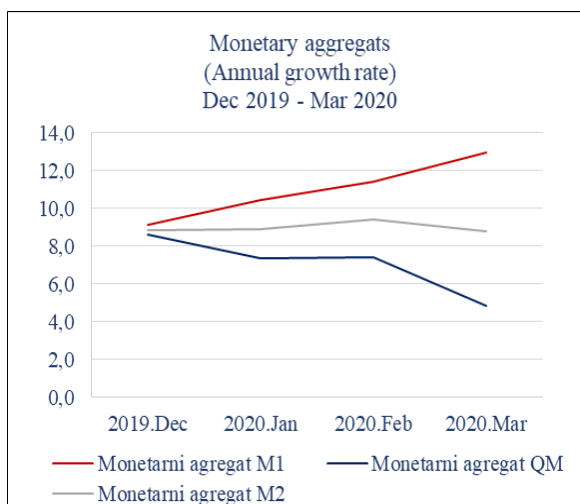
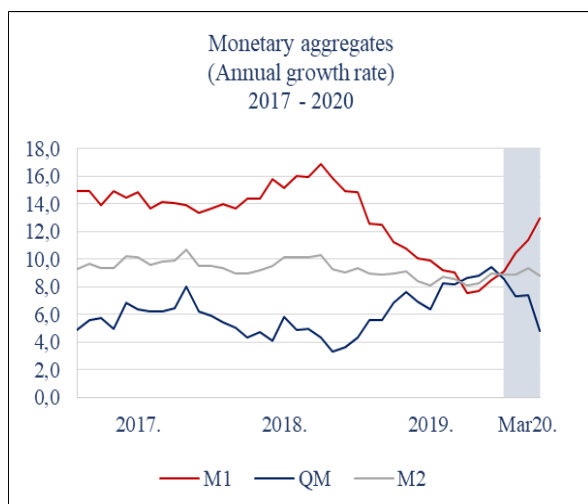


Comment on Monetary Trends in March 2020

The money supply (M2) at the end of March 2020 amounted to 26.54 billion KM, the monthly increase being only 18.0 million KM (0.1%). The growth of money supply (M2) in March 2020 is the result of the growth of money (M1) by KM 159.7 million due to the growth of cash outside banks by KM 362.5 million (8.4%) with a simultaneous decline in transferable deposits in local currency of 202.8 million KM (2.3%). Quasi-money (QM) recorded a decrease of KM 141.7 million (1.1%), with the largest decrease registered in other foreign currency deposits by KM 138.8 million (1.8%).

At the annual level, the increase in money supply (M2) amounted to KM 2.15 billion (8.8%), with the largest increase in cash outside banks by KM 676.2 million (16.9%) and transferable deposits in local currency by KM 869.3 million (10.1%) while other components had significantly lower growth.



The counter-item of the monthly increase of money supply (M2) in February 2020 by KM 158.3 million (0.6%) is the growth of net foreign assets (NSA) by KM 93.8 million (1.0%) and net domestic assets NDA by KM 64.5 million (0.5%). The increase in M2 at the annual level of KM 2.28 billion (9.4%) is the result of the growth of net foreign assets in the amount of KM 1.66 billion (13.2%) and net domestic assets of KM 620.7 million (5.3%).

Monetary survey

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	III 2020	I 2020	II 2020	III 2020	I 2020	II 2020	III 2020
Assets							
1 Net foreign assets	14.022,0	185,8	93,8	-207,4	12,4	13,2	10,3
1.1 Foreign assets	16.899,0	43,6	58,4	-272,9	10,7	11,4	9,0
1.2 Foreign liabilities	-2.876,9	142,2	35,4	65,5	3,5	3,4	2,7
2 Net domestic assets	12.515,5	-157,2	64,5	225,4	5,1	5,3	7,1
2.1 Claims on central government (net) cantons and municipalities	60,4	105,2	86,1	41,7	-275,1	-54,1	-462,4
2.2 Claims on local sectors	19.448,9	-448,5	84,2	55,9	4,4	4,2	3,4
2.3 Other items	-6.993,9	186,0	-105,8	127,8	1,6	2,0	-1,6
Liabilities							
1 Money supply (M2)	26.537,5	28,5	158,3	18,0	8,9	9,4	8,8
1.1 Money (M1)	13.474,0	-54,3	117,4	159,7	10,4	11,4	13,0
1.2 Quasi money (QM)	13.063,5	82,9	40,9	-141,7	7,4	7,4	4,8

Loans

At the end of March 2020, total loans to domestic sectors amounted to KM 20.49 billion, having increased by KM 52.9 million compared to the previous month. A slight increase in loans on a monthly basis was recorded in the following sectors, households by KM 21.2 million (0.2%), private companies by KM 37.2 million (0.4%) and other domestic sectors by KM 3.2 million (2.0%), while the decrease in loans was recorded by government institutions by KM 4.3 million (0.4) and public companies by KM 4.5 million (0.9%).

The annual growth rate of the total loans in March 2020 amounted to 3.7%, or in the nominal amount of 736.4 million KM. Loans to households increased by KM 496.3 million (5.3%), those to private companies by KM 86.3 million (1.0%), those to government institutions by KM 67.4 million (6.5%), those to public companies by 59,9 (14.4%) and those to other domestic sectors by KM 26.5 million (19.6%).

Sectorial structure of loans in BH

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	III 2020	I 2020	II 2020	III 2020	I 2020	II 2020	III 2020
Total	20.490,5	-444,8	109,7	52,9	4,6	4,6	3,7
Out of it:							
Households 1)	9.902,0	-142,2	47,4	21,2	6,3	6,2	5,3
Private companies 1)	8.841,9	-268,7	39,4	37,2	1,7	1,4	1,0
Government institutions	1.109,5	-10,1	25,8	-4,3	6,0	10,0	6,5
Public companies	475,1	-12,5	-5,4	-4,5	17,2	16,4	14,4
Loans to other domestic sectors	162,0	-11,2	2,5	3,2	17,6	23,6	19,6

Foreign Exchange Reserves

At the end of March 2020, the CBBH foreign exchange reserves amounted to KM 12.46 billion and decreased by KM 4.1 million (0.03%) compared to the previous month. At the annual level, the foreign exchange reserves of the CBBH increased by KM 987.3 million (8.6%).

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.