	-1,490.6	19,551.4	-286.5	587.6	602.0	9,415.9	177.1	11,292.2	21,788.4	41,339.8
	06	20,997.4	-1,457.7	19,539.7	-302.8	576.8	623.1	9,562.4	199.6	11,433.3	22,092.5	41,632.2
	07	21,345.1	-1,451.7	19,893.4	-52.3	576.2	617.4	9,554.1	203.1	11,531.4	22,430.0	42,323.5
	08	21,794.5	-1,478.4	20,316.0	-75.9	572.4	623.4	9,523.3	206.3	11,596.2	22,445.7	42,761.7
	09	21,769.7	-1,459.6	20,310.1	-60.2	568.6	622.2	9,629.3	206.9	11,675.4	22,642.4	42,952.5
	10	21,900.4	-1,452.7	20,447.6	-112.0	631.9	623.1	9,622.2	228.2	11,764.3	22,757.7	43,205.3
	11	21,793.6	-1,457.3	20,336.3	2.7	632.5	625.9	9,679.8	212.2	11,820.5	22,973.6	43,309.9
	12	22,027.1	-1,492.6	20,534.4	125.1	645.6	644.9	9,828.3	231.8	11,847.1	23,322.8	43,857.2

Note:

The monetary survey presents the consolidated data from the Balance Sheet of the CBBH - monetary authorities (table 08) and the consolidated balance sheet of commercial banks of Bosnia and Herzegovina (table 09). Foreign assets (net) represent the difference between total CBBH foreign assets - the monetary authorities and commercial banks and CBBH total foreign liabilities - the monetary authorities and commercial banks of BH. Claims on domestic sectors represent commercial banks' claims on all domestic sectors, but it should be noted that claims on central government are presented in net amounts, i.e. they are reduced by the deposits of central government with the CBBH and with BH commercial banks. The central government consists of BH institutions, Entities' governments, Entities' social security funds and those of Brčko District. According to new methodology, social security funds are classified on the central government level as the Entities' off-budget funds, which has a direct impact on data about net claims on the central government in Monetary Survey.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

- end of period, in KM million -

		LIABILITIES													
		Broad money (M2)													
		Money (M1)			Quasi money (QM)										
Year	Month	Cash Outside Banks	Transferable Deposits in Dom. Curr.		Transferable Deposits in Foreign Curr.	Other Deposits in Dom. Curr.	Other Deposits in Foreign Curr.				Securities	Loans	Shares and Other Equity	Other Items (net)	Total
1	2	3	4	5=3+4	6	7	8	9=6+7+8	10=5+9	11	12	13	14	15=10+...+14	
2014	12	2,814.0	4,496.4	7,310.4	1,301.2	3,377.3	5,280.0	9,958.5	17,268.9	0.0	681.0	3,993.5	1,614.5	23,557.9	
2015	12	3,055.3	5,125.6	8,180.9	1,360.4	3,562.6	5,543.3	10,466.3	18,647.2	8.0	599.2	4,148.0	1,590.7	24,993.1	
2016	12	3,401.2	5,899.8	9,301.0	1,535.6	3,883.0	5,478.0	10,896.6	20,197.6	8.0	510.0	4,440.4	1,528.6	26,684.6	
2017	12	3,648.1	6,924.4	10,572.5	1,816.2	4,091.6	5,636.1	11,543.8	22,116.3	8.0	460.0	4,659.5	1,448.4	28,692.2	
2018	12	3,977.2	8,166.4	12,143.7	1,961.5	4,302.2	5,782.3	12,046.0	24,189.6	8.0	467.5	4,867.2	1,502.3	31,034.5	
2019	12	4,330.1	8,921.1	13,251.2	2,490.3	2,998.0	7,593.2	13,081.5	26,332.7	8.0	532.4	5,224.6	1,436.9	33,534.6	
2020	12	5,043.4	10,011.8	15,055.2	2,902.5	3,034.7	7,256.6	13,193.8	28,249.0	0.0	606.7	5,307.8	1,404.0	35,567.5	
2021	12	5,540.0	12,387.6	17,927.5	3,300.1	3,044.2	7,243.8	13,588.1	31,515.6	0.0	638.5	5,287.3	1,441.4	38,882.7	
2022	12	6,126.2	13,752.5	19,878.6	3,583.9	2,878.7	6,898.8	13,361.3	33,240.0	0.0	622.8	5,208.0	1,341.4	40,412.2	
2023	12	6,550.5	15,064.1	21,614.6	3,974.6	2,891.3	7,310.3	14,176.2	35,790.8	3.7	643.4	6,012.6	1,406.7	43,857.2	
2023	01	5,953.5	13,758.9	19,712.4	3,657.1	2,906.9	6,856.4	13,420.4	33,132.8	0.0	624.6	5,305.5	1,374.9	40,437.8	
	02	5,982.3	13,643.5	19,625.8	3,734.3	2,867.4	6,957.5	13,559.2	33,185.0	0.0	625.4	5,370.5	1,318.2	40,499.2	
	03	6,027.0	13,583.4	19,610.4	3,763.5	2,873.8	7,003.9	13,641.2	33,251.6	0.0	628.9	5,439.8	1,366.6	40,687.0	
	04	6,198.9	13,758.3	19,957.3	3,766.4	2,889.0	6,992.2	13,647.7	33,604.9	0.0	637.5	5,531.2	1,346.3	41,119.9	
	05	6,163.5	13,922.7	20,086.2	3,924.3	2,815.6	6,956.7	13,696.6	33,782.8	0.0	651.2	5,584.1	1,321.6	41,339.8	
	06	6,253.1	14,082.0	20,335.1	3,887.6	2,854.5	6,975.2	13,717.3	34,052.4	0.0	661.5	5,583.9	1,334.4	41,632.2	
	07	6,373.8	14,593.9	20,967.7	3,946.5	2,825.2	6,942.0	13,713.7	34,681.4	0.0	665.8	5,679.8	1,296.5	42,323.5	
	08	6,388.9	14,758.3	21,147.2	3,958.4	2,900.7	6,978.9	13,838.0	34,985.2	0.0	669.5	5,807.2	1,299.7	42,761.7	
	09	6,397.2	14,788.1	21,185.3	4,009.3	2,904.5	7,027.1	13,941.0	35,126.3	0.0	681.7	5,895.0	1,249.4	42,952.5	
	10	6,338.6	14,766.2	21,104.8	4,032.7	2,952.2	7,094.3	14,079.2	35,184.0	0.0	681.7	5,981.3	1,358.2	43,205.3	
	11	6,289.4	14,859.2	21,148.6	4,050.8	2,946.0	7,074.9	14,071.6	35,220.2	3.7	648.0	6,080.8	1,357.2	43,309.9	
	12	6,550.5	15,064.1	21,614.6	3,974.6	2,891.3	7,310.3	14,176.2	35,790.8	3.7	643.4	6,012.6	1,406.7	43,857.2	

Note:

Money M1 includes cash outside banks, transferable deposits in the domestic currency of all domestic sectors (except the deposits of the central government). Quasi money QM comprises other deposits in the domestic currency, transferable and other deposits in foreign currency of all domestic sectors (except the deposits of the central government). Money supply M2 includes monetary aggregates, money M1 and quasi money QM. Other liabilities include securities, loans, shares and other equity and other items (net). According to a new methodology, as separate financial instruments on the side of liabilities, loans (with which the calculated interest is added) are presented, along with shares and other equity. Other items (net) are unallocated items of liabilities reduced by the unallocated items of assets. Other items (net) also include restricted deposits, counter-items of funds and government lending funds.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

T08: Balance Sheet of the CBBiH

- end of period, in KM million -

Year	Month	ASSETS			LIABILITIES								
		Foreign Assets	Claims on Domestic Sectors	Total	Reserve money			Total	Foreign Liabilities	Deposits of Central Government	Shares and Other Equity	Other Items (Net)	Total
					Cash outside Monetary Authorities	Deposits of Commercial Banks with Monetary Authorities	Deposits of Other Domestic Sectors with Monetary Authorities						
1	2	3	4	5=3+4	6	7	8	9=6+7+8	10	11	12	13	14=9+...+13
2014	12	7,853.4	1.6	7,855.1	3,210.5	3,751.1	38.3	6,999.9	1.1	293.2	585.0	-24.2	7,855.1
2015	12	8,634.1	1.5	8,635.7	3,499.5	4,063.5	51.7	7,614.7	1.3	449.9	593.7	-24.0	8,635.7
2016	12	9,559.0	1.5	9,560.4	4,066.8	4,269.1	52.0	8,387.9	2.2	538.4	667.4	-35.5	9,560.4
2017	12	10,584.4	2.2	10,586.6	4,319.4	5,033.1	76.1	9,428.5	1.6	548.6	652.6	-44.8	10,586.6
2018	12	11,651.0	2.1	11,653.1	4,750.6	5,523.3	125.5	10,399.4	1.8	583.9	720.0	-51.9	11,653.1
2019	12	12,624.9	2.2	12,627.1	5,199.9	5,743.6	176.6	11,120.2	1.7	704.0	856.5	-55.4	12,627.1
2020	12	13,895.8	2.0	13,897.9	6,172.5	5,901.1	231.8	12,305.4	1.7	665.2	982.3	-56.8	13,897.9
2021	12	16,376.0	2.6	16,378.5	6,923.8	7,219.6	304.9	14,448.3	2.3	1,124.7	861.4	-58.3	16,378.5
2022	12	16,093.7	2.8	16,096.5	7,436.1	7,217.4	272.7	14,926.2	2.6	685.5	545.4	-63.3	16,096.5
2023	12	16,317.7	2.8	16,320.5	7,565.1	7,083.2	16.9	14,665.2	2.5	736.0	911.3	5.5	16,320.5
2023	01	15,975.2	1.6	15,976.9	7,355.2	7,097.0	288.7	14,741.0	3.1	717.6	578.6	-63.4	15,976.9
	02	15,392.9	1.9	15,394.8	7,362.2	6,735.3	162.7	14,260.2	14.7	604.3	578.1	-62.5	15,394.8
	03	15,235.1	2.4	15,237.5	7,397.9	6,454.3	160.1	14,012.3	2.5	659.5	628.0	-64.8	15,237.5
	04	15,357.1	1.7	15,358.8	7,548.0	6,322.1	151.8	14,021.8	3.0	744.3	654.3	-64.7	15,358.8
	05	15,555.8	2.1	15,557.9	7,588.7	6,578.4	151.7	14,318.8	2.7	611.1	689.3	-64.0	15,557.9
	06	15,345.7	2.4	15,348.1	7,571.4	6,349.8	152.6	14,073.9	2.7	632.2	703.3	-63.9	15,348.1
	07	15,593.3	1.8	15,595.1	7,694.8	6,429.3	131.6	14,255.7	2.3	657.2	743.5	-63.6	15,595.1
	08	15,899.9	2.1	15,902.0	7,734.4	6,657.4	81.4	14,473.3	3.0	702.6	785.5	-62.3	15,902.0
	09	15,944.1	2.3	15,946.4	7,677.2	6,720.3	83.4	14,480.9	2.8	713.4	811.0	-61.6	15,946.4
	10	15,795.6	1.8	15,797.5	7,604.3	6,612.6	16.4	14,233.3	3.0	753.0	869.2	-61.1	15,797.5
	11	15,712.6	2.0	15,714.6	7,473.4	6,631.4	15.5	14,120.3	2.7	733.6	918.7	-60.8	15,714.6
	12	16,317.7	2.8	16,320.5	7,565.1	7,083.2	16.9	14,665.2	2.5	736.0	911.3	5.5	16,320.5

Note:

The CBBH (monetary authorities) foreign assets comprise gold, foreign currency in the CBBH vault, foreign currency deposits with foreign banks, SDR holdings, foreign securities and other.

Reserve money (primary money or monetary base) is comprised of cash outside monetary authorities, deposits of commercial banks and deposits of other domestic sectors (except for the central government) with monetary authorities. Cash outside banks represents cash in circulation outside the Central Bank (monetary authorities) and cash outside commercial banks. The CBBH foreign liabilities are comprised of short-term liabilities towards non-residents, deposits of non-residents and other short-term liabilities towards non-residents and liabilities towards the IMF (Accounts 1 and 2).

Deposits of central government with the CBBH are transferable and other deposits of BH Institutions, Entity Governments, Entity Social Security Funds and those of Brčko District in the local currency. Shares and other equity comprise the equity, current year result, general and special reserves and adjustment/revaluation. Other items (net) are unallocated items of liabilities reduced by the unallocated items of assets.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

- end of period, in KM million -

ASSETS									
Year	Month	Reserves	Foreign Assets	Claims on General Government	Claims on Public Non-financial Enterprises	Claims on Private Non-financial Enterprises	Claims on Other Financial Institutions	Claims on Other Domestic Sectors	Total
1	2	3	4	5	6	7	8	9	10 = 3+...+9
2014	12	4,115.0	2,626.3	1,854.5	443.6	7,452.0	61.3	7,501.7	24,054.3
2015	12	4,511.7	2,473.8	2,161.1	400.0	7,452.6	74.6	7,874.7	24,948.5
2016	12	4,936.6	2,640.0	2,179.1	375.6	7,743.9	67.2	8,155.4	26,097.7
2017	12	5,711.7	2,787.9	2,197.0	406.2	8,354.5	96.5	8,688.8	28,242.7
2018	12	6,298.3	3,854.5	2,285.0	428.0	8,655.0	136.8	9,314.6	30,972.1
2019	12	6,627.0	4,445.0	2,551.9	509.3	9,070.9	152.2	10,024.5	33,380.9
2020	12	7,099.6	4,444.3	3,015.4	540.8	8,618.1	155.0	9,937.6	33,810.8
2021	12	8,608.0	4,689.4	3,095.4	532.3	8,812.6	164.1	10,478.0	36,379.7
2022	12	8,541.6	4,990.8	3,171.7	652.8	9,197.6	180.2	11,027.3	37,761.9
2023	12	8,116.2	5,709.4	3,440.2	644.9	9,828.3	231.8	11,846.8	39,817.7
2023	01	8,512.4	5,037.5	3,139.3	623.0	9,060.7	167.1	11,014.5	37,554.5
	02	8,129.8	5,365.1	3,168.5	637.0	9,164.9	158.9	11,047.3	37,671.7
	03	7,840.1	5,491.0	3,134.1	625.2	9,293.5	164.1	11,158.7	37,706.9
	04	7,680.7	5,603.5	3,168.8	632.4	9,400.4	161.8	11,246.4	37,894.1
	05	8,014.8	5,486.1	3,199.6	602.0	9,415.9	177.1	11,292.0	38,187.5
	06	7,678.8	5,651.7	3,152.4	623.1	9,562.4	199.6	11,433.0	38,301.0
	07	7,756.8	5,751.9	3,200.8	617.4	9,554.1	203.1	11,531.3	38,615.4
	08	8,011.2	5,894.5	3,223.1	623.4	9,523.3	206.3	11,596.0	39,077.8
	09	8,011.1	5,825.6	3,266.8	622.2	9,629.3	206.9	11,675.2	39,237.1
	10	7,887.4	6,104.7	3,362.3	623.1	9,622.2	228.2	11,764.2	39,592.2
	11	7,826.9	6,081.0	3,421.0	625.9	9,679.8	212.2	11,820.3	39,667.1
	12	8,116.2	5,709.4	3,440.2	644.9	9,828.3	231.8	11,846.8	39,817.7

Note:

Consolidated balance sheet of commercial banks includes consolidated balance sheets of commercial banks covered by Main Unit Sarajevo, Main Unit Mostar, Main Bank RS, Brčko District (from July 2001 until November 2002), NBRS (until December 1998) and the NBBH (until November 2002). Mutual claims and liabilities among the commercial banks have been consolidated. Banks' reserves consist of cash in the banks' vaults and banks' deposits with the CBBH.

