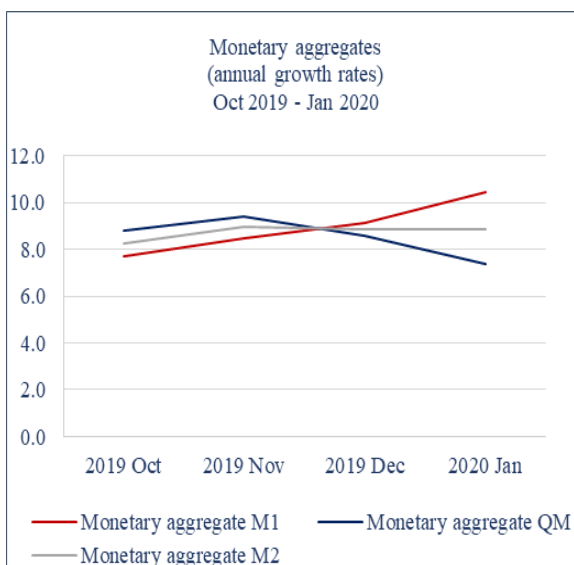
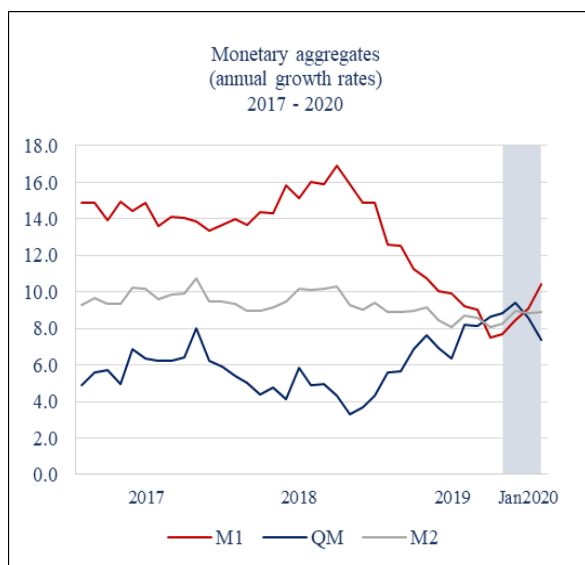


Comment on Monetary Trends in January 2020

Money supply (M2) at the end of January 2020 amounted to KM 26.36 billion, the monthly increase being only KM 28.5 million (0.1%). A low increase of money supply (M2) was brought about by decrease of money within M1, by KM 54.3 million (0.4%), resulting from decrease of cash outside banks by KM 67.4 million (1.6%) and increase of transferable deposits in the local currency by KM 13.1 million (0.1%). Quasi money (QM) increased by KM 82.9 million (0.6%), resulting mainly from the growth of other deposits in the local currency by KM 49.9 million and transferable deposits in foreign currency by KM 29.2 million.

At the annual level, money supply (M2) increased by KM 2.15 billion (8.9%), with the largest shares in the total growth belonging to transferable deposits in the local currency in the amount of KM 900 million (41.8%) and other deposits in the local currency in the amount of KM 421.7 million (19.6%).



Counter-item of the monthly increase of money supply (M2) in January 2020 by KM 28.5 million (0.1%) was the growth of net foreign assets (NFA) by KM 185.8 million (1.3%) and decrease of net domestic assets (NDA) by KM 157.2 million (1.3%). Increase of M2 at the annual level in the amount of KM 2.15 billion (8.9%) resulted from the annual growth of net foreign assets in the amount of KM 1.56 billion (12.4%) and net domestic assets in the amount of KM 592 million (5.1%).

Monetary survey

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	I 2020	XI 2019	XII 2019	I 2020	XI 2019	XII 2019	I 2020
Assets							
1 Net foreign assets	14135.7	18.4	68.6	185.8	12.2	11.9	12.4
1.1 Foreign assets	17113.5	-3.8	319.4	43.6	10.2	10.1	10.7
1.2 Foreign liabilities	-2977.8	22.3	-250.9	142.2	1.6	2.6	3.5
2 Net domestic assets	12225.6	54.0	274.7	-157.2	5.4	5.6	5.1
2.1 Claims on central government (net) cantons and municipalities	-67.4	-43.6	105.2	105.2	473.7	-635.8	-275.1
2.2 Claims on local sectors	19308.8	123.9	65.8	-448.5	6.8	6.7	4.4
2.3 Other items	-7015.9	-26.3	103.8	186.0	5.8	5.4	1.6
Liabilities							
1 Money supply (M2)	26361.2	72.5	343.3	28.5	9.0	8.9	8.9
1.1 Money (M1)	13196.9	8.6	293.5	-54.3	8.5	9.1	10.4
1.2 Quasi money (QM)	13164.3	63.9	49.8	82.9	9.4	8.6	7.4

Loans

The total loans to domestic sectors at the end of January 2020 amounted to KM 20.33 billion, having decreased by 444.9 million (2.1%) compared to December 2019. Decrease of loans was recorded in all the sectors, the decrease of loans to private companies in the amount of KM 268.7 million (3.0%) and those to households in the amount of KM 142 million (1.4%) being the strongest.

Annual growth rate of the total loans in January 2020 amounted to 4.6% or KM 884.7 million. Loans to households increased at the annual level by KM 580.5 million (6.3%), those to private companies by KM 147.6 million (1.7%), those to public companies by KM 71.3 million (17.2%), those to government institutions by KM 62.0 million (6.0%) and those to other domestic sectors by KM 23.4 million (17.6%).

Sector structure of loans in BH

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	I 2020	XI 2020	XII 2020	I 2020	XI 2020	XII 2020	I 2020
Total	20327.9	120.6	125.0	-444.8	6.4	6.6	4.6
Out of it:							
Households 1)	9833.3	24.7	37.1	-142.2	7.9	7.9	6.3
Private companies 1)	8765.3	43.7	35.3	-268.7	5.0	4.8	1.7
Government institutions	1088.0	-3.6	27.5	-10.1	0.5	5.4	6.0
Public companies	485.0	63.1	12.3	-12.5	15.7	18.1	17.2
Loans to other domestic sectors	156.3	-7.2	12.8	-11.2	4.0	5.7	17.6

The CBBH Foreign Exchange Reserves

The CBBH foreign exchange reserves at the end of January 2020 amounted to KM 12.48 billion, having decreased compared to the previous month by KM 116.8 million (0.9%). The annual growth of the foreign exchange reserves amounted to KM 905.5 million (7.8%).

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.