



Centralna banka
BOSNE I HERCEGOVINE
Централна банка
БОСНЕ И ХЕРЦЕГОВИНЕ



Comments on Trends in Other Financial Institutions Sector at 2023 End



Analysis of the financial sector in BH at 2023 end

At 2023 end, there were 121 financial institutions operating in the financial market of Bosnia and Herzegovina, which are included in the regular statistics of the Central Bank of BH, those being 21 banks and one development bank in the banking sector, and the following institutions in the sector of non-banking financial institutions (hereinafter, statistical term other financial institutions sector/OFI sector is used): 24 insurance companies and one reinsurance company, 28 microcredit organizations, 33 investment funds, 4 leasing companies, 7 brokerage companies and 2 stock exchanges. The compilation of this statistics is carried out in accordance with the international methodology stipulated in the IMF's Monetary and Financial Statistics Manual (2000), through a single report form 2SR for banks and 4SR for other financial institutions (Standardized Report Forms/SRF). By using single 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

<i>Financial institutions in BH</i>	<i>Dec 22</i>			<i>June23</i>			<i>Dec23</i>		
	FBH	RS	Total	FBH	RS	Total	FBH	RS	Total
<i>Banks*</i>	14	8	22	14	8	22	14	8	22
<i>Insurance and reinsurance companies</i>	12	14	26	11	14	25	11	14	25
<i>Microcredit organizations</i>	13	14	27	14	15	29	13	15	28
<i>Investment funds</i>	18	14	32	18	15	33	18	15	33
<i>Leasing companies</i>	4	0	4	4	0	4	4	0	4
<i>Brokerage companies</i>	4	4	8	3	4	7	3	4	7
<i>Stock exchanges</i>	1	1	2	1	1	2	1	1	2
Total	66	55	121	65	57	122	64	57	121

* Including Razvojna banka FBiH

At 2023 end, the total assets of the financial sector in Bosnia and Herzegovina amounted to KM 47.68 billion (unconsolidated data), being higher by KM 2.51 billion or by 5.5 % compared to the same period of the previous year. The largest share was still held by banks, with 87.7% of the total financial sector assets. Insurance and reinsurance companies participated with KM 2.63 billion, or 5.5% of the total financial sector assets. Compared to the balance at 2022 end, insurance and reinsurance companies, microcredit organizations, leasing companies and stock exchanges saw an increase in assets, while investment funds and brokerage companies saw a slight decrease in their balance sheets.

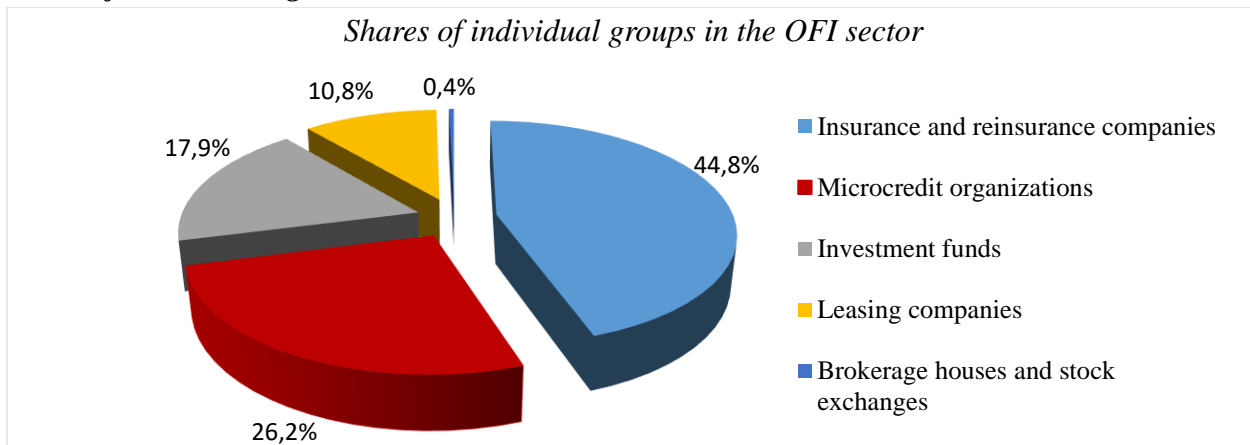
Financial Sector in BH (KM million)

