



Centralna banka
BOSNE I HERCEGOVINE
Централна банка
БОСНЕ И ХЕРЦЕГОВИНЕ



Comment on developments in the sector of non-banking financial institutions



Analysis of the financial sector in BH at the end of 2022

On the financial market of Bosnia and Herzegovina, at the end of 2022, 121 financial institutions operated, which are included in the regular statistics of the Central Bank of Bosnia and Herzegovina, in the banking sector: 21 commercial banks and one development bank, and in the non-banking financial institutions sector (hereinafter the statistical term Other Financial Institutions sector/ OFI sector) which includes : 25 insurance companies and one reinsurance company, 32 investment funds, 4 leasing companies, 27 microcredit organizations, 8 broker's companies and 2 stock exchanges. The collection of these statistics is carried out in accordance with the international methodology prescribed in the IMF's Manual for Monetary and Financial Statistics (2000), through a single report forms: 2SR for banks and 4SR for non-banking financial institutions (Standardized Report Forms/SRF). By using unique 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

Financial institutions in BH	12/2021			06/2022			12/2022		
	FBiH	RS	Total	FBiH	RS	Total	FBiH	RS	Total
Banks*	15	8	23	15	8	23	14	8	22
Investment funds**	16	16	32	18	16	34	18	14	32
Insurance and reinsurance companies	12	14	26	12	14	26	12	14	26
Broker's companies	4	4	8	4	4	8	4	4	8
Leasing companies	4	0	4	5	0	5	4	0	4
Microcredit organizations	13	13	26	13	14	27	13	14	27
Stock exchanges	1	1	2	1	1	2	1	1	2
Total	65	56	121	68	57	125	66	55	121

* *Razvojna bank FBiH included*

** *Data for June 2022 are revised, due to inclusion of two investment funds*

The total assets of the financial sector in Bosnia and Herzegovina at the end of 2022 amounted to KM 45.17 billion and is higher by KM 1.90 billion or by 4.4% compared to the balance at the end of 2021. The largest participation was still held by banks, which participated with 87.9% of the total assets of the financial sector. Insurance and reinsurance companies participate with KM 2.47 billion, or 5.5% of the total assets of the financial sector. Compared to the balance at the end of 2021, all groups from the OFI sector recorded an increase in assets.

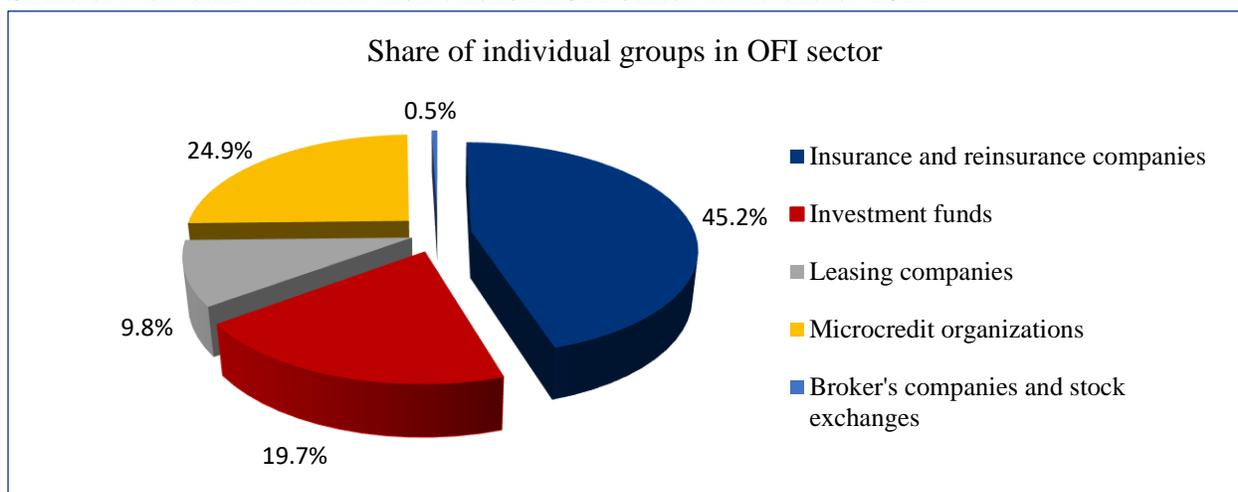
Financial sector in BiH (KM million)

Financial institutions in BH (KM million)	12/2021		06/2022		12/2022		Assets growth index	
	Assets	Share (%)	Assets	Share (%)	Assets	Share (%)	12.2022/12.2021	12.2022/06.2022
Commercial banks	38,279.64	88.45	38,334.51	87.99	39,709.71	87.90	103.74	103.59
Insurance and reinsurance companies	2,326.68	5.38	2,416.53	5.55	2,472.22	5.47	106.26	102.30
Investment funds*	943.41	2.18	986.32	2.26	1,074.57	2.38	113.90	108.95
Microcredit organizations	1,246.74	2.88	1,302.29	2.99	1,361.72	3.01	109.22	104.56
Leasing companies	458.03	1.06	499.04	1.15	533.78	1.18	116.54	106.96
Broker's companies	14.14	0.03	15.12	0.03	14.83	0.03	104.83	98.08
Stock exchanges	10.46	0.02	11.19	0.03	10.64	0.02	101.72	95.12
Total for sector	43,279.11	100.00	43,565.00	100.00	45,177.47	100.00	104.39	103.70

Non-bank financial institutions sector (OFI sector)

Balance of the total assets of the OFI sector in Bosnia and Herzegovina, as of 12/31/2022 was KM 5.47 billion and is higher by KM 468.3 million or 9.4% compared to the balance at the end of 2021, and compared to the balance in the first half of 2022 it is higher by KM 237.3 million or 4.5%. Insurance companies have the largest assets within the OFI sector with KM 2.47 billion (which represents a share of 45.2% in the total assets of the OFI sector), followed by microcredit organizations with KM 1.36 billion (24.9% share), investment funds with KM 1.07 billion (19.7% share), leasing companies with KM 533.8 million (9.8% share), the remaining KM 25.5 million (0.5% share) refers to assets of the broker's companies and stock exchanges in Bosnia and Herzegovina.