Foreign assets of commercial banks include: foreign currency in the vaults, transferable and other deposits in foreign currency with nonresidents, loans to nonresidents, securities of non-residents in foreign currency, and other claims on non-residents. Claims on general government include claims on all levels of government: the central government (BH Institutions, Entities' Governments, Entity Social Security Funds and those of Brčko District) and non-central governments (canton and municipality governments). Claims on other domestic sectors include: claims on public non-financial enterprises, private non-financial enterprises, other financial institutions and claims on other domestic sectors (households, non-profit institutions and other non-classified sectors).

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

T09: Consolidated Balance Sheet of Commercial Banks in BH

- end of period, in KM million -

LIABILITIES												
Year	Month	Deposits of Central Government	Transf. Dep. of Other Domestic Sectors in Dom. Curr.	Transf. Dep. of Other Domestic Sectors in For. Curr.	Other Dep. of Other Domestic Sectors in Dom. Curr.	Other Dep. of Other Domestic Sectors in For. Curr.	Securities	Loans	Foreign Liabilities	Shares and Other Equity	Other Items (Net)	Total
1	2	3	4	5	6	7	8	9	10	11	12	13=3+...+12
2014	12	4,115.0	2,626.3	1,854.5	443.6	7,452.0	61.3	7,501.7	24,054.3	3,408.5	1,606.8	24,054.3
2015	12	4,511.7	2,473.8	2,161.1	400.0	7,452.6	74.6	7,874.7	24,948.5	3,554.3	1,619.5	24,948.5
2016	12	4,936.6	2,640.0	2,179.1	375.6	7,743.9	67.2	8,155.4	26,097.7	3,773.0	1,566.9	26,097.7
2017	12	5,711.7	2,787.9	2,197.0	406.2	8,354.5	96.5	8,688.8	28,242.7	4,006.8	1,502.2	28,242.7
2018	12	6,298.3	3,854.5	2,285.0	428.0	8,655.0	136.8	9,314.6	30,972.1	4,147.2	1,557.4	30,972.1
2019	12	6,627.0	4,445.0	2,551.9	509.3	9,070.9	152.2	10,024.5	33,380.9	4,368.0	1,507.7	33,380.9
2020	12	7,099.6	4,444.3	3,015.4	540.8	8,618.1	155.0	9,937.6	33,810.8	4,325.4	1,531.8	33,810.8
2021	12	8,608.0	4,689.4	3,095.4	532.3	8,812.6	164.1	10,478.0	36,379.7	4,425.8	1,506.2	36,379.7
2022	12	8,541.6	4,990.8	3,171.7	652.8	9,197.6	180.2	11,027.3	37,761.9	4,680.2	1,406.9	37,764.1
2023	12	1,933.6	15,047.2	3,974.6	2,891.3	7,310.3	3.7	643.4	1,490.2	5,101.3	1,422.0	39,817.7
2023	01	2,168.5	13,470.2	3,657.1	2,906.9	6,856.4	0.0	624.6	1,690.4	4,726.9	1,453.5	37,554.5
	02	2,160.3	13,480.8	3,734.3	2,867.4	6,957.5	0.0	625.4	1,656.5	4,792.4	1,397.1	37,671.7
	03	2,228.2	13,423.3	3,763.5	2,873.8	7,003.9	0.0	628.9	1,525.0	4,811.8	1,448.4	37,706.9
	04	2,181.4	13,606.5	3,766.4	2,889.0	6,992.2	0.0	637.5	1,522.1	4,876.8	1,422.1	37,894.1
	05	2,287.4	13,771.0	3,924.3	2,815.6	6,956.7	0.0	651.2	1,487.9	4,894.8	1,398.6	38,187.5
	06	2,246.2	13,929.3	3,887.6	2,854.5	6,975.2	0.0	661.5	1,455.0	4,880.6	1,411.0	38,301.0
	07	2,019.7	14,462.4	3,946.5	2,825.2	6,942.0	0.0	665.8	1,449.4	4,936.3	1,368.2	38,615.4
	08	2,024.1	14,676.9	3,958.4	2,900.7	6,978.9	0.0	669.5	1,475.5	5,021.7	1,372.1	39,077.8
	09	2,045.0	14,704.7	4,009.3	2,904.5	7,027.1	0.0	681.7	1,456.8	5,084.0	1,323.9	39,237.1
	10	2,089.4	14,749.8	4,032.7	2,952.2	7,094.3	0.0	681.7	1,449.7	5,112.1	1,430.2	39,592.2
	11	2,052.2	14,843.6	4,050.8	2,946.0	7,074.9	3.7	648.0	1,454.5	5,162.1	1,431.3	39,667.1
	12	1,933.6	15,047.2	3,974.6	2,891.3	7,310.3	3.7	643.4	1,490.2	5,101.3	1,422.0	39,817.7

Note:

Central government deposits include transferable and other deposits in the local and foreign currency of BH Institutions, Entity Governments, Entity Social Security Funds and those of Brčko District. Transferable and other deposits of other domestic sectors in domestic and foreign currency represent banks liabilities towards non-central government (canton and municipality governments), public non financial enterprises, private non financial enterprises, other financial institutions and other domestic sectors (households, nonprofit institutions and other non-classified sectors).

Foreign liabilities of commercial banks include banks liabilities to nonresidents based on transferable and other deposits, loans, securities, trade loans and advance payments and other accounts payable. According to a new methodology, loans are presented in liabilities as a separate financial instrument, with which the calculated interest is added.

Shares and other equity comprises equity, retained earnings, current year result, general and special reserves and adjustment/revaluation. Other items (net) are unallocated items of liabilities reduced by the unallocated items of assets. Restricted deposits are also included in other items (net).

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

T10: Interest Rates on Loans to Households**- in percentages per annum -**

Year	Period	Households															
		Loans in KM				Loans in KM Indexed to Foreign Currency								Revolving Loans, Overdrafts and Credit Cards* (Loan Facility) *			
		For Housing Purchases		For other Purposes		For Housing Purchases		For other Purposes		Loans in KM		Loans in KM Indexed to Foreign Currency		Overdrafts		Credit Card with Extended Credit	
		Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Over 10 Years IRF	Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Over 10 Years IRF	Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Overdrafts	Credit Card with Extended Credit	Overdrafts
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Weighted monthly averages																	
2017	12	3.844	3.319	...	...	5.944	6.261	4.327	4.240	4.617	4.705	6.384	5.992	6.364	12.253	14.668	11.191
2018	12	3.454	...	...	...	5.479	5.262	3.637	3.166	3.820	4.022	6.632	5.616	5.469	12.202	14.619	10.880
2019	12	3.877	4.168	3.395	5.279	5.863	5.580	3.502	3.353	3.826	3.875	6.152	5.637	5.668	12.042	14.674	10.467
2020	12	3.643	...	...	3.676	5.885	5.845	3.671	4.582	3.902	3.835	5.864	5.678	6.380	11.936	13.606	9.815
2021	12	3.095	2.861	3.244	4.054	5.377	5.164	3.338	4.570	3.868	3.743	5.375	4.822	5.415	11.773	13.965	9.157
2022	12	3.903	3.454	3.474	3.596	5.943	5.322	4.384	...	3.811	3.696	5.673	4.842	5.200	11.993	14.129	8.119
2023	12	4.918	3.695	3.440	3.793	6.329	5.854	4.074	...	4.050	3.844	6.889	5.985	5.951	12.114	14.312	7.110
2023	01	4.197	3.386	3.055	3.685	6.146	5.446	4.380	4.259	3.916	3.816	6.086	5.553	4.773	12.741	14.115	8.023
	02	3.755	3.194	3.280	3.590	6.208	5.525	4.842	...	3.980	4.051	5.746	4.918	4.516	12.937	14.796	7.959
	03	4.033	3.049	3.164	3.697	6.105	5.574	4.335	...	3.998	4.010	6.033	4.468	5.416	12.925	14.182	7.667
	04	4.009	...	3.011	3.649	6.505	5.580	3.927	...	3.943	3.948	5.950	4.871	5.429	13.027	14.140	7.545
	05	4.200	2.984	3.376	3.704	6.487	5.591	3.666	...	4.435	4.024	6.194	5.415	5.440	12.332	14.146	7.503
	06	4.189	...	3.383	3.793	6.408	5.506	4.232	...	4.666	3.947	6.056	5.219	5.333	12.813	14.071	7.409
	07	4.041	3.160	3.531	3.821	6.633	5.509	4.163	...	4.516	3.879	6.389	5.607	5.207	12.815	14.102	7.657
	08	3.991	3.159	3.574	3.784	6.733	5.570	4.437	...	4.536	3.928	6.122	5.855	5.769	12.882	14.093	7.614
	09	4.419	3.269	3.333	3.864	6.518	5.728	3.979	...	4.308	3.618	6.351	6.446	5.723	12.669	14.284	7.524
	10	4.803	3.697	3.366	3.891	6.797	5.689	4.013	...	4.071	3.827	6.812	6.521	5.918	12.666	14.313	7.393
	11	4.476	3.568	3.427	3.995	6.729	5.768	4.083	...	4.250	3.835	6.725	6.327	5.994	12.232	14.306	7.377
	12	4.918	3.695	3.440	3.793	6.329	5.854	4.074	...	4.050	3.844	6.889	5.985	5.951	12.114	14.312	7.110
Loan amount (new business)																- in KM thousand -	
2017	12	1,416	445	...	...	49,832	14,785	17,187	395	3,826	8,180	74,945	23,401	36,446	522,643	52,859	89,901
2018	12	2,597	...	...	...	66,009	27,336	17,610	155	3,340	9,211	47,731	10,078	27,896	526,750	54,795	85,550
2019	12	1,242	386	1,042	463	53,829	26,426	21,834	288	4,641	13,531	66,117	8,097	27,474	521,600	58,916	79,533
2020	12	3,468	...	...	532	39,970	19,333	16,057	265	3,729	5,229	38,688	7,916	19,056	547,793	61,370	112,952
2021	12	9,615	380	5,576	2,194	47,483	36,773	17,697	412	2,471	4,695	53,132	1,717	9,332	547,070	67,171	102,693
2022	12	3,424	520	8,644	6,406	24,729	50,661	9,425	...	7,216	12,724	35,988	5,104	9,605	607,534	56,629	114,669
2023	12	4,100	772	5,807	22,009	12,192	48,969	4,071	...	3,281	16,362	5,350	13,908	8,555	711,407	61,450	191,861
2023	01	2,892	580	2,357	10,755	21,336	41,016	5,560	375	4,867	8,681	14,788	1,979	10,235	694,669	54,755	110,521
	02	1,199	1,334	2,977	13,692	28,448	55,330	10,538	...	5,615	8,430	5,388	3,044	19,872	716,331	52,337	114,435
	03	1,879	771	3,771	17,917	35,399	68,818	6,655	...	6,457	16,699	8,769	9,069	12,737	729,126	53,176	121,341
	04	991	...	5,142	14,502	28,201	58,709	4,692	...	3,213	14,748	12,640	3,974	10,996	748,260	53,086	120,404
	05	1,057	1,655	4,311	13,278	29,555	62,651	6,637	...	4,248	14,937	10,794	2,643	12,741	710,816	54,606	113,960
	06	9,901	...	3,893	10,393	24,878	68,754	5,071	...	2,648	12,786	11,465	4,241	18,028	728,097	56,301	109,392
	07	1,893	928	4,823	14,620	13,821	65,820	2,382	...	3,313	13,438	8,389	2,960	12,426	742,382	57,015	114,549
	08	2,540	769	4,816	14,222	12,306	66,622	4,753	...	2,670	17,018	10,344	4,808	9,756	736,542	57,411	118,834
	09	1,987	793	4,532	17,438	9,949	60,303	4,629	...	3,377	16,089	9,053	4,117	7,468	756,634	57,911	159,747
	10	929	1,161	6,412	19,130	11,231	63,827	3,500	...	4,491	11,900	5,700	2,965	9,527	778,202	59,425	164,160
	11	1,184	1,027	4,692	18,556	8,393	54,578	4,071	...	3,086	8,614	5,636	5,451	8,602	778,437	61,392	179,226
	12	4,100	772	5,807	22,009	12,192	48,969	4,071	...	3,281	16,362	5,350	13,908	8,555	711,407	61,450	191,861

Note:

*Interest rates in table for revolving loans and credit cards and their amounts refer to the outstanding amounts.

IRF – initial rate fixation

... insufficient data to be published

The interest rate on the revolving loans and credit cards, includes data on credit cards with loan facility. Considering that credit cards with loan facility imply an interest free deferred payment (0% ir), they are not published.

No data for interest rates on loans in foreign currency based on credit cards and overdrafts to households.

