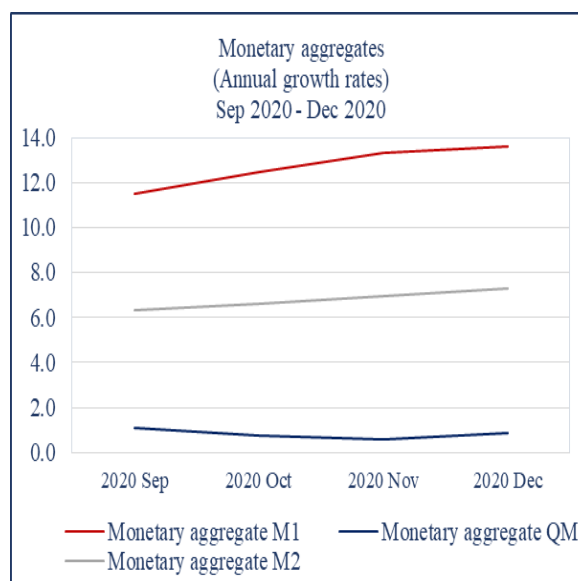
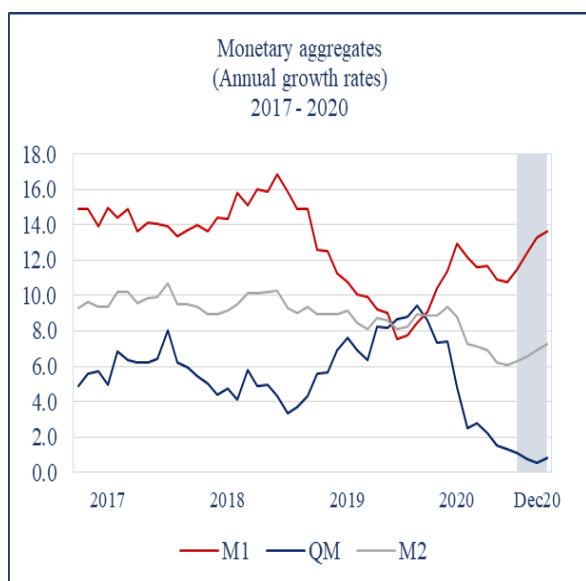


Comment on Monetary Trends in December 2020

At the end of December 2020 the total money supply (M2) amounted to KM 28.25 billion, with a monthly increase of KM 458.9 million (1.7%). The growth of money supply (M2) in December 2020 is the result of the growth of money (M1) by KM 372.7 million (2.5%) and quasi money (QM) by KM 86.2 million (1.1%). Money (M1) increased primarily due to the growth of transferable deposits in local currency by KM 242.6 million (2.5%) and the growth of cash outside banks by KM 130.3 million (2.6%). Quasi money (QM) recorded an increase in other deposits in foreign currency by KM 81.8 million (1.1%) and other deposits in domestic currency by KM 22.3 million (0.7%) with a synchronized decrease in transferable deposits in foreign currency by KM 17.9 million (0.6%).

At the annual level, the increase in money supply (M2) amounts to KM 1.92 billion (7.3%). Growth was realized in: cash outside banks by KM 713.3 million (16.5%), transferable deposits in local currency by KM 1.09 billion (12.2%), transferable deposits in foreign currency by KM 412.2 million (16.5%) and other deposits in local currency by KM 36.7 million (1.2%) with a synchronized decrease in other deposits in foreign currency by KM 336.6 million (4.4%).



The counter-item of the monthly increase of money supply (M2) in December 2020 in the amount of 458.9 million KM is the growth of net foreign assets (NSA) by 299.5 million KM (1.9%) and the growth of net domestic assets (NDA) by KM 159.3 million (1.3%). The increase in the money supply (M2) at the annual level of KM 1.92 billion is the result of the growth of net foreign assets (NSA) by KM 2.06 billion (14.8%) and a decrease in net domestic assets (NDA) by KM 147.7 million (1.2%).

Monetary survey

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	XII 2020	X 2020	XI 2020	XII 2020	X 2020	XI 2020	XII 2020
Assets							
1 Net foreign assets	16.013,9	245,6	216,1	299,5	11,8	13,2	14,8
1.1 Foreign assets	18.340,2	201,2	209,1	374,6	6,0	7,3	7,4
1.2 Foreign liabilities	-2.326,3	44,4	7,0	-75,1	-21,9	-21,5	-25,4
2. Net domestic assets	12.235,1	-11,1	-51,9	159,3	0,6	-0,3	-1,2
2.1. Claims on central government (net) cantons and municipalities	301,8	46,3	-36,5	173,5	-170,4	-146,2	-274,9
2.2 Claims on local sectors	19.251,8	-17,9	-12,8	-50,7	-1,3	-2,0	-2,6
2.3 Other items	-7.318,5	39,5	2,6	-36,5	1,0	0,7	1,6
Liabilities							
1 Money supply (M2)	28.249,0	234,5	164,2	458,9	6,6	6,9	7,3
1.1 Money (M1)	15.055,2	183,8	122,2	372,7	12,4	13,3	13,6
1.2 Quasi money (QM)	13.193,8	50,7	42,0	86,2	0,8	0,6	0,9

Total loans

In December 2020 total loans to domestic sectors amounted to KM 20.35 billion. Compared to the previous month, they decreased by KM 53.7 million (0.3%). The decrease in loans was registered in the sectors of households by KM 34.7 million (0.3%), private companies by KM 35.1 million (0.4%) and government institutions by KM 8.1 million (0.7%). Credit growth was realized in the sector of public enterprises by KM 13.2 million (2.5%) and in other domestic sectors by KM 10.9 million (7%).

At the annual level, as of December 2020, total loans have decreased by KM 425.4 million (2%). The largest decrease in loans was registered with private companies by KM 445.6 million (4.9%) and households by KM 80.8 million (0.8%). The growth of loans was registered in the government sector by KM 63.1 million (5.7%) and public companies by KM 38.1 million (7.7%).

Sectoral structure of loans in BH

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	XII 2020	X 2020	XI 2020	XII 2020	X 2020	XI 2020	XII 2020
Total	20.347,4	38,3	-6,6	-53,7	-0,6	-1,2	-2,0
Out of it:							
Households 1)	9.894,8	13,1	-8,6	-34,7	0,2	-0,1	-0,8
Private companies 1)	8.588,4	-17,1	1,0	-35,1	-3,7	-4,2	-4,9
Government institutions	1.161,2	52,1	8,0	-8,1	8,1	9,2	5,7
Public companies 1)	535,7	-7,2	2,9	13,2	23,1	7,7	7,7
Loans to other domestic sectors	167,3	-2,6	-9,9	10,9	2,7	1,1	-0,1

Foreign exchange reserves

At the end of December 2020, the foreign exchange reserves of the Central Bank of BiH amounted to KM 13.87 billion, an increase of KM 348.3 million (2.6%) compared to the previous month. At the annual level, the foreign exchange reserves of the Central Bank of BiH increased by KM 1.27 billion (10.1%).

1) Growth rates were calculated taking into account Decision on managing credit risk and defining expected credit losses, on the basis of which commercial banks, from 01 January 2020, removed some claims from balance to off-balance records, which was reflected in the decrease of claims (loans) of around KM 400 million in sectors of private companies and households.