Share of Non-bank financial institutions in OFI sector at the end of 2022



Below is a brief analysis of the three subsectors with the largest share in the OFI sector.

Insurance and reinsurance companies

At the end of 2022, there were 25 insurance companies and one reinsurance company operating on the insurance market in BH, of which 15 companies perform non-life insurance, and 10 are composite companies that perform non-life and life insurance. Insurance companies in Bosnia and Herzegovina record a continuous and stable annual increase in assets and have a 45.2% share in the total OFI sector. The value of the balance sheet of the insurance sector (including reinsurance) as of 12/31/2022. is KM 2.47 billion and is higher by KM 55.7 million, i.e. 2.3% compared to the balance on June 30, 2022, and compared to the same period of the previous year it is higher by KM 145.5 million or 6.3%.

Other deposits (term deposits with banks), securities and non-financial assets (real estate) have the most significant share in the asset structure. Other deposits have amounted to KM 716.7 million, i.e. 29.0% of the total assets value, at the end of 2022. Investments in securities, primarily entity bonds, record continuous growth and at the end of 2022 are higher by 10.1% compared to the end of 2021, and compared to June 30, 2022 by 4.8%. In the structure of liabilities, gross technical reserves have the largest share, which as of December 31, 2022, amounted to KM 1.66 billion and are higher by 1.9% compared to the balance in the first half of 2022. In the observed period, compared to the same period of the previous year, the gross technical insurance reserves recorded a growth of 7.0%.

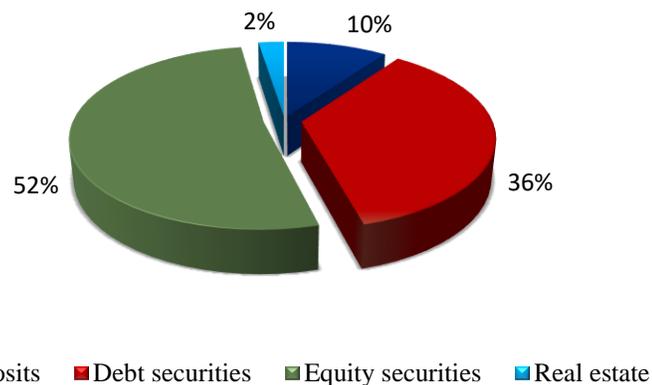
Investment funds *

The total assets of investment funds at the end of 2022 are KM 1.07 billion and are higher than the balance at the end of 2021 by KM 131.2 million, i.e. 13.9%, and compared to the balance at the end of 2022, it is higher by KM 88.2 million or 8.9%.

Investments of investment funds in the amount of KM 907.7 million make up 84.5% of their total assets and are higher by KM 68.3 million or 8.1% compared to the end of 2021, and compared to the balance as of June 30, 2022, they are higher by KM 71.7 million or 8.6%. In the investment structure of investment funds, investments in equity securities account for the largest share of around 51.7%, followed by investments in debt securities: 35.9%, investments in deposits: 10.0% and the smallest percentage of 2.5% refers to investments in real estates.

* Data for June 2022 are revised, due to inclusion of two investment funds

Investment structure of investment funds at the end of of 2022



Microcredit organizations in Bosnia and Herzegovina

The balance sheet of microcredit organizations at the end of 2022 is KM 1.36 billion and is higher by KM 115.0 million or 9.2% compared to the end of 2021, and compared to the first half of 2022 it is higher by KM 59.4 million or 4.6%. Of the total balance amount, KM 593.2 million or 43.6% are related to microcredit foundations (MCF), while KM 768.6 million or 56.4% are related to microcredit companies (MCC).

The total amount of loans placed with microcredit organizations at the end of 2022 amounts to KM 1.09 billion or 79.7% of total assets. Compared to the balance at the end of 2021, the microcredit portfolio recorded a growth of 9.8% (KM 97.3 million), while compared to the balance at the end of 2022, it is higher by 4.6% (KM 47.9 million). Looking at the sectorial structure, the majority of shares are microcredits granted to natural persons totaling 97.6%, and the remaining 2.4% refers to microcredits granted to legal entities.

The main source of MCO's funds are liabilities for taken loans, which as of 12/31/2022 amounted to KM 668.8 million or 49.1% of total liabilities and are higher compared to the end of 2021 by KM 62.7 million or 10.3%, while compared to the first half of 2022 they are higher by KM 24.3 million or 3.8%. The total capital of MCO at the end of 2022 amounts to KM 523.2 million or 38.4% of total liabilities and it is higher by KM 39.6 million or 8.2% compared to the end of 2021, while compared to the balance at half-year 2022, it is higher by KM 18.1 million or 3.6%.