T11: Interest Rates on Loans to Non-Financial Corporations

- in percentages per annum -

		Non-financial Corporations												
		Loans in KM				Loans in KM Indexed to Foreign Currency							Revolving Loans and Overdrafts *	
		Up to an Amount of EUR 0.25 Million	Over an Amount of EUR 0.25 Million and up to EUR 1 Million	Over an Amount of EUR 1 Million	Up to an Amount of EUR 0.25 Million	Over an Amount of EUR 0.25 Million and up to EUR 1 Million	Over an Amount of EUR 1 Million					Over an Amount of EUR 1 Million		
Year	Period	Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Floating Interest Rates up to 1 Year IRF	Floating Interest Rates up to 1 Year IRF	Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Floating Interest Rates up to 1 Year IRF	Loans in KM	Loans in KM Indexed to Foreign Currency
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Weighted monthly averages														
2017	12	4.881	4.823	3.507	3.249	4.647	4.348	5.302	4.388	3.772	4.601	3.518	4.011	4.131
2018	12	4.247	4.069	3.100	3.253	4.204	3.910	3.672	3.800	3.321	3.571	4.480	3.497	3.594
2019	12	3.753	4.095	2.881	2.470	4.127	4.166	4.757	3.944	3.161	3.248	4.133	3.167	3.168
2020	12	3.901	3.990	2.871	2.871	4.402	4.013	3.707	4.090	3.566	3.702	3.193	2.940	2.962
2021	12	3.708	4.040	3.058	2.297	4.115	3.358	3.382	3.613	3.018	3.228	3.292	2.852	3.139
2022	12	4.128	4.219	4.006	3.582	5.042	4.782	...	4.471	4.783	5.080	3.817	2.837	3.210
2023	12	4.766	4.651	3.942	4.192	5.340	5.267	...	4.503	4.636	4.840	4.008	2.937	3.610
2023	01	4.285	4.104	3.803	...	5.046	4.735	4.488	4.981	3.722	...	...	2.920	3.227
	02	4.291	3.921	3.643	...	5.629	4.845	...	4.688	4.825	...	5.314	2.923	3.288
	03	4.280	3.815	3.568	...	5.725	5.360	5.062	5.216	4.371	4.625	...	2.934	3.367
	04	4.262	4.083	3.766	3.606	5.314	5.317	5.104	5.206	4.959	4.949	5.099	2.956	3.381
	05	4.322	4.185	3.527	...	5.214	5.376	...	5.055	4.363	4.970	5.267	3.064	3.397
	06	4.382	4.325	3.629	...	5.352	5.347	5.454	5.055	4.272	4.797	5.184	2.963	3.468
	07	4.431	4.593	3.613	4.451	5.018	5.006	5.092	5.028	4.155	4.397	4.472	2.964	3.504
	08	4.595	4.641	3.907	4.564	5.030	5.524	4.603	5.002	...	4.110	4.441	3.007	3.630
	09	4.401	4.540	3.616	...	4.519	5.998	5.000	4.716	4.451	4.620	4.300	2.987	3.583
	10	4.694	4.590	3.901	4.613	4.935	5.687	4.806	5.077	...	4.629	4.791	2.981	3.576
	11	4.622	4.728	3.587	4.030	4.671	5.329	4.756	5.151	4.317	4.435	4.691	2.953	3.589
	12	4.766	4.651	3.942	4.192	5.340	5.267	...	4.503	4.636	4.840	4.008	2.937	3.610
Loan amount (new business)													- in KM thousand -	
2017	12	61,618	15,167	78,915	70,622	16,356	12,180	4,747	18,699	19,145	20,480	164,874	2,127,013	418,315
2018	12	51,404	26,718	62,726	79,085	8,815	14,021	3,637	23,544	11,311	9,906	25,588	2,367,482	686,874
2019	12	64,463	19,573	71,859	51,384	9,787	11,485	2,785	22,801	6,636	7,045	69,916	2,655,796	687,510
2020	12	53,146	15,109	52,781	78,165	13,827	8,360	3,090	20,556	8,376	13,742	83,128	2,649,665	341,675
2021	12	63,293	24,688	79,908	74,493	7,495	9,168	1,528	19,152	5,892	5,801	15,900	2,778,808	198,275
2022	12	37,582	19,350	40,221	11,000	4,913	8,499	-	14,311	4,718	3,588	21,946	2,289,023	99,344
2023	12	27,448	27,538	34,425	32,932	3,001	10,683	-	11,344	12,702	6,992	34,818	2,981,947	79,722
2023	01	21,532	13,642	22,110	...	4,258	4,717	2,048	9,933	5,541	...	...	2,497,370	100,230
	02	23,586	17,241	31,821	...	4,190	7,398	...	12,500	8,417	...	31,776	2,547,117	100,674
	03	22,531	23,390	38,049	...	3,661	10,218	2,220	12,887	13,619	6,774	...	2,623,997	98,270
	04	32,948	27,920	29,615	9,022	2,598	5,819	1,892	7,443	4,588	3,280	15,866	2,645,902	93,832
	05	27,509	20,588	28,257	...	2,806	4,721	...	11,390	7,848	7,978	12,700	2,687,603	92,575
	06	27,909	23,735	27,368	...	4,208	4,282	1,873	10,340	10,520	8,669	13,915	2,724,946	88,656
	07	24,365	16,512	23,823	8,303	2,476	5,533	697	13,815	4,734	8,943	17,000	2,724,862	86,499
	08	22,893	18,461	28,075	15,737	7,072	4,939	4,400	20,903	...	11,930	35,797	2,702,509	83,431
	09	22,989	30,727	25,813	...	4,761	4,954	1,640	7,849	9,567	4,589	13,996	2,815,889	83,644
	10	26,182	22,474	35,766	14,829	3,247	5,984	2,499	10,297	...	6,667	36,200	2,832,570	83,558
	11	21,329	22,742	24,255	21,432	3,130	6,674	2,278	18,359	6,447	7,750	35,325	2,911,314	81,529
	12	27,448	27,538	34,425	32,932	3,001	10,683	...	11,344	12,702	6,992	34,818	2,981,947	79,722

Note:

* Interest rates in table for revolving loans and credit cards and their amounts refer to outstanding amounts.

IRF – initial rate fixation

... insufficient data to be published

The interest rate on the revolving loans and credit cards, includes data on credit cards with loan facility. Considering that credit cards with loan facility imply an interest free deferred payment (0% ir), they are not published.

No data for interest rates on loans in foreign currency on the basis of credit cards and overdrafts to non-financial corporations.

T12: Interest Rates on Deposits of Households**- percentages per annum -**

Households											
Year	Period	Deposits in KM				Deposits in EUR and deposits in KM with a currency clause linked to EUR				Deposits in foreign currency (except EUR) and deposits in KM with a currency clause linked to a foreign currency (except EUR)	
		With Agreed Maturity				With Agreed Maturity				With Agreed Maturity	Overnight Deposits *
		Up to 1 Year Maturity	Over 1 and up to 2 Years Maturity	Over 2 Years Maturity	Overnight Deposits *	Up to 1 Year Maturity	Over 1 and up to 2 Years Maturity	Over 2 Years Maturity	Overnight Deposits *		
1	2	3	4	5	6	7	8	9			
Weighted monthly averages											
2017	12	0.234	1.346	1.458	0.065	0.309	1.265	1.533	0.062	0.572	0.046
2018	12	0.344	1.262	1.448	0.053	0.252	1.368	1.658	0.055	1.036	0.042
2019	12	0.299	1.137	1.232	0.061	0.378	1.158	1.570	0.051	0.944	0.040
2020	12	0.178	1.027	1.139	0.070	0.176	1.155	1.273	0.049	0.525	0.035
2021	12	0.098	0.466	0.619	0.045	0.231	0.945	0.930	0.055	0.208	0.031
2022	12	0.521	0.905	1.534	0.046	0.370	1.128	1.743	0.046	0.155	0.027
2023	12	0.630	1.846	1.913	0.044	1.316	2.472	2.736	0.046	0.869	0.021
2023	01	0.345	1.200	1.151	0.048	0.335	1.261	1.545	0.047	0.154	0.023
	02	0.510	0.967	1.448	0.048	0.618	1.331	1.890	0.048	0.268	0.026
	03	0.239	0.982	1.405	0.047	0.572	1.326	1.739	0.045	0.393	0.022
	04	0.408	1.070	1.319	0.045	0.689	1.462	1.316	0.048	0.569	0.022
	05	0.714	1.362	1.522	0.045	0.581	1.241	1.819	0.046	0.628	0.022
	06	0.718	1.350	1.540	0.044	0.600	1.638	1.890	0.046	0.710	0.022
	07	0.622	1.691	1.597	0.044	0.995	1.523	1.711	0.046	0.535	0.021
	08	0.672	1.521	1.963	0.044	1.125	2.106	2.248	0.047	0.711	0.021
	09	0.519	1.159	1.995	0.044	1.272	2.218	2.298	0.046	0.685	0.021
	10	0.543	1.528	1.757	0.044	1.114	2.614	2.402	0.047	0.766	0.021
	11	0.526	1.687	1.894	0.044	1.270	2.558	2.609	0.048	0.913	0.021
	12	0.630	1.846	1.913	0.044	1.316	2.472	2.736	0.046	0.869	0.021
Deposit amount (new business)										- in KM thousand -	
2017	12	11,394	24,378	19,272	3,375,019	11,119	50,394	38,014	1,248,762	3,981	287,026
2018	12	13,211	26,379	34,047	3,938,041	9,431	50,050	73,670	1,482,740	4,001	319,831
2019	12	16,084	22,228	28,581	4,537,961	10,740	44,538	70,124	1,658,352	4,723	345,752
2020	12	7,866	35,574	21,887	5,176,206	6,995	40,426	37,131	1,952,225	4,433	368,081
2021	12	8,431	17,683	15,228	6,218,427	9,432	33,280	38,855	2,151,732	1,896	444,055
2022	12	5,877	7,610	14,596	6,498,743	23,362	39,664	39,759	2,655,705	1,157	537,828
2023	12	7,120	29,097	38,640	7,972,376	47,412	94,123	115,713	2,796,667	3,869	600,628
2023	01	8,218	8,148	9,188	7,001,892	13,465	32,037	31,039	2,637,940	1,018	550,643
	02	7,809	8,568	19,419	7,130,305	9,725	37,550	50,934	2,672,252	3,818	566,071
	03	2,953	9,840	12,823	7,300,752	6,300	44,009	49,085	2,659,187	5,923	557,380
	04	6,700	6,099	15,850	7,416,224	6,190	31,963	52,713	2,774,252	2,379	559,831
	05	3,851	7,255	22,449	7,379,441	7,234	47,842	42,037	2,761,679	3,256	572,376
	06	5,282	10,388	14,640	7,529,983	13,314	58,296	48,395	2,750,236	1,896	577,428
	07	5,342	10,443	13,178	7,583,931	10,368	30,220	50,407	2,767,776	3,275	588,987
	08	4,093	15,091	20,425	7,601,406	20,584	69,278	55,066	2,758,576	3,672	596,474
	09	2,241	9,345	22,710	7,661,803	21,962	81,438	48,887	2,808,427	2,487	596,942
	10	5,021	21,932	19,586	7,767,407	12,358	81,995	82,593	2,874,154	6,579	606,317
	11	7,295	15,612	26,755	7,773,946	15,023	87,887	86,609	2,824,787	2,627	596,057
	12	7,120	29,097	38,640	7,972,376	47,412	94,123	115,713	2,796,667	3,869	600,628

Note:

Corrected names in the header of the table for interest rates on household deposits retroactively starting from the data for June 2020, as given in the explanation:

-from June 2020 Deposits in KM, until June 2020 Deposits in KM and deposits in KM with currency clause

-from June 2020 Deposits in EUR and deposits in KM with a currency clause linked to EUR, until June 2020 Deposits in EUR

-from June 2020 Deposits in foreign currency (except EUR) and deposits in KM with a currency clause linked to a foreign currency (except EUR), until June 2020 Deposits in foreign currency (not including deposits in EUR).

Other elements of the header names of the specified tables remain the same as the data in the columns.

*Interest rates on overnight deposits and their amounts refer to the outstanding amounts.

Interest rates on deposit with agreed maturity and their amounts refer to new business.

T13: Interest Rates on Deposits of Non-financial Corporations**- percentages per annum -**

Non-financial Corporations										
Year	Period	Deposits in KM				Deposits in EUR and deposits in KM with a currency clause linked to EUR				Deposits in foreign currency (except EUR) and deposits in KM with a currency clause linked to a foreign currency (except EUR)
		with Agreed Maturity				with Agreed Maturity				
		Up to 1 Year Maturity	Over 1 and up to 2 Years Maturity	Over 2 Years Maturity	Overnight Deposits *	up to 1 Year Maturity	Over 1 and up to 2 Years Maturity	Over 2 Years Maturity	Overnight Deposits *	Overnight Deposits *
1	2	13	14	15	16	17	18	19	20	21
Weighted monthly averages										
2017	12	0.708	1.588	...	0.045	0.588	...	...	0.019	0.033
2018	12	0.706	1.137	1.958	0.082	1.003	0.973	...	0.027	0.043
2019	12	0.445	1.229	1.491	0.031	0.864	1.012	1.305	0.029	0.028
2020	12	0.922	1.358	1.474	0.028	0.372	1.267	1.218	0.010	0.025
2021	12	0.234	0.244	...	0.018	0.434	0.305	0.953	0.006	0.043
2022	12	0.350	1.059	1.289	0.051	0.455	1.209	1.503	0.005	0.032
2023	12	0.564	1.741	1.776	0.053	1.031	1.580	2.734	0.010	0.030
2023	01	0.157	0.758	...	0.047	...	1.497	1.569	0.005	0.025
	02	0.492	0.732	1.781	0.035	0.307	1.937	1.033	0.005	0.036
	03	0.510	1.207	1.113	0.024	0.670	1.388	1.281	0.005	0.041
	04	0.384	1.222	1.188	0.025	0.287	1.716	1.123	0.005	0.040
	05	0.578	1.347	1.353	0.034	0.958	1.881	0.808	0.004	0.033
	06	0.392	1.139	1.591	0.052	1.013	1.762	1.958	0.005	0.022
	07	0.327	1.349	1.870	0.058	0.706	1.523	2.570	0.006	0.023
	08	0.276	1.206	1.417	0.059	0.929	1.379	...	0.007	0.022
	09	0.629	1.265	1.932	0.049	0.826	1.587	2.142	0.007	0.026
	10	0.577	1.468	1.922	0.046	0.844	1.916	2.485	0.008	0.038
	11	0.546	1.579	1.806	0.047	0.804	1.811	2.167	0.009	0.038
	12	0.564	1.741	1.776	0.053	1.031	1.580	2.734	0.010	0.030
Deposit amount (new business)										- in KM thousand -
2017	12	9,762	16,772	...	2,653,618	1,663	...	...	677,882	89,421
2018	12	54,947	9,121	39,381	3,229,644	10,788	3,815	...	741,850	64,148
2019	12	36,636	31,437	16,943	3,552,249	7,182	23,959	2,265	709,023	86,536
2020	12	22,325	20,927	14,571	3,753,355	7,259	117,688	8,458	919,880	130,453
2021	12	13,950	9,133	...	4,768,468	24,403	25,153	25,554	1,158,011	89,918
2022	12	25,805	5,906	5,436	4,653,682	28,241	52,781	25,400	1,270,533	238,166
2023	12	25,704	14,739	22,071	5,520,447	12,137	12,546	6,764	1,466,316	176,691
2023	01	67,000	2,333	...	5,139,707	...	10,742	12,571	1,353,660	229,570
	02	6,038	419	50,594	5,040,540	17,021	31,927	83,795	1,383,907	249,522
	03	25,191	5,576	1,981	4,707,218	75,220	26,942	5,490	1,449,348	234,640
	04	566	2,602	30,756	4,759,581	57,753	28,545	21,488	1,360,535	203,002
	05	8,885	14,218	25,034	4,912,787	4,797	54,010	2,724	1,482,096	249,741
	06	49,332	18,547	1,878	4,939,306	4,529	64,922	24,401	1,447,312	229,458
	07	3,521	17,979	8,378	5,188,716	33,854	17,638	11,284	1,482,734	222,300
	08	5,140	4,929	13,124	5,359,402	8,507	9,384	...	1,494,451	218,747
	09	28,910	10,242	23,425	5,327,983	2,831	17,650	26,638	1,515,437	230,509
	10	3,509	16,336	14,771	5,387,602	5,161	30,861	23,377	1,569,912	175,980
	11	24,923	25,184	5,043	5,492,146	14,181	22,980	7,239	1,556,076	174,984
	12	25,704	14,739	22,071	5,520,447	12,137	12,546	6,764	1,466,316	176,691

Note:

Corrected names in the header of the table for interest rates on household deposits retroactively starting from the data for June 2020, as given in the explanation:

-from June 2020 Deposits in KM, until June 2020 Deposits in KM and deposits in KM with currency clause

-from June 2020 Deposits in EUR and deposits in KM with a currency clause linked to EUR, until June 2020 Deposits in EUR

-from June 2020 Deposits in foreign currency (except EUR) and deposits in KM with a currency clause linked to a foreign currency (except EUR), until June 2020 Deposits in foreign currency (not including deposits in EUR).

Other elements of the header names of the specified tables remain the same as the data in the columns.

* Interest rates on overnight deposits and their amounts refer to the outstanding amounts.

Interest rates on deposit with agreed maturity and their amounts refer to new business.

