

CENTRALNA BANKA
BOSNE I HERCEGOVINE



ЦЕНТРАЛНА БАНКА
БОСНЕ И ХЕРЦЕГОВИНЕ



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Annual Report 2021



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INTRODUCTION BY THE GOVERNOR



Dear Readers,

In the Annual Report which you are reading, we have presented the most important measures and activities taken by the Central Bank of Bosnia and Herzegovina in 2021 to meet its Law-defined goal - maintaining the stability of the domestic currency in accordance with the selected monetary policy model known as the currency board. Consistently applying the chosen model of monetary policy, the Central Bank of Bosnia and Herzegovina has maintained the stability of the domestic currency, contributing to the overall financial stability of the country. The Central Bank of Bosnia and Herzegovina has continuously fulfilled its tasks defined by the Law, as well as activities to complete the tasks defined by the Strategic Plan.

The acceleration of the global flow of goods and services and the return of consumer optimism, after the crisis of 2020, caused a strong growth of economic activity in 2021. The increase in demand for products and services, employment growth and strong growth of food and oil prices have contributed to the increase in inflationary pressures throughout 2021, with the same being particularly pronounced in the second half of the reporting year.

Monetary policy in most countries in the first half of 2021 remained extremely expansive, ensuring very favourable financing conditions. Due to the significant economic recovery in the second half of 2021, some central banks began to announce faster normalization of monetary policy and raise interest rates in response to growing inflationary pressures. Rising inflation at the global level has changed market expectations in the direction of faster abandonment of emergency pandemic measures and gradual normalization of monetary policy.

In Bosnia and Herzegovina, according to the latest projections, real GDP has grown by almost 6%. The real sector of the economy was characterized by strong growth in industrial production, which was significantly above the pre-pandemic level in the reporting year. The labour market recorded an increase in the number of employees, nominal wages and productivity. At the time of these text writing, the war in Ukraine has been going on for a month, leaving deep traces in the world economy. We certainly see the slowdown in the economic activity of our main trading partners due to rising energy and food prices, which will have a negative impact on external demand for our goods and services.

Banking sector stayed stable and liquid facing the challenges of the pandemic during 2021. Following a sharp decline of lending in the previous year, economic dynamics and growth of spending contributed to bank credit growth in 2021. Credit growth in 2021 amounted to 3.6%, still being below the intensity before the outbreak of the pandemic. Average interest rate on the total loans to households in December 2021 amounted to 4.41%. Weighted average interest rate for non-financial companies in the end of 2021 amounted to 3.2%. Although the downward trend of deposit interest rates in all the sectors was obvious, the total bank deposits were increasing throughout 2021 (11.72%). Deposits of household sector and non-financial companies were increasing at the rates of 6.92% and 17.19% respectively. Stimulated by economic activity growth in the countries which are the main trade partners of BH and re-establishing of supply chains, exports of goods from BH which amounted to KM 12.71 billion in 2021 achieved a very high growth rate, reaching the annual growth of 34.9%, while the growth of imports of goods amounted to KM 4.20 billion (26.7%).

With regard to the activities of the Central Bank of Bosnia and Herzegovina during 2021, improvement of required reserve framework continued. Foreign exchange reserves were managed on principles of safety and profitability, thus maintaining monetary stability in a successful way. Payment systems were functioning without any interruptions, with all the transactions carried out properly. All the needs of banks and economy regarding cash supply were met and the function of fiscal and banking agent for the state of Bosnia and Herzegovina and other public institutions was performed properly. Other business processes were additionally improved as well. Important general documents and policies from the areas of risk management, information security and compliance programme were adopted, which are important for strengthening of integrity and ethical work according to the highest international standards and the European Union directives.

Successful performance of all the tasks and activities in 2021 would not have been possible without maximum professionalism and engagement of all members of our institution. On this occasion, I would like to thank all the members of the Governing Board, the Management and employees for their professionalism and contribution to the achievement of the set tasks.

The Annual Report for 2021 was approved at the meeting of the Governing Board of the Central Bank of Bosnia and Herzegovina held on 29 March 2022.

Senad Softić, Ph.D.
Governor



LEGAL STATUS

Pursuant to the Constitution – Annex 4. of the General Framework Agreement for Peace in Bosnia and Herzegovina, the Central Bank of Bosnia and Herzegovina is an institution of Bosnia and Herzegovina established by the Law on the Central Bank of Bosnia and Herzegovina, adopted by the Parliament of Bosnia and Herzegovina on 20 June 1997¹ and it began operations on 11 August 1997. The main objectives and tasks of the Central Bank of Bosnia and Herzegovina, as defined by the Law on the Central Bank of Bosnia and Herzegovina, are the following:

- to achieve and preserve the stability of the domestic currency (convertible mark) by issuing it with full coverage in free convertible foreign exchange funds, in accordance with an arrangement known as the currency board, at a fixed rate: one convertible mark for one German mark. As of 1 January 2002, the convertible mark is pegged to the euro at the rate of: one convertible mark for 0.511292 euros, i.e. one euro amounts to 1.955830 convertible marks;
- to define and control the implementation of monetary policy of Bosnia and Herzegovina;
- to hold the official foreign exchange reserves and manage them in a safe and profitable manner;
- to maintain appropriate payment and settlement systems;
- to coordinate the activities of Entities' Banking Agencies responsible for issuing banking licenses and supervising banks;
- to receive deposits from institutions at the level of Bosnia and Herzegovina, i.e. deposits of the Entities and their public institutions on the basis of the joint decision of the Entities, as well as deposits of commercial banks;
- to issue regulations and guidelines for performing the activities of the Central Bank of Bosnia and Herzegovina within the mandate set by the Law on the Central Bank of Bosnia and Herzegovina;
- to participate in the work of international organizations strengthening the financial and economic stability, and to represent Bosnia and Herzegovina in intergovernmental organizations related to monetary policy issues.

The Central Bank of Bosnia and Herzegovina is completely independent of the Federation of Bosnia and Herzegovina, Republika Srpska and any public agency and body, for the purpose of objectively carrying out its tasks. The Central Bank of Bosnia and Herzegovina performs its activities through the Governing Board of the Central Bank of Bosnia and Herzegovina, the CBBH Management and the staff.

The Governing Board of the Central Bank of Bosnia and Herzegovina is a body of the Central Bank of Bosnia and Herzegovina in charge of defining monetary policy and control of its implementation, organization and strategy of the Central Bank of Bosnia and Herzegovina, according to its authority stipulated by the Law on the Central Bank of Bosnia and Herzegovina. The Governing Board of the Central Bank of Bosnia and Herzegovina includes five members, appointed by the Presidency of Bosnia and Herzegovina, and it elects the Governor among its members, who is at the same time the chairman of this body and the Management of the CBBH. The Governor is the chief executive officer in charge of daily operations of the Central Bank of Bosnia and Herzegovina. The Management of the CBBH which includes the Governor and three Vice Governors (appointed by the Governor, with the approval of the Governing Board of the Central Bank of Bosnia and Herzegovina) at the request of the Governor, as the chief executive officer, carries out the activities of the Central Bank of Bosnia and Herzegovina and harmonizes the activities of the organizational units.

The Governor, with the approval of the Governing Board of the Central Bank of Bosnia and Herzegovina, appoints a Chief Audit Executive and Chief Audit Executive Deputies, who are tasked with risk control in the Central Bank of Bosnia and Herzegovina.

The operations of the Central Bank of Bosnia and Herzegovina are carried out through the Head Office based in Sarajevo, three Main Units based in Sarajevo, Mostar and Banja Luka and two Branches based in Pale and Brčko District.

¹ Official Gazette of BiH, 1/97, 29/02, 13/03, 14/03, 9/05, 76/06 and 32/07.



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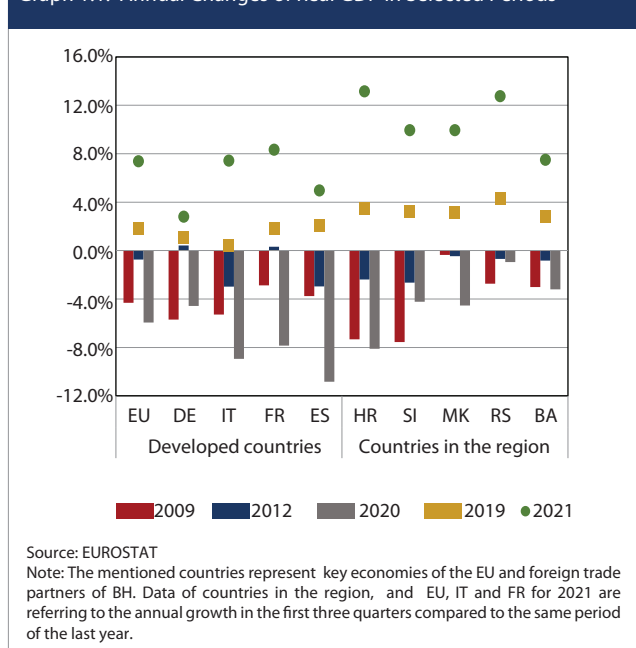
Economic trends in 2021

1. ECONOMIC TRENDS IN 2021

1.1 International economic environment

The acceleration of the global movement of goods and services and the return of consumer optimism, after a low comparative base in 2020, caused strong economic activity growth in 2021. The increase in demand for products and services, employment growth and strong growth in food and oil prices globally contributed to the increase in inflationary pressures throughout the entire reporting year, but it was particularly pronounced in the second half of the reporting year. At the end of 2021, a record low number of unemployed people was recorded in the EU, as a result of a rapid economic recovery and significant state aid aimed at preserving jobs during the pandemic period. Monetary policy in most countries in the first half of 2021 remained significantly expansive, further ensuring very favourable financing conditions. Due to the recorded significant economic recovery in the second half of 2021, some central banks began to announce faster normalization of monetary policy and / or raise interest rates in response to growing inflationary pressures. Extensive public spending, imposed by the COVID-19 pandemic, has caused large fiscal deficits, both in BH and in the countries of the region. The ECB's expansionary monetary policy has contributed to sustaining loan growth in both key sectors of the economy, with the pace of loan growth slowing slightly. The yield to maturity on the ten-year bond market of countries with high credit ratings is still either negative or converging towards zero.

Graph 1.1: Annual Changes of Real GDP in Selected Periods

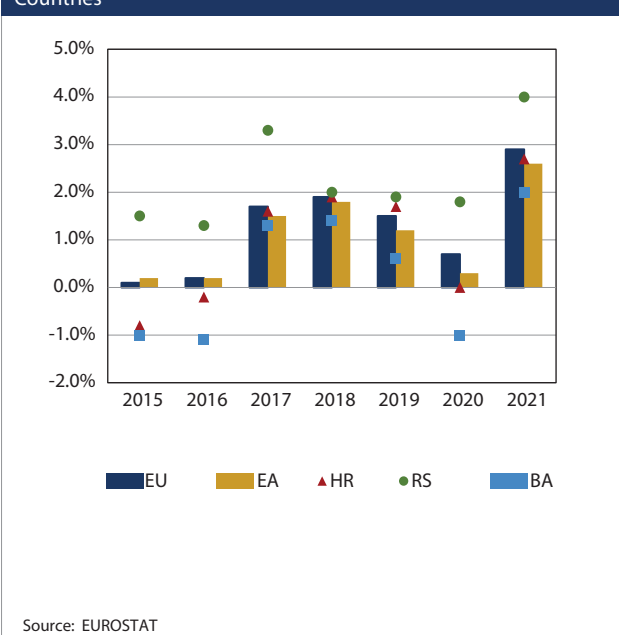


After a strong impact of the corona shock in 2020, which caused a record recession compared to previous economic crises² (Graph 1.1), in 2021 a significant economic recovery was recorded. The countries shown in the

region have already recorded a somewhat unexpected growth compared to the pre-pandemic level, while some developed countries such as Germany expect to return to a 2019 economic activity level not before 2022 year, which, - + was caused by tough restrictive measures in the fight against the coronacrisis.

Average consumer prices in developed countries recorded strong growth, being quite above the inflation target, due to numerous disruptions in the global goods and services market, rising transport costs and the expansionary monetary policy of leading central banks. Record inflation rates were particularly high in the second half of 2021, while strong inflation is expected to continue in 2022, especially in the first half following a lower base from the previous year and a major political and security crisis in Eastern Europe. Further inflationary pressures will significantly slow down the growth of real economic activity and the general life standard of the population in the coming period. It is noted that inflationary pressures in BH, were generally much milder compared to its surroundings (Graph 1.2).

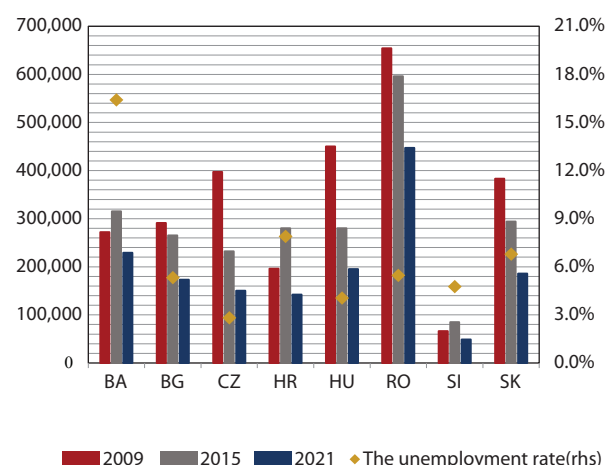
Graph 1.2: Annual Trends of Average Consumer Prices in Selected Countries



The unemployment rate in the EU at the end of the year was 6.4% and is already lower compared to the same period in 2019, as a result of rapid economic recovery and significant state aid aimed at preserving jobs during the pandemic period. Numerous countries recorded a record low number of unemployed persons (Graph 1.3), while at the same time BH constantly records the highest unemployment rate.

² Crisis in 2009 is the most significant fall during the big financial crises from the 2008-2010 period, while crisis in 2012 is the crisis of the public debt.

Graph 1.3: Number of the Unemployed in Selected Countries



Source: BHAS, EUROSTAT

Note: The data on the number of the unemployed in BH refer to the end of the third quarter according to ILO methodology, as the only international comparable unemployment indicator.

Monetary policy in most countries in the first half of 2021 remained significantly expansive, further ensuring very favourable financing conditions. Due to the significant economic recovery in the second half of 2021, some central banks began to announce faster normalization of monetary policy and / or raise interest rates in response to growing inflationary pressures. Inflation growth at the global level has changed market expectations in the direction of faster abandonment of emergency pandemic measures and gradual normalization of monetary policy.

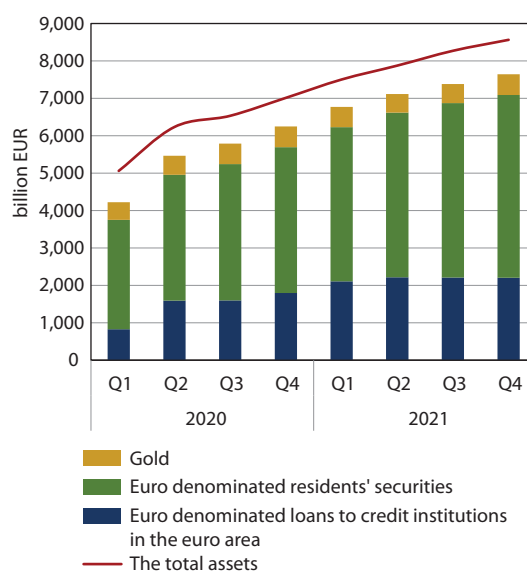
Throughout 2021, the ECB maintained interest rates at existing levels - the reference rate at 0%, the interest rate on lending facilities at 0.25% and the interest rate on deposit facilities at -0.50%. Although it did not change the scope of the asset purchase program for the first half of the year, already since July, as announced, the ECB has significantly accelerated the pace of purchases under the Pandemic Emergency Purchase Programme (PEPP). At the same time, the flexibility of this program was emphasized, so that the stated amount does not have to be used in full if favourable financing conditions can be provided with a smaller volume of purchases, but otherwise it can be increased. At the start of July, the ECB published the results of a review of its monetary policy strategy launched in January 2020.

The new strategy, among other things, implies a symmetrical inflation target with an inflation rate of 2% in the medium term. The ECB considers both negative and positive deviations from this goal as equally undesirable. In line with the new strategy, the ECB, in a July meeting, has published guidelines on interest rates, according to which the interest rates will stay at the current or lower levels until the ECB, in its projections, expects that inflation will reach 2% within its projection horizon, and stay as such

until the end of the projection period, as well as until the ECB assesses that base inflation movement is consistent with the achievement of the inflation target. In its strategy revision, the ECB has also stated that climate change will be taken into account when deciding on monetary policy. The next revision of the ECB's monetary policy strategy has been announced for 2025.

The dominant view of the ECB during 2021 was that inflation is of a transient nature. In this regard, it is proposed that by the end of 2021, net purchases under the PEPP should be calibrated at a slightly slower pace than in previous quarters. Since the pandemic outbreak, the European Central Bank (ECB) has bought almost € 2 trillion of Eurosystem securities to stabilize markets and boost the economy (Graph 1.4). Money supply growth in the euro area was recorded in all four quarters of 2021. The purchase of Eurosystem securities remained the dominant source of money creation (growth of almost 23% compared to the previous year). With this continued growth of the ECB's assets during 2021, it is clear that in the future the ECB must consider whether the current course of monetary policy remains appropriate in the current circumstances and inflationary pressures. The ECB's expectations during the fourth quarter of 2021 are that the drivers of inflation will stabilize during 2022, so it was decided to proceed further to gradually reduce the pace of purchases of Eurosystem securities in 2022. This strategy implies that an increase of key interest rates is not planned until the beginning of 2023, as the ECB is committed to keeping rates at the same level until it phases out all securities purchases (more in Text box 1 below).

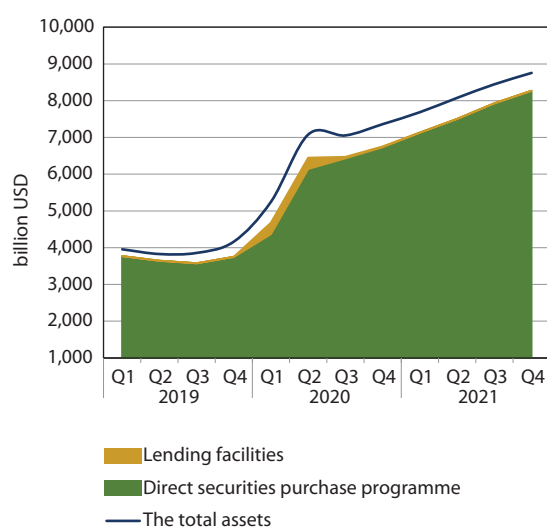
Graph 1.4: Consolidated Eurosystem Balance, Selected Items of Assets



Source: ECB

During 2021, the FED also kept the reference rate range at the current level (0-0.25%). During the first six months of 2021, the existing pace of asset purchases under the quantitative easing program was maintained (monthly purchase of government securities in the amount of US\$ 80 billion and securities with a mortgage in the amount of US\$ 40 billion). Total assets in the FED's balance sheet grew by about US\$ 1.39 trillion during 2021, reaching a value of nearly US\$ 8.8 trillion (Graph 1.8). The increase in total assets was fully defined by the increase in securities purchases, which increased by about US\$ 1.53 trillion reflecting continuous net purchases of securities led by the Federal Open Market Committee (FOMC). However, the FED's June projections on the reference interest rate for the first time so far predicted an increase of the rate in 2023, indicating that most FED representatives are more optimistic that the targets will be achieved faster than previously expected. In an effort to achieve its goals, maximum employment and inflation at a rate of 2 percent in the long run, the FED decided during the last quarter of 2021 to keep the target interest rate range unchanged, and immediately before raising key interest rates, net purchases of bonds will be made under the quantitative easing program. With inflation well above 2% and a significantly stronger labour market, the FED, in contrast to the ECB's somewhat more conservative and cautious stance, expects it to be adequate to raise the reference interest rate soon. In this regard, the FED announced at the last meeting a possible increase in interest rates in March 2022, and it was decided to continue with the reduction of monthly purchases of securities. Beginning in February 2022, the FED reduced the volume of securities purchases; since February, treasury bills' volumes amounted to US\$ 20 billion per month, while mortgage-backed agency securities were US\$ 10 billion per month (Graph 1.5).

Graph 1.5: The Assets of the Federal Reserves, Selected Items



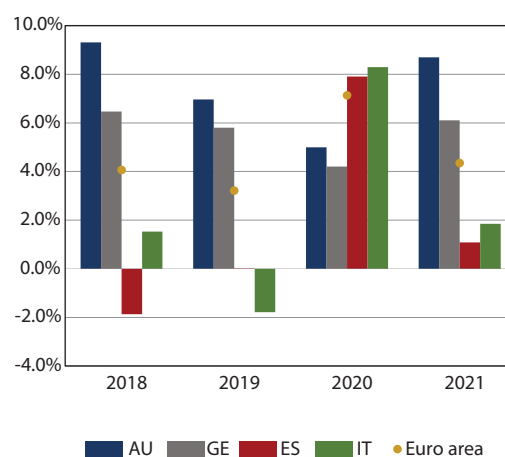
Source: FED

Text box 1: Influence of inflation on the normalization of monetary policy of leading central banks

The pace and intensity of monetary policy normalization of the leading central banks is currently one of the most important issues. Most central banks are guided by the belief that the speed of normalization should primarily depend on the course and duration of inflation, but also on the course of recovery from the recession and the current state of the economy. After years of global low inflation, inflationary pressures have significantly intensified over the past few months. One of the reasons is the disharmony between supply and demand in the market of goods and services and the rise of energy product prices. Such developments have led to the process of abandoning pandemic measures, and the gradual normalization of monetary policy in some of the central banks. Some EU member-states that are outside the euro area have begun raising their reference interest rates as early as June 2021, while other non-euro area member-states, driven by growing inflationary pressures, followed them by the end of the year.

The central banks of more developed economies have remained quite cautious and conservative, in line with their assessment of current inflationary pressures as transitory. The eurozone's experience from previous cycles with the ECB's powerful response, in line with macroeconomic trends and tightening conditions, especially in the eve of the global financial crisis and the European debt crisis, calls for special caution. Economic growth in Europe has not been particularly significant for the past several years. Lending activity has also not been strengthening, despite the ECB's support measures. In addition, there are significant differences in the intensity of economic and loan activity, but also in vulnerabilities, among eurozone members.

Graph 1.6: Credit Growth of Sector of Non-financial Companies, Selected Euro Area Countries



Source: ECB

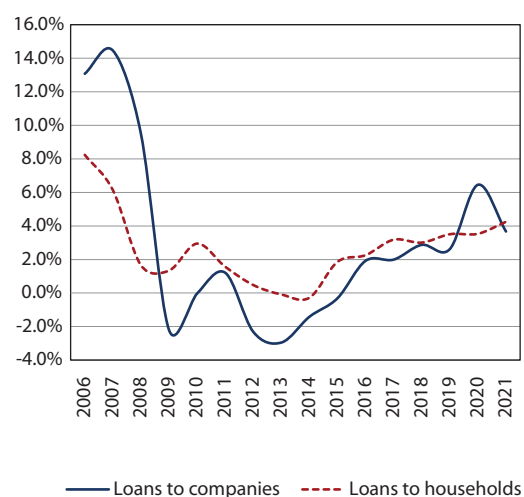
If reference interest rates were to be raised too early, some of the possible consequences would be the following: nominal interest rates would rise, potentially putting pressure on production costs in the eurozone. In the current circumstances, an additional inflationary shock on the supply side would further slowdown economic activity. Yields on financial markets would increase, and probably the future cost of government borrowing on Eurobond markets as well. In doing so, several factors should be kept in mind: public debt has risen significantly in most member states due to the fiscal response to the pandemic; Before the war in Ukraine, the European Commission announced a reduction in the level of public indebtedness according to the Maastricht criteria as early as 2023; and the exposure of the euro area banking sector and central banks- Eurosystem members, to debt securities of EU member states. Finally, a strong rise in nominal interest rates would also have a negative impact on disposable household income, which varies significantly among euro area member states.

Although they kept reference interest rates at the same level, the leading central banks started announcing and / or reducing pandemic securities purchase programs, which was presented as one of the preconditions for raising key interest rates soon. The FED was among the first to announce the soon suspension of securities purchases by mid-2022, after which a gradual increase in reference interest rates is expected from the current 0.25% to the projected 1.05% by the end of 2023. Given that inflationary pressures in the euro area in 2021 were slightly weaker than those in the United States, the ECB did not consider that a significant acceleration of monetary policy normalization would be adequate. In regards to this, decisions have been made to gradually reduce securities purchases of the pandemic program. Even in the middle of March, it is still unknown whether these purchases will be completely suspended by the end of March 2022, as announced. Under these conditions, the ECB does not signal an imminent increase in key interest rates, according to some announcements, not before the end of 2023, but even then, according to market expectations, it could be only 50 b.p. However, given that it is certain that inflationary pressures could prove to be much stronger and longer-lasting than expected, changes in terms of faster normalization of monetary policy around the world could be much more pronounced. At the last meeting of the ECB, in March 2022, they warned that inflation could be significantly higher in the near future due to economic and financial impacts related to the war in Ukraine, which means that the international environment is currently in a period of significantly high political and economic uncertainty. In such circumstances, different developments regarding change in monetary policy in general, i.e. the trends of reference interest rates of leading central banks, should not be excluded.

The ECB's expansionary monetary policy, reflected in the ECB's continued growth in financial market activity and stagnation of otherwise record low interest rates, has affected credit growth in both key sectors of eurozone

countries (Graph 1.7), but in the rest of the EU, too. Credit growth compared to the previous year slowed in the corporate sector, as companies stopped using special credit lines for recovery during the pandemic, and accelerated in the household sector. If the loan growth (2021/2020) to enterprises is observed in relation to countries, a connection can be seen between loans and the relative value of public debt in relation to GDP, although it is still not possible to talk about cause-effect interdependence. The average loan growth rate in the corporate sector in the euro area was 3.6% and was almost halved compared to the previous year. The lowest growth was achieved in Greece (-1.83%), with Italian loan growth converging towards zero (0.28%), and Spanish is very low (1.4%). The ECB's expansionary monetary policy, measured by its loan growth rate, was most effective in old EU member states, with Germany (5.8%) and Austria (8.8%) standing out in terms of credit growth rates. On average, credit growth in the EU in the corporate market decreased by 279 b.p. in one year period, in Greece the decrease was even bigger (1,150 bp), while in Estonia loan growth was higher by 469 b.p.

Graph 1.7: Credit Growth Rate in Euro Area



Source: EUROSTAT

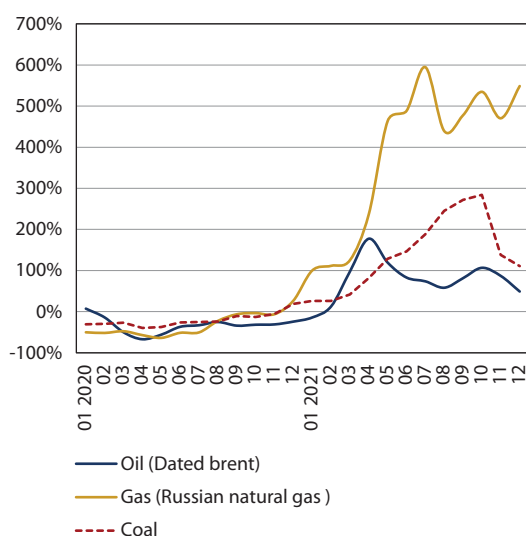
In 2021, housing loans in the euro area grew faster than consumer loans, and the probable cause is the rise in housing prices, in addition to the reduction in disposable real income, caused by faster inflation growth than nominal wage growth. Housing loans increased by 5.4% on annual basis (2021/2020), and the growth of consumer loans was almost five times lower 1.15%, which, despite low growth, is a change compared to 2020, when consumer loans decreased by 1.7%.

Loans to households in the euro area in 2021 entered the seventh consecutive year of growth and their balance was 4.24% higher than in the same period last year. At the end of 2021, three countries have pronounced negative rates of return in this market (Germany, the Netherlands and

Luxembourg), although the ECB has not changed interest rates. Yield rates on ten-year bonds were negative also in other countries that also have high credit ratings such as Austria, Denmark and Finland. In France, Belgium and Ireland, yield rates on ten-year bonds are only slightly positive and are slightly above 0%.

After moderate growth in the second half of 2020, in 2021 there was a strong rise in energy product prices, hence prices of Russian natural gas and coal reached historical values (Graph 1.8). Potential inflationary pressures in early 2022 were also indicated by the price of January futures in the reporting year for gas deliveries at the Dutch TTF hub, which reached a level of over US\$ 2,000 per thousand cubic metres of gas, while the price of coal in December was US\$ 169,6 per tonne, an annual increase of 110.7%. Although due to the pandemic, there were restrictions in the transport of goods, travel and economic activity on a global level, the demand for oil continued to grow in 2021, consequently the highest nominal price growth since 2009 was achieved. In response to this rise in prices, OPEC member states and their allies have agreed on a monthly increase in oil production with the goal of reaching pre-pandemic levels in the year 2022. This increase in energy product prices is the result of several factors, both on the supply side and on the demand side. Global growth in economic activity has directed significant amounts of Russian gas to the Far East, while South American countries have bought large amounts of American liquefied natural gas. The growth of demand and supply that was below the expected level led to an extremely uncertain situation on the natural gas market throughout 2021. Uncertainty over the commissioning of the Nord Stream 2 gas pipeline, record low supply levels in European warehouses as well as tensions between Russia and the West have raised additional concerns and a rise in prices at the start of the heating season.

Graph 1.8: Annual Energy Price Changes



Source: www.indexmundi.com ; www.tradingeconomics.com

1.2 Report on the state of the BH economy

The year 2021 was marked by a strong recovery of economic activity and an extraordinary inflationary shock. Real GDP growth was partly caused by the base effect as well. Due to unusually strong inflationary pressures in the second half of the year, which were further intensified in early 2022, it is certain that the CBBH nowcast of economic activity in the medium term will be revised downwards in the spring projections. The real sector of the economy was characterized by strong growth in industrial production, which was significantly above the pre-pandemic level in the reporting year. In the reporting year, works in construction industry were intensified, primarily in building construction. The labour market recorded an increase in the number of employees, nominal wages and productivity. In 2021, a record collection of revenues from indirect taxes was recorded as a result of a strong recovery in economic activity, but also partly as a result of rising general price levels. Public investments were not performed according to the planned programs, and the total debt of the government sector increased, which still indicates the existence of a significant fiscal imbalance in BH. During 2021, there was a recovery in lending activity, but due to extremely strong lending risks in some market segments, credit growth is still not at pre-pandemic level, especially in the non-financial corporations' sector. In almost all market segments, interest rates fell, both in the credit market and in the market of deposits, on newly contracted loans, and new term-deposits. Significant many-years growth of net foreign assets continued due to moderate growth in foreign assets and again, as several years ago, a sharp decline in foreign liabilities.

According to the CBBH projection³ from November 2021, nominal GDP in 2021 was estimated at KM 37.681 billion. At annual level, the projected real GDP growth rate was 5.8%, which is a lower rate compared to real GDP growth in the first three quarters according to official data from the Agency for Statistics of Bosnia and Herzegovina (BHAS), because we assumed a strong price effect in the last quarter. According to official statistics, in the first three quarters of 2021⁴, the most significant contribution to economic activity was through Wholesale and retail trade (42.77% of total annual growth in real gross added value) and Manufacturing (18.31% of total annual increase in real gross added value). Most components of real GDP expenditure calculation made a positive contribution to economic activity, except for imports, whose slower growth of exports reduced the foreign trade deficit. The record growth of exports was influenced by the increase in goods exports (see sub-chapter external sector), but also services due to the increase in tourist arrivals (91.7% annually).

³ CBBH official autumn projection of key macroeconomic indicators, in line with the medium term macroeconomic model.

⁴ Calculation of real GDP according to the production approach.

Employment growth (see the labour market sub-chapter) and increased remittance inflows (see the external sector sub-chapter) contributed most to the growth of household consumption, and hence to the growth of total economic activity.

In the November round of macroeconomic projections⁵, according to the data available at the time⁶, we expected moderate growth in economic activity in 2022 and 2023 due to the disappearance of the base effect and the increase in inflationary pressure (Table 1.1 below). We expected the weakening of the importance of individual consumption⁷ for economic growth, and the growing contribution of investments, both private and public. However, information on events and trends from the end of 2021 until mid-March 2022 indicates that the projections for 2022 and 2023 could be significantly revised in the May round of macroeconomic projections.

Table 1.1: CBBH Mid- term Projections from November 2021

	2019	2020	2021*	2022*	2023*
	Annual level changes				
Real GDP	2.8%	-3.2%	5.8%	3.9%	2.1%
Inflation (consumer prices)	0.6%	-1.0%	2.0%	2.1%	1.4%
	Share in GDP (consumption wise)				
Individual consumption	71.4%	71.7%	70.7%	69.2%	68.3%
Public consumption	18.8%	19.6%	18.8%	18.3%	18.1%
Investment	25.2%	23.3%	23.3%	25.7%	25.5%
Net exports	-15.4%	-14.6%	-12.8%	-13.1%	-11.9%

Source: BHAS, official data for 2019 and 2020 in the moment of projection preparation

The most significant unknown at the time of making the autumn round of medium-term projections was the war in Ukraine and the sanctions imposed on Russia. At the time of writing, the war in Ukraine has been going on for about two weeks, and the effect of sanctions on both Russia and the countries and blocs that imposed them is still unknown. In Text box 2 below, some first indications of a part of possible short-term effects on BH are given. Although it is impossible to quantify the effects at the moment, it is quite certain that inflationary pressures will exceed even the most pessimistic expectations from the end of 2021 for 2022, and even later. Unlike relatively recent episodes of inflationary shocks (including those during a pandemic), current ones have the characteristics of a demand pull shock. Inflationary shocks on the supply side, are generally caused by opposite trends in economic activity (even nominal) and inflation⁸. Therefore,

it is realistic, at least in the short term, to expect further growth in domestic producer prices (see sub-chapter on prices), which will affect not only the competitiveness of the domestic economy, but also on available income, and individual consumption (see Text box 3 below). Also, there is a certain slowdown in economic activity in our main trading partners, at least due to rising energy product and food prices in international markets, which will have a negative impact on external demand for our goods and services. This is an additional factor that we expect to slow down economic activity compared to the projected one from November 2021.

Text box 2: The impact of the war in Ukraine on Bosnia and Herzegovina economy; What do we know by mid-March?

Foreign trade

Bosnia and Herzegovina does not have significant trade with Ukraine (0.2% of total BH trade in 2021). In trade with Russia, BH is a net importer (2.1% share of our foreign trade in 2021). The largest share of imports from Russia relates to oil and natural gas imports (about 80.0%). In total BH imports, the Russian share of imports decreased significantly over the year, from 10.5% in 2011 to 2.9% in 2021. In 2021, Russia was the seventh most important import partner. The importance of Russia as our export market is quite small (0.7% of total BH exports in 2021), with a focus on pharmaceutical products (about 70.0% of exports to Russia is related to this group of products). With this in consideration, it seems that the direct immediate effect of the war in Ukraine should not be dramatic on our trade balance.

However, the indirect effects through Croatia could be more significant, even in the very short term. In 2021, imports from Croatia, in the product group Mineral fuels and lubricants accounted for about 27.9% of BH imports of this product group. For the sake of comparison, Russia's share in BH imports of the same product group was 8.1%, Serbia's share was 18.6%, slightly above Italy's. At the moment, it is almost impossible to estimate the indirect impact of the war in Ukraine and sanctions against Russia related to this sector, because we do not have information on the ownership structure of the main exporters of these products in BH, and the current official policies regarding sanctions against Russia differ. The ownership structure of INA, the main oil company in Croatia, is very heterogeneous and it is impossible to say how strong their ties are with institutional investors from Russia (directly or through Hungary). Serbia, on the other hand, has not imposed economic sanctions on Russia, but official statistics do not show whether there may be disruptions in the import of natural gas or oil and oil products. Natural gas had a share of 8.5% in total imports from the group Mineral fuels and lubricants in 2021, while imports of oil and oil derivatives amounted to 64%.

⁵ The components set according to the expenditure method of calculating GDP.

⁶ Quarterly ending with the second quarter and monthly ending with September.

⁷ Not its decline, just a slowdown of annual growth in the medium term

⁸ The mechanism is the following: if the producers cannot absorb the effects of shocks with the sustainable fall of profitability, the growth of costs and decline of productivity will cause the growth of prices.

Foreign direct investment

The amount of foreign direct investment from Russia has been declining over the years. At the end of 2020, it amounted to KM 600.2 million (3.98% of the total investment in BH). Flows of foreign direct investments for the first three quarters of 2021 indicate a net inflow of direct investments from Russia in the amount of KM 132.5 million (12.6% of total inflows for the period). Net inflows of direct investment from Russia were, almost entirely, related to the coke and refined petroleum products industry and the Brod Refinery. Brod Refinery is the only company in BH for processing and production of oil products and is one of four companies within the NESTRO brand in BH. All four companies within the brand are owned by Zarubezhneft, a company in the majority public ownership of Russia. Net inflows of Russian direct investments for the first three quarters of 2021 are the result of slightly higher inflows of investments into equity (KM 1.29 billion) than outflows related to other capital (KM 1.13 billion). In essence, it was a matter of transforming the debt claims of the direct investor into equity. Similar transactions have been recorded in the past.

Part of Russia's direct investment was tied to the banking sector. In February 2022, there were two banks in BH with a majority Russian ownership structure, both as separate legal entities, not branches of foreign banks, and both members of the Sberbank Group. Their combined share in the total assets of the banking sector was about 7.5% at the end of 2021. The operations of both banks, with the exclusion of Russian banks from SWIFT, were jeopardized and bank depositors started to withdraw their deposits. To prevent a negative scenario for the entire financial sector, the Entities' Banking Agencies have taken over the management of the banks. According to the latest information, Sberbank Sarajevo was sold to ASA Bank, and Sberbank Banja Luka was sold to Nova Banka Banja Luka. From the aforementioned, it can be concluded that the initial impact of sanctions on Russia, especially the financial sector, has been significantly mitigated. We believe that the quick reaction of the regulators will prove to be timely and appropriate for preserving the stability of the banking system.

Finally, it is important to note that the CBBH, in the process of investing foreign exchange reserves, is not exposed to private or public issuers from Russia or the Russian banking system.

Another factor, which was not known in the autumn round of projections, and which will result in pressures on the expected economic activity in 2022, is the continuation of action in the mechanism of temporary financing for a part of the fiscal sector⁹. Consequently, new public investments

will be limited only to projects for which funding has already been allocated in earlier years. Consequently, public investment could be lower than planned, which will result in a revision of the projections on 2022 economic activity downwards, on this basis as well. Finally, due to the current political situation in the country, it is possible that some private investors will postpone their activities in BH at least. The projections already envisage that part of the direct investments from previous years will be paid to non-residents in the form of dividends with the lifting of the ban on the payment of dividends and bonuses in the banking sector during the pandemic.

Text box 3: The impact of inflation in the context of available income

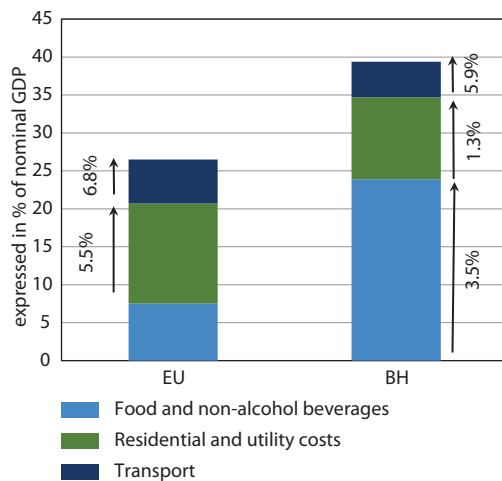
By the time the official inflation data were published, the effect on available income and possible changes in the structure of final household consumption has already occurred. Other categories of gross domestic product and future intensity of economic activity will additionally depend on inflation expectations. Therefore, it is necessary to look at inflation, primarily in the context of the current features of the household sector and labour force.

In 2020, in BH, according to Eurostat data, GDP per capita, as per purchasing power parity, was only 33% compared to the European Union (EU)¹⁰. In other words, in 2020, in BH, when differences in price levels are taken into account, 33% of the per capita value was generated compared to the value that the EU generated in the same period. According to the same source, real individual consumption, in the case of BH, generated 84.2% of nominal GDP in 2020. In the EU, the share was 65.7%. The graph below (Graph 1.9) shows the structure of actual individual consumption in BH and the EU in 2020, expressed as a percentage of nominal GDP, by key components. In 2020, the population in BH consumed food and non-alcoholic beverages in the amount of 23.9% of the GDP. In the EU, this percentage was far lower (7.5%). Even if the higher inflation rates in the food and non-alcoholic beverages section in BH, in 2021, are ignored (3.5% in BH and 1.6% in the EU, period to period), and the fact that the indices in the EU and BH are not directly comparable, it is clear that inflationary pressures in basic foodstuffs have a much stronger impact on available income in countries with lower levels of economic development. If in a lower level country, where about a quarter of GDP is spent on food and non-alcoholic beverages, bread prices increase by the same percentage as in a more developed country, the effect on current welfare and long-term convergence in welfare levels would certainly not be even nearly the same.

⁹ Global framework of fiscal balance and policies in BH for the 2022-2024 period is not adopted. In the time of this Report writing there is no consolidated budget for 2022 for all levels of the government in BH.

¹⁰ Latest available data, published by Eurostat in December, 2021. Changes in 2021 should not be dramatic, because the convergence towards the EU average is slow and long term process, specially if structural reforms are not implemented at wishful pace.

Graph 1.9: Structure of Actual Individual Spending in 2020



Source: EUROSTAT

Note: The values by the arrows which suggest the direction of price pressure compared to 2020, represent inflation in reference price category in 2021.

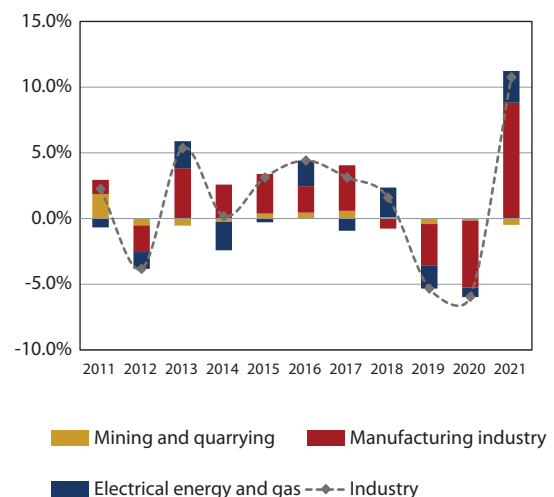
Short-term inflationary shocks do not necessarily result in a lasting effect on consumer patterns or a strong and lasting impact on economic activity. A particular challenge in the case of BH is that there are no strong arguments in favour of claims that inflationary shocks are transitory (see Section on prices). However, the high dependence of economic activity on domestic personal demand, as is the case in BH, in the context of significantly lower available income per capita than in the EU, is certainly a key vulnerability of the domestic economy. Until structural reforms are implemented that will result in faster convergence towards the EU, as rhetorical as that conclusion may sound, the impact of inflationary shocks on living standards in BH will be much stronger than in developed countries and is likely to persist. In such an environment, any temporary measures to alleviate inflationary pressures may not be long-lasting or have a strong effect. If the possibility of saving, and thus the investment of the population is low, measures such as temporary intervention in the prices of goods and services, temporary tax relief, or one-time financial assistance to particularly vulnerable categories will only temporarily relieve pressure on household budget. In the circumstances of persistent inflationary shocks to the already low level of available income, future economic activity will slow down, which will further slow down the process of convergence towards the EU. Precisely due to extremely strong inflationary shocks and their impact on private consumption, the CBBH expects that it is certain that with the spring round of macroeconomic projections, the projections of real economic activity will be revised downwards. Another direction of negative effects on future economic activity is the competitiveness of the domestic economy, through the prices growth of production input (see Sections on prices and the labor market).

