



Centralna banka
BOSNE I HERCEGOVINE
Централна банка
БОСНЕ И ХЕРЦЕГОВИНЕ



Commentary on Trends in the Sector of Non-banking Financial Institutions in the First Half of 2025



Analysis of the financial sector in Bosnia and Herzegovina in the first half year of 2025

In the financial market of Bosnia and Herzegovina, in the first half year of 2025, 125 financial institutions operated, which are included in the regular statistics of the Central Bank of Bosnia and Herzegovina. 22 banks operated within the banking sector, while the Other Financial Institutions (OFI) sector included 24 insurance companies and one reinsurance company, 27 microcredit organizations, 39 investment funds, 4 leasing companies, 6 brokerage houses and 2 stock exchanges. Compared to the end of 2024, the number of microcredit organizations has decreased, while the number of investment funds has increased. These statistics are collected in accordance with the international methodology prescribed in the IMF's Manual for Monetary and Financial Statistics (2000), through a single report form 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

<u>Financial institutions in BH</u>	<u>June 24</u>			<u>Dec. 24</u>			<u>June 25</u>		
	FBH	RS	Total	FBiH	RS	Total	FBiH	RS	Total
<i>Banks</i>	14	8	22	14	8	22	14	8	22
<i>Insurance and Reinsurance Companies</i>	11	14	25	11	14	25	11	14	25
<i>Microcredit organizations</i>	14	16	30	13	16	29	13	14	27
<i>Investment funds</i>	19	15	34	21	16	37	22	17	39
<i>Leasing companies</i>	4	0	4	4	0	4	4	0	4
<i>Brokerage houses</i>	2	4	6	2	4	6	2	4	6
<i>Stock exchanges</i>	1	1	2	1	1	2	1	1	2
Total sector	65	58	123	66	59	125	67	58	125

* Razvojna banka FBiH included.

The total assets of the financial sector of Bosnia and Herzegovina at the end of June 2025 amounted to KM 50.25 billion (non-consolidated data) and is higher by KM 689.3 million or 1.4% compared to the same period of the previous year. Compared to the end of 2024, the total assets of the financial sector are lower by KM 1.93 billion or 3.7%.

The banking sector still has a dominant share in the total assets of the financial sector, with assets of KM 43.43 billion and a share of 86.4% of total assets. Compared to the end of June 2024, bank assets remained at approximately the same level, while compared to the end of 2024, a decrease of 5.1% was recorded.

Taken as a whole, the financial sector of Bosnia and Herzegovina in the first half of 2025 is characterized by stable growth of the non-banking financial sector, especially investment funds and microcredit organizations, while the banking sector continues to maintain a dominant position in the overall structure of the financial system.

Financial sector in BH (milion KM)

Financial institutions in BH	06/2024		12/2024		06/2025		Assets growth index	
	Assets	Share (%)	Assets	Share (%)	Assets	Share (%)	06.2025/06.2024	06.2025/12.2024
<i>Banks</i>	43.433,4	87,6	45.781,6	87,7	43.433,4	86,4	100,0	94,9
<i>Insurance and Reinsurance Companies</i>	2.751,2	5,6	2.798,7	5,4	2.948,8	5,9	107,2	105,4
<i>Microcredit organizations</i>	1.647,0	3,3	1.757,5	3,4	1.864,2	3,7	113,2	106,1
<i>Investment funds</i>	1.047,2	2,1	1.139,2	2,2	1.244,9	2,5	118,9	109,3
<i>Leasing companies</i>	664,0	1,3	682,3	1,3	741,6	1,5	111,7	108,7
<i>Brokerage houses</i>	9,6	0,0	8,5	0,0	8,7	0,0	90,9	102,7
<i>Stock exchanges</i>	11,4	0,0	11,0	0,0	11,5	0,0	100,4	104,7
Total sector	49.563,8	100,0	52.178,7	100,0	50.253,1	100,0	101,4	96,3

Sector of Non-banking Financial Institutions (OFI sector)

The balance of total assets of the Other Financial Institutions (OFI) sector in Bosnia and Herzegovina at the end of the first half of 2025 amounted to KM 6.82 billion and is higher by KM 689.4 million or 11.2% compared to the balance at the end of the first half of 2024. Compared to the balance at the end of 2024, the total assets of the OFI sector increased by KM 419.9 million or 6.6%, which indicates the continued growth of the non-banking financial sector in BH.