T14: Total Deposits and Loans of Commercial Banks**- end of period, in KM million -**

Year	Month	Deposits			Loans		
		Transferable Deposits	Other Deposits	Total Deposits	Short - term Loans	Long - term Loans	Total Loans
1	2	3	4	5(3+4)	6	7	8(6+7)
2014	12	6,292.8	9,082.5	15,375.2	4,170.2	12,303.3	16,473.5
2015	12	7,038.7	9,492.1	16,530.8	4,164.9	12,701.9	16,866.8
2016	12	8,056.6	9,695.5	17,752.1	4,152.6	13,048.5	17,201.1
2017	12	9,558.1	10,111.0	19,669.1	4,261.5	14,160.9	18,422.4
2018	12	11,318.5	10,431.3	21,749.8	4,289.8	15,196.1	19,485.8
2019	12	12,566.6	11,253.8	23,820.4	4,651.2	16,121.5	20,772.8
2020	12	13,851.5	11,130.7	24,982.2	4,295.1	16,052.3	20,347.4
2021	12	16,762.9	11,069.7	27,832.6	4,396.9	16,680.4	21,077.3
2022	12	18,710.9	10,518.3	29,229.2	4,623.0	17,445.0	22,068.0
2023	12	20,060.8	11,066.0	31,126.8	4,998.2	18,525.8	23,524.1
2023	01	18,569.2	10,474.9	29,044.1	4,505.7	17,364.0	21,869.7
	02	18,605.5	10,579.7	29,185.2	4,593.2	17,412.8	22,006.0
	03	18,613.4	10,649.4	29,262.7	4,666.2	17,547.8	22,214.0
	04	18,756.2	10,649.4	29,405.6	4,712.3	17,676.7	22,389.0
	05	19,187.5	10,537.5	29,725.0	4,653.0	17,769.3	22,422.3
	06	19,240.0	10,622.9	29,862.9	4,807.4	17,918.7	22,726.2
	07	19,624.9	10,540.9	30,165.8	4,792.2	18,018.6	22,810.8
	08	19,773.5	10,735.5	30,509.0	4,765.2	18,093.3	22,858.5
	09	19,888.1	10,772.5	30,660.7	4,852.8	18,175.9	23,028.6
	10	19,955.4	10,933.0	30,888.4	4,884.4	18,302.5	23,186.9
	11	20,051.1	10,886.4	30,937.5	4,901.6	18,399.1	23,300.7
	12	20,060.8	11,066.0	31,126.8	4,998.2	18,525.8	23,524.1

Note:

Total deposits represent liabilities of commercial banks of BH towards all domestic institutional sectors in domestic and foreign currency. Total loans represent claims of commercial banks of BH on all institutional sectors, in domestic and foreign currency.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

T15: Structure of Transferable Deposits in Commercial Banks by Sectors**- end of period, in KM million -**

DEPOSITS OF ALL DOMESTIC INSTITUTIONAL SECTORS													
Year	Month	Deposits of BH Institutions	Entity Governments' Deposits	Deposits of Cantonal Governments	Deposits of Municipal Governments	Deposits of Social Security Funds	Deposits of Other Financial Institutions	Deposits of Non-financial Public Enterprises	Deposits of Non-financial Private Enterprises	Deposits of Non-profit Organisations	Deposits of Households	Other Deposits	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14 = 3+...+13
2014	12	60.0	412.1	261.4	176.9	61.4	171.5	470.8	1,954.4	247.9	2,462.7	13.7	6,292.8
2015	12	102.2	468.3	312.0	209.3	33.9	198.7	498.8	2,104.8	245.0	2,841.6	24.2	7,038.7
2016	12	94.9	520.2	399.6	255.6	58.1	190.1	523.9	2,313.6	251.1	3,431.4	18.0	8,056.6
2017	12	150.8	612.8	575.2	305.9	130.0	230.2	618.1	2,775.5	281.5	3,858.3	19.6	9,558.1
2018	12	122.8	932.2	691.9	365.7	261.0	273.7	724.0	3,095.3	303.2	4,523.7	24.9	11,318.5
2019	12	122.1	885.8	823.8	395.1	323.9	284.6	684.7	3,437.2	345.1	5,242.8	21.5	12,566.6
2020	12	133.4	906.1	801.9	398.1	129.5	362.7	764.6	4,018.1	406.7	5,892.3	38.1	13,851.5
2021	12	98.1	1,124.7	1,211.6	588.1	157.3	395.3	1,014.7	4,765.2	451.2	6,917.3	39.3	16,762.9
2022	12	199.5	1,303.6	1,454.8	683.5	144.2	454.1	1,059.6	5,388.2	485.0	7,510.0	28.5	18,710.9
2023	12	167.1	819.9	1,608.4	692.2	51.9	279.9	965.3	6,043.9	553.9	8,840.8	37.5	20,060.8
2023	01	162.0	1,137.4	1,321.3	667.6	142.6	420.1	1,050.8	5,557.1	496.7	7,581.8	32.0	18,569.2
	02	200.2	1,059.1	1,324.1	663.8	131.2	379.5	1,026.5	5,555.0	492.9	7,746.7	26.5	18,605.5
	03	144.4	1,155.4	1,425.4	669.1	126.7	375.5	948.3	5,326.8	492.1	7,925.4	24.2	18,613.4
	04	156.0	1,084.6	1,466.7	638.2	142.6	384.6	956.2	5,267.4	518.0	8,115.3	26.5	18,756.2
	05	195.3	1,160.9	1,482.4	632.6	135.9	377.6	986.2	5,571.5	528.3	8,090.6	26.1	19,187.5
	06	175.1	1,109.4	1,494.0	639.8	138.6	386.1	925.7	5,557.5	541.8	8,247.6	24.2	19,240.0
	07	176.3	900.7	1,701.0	654.1	139.0	362.3	993.7	5,797.2	558.7	8,317.4	24.4	19,624.9
	08	141.0	958.7	1,737.2	659.6	38.5	362.3	1,003.0	5,932.9	555.3	8,356.0	28.9	19,773.5
	09	142.6	991.4	1,743.0	659.8	40.2	328.9	986.3	5,918.7	569.8	8,475.1	32.5	19,888.1
	10	173.3	946.1	1,707.6	653.3	53.5	317.5	1,004.2	5,972.2	570.2	8,528.0	29.6	19,955.4
	11	168.4	924.2	1,680.4	648.8	64.1	319.0	1,019.0	6,055.7	566.1	8,571.8	33.6	20,051.1
	12	167.1	819.9	1,608.4	692.2	51.9	279.9	965.3	6,043.9	553.9	8,840.8	37.5	20,060.8

Note:

Transferable deposits are available on demand without restrictions and charges, directly useable for payments to third parties, special savings accounts from which funds may be transferred to transferable deposits.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

- end of period, in KM million -

DEPOSITS OF ALL DOMESTIC INSTITUTIONAL SECTORS													
Year	Month	Deposits of BH Institutions	Entity Governments' Deposits	Deposits of Cantonal Governments	Deposits of Municipal Governments	Deposits of Social Security Funds	Deposits of Other Financial Institutions	Deposits of Non-financial Public Enterprises	Deposits of Non-financial Private Enterprises	Deposits of Nonprofit Organisations	Deposits of Households	Other Deposits	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14 = 3+...+13
2014	12	127.1	266.0	36.8	36.0	32.0	674.0	669.6	529.3	115.6	6,579.3	16.6	9,082.5
2015	12	129.7	224.7	25.0	36.3	31.9	693.0	688.7	501.9	120.7	7,023.2	17.0	9,492.1
2016	12	73.4	226.3	26.4	22.3	34.7	771.4	695.9	474.2	123.4	7,229.7	17.6	9,695.5
2017	12	116.6	243.8	24.3	34.4	22.9	816.8	766.7	554.4	102.6	7,412.8	15.7	10,111.0
2018	12	62.6	267.5	41.9	37.4	16.7	873.7	758.4	627.8	95.7	7,622.7	26.9	10,431.3
2019	12	51.7	582.1	90.8	51.2	28.8	870.8	826.0	615.4	102.4	7,998.1	36.6	11,253.8
2020	12	85.7	725.0	30.1	25.4	28.8	768.5	791.5	688.8	93.3	7,868.4	25.3	11,130.7
2021	12	38.0	714.1	33.6	24.0	29.7	764.3	789.4	770.1	91.9	7,778.2	36.4	11,069.7
2022	12	81.1	636.0	46.8	35.7	23.7	741.7	954.4	756.7	88.4	7,065.4	88.4	10,518.3
2023	12	70.7	660.7	58.9	36.3	133.1	758.1	929.7	1,044.5	91.5	7,217.9	64.6	11,066.0
2023	01	15.1	666.4	67.7	52.8	30.1	723.5	911.1	763.3	92.7	7,068.7	83.4	10,474.9
	02	3.7	721.4	67.4	54.0	29.6	735.3	967.3	741.0	92.0	7,088.5	79.6	10,579.7
	03	13.6	738.2	62.1	52.5	19.8	743.4	991.0	772.4	95.0	7,079.4	81.9	10,649.4
	04	13.6	729.5	62.9	62.8	25.0	755.8	996.0	822.2	92.0	7,000.4	89.1	10,649.4
	05	23.0	722.8	63.4	62.5	19.5	737.9	994.9	760.2	84.5	6,986.5	82.3	10,537.5
	06	52.9	711.7	63.9	61.5	28.5	752.2	961.4	830.4	78.2	7,000.2	81.9	10,622.9
	07	45.2	695.2	57.1	61.3	33.3	743.3	896.6	861.6	71.9	7,001.0	74.4	10,540.9
	08	37.6	690.0	57.7	61.9	128.2	743.4	905.6	879.0	83.5	7,070.0	78.4	10,735.5
	09	30.5	677.8	64.7	56.8	132.6	751.4	896.2	962.2	84.4	7,039.7	76.3	10,772.5
	10	89.1	667.9	87.7	56.9	129.6	749.4	920.9	944.2	86.7	7,138.2	62.6	10,933.0
	11	78.3	654.7	87.3	55.6	132.5	731.9	904.4	986.4	88.6	7,103.1	63.5	10,886.4
	12	70.7	660.7	58.9	36.3	133.1	758.1	929.7	1,044.5	91.5	7,217.9	64.6	11,066.0

Note:

Other deposits allow automatic withdrawals of funds but not payment to third parties, time and savings deposits, other deposits-other.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

T17: Structure of Short-Term Loans of Commercial Banks by Sectors**- end of period, in KM million -**

LOANS TO DOMESTIC INSTITUTIONAL SECTORS													
Year	Month	Loans to BH Institutions	Loans to Entity Governments	Loans to Cantonal Governments	Loans to Municipal Governments	Loans to Social Security Funds	Loans to Other Financial Institutions	Loans to Non-financial Public Enterprises	Loans to Non-financial Private Enterprises	Loans to Non-profit Organizations	Loans to Households	Other Loans	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14 = 3+...+13
2014	12	0.0	26.7	4.0	45.3	26.0	27.4	90.7	2,989.7	4.9	936.4	19.0	4,170.2
2015	12	0.0	72.0	4.8	22.0	39.4	28.3	86.4	2,944.8	4.2	937.0	26.0	4,164.9
2016	12	0.0	48.0	1.6	19.8	8.5	27.2	90.4	3,030.0	7.2	904.9	14.9	4,152.6
2017	12	0.0	44.3	1.4	15.7	7.8	33.8	73.2	3,163.2	10.2	896.4	15.4	4,261.5
2018	12	0.0	60.2	1.1	12.8	4.3	40.6	89.6	3,151.5	6.2	911.3	12.1	4,289.8
2019	12	0.0	17.3	0.1	12.5	2.0	49.3	104.1	3,537.7	6.8	919.8	1.7	4,651.2
2020	12	0.0	19.0	0.1	16.7	5.7	33.7	103.4	3,282.5	10.8	821.8	1.3	4,295.1
2021	12	1.6	53.2	1.4	25.0	4.3	48.4	101.7	3,341.1	9.2	810.1	0.8	4,396.9
2022	12	0.1	52.2	1.7	15.7	4.8	41.6	176.7	3,503.1	12.7	813.2	1.4	4,623.0
2023	12	3.0	52.9	0.7	13.2	7.2	51.8	185.1	3,813.2	14.9	854.7	1.6	4,998.2
2023	01	0.1	44.4	2.3	15.0	4.8	34.2	147.1	3,434.9	12.4	809.6	0.8	4,505.7
	02	0.1	44.4	2.7	15.5	4.0	30.9	159.3	3,525.3	12.8	797.4	0.8	4,593.2
	03	0.1	41.9	2.5	15.6	4.6	38.4	156.6	3,584.3	13.7	807.7	0.9	4,666.2
	04	0.1	41.5	2.5	15.3	5.0	32.0	164.2	3,628.9	14.5	807.1	1.2	4,712.3
	05	0.2	41.6	2.7	16.1	4.8	31.4	132.7	3,633.2	14.9	774.5	0.8	4,653.0
	06	0.2	39.3	2.9	15.1	4.6	45.8	164.5	3,687.7	17.5	829.0	0.9	4,807.4
	07	2.4	38.1	2.9	15.0	4.9	42.6	147.2	3,679.8	17.3	841.0	1.1	4,792.2
	08	2.4	48.6	2.9	14.9	4.9	44.0	156.7	3,629.3	16.0	844.5	1.1	4,765.2
	09	2.6	37.2	2.9	14.8	4.9	47.1	158.7	3,714.1	15.8	853.6	1.2	4,852.8
	10	2.9	46.0	3.4	11.1	4.9	47.0	165.6	3,723.7	14.1	864.7	1.0	4,884.4
	11	2.9	55.3	2.8	12.1	4.9	35.9	164.9	3,740.5	13.1	868.3	0.9	4,901.6
	12	3.0	52.9	0.7	13.2	7.2	51.8	185.1	3,813.2	14.9	854.7	1.6	4,998.2

Note:

Short – terms loans represent claims of commercial banks on all domestic institutional sectors up to one year, in domestic and foreign currency.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

T18: Structure of Long -Term Loans of Commercial Banks by Sectors

- end of period, in KM million -

LOANS TO ALL DOMESTIC INSTITUTIONAL SECTORS													
Year	Month	Loans to BH Institutions	Loans to Entity Governments	Loans to Cantonal Governments	Loans to Municipal Governments	Loans to Social Security Funds	Loans to other Financial Institutions	Loans to Nonfinancial Public Enterprises	Loans to Non-financial Private Enterprises	Loans to Non-profit Organizations	Loans to Households	Other Loans	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14 = 3+...+13
2014	12	0.0	465.2	161.2	295.2	77.1	20.0	351.4	4,429.6	9.7	6,491.7	2.3	12,303.3
2015	12	0.0	418.3	225.5	281.7	99.0	31.8	310.3	4,473.4	12.5	6,847.2	2.2	12,701.9
2016	12	0.0	295.5	231.5	262.0	95.7	25.2	281.5	4,673.3	11.9	7,171.4	0.5	13,048.5
2017	12	0.0	333.7	207.8	276.3	79.5	49.6	328.4	5,156.5	11.6	7,717.3	0.2	14,160.9
2018	12	0.0	328.5	185.7	279.4	169.9	85.0	331.7	5,471.5	14.1	8,330.0	0.4	15,196.1
2019	12	0.0	399.2	168.6	301.0	197.5	95.3	393.5	5,496.3	13.8	9,055.8	0.5	16,121.5
2020	12	11.6	403.1	142.1	357.4	205.5	111.1	432.3	5,305.9	9.7	9,073.0	0.7	16,052.3
2021	12	14.5	353.7	185.8	350.9	189.8	104.3	409.0	5,435.7	11.1	9,625.4	0.2	16,680.4
2022	12	8.8	306.5	202.1	365.2	165.8	118.4	449.5	5,652.4	10.7	10,165.2	0.4	17,445.0
2023	12	3.0	230.7	266.1	360.3	173.3	154.2	432.0	5,954.5	19.7	10,931.3	0.9	18,525.8
2023	01	8.3	301.1	200.5	363.8	172.8	112.1	449.3	5,584.1	10.4	10,161.1	0.4	17,364.0
	02	7.8	297.6	199.5	360.7	170.8	108.6	452.1	5,599.2	10.2	10,205.9	0.4	17,412.8
	03	7.3	288.8	194.7	355.7	167.3	106.1	442.9	5,668.1	10.1	10,306.4	0.6	17,547.8
	04	6.7	281.0	206.0	361.5	164.0	108.6	441.1	5,703.1	10.9	10,393.1	0.6	17,676.7
	05	6.2	275.9	205.2	356.4	161.2	124.5	442.1	5,715.2	10.8	10,471.3	0.5	17,769.3
	06	5.7	263.8	198.4	353.4	158.5	133.8	431.2	5,807.9	10.4	10,554.8	0.8	17,918.7
	07	5.2	260.1	197.4	353.8	165.4	140.0	442.8	5,808.6	20.2	10,624.2	0.8	18,018.6
	08	4.7	253.4	198.5	349.0	162.5	142.2	439.5	5,830.0	20.4	10,692.6	0.6	18,093.3
	09	4.1	247.0	192.4	351.2	164.5	140.3	436.1	5,856.3	20.3	10,762.7	0.7	18,175.9
	10	3.6	243.8	260.4	350.2	167.6	141.4	432.2	5,841.0	19.8	10,841.7	0.7	18,302.5
	11	3.1	236.3	258.4	352.4	164.0	148.5	435.7	5,882.5	19.8	10,897.5	0.9	18,399.1
	12	3.0	230.7	266.1	360.3	173.3	154.2	432.0	5,954.5	19.7	10,931.3	0.9	18,525.8