1.2.1 Real sector

I. Industrial production and construction

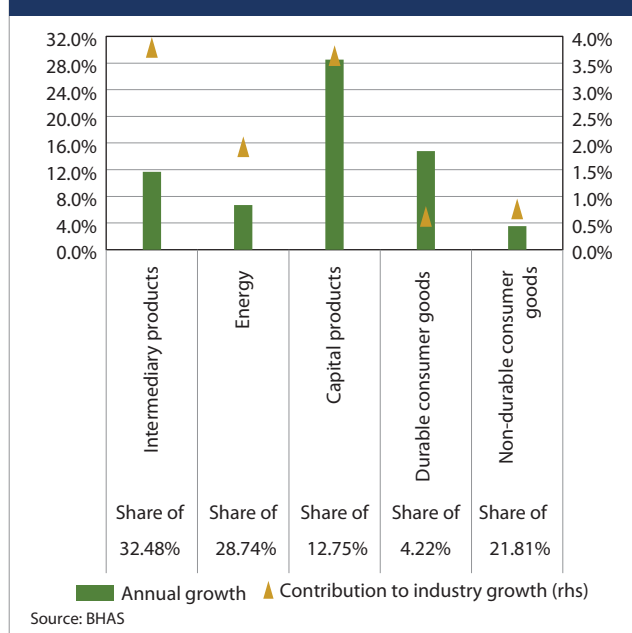
In the reporting year, a record increase in the volume of industrial production was seen, after the most pronounced decline in industrial production in the last decade in the previous two years, due to the closure of some strategic companies and the subsequent impact of the corona crisis. Observed by areas of activity, the annual growth of industrial production (Graph 1.10) is primarily influenced by the strong growth of production in the manufacturing industry, and the increase in production and distribution of electricity and gas. According to the main industrial groups, strong growth was recorded in capital goods, with the production of finished metal products standing out (26.5%). This group of products, despite a significantly lower share, recorded an almost identical contribution to the growth of industrial production as the group of products for intermediate consumption (Graph 1.11).

Graph 1.10: Contribution to the Annual Changes of Industrial Production per Sectors



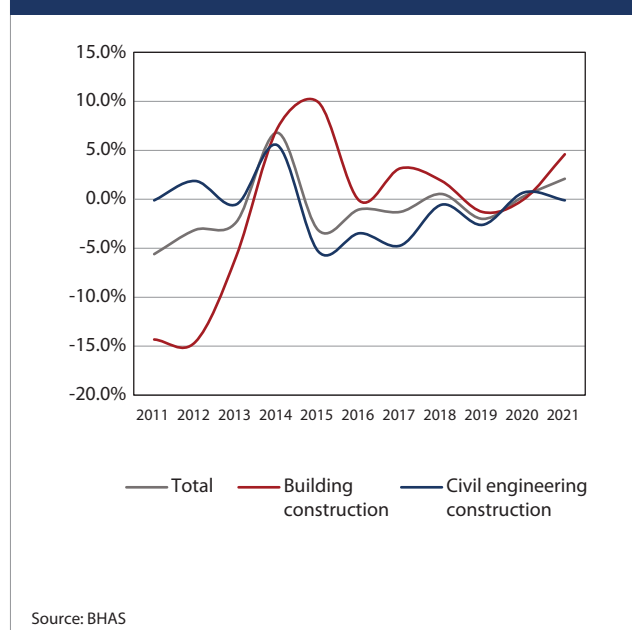
Source: BHAS

Graph 1.11: Annual Change and Contributions of Industrial Groups



After the stagnation of total construction works in recent years, due to the slowdown in the implementation of capital projects, the reporting year recorded an increase in works, primarily in building construction (Graph 1.12). Given the strong corona shock, the rapid recovery of construction and strong growth of the industry in the reporting year are the positive signals for the growth of overall economic activity in the coming period.

Graph 1.12: Annual Changes of the Construction Sector Output

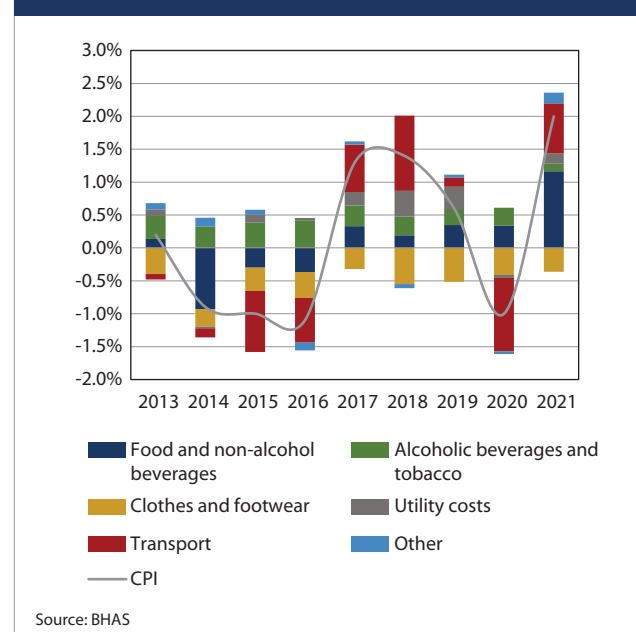


II. Prices

Inflationary shock in the second half of the year was one of the main features of economic trends in 2021. Inflationary pressures in the second half of 2021 were so strong that they not only annulled the deflation from the first half of the year but also resulted in considerable average growth of prices in the calendar year, which had not been recorded since 2012. Inflationary pressures were additionally intensified in the beginning of 2022, the inflation in BH reaching the highest values since the end of 2008.

In 2021, the recorded inflation was 2.0% (the average for twelve months of 2021 compared to the average for twelve months of 2020), resulting from positive contributions of almost all categories of consumer basket, with the prices of food and beverages and transport particularly standing out (Graph 1.13). On the other hand, a negative contribution of clothes and footwear category continued, which was the only one with deflationary effect on the average 2021 prices.

Graph 1.13: Contribution to the Annual Rate of Inflation/Deflation

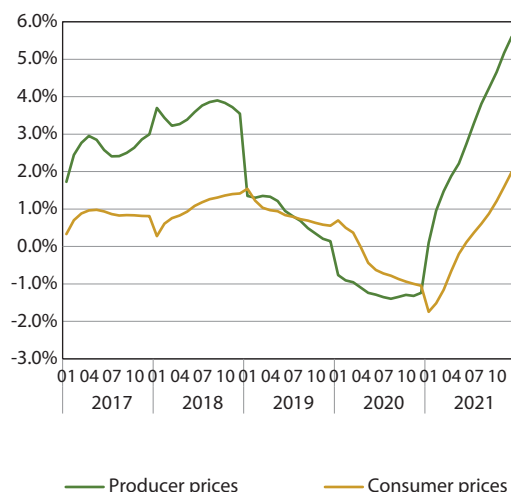


In the autumn round of medium term macroeconomic projections, based on the data available by the beginning of October, with the results published in the end of November, we expected a 2.02% inflation in 2022. Our nowcasting models for current economic activities and inflationary pressures indicated high probability of strong increase of inflationary pressures during the first half of the year. According to preliminary and incomplete estimates from November 2021, annual inflation was expected to considerably exceed 4% in the first half of 2022, with a strong risk of possible upward revisions due to a growth of energy prices in the country.

Energy prices in international markets over the last two months of 2021, and in the beginning of 2022, continued to

grow significantly above the values of futures for deliveries in those months from the beginning of the fourth quarter of 2021. Consequently, the cycle of price increases in the local market accelerated, which is reflected in a very strong growth of local producer prices (Graph 1.14 below).

Graph 1.14: Changes in Producer and Consumer Prices, Period after Period



Source: BHAS

Possible further inflationary shocks due to the growth of prices of production inputs, if they cannot be absorbed through a sustainable decrease of profitability, will result in further increase of costs and decline of productivity, which again intensifies further growth of prices. There are several potential sources of further increase of production inputs. The first one is related to further shocks in international markets of food, gas and oil and oil derivatives. It is certain that turbulences, and high central levels of prices, will stay in markets as long as the war in Ukraine lasts and while global supply chains are vulnerable. Even if there are perfectly efficient mechanisms of commodity reserves and control mechanisms for their implementation in the country, it is difficult to imagine that any country could have such storage mechanisms to keep the prices, by interventions, at the level significantly below the current levels for a longer period of time or at least for a couple of months. As it is impossible to predict the duration of the war, or the effects of changes in supply and demand at the global markets, it is difficult to assume how long the pressures on local consumer and producer prices will last.

The other possible source of inflationary pressures in short and medium term is possible further adjustment of prices of electric energy in the local market with trends in international markets. It should be taken into account that prices in international markets will be growing, partly due to the adjustment with energy efficiency plans and changeover to renewable sources of energy, which are very expensive for implementation. Additionally, the risk of future stronger energy dependence is growing in the country, if new facilities for production of electric energy from renewable

sources become functional, or if the existing production facilities which are becoming out-of-dated are renewed.

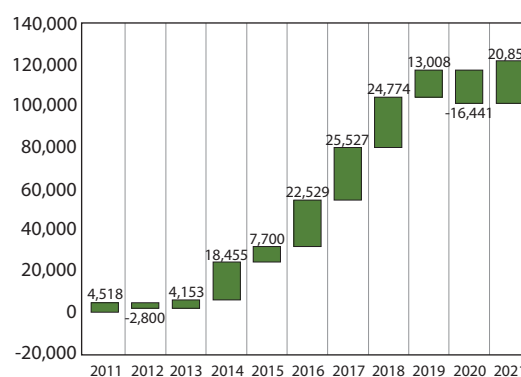
Finally, there are pressures through the cycle of wages and inflation. On one hand, the costs of production of electric energy in the country could increase significantly due to the necessary reforms in the mining sector, including the growth of wages in production facilities in mines and solving of social status of a part of workers in electric energy sector, primarily in mines. Growth of wages is possible in other activities due to union pressures for adjustments with the increasing costs of life, and also due to outflow of qualified workers into foreign countries.

On the basis of the above, it can be concluded that inflationary pressures in BH cannot be considered transitory. Essentially, they have a structural character and solutions have to be related to long-term economic policies and implemented through a process of a number of reforms. Otherwise, productivity of domestic industries will be declining, making inflationary pressures increasingly stronger. At the current level of available income (see Text box 3) and demographic trends, persistent inflationary pressures will be contributing to further slowdown of convergence with the EU members, in respect of quality of life.

III. Employment and wages

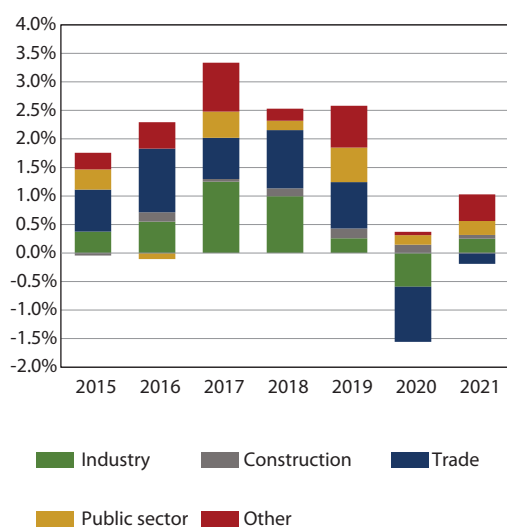
A strong growth of economic activity resulted in positive effects on labour market in 2021. Observing the number of new employees in the reporting year, the increase of the overall employment is evident compared to pre-pandemic level (Graph 1.15). Based on the trends of employees' number per activities (Graph 1.16), the strongest growth of the number of employees at the annual level was seen in industrial activities and other activities. A slow growth of employment was recorded in public sector activities, firstly health care and public administration, and construction.

Graph 1.15: Accumulated Number of Employees from the Beginning of 2011



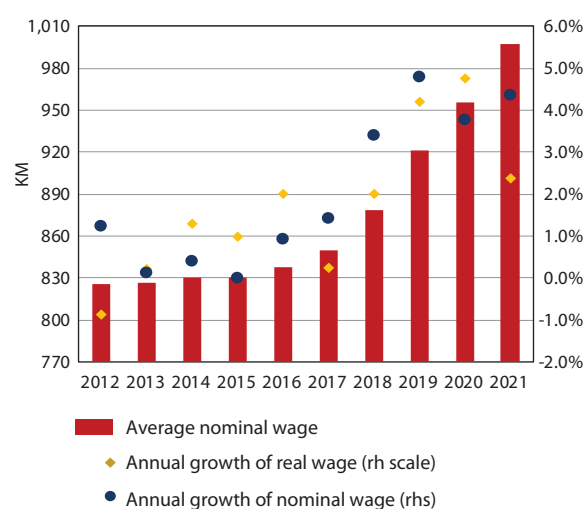
Source: BHAS

Graph 1.16: Contributions to Annual Changes of the Number of Employees per Sectors



Source: BHAS

Graph 1.17: Amount and Percentage of Change of Average Annual Net Wage



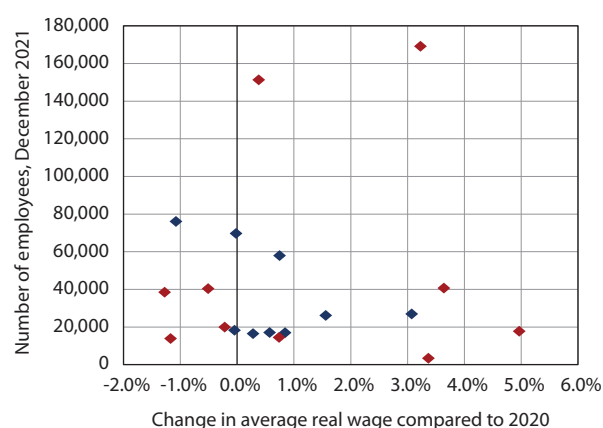
Source: BHAS

Note: Real wage is harmonised with average consumer prices. Average annual wage means the arithmetic average of average wages per months.

As the number of employees significantly increased in the reporting year, while, on the other hand, the number of retired persons increased slowly, the ratio of coverage of pension funds slightly improved amounting to 1.19 employee to one retired person. The budget deficit of pension funds at the end of the reporting year was 0.6% of GDP and was improved compared to the earlier year by 40 basis points, due to a faster growth of the revenues from contributions and the overall growth of estimated nominal GDP. Operations of pension and social funds will be particularly challenging in long term due to negative demographic changes reflected in negative natural increase and emigration of population, bringing about a decrease of the share of active population and increase of the share of sustained population.

In the reporting year, the average nominal net wage stayed on the growth trend (Graph 1.17), being partly influenced by the increase of the minimum wage in RS in the beginning of the reporting year, and also the increasing union pressures aimed at improving citizens' standard. The labour market was marked by increase of nominal wages in almost all the activities and a slower growth of real wages due to a strong inflationary pressure, with a decline of real wages at the annual level seen in a number of activities (Graph 1.18).

Graph 1.18: Annual Growth of Wages and Productivity per Activities



Source: BHAS, CBBH

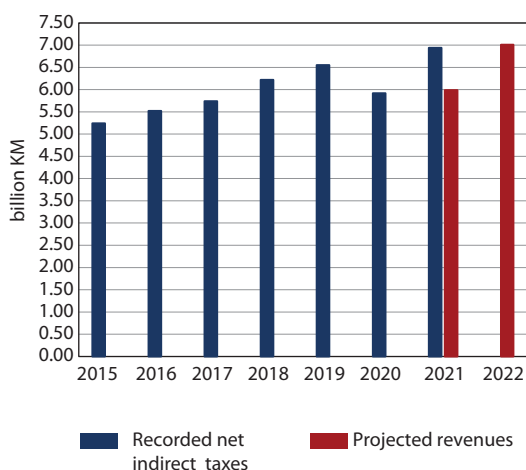
Note: The red mark applies to industries where the average wage in 2021 was below the average level for BH. They employed 61% of the total number of employees in December 2021. Four of them, recording a decrease of the average real net wage compared to 2020, employed 13.5% of the total number of employees in December 2020.

1.2.2 Fiscal sector

Fiscal indicators improved in 2021 due to a recovery of BH economy, fiscal imbalances remaining still significant. The recovery following a sharp economic contraction due to COVID-19 pandemic in the previous year, brought about a record growth of income of general government sector, exceeding pre-pandemic amounts. The growth of income partly resulted from the growth of prices, which was particularly obvious in the second part of the year.

A strong recovery of personal spending, increase of imports, recovery of service activities, and the growth of prices brought about a considerable growth of net revenues from indirect taxes (Graph 1.19). The amount of collected net revenues (KM 6.94 billion) was the highest since the establishment of indirect taxation system in Bosnia and Herzegovina. The total revenues from indirect taxes increased significantly in 2021 compared to the pandemic year 2020 (KM 1.02 billion or 17.2%), but also compared to the pre-pandemic year 2019 (KM 388 million or 5.9%).

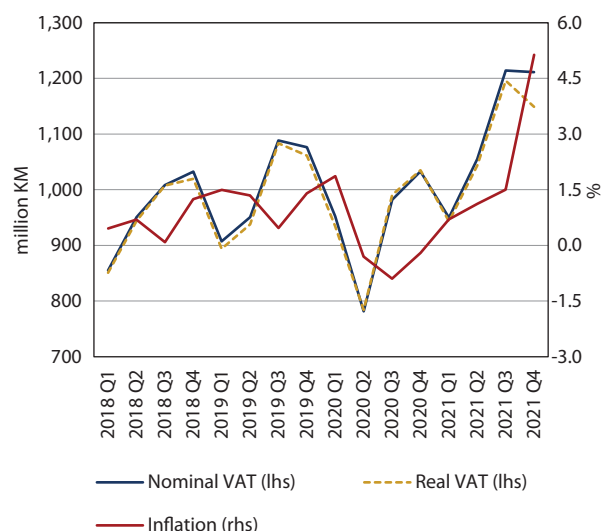
Graph 1.19: Indirect Tax Revenues



Source: Indirect Taxation Authority, Macroeconomic Analysis Department of the Governing Board of Indirect Taxation Authority (OMA; Bulletin no. 197/198, November-December 2021).

The record growth of the total revenues was dominated by the growth of revenues from VAT as the largest item in the structure of revenues. Net revenues from VAT amounted to KM 681.8 million in 2021, which was higher by 18.2% compared to the previous year. Besides a strong recovery of personal spending, increased imports and recovery of service sector, one of the factors influencing the growth of revenues on this basis was also a significant growth of inflation in the second part of 2021. The growth of the general price level brought about a growth of prices representing the tax base for the calculation of VAT. Accordingly, the collected amount on the basis of VAT was nominally higher by KM 62.2 million (9.1%) as a result of the growth of the general price level (Graph 1.20).

Graph 1.20: Inflation Impact on the Growth of Revenues from VAT



Source: BH Agency for Statistics, Indirect Taxation Authority, CBBH

Besides revenues from VAT, revenues from excise duties had a significant share in the total revenues from indirect taxes and their contribution to the growth of the total revenues was not negligible, around 17.5% in 2021. However, the total collection of revenues from excise duties in 2021 was lower (3.8%) compared to the record collection from 2019, which was mainly caused by a decline of revenues from excise duties on tobacco products. Relaxing of the measures of restricted movement and recovery of tourism sector additionally contributed to increase of collection of the revenues on the basis of tolls. Revenues from customs duties are closely related to imports, so a strong growth of imports impacted a growth of revenues from customs duties in the amount of KM 62 million compared to 2020. The growth of revenues on this basis was related to the growth of prices of energy, raw materials, food and other imported goods.

Besides record high revenues, the deficit was planned in the Entity budgets for 2021, due to the increase of expenses. The Government of Republika Srpska carried out a budget revision (in September 2021) with the increase in the amount of KM 221 million (5.8% higher compared to originally planned budget). The mentioned budget revision was carried out on the basis of a faster than expected recovery of economic activities, and consequently, collected tax revenues which were increased by revision by 9.2% compared to the original plan. On the other hand, the Government of the Federation of BH did not carry out the budget revision for 2021, but the plan of income and expenses was revised upwards compared to the original plan from 2020, based on a strong recovery of budget income¹¹. From the view of expenses, the two largest

¹¹ Document of framework budget of the Federation of BH for the period 2022-2024, May 2021. Global framework of fiscal balance and policies in BH for the period 2021.- 2023, August 2020.

items within government spending, allocations for social payments and wages of employees, increased significantly in 2021 (KM 245.5 million – for the first three quarters of 2021). Further growth of government liabilities in 2022 is to be expected on the basis of adjustment of pensions and growth of wages in public sector due to strong inflationary and union pressures. Increase of minimum wage in both Entities will partly compensate for the mentioned increase of expenses.

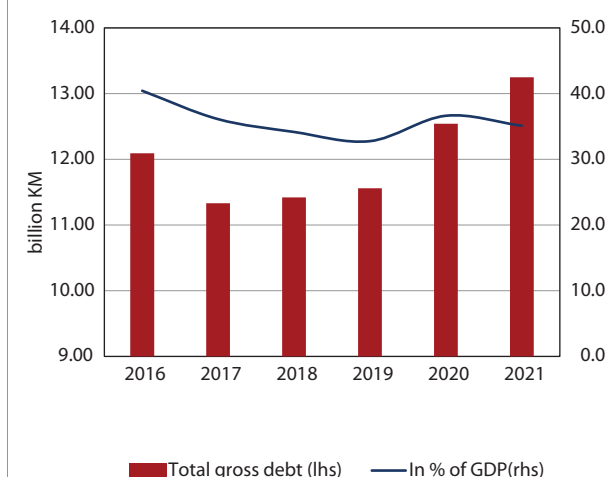
At the moment of preparing the Report, the latest available projections of revenues from indirect taxes for 2022 of Indirect Taxation Authority were from October 2021, projecting further recovery of revenues, the growth of 2.8% at the annual level or 18.2% of the projected value of nominal GDP. Risks for the realization of these projections are significant. This is firstly due to the new global economic crisis brought about by the war in Ukraine. The first signs of its economic consequences on BH economy are described in Section 1.1. Changes of indirect taxation policy, such as differentiated rates of VAT and excise duties, could result in a significant decline of revenues.

A major part of planned public investments in 2021 was not realised. During the first three quarters of 2021, the total of KM 232.3 million of investment value was realized, which was lower by KM 7.0 million compared to the pandemic year 2020. The absence of significant public investments suspended larger engagement of funds approved for infrastructure projects and projects in electric energy sector according to BH Public Investment Programme for the period 2020-2022. According to the above, there were no effects of public investments for overall economic activity.

Global fiscal framework for 2022-2024 was not adopted until the moment of writing Annual Report. The Budget of the Federation of BH for 2022 was still not adopted, the Decision on provisional financing being in effect for the first three months of 2022. The Budget of BH institutions was still not adopted, the financing being carried out according to Decision on provisional financing of BH institutions and international liabilities of BH for the period January - March 2022.

Although deficits in Entity budgets in 2021 decreased compared to the previous year, the public debt level increased, indicating vulnerabilities of fiscal sector in BH. Entity Governments incurred additional debt from international financial institutions and in the local capital market. The total debt of government sector in nominal amount was higher by KM 705.6 million in the end of 2021 compared to the end of the previous year. Due to a strong growth of economic activity, the total gross debt in the end of 2021 amounted to 35.1% of GDP in 2021 (Graph 1.21).

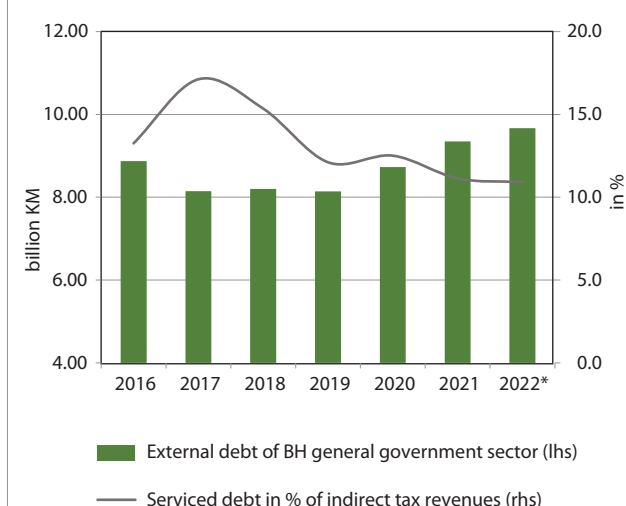
Graph 1.21: Total Gross Debt of Government Sector



Source: CBBH
Note: GDP projection for 2021

External debt of government sector during 2021 increased significantly (KM 622.5 million or 7.1%), reaching KM 9.35 billion in the end of the year (Graph 1.22). The debt with foreign creditors was mainly related to concessional debt, with non-concessional external debt increasing as well. In the first half of 2021, the Government of the Republika Srpska issued euro denominated five-year bonds (around KM 600 million) in the international financial market at a coupon rate of 4.75%.

Graph 1.22: External Debt of Government Sector



Source: CBBH, Indirect Taxation Authority and BH Ministry of Finance and Treasury
Note: * projection

¹² Programme of public investments of Republika Srpska for the period 2020-2022 December 2020. Programme of public investments of the Federation of BH for the period 2020-2022 October 2020.

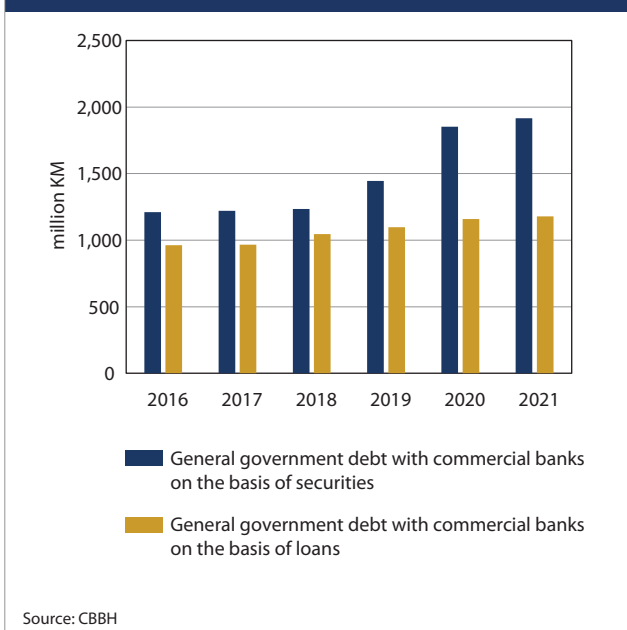
¹³ The total public debt does not include debt of public companies. GDP-projection by the CBBH.

In 2021, the total amount of withdrawn funds from international financial institutions was KM 994.3 million, although withdrawal of funds in the amount of KM 1.15 billion was planned¹⁴. A significant amount of withdrawn funds was recorded in the fourth quarter (KM 451.0 million), a part of it being related to the first tranche of macrofinancial aid to BH by the European Commission (KM 242.4 million). The mentioned funds represent a support to economic stabilisation of the country, and support to implementation of reform programmes. Also, in the second half of 2021, funds were transferred by the IMF, based on the allocation of special drawing rights, in the amount of KM 602.5 million, which had a positive effect on foreign exchange reserves. The stated allocation of funds does not represent a classic credit arrangement, but the liability on this basis consists of monthly calculated costs on the cumulative amount of SDR distribution, which is paid to the IMF on a quarterly basis (see Section 2.6).

Repayment of foreign debt of government sector was lower than the amount of new withdrawn funds in 2021, the net effect of a new debt being KM 221.6 million. Out of the total funds serviced to foreign creditors (KM 772.7 million), the highest individual amounts were serviced to the European Bank for Reconstruction and Development – EBRD, and the World Bank – IDA, those being KM 138.5 million and KM 119.4 million, respectively. For servicing external debt of general government sector in 2022, funds were planned in the amount of KM 780.2 million, which is 10.9% of projected revenues from indirect taxes for 2022¹⁵ (in 2021, that percentage was slightly higher, being 11.1%). (Graph 1.23)

The government sector debt with commercial banks increased slightly at the annual level, both on the basis of securities and loans (Graph 1.23). Bank exposure to the government sector at 2021 end was 8.5% of the total banking sector assets. During 2021, Entity Governments issued the total of KM 932 million in the local market of securities, while the net debt on this basis amounted to KM 159.8 million. In 2022, on the basis of internal debt repayment, FBH and RS should allocate KM 909.5 million (the Federation of BH KM 576.8 million and Republika Srpska KM 331.9 million).

Graph 1.23: General Government Debt with Commercial Banks



Compared to the previous year, trading on BH stock exchanges was almost twice lower, decline of trading took place on both local stock exchanges, the decrease being larger on BLSE than on SASE. There are two basic reasons for a significant decline of trading on BH stock exchanges compared to the previous year (-45%). The first reason is related only to the management of public debt of Republika Srpska and is related to the issue of bonds on London stock exchange in the nominal value of EUR 300 million, which is the largest public debt issue of a BH Entity, which satisfied a large part of Republika Srpska budget needs for 2021. The other reason with the same effect on decrease of primary market of public debt of both BH Entities on local stock exchanges is related to the growth of public revenues due to inflationary increase of tax base, economic expansion and special allocation of special drawing rights. With such borrowing policy of BH Entities, primary market of public debt in local stock exchanges significantly decreased in 2021, with the total value of public debt issues of Entities of KM 932 million (Table 1.2) exceeding the amount from the previous year by 3% due to the size of London issue of Republika Srpska bonds. The Federation of BH issued only 5 issues, all of them during the first half of the year, with maturities of the issues adjusted to extension of maturity structure of public debt of this BH Entity.

Table 1.2: Issues of BH Entities' Public Debt in 2021

Maturity, per month	6	12	60	72	84	120	180	Total
Republika Srpska	4		1		1	1		7
Federation of Bosnia and Herzegovina	1	1	1	1	1	1		5
Total	5	1	1	1	2	2		12
Value of issues (million KM)	165	50	580	30	51	56		932

Source: BLSE and SASE

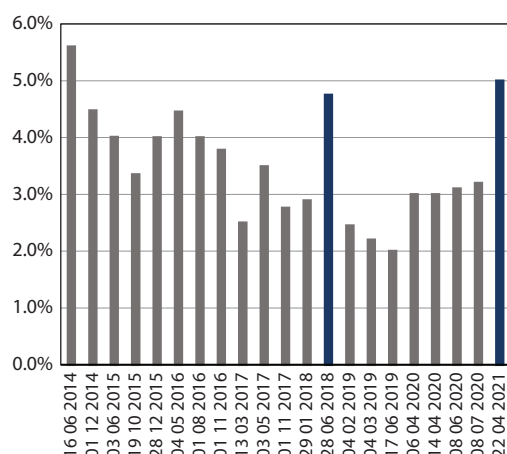
¹⁴ Global framework of fiscal balance and policies in BH for the period 2021-2023, August 2020.

¹⁵ Source: Ministry of Finance and Treasury of BH (Plan of foreign debt servicing in 2021) and Macroeconomic Unit of the Governing Board of Indirect Taxation Authority (OMA Bulletin no.197/198, November-December 2021).

In 2021, Republika Srpska mostly issued debt in the market of six month treasury bills, but only 15.5% of the amount of the total nominal value of issues was issued in this market, so in this case, maturity of public debt increased just like in the Federation of Bosnia and Herzegovina.

The RS Government issue of the Entity euro bonds on the London stock exchange was carried out at the yield to maturity rate of 5% and coupon interest rate of 4.75% (Graph 1.24) The London issue of five year bonds, not only by its amount, but also by the yield to maturity rate, exceeded the Vienna issue from 2018. Also, the yield on foreign stock exchanges shows the actual cost which BH Entities need to pay in order to issue debt in international market.

Graph 1.24: Yield to Maturity Rate in the Five Year Bond Primary Market of Republika Srpska



Source: BLSE, Vienna Stock Exchange and London Stock Exchange

Note: The issues dated 28 June 2018 and 22 April 2021 are euro bond issues on foreign stock exchanges, Vienna and London ones, and they are not directly comparable with the issues on the local market.

The same as in the previous year, during this year, financing of the budget of the Federation of Bosnia and Herzegovina was realized at a lower yield to maturity rate compared to Republika Srpska (Table 1.3). This kind of investors' business policy in the primary market of BH Entities' public debt was present in all maturity segments, and it was particularly strong in the market of treasury bills where the Federation of Bosnia and Herzegovina managed to issue debt at a negative interest rate, the same as in the previous year, which could be connected with the fact that public debt of the Federation of BH per capita is lower by around 50% than public debt of Republika Srpska per capita.

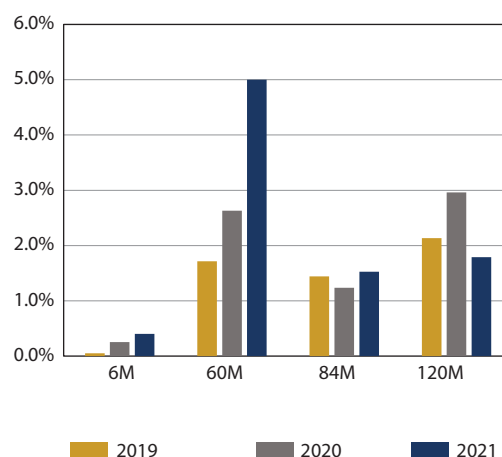
Table 1.3: Average Yield to Maturity Rate in the Primary Market of BH Entities' Public Debt in 2021

Maturity, per month	6	12	60	72	84	120	180
Republika Srpska	0.49%		5.00%		1.99%	2.50%	
Federation of Bosnia and Herzegovina	0.014%	-0.002		0.794%	1.066%	1.077%	

Source: SASE and BLSE

Although the Federation of Bosnia and Herzegovina issued debt at more favourable conditions than in the previous year, the growth of yield to maturity rate on public debt of Republika Srpska brought about the growth of yield to maturity rates in the primary market of public debt of BH Entities (Graph 1.25). The growth of yield took place in all maturity segments except in the market of ten year bonds. The growth of yield to maturity rates was particularly strong in the primary market of six month treasury bills and five year bonds.

Graph 1.25: Average Yield to Maturity Rate in the Primary Market of BH Entities' Public Debt by Maturity Segments



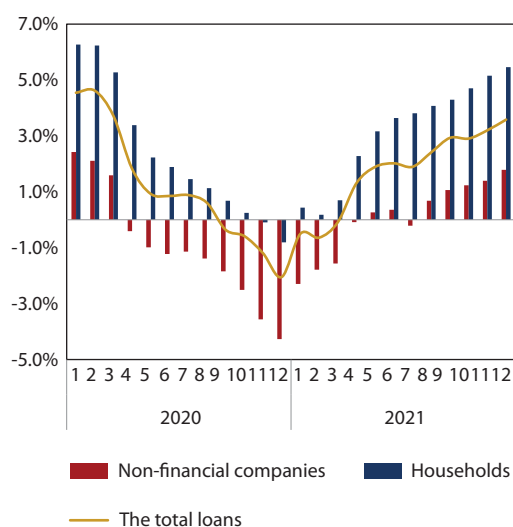
Source: SASE and BLSE

1.2.3 Banking sector

The stability of bank sector was maintained, although banks were operating in uncertain conditions in the second year of the COVID-19 pandemic. Following a sharp decline in lending in the previous year brought about by social and economic restrictions due to the pandemic, and also new methodology of coverage of non-performing loans which accelerated their removal from balance sheets, economic dynamics and growth of spending during 2021 contributed to the growth of bank loans. Credit growth in 2021 amounted to 3.6%, still being below the intensity before the outbreak of the pandemic. The total demand of non-financial companies for loans started to grow from

the third quarter of 2021, reflecting the end of recession and higher optimism in respect of borrowing. Although it seemed that bank loans to non-financial companies would recover fast after a significant slowdown in the previous year, with relaxation of epidemiological restrictions and revival of economic activities of our trade partners, and low interest rates on new loans to non-financial companies, a stronger growth of lending in this sector did not take place. The recorded credit growth in 2021 for non-financial companies was 1.7%. The increase of demand of household sector for loans took place as early as from the second quarter of 2021, with the increased growth of demand for housing loans. Following a significant slowdown in the second half of the previous year, annual growth of household loans (5.47%) continued to increase until the end of 2021 (Graph 1.26).

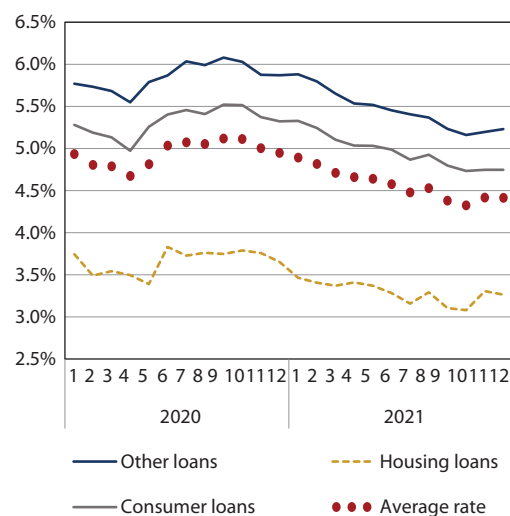
Graph 1.26: Credit Growth Rates, Selected Sectors



Source: CBBH

Costs of financing domestic sectors mainly started to go down in the second half of 2021. Average interest rate on the total loans to households in December 2021 amounted to 4.41%. At the annual level, average interest rate on household loans was lower by 50 basis points (Graph 1.27). Economic trends brought about by the COVID-19 pandemic affected also the change of the structure of loans by purpose. Compared to the same period of the previous year, housing loans increased by KM 134 million or 10.50%, followed by consumer non-purpose loans with the growth of KM 331 million or 4.5%.

Graph 1.27: Interest Rates on Loans to Households, by Purpose

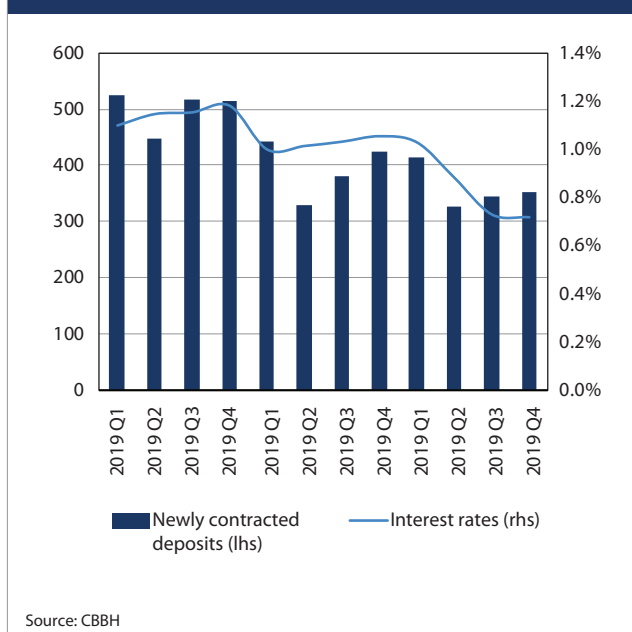


Source: CBBH

Interest rates on new loans to non-financial companies also decreased during 2021, which contributed to the annual growth of new loans, particularly in the last quarter of 2021, but, as mentioned earlier, it did not significantly impact the balance of these loans in the end of the year. Average weighted interest rate on loans to non-financial companies decreased by 20 bp, and, by the loan amounts, interest rate went down in all the market segments, except for the segment covering loans with amounts between KM 250 thousand and KM one million. The interest rate on loans to companies for loans above KM one million decreased most, so the average weighted interest rate for non-financial companies in the end of 2021 amounted to 3.2%.

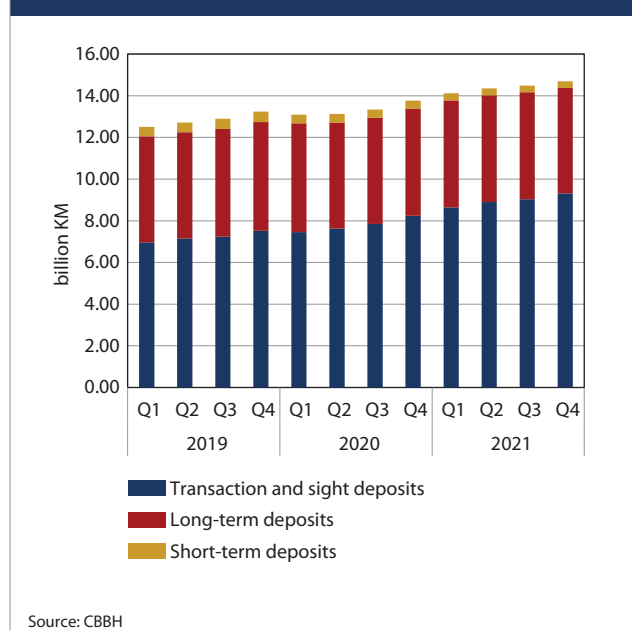
At the annual level, interest rates on household deposits also decreased (Graph 1.28) and also those on deposits of non-financial companies. Average weighted interest rates on household deposits with contracted maturities up to one year were kept at the same level as in the previous year, 0.17%. In higher maturity segments, there was a significant decrease of interest rates, so the total average weighted interest rate was decreased from 1.05% in 2020 to 0.72% in 2021. Decline of interest rates on deposits of non-financial companies was even stronger. Average weighted interest rate on new term deposits of non-financial companies decreased by 73 bp, amounting to 0.5% in the end of 2021.

Graph 1.28: Interest Rates on Newly Contracted Household Deposits



Although the downward trend of deposit interest rates in all the sectors was obvious, the total bank deposits were increasing throughout 2021 (11.72%). A part of the growth of the total deposits took place as a result of considerable borrowing by Entity Governments during 2021 and due to special allocation of SDR by the IMF in August 2021. Deposits of household sector and non-financial companies were increasing at the rates of 6.92% and 17.19% respectively. With the deposit interest rates going down in all maturity segments, the share of transaction deposits in the total deposits sharply increased (over 60%). Until the first quarter of 2021, the growth of household deposits was moderate, the growth of deposits of this

Graph 1.29: Maturity Structure of Household Deposits



sector, mainly transaction and sight deposits, becoming accelerated later, simultaneously with credit growth (Graph 1.29). A considerable growth of deposits of non-financial companies and low rate of credit growth indicate restraint in investment of this sector throughout the year.

During entire 2021, a strong growth of net foreign assets (Graph 1.30) continued. In the end of 2021, net foreign assets amounted to KM 2.7 billion, being higher by 30% compared to the previous year. Over the observed period, there was a moderate growth of foreign assets compared to the previous period, with a decline of foreign liabilities present throughout the year. As in the previous year, activities of local banks were seen in foreign credit and financial markets. The structure of contributions to foreign assets growth indicates that bank sector continued to increase exposure to foreign market, so, accordingly, key contributions to foreign assets growth were in the position of other loans to non-residents (17.2%) and in the position of securities other than shares (16.5%). The main determinant of foreign liabilities decrease, as in the previous period, were other term deposits of non-residents which contributed to the total decline of foreign liabilities of 16.3% with 13.6 bp. Compared to the previous year, foreign liabilities decreased by KM 377.93 million amounting to KM 1.9 billion in the end of December. Such long term downward trend of foreign liabilities indicates that banks mainly rely on domestic sources of financing. The ratio of coverage of foreign liabilities with foreign assets amounted to 2.4, with transaction and other deposits with non-residents prevailing in the structure of foreign assets, regardless of the changes.

Graph 1.30: Net Foreign Assets

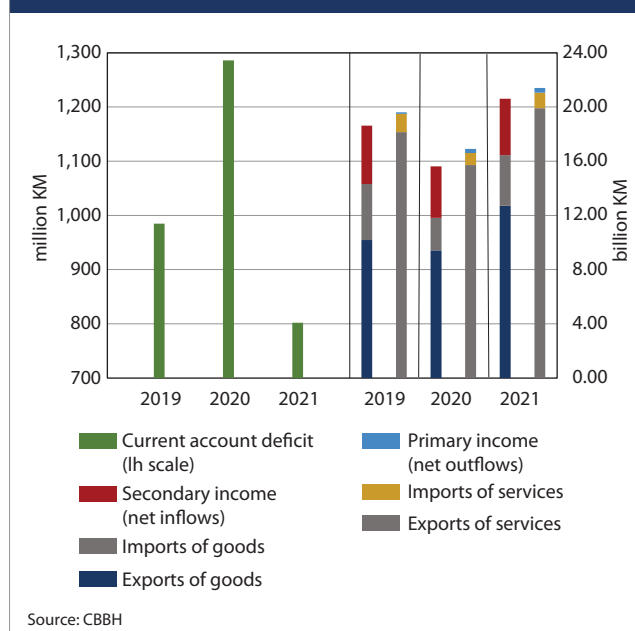


1.2.4 External sector

I. Balance of payments

Following strong contractions in foreign trade in 2020 and the restrictions resulting from COVID-19 pandemic at the global level, a significant growth of international trade took place in 2021. In absolute amounts, current account deficit in 2021 decreased by 37.6% compared to the previous year (Graph 1.31). Also, due to a nominal decline of current account deficit and significant growth of economic activity in 2021, current account deficit expressed in per cents of GDP was much lower. According to the CBBH projections on GDP growth in 2021, current account deficit expressed in per cents of GDP, decreased by 1.63 percentage points to the level of 2.13%, compared to 2020.

Graph 1.31: Current Account Deficit



In 2021, very high growth rates of foreign trade were recorded (Graph 1.31). Stimulated by economic activity growth in the countries which are the main trade partners of BH and re-establishing of supply chains, exports of goods from BH which amounted to KM 12.71 billion in 2021 achieved a very high growth rate (according to balance of payments data), which represents an annual growth of 34.9%. Over 72% of exports were directed to the market of the EU, which still represents the most significant trade partner of BH. High growth rates of exports in 2021 compared to the previous year should be observed in the light of low values from the base period, as well as the growth of prices of raw materials and energy supplies which brought about the growth of prices of export products. Also, annual growth of manufacturing industry output of 12.5% indicates that significant quantity rates of export growth were recorded.