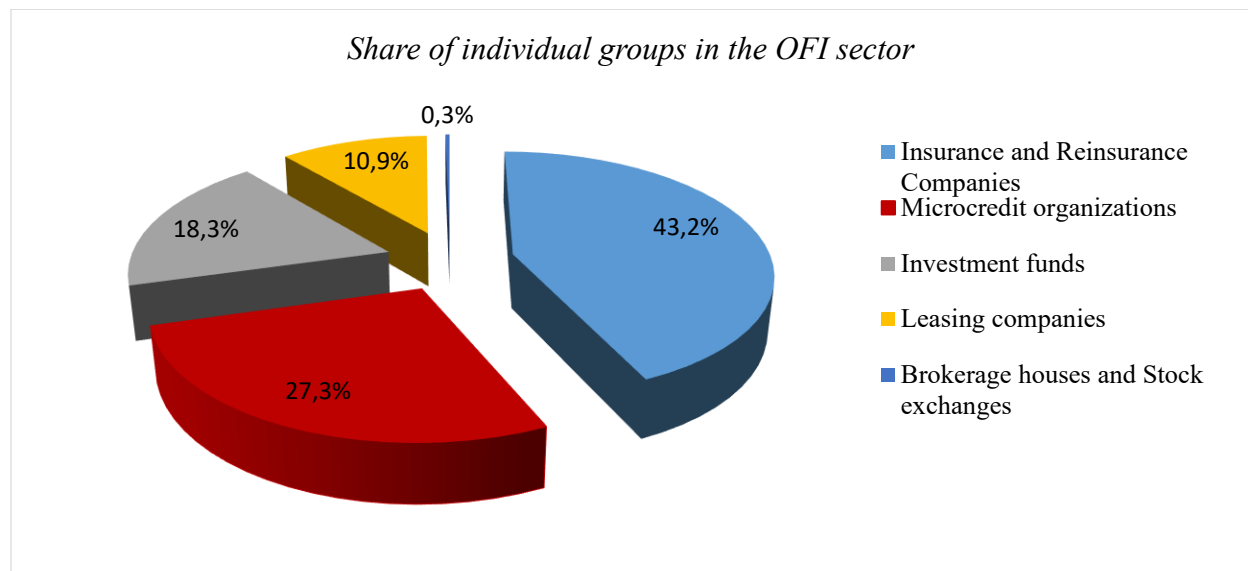
Insurance and reinsurance companies continue to have the largest assets within the OFI sector, with assets of KM 2.95 billion, which represents 43.2% of the total assets of the OFI sector. Microcredit organizations take second place with assets of KM 1.86 billion and a share of 27.3%, confirming the continuous growth and importance of this segment.

Investment funds achieved assets of KM 1.24 billion, with a share of 18.3% in the total assets of the OFI sector, where they recorded one of the most pronounced growth trends within the non-banking sector. Leasing companies participate with KM 741.6 million, or 10.9% of the total assets of the OFI sector.

The remaining KM 20.2 million or 0.3% of the total assets of the OFI sector related to brokerage houses and stock exchanges in Bosnia and Herzegovina, whose share is still relatively low in the overall structure of the sector.

Taken as a whole, the OFI sector in the first half of 2025 continued the trend of asset growth, with investment funds, microcredit organizations and insurance and reinsurance companies making the biggest contribution to growth.

Share of Non-banking financial institutions in OFI sector at the first half of 2025



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

Insurance Companies and Reinsurance Companies

On the insurance market in Bosnia and Herzegovina, at the end of the first half of 2025, 24 insurance companies and one reinsurance company operated, of which 15 companies offered non-life insurance services, while 9 companies operated as composite companies providing life and non-life insurance services.

Insurance and reinsurance companies continued the trend of stable asset growth and maintained a dominant share within the Other Financial Institutions (OFI) sector, with a share of 43.2% of the total assets of the OFI sector. Balance sheet of the insurance and reinsurance sector as of June 30, 2025 was KM 2.95 billion and it was higher by KM 197.6 million or 7.2% compared to the same period of the previous year, while compared to the situation at the end of 2024, it increased by KM 150.1 million or 5.4%.

The most significant participation in the structure of assets is still held by securities, which at the end of the first half of 2025 amounted to KM 826.5 million, or 28.0% of the total assets of the insurance sector. Compared to the same period of the previous year, investments in securities increased by KM 40.5 million or 5.2%, which confirms the continuation of investments primarily in debt securities and Entity bonds.