Note:

Long – terms loans represent claims of commercial banks on all domestic institutional sectors over one year in domestic and foreign currency.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

T19: Purchase and Sale of Convertible Mark					- in KM thousand -
Year	Month	Sale	Purchase	Balance	Cumulative Balance
1	2	3	4	5(3-4)	6
2014		5,065,358	4,379,047	686,312	6,828,327
2015		5,470,552	4,699,060	771,492	7,599,818
2016		7,485,849	6,622,039	863,811	8,463,629
2017		8,476,378	7,421,186	1,055,192	9,518,821
2018		10,792,432	9,780,514	1,011,918	10,530,740
2019		11,385,556	10,533,525	852,031	11,382,771
2020		11,344,462	10,184,558	1,159,904	12,542,676
2021		9,872,890	7,399,673	2,473,217	15,015,893
2022		6,291,277	6,075,689	215,588	15,231,481
2023		10,891,324	11,128,647	-237,323	14,994,158
2023	01	508,602	682,400	-173,798	15,057,683
	02	500,649	1,082,309	-581,659	14,476,024
	03	554,006	739,979	-185,974	14,290,050
	04	865,835	795,222	70,614	14,360,664
	05	958,727	772,177	186,549	14,547,213
	06	1,001,282	1,234,920	-233,638	14,313,575
	07	942,508	751,701	190,807	14,504,383
	08	1,045,521	767,902	277,619	14,782,002
	09	1,023,263	997,606	25,657	14,807,659
	10	1,036,034	1,269,657	-233,623	14,574,036
	11	885,488	994,493	-109,006	14,465,030
	12	1,569,408	1,040,280	529,128	14,994,158

T20: Average Reserve Requirements					- in KM thousand -
Year	Month	Base for Required Reserve Calculation*	Average Reserve Requirement	Average Balance on the Required Reserve Accounts with the CBBH	Balance
1	2	3	4	5	6=5-4
2014		15,999,278	1,370,137	3,577,824	2,207,688
2015		16,664,525	1,432,593	3,770,500	2,337,907
2016		18,494,243	1,734,081	4,057,613	2,323,532
2017		21,224,853	2,122,485	4,303,340	2,180,855
2018		23,537,084	2,353,708	5,205,234	2,851,526
2019		25,752,968	2,575,297	5,589,021	3,013,724
2020		26,950,173	2,695,017	5,409,751	2,714,733
2021		28,677,192	2,867,719	6,302,482	3,434,762
2022		30,175,606	3,017,561	6,694,300	3,676,739
2023		31,917,917	3,191,792	6,209,280	3,017,489
2023	01	31,429,303	3,142,930	6,752,355	3,609,425
	02	31,245,571	3,124,557	6,536,295	3,411,738
	03	31,306,999	3,130,700	6,237,551	3,106,851
	04	31,276,793	3,127,679	5,980,685	2,853,006
	05	31,481,474	3,148,147	6,117,790	2,969,643
	06	31,723,981	3,172,398	6,122,810	2,950,412
	07	31,777,996	3,177,800	5,855,665	2,677,865
	08	32,103,006	3,210,301	6,140,873	2,930,572
	09	32,422,875	3,242,287	6,308,112	3,065,824
	10	32,555,632	3,255,563	6,110,871	2,855,308
	11	32,807,882	3,280,788	6,152,713	2,871,924
	12	32,883,489	3,288,349	6,195,645	2,907,296

Note:

The Central Bank of Bosnia and Herzegovina (CBBH) made a Decision on increase of remuneration paid to commercial banks on required reserve, with purpose of harmonisation with the European Central Bank (ECB) policy and mitigating the impact of the ECB benchmark interest rate growth on bank operations in BH. According to this Decision, commercial banks will be remunerated at the rate of 50 basis points (0.50%) on required reserve holdings with the base in local currency KM, and at the rate of 30 basis points (0.30%) on required reserve holdings with the base in foreign currencies and local currency with currency indexation. Remuneration will not be paid for holdings exceeding reserve requirement. When making a CBBH decision on required reserve, all relevant factors were considered, including decisions of the ECB, and trends of key macroeconomic and financial sector indicators, taking care primarily of the currency board stability. The Decision will be applied from 01 July 2023.

From 1 July 2016, the required reserves rate applied by the CBBH to the base for calculation of required reserves is 10%.

From 1 July 2016, the CBBH applies the new rates for the calculation of fees to the funds in the banks' reserves accounts: in the accounting period, the Central Bank does not charge a fee on the amount of required reserves in commercial banks' reserves accounts, and on the amount of excess reserves, the CBBH charges the fee at the rate equal to 50% of the rate applied to commercial banks' deposits (deposit facility rate) by the European Central Bank.

From 01 May 2015, the Central Bank has calculated the compensation for a bank on the amount of the bank's funds in the reserve account with the Central Bank in the calculation period, as it follows:

- on the reserve requirement amount – the average of EONIA recorded in the same period on the market reduced by 10 basis points, or minimum zero,
- on the amount of the funds exceeding the reserve requirement – zero rate of compensation.

The zero rate of compensation on the reserve requirement is applied in case the average EONIA decreased by 10 basis points has a negative value.

From 1 September 2014, the remuneration rate has been calculated on the basis of the weighted average interest rate which was earned by the Central Bank of BH on the market in the same period on deposits invested up to a month; and 70% is calculated on the amount of required reserve or minimum 0, while 90% of the mentioned rate is calculated on the amount of excess reserves or minimum 0.

*The base for calculation of required reserves includes deposits and borrowed funds in domestic and other currency expressed in KM.

T21: Payments System Transactions**- in KM million -**

Year	Month	RTGS		GYRO CLEARING		TOTAL	
		Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount
		3	4	5	6	7=3+5	8=4+6
2014		821,897	73,897	37,108,440	13,961	37,930,337	87,858
2015		874,575	70,655	38,212,073	14,451	39,086,648	85,106
2016		935,319	72,876	39,068,883	15,509	40,004,202	88,380
2017		996,043	79,855	40,111,318	16,388	41,107,361	96,243
2018		1,067,256	85,393	41,266,770	17,277	42,334,026	102,670
2019		1,105,320	104,826	42,496,286	18,221	43,601,606	123,056
2020		1,072,023	87,108	42,702,383	18,024	43,774,406	105,132
2021		1,236,315	102,287	46,735,411	20,116	47,971,726	122,403
2022		1,435,980	123,370	48,264,255	22,456	49,700,235	145,825
2023		1,523,992	139,164	49,298,196	23,932	50,822,188	163,096
2023	01	108,235	9,397	3,675,681	1,690	3,783,916	11,087
	02	111,209	9,824	3,858,899	1,759	3,970,108	11,583
	03	128,845	11,082	4,275,880	2,023	4,404,725	13,105
	04	119,342	10,174	3,909,131	1,875	4,028,473	12,049
	05	127,819	11,573	4,219,363	2,008	4,347,182	13,581
	06	128,780	12,187	4,179,732	2,022	4,308,512	14,209
	07	127,847	11,665	4,181,241	2,019	4,309,088	13,684
	08	131,792	12,670	4,167,127	2,073	4,298,919	14,743
	09	129,073	12,170	4,079,617	2,019	4,208,690	14,189
	10	135,630	12,608	4,306,579	2,139	4,442,209	14,747
	11	130,778	12,420	4,101,688	2,056	4,232,466	14,476
	12	144,642	13,394	4,343,258	2,249	4,487,900	15,643

T22: BH Balance of Payments											- in KM million -			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q1 2023	Q2 2023	Q3 2023	Q4 2023
CURRENT ACCOUNT	-1,983	-1,458	-1,424	-1,520	-1,094	-927	-980	-695	-1,978	-1,376	-339	-472	-208	-357
Goods - balance	-7,874	-7,176	-7,089	-7,417	-7,521	-7,963	-6,268	-7,170	-10,183	-10,198	-2,020	-2,591	-2,832	-2,755
Exports of goods	6,847	7,196	7,700	9,341	10,418	10,180	9,423	12,710	16,368	15,668	4,074	3,962	3,846	3,786
Imports of goods	14,721	14,372	14,789	16,758	17,940	18,143	15,691	19,880	26,551	25,866	6,094	6,552	6,678	6,541
Services - balance	1,698	1,951	2,118	2,329	2,612	2,797	1,636	2,731	3,907	3,949	727	920	1,266	1,036
Exports of services	2,452	2,962	3,168	3,484	3,832	4,149	2,590	3,955	5,586	5,932	1,084	1,370	1,952	1,525
Imports of services	754	1,012	1,051	1,154	1,220	1,352	954	1,224	1,679	1,983	358	450	687	489
Primary income - balance	224	195	41	-263	-195	-60	-192	-498	-528	-125	-95	-49	38	-19
Credit	955	929	929	969	1,026	1,197	935	1,192	1,442	1,968	418	476	535	539
Debit	731	734	889	1,233	1,221	1,258	1,128	1,690	1,969	2,093	513	525	497	558
Secondary income - balance	3,969	3,573	3,507	3,831	4,010	4,299	3,844	4,242	4,826	4,999	1,049	1,248	1,321	1,381
Credit	4,267	3,909	3,852	4,192	4,404	4,711	4,277	4,698	5,326	5,625	1,198	1,396	1,474	1,556
Debit	298	336	345	362	394	412	433	456	499	626	149	149	154	175
CAPITAL ACCOUNT	442	364	300	342	305	384	361	329	339	323	69	76	99	79
Credit	442	364	300	342	311	386	369	332	343	330	72	77	101	80
Debit	0	0	0	0	6	2	8	4	4	8	3	1	2	1
FINANCIAL ACCOUNT	-1,428	-885	-817	-898	-801	-590	-878	-155	-1,485	-538	-359	-170	122	-131
Direct investment	-784	-509	-550	-717	-960	-739	-699	-1,054	-1,347	-1,625	-495	-551	-330	-250
Net acquisition of financial assets	15	167	5	173	32	38	138	139	128	83	-5	28	18	43
Net incurrence of liabilities	799	675	555	890	992	777	837	1,194	1,475	1,708	490	578	348	292
Portfolio investment	107	110	167	157	256	214	4	82	261	429	21	98	39	270
Net acquisition of financial assets	36	51	99	92	254	179	-26	349	246	392	22	60	40	270
Net incurrence of liabilities	-71	-58	-68	-64	-2	-35	-30	267	-15	-37	1	-38	1	0
Financial derivatives	0	0	1	1	-5	-1	0	1	0	2	3	-1	0	0
Net acquisition of financial assets	0	0	0	-4	-7	-12	-7	-3	-4	-2	0	-1	0	-1
Net incurrence of liabilities	0	0	-1	-5	-2	-11	-7	-4	-4	-4	-3	0	0	-1
Other Investments	-1,463	-1,366	-1,365	-1,473	-1,205	-999	-1,430	-1,879	-541	605	1,006	181	-147	-435
Net acquisition of financial assets	-584	-417	-294	-690	286	-12	-218	-115	735	1,067	867	77	68	54
Currency and deposits	-598	-366	-316	-547	-59	-28	-272	-220	321	678	707	136	-63	-103
Loans	-23	-80	-74	-289	223	-90	-13	-42	110	106	77	-78	26	81
Insurance and pension	9	-75	20	20	30	22	25	37	38	16	-7	9	9	5
Trade credit and advances	86	92	81	100	98	73	60	117	242	229	56	57	61	55
Other financial assets	-59	12	-4	26	-6	10	-17	-7	24	37	33	-47	35	16
Net incurrence of liabilities	878	950	1,070	783	1,491	987	1,212	1,764	1,277	461	-139	-104	215	489
Currency and deposits	-281	-58	-107	69	393	75	-811	-286	-145	-317	-280	-71	4	30
Loans	645	522	698	127	463	318	1,429	646	470	-124	-83	-257	-22	238
Insurance and pension	17	-8	-4	-5	-10	-10	-5	-5	-9	-16	-2	-3	-5	-5
Trade credit and advances	526	523	487	582	618	619	582	795	937	895	209	224	238	224
Other financial assets (including the allocation of SDR)	-29	-28	-3	10	27	-15	16	613	24	23	17	3	0	3
Reserve assets	712	881	930	1,136	1,114	935	1,246	2,695	142	52	-894	102	560	284
Monetary gold	0	0	0	0	0	0	0	0	-162	0	0	0	0	0
Currency and deposits	-36	-1,121	2,033	-230	253	238	549	441	4,432	-63	-379	-117	407	26
Securities	766	2,004	-1,102	1,367	860	699	696	2,254	-4,126	113	-517	220	153	257
Other reserve assets	-17	-1	-1	-1	1	-2	1	0	-2	2	1	0	0	0
NET ERRORS AND OMISSIONS	113	209	306	281	-12	-46	-259	211	154	515	-89	226	231	147

Note:

The BH Balance of Payments is compiled in accordance with the IMF methodology (Balance of Payments and International Investment Position Manual, 6th edition – BPM6). Compilation of the Balance of Payments for the fourth quarter includes the regular revision of previously published quarterly data for current year in accordance with most recent available source data.