By economy sectors, predominating share in exports was that of metal industry products, which in 2021 recorded

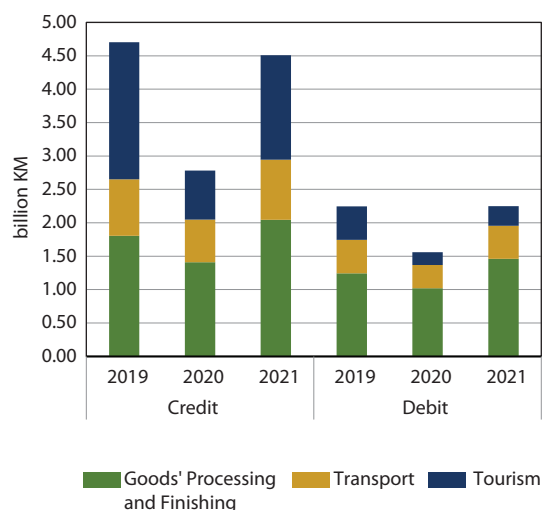
export growth of 49%. In exports of metal industry, exports of iron and steel and their products and products of electric and car industry were the largest. The growth of exports of iron and steel was 85%, and a significant part of this growth was related to the growth of prices of metal in global market. The average price of iron ore in the global market in 2021 was higher by even 43.9% than in the previous year. Electric machines recorded an annual export growth of more than 33%. Taking into account a low annual rate of growth of producer prices of this product group (0.5%), we can conclude that the value of exports of this group of products was under a lower impact of price change. Due to the growth of industrial production in the countries which are the main trade partners and the growth of oil prices, exports of mineral origin products increased by 71.3% in 2021, the largest part being related to exports of electric energy. Other important industries, such as textile (12%) and wood (30%) recorded significant export growth rates. The highest growth of export value in 2021 was recorded by companies engaged in production of steel, iron, aluminium and coke, and the production of steel fabric and cables. The ten largest exporters included companies engaged in production of electric energy, parts for car industry, chemical products, paper and cellulose. The shares of exports of the ten largest exporters in 2021 increased in the total BH exports compared to 2020, but such growth was to a large extent the consequence of restructuring of company Aluminij d.d. Mostar in base year 2020, the operations of which had been ended in 2019. Taking into account the mentioned restructuring, there were no significant changes in the shares of the ten largest exporters in the total exports or the structure of exporters over the last three years.

Increase of the imports of goods in 2021 (according to balance of payments data) amounted to KM 4.20 billion (26.7%), out of it, more than half was related to imports of mineral origin products and base metals. Average stock exchange prices of oil (see Graph 1.8, Section 1.1) and base metals, mainly iron, steel and aluminium were much higher in 2021 compared to the previous year, so a significant part of the growth of import value of this product group can be attributed to price effect.

Surplus in account of services increased by 71.4% compared to 2020, still staying below the pre-pandemic level. The most significant increase of inflow in account of services was recorded in the categories of travel, transport and services of goods processing in the country, which can be partly related to the low values from 2020. Due to intensified immunisation process, and reopening of borders globally, inflows from foreign tourists in BH in 2021 increased by KM 831.7 million (Graph 1.32), still staying lower by around 23.8% than the inflows from 2019. Due to re-establishment of production chains and growth of economic activities, exports of goods after processing increased by KM 636.5 million (45.2%). Stimulated by high rates of goods exchange, inflow on the basis of services of transport also increased by 40.5%, and such kind of service

reached the pre-pandemic level in 2021. The first signs of effects of new global economic crisis due to the war in Ukraine on BH foreign trade are presented in Chapter 1.1, Text box 2.

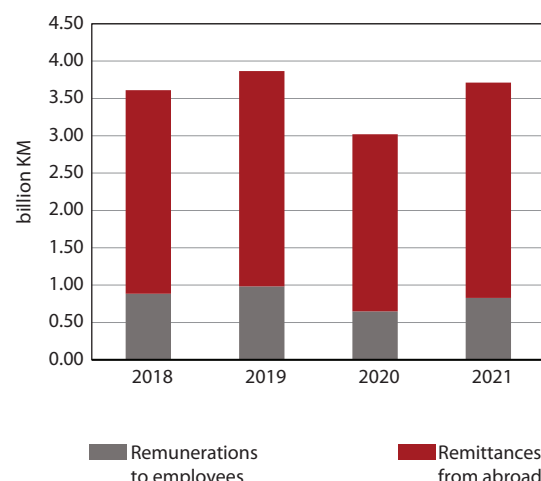
Graph 1.32: Balance of Payments Account of Services



Source: CBBH

The most significant item of inflows from foreign countries within current account were remittances (private transfers) as an item of secondary income, which, having decreased significantly in 2020, recorded growth of 21.5% in 2021. Inflows on this basis, traditionally cover a significant part of trade deficit, thus decreasing also the current account deficit. The second important item of inflow from abroad with the identical effect on the current account deficit includes residents' wages in foreign countries. Although this item of primary income recorded a growth of 27.7% in 2021, it remained significantly below the pre-pandemic level. Besides these two items, a significant source of current account deficit financing were also pensions from abroad (a part of secondary income), which, although a rather safe inflow of funds, declined in 2021 (5.2%), (Graph 1.33).

Graph 1.33: Remittances from Abroad and Remunerations to Employees Abroad



Source: CBBH

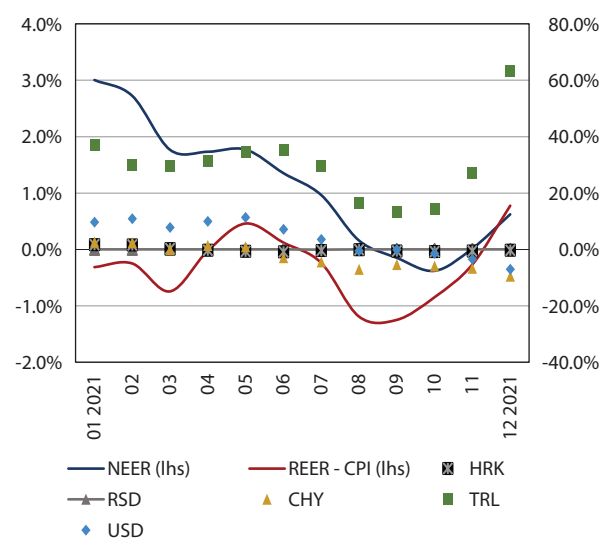
Current account deficit in 2021 was financed by private and public sector borrowing from foreign creditors and inflows based on foreign direct investment. Half of inflows in the form of foreign direct investment in 2021 was related to retained profit in financial intermediation, which is related to ban on dividend payments in bank sector which was in effect from the beginning of the pandemic until November 2021. Due to the revoke of this measure in the fourth quarter, some banks carried out dividend payments. Due to recovery of economic activities, mainly due to a significant growth of goods exchange, private sector incurred additional debt through loans and trade loans. Banks did not need additional sources of long-term financing, so in 2021 they decreased their liabilities towards non-residents (see Section 1.2.3).

Government sector borrowed additional funds from international financial institutions, although the incurred debt was lower in 2021 compared to 2020. RS Government issued bonds on London stock exchange, out of it, the part owned by non-residents is calculated as foreign debt. The first tranche of the European Commission loan on the basis of macro-financial assistance was withdrawn (see Section 1.2.2). Within other investments in financial account, an important inflow of funds from abroad in 2021 was allocation of special drawing rights (SDR) by the International Monetary Fund in the amount of KM 602.5 million. Taking into account all the mentioned inflows, net debt to foreign countries in 2021 was much higher than the current account deficit which resulted in the growth of foreign exchange reserves (see Chapter 2).

II. Nominal and real effective exchange rates

Nominal effective exchange rate was on appreciation trend with occasional oscillations in the previous two years. Both real effective exchange rate, where the consumer price index was used as deflator (REER-CPI), and NEER, indicated a moderate appreciation of KM (0.8% and 0.6% respectively) over the previous year (Graph 1.36). The trend of nominal exchange rate of KM against the currencies of our main trade partners are a reflection of fixed exchange rate against the currency of the main trade partner and trend of EUR, our peg currency, towards other currencies. Appreciation of NEER was mainly brought about by a significant nominal appreciation of EUR, and, through fixed exchange rate, also that of KM, towards Turkish lira, which was particularly strong in the fourth quarter of 2021 (63.1% in December 2021 at the annual level). As shown in the graph, due to a rather low share of Turkey in foreign trade exchange (4.3% in the period 2019-2021), even such significant nominal appreciation of the local currency in relation to TRL did not result in a particular appreciation pressure on NEER. On the other hand, KM recorded a nominal depreciation in 2021 in relation to other most important currencies in the world: Chinese yuan (9.5%), Russian ruble (7.5%), US dollar (7.2%) and British pound (6.3%).

Graph 1.34: Annual Changes in Foreign Exchange Rate of KM



Source: CBBH

Note: Positive values on right hand scale represent appreciation of KM to the selected currency.

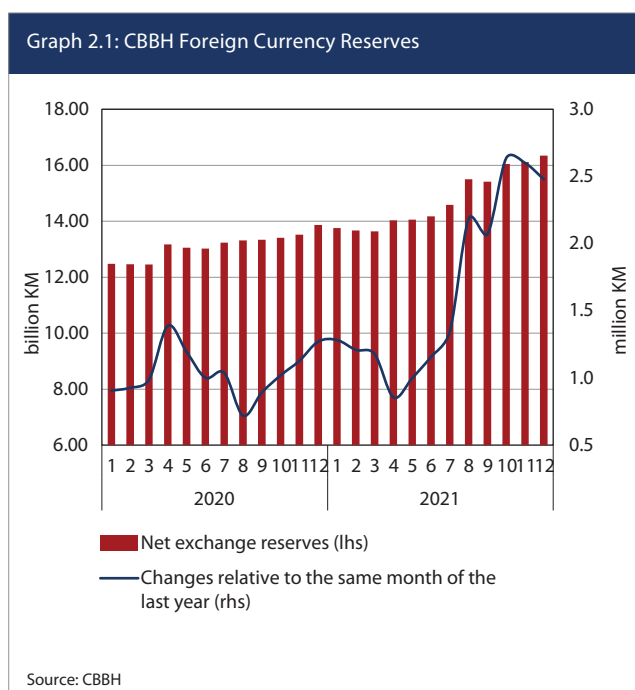


Centralna banka
BOSNE I HERCEGOVINE
Централна банка
БОСНЕ И ХЕРЦЕГОВИНЕ

Report on the CBBH activities in 2021

2. REPORT ON THE CBBH ACTIVITIES IN 2021

In December 2021, the net foreign exchange reserves amounted to KM 16.34 billion, and were higher by KM 2.48 billion (17.8%) compared to the same period last year (Graph 2.1). The upward trend of foreign exchange reserves was continued throughout 2021. A significant growth of foreign exchange reserves in 2021 was affected by foreign debts of Entity Governments, and inflows of remittances and inflows of foreign direct investment as a result of retained earnings in banking sector. In August 2021, considerable increase of foreign exchange reserves resulted from the growth of reserve assets in balance of payments due to a special allocation of special drawing rights by the IMF in the amount of KM 602.5 million (Graph 2.1). Besides these items, government borrowing from other international institutions throughout the year had a significant impact on the level of foreign exchange reserves. A slight decrease of foreign exchange reserves in the beginning of the year was not unusual, mainly caused by decreased renewal of due foreign liabilities of banks.

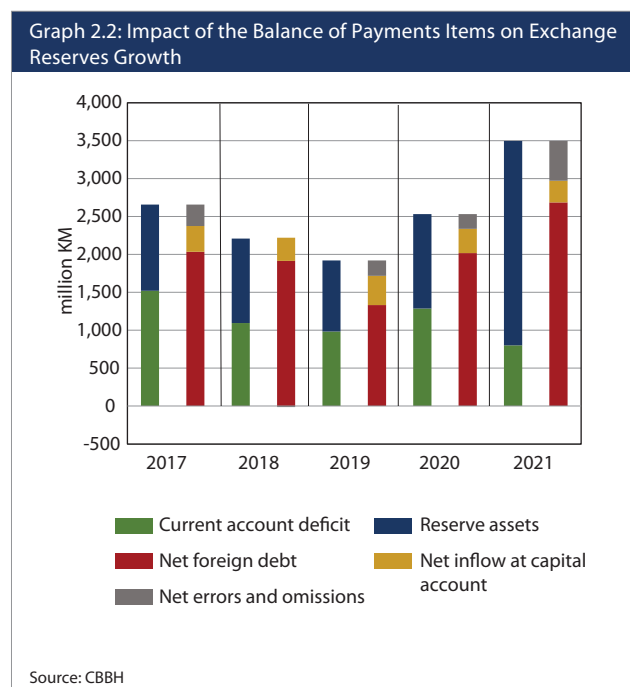


All the transactions which impact the level of foreign exchange reserves are reflected, at the aggregate level, in the trend of KM purchase and sale with the CBBH, which is the base for their creation. The contribution to the increase or decrease of foreign exchange reserves was mostly pronounced through the purchase and sale made by commercial banks and depositors with the CBBH, while the other changes, such as foreign exchange reserve investment, had significantly lower impact. During 2021, the CBBH recorded a positive balance of KM purchase and sale with commercial banks and internal depositors in the amount of KM 2.47 billion. Foreign debt repayment, as one of the factors impacting decrease of foreign exchange

reserves in 2021, amounted to KM 772.7 million. Changes in the value of the CBBH portfolio due to market conditions in 2021 had a negative impact on foreign exchange reserves, which will be described in detail in Chapter 2.3.

Graph 2.2 shows changes of the CBBH foreign exchange reserves. The left column of the graph shows for each year reserve assets and the current account deficit, which represent cash flows to foreign countries. The right hand column shows inflows from foreign countries to BH, net foreign debts, net inflows in capital account and net mistakes and omissions.

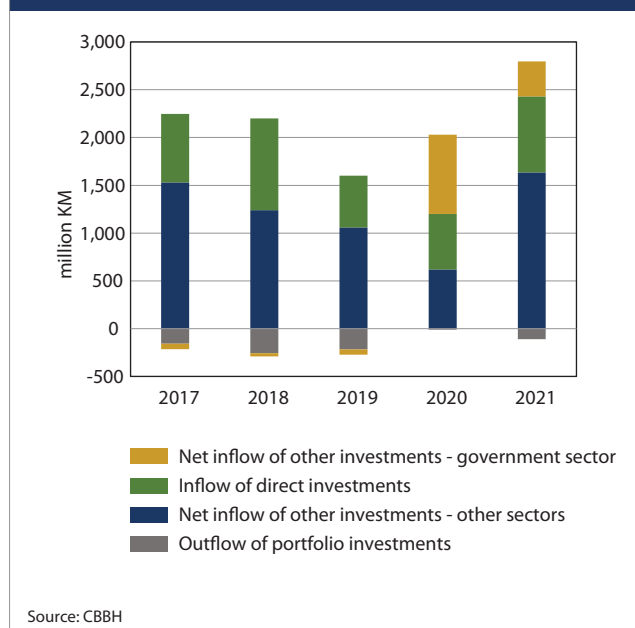
A part of current account deficit is to a lower extent covered by net inflows in capital account, while a major part is financed by net increase of foreign liabilities with non-residents, which can be in the form of foreign direct investment, which is a preferred form from the macroeconomic aspect being a non-debt creating form or in the form of external debt of government sector, financial sector or companies (debt creating flow). In 2021, net foreign debt with non-residents significantly exceeded current account deficit, which impacted a strong growth of foreign exchange reserves with the CBBH (see Graph 2.1).



Net foreign debt in 2021 was higher compared to 2020 (33.1%), its structure being quite different. Government sector borrowing from international creditors was significant, although much lower in 2021 than in the previous year. Inflow of funds which directly impacted the growth of reserve assets was recorded also through allocation of special drawing rights by the International Monetary Fund in the amount of KM 602.5 million. A significant part of new debts of government sector was related to withdrawal of funds from the European Commission, and also issues of euro bonds of RS Government on London stock exchange,

which was recorded in portfolio investments (see Section 1.2.2). Inflows from foreign direct investment in 2021 were higher than in previous year (KM 215.5 million), still mainly resulting from the ban on dividend payments to bank sector which was in effect by November 2021. Upon the revoke of the ban, some banks carried out dividend payments. Net inflows within other investment which mainly impacted the growth of reserve assets in 2021 were inflows of private sector, within which loans to companies and trade loans were the most significant, stimulated by increased volume of trade with foreign countries (Graph 2.3).

Graph 2.3: Structure of Net Foreign Debt



2.1 Monetary policy

In 2021, the CBBH fulfilled the objective defined by the Law, the issue of the local currency according to the currency board arrangement. According to Article 31 of the CBBH Law, the Bank is obliged to ensure that the total amount of its monetary liabilities should never exceed the equivalent amount of its net foreign exchange reserves, which was completely met.

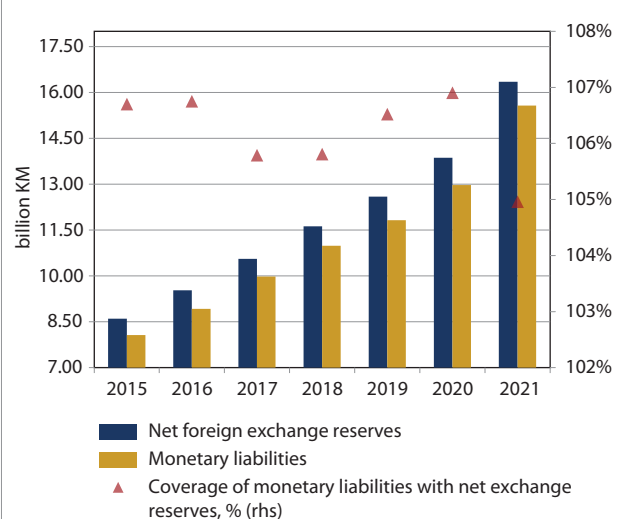
According to the Law, the total amount of the monetary liabilities of the Central Bank of Bosnia and Herzegovina is always the sum of the following:

- (A) all the banknotes and coins put into circulation by the Head Office, Main Units and other Branches of the Central Bank, and
- (B) credit balances of all accounts held in the books of the Central Bank and its organisational parts by resident account holders.

In the end of 2021, net foreign assets amounted to KM 772.8 million, which was lower by KM 122.9 million compared to the balance at 2020 end. Net foreign exchange reserves at 2021 end amounted to KM 16.34 billion, having increased by even KM 2.48 billion (17.8%) compared to 2020 end. Monetary liabilities in the same period recorded a growth of even 20.06%, i.e. KM 2.60 billion, due to a significant effect

of special allocation of SDR by the IMF. Net foreign assets are a buffer against shocks which may have a negative effect on the market value of financial instruments where foreign exchange reserves are invested in. Rate of currency board coverage in the end of 2021 was lower compared to the end of the previous year, amounting to 104.96% (Graph 2.4). Beside the impact of market trends on the foreign exchange reserve portfolio value, the decline of the coverage ratio resulted from a strong increase of foreign exchange reserves, brought about mainly by the government borrowing from international institutions throughout 2021. Only the effect of special allocation of SDR from the IMF amounted to 25% of the total growth of foreign exchange reserves during 2021.

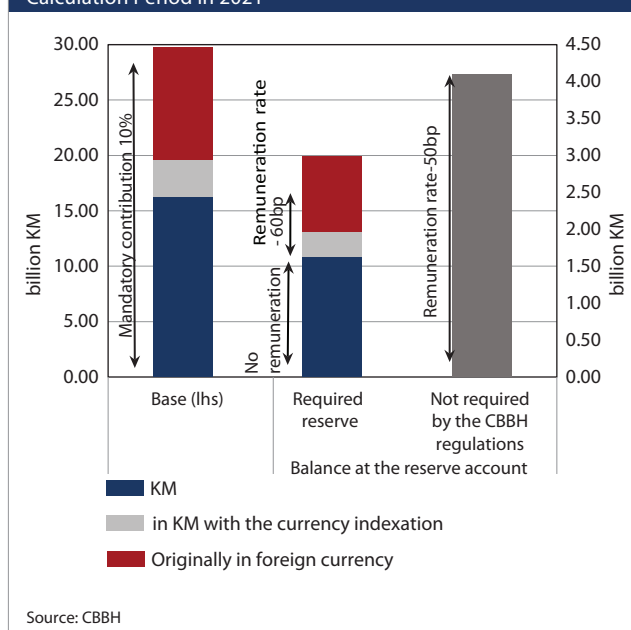
Graph 2.4: Coverage of Monetary Liabilities with Net Exchange Reserves



2.2 Reserve accounts with the CBBH

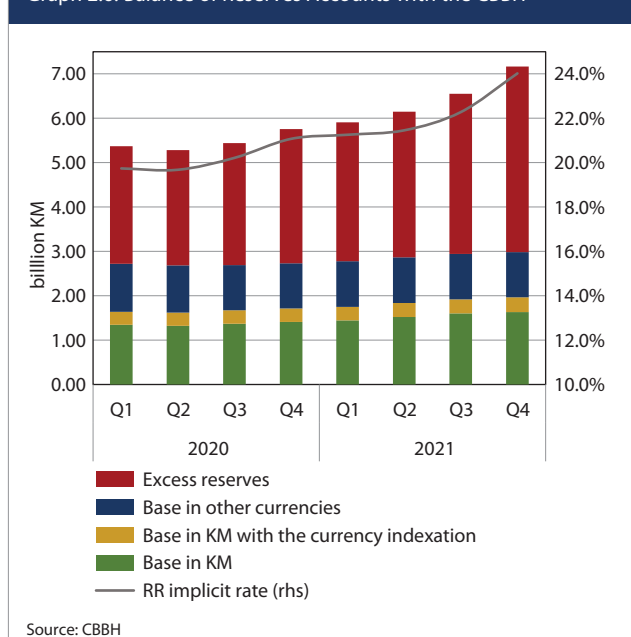
The only instrument of the CBBH monetary policy is required reserve. During 2021, the CBBH did not change the required reserve rate or the coverage of the required reserve base. The required reserve rate was kept at 10.0%, being applied on all domestic and foreign liabilities of banks. The remuneration rate on excess holdings above the required reserve was equal to the ECB deposit rate, amounting to -50 bp. The Governing Board of the Central Bank of Bosnia and Herzegovina (CBBH) at its meeting held on 27 October 2021, passed decision that remuneration rate on holdings exceeding required reserves in banks' reserve accounts with the CBBH should be changed to -0.75% from 01 January 2022. (ECB rate on commercial banks' deposits reduced by 25 basis points) The remuneration rate on required reserve in KM remained unchanged at 0.0%. From 01 June 2021, the CBBH has calculated remuneration at the rate applied by the ECB on commercial banks' deposits reduced by 10 basis points (-0.60%) on required reserve holdings for bases in foreign currencies and with currency indexation.

Graph 2.5. Required Reserves Policy as per Balance in the Last Calculation Period in 2021



Until December 2021, required reserve system included 24 banks, while a status change of banks took place in December due to the merger of two banks. In this way, the number of banks in the end of 2022 amounted to 23. All the banks met reserve requirement. A strong growth of domestic sector deposits remained a predominant factor of growth of required reserve base. RR base at the end of the reporting period amounted to KM 29.83 billion, exceeding the level recorded in the same period of the previous year by KM 2.5 billion. From the beginning of the year, required reserve base was growing, with the trend continuing until the end of 2021.

Graph 2.6: Balance of Reserves Accounts with the CBBH

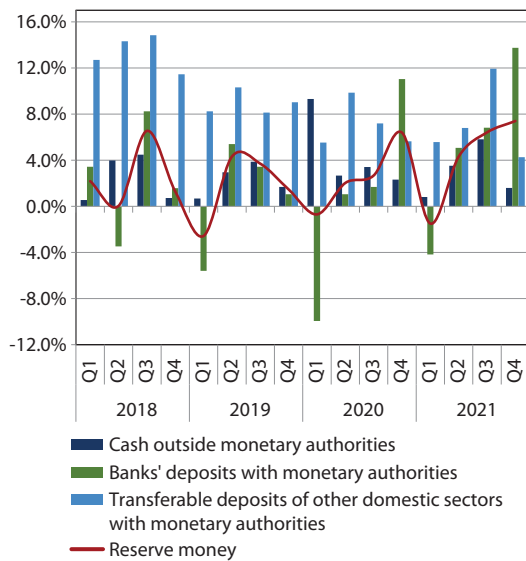


On the basis of the above, having in mind the trend of banks' foreign liabilities, it can be concluded that banks mainly relied on domestic sources of finance, and that the COVID-19 pandemic during 2021 did not have considerable lasting effects on the total RR base (Graph 2.6)

The total holdings in reserve accounts with the CBBH in the end of the calculation period amounted to KM 7.16 billion, while the implicit required reserve rate reached the value of 24.2%. In the end of December average excess holdings above required reserve reached the record amount of KM 4.09 billion. Due to such upward trend, excess holdings above RR compared to the same period of the previous year increased by KM 1.07 billion. Although the tendency of holding higher balances in accounts with the CBBH compared to the RR prescribed by the CBBH, was stronger with a few banks, it remains evident that this was a system trend which is not specific for a certain group of banks. Such strong growth of excess holdings above the required reserve during 2021 was also affected by intensive foreign borrowing of the government, which was explained earlier. Holdings above required reserve represent only one of the components of highly liquid assets of bank system, so it was actually in 2021 when high liquidity of bank sector was recorded.

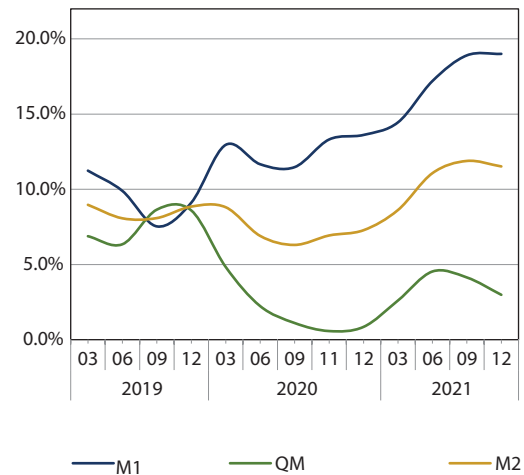
The corona virus pandemic brought about a considerable change of reserve money structure over the previous two years. In the structure of reserve money, cash outside monetary authorities continued its growth trend, although at a lower intensity, its amount at the year end being KM 6.92 billion. Banks' deposits with monetary authorities, having recorded a reduction in the first quarter of 2021, saw a significant increase at the end of the year in the amount of KM 1.3 billion compared to the previous year. It was firstly the result of the required reserve growth, and also the holding of banks' deposits above the amount of required reserve with monetary authorities throughout 2021, their strongest impact being visible in the end of the year. Upward trend of transferable deposits of other domestic sectors was seen throughout 2021, their share in the total deposits increasing significantly (60%). Consequently, the annual growth of reserve money of KM 2.14 billion was mainly affected by a strong growth of transferable deposits of other domestic sectors as well as growth of deposits with monetary authorities, all resulting from government borrowing. Reserve money in the end of 2020 amounted to KM 12.31 billion (Graph 2.7).

Graph 2.7: Changes in the Reserve Money Components Relative to the End of Previous Quarter



Source: CBBH

Graph 2.8: Annual Changes in Monetary Aggregates

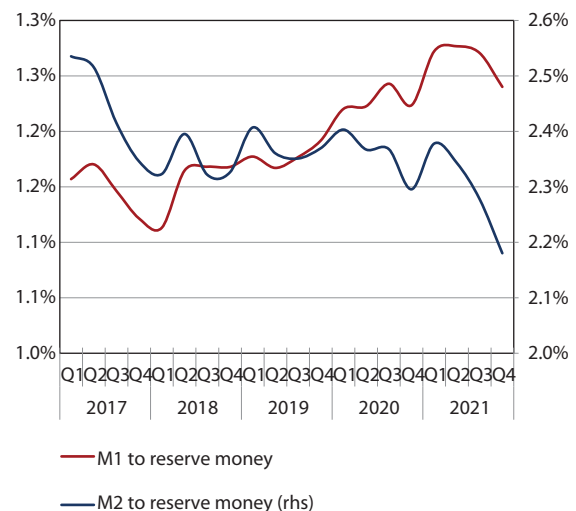


Source: CBBH

During 2021, increase of money supply (M2) was almost entirely the result of growth of aggregate M1, including the most liquid components of money supply (transferable deposits and cash outside banks). Out of the total money supply growth in 2021, even 72% was related to the growth of transferable deposits in the local currency. The total money supply in the end of the year amounted to KM 31.50 billion, which was an increase of 11.53% compared to the same period of the previous year. Such continuing strong growth was also partly a result of maturities of term deposits. Due to additionally decreased interest rates on term deposits, households and companies often decide not to extend their term deposits, but rather keep their funds as transferable deposits which are available at any time. On the other hand, insufficient lending activity, brought about by the coronavirus pandemic, and also lower demand for loans, did not create any banks' needs for additional long-term sources of financing (see the Section on banking sector). The growth of broader monetary aggregate quasi-money (QM) was negligible during the year, entirely resulting from the growth of transferable deposits in foreign currency (Graph 2.8). The largest increase of transferable deposits during 2021 was recorded with the sector of households and non-financial companies.

Changes related to the trends of money supply components as well as changes in the reserve money were also reflected in monetary multiplication. With a significant increase of primary money, the monetary multiplier for M2 slightly decreased over the previous year. Due to a faster growth of monetary aggregate M1 compared to the primary money growth, monetary multiplier for M1 showed a growth over the previous year (Graph 2.9.).

Graph 2.9: Monetary Multiplication



Source: CBBH

Regulatory data also indicate a stable growth of domestic sources of funds. The share of short-term financial liabilities in the total financial liabilities remained high, having increased compared to the previous year. The growth of cash and transferable deposits again (the same as in the previous year) impacted the improvement of liquidity indicator. A very high percentage of short-term to the total financial liabilities of banks pointed out a maturity structure of sources, at the moment not in favour of a strong growth of long-term loans. A stronger growth of deposits compared to lending resulted in the total deposit amount largely exceeding the total loan amount during the entire 2021.

Table 2.1. Liquidity Indicators of BH Banking Sector

		Liquid assets to total assets	Liquid assets to short term financial liabilities	Deposits to credits	Short term financial liabilities to total financial liabilities
2017	Q1	23.5%	41.6%	101.2%	72.8%
	Q2	38.8%	42.1%	101.1%	72.8%
	Q3	20.6%	43.8%	103.5%	74.4%
	Q4	28.7%	44.3%	105.1%	75.2%
2018	Q1	29.0%	44.0%	106.0%	75.8%
	Q2	32.7%	43.2%	107.0%	78.0%
	Q3	29.2%	44.4%	108.5%	78.0%
	Q4	29.7%	44.6%	109.5%	77.3%
2019	Q1	28.8%	44.0%	109.7%	76.3%
	Q2	28.7%	43.8%	109.6%	76.1%
	Q3	30.0%	46.2%	112.5%	75.4%
	Q4	29.6%	45.5%	112.7%	75.3%
2020	Q1	28.1%	43.0%	113.2%	75.4%
	Q2	27.3%	40.7%	114.9%	77.5%
	Q3	28.0%	41.3%	117.8%	78.4%
	Q4	29.1%	42.7%	120.7%	78.5%
2021	Q1	29.0%	42.2%	122.3%	79.5%
	Q2	28.2%	40.5%	125.4%	80.5%
	Q3	29.0%	41.5%	127.7%	80.8%

Source: CBBH

2.3 Management of foreign currency reserves

In accordance with the Law on the CBBH and relevant internal acts, the CBBH manages foreign exchange reserves primarily based on the principles of security and liquidity of investments. Considering that according to Article 34 of the Law on the CBBH it is not possible to invest more than the equivalent of 50% of the aggregate amount of unimpaired capital and reserves¹⁶ in currencies other than EUR, the CBBH invests more than 95% of its foreign exchange reserves in financial instruments denominated in EUR. Consequently, the investment process in the CBBH in 2021 was determined by negative and low market yields on government debt securities of euro area countries and negative interest rates on foreign currency deposits with foreign banks.

Decisions on management and investment of foreign exchange reserves are made at three levels within the CBBH organisation: strategic - Governing Board; tactical - Investment Committee and operational - the competent departments of the Sector for Monetary Operations, Management of Foreign Exchange Reserves and Cash. The Governing Board establishes investment guidelines that define: maximum risk appetite, the optimal risk and return trade-off, strategic asset allocation, investment restrictions, investment period and benchmark for performance

assessment. The Investment Committee operates within the binding legal restrictions, the Investment Guidelines adopted by the Governing Board and the Risk Rules and Parameters Related to the Foreign Exchange Reserve Investment. Decision-making and responsibility for daily management of foreign exchange reserves, in accordance with the law and the abovementioned internal acts of the CBBH, is at the operational level.

In the process of the foreign exchange reserve management, especially at the tactical and operational level, all available information from relevant money and capital markets in the euro area and the world is continuously considered, as well as available forecasts that could affect foreign exchange investments in the current year and in the future. This is a common practice of central banks, which are a special, very conservative, type of investor. The same approach was maintained in the CBBH during 2021, which enabled the adjustment of investment policy in accordance with changes in international debt securities markets and ratings of foreign banks with which the CBBH has time deposits and current account funds, and within the existing legal and strategic limitations.

The CBBH Foreign Reserves Portfolio is primarily exposed to financial risks (interest rate, credit and liquidity risk) and foreign exchange risk. Managing interest rate risk, i.e. the risk of reducing the market value of the foreign reserves portfolio due to undesirable interest rate movements, includes: prescribing the target modified duration of the foreign exchange reserves portfolio and the permitted

¹⁶ As of 31 December 2021, unimpaired capital and reserves amounted to 861.4 million KM. For more information, see Chapter 3 of the Annual Report: Financial Statements and Independent External Auditor's Report.

deviation; value at risk monitoring; and prescribing the maximum amount of standard deviation of the allowed CBBH portfolio return deviation from the reference portfolio return.

The CBBH limits its exposure to credit risk by investing in bonds of selected euro area countries and placing deposits in: selected central banks in the euro area, the Bank for International Settlements (BIS) and selected commercial foreign banks, provided that they meet the counterparty eligibility standards. The basic principle in credit risk management is the appropriate criterion for selecting counterparties and fixed income debt securities and avoiding excessive concentration of credit risk exposure to individual counterparties. These standards and restrictions are reviewed and updated as necessary, taking into account the official ratings of the world's leading rating agencies, as well as indicators obtained by using internal credit risk assessment methods.

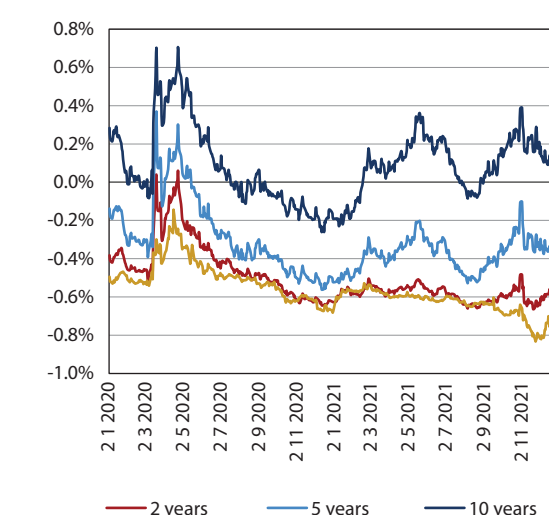
Liquidity risk management is based on the assessment of potential liquidity needs and the identification of liquid financial instruments. Instruments that provide daily liquidity are overnight deposits and current account funds with counterparties that meet credit risk criteria, and maturing funds on all instruments on that date.

Foreign exchange risk is the risk of changes in the value of foreign currency assets and liabilities due to changes in exchange rates in which foreign exchange reserves are held relative to the domestic currency. Foreign exchange risk management is carried out primarily through the adjustment of the currency structure of assets and liabilities of the CBBH. Foreign exchange risk is negligibly low due to investments in euro instruments.

During 2021, the process and results of CBBH foreign exchange reserves management were largely determined by developments in financial markets in which, in

accordance with the CBBH Law and the defined strategic structure of reserves, funds in foreign convertible currency are invested. Short-term interest rates in 2021, as well as market yields on short-term and medium-term government bonds of euro area countries (Graph 2.10) were, on average, lower than in 2020. Episodes of growth in market yields have been recorded since November 2021, and continued, with stronger intensity, in the first two months of 2022. A stronger increase in market yields in the last quarter was recorded in the case of government bonds with longer remaining maturities. However, as the growth of yields for debt securities in the very long-term CBBH portfolio was strengthened only at the end of 2021, the average market yield on ten-year government bonds of euro area countries in 2021 is only slightly higher than in 2020 (Table 2.2).

Graph 2.10: Average Market Yields at Government Bonds in Euro Area during 2020 and 2021



Source: ECB

Table 2.2: Weighted Average net Interest Rate on the CBBH Foreign Exchange Reserves and Average Interest Rates and Market Yields on Sovereign Bonds in the Euro Area

	WAIR, %	ECB - main refinancing operations (MROR), %	Euribor, %		EUR bonds, %					
					Months			Years		
				3m	3	6	1	2	5	10
2016	0.22	0.01	-0.34	-0.26	-0.42	-0.39	-0.36	-0.32	0.01	0.77
2017	0.18	0.00	-0.37	-0.33	-0.54	-0.52	-0.49	-0.39	0.18	1.09
2018	0.16	0.00	-0.37	-0.32	-0.48	-0.43	-0.33	-0.13	0.46	1.14
2019	0.11	0.00	-0.40	-0.36	-0.46	-0.42	-0.37	-0.27	-0.02	0.40
2020	0.04	0.00	-0.50	-0.43	-0.50	-0.49	-0.47	-0.43	-0.27	0.08
2021	-0.08	0.00	-0.56	-0.55	-0.64	-0.63	-0.62	-0.58	-0.37	0.10

Source: ECB, CBBH

Note: WAIR means the weighted average interest rate (net) at the CBBH foreign exchange reserves.¹⁷

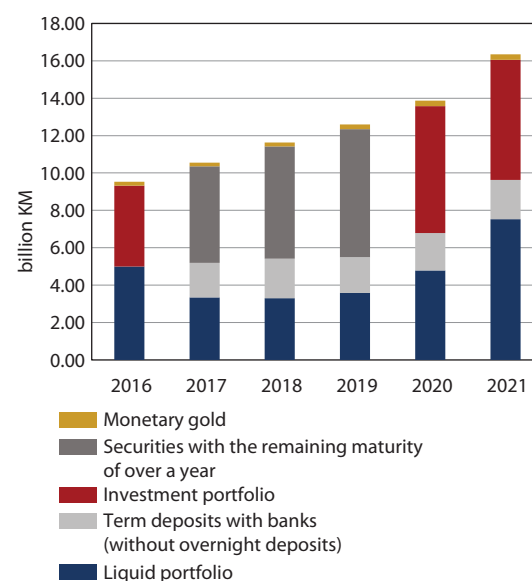
¹⁷ The weighted average interest rate (net) is calculated by dividing the total net interest income in foreign currency in the reporting year by the average balance of foreign exchange reserves in the reporting year. Total net interest income in foreign currency is calculated as the difference between total interest income in foreign currency and total interest expenses in foreign currency. Total interest income in foreign currency is the sum of interest income on securities, interest income on foreign currency deposits with foreign banks and interest income on funds held in SDRs with the IMF. Total interest expenses in foreign currency are the sum of interest expenses on securities and interest expenses on foreign currency deposits with foreign banks.

Market yields on government bonds denominated in EUR were extremely low in 2021 as well. Inflationary shock and a strong economic recovery raised expectations of general interest rate growth, leading to some yield growth during the second and fourth quarters of 2021. Macroeconomic trends in the second half of 2021 signalled possible changes in the monetary policies of the world's major central banks, which had been extremely stimulating by that time. On the other hand, the new Covid19 strains and the possible negative implications of the increased number of those infected on economic activities, caused volatility in the yield of all bonds. Also, the ECB's efforts to ensure the continuation of the current policy of negative interest rates, even after the announced possible suspension of bond purchases through the Pandemic Emergency Purchase Programme (PEPP) in 2022, was an important factor in positioning investors.

Unlike the ECB, the FED announced the withdrawal of stimulus measures in 2022 already at the end of 2021. Markets expect the first increase in reference interest rates in the United States in the first half of 2022. As a result, yields on US bonds increased, which was, to a lesser extent, transferred to euro area government bond yields. The spillover effect was weak and yields on most euro area bonds with the highest sovereign ratings with longer maturities remained negative. In the case of Italian bonds, in 2021 there was a trend of rising yields and, in the segment of 5 to 10 years to maturity, positive yields were recorded. Unlike bonds with longer maturities, yields on bonds with maturities of up to 1 year and treasury bills had a marked downward trend, with levels well below the level of interest rates paid by the ECB on bank deposits (Deposit Facility rate).

The decline in market yields contributed to a further decline in the weighted average interest rate (net) (WAIR (net)), which is negative for the first time in 2021 (Table 2.2). The structure of foreign exchange reserves at the end of 2021 (Graph 2.11) consisted of: time deposits with banks (excluding overnight deposits), with a share of 12.87%; liquid portfolio, with a share of 46.01%; investment portfolio (securities with more than one year left to maturity), with a share of 39.27%; and gold, with a share of 1.85%. At the end of 2021, the liquid portfolio consisted of: current accounts with banks (8.28% of total foreign exchange reserves); overnight deposits (2.99% of total foreign exchange reserves); cash in the CBBH vault (2.87% of total foreign exchange reserves); special drawing rights of the IMF (0.01% of total foreign exchange reserves); and securities with one year or less to maturity (31.86% of total foreign exchange reserves). Securities with one year or less to maturity, as the largest item in the liquid portfolio, amounted to KM 5.21 billion at the end of 2021. At the end of 2021, current accounts with banks amounted to KM 1.35 billion.

Graph 2.11: CBBH Exchange Reserves' Investment Structure



Source: CBBH

Note: Investment portfolio was as a reporting category until the end of 2016 and it contained securities available for sale with a maturity of more than one year and the entire portfolio of securities held to maturity. The investment portfolio is from 2020 again reporting category, but contains securities that are to maturity more than a year left.

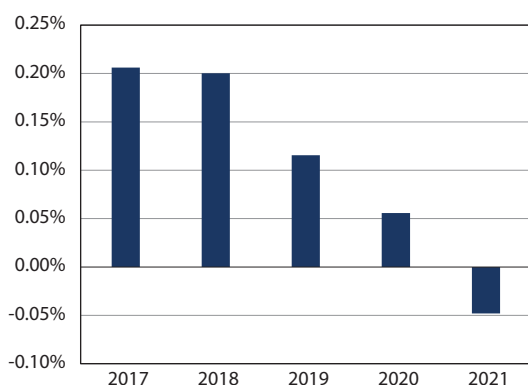
At the end of 2021, fixed income securities, expressed at market value, accounted for 71.13% of total foreign exchange reserves, which is about two percentage points more than their share in foreign exchange reserves at the end of 2020. In order to be protected against credit risk, investments are made in securities of selected European countries, with restrictions on the maximum share of debt instruments for each individual country.

Funds deposited with non-resident banks, at the end of 2021, recorded an annual increase of KM 113.13 million (2.95%), while funds invested in fixed income securities increased by KM 2,028.28 million (21.12%).

Net effect of CBBH foreign currency investments for the period 01 January – 31 December 2021 was negative for the first time (in the amount of KM 7.12 million). Expressed by the effective yield rate¹⁸, the net investment effect amounted to -0.05% (Graph 2.12). The increasingly pronounced decline in rates of yield on investments in convertible foreign currency is due exclusively to negative interest rates on short-term deposits in euros and investments in securities with negative rates of yield on purchases in recent years. In addition, the maturity of securities purchased with positive yield in previous years and the reduction of exposure and sensitivity to interest rate risk in order to protect the coverage of monetary liabilities and the stability of the currency board also significantly contribute to the decline in income.

¹⁸ The effective yield rate is calculated by dividing the net effect of investing foreign exchange reserves by the average balance of foreign exchange reserves in the observed period. When calculating the total net effects of investing foreign exchange reserves, all net interest income on securities and deposits was taken into account, as well as the realized net capital gains/losses due to the sale of securities from the CBBH foreign exchange reserves portfolio.

