



Centralna banka  
BOSNE I HERCEGOVINE  
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БОСНЕ И ХЕРЦЕГОВИНЕ



## Comments on Trends of the Other Financial Institutions Sector at the end of semi year 2023

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## Analysis of the financial sector in Bosnia and Herzegovina at the end of the first semi year of 2023

At the end of the half year of 2023, on the financial market of Bosnia and Herzegovina, there were 122 financial institutions operating, which are included in the regular statistics of the Central Bank of Bosnia and Herzegovina, and so in the banking sector: 21 banks and one development bank, and in the sector of Other financial institutions (hereinafter statistical term Other financial institutions sector/OFI sector) which includes: 24 insurance companies and one reinsurance company, 33 investment funds, 4 leasing companies, 29 microcredit organizations, 7 brokerage companies and 2 stock exchanges. The collection of these statistics is carried out in accordance with the international methodology stipulated in the IMF's Manual for Monetary and Financial Statistics (2000), through a single report form 2SR for banks and 4SR for other financial institutions (Standardized Report Forms/SRF). By using unique reporting forms for presenting the balance sheet, it is possible to produce aggregated and harmonized data for the BH level.

### Number of Financial Institutions in BH

Financial institutions in BH	Jun-22			Dec-22			Jun-23		
	FBH	RS	Total	FBH	RS	Total	FBH	RS	Total
Banks*	15	8	23	14	8	22	14	8	22
Insurance and reinsurance companies	12	14	26	12	14	26	11	14	25
Microcredit organizations	13	14	27	13	14	27	14	15	29
Investment funds	18	16	34	18	14	32	18	15	33
Leasing companies	5	0	5	4	0	4	4	0	4
Brokerage companies	4	4	8	4	4	8	3	4	7
Stock exchanges	1	1	2	1	1	2	1	1	2
<b>Total</b>	<b>68</b>	<b>57</b>	<b>125</b>	<b>66</b>	<b>55</b>	<b>121</b>	<b>65</b>	<b>57</b>	<b>122</b>

\* *FBH Razvojna banka is included*

At the end of the first half of 2023, the total assets of the financial sector in Bosnia and Herzegovina amounted to KM 45.93 billion and is higher by KM 2.36 billion or by 5.4% compared to the same period of the previous year. The largest share was still held by banks, with 87.6% of the total assets of the financial sector. Insurance and reinsurance companies participate with KM 2.58 billion, or 5.6% of the total assets of the financial sector. Compared to the balance at the end of the first half of 2022, insurance and reinsurance companies, investment funds, microcredit organizations and leasing companies recorded an increase in assets, while brokerage companies and stock exchanges recorded a decrease in their balance sheet.

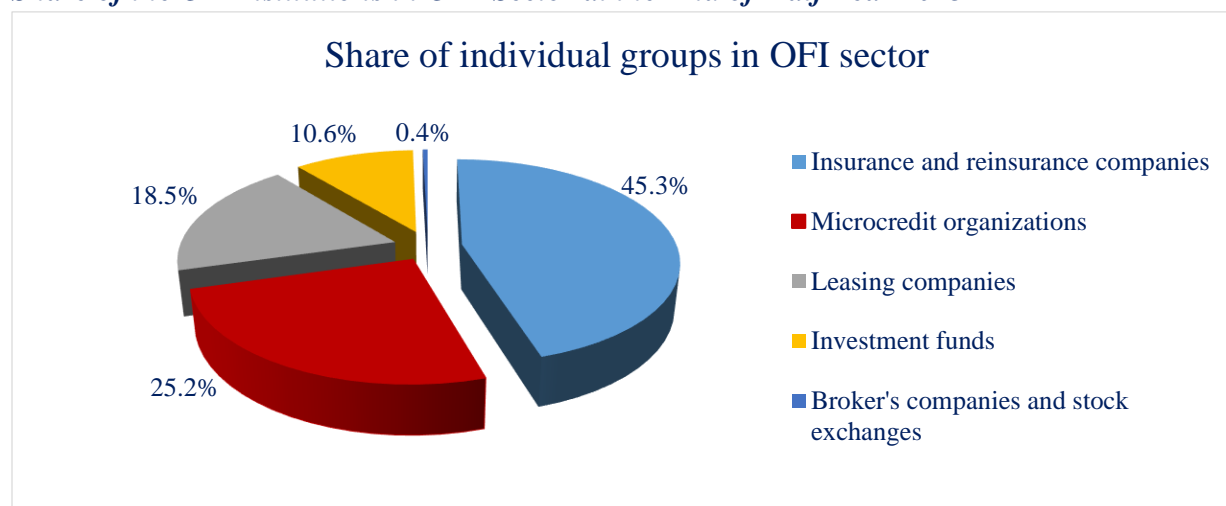
### Financial Sector in BH (KM million)