The detailed methodological information can be found on the web, at www.cbbh.ba/statistics

T23: International Investment Position (IIP)											- in KM million -		
	2014	2015	2016	2017	2018	2019	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
NET POSITION	-15,509	-15,692	-15,282	-14,545	-14,100	-13,172	-11,647	-11,306	-11,718	-11,493	-11,474	-11,212	-11,229
ASSETS	13,983	14,597	15,816	17,045	19,326	21,021	22,339	25,233	26,259	26,450	26,819	27,636	28,206
Direct investment	708	878	933	1,157	1,268	1,245	1,389	1,509	1,647	1,644	1,680	1,698	1,744
Equity and investment fund shares	299	362	370	427	468	622	758	802	915	927	953	974	989
Debt instruments	410	516	562	730	799	623	631	707	732	717	727	723	755
Portfolio investment	569	582	674	764	1,018	1,203	1,180	1,519	1,762	1,783	1,842	1,882	2,147
Equity and investment fund shares	31	33	39	44	41	39	38	82	97	100	102	99	87
Debt securities	538	550	635	720	977	1,164	1,141	1,437	1,665	1,683	1,740	1,783	2,060
Financial derivatives	0	0	2	0	0	1	0	0	0	0	1	5	8
Other investment	4,880	4,530	4,677	4,509	5,415	5,975	5,901	5,856	6,782	7,811	7,975	8,132	8,015
Other equity	48	52	48	52	54	53	68	64	64	63	64	64	64
Currency and deposits	2,982	2,870	3,127	3,191	3,952	4,350	4,297	4,242	4,804	5,680	5,914	5,976	5,736
Loans	311	232	158	176	249	210	195	174	279	339	261	287	369
Insurance, pension, and standardized guarantee schemes	110	88	87	92	89	94	105	111	149	140	152	151	151
Trade credit and advances	1,201	1,026	990	943	1,021	1,199	1,195	1,227	1,422	1,464	1,492	1,527	1,557
Other accounts receivable	228	262	267	55	49	69	40	36	64	125	93	127	138
Reserve assets	7,826	8,606	9,531	10,614	11,626	12,598	13,869	16,349	16,068	15,210	15,321	15,920	16,293
Currency and deposits	2,182	1,132	3,165	2,935	3,188	3,426	3,975	4,416	8,847	8,468	8,351	8,758	8,784
Securities	5,384	7,288	6,158	7,474	8,225	8,917	9,601	11,630	7,061	6,569	6,802	6,994	7,331
Other reserve assets	260	186	208	205	212	254	292	304	160	173	168	167	178
LIABILITIES	29,492	30,290	31,098	31,590	33,426	34,193	33,986	36,539	37,976	37,943	38,293	38,848	39,435
Direct investment	12,253	13,063	13,382	14,166	14,957	15,535	15,882	17,023	17,745	18,177	18,680	18,973	19,183
Equity and investment fund shares	8,449	9,516	9,698	10,517	11,364	11,663	11,842	13,901	14,312	14,662	14,806	15,059	15,260
Debt instruments	3,803	3,547	3,684	3,649	3,592	3,872	4,039	3,121	3,433	3,515	3,874	3,914	3,924
Portfolio investment	474	349	299	240	246	207	189	480	437	438	439	435	429
Equity and investment fund shares	118	56	79	93	98	99	121	168	120	121	122	124	122
Debt securities	355	293	220	147	148	107	69	312	317	317	317	310	307
Financial derivatives	0	0	2	0	0	1	2	0	0	1	0	0	0
Other investment	16,766	16,878	17,416	17,184	18,223	18,451	17,912	19,037	19,794	19,327	19,174	19,440	19,823
Other equity	50	47	26	29	36	47	48	77	119	121	119	121	126
Currency and deposits	1,653	1,595	1,489	1,554	2,751	2,825	2,015	1,730	1,584	1,304	1,234	1,238	1,268
Loans	12,310	12,632	13,074	12,890	12,494	12,527	12,798	13,469	14,161	13,929	13,739	13,801	14,000
Insurance, pension, and standardized guarantee schemes	17	18	19	22	23	24	27	30	33	31	34	32	32
Trade credit and advances	2,284	2,119	2,341	2,243	2,435	2,550	2,551	2,621	2,760	2,797	2,915	3,101	3,273
Other accounts payable - other	76	68	65	73	102	88	101	104	120	139	141	138	137
Special drawing rights (Net incurrence of liabilities)	375	401	401	374	382	389	373	1,005	1,017	1,007	991	1,010	988

Note:

International investment position (IIP) for BH is compiled in accordance with the latest International Monetary Fund Methodology for compilation of Balance of payments (BOP) and International investment position statistics, sixth edition (BPM6). Compilation of the International investment position for the fourth quarter includes the regular revision of previously published quarterly data for current year in accordance with most recent available source data. Shortened versions of the applied methodological approach for the compilation of BH IIP statistics are available on the CBBH website.

T24: Government Sector Foreign Debt Servicing							- in KM thousand -		
Creditor	2017	2018	2019	2020	2021	2022	2023		
							Principal	Interest	Total
Public creditors	909,078	918,240	756,735	704,376	736,246	802,291	1,023,664	231,133	1,254,797
International and regional organizations	785,931	773,242	596,376	519,313	543,640	628,577	870,508	208,558	1,079,066
European Investment Bank	88,995	98,079	100,344	118,727	118,059	124,156	114,165	51,663	165,828
European Bank for Reconstr. and Development	89,765	117,528	118,638	119,313	138,464	122,823	130,505	31,818	162,323
World Bank - IDA	142,855	130,584	144,276	162,458	119,356	200,712	220,406	12,627	233,033
World Bank - IBRD ¹⁾	52,520	52,785	64,732	70,914	92,155	77,647	63,869	32,773	96,641
Council of Europe Development Bank ¹⁾	5,306	5,390	5,817	8,166	8,050	8,349	7,933	1,569	9,502
International Fund of Agriculture Development	4,241	4,033	4,157	4,149	5,544	7,642	6,696	1,449	8,145
IMF	390,523	353,116	127,129	8,601	35,416	64,352	209,584	73,705	283,289
EUROFIMA	0	0	0	0	0	0	0	0	0
European Commission	11,726	11,726	31,284	26,986	26,595	22,897	117,350	2,956	120,306
Government and government agencies	123,147	144,997	160,359	185,063	192,606	173,714	153,156	22,574	175,731
Paris Club ¹⁾	43,055	46,256	50,203	53,425	57,303	34,533	33,928	3,809	37,736
Saudi Development Fund	9,680	9,895	10,380	10,408	10,225	9,062	7,996	2,383	10,379
Other bilateral ²⁾	70,411	88,846	99,776	121,230	125,078	130,119	111,232	16,383	127,615
Private creditors	74,155	37,079	36,897	36,691	36,468	0	0	142	142
London Club ¹⁾	74,155	37,079	36,897	36,691	36,468	0	0	142	142
Ukupno	983,233	955,319	793,632	741,067	772,714	802,291	1,023,664	231,275	1,254,939

Source:

BH Ministry of Finance and Treasury

1) Debt incurred before 1992

2) Other bilateral contains the following creditors: Fortis Bank, Government of Japan, OPEC, KFW, Government of Spain, Export-Import Bank of Korea (EximBank), Austrian Bank, Belgium, Labor and Economy Bank (BAWAG), Raiffaisen Bank.

T25: General government gross debt (Maastricht debt)**- end of period, in KM million -**

GENERAL GOVERNMENT GROSS DEBT (Maastricht debt)

of which: EXTERNAL DEBT

Year	Securites other than shares	Loans	Total	Public creditors	Private creditors	Total external debt
1	2	3	4=2+3	5	6	7=5+6
2014	2,192.2	9,188.8	11,381.0	7,928.6	513.7	8,442.3
2015	2,418.4	9,563.7	11,982.1	8,238.5	454.1	8,692.6
2016	2,478.2	9,616.6	12,094.8	8,504.4	368.1	8,872.5
2017 *	2,351.8	8,967.0	11,318.8	7,870.1	276.9	8,147.0
2018 *	2,325.5	9,092.1	11,417.6	7,935.6	262.6	8,198.1
2019 *	2,423.3	9,130.8	11,554.2	7,933.6	206.5	8,140.1
2020*	2,715.6	9,818.4	12,534.0	8,574.8	151.2	8,726.0
2021*	2,974.9	10,306.9	13,281.8	9,059.7	375.3	9,435.0
2022*	3,082.2	10,286.5	13,368.7	9,111.7	365.2	9,477.0
2023 **	3,487.8	9,669.1	13,157.0	8,520.8	340.1	8,860.9

Source:

BH Ministry of finance and Treasury and CBBH

Note:

The statistical definition of debt is as defined in the Maastricht Treaty. The data are published on non-consolidated basis according to the Eurostat requirements.

*Data for 2017 - 2022 has been revised

**Data for 2023 are provisional

T26: Foreign Reserves of the CBBH**- end of period, in KM million -**

Year	Month	Gross Foreign Reserves							Net Foreign Reserves	Monetary Liabilities	Net Foreign Assets of CBBH
		Gold	Holdings of SDR	Foreign Currency in CBBH Vault	Deposits with Nonresident Banks	Other	Investment in Securities	9=3+...+8			
1	2	3	4	5	6	7	8	9=3+...+8	10	11	12=10-11
2014	12	182.7	5.2	71.8	2,181.7	0.0	5,384.1	7,825.6	7,824.5	7,293.1	531.4
2015	12	182.3	3.8	128.5	1,003.6	0.0	7,288.1	8,606.3	8,605.0	8,064.6	540.4
2016	12	205.1	2.6	194.8	2,970.4	0.0	6,158.2	9,531.1	9,529.0	8,926.3	602.6
2017	12	203.9	1.5	236.4	2,698.6	0.0	7,416.1	10,556.6	10,555.0	9,977.1	577.8
2018	12	210.0	2.2	274.1	2,911.4	0.0	8,225.4	11,623.2	11,621.4	10,983.3	638.1
2019	12	254.1	0.2	322.6	3,102.8	0.0	8,917.4	12,597.1	12,595.4	11,824.2	771.2
2020	12	291.6	0.9	142.2	3,832.1	0.0	9,601.3	13,868.0	13,866.3	12,970.6	895.7
2021	12	302.0	1.9	469.6	3,945.1	0.0	11,629.6	16,348.1	16,345.8	15,573.0	772.8
2022	12	160.0	0.1	572.0	8,273.2	0.0	7,060.5	16,065.9	16,063.3	15,611.7	451.5
2023	12	175.5	2.1	455.2	8,326.6	0.0	7,330.6	16,289.9	16,287.4	15,401.2	886.2
2023	01	166.6	17.4	530.1	8,365.3	0.0	6,867.9	15,947.4	15,944.3	15,458.5	485.8
	02	162.2	1.5	530.1	7,912.4	0.0	6,759.0	15,365.1	15,350.4	14,864.5	485.9
	03	170.4	1.5	530.1	7,936.1	0.0	6,569.1	15,207.2	15,204.7	14,671.7	533.0
	04	169.5	19.4	530.1	7,945.7	0.0	6,664.6	15,329.3	15,326.3	14,766.2	560.1
	05	172.4	1.7	530.1	8,140.7	0.0	6,683.2	15,528.0	15,525.3	14,929.9	595.4
	06	165.2	1.7	531.6	7,817.4	0.0	6,802.1	15,317.9	15,315.2	14,706.0	609.2
	07	167.7	21.6	453.9	8,194.6	0.0	6,727.6	15,565.5	15,563.1	14,912.8	650.3
	08	168.0	1.7	457.9	8,391.1	0.0	6,853.5	15,872.1	15,869.1	15,175.8	693.3
	09	164.2	1.8	457.9	8,298.3	0.0	6,994.3	15,916.3	15,913.5	15,194.3	719.3
	10	176.0	22.2	457.9	8,199.9	0.0	6,911.9	15,767.8	15,764.8	14,986.4	778.5
	11	175.6	2.1	374.5	8,278.3	0.0	6,854.3	15,684.7	15,682.0	14,853.9	828.1
	12	175.5	2.1	455.2	8,326.6	0.0	7,330.6	16,289.9	16,287.4	15,401.2	886.2

Note:

Gross foreign reserves consist of balance sheet positions of short-term foreign assets of the CBBH (gold, CBBH SDR holdings, foreign currency in the CBBH vault, transferable deposits in foreign currency with non-resident banks and other) and investment in securities according to the CBBH Investment Committee Decision from July 2006. Net foreign reserves represent a difference between gross foreign reserves and liabilities to non-residents. Monetary liabilities of the CBBH include currency outside monetary authorities and deposits of residents with monetary authorities. Net foreign assets of the CBBH represent a difference between net foreign exchange reserves and monetary liabilities of the CBBH.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

T27: BH Exports by Country of Destination**- in KM thousand -**

Year	Month	Germany	Croatia	Italy	Serbia	Slovenia	Austria	Turkey	Montenegro	Other Countries	Total
2014		1,317,490	955,047	1,195,438	800,690	697,785	755,827	234,392	293,818	2,665,647	8,681,742
2015		1,412,906	925,166	1,214,930	770,695	748,870	743,062	354,630	262,844	2,908,721	8,987,194
2016		1,479,411	985,360	1,131,096	822,846	807,200	730,590	401,047	240,751	3,220,854	9,418,109
2017		1,595,704	1,284,200	1,209,035	1,093,685	973,397	899,235	431,094	352,507	3,647,618	11,055,383
2018		1,741,537	1,464,002	1,352,791	1,251,474	1,057,052	1,020,991	323,223	402,113	3,287,069	11,900,251
2019		1,675,709	1,399,922	1,300,534	1,308,885	1,006,226	1,089,881	292,554	407,303	3,011,551	11,492,564
2020		1,630,844	1,362,907	1,015,184	1,152,068	954,078	1,005,509	314,249	293,645	2,792,675	10,521,159
2021		2,137,576	1,864,306	1,608,291	1,722,477	1,219,184	1,284,935	358,064	394,449	3,684,248	14,273,529
2022		2,666,194	2,676,624	1,991,386	2,363,435	1,421,819	1,710,354	311,638	576,469	4,255,821	17,973,740
2023		2,680,393	2,548,638	1,449,652	2,087,129	1,356,297	1,715,316	261,586	689,771	3,910,942	16,699,723
2023	01	219,296	206,879	122,376	204,651	110,676	140,528	18,807	52,724	326,117	1,402,056
	02	236,076	230,523	127,886	188,449	115,867	144,112	22,768	75,328	339,180	1,480,190
	03	245,943	251,369	130,514	187,709	126,654	160,403	30,022	58,669	327,606	1,518,889
	04	229,489	224,778	103,465	177,622	112,489	143,085	27,275	75,342	306,629	1,400,174
	05	237,358	219,053	136,752	155,225	123,376	159,475	25,407	53,663	343,879	1,454,189
	06	230,146	220,565	138,396	151,749	114,366	150,351	20,683	67,361	335,211	1,428,827
	07	226,014	219,748	141,116	155,470	110,003	145,288	16,902	58,261	313,099	1,385,900
	08	196,822	176,864	66,667	164,038	94,709	130,142	13,467	47,216	269,731	1,159,657
	09	229,181	205,178	134,928	172,803	115,717	146,441	16,889	54,359	351,932	1,427,427
	10	233,268	209,911	129,254	180,804	112,466	140,426	22,842	47,862	332,002	1,408,837
	11	224,458	198,361	118,635	197,272	125,396	143,528	20,857	49,961	335,017	1,413,485
	12	172,341	185,407	99,664	151,337	94,579	111,537	25,667	49,025	330,538	1,220,095

Note:

Criteria for presenting country is the share of export of the country in total three-year BH export (2016,2017,2018).

Thus, all countries with share higher than 3,0% are separately presented, while the other countries are presented as sum in the column Other countries.

T28: BH Imports by Country of Origin												- in KM thousand -
Year	Month	Germany	Italy	Serbia	Croatia	China	Slovenia	Russian Federation	Turkey	Austria	Other Countries	Total
2014		1,869,564	1,653,565	1,629,521	1,851,693	1,359,548	763,235	1,292,467	582,203	532,109	4,338,562	16,199,278
2015		1,914,225	1,758,289	1,728,490	1,673,161	1,091,670	773,559	910,072	644,698	560,924	4,588,564	15,851,692
2016		1,998,877	1,899,582	1,828,142	1,617,713	1,091,966	831,403	729,427	687,349	556,399	4,874,484	16,161,014
2017		2,103,758	2,062,127	2,029,997	1,828,432	1,186,073	912,704	907,315	766,728	618,743	5,499,863	18,185,642
2018		2,297,072	2,170,785	2,070,768	1,915,158	1,339,232	917,011	892,371	874,490	672,990	6,124,091	19,273,968
2019		2,337,802	2,333,081	2,150,219	2,020,597	1,449,423	906,606	451,193	964,624	721,547	6,163,492	19,498,584
2020		2,074,858	1,949,017	1,895,718	1,523,371	1,355,872	840,875	359,084	896,725	682,570	5,308,196	16,886,285
2021		2,566,643	2,600,538	2,427,344	1,922,537	1,702,427	984,015	629,494	1,269,716	823,775	6,670,410	21,596,900
2022		2,992,889	3,540,600	3,057,570	2,844,749	2,327,506	1,113,095	658,099	1,675,148	1,003,269	9,423,523	28,636,447
2023		3,337,298	3,871,009	2,830,013	2,095,023	2,629,129	1,073,664	461,880	1,540,892	997,183	8,931,476	27,767,566
2023	01	202,808	220,351	172,589	181,840	154,128	73,667	43,520	105,510	70,979	620,657	1,846,050
	02	260,587	303,555	204,570	172,766	183,916	86,452	37,818	115,416	79,141	709,189	2,153,410
	03	301,688	372,148	276,540	175,994	210,520	107,756	47,310	146,176	96,611	810,978	2,545,720
	04	264,325	317,548	237,953	139,715	203,656	92,493	45,550	128,403	83,053	739,857	2,252,554
	05	271,325	303,372	243,353	153,019	238,685	95,276	56,854	138,822	90,342	778,176	2,369,226
	06	288,840	299,229	252,448	169,709	289,003	99,410	40,484	137,206	88,210	791,601	2,456,139
	07	287,300	338,293	248,741	183,702	224,275	91,482	39,805	105,946	87,562	757,390	2,364,496
	08	267,024	306,163	254,472	199,389	237,794	72,808	47,984	126,540	77,047	710,298	2,299,519
	09	311,243	365,387	250,809	206,476	230,317	94,070	21,420	134,285	84,384	785,541	2,483,934
	10	291,276	361,713	245,875	181,822	238,723	93,608	25,096	135,661	82,593	744,566	2,400,932
	11	305,031	354,682	215,922	176,708	222,918	82,197	20,092	138,114	86,106	723,417	2,325,187
	12	285,850	328,569	226,741	153,881	195,193	84,445	35,947	128,812	71,153	759,807	2,270,398

Source:

Agency for Statistics of Bosnia and Herzegovina

Note:

Criteria for presenting country is the share of import of the country in total three-year BH import (2016,2017,2018).