Graph 2.12: Annual Average Yield Rates of CBBH Exchange Reserves

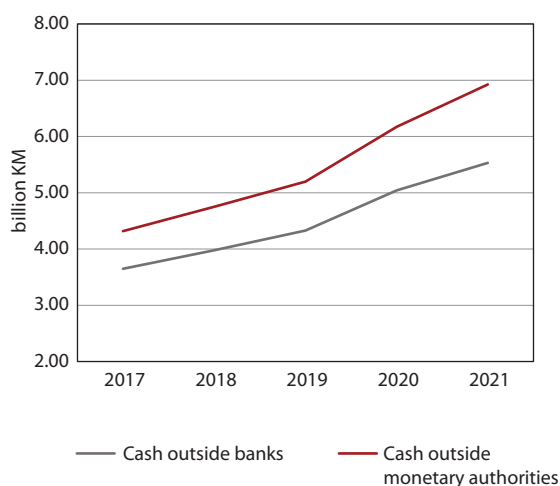


Source: CBBH

2.4 Cash management

Trend of strong growth of cash in circulation (outside banks) from previous years was further intensified. On 31 December 2021, the balance of cash in circulation outside banks amounted to KM 5.53 billion (Graph 2.13), which was higher by even 9.7% compared to 2020. The growth of demand for cash by banks remained the consequence of increased demands of clients for cash.

Graph 2.13: Cash outside Monetary Authorities and Banks

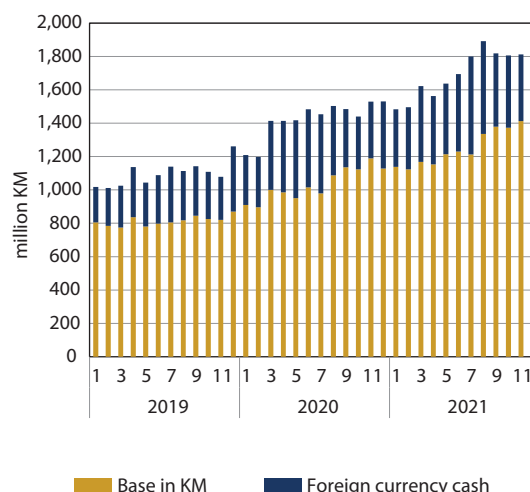


Source: CBBH

Commercial banks continued to significantly increase the amount of cash in their own vaults (Graph 2.14). Unlike 2020, when with the declaration of the emergency and natural disaster situation in March, the reserve accounts of

banks with the CBBH were reduced, and the amount of cash in vaults increased, during 2021, cash in vaults and reserve accounts balances with the CBBH registered a significant increase. A significant increase in the required reserve base (Chapter 2.2), with a relatively modest increase in lending activity (Chapter 1.2.3), resulted in an additional increase in liquidity in the banking sector. Since June, the CBBH has introduced a fee for the required reserve from the base for calculating required reserves in foreign currency and domestic currency with a currency clause (Chapter 2.2), as a result of which it has become more expensive for banks to keep funds in the CBBH account. From the point of view of liquidity risk management in banks, there is no difference between cash and the reserve accounts balances. Consequently, in order to reduce costs, banks have additionally used the physical capacity of their own vaults. The increase in cash in banks' vaults at the end of December 2021, compared to the end of 2020, amounted to KM 261.9 million (23.2%).

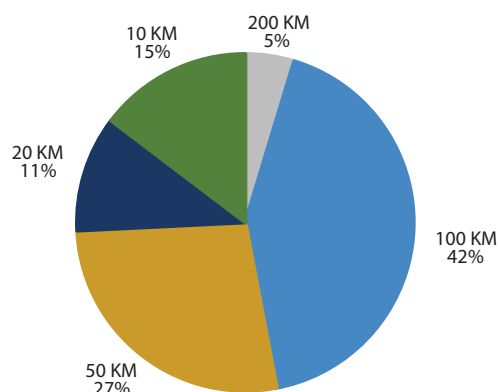
Graph 2.14: Cash Balance in Banks' Vaults



Source: CBBH

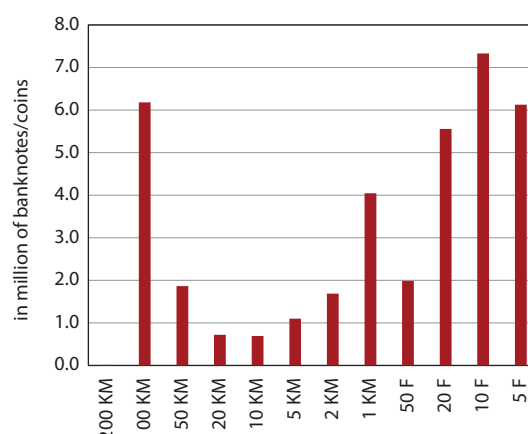
Outside the CBBH, at the end of 2021, there were KM 97.1 million banknotes and KM 538.5 million coins, with a total value of KM 6.92 billion, which is 12.2% more than in 2020. In terms of the denomination structure of money outside the CBBH, the most common were banknotes of KM 100 and KM 50, and of coins denomination of 10 F (Graphs 2.15 and 2.16). The number of banknotes in denominations of KM 100, which were in circulation at the end of 2021, is higher by 6.2 million (17.7%) compared to the end of 2020, which further illustrates the increased demand for holding cash by banks and by their clients as well.

Graph 2.15: Banknotes' Denomination Structure



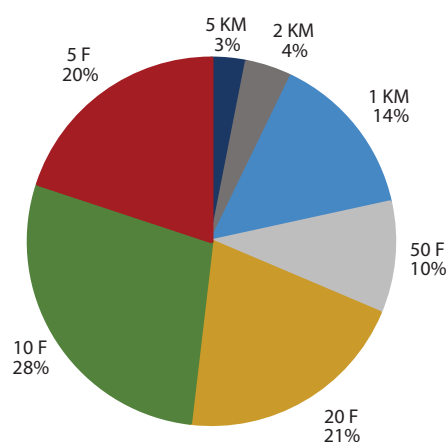
Source: CBBH

Graph 2.17: Increase of Banknotes and Coins Number, per Denomination, relative to 2020



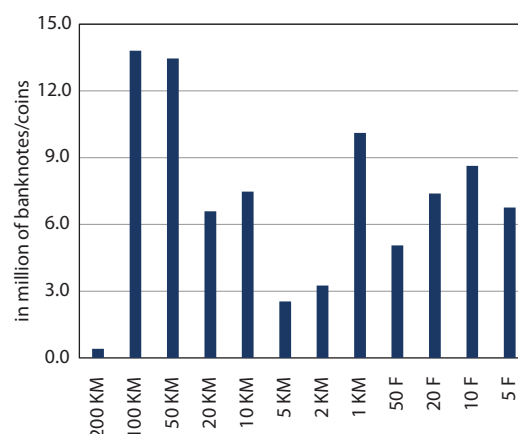
Source: CBBH

Graph 2.16: Coins' Denomination Structure



Source: CBBH

Graph 2.18: Banknotes and Coins Supplies by the Central Bank in 2021, per denomination



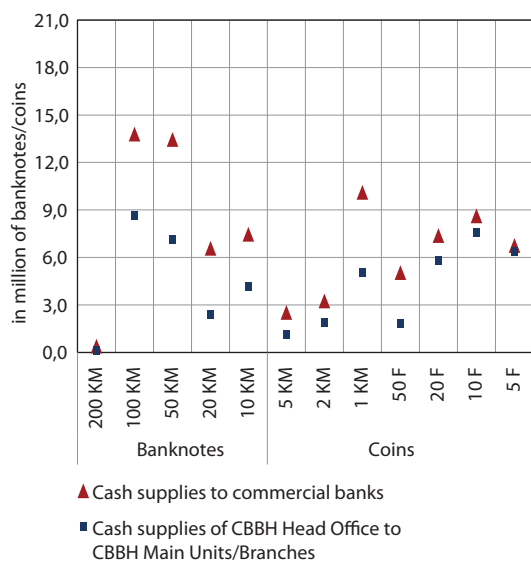
Source: CBBH

Compared to 2020, the number of banknotes outside the CBBH increased by 9.5 million pieces (10.8%), in the total value of KM 935.3 million (Graph 2.17). The quantity of coins outside the CBBH in the same period increased by 27.8 million pieces (6.7%), in the total value of KM 16.1 million (Graph 2.17).

Supply of commercial banks with cash is carried out through the vaults of the CBBH Main Units and Branches, located in Sarajevo, Banja Luka, Mostar and Brčko, with the strict adherence to the currency board arrangement. During 2021, 41.7 million pieces of banknotes and 43.8 million pieces of coins were issued to commercial banks in the total value of KM 2.38 billion (Graph 2.18).

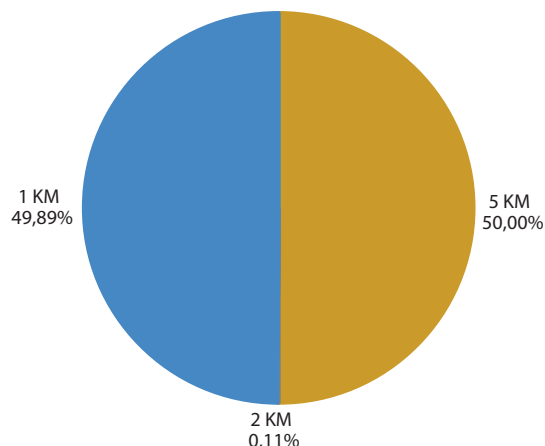
In the same period, 22.4 million pieces of banknotes and 29.7 million pieces of coins were issued from the Cash Management Department of Head Office to the Main Units and Brčko Branch (subsidiaries), in the total value of KM 1.35 billion. Graph 2.19 below implies that the CBBH took care of demands of commercial banks for cash in adequate denomination structure. As commercial banks also return significant amounts of cash into the CBBH vaults, subsidies to the CBBH Main Units/Branches are, as rule, much lower.

Graph 2.19: Cash Supplies (KM) of Central Bank in 2021



Source: CBBH

Graph 2.21: Denomination Structure of Coins' Counterfeits in 2021

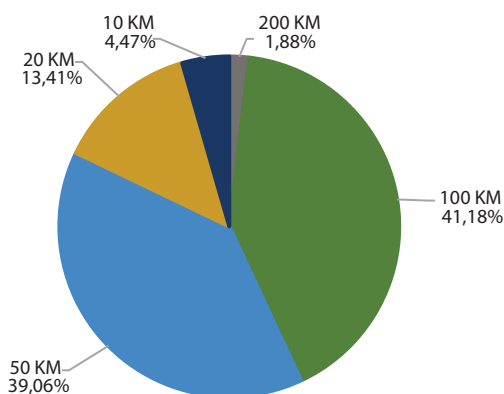


Source: CBBH

The CBBH continuously withdraws banknotes unfit for circulation, which are destroyed according to applicable regulations. By withdrawing unfit banknotes and putting into circulation banknotes of new series, the CBBH maintains a satisfactory quality of currency in circulation. In 2021, 8.7 million pieces of banknotes and 18.327 pieces of coins unfit for circulation were destroyed.

In 2021, 425 counterfeited convertible mark banknotes were registered by the CBBH, which was higher by 3.7% compared to 2020. 872 pieces of counterfeited convertible mark coins were registered, which was higher by 19.6% compared to 2020. According to denomination structure, the highest number of counterfeited banknotes was in the denomination of KM 100 (Graph 2.20), and that of counterfeited coins in the denomination of KM 5 (Graph 2.21).

Graph 2.20: Denomination Structure of Banknotes' Counterfeits in 2021



Source: CBBH

2.5 Payment systems maintenance

The legal obligation of the maintenance of appropriate payment and settlement systems was also fulfilled by the CBBH in 2021: payment transactions in the country were carried out smoothly, through the systems of giro clearing and real time gross settlement (RTGS); the Central Registry of Credits (CRC) and Single Registry of Business Entities' Accounts (SRBEA) were maintained; and international clearing of payments with foreign countries was carried out as well. Recognising the macro-economic importance and importance of secure and efficient payment systems for financial stability, the CBBH in 2021 worked intensively on strengthening the capacity and operationalization of the payment systems monitoring function.

In 2021, there was an increase in the number and value of interbank transactions in the payment system that takes place through the CBBH compared to the previous year (Table 2.3). Compared to 2020, the growth was particularly pronounced in the number of transactions through the giro clearing system (Table 21 in the Statistics Appendix). Such a strong change on an annual basis was expected, bearing in mind that during 2020, for a longer period of time, a large number of legal entities were closed, or worked with significantly reduced capacity. There was also a significant increase in transactions through RTGS systems, which was reflected in a strong increase in the value of interbank transactions compared to 2020. As in previous periods, most interbank payment transactions were performed in a few banks; 50.36% of the total value and 52.40% of the total number of payment transactions in 2020 were performed through five banks.

In 2021, a far greater number of both interbank and intrabank transactions were performed by corporate clients (84% and 72% respectively). In terms of the type of transaction initiation, in 2021 paper orders (55% of the total number of orders) were more represented in intrabank payment transactions, while 59% of interbank transactions were initiated by electronic orders.

Table 2.3: Payment Transactions via Commercial Banks

	Interbank transactions	Change compared to the previous year	Intrabank transactions	Change compared to the previous year	Total	Change compared to the previous year
Number, in million						
2017	41.1	2.8%	68.4	7.4%	109.5	5.6%
2018	42.3	3.0%	58.8	-14.0%	101.2	-7.6%
2019	43.6	3.0%	56.9	-3.3%	100.5	-0.7%
2020	43.8	0.4%	53.9	-5.2%	97.7	-2.8%
2021	48.0	9.6%	56.3	4.4%	104.3	6.8%
Value, in billion KM						
2017	96.24	8.9%	117.10	26.3%	213.34	17.8%
2018	102.67	6.7%	115.44	-1.4%	218.11	2.2%
2019	123.05	19.8%	113.37	-1.8%	236.42	8.4%
2020	105.13	-14.6%	100.43	-11.4%	205.56	-13.1%
2021	122.40	16.4%	110.47	10.0%	232.87	13.3%

Source: CBBH

Table 2.4: Survey of ATM and POS Card Transactions and internet

	2017	2018	2019	2020	2021
POS, in billion KM	2.76	3.12	3.26	3.19	2.94
Change compared to the previous year	8.2%	13.2%	8.2%	-1.9%	-7.7%
ATM, in billion KM	6.75	7.16	7.75	8.17	8.75
Change compared to the previous year	8.2%	6.1%	4.3%	5.4%	7.2%
Internet, in million KM			157.4	180.6	265.0
Total, in billion KM	9.51	10.29	11.17	11.54	11.96
Change compared to the previous year	8.2%	8.2%	8.6%	3.4%	3.7%

Source: CBBH

Table 2.5: Realized Values by Means of Cards on Residence Principle

Year	Cash withdrawals		Purchase of goods and services at POS terminals	Total
	ATMs	POS terminals		
Realized values by foreign cards in BH, in million KM				
2017	1,177.9	35.0	527.3	1.740.2
2018	1,346.7	43.7	650.2	2.040.6
2019	1,648.8	59.6	833.5	2.542.0
2020	1,117.6	59.7	399.3	1.576.6
2021	1,360.7	39.3	619.3	2.019.3
Realized values abroad by cards issued in BH, in million KM				
2017	147.4	1.7	380.3	529.5
2018	146.7	2.0	474.0	622.7
2019	165.3	3.0	426.8	595.1
2020	162.3	4.0	355.7	522.0
2021	143.4	3.4	447.0	593.8

Source: CBBH

Table 2.6: Shares of Card Brands

Year	Visa	MasterCard	American	Bam Card	Diners	Total
2017	1,001,137	983,194	7,246	9,844	3,792	2,005,213
2018	870,018	1,252,486	7,123	10,369	13,350	2,153,346
2019	757,775	1,348,275	7,304	12,280	12,970	2,138,604
2020	736,947	1,410,718	6,901	9,666	6,324	2,170,556
2021	749,874	1,452,272	6,382	10,371	30	2,218,929

Source: CBBH

Data on card transactions also indicate the persistence of consumer habits that emerged with the pandemic declaration. The trend of strong growth in transactions at point of sale (POS) terminals was interrupted by the pandemic (Table 2.4), and the decline in value on an annual basis was recorded in 2021. Internet sales increased intensely (46.7%) compared to 2020 (Table 2.4), which significantly offset the decline in transactions at POS terminals. Internet sales abroad accounted for 65% of total internet sales in 2021, but card sales on the Internet in the country and abroad also recorded an approximate increase in absolute amounts compared to the previous year. Turnover on automated teller machines (ATMs) continued to grow, as expected after the pandemic effect on personal consumption weakened.

The recovery of tourism in 2021 is best reflected in the strong growth of realized values by means of foreign cards in BH (Table 2.5 below). Although pre-pandemic turnover based on foreign cards in BH has not yet been achieved, compared to 2020, turnover based on cards issued in BH indicates that residents have approximately the same habits concerning spending abroad as before the pandemic.

Mastercard is still by far the most represented card brand in BH (Table 2.6). This is because banks in BH, for the most part, accept Mastercard and Visa card brands at ATM and POS terminals. Other brands were represented in a very small number of banks. The number of contact and contactless card transactions in BH at ATM and POS terminals in 2021 was almost the same (57.6 and 56.5 million), but the value of transactions realized through contact cards was significantly higher (KM 9.15 billion, i.e. 78.5% of the total value).

The CBBH contributed to financial stability by maintaining and improving the Central Registry of Credits, which in 2021, was updated on a daily basis with data provided by 25 banks¹⁹, 33 microcredit organisations and 19 leasing companies and other institutions. Compared to 2020, the number of access points was reduced by 257, to 1.296. The change in the number of access points is mostly caused by the decrease in the number of commercial banks, which with 1.115 access points (208 less than in 2020) remained by far the most important users of information stored in the CRC. The number of accesses to the CRC in 2021 was significantly lower than in the previous year (173.7 thousand fewer accesses, or -6.19%). The largest number of reductions in access refers to microcredit organisations (225.8 thousand compared to the previous year). Banks have increased the number of accesses compared to 2020 by 52 thousand, and are still the most frequent users of information from the CRC.

At the end of 2021, SRBEA contained information on 238,183 active and 100,271 blocked accounts. SRBEA was accessed from 1,250 access points (169 less than in

2020), of which 1,119 belonged to banks, 31 MCOs, 17 leasing companies and insurance companies and 83 other institutions. In the past year, the organisational units of the CBBH issued a total of 9,271 reports from SRBEA.

In 2021, the CBBH carried out the international clearing of payments between BH and Serbian banks. Through the clearing system for international payments with Serbia, the total of 12,236 orders were sent (+15.2% compared to 2020), the value of which was EUR 352.78 million (+50.03% compared to 2020).

2.6 The role of the fiscal agent

According to the Law on the CBBH (Article 52) and the Law on Debt, Debt Issuance and Guarantees of BH, it has been defined that the CBBH would provide banking services, i.e. perform transactions at the order of the Ministry of Finance and Treasury of BH (MFT BH) related to BH foreign debt servicing and act as a fiscal agent for the membership of BH in international financial institutions. On the basis of the Agreement on Performance of the Banking and Fiscal Agent Operations between the CBBH and the MFT BH, the CBBH continued to carry out the banker, depository, representative in payments and fiscal agent duties in 2021, too. Such service in 2021 included local and foreign payment transactions, deposit account management, and the conversions of funds related to loans and donations based on contracts concluded by the BH Council of Ministers with international financial institutions, the operations arising from arrangements and membership of BH in international financial institutions and foreign debt servicing. Due to rather unfavourable conditions in international financial markets during 2021, MFT BH did not send any orders for investing foreign exchange funds.

The CBBH provides banking services and performs transactions at the order of the MFT BH related to BH foreign debt servicing. The MFT BH is in charge of implementing the procedures for issuing debt and managing sovereign debt, it provides the coverage of the liabilities in the local currency and keeps the data base on BH foreign debt. The roles of the CBBH and the MFT BH related to BH foreign debt servicing are defined by the CBBH Law and also by the Law on Debt Issuance, Debt and Guarantees of BH, the Law on BH Institutions Financing, the Law on BH Indirect Taxation System and the Law on the Payments in the Single Account and the Revenues Allocation.

The operations, tasks, competences and mutual relations between the MFT BH and the CBBH have been defined by the bilateral Agreement on BH Foreign Debt Servicing, concluded by the two institutions for the first time in 1998 (the latest version concluded in 2013). According to the provisions of the referenced Agreement, the CBBH is in charge of:

- timely providing of the needed amounts in foreign currencies for the payment of due liabilities;
- timely and accurate performance of payments on the basis of orders/instructions of the MFT BH;

¹⁹ At the end of the year, the number of banks was 24, the CBBH and 23 commercial banks. The number of commercial banks has decreased by one since the beginning of the year, due to the status change of the merger.

- correspondence with foreign banks and creditors related to the payment of liabilities, and;
- reporting to the MFT BH on all the performed transactions.

The funds needed for the foreign debt servicing in the local currency are provided by the MFT BH from the Indirect Taxation Authority (ITA) and/or through direct payments of the end users of loans. The Annual Plan of the funds needed for foreign debt servicing is an integral part of the document "Budget of BH Institutions and International Liabilities", which is adopted by the Parliamentary Assembly of BH. According to the concluded Agreement on Performance of the Banking and Fiscal Agent Operations between the CBBH and the ITA, and on the basis of the Law on the Payments in the Single Account and the Revenue Allocation, the management of the single ITA account for collecting the revenues from indirect taxes was continued during 2021. According to this arrangement, commercial banks transfer, on daily basis, all the collected revenues in the account for recording, holding and allocation of the ITA revenues with the CBBH, and then, those revenues, at the order of the ITA, are allocated on daily basis to several accounts based on various purposes according to the legal regulations and the order of the ITA. On the basis of the Law on Excise Duties, the collecting funds paid on the basis of tolls in the account of the ITA with the CBBH was continued in 2021, as well as the allocation of these funds at the order of the ITA to the Entities and the Brčko District.

All liabilities on the external debt of BH during the past year were serviced properly and in a timely manner. Commitments have been made to: the International Monetary Fund (IMF), the World Bank (IBRD, IDA), the Paris Club, the European Bank for Reconstruction and Development (EBRD), the London Club of Creditors, the Council of Europe Development Bank (CEB), the Saudi Reconstruction Fund and Development, the European Investment Bank (EIB), the European Commission (EC), the German Development Bank (KfW), the Export-Import Bank of Korea, the OFID Fund, the International Fund for Agricultural Development (IFAD), the Labour and Economic Bank and the Austrian Postal Savings Bank (BAWAG), EUROFIMA, the Kuwait Fund for Arab Economic Development, the Government of Japan, the Government of Belgium, the Government of Spain and other public and private creditors.

The CBBH is a fiscal agent and has performed transactions related to the membership and arrangements of BH with the IMF since 2002, on the basis of the decision of the Council of Ministers of BH which was published officially in the official gazettes of BH. The mutual relations, competences and proceeding of the five institutions in BH (the CBBH, the MFT BH, the Federation Ministry of Finance, the Ministry of Finance of Republika Srpska and the ITA) regarding the financial arrangements with the IMF have been defined by the Memorandum of Understanding. The first one was concluded in 2002, in effect are those from 2016 and 2020. The CBBH is a depositary for accounts (cash and securities) held by the IMF with the fiscal agents (usually central banks) of all the members according to the Articles of Agreement of the IMF. With the purpose of performing the transactions of approval of the funds from the IMF and the payment of the liabilities towards the IMF, the CBBH keeps the earmarked

Deposit Account for Transactions with the IMF, with the sub-accounts of the Federation of BH, Republika Srpska and the Brčko District. The CBBH performs transactions with the IMF after the competent BH institutions provide the full coverage in the local currency in the mentioned account/sub-accounts. The BH quota, which is the paid and subscribed "capital" of each member country in the General Resources of the IMF is SDR 265.2 million.

The IMF has the authority to create unconditional liquidity through the general allocation of special drawing rights (SDRs) to member countries, in proportion to their share in the IMF's capital. The previous allocation of SDR was made in 2009, and it arose as a measure to mitigate the consequences of the global financial and economic crisis. In response to the crisis caused by the COVID-19 pandemic, on 2 August 2021, the IMF Board of Governors made a decision on the new allocation of SDRs for all IMF member countries, in the amount of about SDR 456 billion (equivalent to USD 650 billion), based on the percentage of the quota in the total amount of IMF capital. The SDR allocation is not a classic financial arrangement of a country with the IMF. The allocation obligation of the member country consists of monthly calculated costs on the cumulative amount of SDR allocation, which the member country pays quarterly to the IMF.

On 23 August 2021, the IMF remitted to BH the amount of SDRs²⁰ 254,182,273 based on the allocation of special drawing rights. The funds were paid into the SDR Account with the CBBH. The CBBH, as the fiscal agent of BH, approved the equivalent in the amount of KM 602,540,349.06 to the Deposit Account for IMF transactions - the main account of the Ministry of BH and after receiving instructions from the entity ministries of finance, distributed funds to entities' sub-accounts.

In accordance with the Articles of Agreement of the World Bank, the CBBH is the depositary for the members of the World Bank Group: IBRD, IDA and MIGA. By order of the referenced members, the CBBH executes transactions of purchase and sale of foreign currency for local one and executes payments/transfers to end users in the domestic payment system.

In 2021, and according to the Agreement concluded with the Deposit Insurance Agency of BH, the CBBH performed the record keeping of this institution's securities portfolio which, according to the Agreement of the Deposit Insurance Agency with an external portfolio manager, is managed by an external portfolio manager.

Also, according to the concluded agreements, the CBBH continued to act as a banking and fiscal agent of the Federation Ministry of Finance and as a banking agent of the FBH Banking Agency, the RS Banking Agency, the Brčko District, and of the Entities Registries of Securities. The service of using e-banking was provided to depositors in 2021, as well.

²⁰ In accordance with the 0.06% quota of BiH in the total amount of IMF capital.

2.7 Compilation of statistics

The CBBH collects data from the reporting units of the relevant statistical surveys and the owners of administrative data and processes them in order to produce and publish indicators of official statistics of BH within the competence of the CBBH. In order for statistical indicators to be as comprehensive, understandable and easily accessible to users, it is necessary to improve methods of data collection, processing, analysis and publication. During 2021, new statistical tools were improved and developed, which are needed for further harmonisation with international statistical standards, and especially with the methodologies applied in the EU, to which BH has committed itself through the Stabilization and Enlargement Agreement.

During 2021, the circumstances for statistical production stabilised considerably, compared to the beginning of the pandemic in 2020, so statistical reporting was more regular and with smaller time deviations. All of the planned statistical surveys were finished and completed in the areas of monetary and financial sector statistics, balance of payments statistics and government finance and financial accounts statistics, and were published and submitted to all international institutions, in accordance with the CBBH's commitments.

The CBBH, within its statistical activities, continued to engage in the expansion and harmonisation with EU requirements. In this regard, the entire statistical system in BH must make great steps forward to raise the scope of statistics and the quality of production to the level of other member states.

In addition to regular work, improvements have been made in the following segments:

- a regular quarterly Survey on Bank Lending Activities has been established, and the results of the survey are published on the website and have received appropriate attention. The methodology for this survey was dictated by a similar survey conducted in the euro area, and experiences from other countries in our region were also used;
- based on the recommendations of the regional project for external statistics (Cross-Border Statistics on Situations), funded by the EU and implemented by the IMF, preparations have been made for external debt statistics according to the formats demanded by the World Bank;
- after lengthy preparations, a Memorandum of Understanding was agreed and signed with the BH Agency for Statistics regarding the compilation of government finance statistics. The Memorandum defines the obligations of each of the institutions and the ways of cooperation, according to the instructions of Eurostat.

Technical IPA projects are used to expand statistics and raise quality towards harmonisation with EU standards. The implementation of the multi-beneficiary IPA 2017 technical assistance programme was successfully completed for all

three components worked on by the CBBH (government finance statistics - further upgrade and adjustment of ESA 2010 and EDP; international trade in services; and MFA indicators of macroeconomic imbalances), and the final workshops received positive assessments from Eurostat on the results achieved and data quality. During 2021, a new IPA 2019 Twinning project was launched with partner institutions in Denmark and Finland, which will last for two years. Within this project, the CBBH will work on the establishment of monthly balance of payments statistics and within that it cooperates with experts from Statistics of Finland on the preparation of methodology and assessment of the quality of data sources for these statistics.

Professional cooperation and work on planning documents with the Agency for Statistics of BH is continuously ongoing and mutual exchange of data and work on programming future EU assistance has been expanded. Within the Working Group for Statistics in the EU Integration Process, the list of priorities for the statistical system in BH has been analysed and defined on several occasions.

At the international level, continuous efforts are being made to improve the quantity and quality of statistics through participation in forums (such as the EC-BH Subcommittee, Eurostat Working Groups, ECB, BIS Irving Fischer Statistics Committee) and cooperation with countries in the region through various projects and conferences. The CBBH regularly submits extensive sets of statistical data to international and regional institutions, through which BH is represented in international statistical databases (Eurostat, IMF, World Bank, ECB, EBRD, UNCTAD, BIS Bank, UN Statistical Department). Particularly emphasized is the exchange of information with Eurostat, which includes methodological checks and analyses, as well as regular reporting within the Monitoring of Compliance (SIMS) with EU statistical requirements and annual (two-round) data collection for countries in the enlargement process.

The CBBH additionally engaged and prepared additional statistical reports for the needs of the Fiscal Council of BH, CEFTA Secretariat, Directorate for Economic Planning, Foreign Investment Promotion Agency, Ministry of Finance and Treasury of BH, Ministry of Economy and Entrepreneurship of RS, Ministry of Trade of FBH, with the aim of better monitoring of economic developments and taking appropriate measures.

2.8 Monitoring systemic risks in the financial system

The CBBH monitors financial stability which means the timely identification of vulnerabilities in the country's financial system. The purpose of the CBBH activities in this area is the improvement of the understanding of the cause-effect relations between the financial system and macroeconomic environment, the warning to the financial institutions and other participants in the market of the existing risks, the starting of the dialogue on risks and undertaking of remedy measures which will mitigate the

consequences of risk materialization. The CBBH activities in the field of monitoring the financial system stability include also the specialised communication with the relevant domestic and international institutions, which ensures a continuous process of systemic risk monitoring, and also the communication about the financial stability risks with the general public. The CBBH contributes to the keeping of the financial stability through its membership in the Standing Committee for Financial Stability of BH, which, beside the Governor of the CBBH and Managers of the Banking Agencies, includes also the members of BH Fiscal Council and the Manager of the Deposit Insurance Agency of Bosnia and Herzegovina.

The CBBH informs the general public on the risks for the financial stability through its regular annual publication, the Financial Stability Report, which has been published on the CBBH web site since 2007. By publishing the Financial Stability Report, the CBBH wants to point out to the public the consequences of the earlier macroeconomic trends and the trends in the financial, firstly banking sector, and the risks and challenges which the financial system will face in the periods ahead. The reports regularly present the results of analyses for monitoring systemic risks, which are developed and implemented in the Financial Stability Department.

The compilation and publishing of the set of the basic financial soundness indicators, according to the IMF methodology, is also an important communication channel of the CBBH with the general public. Financial soundness indicators are published on quarterly basis on the CBBH web site since mid 2009, and also on the IMF web site since September 2011. During 2021, the methodology for calculating financial soundness indicators was harmonised with the IMF's 2019 Guide to Compiling Financial Soundness Indicators. In addition to the aforementioned methodological adjustments of some existing indicators, the CBBH expanded the set of financial soundness indicators. New indicators and relevant methodological interpretations will be published on the CBBH website after availability of data at the end of the fourth quarter of 2021. In 2021, the CBBH continued its activities on conducting macroeconomic stress tests. Stress tests are performed in the CBBH on a quarterly basis and are the basic tool for quantifying the effects of systemic risks on the banking system. The detailed results of stress tests are exchanged with banking agencies, which also receive the Report on the stress test results, in which systemic risks and future trends are presented in a descriptive way. The results of the stress tests in the appropriate form of the Report on stress test results are also reported to the Standing Committee for Financial Stability. The aggregate stress test results with the end year data are published in the Financial Stability Report. At the end of 2021, the process of creating the macroeconomic stress tests scenarios was improved, which will be based on the CBBH model for macroeconomic projections in the coming periods. In addition to the solvency stress tests conducted in the CBBH, in the first half of 2021, the CBBH participated in the creation of macroeconomic scenarios for the supervisory testing of stress resilience carried out by Banking Agencies during the year.

During 2021, cooperation with the ECB continued regarding the updating of information related to the "Financial Stability Report for candidate and potential candidate countries for EU membership", which is reflected in the provision of a comprehensive set of data, information and clarifications of current situation and trends in the domestic financial sector. The aim of this publication is to contribute to a better understanding of systemic risks in the region through the analysis of trends in the financial systems of these countries and the assessment of current challenges to financial stability. The report is produced every two years and the information for the ECB is updated annually.

Continuous cooperation with other relevant domestic and international institutions and upgrading the existing analytical capacities of the CBBH in the field of financial stability continued in 2021, mostly through online communication channels, in accordance with the situation caused by the COVID-19 pandemic. Education and technical assistance programmes ensure that the approach to analysing and identifying systemic risk is in line with best practices and trends in the world, as well as the timely identification of systemic risks.

The tasks arising from the coordination of the activities of the banking agencies of the entities responsible for issuing banking licenses and supervising banks, continued to be implemented in 2021. Cooperation and exchange of data and information of the CBBH with the entity banking agencies took place continuously in various areas of regular cooperation. The Governor of the CBBH and the Directors of Banking Agencies held meetings to discuss important issues on the situation in the banking sector and the leasing and microcredit sectors, especially in the context of the current situation with the COVID-19 pandemic, the challenges facing these sectors and measures undertaken in 2021 to mitigate the effects of the pandemic. Other relevant topics in the monetary field were also discussed, supervisory issues which include, among other things, regulations for banking operations, improvement of cooperation in the field of financial stability, etc. At the invitation of the Governor, the Director of the Deposit Insurance Agency of BH also attended the meetings, which contributed to regularly informing the participants in the coordination of the state of insured deposits in BH and the activities of this agency which, in addition to the CBBH and the Banking Agency, is an important participant in the financial security network.

2.9 Cooperation with international institutions and rating agencies

During 2021, the CBBH continued intensive and quality communication and cooperation with the institutions of the European Union, members of the European System of Central Banks (ESCB) and other counterparts in the EU integration process. Although the political stalemate (especially in the second half of 2021) caused a stalemate in the process of BH's accession to the EU, the CBBH fulfilled all obligations in the EU integration process and, by its results

and improvement of business processes and analytical tools, confirmed its strong commitment to the European perspective by improving business in accordance with EU recommendations.

The CBBH participated in the preparation of the Annex to the Annual Report of the European Commission for BH, as well as in regular annual activities within the drafting of the Economic Reform Programme (ERP), including participation in consultations and meetings with the European Central Bank during the regular economic policy dialogue within the EU Economic and Financial Affairs Council (ECOFIN). In the Progress Report for 2021 and the Conclusions of ECOFIN, the European Commission (EC) and the European Central Bank (ECB) positively assessed the activities of the CBBH. The EC pointed out that, following the ECB recommendations, the CBBH has significantly improved its analytical capacity and made key progress in the field of applied economic research. Regular statistical surveys related to inflation expectations and lending activities of banks have been established, and medium-term macroeconomic projections (twice a year) and quick estimates of current economic activity and inflation (four times a year) are regularly published. Through these activities, the CBBH was further harmonised with the activities of central banks, including Euro system members. In a complex institutional environment, the EC also emphasized that monetary policy based on a currency board arrangement is highly trusted by the general public. The currency board arrangement remained stable during the pandemic and is considered an important pillar of macroeconomic stability. Finally, the importance of an independent and stable CBBH was especially emphasised, with the recommendation and the need to ensure full independence of the CBBH.

During 2021, the CBBH contributed to the work of the bodies established to monitor the implementation of contractual obligations under the Stabilization and Association Agreement and prepare materials for the annual meetings of the Subcommittee on Internal Market and Competition and the Subcommittee on Economic and Financial Affairs and Statistics. In January 2021, the CBBH participated in the 5th meeting of the Subcommittee on Internal Market and Competition through the online platform, as part of the BH delegation. The sixth meeting of the Subcommittee on Economic and Financial Affairs and Statistics, due to non-adoption of documents by the Council of Ministers, was not held in 2021.

During 2021, the CBBH continued to work on strengthening institutional capacities, improving business efficiency, introducing new policies, further development and training of staff in order to improve preparations for integration into the ESCB, through various types of technical cooperation. Gradual and continuous introduction of the best EU and

international standards in the business of the CBBH is achieved by our own capacities, but also through the access to IPA²¹ funds and through bilateral and multilateral cooperation with other central banks.

We received particularly significant support on the EU path within the Programme for "Strengthening the Central Banks Capacities in the Western Balkans with a view to the integration to the ESCB", with the financial support of the EC IPA instrument. The Programme goal is to strengthen monetary and financial stability in the region by strengthening the institutional capacity of the central banks of the Western Balkans and the two banking supervisory agencies in Bosnia and Herzegovina. The programme was implemented in the period March 2019 - December 2021, in cooperation with the German Federal Bank (Deutsche Bundesbank), and 19 central banks members of ESCB, ECB and EC. During the programme implementation, at the time of the pandemic, digital tools and technologies replaced traditional meetings and on-site expert missions. During the 33 months of the project duration, the Deutsche Bundesbank, 19 national central banks and the ECB organised an intensive regional training programme on key issues of central banking and supervision, which included 20 training sessions focusing on banking supervision, financial stability, financial services protection and financial inclusion, recovery and restructuring, monetary policy, payments, statistics, compliance and EU integration, governance policy, accounting and internal audit. Two workshops for decision makers were held on the policy of restructuring non-performing loans and management. In addition, bilateral and internship programmes have been implemented.

As part of the Bilateral Assistance and Central Banks Capacity Building Programme funded by the Swiss Secretariat for Economic Affairs (SECO), we have continued our intensive cooperation with the Geneva Institute for International and Development Studies. During the project, the following areas of central banking were addressed: analysis and implementation of monetary policy (management of foreign exchange reserves and strengthening of research capacities); statistics; human resource management, area of operational risk, including improving business continuity. During the year, continuity of programme activities was ensured in the virtual environment with the achievement of planned results, as well as addressing new needs, primarily in the programme component operational risks, including development of compliance function and drafting of the CBBH Code of Ethics. In order to establish and build an integrated risk management system, improvements were made to the operational risk management methodology. In addition, development in the field of applied economic research has continued. The existing model for medium-term macroeconomic projections has been further improved, and the CBBH has formalized the process of publishing medium-term macroeconomic projections and nowcasting on economic activity and inflation.

²¹ IPA – Instrument for Pre-accession assistance / Instrument prepristupne pomoći

During 2021, a significant part of the work on the development of a model for assessing macroeconomic imbalances was completed, based on the new and improved model of the IMF's Financial Programme and Policies. The technical cooperation programme in the CBBH is implemented by the Joint Vienna Institute, and the finalisation of the model is expected by the end of the first half of 2022. With this model, the analytical capacities of the CBBH will be further improved, and the CBBH will complete the standard set of forecasting models used by modern central banks.

Due to easier availability and significantly lower costs of virtual technical cooperation, a huge increase in the offer of technical assistance was recorded during the last year. The CBBH was very active in the exchange of know-how through workshops, presentations and conferences of central banks and other international forums. Bearing in mind that BH is represented in the IMF through the Dutch-Belgian Constituent Group, cooperation with the Bank of the Netherlands continued, primarily through involvement in forums and workshops in the field of research and monetary policy.

Organised by the Central Bank of BH in 2021, three online missions of international rating agencies Standard & Poor's and Moody's Investors Service were held with relevant international and domestic institutions in BH in order to assess the sovereign credit rating of BH. During 2021, the rating agency Standard & Poor's reaffirmed Bosnia and Herzegovina's sovereign credit rating of "B" with a stable outlook.

2.10 Risk management

Risk management in the CBBH is implemented in a systematic and structured manner in accordance with the general risk management framework defined by the CBBH Integrated Risk Management Policy. The general framework defines the risk management goals and principles, the risk management organisation, the basic types of risks that the CBBH faces in its operations, as well as the risk management process.

Risk management in the CBBH is based on the model of three lines of risk protection. The first line of defence consists of organisational units/forms that are directly involved in business processes and manage the associated risks. The second line of defence consists of committees responsible for risk management (Risk Committee and Investment Committee), specialised experts who perform methodological and control functions of risk management and organisational form responsible for risk management. The purpose of the committee is to support the Governor and the Governing Board in the regular monitoring, coordination and provision of information on risk management. The third line of defence consists of the Office of Chief Audit Executive and the Audit Committee. During 2021, the Risk Committee discussed issues mainly

in the field of operational risk management, business compliance and information security, while the Investment Committee discussed issues related to the management of the CBBH foreign exchange reserves. In order to improve the operational risk management process, in 2021, a new operational risk management framework was adopted, which consists of: CBBH Operational Risk Management Policy, CBBH Operational Risk Management Methodology and Incident Data Collection Methodology and Operational Value at Risk Calculation. The purpose of operational risk management is to provide reasonable assurance that the CBBH will achieve its mission and objectives, protect its reputation and financial resources in accordance with the risk tolerance policy. Also, operational risk management aims to integrate risk information into decision-making processes in the CBBH.

In accordance with the compliance programme and the development plan of this function in the CBBH, during 2021, several key activities were completed that have a significant impact on building integrity, ethical business, adequate management of conflicts of interest and the fight against corruption. The new CBBH Code of Ethics has been adopted, which addresses issues such as conflicts of interest, gifts and hospitality. A new Rulebook on Internal Reporting of Corruption and Other Potential Irregularities in the CBBH was adopted, such as: conflict of interest; irregularities in procurement and disposal of CBBH assets; irregularities in employment or exercising employment rights and; violation of CBBH regulations and discrimination on any grounds. As one of the important elements of the success of the compliance programme, the Ethics Line system has been established. This accepted and implemented system is the introduction of a channel for applications and communication with the applicant in accordance with the highest international standards, requirements and the European Union Directive on the Protection of Persons who Report Breaches of Union, European Parliament and Council Law (Directive (EU) 2019/1937) of 23 October 2019).

During 2021, a number of regulations aimed at strengthening the information security of the CBBH were adopted. Also, the SWIFT environment was harmonised with the SWIFT CSP programme, and a Certificate of compliance for 2021 was obtained from an independent assessor/auditor.

2.11 Internal audit process

The regulatory framework for performing the internal audit function includes the Law on the CBBH, the By-law on Internal Audit in the Central Bank of BH, Internal Audit Operations Manual in the Central Bank of BH and the obligatory guidelines of the International Professional Practice Framework. The goal of internal audit is to assist the CBBH in achieving its strategic goals and efficient execution of tasks, checking whether the implementation of management and control mechanisms is appropriate,

cost-effective and consistent with legal regulations, internal acts and other regulations. Internal audit provides opinions, recommendations and advice regarding the activities that are subject to audit.

During 2021, the third external assessment of the quality of internal audit work in the CBBH was conducted by experts of the National Bank of the Netherlands. External evaluation, according to the International Professional Practice Framework, is performed at least once every five years. This assessment consisted of a review of documentation related to the work of internal audit, CBBH regulations and the interaction of internal audit with management, the Audit Committee and organisational forms. In order to obtain information on the work of the OCAE in the field and cooperation with the business side, external evaluators conducted several interviews with holders of office in the CBBH and revised organisational forms. The submitted Report states that the internal audit function is generally harmonised with the standards of the Institute of Internal Auditors, but it also points out areas that need to be improved. Immediately after the completion of the external evaluation, the implementation of recommendations was started in accordance with the prepared Action Plan of Activities.

2.12 Other

2.12 Human resources management

With regard to the COVID-19 pandemic in 2021, in accordance with the recommendations of competent institutions and bodies, and in accordance with the COVID-19 pandemic crisis risk management and action plan, appropriate measures and activities have been taken to reduce the risk of COVID-19 impact on the operations of the Central Bank and ensure business continuity and meeting of all goals and tasks.