Currency and deposits had a significant share in assets with KM 733.5 million, as well as non-financial assets, mainly real estate, which amounted to KM 632.3 million. Other accounts receivable amounted to KM 338.2 million, while technical insurance reserves on the asset side amounted to KM 259.0 million.

In the structure of liabilities, gross technical insurance reserves continue to have the largest share, which at the end of the first half of 2025 amounted to KM 1.93 billion and made up 65.5% of the sector's total liabilities. Compared to the same period of the previous year, gross technical reserves increased by KM 103.8 million or 5.7%, while compared to the end of 2024, they increased by KM 86.4 million or 4.7%.

The capital of insurance and reinsurance companies amounted to KM 633.3 million, which represents 21.5% of total liabilities, and compared to the end of June 2024, it increased by KM 49.2 million or 8.4%.

Taken as a whole, the insurance and reinsurance sector in the first half of 2025 continued the stable growth of assets, technical reserves and investments in securities, thereby maintaining a leading position within the non-banking financial sector of Bosnia and Herzegovina.

Microcredit organizations in BH

The balance sheet of microcredit organizations in Bosnia and Herzegovina at the end of the first half of 2025 amounted to KM 1.86 billion and is higher by KM 217.2 million or 13.2% compared to the same period of the previous year, while compared to the end of 2024 it increased by KM 106.7 million or 6.1%.

Of the total balance sheet, microcredit organizations (MCO) accounted for KM 1.15 billion or 61.9%, while microcredit foundations (MCF) accounted for KM 709.9 million or 38.1% of the total assets of the microcredit sector.

The total amount of loans placed with microcredit organizations at the end of the first half of 2025 was KM 1.55 billion, which represents 83.0% of total assets. Compared to the balance at the end of the first half of 2024, the microcredit portfolio increased by KM 193.4 million or 14.3%, while compared to the end of 2024, a growth of KM 97.7 million or 6.7% was recorded.

The largest part of the assets of microcredit organizations was related to loans, while currency and deposits amounted to KM 96.8 million, non-financial assets KM 115.3 million, and shares and other capital on the asset side amounted to KM 72.7 million.

On the liabilities side, the main source of financing of microcredit organizations continues to be liabilities for taken loans, which at the end of June 2025 amounted to KM 982.1 million or 52.7% of total liabilities. Compared to the same period of the previous year, loan obligations increased by KM 106.9 million or 12.2%, while compared to the end of 2024 they increased by KM 65.1 million or 7.1%.

The total capital of microcredit organizations at the end of the first half of 2025 amounted to KM 631.8 million and accounted for 33.9% of total liabilities. Compared to the same period of the previous year, the capital increased by KM 55.5 million or 9.6%, while compared to the end of 2024 it increased by KM 27.6 million or 4.6%.

Viewed as a whole, during the first half of 2025, microcredit organizations continued the stable growth of assets, loan portfolio and capital, whereby loans continue to represent the dominant component of their assets and the sector's core activity.

Investment funds

The total assets of investment funds in Bosnia and Herzegovina at the end of the first half of 2025 amounted to KM 1.24 billion and is higher by KM 197.7 million or 18.9% compared to the same period of the previous year. Compared to the situation at the end of 2024, the assets of investment funds increased by KM 105.7 million or 9.3%, which indicates the continued growth and strengthening of this segment of the non-banking financial sector.

The investments of investment funds made up the dominant part of their assets and amounted to approximately KM 1.19 billion, or about 95.5% of the funds' total assets.

In the investment structure of investment funds, debt securities had the largest share in the amount of KM 476.9 million, or about 40.0% of total investments. Ownership securities also had a significant share with KM 475.8 million or approximately 39.9% of the total investment portfolio.

Deposits of investment funds amounted to KM 207.5 million and accounted for about 17.4% of total investments, which indicates that the funds retain part of their assets in more liquid forms of assets.

Investments in real estate amounted to KM 26.1 million or about 2.2% of total investments, while loans had the smallest share with KM 3.2 million, or only 0.3% of the portfolio of investment funds.

Taken as a whole, investment funds continued the trend of asset growth in the first half of 2025, with investments predominantly focused on debt and equity securities, which confirms the importance of the capital market in the funds' investment strategy.