Thus, all countries with share higher than 3,0% are separately presented, while the other countries are presented as sum in the column Other countries.

T29: Average Middle Exchange Rates of Convertible Mark

Year	Month	EMU EUR	Croatia HRK 100	Czech R CZK 1	Hungary HUF 100	Japan JPY 100	Switzerland CHF 1	Turkey TRY 1	UK GBP 1	USA USD 1	China CNY 1	Serbia RSD 100
2014		1.955830	25.619449	0.071033	0.633710	1.393940	1.610337	0.673375	2.426325	1.474019	0.239264	1.668863
2015		1.955830	25.688577	0.071687	0.631327	1.456462	1.832914	0.650180	2.694477	1.762605	0.280568	1.619915
2016		1.955830	25.960428	0.072346	0.627987	1.628845	1.794449	0.586378	2.396405	1.768011	0.266189	1.588875
2017		1.955830	26.205454	0.074317	0.632480	1.546889	1.761597	0.476205	2.232882	1.735482	0.256628	1.611317
2018		1.955830	26.365492	0.076267	0.613697	1.500585	1.693763	0.351884	2.210985	1.657498	0.250633	1.653621
2019		1.955830	26.365089	0.076197	0.601572	1.603053	1.758109	0.307940	2.230125	1.747204	0.252963	1.659447
2020		1.955830	25.946780	0.074002	0.557563	1.607387	1.827419	0.247515	2.201320	1.716607	0.248658	1.663431
2021		1.955830	25.977234	0.076253	0.545671	1.506596	1.808910	0.191301	2.274685	1.653851	0.256382	1.663495
2022		1.955830	25.957036	0.079629	0.501501	1.420249	1.948176	0.113256	2.294933	1.860152	0.276500	1.665037
2023		1.955830		0.081507	0.512335	1.290900	2.013360	0.078526	2.248887	1.809093	0.255630	1.668038
2023	01	1.955830		0.081594	0.493759	1.391460	1.965054	0.096833	2.216435	1.818750	0.267412	1.666536
	02	1.955830		0.082464	0.507182	1.376882	1.973557	0.096812	2.207511	1.824700	0.267086	1.666960
	03	1.955830		0.082578	0.507819	1.369219	1.975767	0.096431	2.218829	1.831257	0.265449	1.667151
	04	1.955830		0.083430	0.520434	1.339173	1.984199	0.092329	2.220998	1.784811	0.259269	1.667605
	05	1.955830		0.082933	0.524764	1.314185	2.004371	0.091180	2.244923	1.797649	0.257563	1.667612
	06	1.955830		0.082539	0.527753	1.281164	2.004097	0.077382	2.278867	1.805086	0.252568	1.667704
	07	1.955830		0.081859	0.516463	1.254231	2.022215	0.066975	2.278572	1.771635	0.246254	1.668416
	08	1.955830		0.081129	0.507722	1.239124	2.039752	0.066552	2.276774	1.792243	0.247350	1.668592
	09	1.955830		0.080279	0.506941	1.239560	2.038612	0.067761	2.271708	1.828363	0.250583	1.668781
	10	1.955830		0.079582	0.507166	1.238316	2.048382	0.066516	2.254437	1.852004	0.253391	1.668980
	11	1.955830		0.079881	0.515854	1.208830	2.029642	0.063294	2.245301	1.812228	0.250458	1.668916
	12	1.955830		0.079909	0.512360	1.243921	2.070920	0.061585	2.268969	1.791708	0.250974	1.669124

T30: Government Finance of BH - Government Sector Units											- in KM million -		
		BH Institutions	FBH	RS	Brčko District	Consolidated Revenues for BH	BH Institutions	FBH	RS	Brčko District	Consolidated Expenses for BH	Net Acquisition of Nonfinancial Assets	Net Surplus /Deficit
2014		1,109.8	6,972.1	3,769.8	223.7	11,961.7	940.3	6,652.2	3,652.3	219.0	11,350.1	1,166.8	-555.3
2015		1,088.4	7,196.5	3,931.3	232.0	12,335.1	935.9	6,843.5	3,700.6	220.1	11,587.0	559.1	188.9
2016		1,062.9	7,645.4	3,937.0	248.5	12,767.3	949.3	7,013.5	3,636.9	198.6	11,672.0	724.5	370.8
2017		1,049.4	8,150.9	4,141.8	263.7	13,479.2	967.0	7,164.3	3,696.0	212.8	11,913.4	759.7	806.0
2018		1,045.0	8,833.6	4,364.6	280.9	14,389.6	996.0	7,660.0	3,983.4	233.7	12,738.6	914.6	736.5
2019		1,051.4	9,217.5	4,584.0	288.8	15,018.1	985.5	8,120.3	4,097.6	254.6	13,334.3	1,006.6	677.2
2020		1,070.6	8,614.0	4,652.1	268.3	14,430.7	1,028.6	8,583.1	4,749.6	287.9	14,474.8	1,765.1	-1,809.2
2021		1,093.0	9,616.7	5,147.2	305.9	16,055.3	982.3	8,792.8	4,861.0	268.5	14,797.0	1,368.9	-110.6
2022		1,165.5	10,946.2	5,887.4	338.4	18,212.9	1,096.1	9,797.8	5,748.5	287.5	16,805.3	1,590.2	-182.7
2017	Q1	251.8	1,621.7	747.1	51.7	2,646.9	223.9	1,457.0	688.7	31.9	2,376.1	30.0	240.9
	Q2	273.3	1,792.9	827.2	61.1	2,920.7	231.1	1,556.0	747.9	44.0	2,545.1	70.1	305.4
	Q3	252.0	1,931.1	940.7	64.5	3,162.1	238.7	1,587.4	767.1	56.3	2,623.1	31.6	507.3
	Q4	272.3	1,851.2	887.8	76.2	3,050.0	273.3	1,863.6	906.1	77.0	3,082.6	204.3	-236.8
2018	Q1	277.7	1,762.1	816.9	57.0	2,882.0	231.4	1,499.4	728.4	34.3	2,462.0	30.9	389.0
	Q2	242.8	1,914.5	884.1	61.4	3,075.2	231.7	1,683.3	784.4	51.8	2,723.4	66.5	285.3
	Q3	400.3	1,951.9	861.7	69.0	3,250.5	243.9	1,651.7	835.0	56.0	2,754.4	91.2	404.9
	Q4	124.1	2,138.2	960.8	75.4	3,259.2	289.0	2,104.9	983.4	78.9	3,416.8	237.9	-395.5
2019	Q1	238.9	1,899.1	845.3	60.2	3,013.8	225.9	1,600.5	806.8	42.5	2,646.0	26.0	341.9
	Q2	261.7	1,990.1	902.3	67.3	3,187.1	239.2	1,770.8	789.9	63.1	2,828.7	71.9	286.5
	Q3	270.0	2,079.8	924.2	71.6	3,309.8	253.8	1,800.7	823.5	54.3	2,896.5	78.9	334.4
	Q4	280.8	2,080.5	1,015.2	72.2	3,412.9	266.6	2,177.5	972.4	81.1	3,461.9	210.4	-259.4
2020	Q1	286.0	1,906.0	862.8	59.7	3,081.9	235.6	1,695.3	877.3	42.7	2,818.4	40.6	222.9
	Q2	235.6	1,674.2	887.0	53.6	2,815.4	232.8	1,834.2	1,090.5	62.6	3,185.2	102.1	-471.9
	Q3	266.9	1,963.7	970.8	67.0	3,236.3	231.7	2,024.8	933.7	69.8	3,227.7	96.5	-88.0
	Q4	282.1	2,027.8	1,067.1	71.3	3,418.9	328.5	2,249.0	1,117.7	93.8	3,759.7	231.1	-571.9
2021	Q1	277.6	1,906.5	976.0	61.7	3,191.6	240.3	1,727.9	929.8	47.9	2,915.8	60.1	215.7
	Q2	275.1	2,094.2	976.5	69.9	3,390.8	235.1	1,919.4	1,022.4	59.7	3,211.7	93.3	85.8
	Q3	262.8	2,146.5	1,072.2	74.1	3,527.5	256.3	1,953.5	963.4	58.9	3,204.0	78.9	244.6
	Q4	277.5	2,272.0	1,095.8	82.3	3,702.2	250.5	2,430.2	1,170.4	85.6	3,911.4	288.6	-497.8
2022	Q1	256.1	2,181.7	1,070.1	72.9	3,550.1	243.1	1,818.4	979.0	57.4	3,067.3	22.0	460.8
	Q2	278.1	2,498.0	1,193.2	81.2	4,026.0	236.4	2,227.9	1,146.3	62.6	3,648.6	82.3	295.1
	Q3	326.9	2,424.2	1,209.6	83.2	4,009.0	269.8	2,266.2	1,261.1	63.5	3,825.9	108.6	74.6
	Q4	304.5	2,579.7	1,188.1	85.8	4,127.5	346.7	2,649.5	1,385.0	87.9	4,438.5	272.8	-583.8
2023	Q1	304.7	2,508.4	1,237.5	76.3	4,072.6	293.1	2,214.2	1,165.9	60.3	3,679.1	33.1	360.3
	Q2	400.5	2,815.3	1,234.3	86.2	4,487.0	324.7	2,599.6	1,214.7	68.9	4,158.6	78.4	250.0
	Q3	388.7	2,778.6	1,335.3	97.9	4,529.3	355.9	2,713.6	1,289.9	69.6	4,357.9	98.9	72.6

Note:

Administrative data collected from: Ministries of Finance of all levels of government, Social Security Funds of all levels of government, Entities' Public Companies for Roads and Entities' Public Companies for Motorways. Annual data for consolidated revenues/expenses include local level of government (municipalities and towns), Public Company for Roads of all levels of government of FBH, Public Company for Roads of RS, Public Company for Motorways of FBH and Public Company for Motorways of RS, while quarterly data do not include them as the source data are not available.

Difference between revenues on one side and expenses with net acquisition of non-financial assets on the other side, represents net surplus/deficit.

T31: BH Government Finance of BH - Structure of Consolidated Revenues and Expenses**- in KM million -**

		Taxes	Social Contributions	Grants and Other Revenues	Consolidated Revenues	Compensation of Employees	Use of Goods and Services	Interest	Subsidies	Social Benefits	Grants and Other Expenses	Consolidated Expenses	Net Acquisition of Non-financial Assets
2014		6,078.6	4,234.8	1,648.3	11,961.7	3,265.5	2,127.2	238.9	364.9	4,658.0	695.6	11,350.1	1,166.8
2015		6,439.7	4,329.6	1,565.8	12,335.1	3,294.3	2,138.8	264.3	384.8	4,729.5	775.4	11,587.0	559.1
2016		6,760.4	4,473.6	1,533.4	12,767.3	3,295.5	2,187.5	252.0	382.8	4,755.0	799.3	11,672.0	724.5
2017		7,151.1	4,734.2	1,594.0	13,479.2	3,312.6	2,230.7	223.0	444.0	4,758.5	834.7	11,913.4	759.7
2018		7,688.4	5,041.8	1,659.4	14,389.6	3,422.1	2,534.0	242.5	476.0	5,013.2	1,050.9	12,738.6	914.6
2019		8,014.1	5,345.7	1,658.4	15,018.1	3,738.1	2,688.3	241.1	507.3	5,223.4	936.1	13,334.3	1,006.6
2020		7,363.3	5,383.9	1,683.5	14,430.7	3,921.8	2,702.8	255.9	870.1	5,508.0	1,216.3	14,474.8	1,765.1
2021		8,485.4	5,798.0	1,771.9	16,055.3	4,039.2	2,847.7	240.2	742.9	5,718.3	1,208.7	14,797.0	1,368.9
2022		9,898.8	6,482.5	1,831.6	18,212.9	4,546.5	3,256.5	259.4	747.7	6,503.1	1,492.1	16,805.3	1,590.2
2017	Q1	1,349.6	1,076.7	220.7	2,646.9	707.8	403.5	45.6	35.4	1,114.3	69.5	2,376.1	30.0
	Q2	1,530.4	1,192.4	197.9	2,920.7	703.6	438.4	74.0	85.8	1,133.6	109.6	2,545.1	70.1
	Q3	1,692.0	1,196.0	274.0	3,162.1	720.4	440.3	46.8	109.6	1,134.6	171.4	2,623.1	31.6
	Q4	1,568.6	1,269.1	212.3	3,050.0	726.8	538.0	54.2	146.5	1,224.5	392.7	3,082.6	204.3
2018	Q1	1,526.1	1,153.2	202.7	2,882.0	719.0	432.2	47.4	42.4	1,136.3	84.9	2,462.0	30.9
	Q2	1,597.5	1,243.8	234.0	3,075.2	742.6	464.6	65.0	108.2	1,198.7	144.2	2,723.4	66.5
	Q3	1,787.5	1,241.5	221.6	3,250.5	730.6	470.6	46.4	103.1	1,224.5	179.2	2,754.4	91.2
	Q4	1,570.5	1,403.3	285.4	3,259.2	766.9	587.9	56.2	148.4	1,295.6	561.8	3,416.8	237.9
2019	Q1	1,528.5	1,247.2	238.1	3,013.8	787.8	462.1	41.8	40.5	1,202.7	111.1	2,646.0	26.0
	Q2	1,669.1	1,335.2	182.8	3,187.1	806.1	494.9	68.5	81.8	1,254.2	123.2	2,828.7	71.9
	Q3	1,734.1	1,336.0	239.6	3,309.8	805.4	517.7	43.3	112.2	1,252.3	165.5	2,896.5	78.9
	Q4	1,904.0	1,427.3	81.6	3,412.9	850.7	617.2	52.5	189.6	1,349.2	402.7	3,461.9	210.4
2020	Q1	1,556.2	1,286.5	239.2	3,081.9	817.7	482.1	69.8	60.4	1,274.3	114.1	2,818.4	40.6
	Q2	1,327.2	1,223.4	264.8	2,815.4	861.7	495.5	43.3	157.1	1,277.1	350.5	3,185.2	102.1
	Q3	1,564.3	1,418.6	253.4	3,236.3	850.4	486.3	42.4	262.8	1,357.6	228.3	3,227.7	96.5
	Q4	1,848.8	1,455.5	114.7	3,418.9	872.7	638.3	71.6	299.2	1,419.6	458.2	3,759.7	231.1
2021	Q1	1,560.9	1,319.3	311.4	3,191.6	851.1	486.3	55.0	47.5	1,318.9	156.9	2,915.8	60.1
	Q2	1,690.2	1,437.0	263.5	3,390.8	866.7	529.2	60.3	142.9	1,376.4	236.2	3,211.7	93.3
	Q3	1,854.4	1,441.1	232.0	3,527.5	865.8	547.5	31.9	123.2	1,405.4	230.2	3,204.0	78.9
	Q4	2,082.2	1,600.5	19.6	3,702.2	913.6	651.8	60.8	336.5	1,430.2	518.6	3,911.4	288.6
2022	Q1	1,851.2	1,462.0	236.9	3,550.1	908.3	517.6	52.7	55.2	1,377.3	156.2	3,067.3	22.0
	Q2	2,110.4	1,604.5	311.1	4,026.0	960.2	570.0	68.1	160.9	1,531.3	358.0	3,648.6	82.3
	Q3	2,124.8	1,643.0	241.3	4,009.0	988.8	599.2	67.7	154.3	1,631.2	384.8	3,825.9	108.6
	Q4	2,185.5	1,773.1	168.9	4,127.5	1,056.7	754.5	38.6	266.7	1,743.3	578.7	4,438.5	272.8
2023	Q1	2,106.4	1,712.4	253.8	4,072.6	1,078.9	586.8	98.9	45.7	1,722.6	146.3	3,679.1	33.1
	Q2	2,281.8	1,819.3	385.9	4,487.0	1,146.3	636.2	60.0	145.2	1,904.6	266.3	4,158.6	78.4
	Q3	2,384.7	1,867.2	277.4	4,529.3	1,101.3	646.6	115.6	150.3	1,929.2	414.8	4,357.9	98.9

Note:

Administrative data collected from: Ministries of Finance of all levels of government, Social Security Funds of all levels of government, Entities' Public Companies for Roads and Entities' Public Companies for Motorways. Annual data for consolidated revenues/expenses include local level of government (municipalities and towns), Public Company for Roads of all levels of government of FBH, Public Company for Roads of RS, Public Company for Motorways of FBH and Public Company for Motorways of RS, while quarterly data do not include them as the source data are not available.