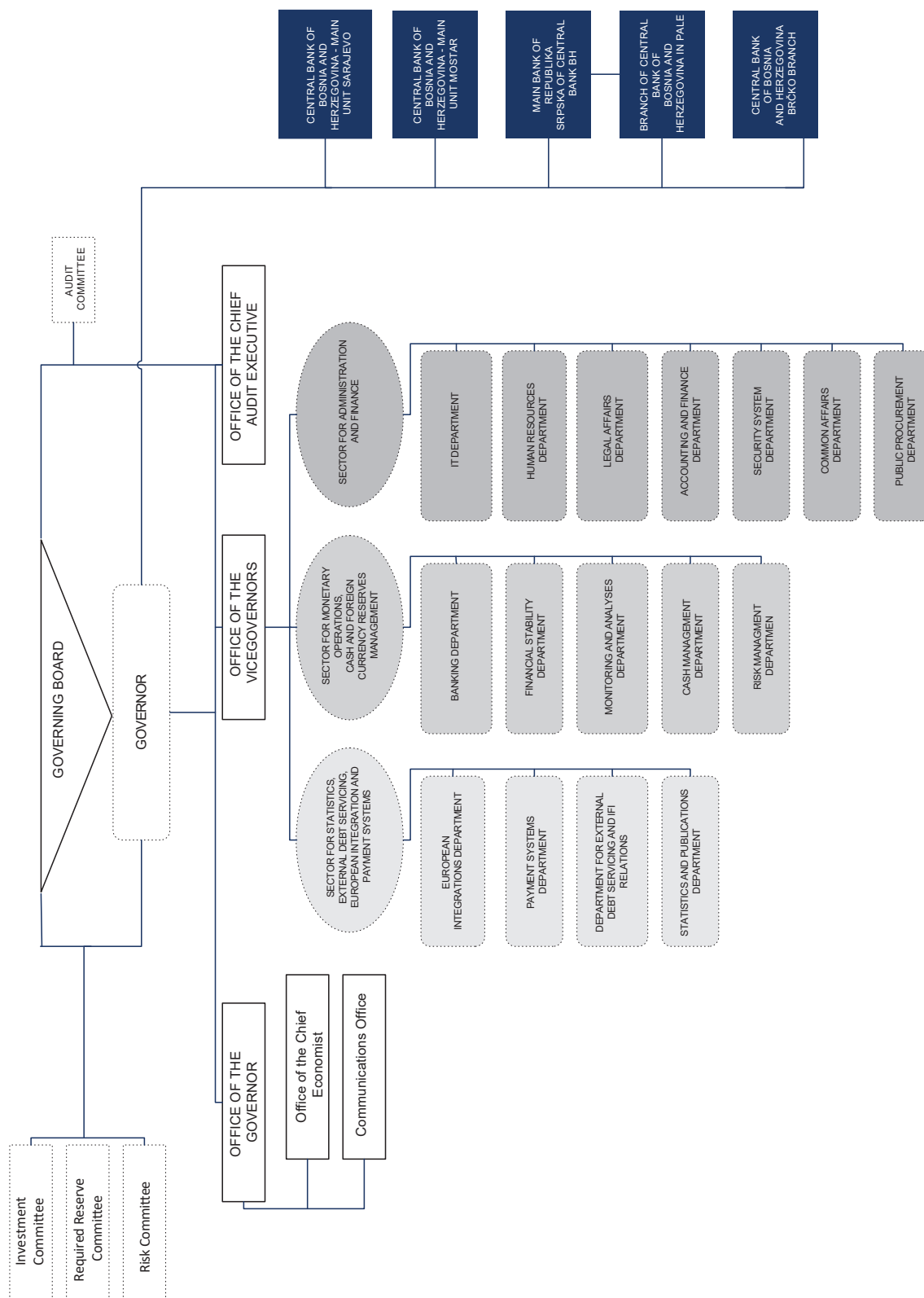
The highest body of the CBBH is the Governing Board (GB), which is in charge of defining monetary policy and control of its implementation, organisation and strategy of the CBBH according to the authorities defined by the Law. The Governing Board includes the Governor, who chairs the Board, and four members (Table 2.7). The Management of the Central Bank includes Governor and three Vice Governors, appointed by Governor with the approval of the Governing Board. The task of the Management is the management of the Central Bank operations. Each Vice Governor is directly in charge of the operations of one sector of the Central Bank (see the Organisational Chart of the CBBH).

Table 2.7: The CBBH Management Structure at 2021 End

The CBBH Governing Board	Senad Softić, Ph.D., chairman Radomir Božić, Ph.D., member Šerif Isović, M.Sc., member Dragan Kulina, Ph.D., member Danijela Martinović, Ph.D., member
The CBBH Management	Senad Softić, Ph.D., Governor Ernadina Bajrović, M.A., Vice Governor in charge of the Administration and Finance Sector Željko Marić, Ph.D. Vice Governor in charge of the Sector for Statistics, Foreign Debt Servicing, European Integration and Payment Systems Vice Governor in charge of the Sector for Monetary Operations, Management of Foreign Exchange Reserves and Cash has not been appointed since 11 August 2021, upon the expiration of Vice Governor, Milica Lakić, Ph.D. mandate of four years.

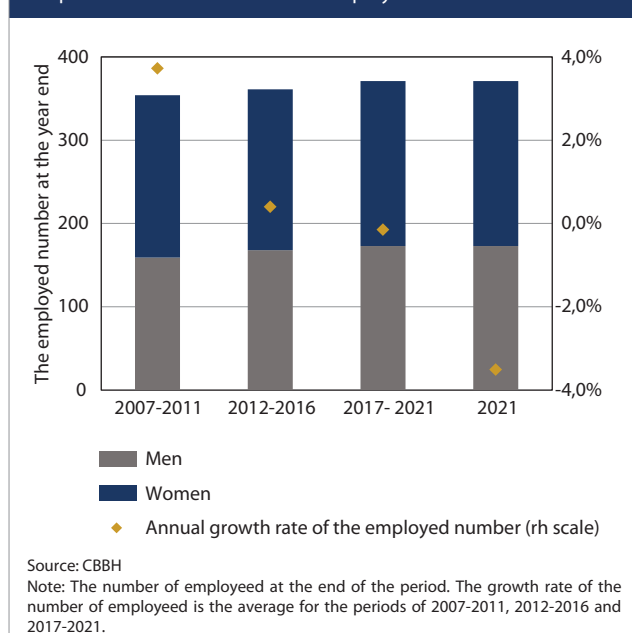
Source: CBBH

ORGANIZATIONAL CHART OF THE CENTRAL BANK OF BOSNIA AND HERZEGOVINA



During 2021, the rationalisation of the number of employees continued, while maintaining the optimal course of the process and the functional organisation of work. Due to the natural fluctuation of employees and the retirement of employees or the agreed termination of employment, without the hiring of new employees, the total number of employees was significantly reduced. The recruitment of new employees did not exceed the planned total number of employees. As of 31 December 2021, the Central Bank employed a total of 358 employees (Graph 2.22). Of the total number of employees, 78.77% had a university degree, of which eleven had Ph.D. degree and 71 master degree. The average age of employees was 46 and, of the total number of employees at the end of 2021, 49.16% were women.

Graph 2.22: Total Number of the Employed in CBBH



One of the missions of the CBBH is to help higher education institutions in BH, which is reflected in the signed agreements on cooperation with several faculties of economics in BH and in giving opportunities to students, postgraduates and academic researchers to gain much needed experience through internships at the CBBH. Student internship is something that the CBBH has been organising for more than 10 years, during which hundreds of students have passed through our institution. Applications for holiday internships are accepted in the period March-September, and for study internships throughout the year. The duration of the holiday internship is 20 days, and the study internship lasts from five to 15 days. During the study internship, the CBBH financially supports the participating students, providing a symbolic amount to cover the costs of transportation and meals during the internship.

2.12.2 Communication with the public

Communication with the public was intensive during 2021 as well. The continuation of the pandemic required a greater presence of the CBBH in the media, especially in terms of presenting macroeconomic projections and indicators and data produced by the CBBH. This is evidenced by an extremely large number of media publications whose source is the CBBH.

January marked the 20th anniversary of the establishment and successful functioning of the CBBH payment systems. It was an opportunity to recall one of the most successful reforms in the country, and to also point out the importance of this reform for the population and the economy, which enabled the accelerated development of the banking market and the banking and financial sector as a whole. A film was also produced, and the basic message sent to the public was "An efficient payment system is a guarantee of financial stability." In 2021, 15 years of continuous and efficient operation of the Central Registry of Credits was marked and so were 20 years of successful fiscal and banking agent and external debt service for the country and 20 years of convertible mark being pegged to the euro by fixed exchange rate, which is the basis of the currency board functioning and a guarantor of the stability of the domestic currency.

The stability of the domestic currency was especially emphasized in 2021, having in mind all the challenges that the country faced during the pandemic, including the internal circumstances that required emphasizing the importance of stability of the domestic currency and preserving the currency board as an important anchor of BH economy. During the year, the CBBH sought to inform the public on all relevant issues within its scope, so macroeconomic projections and estimates, results of surveys on bank lending, information on financial stability, government credit rating, treasury activities, activities on the operation of payment systems, digitisation and trends that may affect the financial sector as a whole, statistics and other information were regularly published. Through the "Breakfast with the Media" project, applying an approach that is different from the usual one and through socializing, the CBBH sought to provide journalists with a more comprehensive approach to certain topics, through an open and informal discussion. In this way, we believe that the media will additionally contribute to better informing and to financial education of the public, which is one of the areas of the CBBH's activity.

In the last few years, the CBBH has initiated, independently and in cooperation with partner organisations, a series of activities to raise the level of financial education and inclusion of the population in BH. One of the consequences of the pandemic is a change in the circumstances and the way in which BH citizens conduct their financial transactions. Therefore, in 2021, we worked on the development of materials tailored to the needs of the new

situation. Examples are educational materials related to all aspects of the use of electronic means of conducting financial transactions and materials dedicated to special groups, such as remittance users. In addition, a large number of activities have been done to adapt materials and ways of their distribution to the current situation, and now most activities are performed online - via the web or social networks where the CBBH has active user accounts. As part of activities in the field of international cooperation, with the aim of encouraging academic discussion, in 2021 the CBBH organised the fourth international research conference entitled "How do central banks cope with the macroeconomic consequences of the Covid-19 pandemic?" The CBBH was a partner institution in organising the conference "The Economist: World in 2022", which brought together representatives of political, economic and social life and representatives of the diplomatic community in BH in order to provide, through constructive dialogue, analysis and views on economic and political environment, investment climate, as well as the development of society as a whole. Both conferences provided extremely successful and positive promotion of the CBBH in the professional public.

At the end of the year, the CBBH received a new visual identity - the logo, which was chosen on the basis of a public competition, and will be used in all forms of official communication. The process of drafting the solution of the new CBBH logo was stimulated by the need to improve and modernize the visual identity of the institution.

Activities in the field of financial education continued and, with the support of the European Fund for Southeast Europe - Development Facility, a pilot project of cooperation was launched with three selected secondary schools which, by exchanging experiences and through training, aims to enable secondary school teachers to conduct financial education as an optional teaching activity.

The CBBH was especially active on social networks as one of the channels of communication and dissemination of information to the public, so in the past year an extremely large number of posts on social networks on all current issues were recorded.

2.12.3 Energy efficiency projects and preservation of national monuments

Within the project Green Economic Development, the CBBH regularly enters data and monitors the consumption of electricity, gas and water at the level of all facilities owned by the CBBH, as well as the facility at 25 Maršala Tita Street in Sarajevo where the CBBH Central Office is located. In the building of the Central Office, data entry is automated, via an internet connection data are sent from the meter device to the server of the energy management information system (EMIS). One of the possible measures to improve the energy efficiency of the CBBH Central Office

in 25 Maršala Tita is to replace the existing gas boilers with high-efficiency condensing boilers that would enable better use of fuel energy. An initiative is being launched to prepare design documentation for the replacement of existing boilers.

The CBBH regularly, in accordance with the legal regulations, performs measurements of air pollutant emissions and flue cleaning and submits reports to the competent institutions. Measurements are performed on an annual basis, and the results of measurements continuously show that the emission of pollutants is within the permitted limits.

The building of the Head Office was declared a National Monument by Decision published in the Official Gazette of BiH No. 40/10, and the building was classified as "National Monument of Outstanding Importance for BH". In order to ensure the on-going protection of the National Monument, protection measures relating to the works, manner of maintenance and treatment of the National Monument have been established. Works on preservation of the facility and current maintenance are performed continuously. During 2020, the staircase on the south side of the building was repaired (main and two secondary staircases), the statues at the main entrance were repaired, and so were capillary moisture and moisture damage in the basement. As part of the remediation of capillary moisture, devices that work on the principle of electro-osmotic sequential pulse technology were installed. During 2021, quarterly measurements of the percentage of capillary moisture in the basement walls were performed and submitted to the Institute for the Protection of Cultural Monuments and which proved the efficiency of installed electronic devices, and significantly improved working and living conditions in basements. As part of the ongoing maintenance, the outer fence on the roof was painted and numerous works were done in the interior of the building.

A design for painting the exterior wooden carpentry on the building has been made, a bill of quantities concerning damage to the facade in Dalmatinska Street has been made and a bill of quantities is being prepared for a part of the facade in Alija Isaković Street. The design for reconstruction of walls and floors in the basement (archive space) and installation of ventilation in the archive premises was approved by the Institute for the Protection of Cultural Monuments, and a public procurement procedure is underway to select the most favourable contractor.

During the planning and execution of all works on the building, cooperation is established with the Institute for the Protection of Cultural Monuments: approval is obtained for each individual design and intervention, the CBBH sends a notice of the start time of works and cooperation with supervision has been established. For the work and activities on the preservation and maintenance of the National Monument so far, verbal commendations were received from the Commission to Preserve National Monuments during their visit to the Head Office building in March 2021.

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Financial statements and independent auditor's report

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3. FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Financial statements for the year ended 31 December 2021

FINANCIAL REPORTING RESPONSIBILITY

The Management of the Central Bank of Bosnia and Herzegovina is responsible for the financial statements which are prepared in accordance with the Law on the Central Bank of Bosnia and Herzegovina and International Financial Reporting Standards.

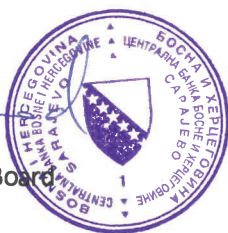
The Management is responsible for the consistent application of selected accounting policies, making judgements and estimates that are reasonable and prudent and for maintaining proper accounting records to enable the preparation of the financial statements at any time. The Management has a general responsibility for taking steps which are reasonably available and for implementation of such internal controls to safeguard the assets of the Central Bank of Bosnia and Herzegovina and to prevent and detect fraud and other irregularities.

The Governing Board is responsible for selecting suitable accounting policies to conform to applicable International Financial Reporting Standards and for overseeing the financial reporting process. In overseeing the financial reporting process, the Governing Board is assisted by the Audit Committee which is consisted of three independent members. The Audit Committee reviews the annual financial statements, which are then approved by the Governing Board and submitted to the Parliamentary Assembly of Bosnia and Herzegovina and the Presidency of Bosnia and Herzegovina.

These 2021 financial statements have been audited by the independent auditors of the Central Bank of Bosnia and Herzegovina ERNST & YOUNG d.o.o. Sarajevo and ERNST & YOUNG d.o.o. Ljubljana and their report is presented on pages 2 to 4. The independent auditors have been provided with full and unrestricted access to all information and communication needed to implement and discuss their audit procedures.

The accompanying financial statements set out on pages 5 to 83 are approved by the Governing Board on 29 March 2022.


Senad Softić, Ph.D.
Chairman of the Governing Board
Governor




Vesna Paćuka, MA
Head of Accounting and Finance Department



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Independent auditor's report

To the Governing Board of the Central Bank of Bosnia and Herzegovina

Opinion

We have audited the financial statements of Central Bank of Bosnia and Herzegovina (the Central Bank), which comprise the Statement of Financial Position as at 31 December 2021, and the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Central Bank as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Central Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Bosnia and Herzegovina, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Financial statements of the Central Bank for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on financial statements dated 29 March 2021.

Responsibilities of the Management, the Governing Board and the Audit Committee for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Central Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Central Bank or to cease operations, or has no realistic alternative but to do so.

The Governing Board is responsible for overseeing the Central Bank's financial reporting process. The Audit Committee assists the Governing Board in overseeing the financial reporting process.

This version of the financial report is a translation from the original, which was prepared in the Bosnian/Croatian/Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.



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Independent auditor's report (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Central Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Central Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Central Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent auditor's report (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements (*continued*)

We communicate with the Governing Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Governing Board and the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Danijela Mirković, procurator

Ernst & Young d.o.o. Sarajevo
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Sarajevo, 29 March 2022



Tarik Alijagić, licensed auditor

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Sarajevo, 29 March 2022

Janez Uranič, partner

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Ljubljana, 29 March 2022

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CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Financial statements for the year ended 31 December 2021

STATEMENT OF FINANCIAL POSITION

In thousands of KM	Note	31 December 2021	As at 31 December 2020
ASSETS			
Cash in foreign currencies	7	469,585	142,202
Deposits with foreign banks	8	3,945,097	3,832,072
Special Drawing Rights with the IMF	9, 35	1,881	879
Debt instruments at fair value through other comprehensive income	10	11,629,592	9,601,315
Monetary gold	11	301,987	291,561
Other assets	12	16,927	12,671
Property and equipment	13	50,177	48,560
Intangible assets	14	983	1,234
Other investments	15	27,813	27,813
TOTAL ASSETS		16,444,042	13,958,307
LIABILITIES AND EQUITY			
LIABILITIES			
Banknotes and coins in circulation	16	6,923,818	6,172,457
Deposits from banks	17	7,219,617	5,901,142
Deposits from the Government and other public institutions	18	1,429,596	897,044
Provisions	19	1,406	1,414
Other liabilities	20	8,162	3,919
Total liabilities		15,582,599	12,975,976
EQUITY			
Initial capital		25,000	25,000
Reserves		836,443	957,331
Total equity	31	861,443	982,331
TOTAL LIABILITIES AND EQUITY		16,444,042	13,958,307

The accompanying notes on pages 70 to 141 are an integral part of these financial statements.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Financial statements for the year ended 31 December 2021

STATEMENT OF PROFIT OR LOSS

In thousands of KM	Note	For the year ended 31 December	
		2021	2020
Interest income		55,568	51,721
Interest expense		(45,420)	(32,197)
NET INTEREST INCOME	21	10,148	19,524
Fee and commission income		20,970	18,061
Fee and commission expenses		(813)	(689)
NET FEE AND COMMISSION INCOME	22	20,157	17,372
Net realised gains from sale of debt instruments at fair value through other comprehensive income	23	4,949	1,578
Net foreign exchange (losses)	24	(486)	(184)
Net impairment on financial assets	25	(426)	(410)
Other income	26	1,402	245
OPERATING INCOME		35,744	38,125
Personnel expenses	27	(19,669)	(18,578)
Administrative and other operating expenses	28	(6,514)	(6,252)
Costs of production of banknotes and coins	29	(4,143)	(2,855)
Depreciation and amortisation charge	13, 14	(2,521)	(2,532)
OPERATING EXPENSES		(32,847)	(30,217)
NET PROFIT FOR THE YEAR	30	2,897	7,908

The accompanying notes on pages 70 to 141 are an integral part of these financial statements.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Financial statements for the year ended 31 December 2021

STATEMENT OF COMPREHENSIVE INCOME

In thousands of KM	Note	For the year ended 31 December	
		2021	2020
NET PROFIT FOR THE YEAR		2,897	7,908
Other comprehensive (loss) / income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Debt instruments at fair value through other comprehensive income			
Net change in fair value during the year	10	(129,592)	81,673
Net change in provisions for expected credit losses recognized in profit or loss during the year	6.1.1., 25	330	314
Reclassification to profit or loss from sale of debt instruments	23	(4,949)	(1,578)
		(134,211)	80,409
Monetary gold			
Net change in fair value during the year	11	10,426	37,473
		10,426	37,473
Total other comprehensive (loss) / income		(123,785)	117,882
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(120,888)	125,790

The accompanying notes on pages 70 to 141 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

In thousands of KM	Initial capital	Fair value reserves for debt and equity instruments	Fair value reserves for monetary gold	Other reserves	General reserves (Retained earnings)	Total reserves	Total equity
Balance at 1 January 2021	25,000	293,125	87,703	31,300	545,203	957,331	982,331
Total comprehensive (loss) for the year	-	(134,211)	10,426	-	2,897	(120,888)	(120,888)
Net profit for the year (Note 30)	-	-	-	-	2,897	2,897	2,897
Other comprehensive (loss)	-	(134,211)	10,426	-	-	(123,785)	(123,785)
Net unrealised negative changes in fair value for debt instruments	-	(129,592)	-	-	-	(129,592)	(129,592)
Net increase of provisions for expected credit losses for debt instruments recognised in profit or loss	-	330	-	-	-	330	330
Net realised positive changes in fair value for debt instruments sold transferred to profit or loss	-	(4,949)	-	-	-	(4,949)	(4,949)
Net unrealised positive changes in fair value for monetary gold	-	-	10,426	-	-	10,426	10,426
Balance at 31 December 2021	25,000	158,914	98,129	31,300	548,100	836,443	861,443

The accompanying notes on pages 70 to 141 are an integral part of these financial statements.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Financial statements for the year ended 31 December 2021

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

In thousands of KM	Initial capital	Fair value reserves for debt and equity instruments	Fair value reserves for monetary gold	Other reserves	General reserves (Retained earnings)	Total reserves	Total equity
Balance at 1 January 2020	25,000	212,716	50,230	31,300	537,295	831,541	856,541
Total comprehensive income for the year	-	80,409	37,473	-	7,908	125,790	125,790
Net profit for the year (Note 30)	-	-	-	-	7,908	7,908	7,908
Other comprehensive income	-	80,409	37,473	-	-	117,882	117,882
Net unrealised positive changes in fair value for debt instruments	-	81,673	-	-	-	81,673	81,673
Net increase of provisions for expected credit losses for debt instruments recognised in profit or loss	-	314	-	-	-	314	314
Net realised positive changes in fair value for debt instruments sold transferred to profit or loss	-	(1,578)	-	-	-	(1,578)	(1,578)
Net unrealised positive changes in fair value for monetary gold	-	-	37,473	-	-	37,473	37,473
Balance at 31 December 2020	25,000	293,125	87,703	31,300	545,203	957,331	982,331

The accompanying notes on pages 70 to 141 are an integral part of these financial statements.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Financial statements for the year ended 31 December 2021

STATEMENT OF CASH FLOWS

		For the year ended 31 December	
	Note	2021	2020
In thousands of KM			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		2,897	7,908
Adjusted for:			
Interest income	21	(55,568)	(51,721)
Interest expense	21	45,420	32,197
Net impairment on financial assets	25	426	410
Net realised (gains) from sale of debt instruments at fair value through other comprehensive income	23	(4,949)	(1,578)
Net foreign exchange losses	24	486	184
Income from grants	26	(6)	(50)
Provisions, net increase	19, 27	171	151
Net (gains) / losses on disposal of property, equipment and intangible assets		(56)	2
Dividend income recognized in profit or loss	26	(1,297)	-
Depreciation and amortisation charge	13, 14	2,521	2,532
Net cash flows used in operating activities before changes in operating assets and liabilities		(9,955)	(9,965)
Changes in operating assets and liabilities			
Decrease / (increase) in term deposits with foreign banks		635,115	(139,779)
(Increase) in debt instruments		(2,157,869)	(602,229)
(Increase) in other assets		(3,975)	(1,391)
Increase in banknotes and coins in circulation	16	751,361	972,541
Increase in deposits from banks		1,320,973	158,825
Increase in deposits from the Government and other public institutions		532,552	16,369
Increase / (decrease) in other liabilities		4,344	(197)
Payments from provisions	19	(179)	(131)
Interest received		53,070	50,419
Interest paid		(45,100)	(31,135)
Net cash from operating activities		1,080,337	413,327
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from property and equipment sale		57	-
Purchases of property, equipment and intangible assets	13, 14	(3,888)	(2,451)
Dividends received		1,297	-
Net cash used in investing activities		(2,534)	(2,451)

The accompanying notes on pages 70 to 141 are an integral part of these financial statements.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Financial statements for the year ended 31 December 2021

STATEMENT OF CASH FLOWS (CONTINUED)

In thousands of KM	Note	For the year ended 31 December	
		2021	2020
Net effects from impairment for expected credit losses on cash and cash equivalents		(184)	(45)
Net effects of exchange rates on cash and cash equivalents		(581)	(115)
Net increase in cash and cash equivalents		1,077,038	410,716
Cash and cash equivalents at the beginning of the year		2,909,688	2,498,972
Cash and cash equivalents at the end of the year	32	3,986,726	2,909,688

The accompanying notes on pages 70 to 141 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**1. GENERAL INFORMATION**

The Central Bank of Bosnia and Herzegovina (the "Central Bank") is the supreme monetary authority of Bosnia and Herzegovina state ("BH"). Its establishment, organisation and operations have been defined by the Law on the Central Bank of Bosnia and Herzegovina, Official Gazette BH no: 1/97, 29/02, 08/03, 13/03, 14/03, 09/05, 76/06 and 32/07 (the "Law on the Central Bank"), adopted by the Parliamentary Assembly of Bosnia and Herzegovina, according to the General Framework Peace Agreement in Bosnia and Herzegovina (the Constitution).

The Central Bank has been established on 20 June 1997 and started its operations on 11 August 1997.

The Central Bank operates through its Head Office, three main units located in Sarajevo, Mostar and Banja Luka, and two branches, one in Brčko and other in Pale, the latter of which operates under the authorisation of the main unit in Banja Luka.

Head Office of the Central Bank is located in Sarajevo, Maršala Tita Street, No. 25.

The main objective of the Central Bank is to achieve and maintain the stability of the domestic currency by issuing it in accordance with the currency board rule. The currency board rule, required by the Law on the Central Bank, implies that the domestic currency must be issued only with full coverage in convertible foreign currency reserves. Nevertheless, the Central Bank has an obligation to purchase and sell Convertible Mark (KM) for Euro (EUR) on demand, without any restrictions, within the territory of BH, at the official exchange rate of KM to EUR as $\text{KM } 1.95583 = \text{EUR } 1$, prescribed by the Law on the Central Bank.

The Central Bank tasks as provided by the Law on the Central Bank include:

- determining, adopting and controlling the monetary policy of BH by issuing the domestic currency at the prescribed exchange rate with the full coverage in free convertible foreign currency reserves;
- holding and managing the official foreign currency reserves of the Central Bank in a safe and profitable manner;
- establishing and maintaining adequate payment and settlement systems;
- issuing provisions and guidelines for the performance of the Central Bank's operations, in accordance with the Law on the Central Bank;
- coordinating the activities of the banking agencies, which are in charge of issuing banking licences and supervising banks in the entities;
- receiving deposits from the state and public institutions of BH and from commercial banks to fulfil their required reserve obligations;
- putting and withdrawing from circulation the domestic currency, including legal tender banknotes and coins, adhering strictly to the currency board rule;
- taking part in the operations of international organisations working on strengthening the financial and economic stability of the country;
- representing BH in international organisations regarding monetary policy issues.

Within the limits of its authority prescribed by the Law on the Central Bank, the Central Bank is entirely independent from BH entities, public agencies and any other authority in the pursuit of its objective and tasks.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***1. GENERAL INFORMATION (CONTINUED)**

Key management of the Central Bank consists of two bodies: The Governing Board and the Management.

According to the Law on the Central Bank, all powers that are not specifically reserved for the Governing Board are vested in the Governor. The Governor is the chairman of the Governing Board and the chairman of the Management.

The Management of the Central Bank, in addition to the Governor, consists of three vice governors who are appointed by the Governor with the approval of the Governing Board. The Management operationally manages the Central Bank's activities.

As at reporting dates, key management members of the Central Bank are:

The Governing Board

Senad Softić Ph.D.	Chairman
Šerif Isović M.Sc.	Member
Radomir Božić Ph.D.	Member (from 30 April 2020)
Dragan Kulina Ph.D.	Member (from 30 April 2020)
Danijela Martinović Ph.D.	Member (from 30 April 2020)
Ankica Kolobarić M.Sc.	Member (until 30 April 2020)

The unique attitude of the existing Governing Board until the appointment of the new Governing Board by the Presidency of Bosnia and Herzegovina is the undisturbed and continuous implementation of the legal role, main tasks and functions of the Central Bank, in accordance with the Law of the Central Bank and its internal acts.

The Management

Senad Softić Ph.D.	Governor
Ernadina Bajrović M.Sc.	Vice Governor
Milica Lakić Ph.D.	Vice Governor (until 11 August 2021)
Željko Marić Ph.D.	Vice Governor (from 16 August 2021)
Želimira Raspudić	Vice Governor (until 30 April 2021)

The Audit Committee evaluates the overall adequacy and the effectiveness of the financial reporting process of the Central Bank, reviews financial statements prior to their approval by the Governing Board as well as oversees the process of the external audit of the annual financial statements and the election process of the Central Bank's independent auditors. The supervisory functions of the Audit Committee also include supervision of the risk management framework and of the internal control system, supervision of the compliance function and supervision of the internal audit function.

As at 31 August 2021, the members of the Audit Committee were:

The Audit Committee

Mila Gadžić Ph.D.	Chairman
Elvir Čizmić Ph.D.	Member
Radomir Repija	Member

Additional information about Central Bank key management and the Audit Committee members is disclosed in Note 37.

2. BASIS OF PREPARATION**2.1. Statement of compliance**

The financial statements of the Central Bank have been prepared in accordance with International Financial Reporting Standards ("IFRS") published by the International Accounting Standards Board ("IASB").

These financial statements have been prepared using the going concern assumption.

More information about circumstances caused by the global pandemic of COVID-19 that affected Central Bank's operations and activities in 2021 is disclosed in Note 3.13. These circumstances did not affect the appropriateness of the going concern assumption of the Central Bank.

2.2. Basis of measurement

These financial statements have been prepared under the accrual base of accounting and using the historical cost as a measurement base, except for the following material items:

Item	Basis of measurement
Financial assets at fair value through other comprehensive income	Fair value
Monetary gold	Fair value

2.3. Functional and presentational currency

The Central Bank's financial statements are stated in the official national currency of BH which is the KM. All financial information has been rounded to the nearest thousand (unless otherwise stated).

2.4. Standards, interpretations and amendments to published standards that are effective in the current period

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Central Bank as of 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, in order to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods. The amendments had no significant impact on the financial statements of the Central Bank.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***2. BASIS OF PREPARATION (CONTINUED)****2.4. Standards, interpretations and amendments to published standards that are effective in the current period (continued)****• IFRS 16 Leases - COVID 19 Related Rent Concessions (Amendment)**

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. The IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the pandemic COVID-19. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the pandemic COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

The amendment had no significant impact on the financial statements of the Central Bank.

2.5. Standards and interpretations in issue not yet adopted

The following standards, amendments to existing standards and interpretations have been issued by the IASB, but are not effective for the year ended 31 December 2021 and have not been previously adopted by the Central Bank:

- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The Central Bank expects that the amendments will not have a significant impact on the Central Bank's financial statements.

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments were initially effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted. However, in response to the pandemic COVID-19, the IASB has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies to determine whether in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current.

2. BASIS OF PREPARATION (CONTINUED)

2.5. Standards and interpretations in issue not yet adopted (continued)

The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements related to measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.

In November 2021, the IASB issued an exposure draft, which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the IASB proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period. Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need to be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The IASB has also proposed to delay the effective date of the 2020 amendments accordingly, such that entities will not be required to change current practice before the proposed amendments come into effect. The Central Bank expects that the amendments will not have a significant impact on the Central Bank's financial statements.

- IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in the statement of profit or loss.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

The Central Bank expects that the amendments will not have a significant impact on the Central Bank's financial statements.

- IFRS 16 Leases – COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment)

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the IASB amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the pandemic COVID-19.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***2. BASIS OF PREPARATION (CONTINUED)****2.5. Standards and interpretations in issue not yet adopted (continued)**

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on 30 June 2022, provided the other conditions for applying the practical expedient are met. The Central Bank expects that the amendment will not have a significant impact on the Central Bank's financial statements.

- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements concept to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Central Bank expects that the amendments will not have a significant impact on the Central Bank's financial statements.

- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)

The amendments become effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to uncertainty measurement. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Central Bank expects that the amendments will not have a significant impact on the Central Bank's financial statements.

- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. In May 2021, the IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Central Bank expects that the amendments will not have a significant impact on the Central Bank's financial statements.

2.6. Reclassification of financial information

For the purpose of fair and objective presentation of financial information in 2021, certain comparative balances in primary financial statements and certain notes have been reclassified to provide the comparability of financial information. These changes have no significant impact on the Central Bank's overall financial performance and financial position of the Central Bank for the comparative period. All changes have been made only for the purpose of improved disclosures and transparency of the financial statements.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***3. SIGNIFICANT ACCOUNTING POLICIES**

The Central Bank has been applying disclosed accounting policies consistently to all periods presented in these financial statements.

3.1. Financial assets and financial liabilities**3.1.1. Classification of financial assets and financial liabilities**

The classification of financial assets and financial liabilities is determined at initial recognition.

A FINANCIAL ASSETS

The Central Bank can classify its financial assets in one of the following three categories at initial recognition:

- Financial assets subsequently measured at amortized cost,
- Financial assets subsequently measured at fair value through other comprehensive income and
- Financial assets subsequently measured at fair value through profit or loss.

As at reporting dates, the Central Bank did not have any financial assets categorised at fair value through profit or loss.

The classification of financial asset is determined by:

- The Central Bank's business model for managing the financial asset and
- The contractual cash flow characteristics of the financial assets.

Business model

The business model reflects how the Central Bank manages financial assets in order to generate cash flows. As at reporting dates, the Central Bank manages its assets through following business models:

1. "Hold to collect contractual cash flows" model for financial assets that generate contractual cash flows during its lifetime and
2. "Hold to collect contractual cash flows and sell" model for financial assets that generate contractual cash flows during its lifetime and cash flows arising at the moment of sale.

Contractual cash flows from investing in debt instruments can be managed by both business models. As at reporting dates, the Central Bank's objective is to collect both contractual cash flows and cash flows arising from the sale for all debt instruments.

The goals of these models are set to generate contractual cash flows and to maintain the liquidity of the Central Bank in order to protect the Central Bank's currency board.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.1. Financial assets and financial liabilities (continued)****3.1.1. Classification of financial assets and financial liabilities (continued)**

For financial assets that are managed through these models, the Central Bank assesses whether the contractual cash flows associated with the financial assets are solely payments of principal and interest on the principal amount outstanding. The assessment is made at a portfolio level because this best reflects the way the business is managed. For the purpose of assessment, "principal" is defined as fair value of the financial asset on initial recognition. "Interest" is defined as a consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time, and for other risks and costs related to the holding the financial asset.

In assessing whether the contractual cash flows are "solely payment of principal and interest", the Central Bank considers the contractual cash flows of the instrument. Only financial assets that satisfy "solely payment of principal and interest" requirement can be classified into category of financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income.

Financial assets are measured at amortized cost if the assets meet the following conditions:

- they are held within the business model whose objective is to hold the financial assets and collect its contractual cash flows and
- by the contractual terms of the financial assets, cash flows arise on specified dates and are solely payments of principal and interest of the principal amount outstanding.

Financial assets are measured at fair value through other comprehensive income if the assets meet the following conditions:

- they are held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial asset and
- by the contractual terms of the financial assets, cash flows arise on specified dates to cash flows that are solely payments of principal and interest of the principal amount outstanding.

B Financial liabilities

The Central Bank classifies all its financial liabilities as subsequently measured at amortized cost, with the exception of banknotes and coins in circulation which are measured at their nominal value (Note 3.6). Financial liabilities are not reclassified.

3.1.2. Initial recognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognized in the statement of financial position only when the Central Bank becomes one of a counterparties to which the contractual terms of the financial instrument are applied.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, except those classified at fair value through profit and loss, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized directly in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1. Financial assets and financial liabilities (continued)

3.1.2. Initial recognition of financial assets and financial liabilities (continued)

All financial assets are initially recognised at the settlement date which is the date that an asset is obtained from, or delivered to, the Central Bank.

3.1.3. Subsequent measurement of financial assets and financial liabilities

Subsequent measurement is determined by the selected classification of financial assets and financial liabilities.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method on all differences between the initial amount and amount to maturity and, for financial assets, adjusted for any expected credit losses.

The gross carrying amount of a financial assets is the amortized cost of a financial assets before adjustment for any expected credit losses.

The effective interest rate method is the method used in the calculation of the amortized cost (gross carrying amount) of financial assets or financial liabilities and allocation and recognition of interest income or expense in profit or loss over the certain period.

A Financial assets

Financial assets at amortized cost

After initial recognition, financial assets are measured at amortized cost using the effective interest rate method on the gross carrying amount of the asset. Effects of subsequent measurement of financial assets at amortized cost are recognised in profit or loss as interest income or interest expense arising from based on the effects of the negative interest rates in the period they occurred.

As at reporting dates, the Central Bank's cash in foreign currencies, deposits with foreign banks, Special Drawing Rights with the IMF and other financial assets fall into category of financial assets at amortised cost.

Financial assets at fair value through other comprehensive income

After initial recognition, financial assets are measured at fair value through other comprehensive income using the effective interest rate method on the gross carrying amount of the asset and are adjusted to the fair value of the financial assets at each reporting date. For the period of holding, effects of subsequent measurement of financial assets at fair value through other comprehensive income are recognised as follows:

- Interest income or interest expense arising from the effects of the negative interest rates is recognised in profit or loss in the period they occurred
- Fair value adjustments are recognised in other comprehensive income in the period they occurred.

When debt instruments at fair value through other comprehensive income are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss, including previously recognised impairment gains or losses.

As at reporting dates, the Central Bank's debt instruments fall into the category of financial assets at fair value through other comprehensive income.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.1. Financial assets and financial liabilities (continued)****3.1.3. Subsequent measurement of financial assets and financial liabilities (continued)****Equity instruments**

The Central Bank has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity instruments that are not held for trading due to their specific characteristics and absence of non-active market for trading. Other investments represent equity instruments which are initially recognised at cost that is considered to be their fair value due to impossibility to reliably determine their fair value.

As at reporting dates, the Central Bank's equity instruments at fair value through other comprehensive income are composed of Bank for International Settlements (BIS) and SWIFT shares (Note 15).

The Central Bank is obliged to reclassify all financial assets affected by the change in the business model, only if it changes its business model for financial asset management.

Impairment of financial assets

Impairment requirements of financial assets use more forward-looking information to recognise expected credit losses. Instruments within the scope of these requirements include financial assets measured at amortized cost i.e. deposits with foreign banks and Special Drawing Rights with the IMF as well as debt instruments measured at fair value through other comprehensive income. The Central Bank uses a simplified approach in calculation of expected credit losses for other receivables. Equity instruments measured at fair value through other comprehensive income are not subject of impairment.

The Central Bank recognises an impairment for these losses at each reporting date. The measurement of expected credit losses reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes,
- The time value of money and
- Reasonable and useful information that is available without additional cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 6.1. provides more information about how the expected credit losses are measured.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1. Financial assets and financial liabilities (continued)

3.1.3. Subsequent measurement of financial assets and financial liabilities (continued)

Impairment for expected credit losses are calculated and presented in the statement of financial position as follows:

Financial assets measured at amortized cost: Expected credit losses are calculated on the gross carrying amount of the assets and recorded as a deduction from the gross carrying amount of the assets.

Debt instruments at fair value through other comprehensive income: Expected credit losses are calculated on the gross carrying amount of the assets, but impairment is recognised in other comprehensive income as provisions for expected credit losses and does not reduce the carrying amount of the financial assets in the statement of financial position.

Impairment gains and losses are recognised in profit or loss regardless of classification of financial assets at each reporting date.

B Financial liabilities

Interest income or interest expense arising from financial liabilities measured at amortized cost are recognised in profit or loss using the effective interest rate method.

Fee and commission income arising from financial liabilities is recognised when service is provided.

Financial liabilities measured at amortized cost include banknotes and coins in circulation, deposits from banks, deposits from the Government and other public institutions and other financial liabilities.

3.1.4. Derecognition of financial assets and financial liabilities

The Central Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

A financial liability is derecognised when it is extinguished, discharged or expired.

3.2. Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position on a net basis, only where there is a legally enforceable right to offset the recognized amounts and when there is an intention to present or settle the transactions on the net basis.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions.

3.3. Cash and cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents comprise the following categories: giro accounts, cash in foreign currencies, foreign currency demand deposits, foreign currency deposits with maturity up to three months or less from the date of acquisition and Special Drawing Rights with the IMF.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.4. Monetary gold**

Monetary gold is part of foreign currency reserves of the Central Bank and is classified as a financial asset. Monetary gold is initially recognized at fair value, including transaction cost directly attributable to the acquisition of the monetary gold.

After initial recognition, monetary gold is subsequently measured at fair value. Unrealized gains and losses arising from changes in fair value, referring to the price changes of monetary gold, are recognized in the fair value reserve account within other comprehensive income. Prior to the annual profit allocation, if unrealised losses exceed the balance of the fair value reserves for monetary gold, the Central Bank recognises the amount of negative balance in the profit or loss account which is then included in the profit available for distribution if the legally prescribed conditions for profit distributions are met.

On the sale of monetary gold, unrealized gains and losses from other comprehensive income are transferred to profit or loss.

The fair value of monetary gold is expressed in EUR, converted at the fixed rate of KM at the reporting date and is measured at the last quoted bid price for one ounce of gold as at reporting date.

3.5. Property, equipment and intangible assets

Property, equipment and intangible assets consist of assets obtained from the Central Bank's own funds and cash and non-cash grants. Property, equipment and intangible assets are stated at historical cost, less accumulated amortization and accumulated impairment losses. Cost includes the purchase price and all costs directly related to bringing the asset into operating condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacement of assets are capitalized.

Assets under construction are reported at their cost of construction including costs charged by third parties. Upon completion, all accumulated costs of the asset are transferred to the relevant property, equipment and intangible assets category and subsequently subject to the applicable depreciation rates.

Depreciation and amortization of property, equipment and intangible assets are calculated on all assets, except land and assets in the course of construction, on a straight-line basis at prescribed rate designed to write off the cost of the assets over their estimated useful lives. The estimated depreciation and amortization rates during 2021 and 2020 were as follows:

Property and equipment

Buildings	1.3% to 4.0%
Equipment	11.0% to 20.0%
Furniture	10.0% to 12.5%
Vehicles	15.5%

Intangible assets

Software	20.0%
Other intangible assets	20.0%

Gains and losses on disposal of property and equipment and intangible assets are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.5. Property, equipment and intangible assets (continued)****Impairment of non-financial assets**

The useful life of the property, equipment and intangible assets is reviewed and adjusted on an annual basis at minimum, if necessary, and it is applied prospectively.

The carrying amounts of the Central Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of other assets is the greater value at comparing its value in use in relation to fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, as if no impairment loss had been recognized.

3.6. Banknotes and coins in circulation

The Central Bank is the only institution in BH authorised for issuing and withdrawing KM banknotes and coins, acting strictly under the currency board rule.

In accordance with the Law on the Central Bank, aggregate amounts of banknotes and coins in circulation is recorded as the Central Bank's financial liability in the statement of financial position. Banknotes and coins in circulation include only KM banknotes and coins outside of Central Bank's vaults.

When banknotes and coins are withdrawn from circulation, they are recognized as a liability as part of banknotes and coins in circulation, until the formal date of withdrawal. Any outstanding amount not withdrawn, after the formal due date, is recognized as income.

3.7. Deposits of depositors

Deposits of depositors include received deposits from banks and deposits from the Government and other public institutions. These deposits are the Central Bank's financial liabilities that are initially recognised at fair value and subsequently measured at amortized cost. Deposits from banks include domestic commercial banks' deposits arising from reserve requirement policy of the Central Bank and other bank deposits. Deposits from the Government and other public institutions represent received deposits from BH institutions and other public institutions and agencies, both state and entity level.

The Central Bank's role as a depository, banker, adviser and fiscal agent are prescribed under the Law on the Central Bank.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.8. Provisions**

Provisions are recognized when the Central Bank has a present legal or constructive obligation as a result of past events for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are maintained at the level that the Central Bank's Management considers sufficient for absorption of incurred losses. The Management determines the sufficiency of provisions on the basis of insight into specific items, current economic circumstances, risk characteristics of certain transaction categories, as well as other relevant factors.

Provisions are released only for such expenditure in respect of which provisions are recognized at inception. If the outflow of economic benefits to settle the obligations is no longer probable, the provision is reversed.

3.9. Income and expense recognition**Interest income and expenses**

Interest income and expenses are recorded in profit or loss using the effective interest rate method. The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial assets or
- The amortized cost of the financial liability.

When calculating the effective interest rate for financial instrument, the Central Bank estimates future cash flows considering all contractual terms of the financial instruments, but excluding the expected credit losses. The calculation includes all fees and amounts paid or received between the Central Bank and other party that are an integral part of the effective interest rate, transaction costs, and all other discounts and premiums.

Accrued interest on financial assets with negative interest rates is recognised in profit or loss as the effects of negative interest rates within the interest expense and arises from deposits with foreign banks and debt instruments at fair value through other comprehensive income.

Accrued interest on financial liabilities at amortised cost with negative interest rate is recognized in the profit or loss as the effects of negative interest rates on financial liabilities within the interest income and arises from deposits from domestic commercial banks due to the reserve requirement policy of the Central Bank applied.

Fee and commission income and expenses

Fee and commission income is earned from the services provided by the Central Bank and is recognized in profit or loss when the service is provided. The Central Bank calculates fee and commission income under determined tariffs for its services. Services provided by the Central Bank include services to domestic banks, depositors and other non-banking clients. They arise from payment system transactions, cash processing, conversion transactions and other services.

Fee and commission expense arises from received services related from Central Bank's foreign currency reserves management and is recognized in profit or loss when the service is received.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Notes to the financial statements for the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9. Income and expense recognition (continued)

Foreign currency transactions and exchange differences

On initial recognition, foreign currency transactions are recorded into KM, by applying to the foreign currency amount the spot exchange rate between the KM and the foreign currency at the date of the transaction.

