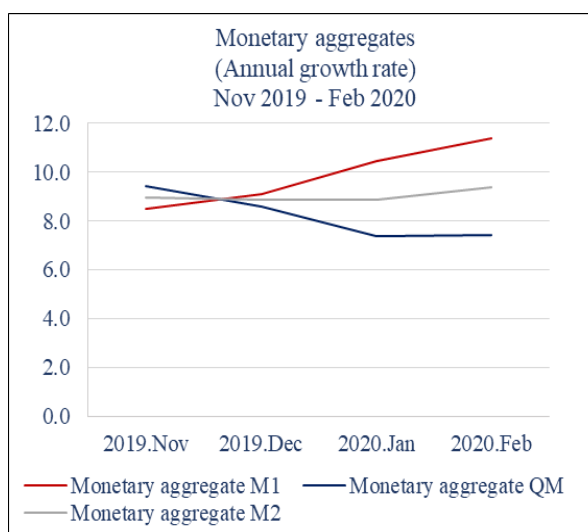
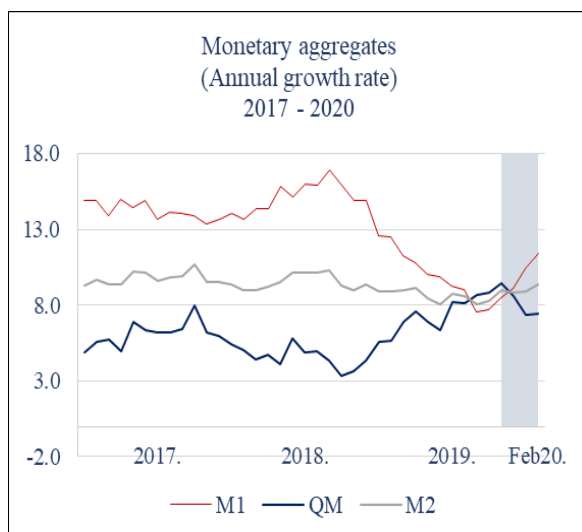


Comment on Monetary Trends in February 2020

Money supply (M2) at the end of February 2020 amounted to KM 26.52 billion, the monthly increase being KM 158.3 million (0.6%). The growth of money supply (M2) in February 2020 is the result of the growth of money M1 by 117.4 million KM (0.9%) and quasi-money (QM) by 40.9 million KM (0.3%). M1 grew due to the growth of cash outside banks by KM 58.2 million (1.4%) and transferable deposits in foreign currency by KM 58.2 million (0.6%). Within quasi-money (QM), other deposits in local currency increased by KM 64.8 million (2.1%) and other deposits in foreign currency by KM 17.9 million (0.2%), with a simultaneous decline in transferable foreign currency deposits by KM 41.8 million (1.7%).

At the annual level, money supply (M2) increased by 2.28 billion KM (9.4%), which is mostly the result of the growth of transferable deposits in local currency by 1.00 billion KM (12.5%) and other deposits in local currency by KM 521.4 million (20.1%).



The counter-item of the monthly increase in 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 of M2 at the annual level in the amount of KM 2.28 billion (9.4%) resulted from 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 %		
	II 2020	XII 2019	I 2020	II 2020	XII 2019	I 2020	II 2020
Assets							
1 Net foreign assets	14.229,4	68,6	185,8	93,8	11,9	12,4	13,2
1.1 Foreign assets	17.171,8	319,4	43,6	58,4	10,1	10,7	11,4
1.2 Foreign liabilities	-2.942,4	-250,9	142,2	35,4	2,6	3,5	3,4
2 Net domestic assets	12.290,1	274,7	-157,2	64,5	5,6	5,1	5,3
2.1 Claims on central government (net) cantons and municipalities	18,7	105,2	105,2	86,1	-635,8	-275,1	-54,1
2.2 Claims on local sectors	19.393,1	65,8	-448,5	84,2	6,7	4,4	4,2
2.3 Other items	-7.121,7	103,8	186,0	-105,8	5,4	1,6	2,0
Liabilities							
1 Money supply (M2)	26.519,5	343,3	28,5	158,3	8,9	8,9	9,4
1.1 Money (M1)	13.314,3	293,5	-54,3	117,4	9,1	10,4	11,4
1.2 Quasi money (QM)	13.205,2	49,8	82,9	40,9	8,6	7,4	7,4

Loans

Total loans to domestic sectors in February 2020 amounted to 20.44 billion KM, having increased by KM 109.7 million (4.6%) compared to the previous month. Slight loan growth was recorded in all sectors except public companies. The household sector made loan growth of KM 47.4 million (0.5%), the private companies sector KM 39.4 million (0.4%), government institutions KM 25.8 million (2.4%) and other domestic sectors KM 2.5 million (1.5%), while the sector of public companies recorded a decrease of 5.4 million KM (1.1%).

The annual growth rate of total loans in February 2020 amounted to 4.6%, or KM 903.8 million. Loans to households increased by KM 580 million (6.2%), to private companies by KM 124.4 million (1.4%), to public companies KM 67.5 million (16.4%), to government institutions by KM 101.6 million (10%) and other domestic sectors by KM 30.3 million (23.6%).

Sectorial structure of loans in BH

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	II 2020	XII 2020	I 2020	II 2020	XII 2020	I 2020	II 2020
Total	20.437,7	125,0	-444,8	109,7	6,6	4,6	4,6
Out of it:							
Households 1)	9.880,8	37,1	-142,2	47,4	7,9	6,3	6,2
Private companies 1)	8.804,7	35,3	-268,7	39,4	4,8	1,7	1,4
Government institutions	1.113,8	27,5	-10,1	25,8	5,4	6,0	10,0
Public companies	479,6	12,3	-12,5	-5,4	18,1	17,2	16,4
Loans to other domestic sectors	158,8	12,8	-11,2	2,5	5,7	17,6	23,6

The CBBH Foreign Exchange Reserves

At the end of February 2020, the CBBH foreign exchange reserves amounted to KM 12.46 billion, having decreased by KM 15.7 million (0.1%) compared to the previous month. The annual growth of the CBBH foreign exchange reserves amounted to KM 926.5 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.