Difference between revenues on one side and expenses with net acquisition of non-financial assets on the other side, represents net surplus/deficit.

T32: Flows of Foreign Direct Investment in BH, Classified by Country of Origin of Foreign Investor - in KM million -

Year	Austria	The Netherlands	Croatia	Italy	Germany	Russia	Slovenia	Serbia	Switzerland	Turkey	Other Countries	Total
2014	171.1	26.0	88.7	24.0	-6.1	195.8	-1.2	33.1	8.9	17.6	253.1	811.1
2015	5.3	83.3	161.5	66.3	52.3	28.5	21.1	36.8	-33.5	56.1	159.2	636.9
2016	112.8	57.6	142.5	25.2	2.0	-44.3	34.6	-25.8	11.3	34.6	267.7	618.4
2017	84.1	-3.3	159.6	46.9	57.7	-6.8	101.1	56.9	30.6	-0.3	327.1	853.6
2018	90.7	100.9	129.1	23.6	105.1	143.4	42.6	21.1	46.5	7.4	252.9	963.3
2019	68.8	6.7	148.0	17.5	54.4	213.0	22.0	41.6	-19.8	3.2	244.0	799.3
2020	100.8	-1.1	182.0	36.0	84.9	-14.8	60.4	133.1	-21.0	56.3	207.0	823.5
2021	106.7	-51.1	96.9	61.4	63.2	-94.4	80.4	100.9	213.1	151.5	401.4	1,130.0
2022	175.8	166.6	15.8	64.6	159.5	-50.2	79.0	134.4	25.2	55.6	614.1	1,440.3
Jan - Sep 2023	79.8	166.0	165.1	60.0	92.3	312.6	65.3	51.7	42.2	120.9	286.9	1,442.8

Note:

Foreign Direct Investments (flows and stocks) are compiled in accordance with the most recent methodological instructions and recommendations of the International Monetary Fund (IMF) and Organization for Economic Cooperation and Development (OECD). Detailed methodological approach to compilation and presentation is included in the IMF Balance of Payments Manual, sixth edition and OECD Framework Definition of Foreign Direct Investments, fourth edition.

T33: Flows of Foreign Direct Investment in BH by NACE Rev 2, Classification of Activities**- in KM million -**

Year	Manufacture of Food Products	Manufacture of Wood and of Products of Wood and Cork, except Furniture, Manufacture of Articles of Straw and Plaiting Materials	Manufacture of Coke and Refined Petroleum Products	Manufacture of Chemicals and Chemical Products	Manufacture of Other Non-metallic Mineral Products	Manufacture of Basic Metals	Manufacture of Motor Vehicles, Trailers and Semi-trailers	Wholesale Trade, except of Motor Vehicles and Motorcycles	Retail Trade, except of Motor Vehicles and Motorcycles	Telecommunications	Financial Service Activities, except Insurance and Pension Funding	Real Estate Activities	Other Industries	Total
2014	0.3	-5.7	180.6	3.0	-25.4	35.5	-59.4	64.1	37.3	6.8	138.4	187.1	248.5	811.1
2015	45.0	5.2	24.0	58.4	-4.4	-52.9	6.7	84.0	-29.3	57.8	116.8	89.5	236.1	636.9
2016	16.3	5.6	-52.0	51.9	-17.6	2.0	20.3	148.4	6.4	37.1	161.4	-9.8	248.4	618.4
2017	20.8	13.5	-26.0	1.2	-8.8	58.8	47.3	59.3	96.1	17.1	203.0	41.9	329.2	853.6
2018	34.9	9.3	139.0	33.2	15.5	63.7	40.3	121.3	11.9	8.3	140.1	28.4	317.4	963.3
2019	-13.4	15.1	200.3	26.5	6.4	-2.5	5.9	119.7	17.8	-20.6	153.3	19.0	271.7	799.3
2020	28.2	-1.8	1.5	39.1	18.8	-29.4	32.7	97.3	37.2	2.3	156.3	73.1	368.3	823.5
2021	11.7	5.4	-52.2	17.1	5.7	102.7	27.4	138.2	182.8	11.3	11.8	73.4	594.7	1,130.0
2022	70.2	12.7	-48.8	108.4	32.7	122.9	14.0	114.0	97.5	6.9	146.8	62.3	700.8	1,440.3
Jan - Sep 2023	14.1	4.8	311.9	72.8	19.7	70.9	63.6	101.9	63.6	13.8	315.3	-0.3	390.5	1,442.8

Note:

The data on flows of direct foreign investments in BiH, according to NACE 1. Rev.1 Classification of the Activities, for the period 2004-2012, can be found on web site. Foreign Direct Investments (flows and stocks) are compiled in accordance with the most recent methodological instructions and recommendations of the International Monetary Fund (IMF) and Organization for Economic Cooperation and Development (OECD). Detailed methodological approach to compilation and presentation is included in the IMF Balance of Payments Manual, sixth edition and OECD Framework Definition of Foreign Direct Investments, fourth edition.

T34: Stocks of direct investment in BH classified by country of foreign investor**- in KM million -**

Country	31 12 2020			31 12 2021			31 12 2022		
	Equity capital and reinvested earnings	Other capital	Total	Equity capital and reinvested earnings	Other capital	Total	Equity capital and reinvested earnings	Other capital	Total
Austria	2,507.2	260.6	2,767.8	2,634.3	223.3	2,857.7	2,431.3	258.4	2,689.7
Belgium	8.7	4.0	12.7	12.4	5.7	18.1	12.5	5.3	17.8
Montenegro	31.0	2.8	33.8	41.4	3.0	44.4	70.1	4.3	74.4
Czech Republic	26.0	3.8	29.8	22.1	6.9	29.0	28.5	8.0	36.4
Denmark	27.2	5.0	32.1	37.3	5.1	42.4	24.1	1.8	25.9
France	16.6	4.9	21.5	16.4	4.9	21.3	19.2	8.4	27.6
Netherlands	553.9	260.2	814.1	573.4	163.2	736.7	715.0	176.4	891.3
Croatia	2,434.1	166.0	2,600.2	2,554.6	150.3	2,704.9	2,387.5	155.2	2,542.7
Ireland	-2.9	14.4	11.5	-0.4	14.4	14.1	-5.9	14.6	8.6
Italy	610.7	117.7	728.4	661.7	121.3	783.0	686.9	112.4	799.3
Canada	-0.8	5.1	4.3	0.1	5.1	5.3	0.6	5.1	5.8
Cyprus	144.9	0.6	145.4	155.2	6.8	162.0	169.8	9.7	179.4
Kuwait	131.4	155.4	286.8	109.6	171.4	281.0	103.5	179.7	283.1
Liechtenstein	6.7	6.0	12.7	6.5	6.0	12.5	7.7	4.2	11.8
Lithuania	1.9	0.0	1.9	2.2	0.0	2.2	1.6	0.0	1.6
Luxembourg	107.3	223.3	330.6	121.0	224.7	345.7	156.8	190.5	347.2
Hungary	39.6	1.7	41.3	43.6	2.2	45.7	52.0	3.7	55.7
Malaysia	7.8	29.1	36.8	8.8	29.1	37.9	8.6	29.1	37.6
Norway	1.3	6.4	7.7	2.8	6.8	9.6	6.1	7.1	13.2
Germany	635.4	235.6	871.1	691.2	241.3	932.5	773.3	308.1	1,081.4
Poland	31.7	10.0	41.7	33.9	42.2	76.1	50.7	51.9	102.7
Russia	-494.1	1,052.6	558.5	456.0	7.3	463.3	391.5	7.8	399.4
Saudi Arabia	174.6	171.1	345.7	200.2	189.2	389.5	224.1	200.3	424.4
Slovakia	4.7	19.3	24.0	3.8	21.0	24.8	8.3	20.2	28.5
Slovenia	1,041.3	135.3	1,176.6	1,103.1	153.1	1,256.1	1,153.7	152.9	1,306.6
Serbia	1,932.9	274.6	2,207.5	2,008.6	291.3	2,299.9	2,088.2	339.3	2,427.5
Spain	38.8	0.0	38.8	30.2	1.7	32.0	34.9	5.3	40.2
Switzerland	353.4	73.9	427.3	559.0	76.6	635.6	591.3	76.1	667.5
Sweden	47.2	36.6	83.8	59.1	37.5	96.6	63.8	14.1	77.9
Turkey	403.7	-26.9	376.9	510.2	3.2	513.4	600.5	-25.8	574.8
United Arabian Emirates	155.4	287.7	443.1	161.9	309.4	471.3	133.1	319.4	452.6
United States of America	25.0	19.3	44.3	31.4	19.6	51.0	53.5	18.1	71.6
Great Britain	573.4	110.9	684.3	703.0	128.4	831.4	893.5	205.8	1,099.3
Other countries	266.4	170.6	437.0	346.5	184.3	530.8	375.8	268.2	644.0
Total	11,842.4	3,837.6	15,680.0	13,901.3	2,856.3	16,757.6	14,311.9	3,135.5	17,447.4

T35: Nominal and Real KM effective exchange rate

Year	Month	KM Effective Exchange Rate (2015=100)	
		NEER	REER
2014		101.10	103.04
2015		99.98	99.99
2016		101.18	98.87
2017		101.98	98.36
2018		103.68	98.99
2019		104.42	98.05
2020		106.11	97.24
2021		107.37	96.93
2022		108.94	100.75
2023		111.29	100.63
2023	01	110.11	101.64
	02	110.01	101.15
	03	110.02	100.85
	04	110.34	100.50
	05	110.30	100.03
	06	111.17	100.10
	07	112.18	100.34
	08	112.20	100.56
	09	112.10	100.59
	10	112.13	100.48
	11	112.38	100.75
	12	112.58	100.53

Note:

Detailed methodological explanations for compiling and calculating the nominal (NEER) and real (REER) effective exchange rate are available at the CBBH website <http://www.cbbh.ba/content/read/1109?lang=en>

Note 6, 7, 9, 13,14, 15, 16 i 17.

The revised data for the period January 2006 – November 2015 are based on the active sub-balance of the banks with majority state owned capital from the Federation of BH, with the passive sub-balance excluded. Through such supplement of statistics, the users are provided with higher analytical usefulness of data and objective indicators on the current operations of banks in BH. Passive sub-balance includes the liabilities based on foreign loans and old foreign exchange savings of citizens until 31 March 1992 and it does not reflect the current operations of the bank, so this sub-balance in the privatization process will be taken over by the Ministry of Finance of FBH according to the Law on Initial Balance Sheets of Banks and the Law on Privatization, as it has been done for the previously privatized banks. The performed revision mainly influenced the decrease of loans to public companies in a foreign currency, decrease of foreign liabilities, decrease of other items of assets and liabilities on the basis of old foreign exchange savings, and in considerably lower amounts, on items of loans to the Entity Government, fixed assets, non-residents' deposits, shares and capital.

The data on the „complete“ balance sheet, with the included passive sub-balance, are still available at: http://statistics.cbbh.ba:4444/Panorama/novaview/SimpleLogin_bs.aspx

PUBLICATIONS AND WEB SERVICES

Monthly Economic Overview	Brief information about the latest trends in the macroeconomic environment, which has been published on the website of the CBBH since May 2013. The publication had previously been internal.
Bulletin	A quarterly publication which includes monetary and financial statistics, information on payment transactions, data on the real sector and balance of payments data of Bosnia and Herzegovina.
Annual Report	The publication contains the report on the operations of the CBBH throughout the year and the financial report, which the CBBH submits to the Presidency of Bosnia and Herzegovina and the Parliamentary Assembly of Bosnia and Herzegovina.
Financial Stability Report	The annual publication contains an assessment of the risks arising from the macroeconomic environment and trends in the financial system, as well as an assessment of the resistance of the system to the identified risks.
Special research topics	An occasional publication published on the website of the CBBH.
CBBH Monography	Jubilee publication on the occasion of the CBBH twenty years anniversary.
WEBSITE www.cbbh.ba e-mail: contact@cbbh.ba pr@cbbh.ba TWITTER@CBBIH	<p>The openness and transparency of the CBBH operations is considered very important for the credibility, public accountability and trust, which it enjoys among the population and by other institutions in Bosnia and Herzegovina and by international institutions. On the basis of the CBBH Rules of Procedure, the CBBH has an obligation to inform the public about its work by providing timely information, publishing reports, issuing official publications and organizing press conferences.</p> <p>The website of the CBBH has existed since 1998. It contains basic information on the CBBH, the Law on the CBBH, presents the banknotes and coins of Bosnia and Herzegovina, as well as numismatic issues of the CBBH. On the website, there are also numerous publications and statistical data (Annual Reports, Monthly Balance Sheets, Quarterly Bulletins, Financial Stability Reports, Balance of Payments of BH, Payment Operations Reports ...) and a list of all commercial banks in BH. The publications and statistical data are published in generally accepted formats, DOC, XLS and PDF. On this page, the latest exchange rates, which are updated daily, and other relevant news and press releases are published.</p> <p>The material is published in Bosnian, Croatian, Serbian and English., In order to increase openness and transparency and to reach the public, as much as possible, the CBBH has launched an official profile on the social network Twitter. On this profile, we publish the data, usually published on the website of the Bank, www.cbbh.ba, as well as additional information and data, which are estimated as relevant. The way of communication is adjusted to the targeted audience.</p>

PUBLISHER:

Central Bank of Bosnia and Herzegovina
25 Maršala Tita St, 71000 Sarajevo
Tel + 387 33 278 100
www.cbbh.ba
e-mail: contact@cbbh.ba

DTP:

Štamparija Fojnica d.d.

Printed by:

Štamparija Fojnica d.d.

Publishing and copying for educational and
non-commercial purposes is only allowed
with the consent of the publisher