Monetary items denominated in foreign currencies are translated to KM by applying exchange rate from the Central Bank's exchange rate list at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated by applying the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous reporting date, are recognized in profit or loss when they arise. Due to the currency board rule, there are no exchange differences from monetary items denominated in EUR currency.

Middle exchange rates of most relevant currencies are provided below:

Middle exchange rate:	31 December 2021	31 December 2020
	KM	KM
EUR	1.95583	1.95583
CHF	1.887320	1.801446
GBP	2.330311	2.165757
USD	1.725631	1.592566
XDR	2.420301	2.315409

Dividend income

Dividend income from equity instruments is recognized in profit or loss when the Central Bank's right to receive dividend is established. Dividend income arises from BIS shares held by the Central Bank (Notes 15 and 26).

Employee benefits

Short-term employee benefits

In accordance with local regulations, on behalf of its employees, the Central Bank pays personal income tax and contributions for pension, disability, health and unemployment insurance, on and from salaries, which are calculated as per the set legal rates during the course of the year on the gross salary. The Central Bank pays those tax and contributions in the favour of the institutions of the Federation of Bosnia and Herzegovina (on federal and cantonal levels), Republic of Srpska and Brčko District.

In addition, meal allowances, transport allowances and vacation bonuses are paid in accordance with the domestic legislation requirements. These expenses are recognized in profit or loss in the period in which the expense is incurred.

Long-term employee benefits

According to local legal requirements, upon retirement employees of the Central Bank are entitled to receive severance pay, when provided legal conditions are met, such as the age or years of service, which in accordance with the Central Bank's internal Acts is based on six regular monthly salaries paid to the respective employee in the last six months. Such payments are treated as long-term employee benefits. The Central Bank engages the certified actuary for preparing an actuarial calculation using the projected unit credit method.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.9. Income and expense recognition (continued)****Costs of production of banknotes and coins**

Costs related to the production and design of banknotes and coins are initially recognized as deferred costs which are part of Central Bank's other assets and are subsequently amortized by their expense recognition through profit or loss over the period of five years.

Taxes

The Central Bank is obliged to pay Value Added Tax for all goods and services purchased. These payables are part of the Central Bank's administrative and other operating expenses. According to the laws on corporate income tax (both Federation of Bosnia and Herzegovina and Republic of Srpska), the Central Bank is excluded from income tax payables.

3.10. Managed funds for and on behalf of third parties

The Central Bank also maintains certain accounts in foreign currencies related to agreements concluded between the governments in BH and its entities and foreign governments and financial organisations, as well as foreign currency accounts of state institutions and agencies, and of commercial banks, for which the Central Bank acts as an agent (Note 34).

3.11. Financial arrangements of Bosnia and Herzegovina with the International Monetary Fund

According to the financial arrangements concluded between BH, the Central Bank and the International Monetary Fund ("IMF"), the statement of financial position of the Central Bank includes the following items related to BH's membership with the IMF: Special Drawing Rights with the IMF which are part of foreign currency reserves of the Central Bank and are interest-bearing and the IMF No. 1 account and IMF No. 2 account that are part of Central Bank's financial liabilities. These accounts are also included in currency board compliance (Note 4).

Other assets and liabilities related to the IMF, belonging to or being the responsibility of BH, are recorded in a special Trust Fund within off-balance-sheet records. Central Bank has an obligation to keep proper records arising from transactions between BH and the IMF, but adhering strictly to the Law on the Central Bank and local legislation in BH that regulates foreign borrowing of BH (Note 35).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12. Significant accounting judgements and estimates

In preparing the Central Bank's financial statements in accordance with IFRSs, the Management applies judgments and make estimates that are evaluated continually. In evaluation of significant judgments and estimates, the Management considers assumptions based on historical experience and expectations about future that are believed to be reasonable under the circumstances.

Significant judgements and estimates effect the reported amounts of assets and liabilities, as well as a disclosure of the amounts of contingent assets and liabilities as at reporting date, and the corresponding amounts of revenues and expenses for the reporting period. Actual amounts could differ from these estimates. Changes in Central Bank's accounting policies are applied retrospectively when applicable in accordance with IFRSs. Changes in accounting estimates are recognized in the period in which the estimate is changed if the change affects only that period or in the period of change and future periods if the change affects both current and future periods. No changes have been made in applied accounting policies and accounting estimates in these financial statements.

These financial statements have been prepared based upon conditions existing at 31 December 2021. Conditions in the future may be different from those that resulted in the financial information disclosed in these financial statements. The Management does consider the current uncertainty regarding the impact of global pandemic of COVID-19 in respect of potential material impact on Central Bank's overall financial position and performance.

Key assumptions and estimates relating to material statement of financial position items are presented below:

Business model

Note 3.1.1.: Determination of the business model within the financial assets are held and assessment of contractual terms of financial assets regarding the "Solely payment of principal and interest" requirement. These assessments determine the classification of financial assets.

Impairment of financial assets

The Central Bank calculates the expected credit losses for certain classes of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. Note 6.1 describes assumptions made in the determination of the inputs into the expected credit loss measurement model, including the forward-looking view information that were used in the reporting periods.

Fair value of assets and liabilities

The Central Bank's business policy is to disclose fair value information on those financial assets and financial liabilities for which public market information is readily available or such value may be calculated by applying some alternative valuation techniques, and whose fair value is materially different from their recorded amounts. According to the Central Bank's management, amounts presented in the financial statements reflect the most reliable and useful estimate of fair value for financial reporting purposes, in accordance with IFRSs. For more information about fair value measurement of financial assets and financial liabilities see Note 5.

Depreciation and amortisation charge and rates applied

The calculation of depreciation and amortisation, as well as depreciation and amortisation rates are based on the assessed economic useful life of property, equipment and intangible assets. Once a year, the Central Bank assesses economic useful life based on current assumptions.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.13. Economic consequences of the global pandemic COVID-19 and their impact on the financial statements of the Central Bank in 2021**

The global pandemic of coronavirus COVID-19 and its economic consequences continued to make the Central Bank's business operations more difficult in 2021. The Central Bank has been continuously undertaking all allowed possibilities directed exclusively on the protection and integrity of the currency board arrangement in accordance with the Law on the Central Bank.

The circumstances in which the Central Bank has performed its operations, on the side of domestic business environment as well as on the side of international business environment, have affected the reported amounts on assets, liabilities, income and expenses of the Central Bank in 2021.

In 2021 the monetary liabilities of the Central Bank have recorded the annual increase which is also the biggest increase in monetary liabilities from the establishment of the Central Bank. The annual increase in monetary liabilities of the Central Bank was determined by the reduced credit activity of commercial banks, increased international borrowings in BH and unconditional remittance of funds to BH by the international financial institutions. These circumstances, have additionally negatively exposed the process of foreign currency investments to volatile and unfavourable conditions in international business environment as well as increased financial risks.

The trend of high levels of excess liquidity in banking system of BH has also continued during 2021. The Central Bank has continued with implementation of a project regarding required reserve policy framework innovation as the only monetary policy instrument available under the Law on the Central Bank. During 2021, a negative required reserve remuneration was introduced regarding the foreign currency base and domestic currency with currency clause base. This measure aims to encourage the holding of deposits in domestic currency in commercial banks, i.e. to discourage the holding of deposits in EUR currency. This measure is also aimed at strengthening the domestic currency, thereby strengthening its stability. However, a significant accumulation of the amounts exceeding the required reserve on the accounts of commercial banks with the Central Bank continued. As at 31 December 2021 the amounts exceeding the required reserve of commercial banks are significantly higher than the required reserves themselves. For more information, see the following Notes:

Note	Title
17	Deposits from banks
21	Net interest income

During 2021, the bonds of Republic of Srpska have been sold in the amount of KM 586,749 thousand (EUR 300,000 thousand) on the London Stock Exchange on the basis of international borrowings. Due to this borrowing the Central Bank has sold KM for EUR on the request of the commercial banks. This borrowing further increased the monetary liabilities of the Central Bank.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.13. Economic consequences of the global pandemic COVID-19 and their impact on the financial statements of the Central Bank in 2021 (continued)**

The practice of holding funds on the Central Bank's accounts instead of withdrawing these funds for the intended purpose also continued by the depositors of the Central Bank. Together with accumulating funds from the commercial banks this additionally increased the monetary liabilities of the Central Bank and negatively affected its financial performance.

During 2021, significant funds have been remitted to Bosnia and Herzegovina by the international financial institutions, as follows:

Allocation of Special Drawing Rights: Based on the decision of the IMF Board of Governors, Bosnia and Herzegovina has been remitted funds in the amount of KM 602,540 thousand on the basis of the Special Drawing Rights (SDR) allocation. These funds have been remitted as a measure to mitigate the effects of the crisis caused by the pandemic of coronavirus COVID-19. The Central Bank has orderly performed its legal role of depository, banker and fiscal agent of Bosnia and Herzegovina.

The European Commission Funds: During 2021, the European Commission remitted funds to Bosnia and Herzegovina in the amount of KM 243,112 thousand (EUR 124,301 thousand) in accordance with the Credit line agreement between European Union and Bosnia and Herzegovina. The remitted funds represent the first tranche of the macro financial assistance based on the Credit line agreement between European Union and Bosnia and Herzegovina. The Central Bank has transferred the remitted funds to the subaccounts of Federation of Bosnia and Herzegovina, Republic of Srpska and Brčko District, in accordance with the percentages set out in the Memorandum of Understanding between European Union and Bosnia and Herzegovina. As at 31 December 2021, all funds based on this agreement have not been withdrawn.

For more information on the above circumstances related to the Central Bank's depositors see following Notes:

Note	Title
18	Deposits from the Government and other public institutions
35	BH membership with the IMF

During 2021, the international business environment, in which the Central Bank is investing its foreign currency reserves, continued to be the environment of negative interest rates and yields on Eurozone countries debt instruments, as well as the environment of increased volatility of the debt instruments' market prices. Although the Eurozone economy has gradually begun to open up due to improved pandemic situation and substantial progress in the vaccination process, the continuation of the pandemic, the spread of new variants of virus and its consequences on economic and financial conditions still remain a source of risk, uncertainty and high volatility in the surrounding environment. The conditions on the Eurozone international financial market are still under the dominant impact of the European Central Bank expansive monetary policy. The European Central Bank's key interest rates remained unchanged in 2021 with uncertain expectations of their change in the future period.

In addition, by remittance of the funds based on the SDR allocation and the macro-financial assistance, together with significant accumulation of the amounts exceeding the required reserves of the commercial banks, the Central Bank's foreign currency reserves dominantly became additionally exposed to the unfavourable investment conditions on the Eurozone international financial market.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.13. Economic consequences of the global pandemic COVID-19 and their impact on the financial statements of the Central Bank in 2021 (continued)**

During 2021, the Central Bank has actively adjusted the foreign currency investment process to the circumstances of unusual and significant increase of monetary liabilities, as well as to the existing conditions for foreign currency investments within the legally prescribed investment framework. These circumstances, both on the side of monetary liabilities and in terms of difficult possibilities for foreign currency reserves investments, had negative synergistic effect on the financial performance of the Central Bank in 2021. At any moment, the coverage of monetary liabilities with net foreign currency reserves was the primary goal of the Central Bank, which has been fully accomplished. For more information see the following Notes:

Note	Title
4	Currency board arrangement
6	Financial risk management
10	Debt instruments at fair value through other comprehensive income
21	Net interest income

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Notes to the financial statements for the year ended 31 December 2021

4. CURRENCY BOARD ARRANGEMENT

The currency board is an arrangement with a fixed foreign currency exchange rate which is tied to a stable foreign currency, so-called reserve currency, where the total amount of domestic currency can be freely converted to reserve currency at any time. Every issued KM has full coverage in foreign currency to which it is tied at the fixed EUR foreign currency exchange rate. Article 31 of the Law on the Central Bank defines the rule “currency board” for issuing KM, according to which the Central Bank is obliged to ensure that total amount of its monetary liabilities never exceed the equivalent amount (expressed in KM) of its foreign currency reserves.

Details of compliance with that rule are as follows:

In thousands of KM	31 December 2021	31 December 2020
Gross foreign currency reserves	16,348,142	13,868,029
Cash in foreign currencies	469,585	142,202
Deposits with foreign banks	3,945,097	3,832,072
Special Drawing Rights with the IMF	1,881	879
Debt instruments	11,629,592	9,601,315
Monetary gold	301,987	291,561
Liabilities to non-residents	2,331	1,688
Net foreign currency reserves		
(Gross foreign currency reserves less liabilities to non-residents)	16,345,811	13,866,341
Monetary liabilities	15,573,031	12,970,643
Banknotes and coins in circulation	6,923,818	6,172,457
Deposits from banks	7,219,617	5,901,142
Deposits from the Government and other public institutions	1,429,596	897,044
NET FOREIGN ASSETS		
(Net foreign currency reserves less monetary liabilities)	772,780	895,698

Net foreign assets are the Central Bank’s main financial indicator of achieving and maintaining the stability of domestic currency in BH and its main financial performance measure. Being the part of foreign currency reserves, the net foreign assets cannot be assumed as the Central Bank’s asset available for fiscal purposes and the use of the Central Bank’s foreign currency reserves for fiscal purposes is explicitly prohibited by the Law on the Central Bank. Net foreign assets are the amount that guarantees the stability of domestic currency that is monetary stability and absorbs potential financial risks arising from gross currency reserves management.

As disclosed in Note 3.13, the difficult circumstances for foreign currency reserves investments have been dominantly determined with significant increase in monetary liabilities in 2021. Increase in monetary liabilities, caused by foreign borrowings in Bosnia and Herzegovina, as well as reduced commercial banks’ credit activities, exposed the investment of the Central Bank’s foreign currency reserves to volatile and unfavourable conditions at the international financial market which are amortized by net foreign assets.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***4. CURRENCY BOARD ARRANGEMENT (CONTINUED)**

During 2021, the oscillations in changes in the Central Bank's financial assets subsequently measured at fair value affected the amount of net foreign assets. More information on these changes is disclosed in Notes 10 and 11. More information on financial risks to which the Central Bank was exposed in foreign currency reserves management are disclosed in Note 6.

As at reporting dates, the Central Bank's capitalisation level ensured implementation of its functions prescribed by the Law on Central Bank. For more information see Note 31.

5. CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Central Bank considers the characteristics of the asset or liability which market participants would consider when pricing the asset or liability at the measurement date.

The estimated fair values of the Central Bank's financial assets and financial liabilities have been determined using available market information, where it exists, and appropriate valuation methodologies.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Central Bank can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

5. CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

5.1. Financial assets measured at fair value

The following table analyses financial assets measured at fair value at each reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. These amounts are based on the values recognised in the statement of financial position.

In thousands of KM

	31 December 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Financial assets measured at fair value through other comprehensive income</i>				
Debt instruments	11,629,592	-	-	11,629,592
Monetary gold	301,987	-	-	301,987
TOTAL	11,931,579	-	-	11,931,579

In thousands of KM

	31 December 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Financial assets measured at fair value through other comprehensive income</i>				
Debt instruments	9,601,315	-	-	9,601,315
Monetary gold	291,561	-	-	291,561
TOTAL	9,892,876	-	-	9,892,876

Financial assets are measured at fair value in statement of financial position using the last quoted bid prices in an active market, taken from official services, which correspond to Level 1 hierarchy as at reporting dates. Market prices from the official service Bloomberg are used for fair value measurement of debt instruments. Market prices from the official service Reuters are used for fair value measurement of monetary gold.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

5. CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

5.2. Financial assets and financial liabilities not measured at fair value

In thousands of KM

	31 December 2021	
	Carrying amount	Fair value
Financial assets		
<i>Financial assets measured at amortized cost:</i>		
Cash in foreign currencies	469,585	469,585
Deposits with foreign banks	3,945,097	3,936,151
Special Drawing Rights with the IMF	1,881	1,881
Other financial assets	3,349	3,349
	<u>4,419,912</u>	<u>4,410,966</u>
<i>Financial assets at measured at fair value through other comprehensive income - cost choice:</i>		
Other investments	27,813	27,813
	<u>27,813</u>	<u>27,813</u>
Total	<u>4,447,725</u>	<u>4,438,779</u>
Financial liabilities		
<i>Financial liabilities measured at amortized cost:</i>		
Banknotes and coins in circulation	6,923,818	6,172,457
Deposits from banks	7,219,617	7,203,407
Deposits from the Government and other public institutions	1,429,596	1,426,386
Other financial liabilities	8,023	8,023
Total	<u>15,581,054</u>	<u>14,810,273</u>

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Notes to the financial statements for the year ended 31 December 2021

5. CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES
(CONTINUED)

5.2. Financial assets and financial liabilities not measured at fair value (continued)

In thousands of KM

	31 December 2020	
	Carrying amount	Fair value
Financial assets		
<i>Financial assets measured at amortized cost:</i>		
Cash in foreign currencies	142,202	142,202
Deposits with foreign banks	3,832,072	3,823,212
Special Drawing Rights with the IMF	879	879
Other financial assets	2,496	2,496
	<u>3,977,649</u>	<u>3,968,789</u>
<i>Financial assets at measured at fair value through other comprehensive income - cost choice:</i>		
Other investments	27,813	27,813
	<u>27,813</u>	<u>27,813</u>
Total	<u>4,005,462</u>	<u>3,996,602</u>
Financial liabilities		
<i>Financial liabilities measured at amortized cost:</i>		
Banknotes and coins in circulation	6,172,457	6,172,457
Deposits from banks	5,901,142	5,887,547
Deposits from the Government and other public institutions	897,044	894,977
Other financial liabilities	3,759	3,759
Total	<u>12,974,402</u>	<u>12,958,740</u>

The Management considers that the carrying amounts of cash in foreign currencies, special drawing rights with the IMF, other financial assets, banknotes and coins in circulation and other financial liabilities recognized in the financial statements approximate their fair values as at reporting dates.

As at reporting dates, fair values of financial assets and financial liabilities not measured at fair value are included in Level 2 category and have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties. As discount rate, the Central Bank has used weighted average interest rate on corporate deposits for whole banking market in BH.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***6. FINANCIAL RISK MANAGEMENT**

Financial assets which represent the Central Bank's exposure to financial risks (credit risk, market risks and liquidity risk) are:

- Cash in foreign currencies,
- Deposits with foreign banks (central banks, commercial banks and BIS),
- Special Drawing Rights with the IMF,
- Debt instruments at fair value through other comprehensive income,
- Monetary gold,
- Other financial assets (domestic banks' receivables, employees' loans and other receivables) and
- Other investments.

Due to the global pandemic of COVID-19 at the beginning of March 2020, the European Central Bank has taken further non-standard monetary policy measures, with the aim of stabilizing the current conditions on financial markets. However, during the middle of 2021, it has become clear that market yields will not remain at a very low level for a long time. For the reason of currency board stability, the Central Bank has significantly shortened the modified duration of the debt instruments portfolio and thus reduced its exposure to the interest rate risk. Certain adjustments were made to the credit risk limits, whereby it was taken into consideration that there was no significant increase in credit risk, bearing in mind that the national central banks from the ECB's system are repurchasing the debt instruments of the Eurozone countries.

6.1. Credit risk

Credit risk is the risk of default on the contractual obligations of other counterparty or the issuer of fixed income debt securities, where the counterparty is an entity in which, in accordance with the Central Bank's regulations, foreign currency reserves are held or invested. The management of this risk is performed through:

- limiting the scope of financial instruments,
- limiting counterparties and issuers to those with acceptable composite credit rating,
- defining concentration limits for investments with an individual counterparty,
- limiting the maximum amount to be invested into individual types of financial instruments,
- limiting the size of the issue of individual securities and
- limiting maturities.

For the funds recorded in off-balance sheet records, the Central Bank is not exposed to credit risk, as all the risk, which may result from the investments of these funds, is to be borne contractually by the owners of these funds (see Notes 34 and 35).

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1. Credit risk (continued)

Expected credit loss measurement

Financial assets for which the Central Bank calculates the expected credit losses includes:

- Deposits with foreign banks,
- Special Drawing Rights with IMF and
- Debt instruments at fair value through other comprehensive income,
- Other financial assets (domestic banks' receivables, employees' loans and other receivables).

The basic criteria for defining the limit of exposure to credit risk is the composite credit rating. Composite credit rating is the average of current ratings assigned to a certain entity by at least two out of three credit rating agencies (Standard and Poor's, Fitch ratings or Moody's).

Financial assets which have the composite credit rating AA minus (AA-) or higher, the Central Bank treats as low credit risk exposure.

Financial assets which have the composite credit rating from BBB minus (BBB-) to A plus (A+), the Central Bank treats as medium credit risk exposure.

Financial assets which have the composite credit rating below BBB minus (BBB-), the Central Bank treats as high credit risk exposure.

In the absence of credit rating, the Central Bank estimates the borrower's capacity to properly repay his contractual cash obligations.

Model for impairment of financial assets defines three stages based on the credit risk level at the initial recognition and changes in the credit risk level after initial recognition as summarized below:

1. Stage 1 of exposure distribution – Financial assets which are treated as the low or medium credit risk exposure are allocated to Stage 1 at initial recognition. In accordance with internal Central Bank's regulations, investments of foreign currency reserves are not allowed to the high credit risk exposure. Each investment of foreign currency reserves at initial recognition is allocated to Stage 1 of exposure distribution.
2. Stage 2 of exposure distribution – If a significant increase in credit risk since initial recognition is identified, financial assets which were allocated to Stage 1 will be transferred to Stage 2.
3. Stage 3 of exposure distribution – The criteria for movement into the Stage 3 is assigning the default status to financial assets.

The calculation of expected credit losses is measured on a 12-month basis or a lifetime basis, depending on financial asset's composite credit rating level, if the significant increase in credit risk has occurred from the moment of financial assets' initial recognition and depending on if the financial asset is credit-impaired.

For financial assets allocated in Stage 1, the expected credit losses are measured on a 12-month basis, while for financial assets allocated in Stage 2 or Stage 3 the expected credit losses are measured on a lifetime basis.

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*Notes to the financial statements for the year ended 31 December 2021***6. FINANCIAL RISK MANAGEMENT (CONTINUED)****6.1. Credit risk (continued)****Significant increase in credit risk**

Significant increase in credit risk, as criteria for transfer of exposure into Stage 2, represents:

- The decrease in composite credit rating for more than two notches in relation to initial recognition date, excluding the financial assets which even after the decrease in composite credit rating is treated as the low credit risk exposure at reporting date or
- The decrease in composite credit rating of financial assets below investment level of composite credit rating, i.e. below the BBB minus (BBB-) rating.

Financial assets cannot be allocated from Stage 1 to Stage 2 if the Central Bank considers that the debtor, which does not have credit rating assigned, has high capacity to settle all matured contractual obligations. Financial assets cannot be allocated to Stage 2 if, even after the decrease in the level of composite credit rating, the financial assets have rating AA minus (AA-) or higher, considering that it is treated as low credit risk exposure.

If financial instrument is consisted of multiple tranches that were initially recognized in different periods, and which in different periods had different composite credit ratings, by using the conservative approach, the Central Bank will take as relevant the calculated increase in credit risk from the highest notch.

If the change in credit risk rating occurred due to the change in certain credit rating agency methodology and the significant increase in credit risk did not occur related to initially estimated risks, the exposures will not be classified into the Stage 2.

The Central Bank, based on its analysis, can determine the allocation of every individual financial asset into the Stage 2 or Stage 3. If the causes that led to the transfer of financial asset in Stage 2 have been removed, the exposure can be reverted to Stage 1, but at least 90 days after removal of the cause.

In addition to the criteria mentioned above, stage classification can be performed based on assumption that the significant increase in risk has occurred if the payment is delayed for 30 days or more, where the financial asset will be classified to Stage 2 (underperforming) if the payment is delayed for 30 to 89 days. Financial assets will be classified to the Stage 3 (nonperforming) if payment is delayed for 90 days or more.

Definition of default

Default criteria are objective evidences of impairment, especially:

- Significant financial difficulties of securities' issuers,
- Breach of contractual obligations in terms of delinquency on principal and interest,
- Any restructuring or modification of the existing terms of servicing obligations arising from financial instrument debt for reasons related to financial difficulties of the issuer,
- Probability of bankruptcy and/or liquidation or other form of financial reorganization and/or
- Disappearance of an active trading market.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1. Credit risk (continued)

Expected credit loss calculation

Expected credit losses are calculated as the product of three variables: The Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), defined as follows:

- **Probability of Default (PD)** is an estimate of the probability that another counterparty will not be able to meet its debt obligations. In the reporting periods, the same PD calculation method was used, in accordance with the Central Bank's methodology for expected credit losses calculation which was introduced on 1 January 2019. For the impairment calculation, in accordance with best practices in other central banks in region and European Union, which are obliged to comply with IFRS, the Central Bank, as a parameter of the probability of default, uses the estimates based on data from transition matrices which are published by credit rating agencies and expert judgement in the form of fixed percentages of probability of default.

For probability of default calculation, the estimates are based on transition matrices for corporations on a global level which contain data on one-year transition average rate of long-term credit rating level in status "D" i.e. default or status "SD", i.e. selective default. Based on data mentioned above, the probability of default estimates are calculated for exposures to foreign commercial banks and foreign countries, respectively foreign central banks and governments, for which it is possible to calculate composite credit rating. For probability of default estimates of exposures to foreign countries, respectively foreign central banks and governments, the first non-zero data on one-year transition rate of sovereign ratings is taken into consideration in status "D" i.e. default or status "SD" i.e. selective default from transition matrices for sovereign rating. For exposures for which the composite credit rating cannot be calculated, expert judgements in terms of fixed percentages are used, respectively the simplified approach in accordance with the current situation analysis and former experience.

- **Loss Given Default (LGD)** is an estimate of the percentage of exposure to the issuer/entity which cannot be collected if a default event occurs. For loss given default, the Central Bank uses constant value of one-year LGD, 45 per cent (45%), in accordance with the article 161. of the Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 (Capital Requirements Regulations i.e. CRR).
- **Exposure at Default (EAD)** represents the book value of the financial asset, i.e. the carrying amount at the date of the initial recognition/at the reporting date.

For impairment, the Central Bank uses individual and collective approach.

Considering the portfolio structure and classification, the Central Bank will consider every exposure for which the objective impairment is determined, respectively the default is determined, as individually significant exposure and will apply the individual estimation approach. For an individual approach to impairment assessment, three different scenarios are used. It is not necessary to determine each possible scenario for the expected credit losses measurement, but it needs to be taken into the consideration the risk or likelihood of a credit loss occurring in a way that reflects the probability of a credit loss and the probability that there will be no credit loss, even when the probability of credit loss is very low.

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*Notes to the financial statements for the year ended 31 December 2021***6. FINANCIAL RISK MANAGEMENT (CONTINUED)****6.1. Credit risk (continued)**

Impairment amount for exposures that are the subject of the individual evaluation approach is calculated as a difference between the financial asset carrying amount and probability weighted present value of the estimated cash flows, discounted with the effective interest rate, where the expected credit losses are discounted at the reporting date, not at the date of expected default or any other date.

For the purpose of determining a significant increase in credit risk and the recognition of impairment provisions on a collective basis, financial instruments may be grouped on the basis of common credit risk characteristics to facilitate the timely analysis of significant increase in credit risk determination.

Impairment calculation on a collective basis for financial instruments allocated in Stage 1 is carried out on a 12-month basis, while for exposures allocated in Stage 2, the lifetime credit loss is calculated.

Forward-looking information incorporation

The purpose of the impairment is to recognize expected credit losses on a lifetime basis for financial assets that had a significant increase in credit risk compared to initially estimated risks, whether the estimation is on individual or collective basis, considering all reasonable and substantiated information including those related to the future.

In accordance with the above, incorporation of forward-looking information in expected credit losses calculation is done by adjusting the probability of default.

Given that the Central Bank in its portfolio has financial instruments of issuers that are different by structure as well as by geographical distribution, in relation to incorporating forward looking information in expected credit losses calculation, the Central Bank relies on predicting changes in credit ratings for individual financial instruments, respectively issuers.

Predictions of credit rating movement directions on calculated probability of default of three biggest credit rating agencies: positive, stable or negative outlook, is incorporated in probability of default by the principle of equal probabilities.

6.1.1. Credit risk exposure

The following table shows the reconciliation from the opening to the closing balance for the impairment as well as the provisions for expected credit losses for financial assets at the reporting dates:

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1. Credit risk (continued)

6.1.1. Credit risk exposure (continued)

In thousands of KM

	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1. Deposits with foreign banks								
As at 1 January	807	-	-	807	724	-	-	724
Increases in expected credit losses	4,734	-	-	4,734	4,620	-	-	4,620
Releases of expected credit losses	(179)	-	-	(179)	(1,078)	-	-	(1,078)
Releases due to derecognition of term deposits	(4,449)	-	-	(4,449)	(3,459)	-	-	(3,459)
As at 31 December	913	-	-	913	807	-	-	807
2. Special Drawing Rights with the IMF								
As at 1 January	-	-	-	-	-	-	-	-
Increases in expected credit losses	-	-	-	-	-	-	-	-
Releases of expected credit losses	-	-	-	-	-	-	-	-
As at 31 December	-	-	-	-	-	-	-	-
3. Debt instruments at fair value through other comprehensive income								
As at 1 January	1,598	-	-	1,598	1,343	-	-	1,343
Increases in expected credit losses	1,130	-	-	1,130	713	-	-	713
Releases of expected credit losses	(150)	-	-	(150)	(74)	-	-	(74)
Releases due to debt instruments matured	(650)	-	-	(650)	(325)	-	-	(325)
<i>Net increase during the year</i>	330	-	-	330	314	-	-	314
Releases due to debt instruments sold	(142)	-	-	(142)	(59)	-	-	(59)
As at 31 December	1,786	-	-	1,786	1,598	-	-	1,598

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1. Credit risk (continued)

6.1.1. Credit risk exposure (continued)

In thousands of KM

	2021				2020	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Total
4. Other financial assets						
As at 1 January	5	-	613	618	5	605
Increases in expected credit losses	8	-	2	10	7	20
Releases of expected credit losses	(7)	-	(13)	(20)	(7)	(7)
As at 31 December	6	-	602	608	5	613
Total opening balance at 1 January	2,410	-	613	3,023	2,072	2,672
Net increase / (release) in expected credit losses	295	-	(11)	284	338	351
Total closing balance at 31 December	2,705	-	602	3,307	2,410	3,023

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1. Credit risk (continued)

6.1.2. Credit risk concentration

a) Maximum exposure to credit risk - financial instruments subject to impairment

The following table shows the maximum exposure to credit risk for the Central Bank's financial assets, analysed by the classes of financial instruments for which the expected credit losses are calculated and recognized:

In thousands of KM	31 December 2021			31 December 2020		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Classes of financial instruments						
Cash in foreign currencies						
Gross carrying amount	469,585	-	-	142,202	-	-
Impairment	-	-	-	-	-	-
Carrying amount	469,585	-	-	142,202	-	-
Deposits with foreign banks						
Gross carrying amount	3,946,010	-	-	3,832,879	-	-
Impairment	(913)	-	-	(807)	-	-
Carrying amount	3,945,097	-	-	3,832,072	-	-
Special Drawing Rights with the IMF						
Gross carrying amount	1,881	-	-	879	-	-
Impairment	-	-	-	-	-	-
Carrying amount	1,881	-	-	879	-	-
Debt instruments at fair value through other comprehensive income						
Gross carrying amount	11,629,592	-	-	9,601,315	-	-
Provisions for expected credit losses (recognized in other comprehensive income)	1,786	-	-	1,598	-	-
Carrying amount	11,629,592	-	-	9,601,315	-	-
Other financial assets						
Gross carrying amount	3,355	-	602	2,501	-	613
Impairment	(6)	(602)	-	(5)	-	(613)
Carrying amount	3,349	-	-	2,496	-	-

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*Notes to the financial statements for the year ended 31 December 2021***6. FINANCIAL RISK MANAGEMENT (CONTINUED)****6.1. Credit risk (continued)****6.1.2. Credit risk concentration (continued)****b) Maximum exposure to credit risk - financial assets not subject to impairment**

In thousands of KM	31 December 2021	31 December 2020
Carrying amounts		
Monetary gold	301,987	291,561
Other investments	27,813	27,813
TOTAL	329,800	319,374

The Central Bank does not hold any collateral or other credit enhancements for the credit risk coverage. As at 31 December 2021 the Central Bank does not have any assets that are past due and does have impaired assets in the amount of KM 602 thousand (31 December 2020: The Central Bank did not have any assets that are past due and had impaired assets in the amount of KM 613 thousand).

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Notes to the financial statements for the year ended 31 December 2021

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1. Credit risk (continued)

6.1.2. Credit risk concentration (continued)

Concentration per credit rating

The tables below present an analysis of the Central Bank's concentration per composite credit rating to the counterparty for its financial assets as at reporting dates:

In thousands of KM		31 December 2021								
Credit rating	Cash in foreign currencies	Debt instruments at fair value through other comprehensive income					Monetary gold	Other financial assets	Other investments	Total
		Deposits with foreign banks	Special Drawing Rights with the IMF							
AAA	-	1,622,277	-	-	2,523,051	-	-	-	-	4,145,328
AA+	-	-	-	-	1,349,129	-	-	-	-	1,349,129
AA	-	78,200	-	-	3,986,839	-	-	-	-	4,065,039
AA-	-	-	-	-	1,672,536	-	-	-	-	1,672,536
A+	-	488,958	-	-	-	-	-	-	-	488,958
A	-	1,653,649	-	-	-	-	-	-	-	1,653,649
A-	-	102,166	-	-	1,428,865	-	-	-	-	1,531,031
II ¹	-	760	1,881	-	-	301,987	-	-	27,813	332,441
BBB+	-	-	-	-	-	-	-	-	-	-
BBB	-	-	-	-	669,172	-	-	-	-	669,172
BBB-	-	-	-	-	-	-	-	-	-	-
Unrated	469,585	-	-	-	-	-	3,957	-	-	473,542
Total	469,585	3,946,010	1,881	11,629,592	301,987	3,957	27,813	16,380,825		
Impairment	-	(913)	-	-	-	-	(608)	-	-	(1,521)
TOTAL	469,585	3,945,097	1,881	11,629,592²	301,987	3,349	27,813	16,379,304		

¹ International institutions

² Provisions for expected credit losses do not reduce the gross carrying amount of debt instruments at fair value through other comprehensive income

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1. Credit risk (continued)

6.1.2. Credit risk concentration (continued)

In thousands of KM

		31 December 2020				
Credit rating	Cash in foreign currencies	Deposits with foreign banks	Special Drawing Rights with the IMF	Debt instruments at fair value through other comprehensive income		Total
				Monetary gold	Other financial assets	
AAA	-	1,743,431	-	2,164,263	-	3,907,694
AA+	-	-	-	1,283,772	-	1,283,772
AA	-	722,926	-	3,170,119	-	3,893,045
AA-	-	-	-	1,269,603	-	1,269,603
A+	-	391,166	-	-	-	391,166
A	-	875,876	-	-	-	875,876
A-	-	-	-	1,095,368	-	1,095,368
II ³	-	410	879	-	27,813	320,663
BBB+	-	99,070	-	-	-	99,070
BBB	-	-	-	-	-	-
BBB-	-	-	-	618,190	-	618,190
Unrated	142,202	-	-	-	3,114	145,316
Total	142,202	3,832,879	879	9,601,315	3,114	13,899,763
Impairment	-	(807)	-	-	(618)	(1,425)
TOTAL	142,202	3,832,072	879	9,601,315⁴	2,496	13,898,338

³ International institutions

⁴ Provisions for expected credit losses do not reduce the gross carrying amount of debt instruments at fair value through other comprehensive income

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1. Credit risk (continued)

6.1.2. Credit risk concentration (continued)

Geographical concentration of risks of financial assets with credit risk exposure

The following tables provides the information on the Central Bank's main credit risk exposure at their gross carrying amounts, categorized by geographical region as at reporting dates. For the purposes of this disclosure, the Central Bank has allocated exposures to regions based on the country of domicile of its counterparties:

31 December 2021

In thousands of KM	EU countries	Non-EU member countries	Bosnia and Herzegovina	Total
Cash in foreign currencies	-	-	469,585	469,585
Deposits with foreign banks	3,058,334	887,676	-	3,946,010
Special Drawing Rights with the IMF	-	1,881	-	1,881
Debt instruments at fair value through other comprehensive income	11,629,592	-	-	11,629,592
Monetary gold	-	301,987	-	301,987
Other financial assets	-	-	3,957	3,957
Other investments	10	27,803	-	27,813
Total	14,687,936	1,219,347	473,542	16,380,825
			Impairment	(1,521)
			TOTAL	16,379,304

31 December 2020

In thousands of KM	EU countries	Non-EU member countries	Bosnia and Herzegovina	Total
Cash in foreign currencies	-	-	142,202	142,202
Deposits with foreign banks	2,865,493	967,386	-	3,832,879
Special Drawing Rights with the IMF	-	879	-	879
Debt instruments at fair value through other comprehensive income	9,601,315	-	-	9,601,315
Monetary gold	-	291,561	-	291,561
Other financial assets	-	-	3,114	3,114
Other investments	10	27,803	-	27,813
Total	12,466,818	1,287,629	145,316	13,899,763
			Impairment	(1,425)
			TOTAL	13,898,338

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***6. FINANCIAL RISK MANAGEMENT (CONTINUED)****6.2. Market risk**

Market risk is the risk of market value changes in the financial assets and instruments due to the changes in the financial market conditions. The market risks that the Central bank faces in its operations are: foreign exchange risk, interest rate risk and gold price risk. The objective of market risk management is to manage and control market risk exposures with acceptable parameters, while optimising the return on risk.

For the purpose of quantifying the market risk effects on the currency reserves value, the Central Bank applies the Value at Risk (VaR) concept. VaR represents a statistical measure which shows the maximum loss that can occur in foreign currency reserves portfolio due to the changes in the financial instruments prices and the foreign exchange rates, given a certain level of confidence and a particular time horizon. VaR value for market risk is calculated by analytical (parametric) method, based on the mean value of gain/loss or yield rate of observed portfolio and standard deviation of observed data. The Central Bank, when calculating VaR, applies a level of confidence of 99% and a 10-day horizon.

For calculating VaR value of foreign currency reserves portfolio of the Central Bank, all positions which are exposed to market risks, i.e. foreign exchange risk, interest rate risk and gold price risk, in foreign currency reserves portfolio are considered. As at 31 December 2021, the exposure of the Central Bank's foreign currency reserves (Value at Risk at a level of confidence of 99% for a 10-day horizon), including fluctuations of the prices of financial instruments and foreign exchange rates against the KM, equals to KM 65,070 thousand (2020: KM 61,117 thousand), or 0.40% of the total financial assets (2020: 0.44% of the total financial assets).

VaR value as at 31 December 2021 and 31 December 2020 is calculated as the sum of componential VaR values:

- for deposits with foreign banks (currency VaR due to changes in foreign exchange rates),
- for debt instruments at fair value through other comprehensive income (interest rate VaR due to changes in market yields, i.e. changes in market prices of debt instruments) and
- for monetary gold (VaR due to changes in EUR price of the monetary gold).

In thousands of KM	31 December 2021	31 December 2020
Interest rate risk	51,622	44,722
Risk of change in EUR price of the monetary gold	13,138	16,097
Foreign exchange risk	310	298
Total VaR	65,070	61,117

6.2.1. Foreign exchange risk

Foreign exchange risk is the risk of changes in foreign exchange assets and liabilities due to the changes in foreign exchange rates. The Central Bank is exposed to foreign exchange risk through transactions in foreign currencies. Foreign exchange risk is primarily managed through reconciling currency structure of assets and liabilities of the Central Bank, as well as through setting the quantitative limits for exposure to foreign exchange risk.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***6. FINANCIAL RISK MANAGEMENT (CONTINUED)****6.2. Market risk (continued)****6.2.1. Foreign exchange risk (continued)**

The control and management of the foreign exchange risk is based on the strict adherence to the provisions of the Law on the Central Bank and the Central Bank's internal regulations.

The largest part of gross foreign currency reserves is held in EUR, and the maximum amount that can be held in convertible currencies other than EUR, must not exceed the equivalent of 50% of the total amount of the unimpaired capital and reserves of the Central Bank.

The Central Bank had the following foreign currency position as at 31 December 2021 and 31 December 2020:

31 December 2021

In thousands of KM	EUR	USD	Other foreign currencies	KM	Total
Cash in foreign currencies	469,548	20	17	-	469,585
Deposits with foreign banks	3,941,617	1,171	2,309	-	3,945,097
Special Drawing Rights with the IMF	-	-	1,881	-	1,881
Debt instruments at fair value through other comprehensive income	11,629,592	-	-	-	11,629,592
Monetary gold	301,987	-	-	-	301,987
Other financial assets	21	-	-	3,328	3,349
Other investments	10	-	-	27,803	27,813
Total financial assets	16,342,775	1,191	4,207	31,131	16,379,304
Banknotes and coins in circulation	-	-	-	6,923,818	6,923,818
Deposits from banks	-	-	-	7,219,617	7,219,617
Deposits from the Government and other public institutions	-	-	-	1,429,596	1,429,596
Other financial liabilities	4,889	15	1	3,118	8,023
Total financial liabilities	4,889	15	1	15,576,149	15,581,054
NET FOREIGN EXCHANGE POSITION	16,337,886	1,176	4,206	(15,545,018)	798,250

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Notes to the financial statements for the year ended 31 December 2021

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2. Market risk (continued)

6.2.1. Foreign exchange risk (continued)

31 December 2020

In thousands of KM	EUR	USD	Other foreign currencies	KM	Total
Cash in foreign currencies	142,128	18	56	-	142,202
Deposits with foreign banks	3,821,811	1,101	9,160	-	3,832,072
Special Drawing Rights with the IMF	-	-	879	-	879
Debt instruments at fair value through other comprehensive income	9,601,315	-	-	-	9,601,315
Monetary gold	291,561	-	-	-	291,561
Other financial assets	24	-	-	2,472	2,496
Other investments	10	-	-	27,803	27,813
Total financial assets	13,856,849	1,119	10,095	30,275	13,898,338
Banknotes and coins in circulation	-	-	-	6,172,457	6,172,457
Deposits from banks	-	-	-	5,901,142	5,901,142
Deposits from the Government and other public institutions	-	-	-	897,044	897,044
Other financial liabilities	1,549	28	1	2,181	3,759
Total financial liabilities	1,549	28	1	12,972,824	12,974,402
NET FOREIGN EXCHANGE POSITION	13,855,300	1,091	10,094	(12,942,549)	923,936

The Central Bank is not exposed to EUR foreign currency risk due to currency board arrangement aligning KM to EUR at fixed exchange rate of EUR 1 = KM 1.95583.

6.2.2. Interest rate risk

Interest rate risk is the risk of changes in market value of the financial assets due to the unfavourable movements of interest rates. Interest rate risk is managed by determining the acceptable term duration and maturity of financial instruments in which the investing is done. With the longer maturity of financial instruments in which foreign currency reserves are invested, the greater is the associated risk of changes in their market value. Maximum term for investing deposits with foreign banks is one year, while maximum term of investing debt instruments with fixed income is ten years.

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*Notes to the financial statements for the year ended 31 December 2021***6. FINANCIAL RISK MANAGEMENT (CONTINUED)****6.2. Market risk (continued)****6.2.2. Interest rate risk (continued)**

The Central Bank uses a modified duration of debts instruments as a key measure of interest rate risk exposure. The modified duration is a measure of the price sensitivity of a financial instrument to changes in interest rates, i.e. the market yield of a debt instrument. Modified duration is expressed as the number of years and the longer the duration, the higher the interest rate risk. The modified duration of the portfolio is calculated as a weighted average of the cash flows' maturities of individual financial instruments in the portfolio, where the weight is the present value of the cash flow. During 2021 modified duration was shortened and amounts to 2.19 as at 31 December 2021 (31 December 2020: 3.40) in order to decrease the interest rate risk and further improve the currency board stability.