Financial institutions in BH	12/2022		06/2023		12/2023		Assets growth index	
	Assets	Share (%)	Assets	Share (%)	Assets	Share (%)	12.2023/12.2022	12.2023/06.2023
Banks	39.709,7	87,9	40.225,3	87,6	41.810,9	87,7	105,3	103,9
Insurance and reinsurance companies	2.472,2	5,5	2.586,6	5,6	2.628,9	5,5	106,3	101,6
Microcredit organizations	1.361,7	3,0	1.437,8	3,1	1.539,5	3,2	113,1	107,1
Investment funds	1.074,6	2,4	1.052,7	2,3	1.049,5	2,2	97,7	99,7
Leasing companies	533,8	1,2	602,6	1,3	631,8	1,3	118,4	104,9
Brokerage companies	14,8	0,0	13,3	0,0	12,9	0,0	86,8	96,6
Stock exchanges	10,6	0,0	11,1	0,0	10,8	0,0	101,3	97,2
Total for sector	45.177,5	100,0	45.929,4	100,0	47.684,3	100,0	105,5	103,8

Sector of non-banking financial institutions (OFI sector)

The balance of the total OFI sector assets in Bosnia and Herzegovina, as of 31 December 2023, was KM 5.87 billion and is higher by KM 405.6 million or 7.4% compared to the balance at the end of 2022, and compared to the balance at the end of the first half of 2023, it is higher by KM 169.2 million or 3.0%. Insurance and reinsurance companies had the largest assets within the OFI sector in the amount of KM 2.63 billion, which represents a share of 44.8% in the total assets of the OFI sector, followed by microcredit organizations with KM 1.54 billion (26.2% share), investment funds with KM 1.05 billion (17.9 % share), leasing companies with KM 631.8 million (10.8% share), the remaining KM 23.7 million (0.4% share) refers to assets of brokerage houses and stock exchanges in Bosnia and Herzegovina.

Share of Non-banking Financial Institutions in OFI Sector at 2023 End



A brief analysis of the three subsectors with the largest shares in the OFI sector is presented below.

Insurance and reinsurance companies

At 2023 end, there were 24 insurance companies and one reinsurance company operating in the insurance market in BH, of which 15 companies perform non-life insurance, while 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 44.8% share in the total OFI sector. The balance sheet amount of the insurance sector (including reinsurance) as of 31 December 2023 was KM 2.63 billion, being higher by KM 42.2 million, i.e. 1.6% compared to the positions as of 30 June 2023, and higher by KM 156.6 million or 6.3% compared to the same period of the previous year.

Securities had the most significant share in the asset structure, amounting at 2023 end to KM 746.9 million, i.e. 28.4% of the total assets value. They are followed by other deposits (firstly term deposits with banks) and non-financial assets (real estate property). Investments in securities, primarily Entity bonds, recorded continuous growth, being higher at 2023 end by 17.3% compared to the first half of 2023, and by 20.9% compared to 31 December 2022.

In the structure of liabilities, gross technical reserves had the largest share of 66.5%, amounting to KM 1.75 billion on 31 December 2023, being higher by 1.4% compared to the positions at the end of the first half of 2023, and, compared to the same period of the previous year, gross technical insurance reserves increased by 5.8%.

Microcredit organisations in BH

The balance sheet amount of microcredit organisations at 2023 end amounted to KM 1.54 billion and was higher by KM 177.8 million or 13.1% compared to the end of 2022, and compared to the end of the first half of 2023, it was higher by KM 101.7 million or 7.1%. Out of the total balance sheet amount, microcredit foundations (MCF) accounted for KM 645.7 million or 41.9%, while microcredit companies (MCC) accounted for KM 893.8 million or 58.1%.

The total amount of loans of microcredit organisations at 2023 end was KM 1.25 billion, representing 81.3% of the total assets. Compared to the positions at 2022 end, microcredit portfolio increased by KM 165.5 million or 15.2 %, and compared to the positions at the end of the first half of 2023, it increased by KM 91.7 million or 7.9%. Observing the sector structure of extended loans, the share of microcredits to natural persons was prevailing at the level of 97.2%, while the remaining 2.8% was related to microcredits extended to legal persons.

The basic source of microcredit organisations funds are the liabilities based on taken loans, which, at 2023 end amounted to KM 771.5 million or 50.1% of the total liabilities, being higher compared to 2022 end by KM 102.7 million or 15.4%, and higher by KM 45.4 million or 6,2% compared to the end of the first half of 2023. The total capital of microcredit organisations at 2023 end was KM

582.9 million or 37.9% of the total liabilities, being higher by KM 59.7 million or 11.4% compared to 2022 end, and higher by KM 41.6 million or 7.7% compared to the positions at the end of the first half of 2023.

Investment funds

The total assets of investment funds at 2023 end amounted to KM 1.05 billion, having decreased compared to the positions at 2022 end by KM 25.1 million, i.e. 2.3%, and by KM 3.2 million or 0.3% compared to the positions at the end of the first half of 2023.

Investments of investment funds in the amount of KM 992.4 million accounted for 94.6% of their total assets. In the structure of investments of the investment funds, the largest shares were those of investments in equity securities amounting to around 45.4%, followed by investments in debt securities 33.7%, investments in deposits 18.6% and the lowest percentage of 2.3% was related to investments in real estate property.