Financial institutions in BH (KM million)	06/2022		12/2022		06/2023		Assets growth index	
	Assets	Share (%)	Assets	Share (%)	Assets	Share (%)	06.2023/06.2022	06.2023/12.2022
Banks	38,334.5	88.0	39,709.7	87.9	40,225.3	87.6	104.9	101.3
Insurance and reinsurance companies	2,416.5	5.5	2,472.2	5.5	2,586.6	5.6	107.0	104.6
Microcredit organizations	1,302.3	3.0	1,361.7	3.0	1,437.8	3.1	110.4	105.6
Investment funds	986.3	2.3	1,074.6	2.4	1,052.7	2.3	106.7	98.0
Leasing companies	499.0	1.1	533.8	1.2	602.6	1.3	120.7	112.9
Brokerage companies	15.1	0.0	14.8	0.0	13.2	0.0	87.1	88.8
Stock exchanges	11.2	0.0	10.6	0.0	11.1	0.0	99.2	104.3
<b>Total for sector</b>	<b>43,565.0</b>	<b>100.0</b>	<b>45,177.5</b>	<b>100.0</b>	<b>45,929.2</b>	<b>100.0</b>	<b>105.4</b>	<b>101.7</b>

### Sector of Other financial institutions (OFI sector)

Balance of the OFI total assets of the sector in Bosnia and Herzegovina, as of June 30, 2023, was KM 5.70 billion and is higher by KM 236.2 million or 4.3% compared to the balance at the end of 2022, and compared to the balance at the end of the first half of 2022, it is higher by KM 473.5 million or 9.1%. The largest assets within the OFI sector were insurance and reinsurance companies with KM 2.59 billion, which represents a share of 45.3% in the total assets of the OFI sector, followed by microcredit organizations with KM 1.44 billion (25.2% share), investment funds with KM 1.05 billion (18.5% share), leasing companies with KM 602.6 million (10.6% share), the remaining KM 24.3 million (0.4% share) refers to assets of brokerage houses and stock exchanges in Bosnia and Herzegovina.

### Share of the OF Institutions in OFI Sector at the End of Half Year 2023



Below is a brief analysis of the three subsectors with the largest share in the OFI sector.

## **Insurance and reinsurance companies**

At the end of the first half of 2023, there were 24 insurance companies and one reinsurance company operating on the insurance market in BH, of which 15 companies perform non-life insurance, and 10 are composite companies that perform non-life and life insurance. Insurance companies in BH record a continuous and stable annual increase in assets, having a 45.3% share in the total OFI sector. The balance sheet amount of the insurance sector (including reinsurance) as of 30 June 2023 was KM 2.58 billion, being higher by KM 114.4 million, i.e. 4.6% compared to the positions as of 31 December 2022, and higher by KM 170.1 million or 7.0% compared to the same period of the previous year.

Other deposits (term deposits with banks) have the most significant share in the asset structure, amounting at the end of the first half of 2023 to KM 742.7 million, i.e. 28.7% of the total assets value. They are followed by securities and non-financial assets (real estate property). Investments in securities, primarily Entity bonds, recorded continuous growth, being higher at the end of the first half of 2023 by 3.6% compared to the end of 2022, and by 4.6% compared to 30 June 2022.

In the structure of liabilities, gross technical reserves had the largest share of 66.6%, and on 30 June 2023, they amounted to KM 1.72 billion, being higher by 4.3% compared to the positions in the end of 2022, and, compared to the same period of the previous year, gross technical insurance reserves increased by 6.0%.

## **Microcredit organisations in BH**

The balance sheet amount of microcredit organisations at the end of the first half of 2023 amounted to KM 1.44 billion and was higher by KM 76.1 million or 5.6% compared to the end of 2022, and compared to the end of the first half of 2022, it was higher by KM 135.5 million or 10.4%. Out of the total balance sheet amount, microcredit foundations (MCF) accounted for KM 619.2 million or 43.1%, while microcredit companies (MCC) accounted for KM 818.7 million or 56.9%.

The total amount of loans of microcredit organisations at the end of the first half of 2023 was KM 1.16 billion, representing 80.6% of the total assets. Compared to the positions at the end of 2022, microcredit portfolio increased by KM 73.8 million or 6.8%, and compared to the positions at the end of the first half of 2022, it increased by KM 121.7 million or 11.7%. Observing the sector structure of extended loans, the share of microcredits to natural persons was prevailing at the level of 97.0%, while the remaining 3.0% was related to microcredits extended to legal persons.

The basic source of microcredit organisations funds are the liabilities based on taken loans, which, at the end of the first half of 2023 amounted to KM 726.1 million or 50.5% of the total liabilities, being higher compared to the end of 2022 by KM 57.3 million or 8.6%, and higher by KM 81.6 million or 12.7% compared to the end of the first half of 2022. The total capital of microcredit organisations at the end of the first half of 2023 was KM 541.3 million or 37.6% of the total liabilities, being higher by KM 18.1 million or 3.5% compared to the end of 2022, and higher by KM 36.1 million or 7.2% compared to the positions at the end of the first half of 2022.

**Investment funds**

The total assets of investment funds at the end of the first half of 2023 amounted to KM 1.05 billion, and was lower compared to the positions at the end of 2022 by KM 21.9 million, i.e. 2.0%, and higher by KM 66.4 million or 6.7% compared to the positions at the end of the first half of 2022.

Investments of investment funds in the amount of KM 988.0 million accounted for 93.9% of their total assets, being higher by KM 80.3 million or 8.8% compared to the end of 2022, and higher by KM 152.1 million or 18.2% compared to the positions on 30 June 2022. In the structure of investments of the investment funds, the largest shares were those of investments in equity securities amounting to around 45.7%, followed by investments in debt securities 35.7%, investments in deposits 16.3% and the lowest percentage of 2.3% was related to investments in real estate property.