The following tables show the Central Bank's exposure to interest rate risk at reporting dates by the financial instrument's carrying amount, categorised under criteria of re-determining interest rates date in accordance with contractual arrangements or the maturity date of an instrument, whichever occurs earlier:

31 December 2021						
In thousands of KM	Up to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 Years	Non-interest bearing	Total
Cash in foreign currencies	-	-	-	-	469,585	469,585
Deposits with foreign banks	3,564,490	381,994	-	-	(1,387)	3,945,097
Special Drawing Rights with the IMF	1,881	-	-	-	-	1,881
Debt instruments at fair value through other comprehensive income	2,739,234	8,820,388	-	-	69,970	11,629,592
Monetary gold	-	-	-	-	301,987	301,987
Other financial assets	-	-	-	-	3,349	3,349
Other investments	-	-	-	-	27,813	27,813
Total financial assets	6,305,605	9,202,382	-	-	871,317	16,379,304
Banknotes and coins in circulation	-	-	-	-	6,923,818	6,923,818
Deposits from banks	5,551,424	-	-	-	1,668,193	7,219,617
Deposits from the Government and other public institutions	-	-	-	-	1,429,596	1,429,596
Other financial liabilities	-	-	-	-	8,023	8,023
Total financial liabilities	5,551,424	-	-	-	10,029,630	15,581,054
INTEREST RATE GAP	754,181	9,202,382	-	-	(9,158,313)	798,250

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2. Market risk (continued)

6.2.2. Interest rate risk (continued)

31 December 2020	Up to 3	From 3	From 1	Over 3	Non-interest	Total
In thousands of KM	months	to 12	to 3	Years	bearing	
Cash in foreign currencies	-	-	-	-	142,202	142,202
Deposits with foreign banks	3,254,274	579,737	-	-	(1,939)	3,832,072
Special Drawing Rights with the IMF	879	-	-	-	-	879
Debt instruments at fair value through other comprehensive income	1,948,173	7,581,501	-	-	71,641	9,601,315
Monetary gold	-	-	-	-	291,561	291,561
Other financial assets	8	5	-	-	2,483	2,496
Other investments	-	-	-	-	27,813	27,813
Total financial assets	5,203,334	8,161,243	-	-	533,761	13,898,338
Banknotes and coins in circulation	-	-	-	-	6,172,457	6,172,457
Deposits from banks	3,109,052	-	-	-	2,792,090	5,901,142
Deposits from the Government and other public institutions	-	-	-	-	897,044	897,044
Other financial liabilities	-	-	-	-	3,759	3,759
Total financial liabilities	3,109,052	-	-	-	9,865,350	12,974,402
INTEREST RATE GAP	2,094,282	8,161,243	-	-	(9,331,589)	923,936

6.3. Liquidity risk

Liquidity risk refers to the possible difficulties in liquidating a portion of assets quickly, which is possible in the situation where market conditions are unfavourable and when there is unfavourable movement in prices.

Liquid assets are defined as those assets whose conversion into cash causes minimal transaction costs and whose value is the closest to market value.

Considering the need of guaranteeing the KM convertibility, the daily liquidity should be provided by the maturity adjustment of the Central Bank foreign currency reserves.

The liquidity framework should match the forecasted potential liquidity needs with identified liquid instruments. The liquidity of each financial instrument eligible for investment must be duly considered before the investment in the instrument is made.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***6. FINANCIAL RISK MANAGEMENT (CONTINUED)****6.3. Liquidity risk (continued)**

Maturity analysis

Tables below present the maturities of the Central Bank's financial liabilities as at reporting dates based on the remaining contractual maturity from the reporting dates.

Banknotes and coins in circulation has been classified in the maturity period within three months.

31 December 2021						
In thousands of KM	Up to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Without specified maturity	Total
Banknotes and coins in circulation	6,923,818	-	-	-	-	6,923,818
Deposits from banks	7,219,617	-	-	-	-	7,219,617
Deposits from the Government and other public institutions	1,429,596	-	-	-	-	1,429,596
Other financial liabilities	8,023	-	-	-	-	8,023
TOTAL FINANCIAL LIABILITIES	15,581,054	-	-	-	-	15,581,054

31 December 2020						
In thousands of KM	Up to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Without specified maturity	Total
Banknotes and coins in circulation	6,172,457	-	-	-	-	6,172,457
Deposits from banks	5,901,142	-	-	-	-	5,901,142
Deposits from the Government and other public institutions	897,044	-	-	-	-	897,044
Other financial liabilities	3,759	-	-	-	-	3,759
TOTAL FINANCIAL LIABILITIES	12,974,402	-	-	-	-	12,974,402

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

7. CASH IN FOREIGN CURRENCIES

Cash in foreign currencies is held in the Central Bank's vaults. The following table presents balances of cash in foreign currencies, with an analytical presentation by type of currency:

In thousands of KM	31 December 2021	31 December 2020
Cash in foreign currencies:		
EUR	469,548	142,128
USD	20	18
GBP	17	17
CHF	-	39
TOTAL	469,585	142,202

During 2021, the Central Bank bought cash in EUR currency in the amount of KM 293,375 thousand from the foreign bank.

8. DEPOSITS WITH FOREIGN BANKS

Deposits with foreign banks represent the Central Bank's invested foreign currency reserves held on the accounts with foreign banks and other financial institutions. Deposits with foreign banks include demand deposits and term deposits.

The following table presents balances of term and demand deposits, with an analytical presentation by type of currency:

In thousands of KM	31 December 2021	31 December 2020
Term deposits:		
EUR	2,592,738	2,391,656
Impairment	(764)	(628)
Total	2,591,974	2,391,028
Demand deposits:		
EUR	1,349,790	1,430,953
GBP	2,202	2,080
USD	1,171	1,101
CHF	109	7,089
	1,353,272	1,441,223
Impairment	(149)	(179)
Total	1,353,123	1,441,044
TOTAL	3,945,097	3,832,072

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8. DEPOSITS WITH FOREIGN BANKS (CONTINUED)

During 2021 the average negative interest rates on term deposits denominated in EUR currency ranged from 0.64% p.a. to 0.50% p.a. (2020: from 0.60% p.a. to 0.33% p.a.). Negative interest rates on demand deposits denominated in EUR currency ranged from 0.90 % p.a. to 0.50% p.a. (2020: from 0.75% p.a. to 0.40% p.a.).

Deposits with foreign banks include negative accrued interest in the amount KM 1,387 thousand as at 31 December 2021 (2020: included negative accrued interest in the amount KM 1,939 thousand).

The average negative effective yield rate on deposits with foreign banks amounts to 0.54% for 2021 (2020: average negative effective yield rate amounted to 0.50%).

Term deposits with foreign banks, analysed by the remaining contractual maturity, are as follows:

In thousands of KM	31 December 2021	31 December 2020
Up to one month	1,055,372	1,032,703
From one to two months	457,180	253,800
From two to three months	698,391	525,637
From three to four months	95,591	96,154
From four to twelve months	286,204	483,362
Total	2,592,738	2,391,656
Impairment	(764)	(628)
TOTAL	2,591,974	2,391,028

Deposits with foreign banks analysed by the type of the financial institution in which the funds are invested, are provided in the following table:

In thousands of KM	31 December 2021	31 December 2020
Foreign central banks	2,467,662	2,375,955
Foreign commercial banks	1,477,588	1,456,514
International financial institutions	760	410
Total	3,946,010	3,832,879
Impairment (Note 6.1.1)	(913)	(807)
TOTAL	3,945,097	3,832,072

More information about the Central Bank's composite credit rating range and credit risk concentration for deposits with foreign banks as at reporting dates is disclosed in Note 6.1.2.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

8. DEPOSITS WITH FOREIGN BANKS (CONTINUED)

Deposits with foreign banks, analysed by the country where funds are invested, are as follows:

In thousands of KM	31 December 2021	31 December 2020
<i>Slovakia</i>		
Term deposits	1,148,980	389.486
Demand deposits	-	-
	1,148,980	389.486
<i>Germany</i>		
Term deposits	-	-
Demand deposits	914,686	1.068.666
	914,686	1.068.666
<i>France</i>		
Term deposits	488,958	1.035.892
Demand deposits	78,200	78.200
	567,158	1.114.092
<i>Great Britain</i>		
Term deposits	504,668	486.390
Demand deposits	-	-
	504,668	486.390
<i>Switzerland</i>		
Term deposits	381,795	479.888
Demand deposits	760	410
	382,555	480.298
<i>Luxembourg</i>		
Term deposits	68,336	-
Demand deposits	300,525	234.599
	368,861	234.599
<i>Netherlands</i>		
Term deposits	-	-
Demand deposits	58,650	58.650
	58,650	58.650
<i>USA</i>		
Term deposits	-	-
Demand deposits	452	698
	452	698
Total term deposits	2,592,737	2,391,656
Total demand deposits	1,353,273	1,441,223
Impairment	(913)	(807)
TOTAL	3,945,097	3,832,072

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Notes to the financial statements for the year ended 31 December 2021

9. SPECIAL DRAWING RIGHTS WITH THE IMF

In thousands of KM	31 December 2021	31 December 2020
Account of Special Drawing Rights with the IMF	1,881	879
Accrued interest	-	-
Total	1,881	879
Impairment	-	-
TOTAL	1,881	879

Changes in Special Drawing Rights with the IMF in the reporting periods are presented in the following table:

	For the period	
In thousands of KM	2021	2020
As at 1 January	879	230
Proceeds based on SDR allocation	602,540	-
Other inflows	10,855	12,359
Outflows based on the conversion of SDR allocation	(601,198)	-
Other outflows	(9,974)	(11,582)
Interest income on SDR account	4	6
Net foreign exchange (losses)	(1,225)	(134)
Net effects of expected credit losses	-	-
As at 31 December	1,881	879

During August of 2021, the IMF remitted funds to Bosnia and Herzegovina based on SDR allocation. The Central Bank transferred the funds to the deposit account of the Ministry of Finance and Treasury of BH with the conversion of remitted funds into EUR currency. The Central Bank transferred the corresponding amounts to the subaccounts of the BH entities in accordance with relevant instruction for the fund allocation from the Ministry of Finance and Treasury of BH, being the owner of the account. For more information see Notes 18 and 35.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

All debt instruments are classified at fair value through other comprehensive income, representing the foreign currency reserve funds invested in liquid sovereign government bonds of Eurozone countries. The portfolio includes short-term and long-term government bonds with a fixed interest rate. Debt instruments at fair value through other comprehensive income are denominated in EUR currency.

The structure of investments in debt instruments at fair value through other comprehensive income is presented in the following table:

In thousands of KM	31 December 2021	31 December 2020
Coupon debt instruments	7,931,557	8,522,422
Accrued interest on coupon debt instruments	57,320	67,513
	7,988,877	8,589,935
Discount debt instruments	3,628,065	1,007,252
Accrued premium on discount debt instruments	12,650	4,128
	3,640,715	1,011,380
TOTAL	11,629,592	9,601,315

As at 31 December 2021, provisions for expected credit losses for debt instruments, recognized in other comprehensive income, amount to KM 1,786 thousand (31 December 2020: KM 1,598 thousand). During 2021, the net increase in provisions for expected credit losses recognized in profit or loss, amounts to KM 330 thousand (2020: net increase of KM 314 thousand). For more information see Notes 6.1.1 and 25.

The average effective yield rate on debt instruments at fair value through other comprehensive income amounts to 0.12% for 2021 (2020: the average effective yield rate amounted to 0.27%).

Debt instruments at fair value through other comprehensive income, analysed by the country where funds are invested, are presented in the following table:

	31 December 2021		31 December 2020	
	In thousands of KM	%	In thousands of KM	%
France	3,986,839	34.28	3,170,119	33.02
Germany	1,799,664	15.47	1,442,399	15.02
Belgium	1,672,536	14.38	1,269,603	13.22
Spain	1,428,865	12.29	1,095,368	11.41
Austria	902,759	7.76	716,421	7.46
Netherlands	723,387	6.22	721,864	7.52
Italy	669,171	5.75	618,190	6.44
Finland	446,371	3.85	567,351	5.91
TOTAL	11,629,592	100.00	9,601,315	100.00

More information about the Central Bank's composite credit rating range and credit risk concentration for debt instruments as at reporting dates is disclosed in Note 6.1.2.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

10. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Changes in debt instruments at fair value through other comprehensive income during the reporting periods are presented in the following table:

In thousands of KM	2021	2020
As at 1 January	9,601,315	8,917,413
Purchases during the year	7,132,180	3,077,975
Sales during the year	(1,153,402)	(316,129)
Interest income recognized during the year (Note 21)	33,346	37,922
Effects of negative interest rates recognized during the year (Note 21)	(25,880)	(14,624)
Maturities of debt instruments	(3,724,978)	(2,065,454)
Maturities of coupon	(103,406)	(117,466)
Net unrealised change in fair value during the year	(129,592)	81,673
Transaction costs	9	5
As at 31 December	11,629,592	9,601,315

Debt instruments, analysed by their remaining contractual maturity, are presented in the following table:

In thousands of KM	31 December 2021	31 December 2020
Up to three months	1,114,409	422,511
From three to twelve months	4,093,847	2,382,176
From one to three years	2,958,887	1,750,147
Over three years	3,462,449	5,046,481
TOTAL	11,629,592	9,601,315

Regardless of contractual maturities of debt instruments, they are considered to be liquid for meeting the liquidity needs at any time. Diversification of debt instruments with different maturities does not limit the sale of debt instruments in a case of need because all debt instruments are held within the business model for both collecting the contractual cash flows and selling.

11. MONETARY GOLD

As at 31 December 2021, fair value of monetary gold amounts to KM 301,987 thousand, representing 96,000 ounces of gold at KM 3,146 per ounce (31 December 2020: KM 291,561 thousand, representing 96,000 ounces of gold at KM 3,037 per ounce). Monetary gold is denominated in EUR currency.

Effects of fair value changes in monetary gold during the reporting periods are provided in the following table:

In thousands of KM	2021	2020
As at 1 January	291,561	254,088
Net change in fair value during the year	10,426	37,473
As at 31 December	301,987	291,561

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***12. OTHER ASSETS**

In thousands of KM	31 December 2021	31 December 2020
Receivables from domestic banks	2,203	1,756
Giro accounts	682	411
Receivables from employee based on domestic currency deficit	600	600
Other miscellaneous financial assets	472	347
Total	3,957	3,114
Impairment	(608)	(618)
Total other financial assets	3,349	2,496
Prepaid expenses for banknotes and coins production	11,164	7,860
Prepaid expenses for business administration	1,194	1,073
Numismatic collections	981	986
Other miscellaneous nonfinancial assets	239	256
Total other nonfinancial assets	13,578	10,175
TOTAL	16,927	12,671

As explained in Note 3.9, prepaid expenses for banknotes and coins production are initially recognised as accrued expenses and subsequently amortized by the expense recognising over the five years period. For more information see Note 29.

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Notes to the financial statements for the year ended 31 December 2021

13. PROPERTY AND EQUIPMENT

In thousands of KM	Land and buildings	Equipment and furniture	Vehicles	Other	Assets under construction	Property and equipment total
Cost						
As at 1 January 2020	44,368	24,931	1,867	1,060	4,865	77,091
Additions	-	-	-	-	2,289	2,289
Transferred to use	-	1,845	-	21	(1,866)	-
Write offs and disposals	-	(816)	(183)	-	-	(999)
As at 31 December 2020	44,368	25,960	1,684	1,081	5,288	78,381
Additions	-	-	-	-	3,731	3,731
Transferred to use	5,306	3,670	-	1	(8,977)	-
Returned to use	-	-	64	-	-	64
Write offs and disposals	-	(1,889)	(336)	(4)	-	(2,229)
As at 31 December 2021	49,674	27,741	1,412	1,078	42	79,947
Accumulated depreciation and amortization						
As at 1 January 2020	5,974	20,399	1,576	828	-	28,777
Charge for the year	579	1,346	78	38	-	2,041
Write offs and disposals	-	(815)	(182)	-	-	(997)
As at 31 December 2020	6,553	20,930	1,472	866	-	29,821
Charge for the year	580	1,421	75	37	-	2,113
Returned to use	-	-	64	-	-	64
Write offs and disposals	-	(1,888)	(336)	(4)	-	(2,228)
As at 31 December 2021	7,133	20,463	1,275	899	-	29,770
Net book value						
As at 1 January 2021	37,815	5,030	212	215	5,288	48,560
As at 31 December 2021	42,541	7,278	137	179	42	50,177

During 2021, the Central Bank transferred to use the purchased land in the amount of KM 5,270 thousand, acquired for the purpose of new office building construction for Main Unit Sarajevo of the Central Bank. Further construction of the Central Bank's business premises has been temporarily suspended due to the non-delivery of the necessary permission from the land seller resulting in a temporary restriction on right of use for the purchased land. The Central Bank is the legal owner of the land and has no outstanding contractual obligations to the land seller.

As at reporting dates, except from the above mentioned, the Central Bank has no other encumbrances over its property and equipment.

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Notes to the financial statements for the year ended 31 December 2021

14. INTANGIBLE ASSETS

In thousands of KM	Softwares and other intangible assets	Intangible assets under construction	Intangible assets total
Cost			
As at 1 January 2020	15,510	310	15,820
Additions	-	162	162
Transferred to use	150	(150)	-
Write offs and disposals	(3)	-	(3)
As at 31 December 2020	15,657	322	15,979
Additions	-	157	157
Transferred to use	479	(479)	-
Write offs and disposals	-	-	-
As at 31 December 2021	16,136	-	16,136
Accumulated amortization			
As at 1 January 2020	14,257	-	14,257
Charge for the year	491	-	491
Write offs and disposals	(3)	-	(3)
As at 31 December 2020	14,745	-	14,745
Charge for the year	408	-	408
Write offs and disposals	-	-	-
As at 31 December 2021	15,153	-	15,153
Net book value			
As at 1 January 2021	912	322	1,234
As at 31 December 2021	983	-	983

15. OTHER INVESTMENTS

The structure of other investments is as follows:

In thousands of KM	31 December 2021	31 December 2020
<i>Equity instruments:</i>		
Shares in BIS	27,803	27,803
Shares in SWIFT	10	10
TOTAL	27,813	27,813

BIS bank is specialised financial institution owned and managed by 63 central banks all over the world whose main role is to foster central banks' cooperation, ensure monetary and financial stability and mediate in financial transactions between central banks. BIS shares are exclusively owned by central banks and monetary authorities.

SWIFT is a cooperation owned by the financial institutions that are its members.

BIS and SWIFT shares are not tradable.

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Notes to the financial statements for the year ended 31 December 2021

15. OTHER INVESTMENTS (CONTINUED)

The Central Bank owns ordinary BIS shares with a nominal value of SDR 5,000 per share, paid up at 25% of their nominal value by former Yugoslavia. In accordance with the Statue of BIS, remaining 75% of the share's nominal value is payable upon call for payment from BIS by the Central Bank. The Central Bank has a dividend right arising from these shares. (Note 26)

SWIFT shares are composed of two ordinary shares and their total value is KM 10 thousand.

BIS and SWIFT shares represent unquoted equity instruments whose fair value cannot be reliably determined and therefore they are recorded at cost.

16. BANKNOTES AND COINS IN CIRCULATION

Banknotes and coins in circulation can be analysed as follows:

In thousands of KM	2021	2020
As at 1 January	6,172,457	5,199,916
Increase in value of banknotes and coins in circulation during the year	751,361	972,541
As at 31 December	6,923,818	6,172,457

The denomination structure and the quantity of banknotes and coins in circulation are presented in the following table:

31 December 2021				31 December 2020			
Denomination		Pieces	Value in thousands of KM	Pieces		Value in thousands of KM	
Coins	0.05	87,887,648	4,394	81,761,386		4,088	
Coins	0.10	124,580,693	12,458	117,249,537		11,725	
Coins	0.20	90,394,860	18,079	84,840,207		16,968	
Coins	0.50	43,295,285	21,648	41,308,086		20,654	
Coins	1	63,499,924	63,500	59,456,249		59,456	
Coins	2	18,104,332	36,209	16,415,974		32,832	
Coins	5	13,647,262	68,236	12,548,849		62,744	
Total coins		441,410,004	224,524	413,580,288		208,467	
Banknotes	10	14,244,184	142,442	13,551,703		135,517	
Banknotes	20	10,787,416	215,748	10,068,856		201,377	
Banknotes	50	26,420,846	1,321,042	24,556,493		1,227,825	
Banknotes	100	41,107,777	4,110,778	34,926,392		3,492,639	
Banknotes	200	4,546,419	909,284	4,533,156		906,632	
Total banknotes		97,106,642	6,699,294	87,636,600		5,963,990	
TOTAL		538,516,646	6,923,818	501,216,888		6,172,457	

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*Notes to the financial statements for the year ended 31 December 2021***17. DEPOSITS FROM BANKS**

The structure of deposits from banks is presented in the following table:

In thousands of KM	31 December 2021	31 December 2020
Deposits of domestic commercial banks	7,218,902	5,900,698
Reserve accounts of the Central Bank organizational units	682	411
Special deposit of domestic commercial banks – blocked funds	33	33
TOTAL	7,219,617	5,901,142

Deposits of domestic commercial banks are placed in accordance with reserve requirement policy of the Central Bank as well as to meet obligations for settling payment transactions between domestic commercial banks mutually as well as for transactions with the Central Bank. As at 31 December 2021 the total amount of KM 7,218,902 thousand represents deposits of 23 domestic commercial banks (2020: KM 5,900,698 thousand represented deposits of 24 banks). For more information see Note 37.

Deposits from domestic commercial banks, on the basis of reserve requirement policy, include negative accrued remuneration in the amount KM 2,498 thousand as at 31 December 2021 (31 December 2020: included negative accrued remuneration in the amount KM 1,302 thousand).

The base for the required reserve calculation for domestic commercial banks consists of deposits and borrowings regardless of the expressed currency.

The unique required reserve ratio is established to be applied by the Central Bank on the required reserve base equally to all domestic commercial banks. Required reserve ratio amounts to 10% as at the reporting dates and for the reporting periods.

Amounts exceeding the required reserve are deposits that domestic commercial banks voluntary hold on their reserve accounts. The Central Bank calculates negative remuneration rate on these funds. Calculation policy for remuneration rate on deposits placed by domestic commercial banks during the reporting periods is provided in Note 21.

The economic consequences of the global pandemic of COVID-19 led to reduced credit activities of commercial banks resulting in a significant accumulation of the amounts exceeding the required reserves on the Central Bank's accounts. These circumstances significantly increased Central Bank's monetary liabilities and unfavourably influenced both Central Bank's financial result and Central Bank's financial assets exposure to volatile changes of their fair value. For more information see Note 4.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Notes to the financial statements for the year ended 31 December 2021

18. DEPOSITS FROM THE GOVERNMENT AND OTHER PUBLIC INSTITUTIONS

The structure of deposits from the Government and other public institutions is provided in the following table:

In thousands of KM	31 December 2021	31 December 2020
Budgetary deposits of BH institutions	693,533	579,869
Deposits of other public institutions	304,875	231,805
Deposits of other local governments and government institutions	279,323	85,047
Deposit account under the IMF transactions	151,711	323
Deposits – BH external debt	154	-
TOTAL	1,429,596	897,044

The Government and other public institutions have also accumulated and held significant amounts of deposits on their accounts at Central Bank during 2021. As at reporting date, Federation of BH has not withdrawn its funds remitted by the European Commission as well as the total amount of the funds remitted on the basis of SDR allocation by the IMF. This circumstance on the depositor side additionally increased monetary liabilities of the Central Bank. For more information see Note 4.

19. PROVISIONS

Provisions are related to provisions for employees' severance payments and jubilee awards and provisions for potential liabilities on litigations. As at reporting dates, the Central Bank has no provisions for litigations.

Changes in provisions are presented in the following tables:

				2021
In thousands of KM	Litigations	Severance payments	Jubilee awards	Total
As at 1 January	-	1,414	-	1,414
Released provisions		(105)	-	(105)
Increase in provisions		243	33	276
Total recognized in profit or loss	-	138	33	171
Amounts paid	-	(179)	-	(179)
As at 31 December	-	1,373	33	1,406

				2020
In thousands of KM	Litigations	Severance payments	Jubilee awards	Total
As at 1 January	-	1,394	-	1,394
Released provisions	-	(13)	-	(13)
Increase in provisions	-	164	-	164
Total recognized in profit or loss	-	151	-	151
Amounts paid	-	(131)	-	(131)
As at 31 December	-	1,414	-	1,414

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

19. PROVISIONS (CONTINUED)*Litigations*

The Central Bank is a defendant in few legal proceedings arising from its operations. As at reporting dates, the Central Bank contests this claims and based on legal advice considers that no material liabilities will be incurred.

Commitments

As at reporting dates, the Central Bank has no unrecognised contractual commitments.

20. OTHER LIABILITIES

The structure of other liabilities is presented in the following table:

In thousands of KM	31 December 2021	31 December 2020
Accrued, but non-invoiced liabilities	4,114	135
IMF Accounts No. 1 and 2 (Note 35)	2,242	1,587
Suppliers	1,560	1,932
World bank deposits	89	101
Other financial liabilities	18	4
Total other financial liabilities	8,023	3,759
Non-financial liabilities on various bases	87	106
Collected and deferred income	52	54
Total other nonfinancial liabilities	139	160
TOTAL	8,162	3,919

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Notes to the financial statements for the year ended 31 December 2021

21. NET INTEREST INCOME

In thousands of KM	For the year ended 31 December	
	2021	2020
Interest income arising from:		
Debt instruments at fair value through other comprehensive income (Note 10)	33,346	37,922
Effects of negative deposit interest rates on deposits from domestic commercial banks	22,218	13,789
Financial assets at amortized cost	4	10
Total	55,568	51,721
Interest expense arising from:		
Effects of negative interest rates from debt instruments at fair value through other comprehensive income (Note 10)	(25,884)	(14,624)
Effects of negative interest rates from deposits with foreign banks	(19,536)	(17,573)
Total	(45,420)	(32,197)
Net interest income	10,148	19,524

Total interest and similar income and expenses by classes of financial instruments are presented in the following table:

In thousands of KM	For the year ended 31 December	
	2021	2020
Financial assets at amortized cost		
Interest income	4	10
Effects of negative interest rates from deposits with foreign banks	(19,536)	(17,573)
Total	(19,532)	(17,563)
Financial assets at fair value through other comprehensive income		
Interest income	33,346	37,922
Effects of negative interest rates from debt instruments at fair value through other comprehensive income	(25,884)	(14,624)
Total	7,462	23,298
Financial liabilities at amortized cost		
Effects of negative deposit interest rates on deposits from domestic commercial banks	22,218	13,789
Interest expenses	-	-
Total	22,218	13,789
Net interest income	10,148	19,524

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

21. NET INTEREST INCOME (CONTINUED)

The base for calculation of interest expense and effects of negative deposit interest rates on deposits from domestic commercial banks is generated from the total amount of deposits of domestic commercial banks on reserve accounts during the ten day calculation period, which consists of required reserve amounts and the amounts exceeding the required reserves.

Up to 31 May 2021, the Central Bank did not apply remuneration rate on the required reserve amounts while the remuneration rate was applied on the amounts exceeding the required reserve linked to the European Central Bank deposit facility rate.

From 1 June 2021, as a part of the project of introducing a new reserve requirement framework, the Central Bank started to calculate the remuneration on the amount of required reserve funds generated from the foreign currency base and the domestic currency with currency clause base. The remuneration is also calculated on the amounts exceeding the required reserve funds. The Central Bank does not calculate a remuneration on the amounts of required reserve funds generated from domestic currency base.

The remuneration rate applied by the Central Bank on the required reserves amounts and the amounts exceeding the required reserves is linked to the European Central Bank deposit facility rate, additionally decreased by 10 basis points when applying remuneration rate on the required reserve amounts.

The effects of negative deposit interest rates on domestic commercial banks deposits are the result of the negative interest rate on the required reserves amounts generated from foreign currency base, domestic currency with currency clause base and the amounts exceeding the required reserves. The European Central Bank's negative deposit facility rate amounts to 0.50% in the reporting periods. During the reporting periods, the Central Bank's negative remuneration rates amounted to:

Base for calculation of remuneration	Period	The Central Bank remuneration rate
2021		
Required reserves amounts		
<i>Domestic currency base</i>	01/01 – 31/12	0.00%
<i>Foreign currency base</i>	01/01 – 31/05	0.00%
<i>Domestic currency with currency clause base</i>	01/01 – 31/05	0.00%
<i>Foreign currency base</i>	01/06 – 31/12	(0.60)%
<i>Domestic currency with currency clause base</i>	01/06 – 31/12	(0.60)%
Amounts exceeding the required reserves	01/01 – 31/12	(0.50)%
2020		
Required reserves amounts		
<i>Domestic currency base</i>	01/01/ – 31/12	(0.00)%
<i>Foreign currency base</i>	01/01/ – 31/12	(0.00)%
<i>Domestic currency with currency clause base</i>	01/01/ – 31/12	(0.00)%
Amounts exceeding the required reserves	01/01/ – 31/12	(0.50)%

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

21. NET INTEREST INCOME (CONTINUED)

The following table provides the average balance of the reserve accounts of domestic commercial banks, calculated for the last ten day period regarding the reporting dates:

In thousands of KM

	21/12 – 31/12/2021	21/12 – 31/12/2020
Required reserve	2,989,873	2,727,364
Amounts exceeding the required reserves	4,097,112	3,038,133
TOTAL	7,086,985	5,765,497

The remuneration rates applied by the Central Bank arising from the required reserves instrument are determined solely to cover its opportunity costs that are generated from the holding deposit funds of domestic commercial banks and for the purpose of strengthening the domestic currency. More information regarding the required reserves policy of the Central Bank is disclosed in Note 17.

Effects of negative deposit interest rates on deposits from domestic commercial banks include income of KM 17,422 thousand from the amounts exceeding required reserves and income of KM 4,796 thousand from the amounts of required reserves (2020: KM 13,789 thousand arising from the amounts exceeding the required reserves).

Effects of negative interest rates from interest-bearing financial assets are the result of the negative interest rates and yields calculated on deposits with foreign banks and debt instruments that could not be avoided according to current market circumstances and allowed legal requirements for investing Central Bank's foreign currency reserves. For more information see Notes 8 and 10.

Effects of negative interest rates on deposits with foreign banks include the amount of KM 15,815 thousand on term deposits and KM 3,721 thousand on demand deposits (2020: included the amount of KM 12,605 thousand on term deposits and KM 4,968 thousand on demand deposits).

22. NET FEE AND COMMISSION INCOME

	For the year ended 31 December	
In thousands of KM	2021	2020
Fee and commission income arising from:		
Services for domestic banks	18,759	16,765
Services for the Government and other non-banking clients	2,211	1,296
Total	20,970	18,061
Fee and commission expenses arising from:		
Custodian and other expenses for debt instruments	(777)	(649)
Transactions with foreign banks	(29)	(34)
Other fee and commission expenses	(7)	(6)
Total	(813)	(689)
Net fee and commission income	20,157	17,372

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

22. NET FEE AND COMMISSION INCOME (CONTINUED)

The Central Bank calculates fee and commission income under determined tariffs for its services (Note 3.9). During 2021, the Central Bank revised the tariffs from the services provided and adopted new tariffs, effective from 1 May 2021. Fee and commission income for domestic banks are dominantly generated from transactions in the Real-Time Gross Settlement system and Gyro Clearing system. More information on payment system functioning is disclosed in Note 36.

23. NET REALISED GAINS FROM SALE OF DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOMEFor the year ended
31 December

In thousands of KM	2021	2020
Realised gains	6,476	1,578
Realised losses	(1,527)	-
TOTAL	4,949	1,578

The corresponding amounts of realised gains from released provisions for expected credit losses for debt instruments sold are presented in Note 6.1.1.

24. NET FOREIGN EXCHANGE (LOSSES)For the year ended
31 December

In thousands of KM	2021	2020
Net unrealised foreign exchange (losses)	(670)	(328)
Net realised foreign exchange gains	184	144
TOTAL	(486)	(184)

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Notes to the financial statements for the year ended 31 December 2021

25. NET IMPAIRMENT ON FINANCIAL ASSETS

In thousands of KM	For the year ended 31 December	
	2021.	2020.
Net (increase) / release of impairment for deposits with foreign banks	(106)	(83)
Net (increase) / release of impairment for Special Drawing Rights with the IMF	-	-
Net (increase) / release in provisions for expected credit losses for debt instruments	(330)	(314)
Net (increase) / release of impairment for other financial assets	10	(13)
TOTAL	(426)	(410)

More information on the amounts of total increases and releases from expected credit losses in the reporting periods is disclosed in Note 6.1.1.

26. OTHER INCOME

In thousands of KM	For the year ended 31 December	
	2021	2020
Dividend income	1,297	-
Income from sale of fixed assets	57	-
Income from the participation in international projects	29	31
Income from grants	6	50
Net effects of numismatic collections value adjustments	4	147
Other income	9	17
TOTAL	1,402	245

During 2021, the Central Bank received a dividend from BIS shares amounting to KM 1,297 thousand. The amount of the determined dividend consists of a normal dividend and a supplement to the dividend per share (2020: The Central Bank did not received dividend from BIS shares due to the BIS's decision to transfer all annual profit to appropriate reserves). For more information see Note 15.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

27. PERSONNEL EXPENSES

For the year ended
31 December

In thousands of KM	2021	2020
Salaries	10,678	9,990
Contributions and other fees on salaries	6,090	5,679
Other employee benefits	2,089	2,093
Contributions and other fees on other employee benefits	641	665
Net increase in provisions for severance payments (Note 19)	171	151
TOTAL	19,669	18,578

Personnel expenses include KM 3,756 thousand (2020: KM 3,544 thousand) of defined pension contributions paid into the public pension funds in BH. Contributions are calculated as percentage of the gross salary.

Other employee benefits are mainly comprised of expenses arising from meal allowances, transport services and vacation bonuses.

During 2021, the average number of employees amounts to 368 (2020: 366).

28. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

For the year ended
31 December

In thousands of KM	2021	2020
Payment systems maintenance expenses	1,713	1,613
Overhead expenses	957	952
IT infrastructure expenses	878	781
Access to official services expenses	622	687
Fixed assets maintenance expenses	470	643
Other administrative and operating expenses	1,874	1,576
TOTAL	6,514	6,252

29. COSTS OF PRODUCTION OF BANKNOTES AND COINS

For the year ended
31 December

In thousands of KM	2021	2020
Costs of production and design of banknotes	2,767	2,180
Costs of production and design of coins	1,376	675
TOTAL	4,143	2,855

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Notes to the financial statements for the year ended 31 December 2021

30. ALLOCATION OF THE ANNUAL NET PROFIT

The allocation of the net profit is carried out in accordance with the Law on the Central Bank.

The provisions of the Law on the Central Bank define the criteria of the net profit allocation, according to which the Central Bank allocates 60% of the current profit to the account of the institution responsible for the Budget of BH, provided that the amount of the initial capital and general reserves (retained earnings) is equal to 5.00% of the total monetary liabilities.

This ratio, before the profit allocation in 2021 amounted to 3.66% (2020: 4.34%). According to the Decision of the Governing Board, total amount of net profit for the 2021 financial year in the amount of KM 2,897 thousand is allocated to the general reserves (retained earnings) of the Central Bank (2020: total of the net profit for the 2020 financial year in the amount of KM 7,908 thousand was allocated to the general reserves (retained earnings) of the Central Bank).

2021

Before profit allocation

	(In thousands of KM)
Monetary liabilities	15,573,031
Initial capital and general reserves (retained earnings)	570,203
Ratio - initial capital and general reserves (retained earnings) / monetary liabilities	3.66%

Profit allocation

	(In thousands of KM)
Net profit before allocation	2,897
Allocation of profit to general reserves (retained earnings)	2,897

After profit allocation

	(In thousands of KM)
Monetary liabilities	15,573,031
Initial capital and general reserves (retained earnings)	573,100
Ratio - initial capital and general reserves (retained earnings) / monetary liabilities	3.68%

2020

Before profit allocation

	(In thousands of KM)
Monetary liabilities	12,970,643
Initial capital and general reserves (retained earnings)	562,295
Ratio - initial capital and general reserves (retained earnings) / monetary liabilities	4.34%

Profit allocation

	(In thousands of KM)
Net profit before allocation	7,908
Allocation of profit to general reserves (retained earnings)	7,908

After profit allocation

	(In thousands of KM)
Monetary liabilities	12,970,643
Initial capital and general reserves (retained earnings)	570,203
Ratio - initial capital and general reserves (retained earnings) / monetary liabilities	4.40%

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

31. EQUITY

The structure of equity is presented in the following table:

In thousands of KM	31 December 2021	31 December 2020
Initial capital	25,000	25,000
Fair value reserves for debt and equity instruments	158,914	293,125
Fair value reserves for monetary gold	98,129	87,703
Other reserves	31,300	31,300
General reserves (Retained earnings)	548,100	545,203
TOTAL	861,443	982,331

Initial capital

Initial capital represents nominal capital paid in on 12 June 1998 in accordance with the Law on Central Bank.

Fair value reserves

Fair value reserves relate to:

- Fair value reserves for debt instruments and monetary gold representing cumulative unrealised gains and losses arising from changes in market value of these financial assets during the holding period. Such gains and losses are not available for any distribution.
- Provisions for expected credit losses relating to debt instruments measured at fair value through other comprehensive income. For more information see Note 6.1.1.

Other reserves

Other reserves relate to:

- Special reserves from grants in the amount of KM 3,497 thousand, which relate to grants received in cash from the Council of Ministers of Bosnia and Herzegovina on 12 June 1998. The status of these reserves is regulated by the Decision of the Governing Board of the Central Bank with the approval of the Presidency of Bosnia and Herzegovina. The right to utilise the reserves from grants fall within the competence of the Governing Board of the Central Bank.
- Amounts received in accordance with the Succession Agreement of the former Yugoslavia in the amount of KM 27,803 thousand and relates to shares in BIS (see Note 15).

General reserves (Retained earnings)

General reserves (Retained earnings) comprise of accumulated undistributed profits of the Central Bank since the beginning of its operations on 11 August 1997. Status of General reserves (Retained earnings) is in jurisdiction of the Central Bank's Governing Board. General reserves (Retained earnings) are primarily used for the Central Bank's net profit or loss allocation, as prescribed by the Law on the Central Bank.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***32. CASH AND CASH EQUIVALENTS**

For the purposes of the cash flow statement, cash and cash equivalents comprise of:

In thousands of KM	31 December 2021	31 December 2020
Foreign currency deposits with maturity up to three months or less from the date of acquisition	2,162,164	1,325,647
Foreign currency demand deposits	1,353,272	1,441,223
Cash in foreign currencies	469,585	142,202
Special Drawing Rights with the IMF	1,881	879
Giro accounts	682	411
Total	3,987,584	2,910,362
Impairment	(858)	(674)
TOTAL	3,986,726	2,909,688

Changes in expected credit losses on cash and cash equivalents in the reporting periods are provided below:

In thousands of KM	2021	2020
As at 1 January	674	629
Foreign currency deposits with maturity up to three months or less from the date of acquisition	214	95
Foreign currency demand deposits	(30)	(50)
Cash in foreign currencies	-	-
Special Drawing Rights with the IMF	-	-
Giro accounts	-	-
As at 31 December	858	674

33. RELATED PARTY TRANSACTIONS

In the normal course of its operations, the Central Bank enters into transactions with related parties. Having in mind that the Central Bank has been established by a Legal Act passed by Parliamentary Assembly of Bosnia and Herzegovina and that the initial capital has been paid up by the Council of Ministers of Bosnia and Herzegovina, transactions performed as part of regular operations of the Central Bank with the state and state institutions represent related party transactions. In accordance with the Law on the Central Bank, the Central Bank acts as an agent for the BH state and for other state institutions. The Central Bank receives deposits from BH state and other state institutions and acts strictly on depositors' behalf and order.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

33. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with the state and state institutions are disclosed in the following table:

In thousands of KM

As at

31 December 2021

	BH Ministry of Finance and Treasury	BH Deposit Insurance Agency	BH Indirect Taxation Authority	Total
ASSETS				
Other assets	62	31	23	116
TOTAL	62	31	23	116
LIABILITIES				
Deposits from depositors	917,836	287,313	163,300	1,368,449
Other liabilities	-	-	1	1
TOTAL	917,836	287,313	163,301	1,368,450

For the year ended

31 December 2021

INCOME

Fee and commission income	393	183	140	716
TOTAL	393	183	140	716

In thousands of KM

As at

31 December 2020

	BH Ministry of Finance and Treasury	BH Deposit Insurance Agency	BH Indirect Taxation Authority	Total
ASSETS				
Other assets	25	1	1	27
TOTAL	25	1	1	27
LIABILITIES				
Deposits from depositors	527,159	214,696	122,622	864,477
TOTAL	527,159	214,696	122,622	864,477

For the year ended

31 December 2020

INCOME

Fee and commission income	35	12	4	51
TOTAL	35	12	4	51

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Notes to the financial statements for the year ended 31 December 2021

33. RELATED PARTY TRANSACTIONS (CONTINUED)

In executing its functions of the banker, the depository and the fiscal agent prescribed by the Law on the Central Bank, the Central Bank also maintains certain bookkeeping and executes transactions for the State and state institutions that are recorded off-balance. More information about these off-balance records is disclosed in Notes 34 and 35.

Remuneration of key management members

The Central Bank considers that it has an immediate related party relationship with its key management personnel, close family members of key management personnel, and entities controlled, jointly controlled or significantly influenced by key management personnel and their close family members.

The total remuneration of the members of the key management personnel in 2021 amounted to KM 918 thousand, out of which KM 574 thousand was related to salaries and other remuneration and KM 344 thousand to taxes and contributions (in 2020 out of total amount of KM 889 thousand the amount of KM 556 thousand was related to salaries and other remuneration and KM 333 thousand was related to taxes and contributions).

34. OFF-BALANCE SHEET DEPOSITS

The Central Bank maintains certain accounts in foreign currencies related to agreements concluded between the governments in BH and foreign governments and financial organisations. As these accounts do not represent either assets or liabilities of the Central Bank, they have not been included within the Central Bank's statement of financial position.

Off-balance sheet deposits also include foreign currency accounts of the state institutions and agencies, as well as at commercial banks, for which the Central Bank acts as an agent.

Off-balance sheet items consist of:

In thousands of KM	31 December 2021	31 December 2020
Deposits of USAID	-	2,497
Deposits of non-residents	-	2,497
Deposits of the Council of Ministers of BH:	8,805	8,556
<i>Deposits of the Council of Ministers of BH on the basis of succession</i>	44	41
<i>Deposits of the Council of Ministers of BH regarding the servicing of foreign debt</i>	6,923	6,738
<i>Deposits of the Council of Ministers of BH regarding the Budget of BH institutions</i>	1,567	1,528
<i>Other deposits of the Council of Ministers of BH</i>	271	249
Deposits of other residents:	7,700	13,459
<i>Deposits - Retirement allowance from Germany</i>	72	-
<i>Deposit accounts of banks</i>	7,628	13,459
Deposits of residents	16,505	22,015
Deposit Insurance Agency of BH cash account	40,910	73,684
Total – State public institutions	40,910	73,684
TOTAL	57,415	98,196

BH Ministry of Finance and Treasury is the institution that acts on behalf of Council of Ministers of BH and state in deposit management and coordination as presented in the table. As at 31 December 2021 the total of these funds amount to KM 8,805 thousand (2020: KM 11,053 thousand).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***34. OFF-BALANCE SHEET DEPOSITS (CONTINUED)****USAID Deposits**

On the basis of the Agreement regarding financial assistance between BH and the United States of America for the financing of the reconstruction, special interest-bearing accounts have been opened. The Central Bank does not charge and does not collect any interest or fees on these accounts.

Residents' investments related to securities

The Central Bank enabled the BH Deposit Insurance Agency to invest in securities by opening cash and custody accounts in the name of the Central Bank and the BH Deposit Insurance Agency. All transactions on the accounts are performed between the BH Deposit Insurance Agency and its Asset Manager. The Central Bank does not charge any interest on such accounts.

35. BH MEMBERSHIP WITH THE IMF

According to arrangements concluded between BH and the IMF, the Central Bank is designated as a fiscal agent and depository for BH membership with the IMF. The Central Bank's role as a fiscal agent is specific due to "currency board" arrangement. By performing the function of fiscal agent defined by the Law on the Central Bank and by the Law on the borrowing, debt and guarantees in Bosnia and Herzegovina, the Central Bank is not obliged in any way to pay any debt of BH nor can be attributed to pay such debt nor its foreign currency reserves can in no way be considered as a guarantee for the payment of such debt. The Central Bank acts on behalf of the BH in dealing with the IMF but does not have any responsibility for assets and liabilities related to the membership.

The Central Bank maintains Special Drawing Rights with the IMF account, IMF account No.1 and IMF account No.2 in the statement of financial position. The Central Bank also provides a custody service for the BH Promissory notes issued to support IMF membership and repurchase obligations that are recorded off-balance.

Special Drawing Rights with the IMF are demand funds denominated in SDR on the account opened with the IMF for the BH. The Central Bank holds Special Drawing Rights as a part of its foreign currency reserve management function. These funds are interest-bearing for the Central Bank.

IMF account No. 1 is the IMF account with the Central Bank that is used for transactions with the IMF related to utilization and repayment of IMF loans. IMF account No. 2 is the IMF account with the Central Bank that is used by the IMF for receipts and administrative disbursements in KM on Bosnia and Herzegovina territory. These accounts are part of the Central Bank's liabilities and are denominated in KM.

The quota balance is a specific type of asset which represents BH's subscription as a member of the IMF, denominated in SDRs. The quota represents BH's voting powers in the IMF, the limits to access to financial resources of the IMF and a BH's share in the allocation of SDRs which are the IMF's unit of account.

Promissory notes are issued by the Ministry of Finance and Treasury of BH and are substituted for KM. These securities are payable on demand by the IMF.

SDR allocation is also interest-bearing. Ministry of Finance and Treasury of BH pays interest on Special Drawing Rights allocation.

Promissory notes account, IMF account No.1 and IMF account No. 2 are subject of valuation adjustments whenever the currency is used in financial transactions between the IMF and BH. At least once each year, at the end of the IMF's financial year (30 April), all IMF currency holding are revalued based on the prevailing SDR exchange rate. These valuation adjustments are included in account balances stated.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***35. BH MEMBERSHIP WITH THE IMF (CONTINUED)**

The Central Bank uses net method in presentation of BH financial position with the IMF which is provided by the following table:

In thousands of KM

	31 December 2021	31 December 2020
Quota	641,864	614,046
Special Drawing Rights with the IMF	1,881	879
TOTAL ASSETS	643,745	614,925
IMF account No.1	1,605	1,535
IMF account No.2	637	52
Securities	1,562,617	1,520,009
SDR allocation	1,004,591	372,517
Accrued interest on SDR allocation	92	65
Accounts of payable charges	1,627	1,670
TOTAL LIABILITIES	2,571,169	1,895,848
BH NET POSITION WITH THE IMF	1,927,424	1,280,923

As at reporting dates, BH quota with the IMF amounted to SDR 265,200 thousand. The quota does not earn interest.

On 23 August 2021 the Central Bank received funds from the IMF on behalf of BH from SDR allocation in the amount of KM 602,540 thousand. These funds are intended to mitigate economic consequences in BH caused by the global pandemic of COVID-19. Remitted funds are the main reason of the increase of BH net position with the IMF. SDR allocation is not a regular credit arrangement between BH and the IMF.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***36. DOMESTIC PAYMENT AND SETTLEMENT SYSTEM**

On the basis of the Law on the Central Bank, the Central Bank has established the systems by which interbank payments in convertible marks in BH are performed.

Since January 2001, the interbank clearing and settlement system is organized through two payment systems owned and administered by the Central Bank. Those are Real-Time Gross Settlement (RTGS) and Giro Clearing system (GC).

RTGS is a system through which real-time payment orders are settled through settlement accounts that participants have opened with the Central Bank. All the banks licenced to perform payment operations are participants, as well as the Central Bank. Settlement is final and irrevocable at the moment that settlement account of ordering bank is debited with the same amount that beneficiary's bank settlement account is credited in RTGS. Transactions processed through system are above 10 thousand convertible marks, and its use for lower amounts is optional.

The GC System is an interbank clearing system (bilateral and multilateral) for transactions in the amounts lower or equal to KM 10 thousand. The settlement of net positions of participants in GC is carried out through settlement accounts in RTGS as well as settlement of transactions of legal persons acting as clearing agents, such as card transaction operators. Participants of the system are banks licenced to perform payment operations that are RTGS participants, as well as the Central Bank.

The system is adjusted to SEPA standard, i.e. ISO 20022. The clearing of payment orders of all the GC participants is carried out by defining the net position of each individual participant as a result of the settlement of all credits and debits of participants for each clearing cycle.

Credit risk

Each participant in the payment systems is obliged to provide funds on its settlement account in RTGS prior to settlement of payment orders.

Pursuant to the role of the Central Bank as defined by the Law on the Central Bank, the Central Bank is not allowed to provide any credits to RTGS and GC System participants which would provide liquidity to the system in any form.

Operational risk

In order to minimize the operational risk of the smooth functioning of payment systems, Operational Rules for the RTGS and GC System have been issued, as accompanying Decisions setting minimum security standards for the functioning of the system.

Relevant security objectives, policies and procedures aim to ensure security measures and features. The computer systems and the networks are operated according to established objectives and policies. The security objectives and policies are reviewed periodically. Each direct participant is also required to have appropriate security measures and controls for processing payments.

36. DOMESTIC PAYMENT AND SETTLEMENT SYSTEM (CONTINUED)

The Central Bank has defined the following Contingency Settlement Procedures:

- **Contingency plans and measures:** The Central Bank has defined contingency measures in order to ensure continuity of reliable, correct and lawful operation of the payment and settlement systems in the event of disruption to the regular payment and settlement system, or other contingency events.
- **Backup system in primary location and DR location:** To support the primary location for the payment systems with redundant systems (if case of system falling, switching to another one on the primary location is done), the Central Bank has also established functional DR (Disaster Recovery) system located in Main Bank in Banja Luka.

During the global pandemic of COVID-19, the Central Bank successfully responded to all tasks when it comes to the stability of system functioning. All transactions were performed during the system working hours.

Oversight and development of payment systems

In 2021, the Central Bank operationalised the function of oversight and development of payment systems. Oversight includes the activities of payment systems monitoring, compliance evaluation with the Principles of Financial Markets Infrastructure ('PFMI') adopted by the Committee on Payments and Market Infrastructures - The International Organization of Securities Commissions ('CPMI-IOSCO') at BIS bank and development function of payment systems. PFMI evaluation compliance activities and system monitoring promote security and efficiency of payment systems and undisturbed performance of interbank payment operations in BH providing directly support to the maintenance of financial stability in BH by the Central Bank. Through development function, the Central Bank actively participates in preparational and implementational phases related to innovations in payment systems and analyses their impact on BH economy and the impact on public policy objectives of secure and efficient payment systems.

37. EVENTS AFTER THE REPORTING PERIOD

The Governing Board of the Central Bank has appointed members of the Audit Committee of the Central Bank and a member of the Management of the Central Bank with mandates starting as follows:

Audit Committee

Elvir Čizmić, Ph.D.	Chairman (from 1 January 2022)
Dijana Čavar, Ph.D.	Member (from 1 January 2022)
Vasilj Žarković, Ph.D.	Member (from 1 March 2022)

The Audit Committee of the Central Bank reviewed these financial statements prior to their approval by the Governing Board and carried out necessary communication with the Central Bank's independent auditors.

Management

Marko Vidaković, M.Sc.	Vice Governor (from 1 March 2022)
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The Presidency of Bosnia and Herzegovina has not appointed new Governing Board members of the Central Bank up to date of the approval of these financial statements.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

*Notes to the financial statements for the year ended 31 December 2021***37. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)**

From 1 January 2022, the Central Bank started to apply new negative remuneration rate of 0.75 % on the amounts exceeding the required reserves of commercial banks. This change was implemented in order to strengthen the currency board and as an incentive to commercial banks to more actively use significant amounts exceeding the required reserves, which they hold on their accounts at the Central Bank, in the development of the economic system in Bosnia and Herzegovina.

In the period between 31 December 2021 and the date of the approval of these financial statements, two commercial banks, finally owned by the Russian Federation, have been restructured. The restructuring procedure was initiated by introducing sanctions to the banks in Russian ownership by the European Union and USA.

The escalation of the conflict in Ukraine in February 2022 is a new source of uncertainty to which the operations of the Central Bank may be exposed during 2022. Potential negative effects are continuously monitored, but it is still not possible to quantify their consequences on the financial position and operations of the Central Bank.

Except from the above mentioned, no adjusting or non-adjusting events have occurred between 31 December 2021 and the date of authorization of these financial statements.



Centralna banka
BOSNE I HERCEGOVINE
Централна банка
БОСНЕ И ХЕРЦЕГОВИНЕ

Statistical tables

T01: Main Economic Indicators

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
BH Nominal GDP (in KM million)¹⁾ Current Prices	26,223	26,779	27,359	28,589	29,904	31,376	33,444	35,296	34,255	37,681
Real GDP Annual Growth (in %)¹⁾	-0.8	2.4	1.2	3.1	3.2	3.2	3.7	2.8	-3.1	5.8
Consumer Prices Growth Rate in BH²⁾	in percentage									
Average Annual growth Rate of CPI	2.1	-0.1	-0.9	-1.0	-1.1	1.2	1.4	0.6	-1.0	2.0
Annual Growth Rate of CPI for December	1.8	-1.2	-0.4	-1.3	-0.3	0.7	1.6	0.3	-1.6	6.4
General Government Budget³⁾	in percentage of GDP									
Revenues	43.8	42.7	43.8	43.0	42.7	43.1	43.1	42.5	42.1	
Expenditures ⁴⁾	45.8	44.8	45.8	42.3	41.5	40.5	40.9	40.6	47.4	
Overall Balance	-2.0	-2.2	-2.0	0.7	1.2	2.6	2.2	1.9	-5.3	
Money and Credit	in percentage of GDP									
Broad Money (M2)	56.9	60.1	63.1	65.2	67.5	70.5	72.3	74.6	82.5	83.6
Credit to Non-government Sector	56.1	56.5	56.2	55.0	54.3	55.6	55.1	55.7	56.0	52.8
Balance of Payments										
Gross Official Reserves										
In KM million	6,509	7,068	7,826	8,606	9,531	10,557	11,623	12,597	13,868	16,348
In USD million	4,274	4,797	5,309	4,883	5,391	6,083	7,012	7,210	8,079	9,885
In Months of Imports of Goods and Services	5.3	5.8	6.1	6.7	7.2	7.1	7.3	7.8	10.0	9.3
Current Account Balance										
In KM million	-2,266	-1,425	-1,983	-1,458	-1,424	-1,520	-1,094	-985	-1,286	-802
In USD million	-1,488	-967	-1,345	-827	-805	-876	-660	-564	-749	-485
As a percentage of GDP	-8.6	-5.3	-7.2	-5.1	-4.8	-4.8	-3.3	-2.8	-3.8	-2.1
Trade balance										
In KM million	-7,779	-7,099	-7,874	-7,176	-7,089	-7,417	-7,521	-7,965	-6,291	-7,196
In USD million	-5,108	-4,817	-5,342	-4,071	-4,010	-4,274	-4,538	-4,559	-3,665	-4,351
As a percentage of GDP	-29.7	-26.5	-28.8	-25.1	-23.7	-23.6	-22.5	-22.6	-18.4	-19.1
External Debt of Government Sector**										
In KM million	7,212	7,563	8,442	8,691	8,871	8,147	8,198	8,140	8,726	9,348
In USD million	4,861	5,330	5,249	4,855	4,781	4,995	4,790	4,657	5,479	5,417
As a percentage of GDP	27.5	28.2	30.9	30.4	29.2	26.0	24.5	23.1	25.5	24.8
External Debt Servicing⁵⁾										
In KM million	413	685	761	581	723	983	955	794	741	773
In USD million	271	465	516	330	409	567	576	454	432	467
As a percentage of Exports of Goods and Services	4.9	7.6	8.2	5.7	6.7	7.7	6.7	5.5	6.3	4.7

Note:

1) Source: Agency for Statistics of Bosnia and Herzegovina, Gross Domestic Product by Production, Income and Expenditure approach 2019, February 2021.

2) Source: Agency for Statistics of BiH

3) Source: Central Bank of BH

4) Expenditures also include net acquisition of fixed assets.

5) Source: BH Ministry of Finance and Treasury.

* GDP for 2021 is an assessment of CBBH and it is used as preliminary data, until the announcement of the official GDP by the BH Statistics Agency.

** The data have been revised since 2009. in accordance with the report from BH Ministry of Finance and Treasury dated 26st. February 2020 and include the loan of PC Roads RS and direct debt of Brčko District

T02: Gross Domestic Product of Bosnia and Herzegovina (Current Prices)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
Nominal GDP (in KM million)	26,223	26,779	27,359	28,589	29,904	31,376	33,444	35,296	34,255	37,681
Nominal GDP (in USD million)	17,221	18,173	18,561	16,220	16,914	18,079	20,177	20,201	19,950	22,784
GDP per capita (in KM)	7,420	7,584	7,759	8,127	8,517	8,954	9,566	10,111	9,858	10,897
GDP per capita (in USD)	4,873	5,147	5,264	4,610	4,817	5,160	5,772	5,787	5,741	6,589
Real GDP Annual Growth (in %)	-0.8	2.4	1.2	3.1	3.2	3.2	3.7	2.8	-3.1	5.8
Population (in thousands) ¹⁾	3,534	3,531	3,526	3,518	3,511	3,504	3,496	3,491	3,475	3,458
Annual Average Exchange Rate of BAM/USD	1.523	1.474	1.474	1.763	1.768	1.735	1.657	1.747	1.717	1.654

Source:

Agency for Statistics of Bosnia and Herzegovina, Gross Domestic Product by Production, Income and Expenditure approach 2020, February 2022. The data on the average annual exchange rate BAM/USD, the source is the CBBH.

Note:

* GDP for 2021 is an assessment of CBBH and it is used as preliminary data, until the announcement of the official GDP by the Agency for Statistics of BiH.

1) The estimate of the number of citizens for 2021 includes the available data on the natural growth in the end of September 2021; Source: Agency for Statistics of BiH.

T03: Index of Industrial Production

Year	Month	Month/Same Month of the Previous Year			Period/Same Period of the Previous Year		
		FBH	RS	BH	FBH	RS	BH
2010	12	110.8	114.1	108.7	103.8	105.0	104.4
2011	12	90.8	93.9	100.4	100.9	104.7	102.4
2012	12	99.6	98.5	95.2	96.3	95.8	96.1
2013	12	107.8	104.7	107.0	105.3	104.1	105.2
2014	12	97.9	99.8	98.7	100.1	100.6	100.2
2015	12	101.7	99.5	101.7	102.2	103.0	103.1
2016	12	103.0	120.0	107.5	102.6	108.2	104.4
2017	12	101.5	97.3	99.6	103.8	101.2	103.1
2018	12	98.2	96.9	97.7	100.8	104.2	101.6
2019	12	97.4	92.4	95.5	97.3	88.1	94.7
2020	12	103.1	103.7	103.5	93.7	93.4	93.6
2021	12	108.3	107.0	107.9	110.2	112.1	110.7
2021	01	98.7	101.5	99.3	98.7	101.5	99.3
	02	102.3	118.2	106.8	100.5	109.7	103.1
	03	117.4	111.4	115.4	106.0	110.4	107.2
	04	126.3	127.2	125.6	110.4	114.3	111.4
	05	114.1	119.9	115.6	111.1	115.4	112.2
	06	114.7	124.6	118.0	111.8	117.0	113.2
	07	108.0	109.7	109.7	111.4	115.8	112.7
	08	108.5	107.5	109.3	111.2	114.7	112.3
	09	110.2	108.1	109.3	111.1	113.9	111.9
	10	109.2	104.7	107.6	110.9	112.9	111.4
	11	105.9	110.7	107.4	110.4	112.7	111.0
	12	108.3	107.0	107.9	110.2	112.1	110.7

Source:

Agency for Statistics of Bosnia and Herzegovina, Institute for Statistics of the Federation of Bosnia and Herzegovina and Republika Srpska Institute of Statistics

Note:

Index of Industrial Production for a period / the same period of the previous year for December represents a yearly index in comparison with the previous year.

T04: Consumer Price Index for BH (CPI)

Year	Month	Month/Previous Month of the Current Year	Month/Same Month of the Previous Year	Period/Same Period of the Previous Year
2010	12	...	103.1	102.1
2011	12	...	103.1	103.7
2012	12	...	101.8	102.1
2013	12	...	98.8	99.9
2014	12	...	99.6	99.1
2015	12	...	98.7	99.0
2016	12	...	99.7	98.9
2017	12	...	101.3	101.2
2018	12	...	101.6	101.4
2019	12	...	99.9	100.6
2020	12	...	98.4	99.0
2021	12	...	106.4	102.0
2021	01	100.4	98.3	98.3
	02	100.5	98.7	98.5
	03	100.8	99.5	98.8
	04	99.7	100.9	99.3
	05	100.0	101.7	99.8
	06	100.1	101.7	100.1
	07	99.9	101.9	100.4
	08	100.2	102.3	100.6
	09	100.8	103.0	100.9
	10	102.0	104.3	101.2
	11	101.2	105.5	101.6
	12	100.7	106.4	102.0

Source:

Agency for Statistics of Bosnia and Herzegovina

Note:

Price index for a period/the same period of previous year for December represents annual index in comparison to the previous year.

T05: Average Gross and Net Wages and Pensions

- in KM -

Year	Month	Gross Wages				Net Wages				Pensions		
		FBH	RS	Brčko	BH	FBH	RS	Brčko	BH	FBH	RS	Brčko
2010		1,223	1,199	1,234	1,217	804	784	797	798	341	321	316
2011		1,248	1,326	1,262	1,271	819	809	800	816	349	321	319
2012		1,266	1,349	1,271	1,290	830	818	819	826	351	312	311
2013		1,275	1,338	1,266	1,291	835	808	817	827	348	318	310
2014		1,272	1,334	1,265	1,183	833	825	814	830	367	333	323
2015		1,269	1,339	1,275	1,289	830	831	821	830	368	343	327
2016		1,283	1,343	1,290	1,301	839	836	830	838	370	342	326
2017		1,318	1,331	1,304	1,321	860	831	838	851	372	344	326
2018		1,365	1,357	1,363	1,363	888	857	872	879	395	361	342
2019		1,420	1,407	1,426	1,421	923	906	915	921	415	378	357
2020		1,474	1,485	1,477	1,476	956	956	948	956	423	394	367
2021		1,542	1,546	1,486	1,542	996	1,004	959	997	428	408	375
2021	01	1,511	1,492	1,461	1,504	974	962	942	969	428	406	375
	02	1,473	1,528	1,464	1,490	951	984	944	961	428	406	374
	03	1,548	1,518	1,477	1,537	996	978	950	989	431	406	374
	04	1,534	1,518	1,461	1,527	990	978	942	985	429	406	375
	05	1,518	1,524	1,464	1,519	982	981	944	981	429	406	374
	06	1,546	1,544	1,477	1,544	999	994	950	997	429	406	374
	07	1,541	1,559	1,508	1,546	995	1,019	970	1,002	429	406	373
	08	1,548	1,567	1,490	1,552	1,000	1,025	965	1,007	429	406	372
	09	1,543	1,568	1,502	1,550	998	1,026	972	1,006	428	414	377
	10	1,546	1,568	1,503	1,552	999	1,027	973	1,007	428	414	377
	11	1,583	1,574	1,510	1,579	1,022	1,030	972	1,023	428	414	378
	12	1,616	1,587	1,519	1,605	1,046	1,038	983	1,042	428	414	376

Source:

Agency for Statistics of Bosnia and Herzegovina, Institute for Statistics of the Federation of Bosnia and Herzegovina and Republika Srpska Institute of Statistics

Note:

Since 1 January 2006, gross and net wages for BH level include Brčko District

T06: Monetary Aggregates

- end of period, in KM million -

Year	Month	Currency outside Monetary Authorities	Bank Deposits with Monetary Authorities	Transf. Dep. of other Resident Sectors with Monetary Authorities	Cash Outside Banks	Transf. Deposits in Domestic Currency	Other Deposits in Domestic Currency	Transf. Deposits in Foreign Currency	Other Deposits in Foreign Currency	Reserve Money	M1	QM	M2
1	2	3	4	5	6	7	8	9	10	11=3+4+5	12=6+7	13=8+9+10	14=12+13
2010	12	2,497.5	3,393.5	8.7	2,210.8	3,689.2	1,991.0	1,209.8	4,526.4	5,899.7	5,900.0	7,727.2	13,627.1
2011	12	2,645.1	3,192.8	11.1	2,366.4	3,819.0	2,285.7	1,100.1	4,846.1	5,848.9	6,185.5	8,231.9	14,417.4
2012	12	2,747.5	3,040.6	13.5	2,414.3	3,728.4	2,672.7	1,052.9	5,041.4	5,801.7	6,142.7	8,767.0	14,909.7
2013	12	2,909.9	3,475.3	15.9	2,542.3	4,153.3	3,006.3	1,189.3	5,202.4	6,401.0	6,695.6	9,398.0	16,093.6
2014	12	3,210.5	3,751.1	38.3	2,814.0	4,496.4	3,377.3	1,301.2	5,280.0	6,999.9	7,310.4	9,958.5	17,268.9
2015	12	3,499.5	4,063.5	51.7	3,055.3	5,125.6	3,562.6	1,360.4	5,543.3	7,614.7	8,180.9	10,466.3	18,647.2
2016	12	4,066.8	4,269.1	52.0	3,401.2	5,899.8	3,883.0	1,535.6	5,478.0	8,387.9	9,301.0	10,896.6	20,197.6
2017	12	4,319.4	5,033.1	76.1	3,648.1	6,924.4	4,091.6	1,816.2	5,636.1	9,428.5	10,572.5	11,543.8	22,116.3
2018	12	4,750.6	5,523.3	125.5	3,977.2	8,166.4	4,302.2	1,961.5	5,782.3	10,399.4	12,143.7	12,046.0	24,189.6
2019	12	5,199.9	5,743.6	176.6	4,330.1	8,921.1	2,998.0	2,490.3	7,593.2	11,120.2	13,251.2	13,081.5	26,332.7
2020	12	6,172.5	5,901.1	231.8	5,043.4	10,011.8	3,034.7	2,902.5	7,256.6	12,305.4	15,055.2	13,193.8	28,249.0
2021	12	6,923.8	7,219.6	304.9	5,540.0	12,387.6	3,044.2	3,300.1	7,243.8	14,448.3	17,927.5	13,588.1	31,515.6
2021	01	6,166.4	5,855.2	243.0	5,027.9	10,162.3	3,016.7	2,940.5	7,266.6	12,264.6	15,190.2	13,223.8	28,414.0
	02	6,188.9	5,797.1	242.3	5,065.2	10,283.6	3,029.3	2,999.6	7,273.9	12,228.2	15,348.7	13,302.8	28,651.6
	03	6,222.3	5,654.8	244.7	5,053.8	10,367.4	3,035.0	3,033.2	7,336.5	12,121.7	15,421.2	13,404.7	28,825.9
	04	6,304.6	5,977.1	258.6	5,152.0	10,466.2	3,029.3	3,050.1	7,377.0	12,540.2	15,618.1	13,456.4	29,074.5
	05	6,406.0	5,859.1	258.8	5,191.6	10,732.5	3,011.7	3,064.8	7,340.6	12,523.9	15,924.1	13,417.1	29,341.2
	06	6,441.3	5,941.7	261.3	5,211.3	10,931.2	3,111.9	3,043.9	7,326.3	12,644.3	16,142.5	13,482.1	29,624.6
	07	6,645.1	6,081.7	275.0	5,432.9	11,149.8	3,072.3	3,103.5	7,323.8	13,001.7	16,582.8	13,499.6	30,082.4
	08	6,796.3	6,416.7	291.5	5,460.7	11,639.1	3,086.0	3,168.3	7,288.9	13,504.5	17,099.8	13,543.2	30,643.0
	09	6,814.9	6,346.9	292.5	5,436.2	11,658.5	3,107.5	3,119.6	7,326.9	13,454.2	17,094.7	13,554.0	30,648.7
	10	6,843.3	6,733.8	302.7	5,469.8	11,886.1	3,084.4	3,196.3	7,368.5	13,879.9	17,356.0	13,649.3	31,005.3
	11	6,816.9	6,965.9	304.4	5,404.2	12,009.3	3,032.5	3,299.5	7,318.7	14,087.2	17,413.5	13,650.6	31,064.2
	12	6,923.8	7,219.6	304.9	5,540.0	12,387.6	3,044.2	3,300.1	7,243.8	14,448.3	17,927.5	13,588.1	31,515.6

Note:

The cash outside monetary authorities is taken from the CBBH Balance Sheet and it consists of cash outside the Central Bank (monetary authorities). Deposits of commercial banks are commercial banks' funds in the accounts with the CBBH. Transferable deposits of other domestic sectors with monetary authorities are deposits of other domestic sectors (except for the central government deposits). The central government consists of BH institutions, Entity governments, Entities' social security funds and those of Brčko District. Social security funds on Entity level (from Federation of BH: Pension Fund of FBH, Health Care Fund of FBH, Employment Fund of FBH, and from Republika Srpska: Pension and Disability Insurance Fund of RS, Health Care Fund of RS, Employment Fund of RS and Fund for Child Protection of RS) are classified at the central government level. The cash outside banks is taken from the CBBH Balance Sheet (Table 08) and consists of cash in circulation out of the Central Bank (monetary authorities), as well as cash outside the commercial banks. Transferable deposits in the domestic currency are taken from the Monetary Survey (Table 07). They consist of deposits of non-central government (deposits of cantons and municipalities), deposits of public and private enterprises, of other financial institutions and deposits of other domestic sectors (households, non-profit institutions and other non-classified sectors). Other deposits in the domestic currency, transferable and other deposits in foreign currency are taken over from the Monetary Survey (Table 07). They consist of deposits of non central government (deposits of cantons and municipalities), deposits of public and private enterprises, other financial institutions and deposits of other domestic sectors (households, non-profit institutions and other non-classified sectors). Reserve money (primary money or monetary base) is taken entirely from the CBBH Balance Sheet (Table 08). It consists of cash outside the monetary authorities, deposits of commercial banks and deposits of other domestic sectors (except for deposits of the central government) with the monetary authorities. According to the national definition, money supply comprises all transferable and other deposits of domestic nonbank and nongovernment sectors, as well as, sectors of local government in domestic and foreign currency. Deposits of Entities' social security funds are included in those of the central government on Entity level and by that they are excluded from the Money Supply or Monetary Aggregates. Monetary aggregate M1 comprises cash outside banks and transferable deposits in domestic currency of all domestic sectors (except for deposits of the central government). Monetary aggregate QM is defined in the same way as the corresponding item in the Monetary Survey (Table 07). It consists of other deposits in domestic currency, transferable and other deposits in a foreign currency of all domestic sectors (except for deposits of the central government). Money supply M2 comprises monetary aggregates, M1 and QM.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 190.

T07: Monetary Survey

- end of period, in KM million -

ASSETS												
Foreign Assets (Net)					Claims on Domestic Sectors							
Year	Month	Foreign Assets	Foreign Liabilities		Claims on Central Government (Net)	Claims on Cantons and Municipalities	Claims on Public Non-financial Enterprises	Claims on Private Non-financial Enterprises	Claims on Other Financial Institutions	Claims on Other Domestic Sectors		Total
1	2	3	4	5 = 3+4	6	7	8	9	10	11	12 = 6+...+11	13 = 5+12
2010	12	9,300.8	-4,397.0	4,903.8	-996.9	270.8	351.3	6,965.5	80.2	6,424.3	13,095.3	17,999.1
2011	12	9,175.9	-3,779.7	5,396.2	-440.3	323.1	360.2	7,166.9	94.0	6,770.1	14,274.0	19,670.2
2012	12	9,044.2	-3,559.7	5,484.4	-182.6	386.3	390.9	7,473.1	73.7	6,874.4	15,015.8	20,500.2
2013	12	9,733.5	-3,330.9	6,402.6	-19.1	422.5	451.6	7,556.4	67.4	7,133.6	15,612.5	22,015.1
2014	12	10,479.7	-2,961.1	7,518.6	71.0	509.1	443.6	7,452.0	61.3	7,502.5	16,039.4	23,557.9
2015	12	11,107.9	-2,614.6	8,493.3	160.1	537.2	400.0	7,452.6	74.6	7,875.3	16,499.8	24,993.1
2016	12	12,199.0	-2,476.4	9,722.6	101.8	517.8	375.6	7,743.9	67.2	8,155.8	16,962.0	26,684.6
2017	12	13,372.4	-2,589.5	10,782.9	-148.7	511.5	406.2	8,354.5	96.5	8,689.3	17,909.4	28,692.2
2018	12	15,505.5	-3,041.0	12,464.5	-461.2	496.5	428.0	8,655.0	136.8	9,315.0	18,570.1	31,034.5
2019	12	17,069.9	-3,120.0	13,949.9	-679.3	506.7	509.3	9,070.9	152.2	10,024.9	19,584.7	33,534.6
2020	12	18,340.2	-2,326.3	16,013.9	-236.3	538.1	540.8	8,618.1	155.0	9,937.9	19,553.6	35,567.5
2021	12	21,065.4	-1,949.0	19,116.3	-804.4	583.5	532.3	8,812.6	164.1	10,478.3	19,766.3	38,882.7
2021	01	18,315.1	-2,210.9	16,104.2	9.9	533.1	532.2	8,540.1	146.2	9,915.1	19,676.7	35,780.9
	02	18,367.4	-2,171.9	16,195.5	6.2	529.4	532.7	8,618.9	139.7	9,937.6	19,764.5	35,959.9
	03	18,432.5	-2,095.2	16,337.3	-23.1	520.4	518.9	8,684.9	144.7	10,009.3	19,855.0	36,192.3
	04	18,915.7	-2,076.5	16,839.2	-352.0	515.9	516.9	8,739.0	133.9	10,069.5	19,623.1	36,462.3
	05	19,101.3	-2,066.3	17,035.0	-294.9	512.1	509.9	8,750.7	130.7	10,146.3	19,755.0	36,790.0
	06	19,149.5	-1,980.9	17,168.6	-261.7	509.0	510.3	8,837.3	133.7	10,245.0	19,973.6	37,142.2
	07	19,665.2	-1,932.9	17,732.2	-276.7	519.2	499.9	8,782.4	161.7	10,305.5	19,992.0	37,724.2
	08	20,603.3	-1,889.9	18,713.4	-748.6	509.4	520.2	8,760.4	156.8	10,346.2	19,544.4	38,257.8
	09	20,441.8	-1,889.3	18,552.5	-745.2	562.2	527.6	8,791.2	153.3	10,394.3	19,683.4	38,235.9
	10	20,870.0	-1,877.9	18,992.2	-813.3	557.0	514.6	8,793.5	154.9	10,449.4	19,656.1	38,648.2
	11	20,999.2	-1,821.8	19,177.4	-866.2	563.0	534.8	8,793.3	152.9	10,483.7	19,661.4	38,838.8
	12	21,065.4	-1,949.0	19,116.3	-804.4	583.5	532.3	8,812.6	164.1	10,478.3	19,766.3	38,882.7

Note:

The monetary survey presents the consolidated data from the Balance Sheet of the CBBH - monetary authorities (table 08) and the consolidated balance sheet of commercial banks of Bosnia and Herzegovina (table 09). Foreign assets (net) represent the difference between total CBBH foreign assets - the monetary authorities and commercial banks and CBBH total foreign liabilities - the monetary authorities and commercial banks of BH. Claims on domestic sectors represent commercial banks' claims on all domestic sectors, but it should be noted that claims on central government are presented in net amounts, i.e. they are reduced by the deposits of central government with the CBBH and with BH commercial banks. The central government consists of BH institutions, Entities' governments, Entities' social security funds and those of Brčko District. According to new methodology, social security funds are classified on the central government level as the Entities' off-budget funds, which has a direct impact on data about net claims on the central government in Monetary Survey.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 190.

T07: Monetary Survey

- end of period, in KM million -

LIABILITIES														
Year	Month	Broad money (M2)												
		Money (M1)		Broad money (M2)						Securities	Loans	Shares and Other Equity	Other Items (net)	Total
		Cash Outside Banks	Transferable Deposits in Dom. Curr.		Transferable Deposits in Foreign Curr.	Other Deposits in Dom. Curr.	Other Deposits in Foreign Curr.							
1	2	3	4	5=3+4	6	7	8	9=6+7+8	10=5+9	11	12	13	14	15=10+...+14
2010	12	2,210.8	3,689.2	5,900.0	1,209.8	1,991.0	4,526.4	7,727.2	13,627.1	9.1	595.1	3,042.3	725.4	17,999.1
2011	12	2,366.4	3,819.0	6,185.5	1,100.1	2,285.7	4,846.1	8,231.9	14,417.4	0.0	675.3	3,592.8	984.7	19,670.2
2012	12	2,414.3	3,728.4	6,142.7	1,052.9	2,672.7	5,041.4	8,767.0	14,909.7	0.0	712.4	3,767.1	1,111.1	20,500.2
2013	12	2,542.3	4,153.3	6,695.6	1,189.3	3,006.3	5,202.4	9,398.0	16,093.6	0.0	707.9	3,815.2	1,398.4	22,015.1
2014	12	2,814.0	4,496.4	7,310.4	1,301.2	3,377.3	5,280.0	9,958.5	17,268.9	0.0	681.0	3,993.5	1,614.5	23,557.9
2015	12	3,055.3	5,125.6	8,180.9	1,360.4	3,562.6	5,543.3	10,466.3	18,647.2	8.0	599.2	4,148.0	1,590.7	24,993.1
2016	12	3,401.2	5,899.8	9,301.0	1,535.6	3,883.0	5,478.0	10,896.6	20,197.6	8.0	510.0	4,440.4	1,528.6	26,684.6
2017	12	3,648.1	6,924.4	10,572.5	1,816.2	4,091.6	5,636.1	11,543.8	22,116.3	8.0	460.0	4,659.5	1,448.4	28,692.2
2018	12	3,977.2	8,166.4	12,143.7	1,961.5	4,302.2	5,782.3	12,046.0	24,189.6	8.0	467.5	4,867.2	1,502.3	31,034.5
2019	12	4,330.1	8,921.1	13,251.2	2,490.3	2,998.0	7,593.2	13,081.5	26,332.7	8.0	532.4	5,224.6	1,436.9	33,534.6
2020	12	5,043.4	10,011.8	15,055.2	2,902.5	3,034.7	7,256.6	13,193.8	28,249.0	0.0	606.7	5,307.8	1,404.0	35,567.5
2021	12	5,540.0	12,387.6	17,927.5	3,300.1	3,044.2	7,243.8	13,588.1	31,515.6	0.0	638.5	5,287.3	1,441.4	38,882.7
2021	01	5,027.9	10,162.3	15,190.2	2,940.5	3,016.7	7,266.6	13,223.8	28,414.0	0.0	612.9	5,306.6	1,447.4	35,780.9
	02	5,065.2	10,283.6	15,348.7	2,999.6	3,029.3	7,273.9	13,302.8	28,651.6	0.0	621.3	5,260.2	1,426.9	35,959.9
	03	5,053.8	10,367.4	15,421.2	3,033.2	3,035.0	7,336.5	13,404.7	28,825.9	0.0	617.0	5,323.3	1,426.1	36,192.3
	04	5,152.0	10,466.2	15,618.1	3,050.1	3,029.3	7,377.0	13,456.4	29,074.5	0.0	618.4	5,341.1	1,428.3	36,462.3
	05	5,191.6	10,732.5	15,924.1	3,064.8	3,011.7	7,340.6	13,417.1	29,341.2	0.0	613.9	5,398.1	1,436.7	36,790.0
	06	5,211.3	10,931.2	16,142.5	3,043.9	3,111.9	7,326.3	13,482.1	29,624.6	0.0	615.0	5,421.4	1,481.3	37,142.2
	07	5,432.9	11,149.8	16,582.8	3,103.5	3,072.3	7,323.8	13,499.6	30,082.4	0.0	626.0	5,527.9	1,487.9	37,724.2
	08	5,460.7	11,639.1	17,099.8	3,168.3	3,086.0	7,288.9	13,543.2	30,643.0	0.0	619.9	5,547.9	1,447.0	38,257.8
	09	5,436.2	11,658.5	17,094.7	3,119.6	3,107.5	7,326.9	13,554.0	30,648.7	0.0	618.5	5,558.6	1,410.1	38,235.9
	10	5,469.8	11,886.1	17,356.0	3,196.3	3,084.4	7,368.5	13,649.3	31,005.3	0.0	632.0	5,576.9	1,434.0	38,648.2
	11	5,404.2	12,009.3	17,413.5	3,299.5	3,032.5	7,318.7	13,650.6	31,064.2	0.0	624.8	5,700.4	1,449.4	38,838.8
	12	5,540.0	12,387.6	17,927.5	3,300.1	3,044.2	7,243.8	13,588.1	31,515.6	0.0	638.5	5,287.3	1,441.4	38,882.7

Note:

Money M1 includes cash outside banks, transferable deposits in the domestic currency of all domestic sectors (except the deposits of the central government). Quasi money QM comprises other deposits in the domestic currency, transferable and other deposits in foreign currency of all domestic sectors (except the deposits of the central government). Money supply M2 includes monetary aggregates, money M1 and quasi money QM. Other liabilities include securities, loans, shares and other equity and other items (net). According to a new methodology, as separate financial instruments on the side of liabilities, loans (with which the calculated interest is added) are presented, along with shares and other equity. Other items (net) are unallocated items of liabilities reduced by the unallocated items of assets. Other items (net) also include restricted deposits, counter-items of funds and government lending funds.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 190.

T08: Balance Sheet of the CBBH

- end of period, in KM million -

Year	Month	ASSETS			LIABILITIES								
		Foreign Assets	Claims on Domestic Sectors	Total	Reserve Money				Foreign Liabilities	Deposits of Central Government	Shares and Other Equity	Other Items (Net)	Total
					Cash outside Monetary Authorities	Deposits of Commercial Banks with Monetary Authorities	Deposits of Other Domestic Sectors with Monetary Authorities	Total					
1	2	3	4	5=3+4	6	7	8	9=6+7+8	10	11	12	13	14=9+...+13
2010	12	6,485.5	1.8	6,487.3	2,497.5	3,393.5	8.7	5,899.7	1.4	69.8	533.9	-17.5	6,487.3
2011	12	6,451.4	1.6	6,453.0	2,645.1	3,192.8	11.1	5,848.9	1.1	66.2	547.6	-10.8	6,453.0
2012	12	6,536.4	1.6	6,538.0	2,747.5	3,040.6	13.5	5,801.7	1.2	185.3	575.7	-25.9	6,538.0
2013	12	7,096.2	1.7	7,097.8	2,909.9	3,475.3	15.9	6,401.0	1.0	258.2	466.3	-28.7	7,097.8
2014	12	7,853.4	1.6	7,855.1	3,210.5	3,751.1	38.3	6,999.9	1.1	293.2	585.0	-24.2	7,855.1
2015	12	8,634.1	1.5	8,635.7	3,499.5	4,063.5	51.7	7,614.7	1.3	449.9	593.7	-24.0	8,635.7
2016	12	9,559.0	1.5	9,560.4	4,066.8	4,269.1	52.0	8,387.9	2.2	538.4	667.4	-35.5	9,560.4
2017	12	10,584.4	2.2	10,586.6	4,319.4	5,033.1	76.1	9,428.5	1.6	548.6	652.6	-44.8	10,586.6
2018	12	11,651.0	2.1	11,653.1	4,750.6	5,523.3	125.5	10,399.4	1.8	583.9	720.0	-51.9	11,653.1
2019	12	12,624.9	2.2	12,627.1	5,199.9	5,743.6	176.6	11,120.2	1.7	704.0	856.5	-55.4	12,627.1
2020	12	13,895.8	2.0	13,897.9	6,172.5	5,901.1	231.8	12,305.4	1.7	665.2	982.3	-56.8	13,897.9
2021	12	16,376.0	2.6	16,378.5	6,923.8	7,219.6	304.9	14,448.3	2.3	1,124.7	861.4	-58.3	16,378.5
2021	01	13,790.1	1.4	13,791.5	6,166.4	5,855.2	243.0	12,264.6	1.7	621.4	961.1	-57.4	13,791.5
	02	13,700.8	1.9	13,702.6	6,188.9	5,797.1	242.3	12,228.2	1.7	647.1	882.4	-56.7	13,702.6
	03	13,666.8	2.4	13,669.2	6,222.3	5,654.8	244.7	12,121.7	2.2	703.6	898.1	-56.4	13,669.2
	04	14,061.4	1.6	14,063.1	6,304.6	5,977.1	258.6	12,540.2	1.9	702.4	875.8	-57.4	14,063.1
	05	14,086.8	2.0	14,088.7	6,406.0	5,859.1	258.8	12,523.9	1.8	736.2	887.0	-60.1	14,088.7
	06	14,208.4	2.4	14,210.8	6,441.3	5,941.7	261.3	12,644.3	1.9	746.1	880.2	-61.8	14,210.8
	07	14,615.4	1.8	14,617.2	6,645.1	6,081.7	275.0	13,001.7	2.0	737.5	937.6	-61.7	14,617.2
	08	15,526.6	2.1	15,528.7	6,796.3	6,416.7	291.5	13,504.5	1.8	1,168.1	914.8	-60.5	15,528.7
	09	15,442.9	2.4	15,445.3	6,814.9	6,346.9	292.5	13,454.2	2.2	1,173.7	875.1	-59.9	15,445.3
	10	16,075.3	1.7	16,077.0	6,843.3	6,733.8	302.7	13,879.9	1.8	1,422.3	832.9	-59.9	16,077.0
	11	16,148.8	2.0	16,150.8	6,816.9	6,965.9	304.4	14,087.2	1.9	1,225.9	895.3	-59.5	16,150.8
	12	16,376.0	2.6	16,378.5	6,923.8	7,219.6	304.9	14,448.3	2.3	1,124.7	861.4	-58.3	16,378.5

Note:

The CBBH (monetary authorities) foreign assets comprise gold, foreign currency in the CBBH vault, foreign currency deposits with foreign banks, SDR holdings, foreign securities and other. Reserve money (primary money or monetary base) is comprised of cash outside monetary authorities, deposits of commercial banks and deposits of other domestic sectors (except for the central government) with monetary authorities. Cash outside banks represents cash in circulation outside the Central Bank (monetary authorities) and cash outside commercial banks. The CBBH foreign liabilities are comprised of short-term liabilities towards non-residents, deposits of non-residents and other short-term liabilities towards non-residents and liabilities towards the IMF (Accounts 1 and 2).

Deposits of central government with the CBBH are transferable and other deposits of BH Institutions, Entity Governments, Entity Social Security Funds and those of Brčko District in the local currency. Shares and other equity comprise the equity, current year result, general and special reserves and adjustment/revaluation. Other items (net) are unallocated items of liabilities reduced by the unallocated items of assets.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

T09: Consolidated Balance Sheet of Commercial Banks in BH

- end of period, in KM million -

ASSETS									
Year	Month	Reserves	Foreign Assets	Claims on General Government	Claims on Public Non-financial Enterprises	Claims on Private Non-financial Enterprises	Claims on Other Financial Institutions	Claims on Other Domestic Sectors	Total
1	2	3	4	5	6	7	8	9	10 = 3+...+9
2010	12	3,679.8	2,814.2	465.4	351.3	6,965.5	80.2	6,423.0	20,779.3
2011	12	3,469.7	2,724.5	904.7	360.2	7,166.9	94.0	6,768.9	21,488.9
2012	12	3,370.4	2,507.8	1,236.2	390.9	7,473.1	73.7	6,873.3	21,925.4
2013	12	3,843.7	2,637.3	1,379.4	451.6	7,556.4	67.4	7,131.8	23,067.7
2014	12	4,115.0	2,626.3	1,854.5	443.6	7,452.0	61.3	7,501.7	24,054.3
2015	12	4,511.7	2,473.8	2,161.1	400.0	7,452.6	74.6	7,874.7	24,948.5
2016	12	4,936.6	2,640.0	2,179.1	375.6	7,743.9	67.2	8,155.4	26,097.7
2017	12	5,711.7	2,787.9	2,197.0	406.2	8,354.5	96.5	8,688.8	28,242.7
2018	12	6,298.3	3,854.5	2,285.0	428.0	8,655.0	136.8	9,314.6	30,972.1
2019	12	6,627.0	4,445.0	2,551.9	509.3	9,070.9	152.2	10,024.5	33,380.9
2020	12	7,099.6	4,444.3	3,015.4	540.8	8,618.1	155.0	9,937.6	33,810.8
2021	12	8,608.0	4,689.4	3,095.4	532.3	8,812.6	164.1	10,478.0	36,379.7
2021	01	7,007.4	4,525.0	3,050.1	532.2	8,540.1	146.2	9,914.9	33,716.0
	02	6,934.3	4,666.6	3,070.5	532.7	8,618.9	139.7	9,937.4	33,900.0
	03	6,831.8	4,765.6	3,106.1	518.9	8,684.9	144.7	10,008.9	34,060.9
	04	7,138.7	4,854.3	3,303.2	516.9	8,739.0	133.9	10,069.4	34,755.3
	05	7,085.7	5,014.6	3,234.1	509.9	8,750.7	130.7	10,146.1	34,871.8
	06	7,181.1	4,942.4	3,295.2	510.3	8,837.3	133.7	10,244.7	35,144.7
	07	7,297.2	5,049.7	3,287.8	499.9	8,782.4	161.7	10,305.4	35,384.1
	08	7,756.9	5,076.7	3,209.3	520.2	8,760.4	156.8	10,345.9	35,826.3
	09	7,729.2	4,998.8	3,252.0	527.6	8,791.2	153.3	10,393.9	35,846.2
	10	8,110.8	4,794.7	3,211.2	514.6	8,793.5	154.9	10,449.2	36,029.0
	11	8,382.2	4,850.4	3,162.8	534.8	8,793.3	152.9	10,483.5	36,359.8
	12	8,608.0	4,689.4	3,095.4	532.3	8,812.6	164.1	10,478.0	36,379.7

Note:

Consolidated balance sheet of commercial banks includes consolidated balance sheets of commercial banks covered by Main Unit Sarajevo, Main Unit Mostar, Main Bank RS, Brčko District (from July 2001 until November 2002), NBRS (until December 1998) and the NBBH (until November 2002). Mutual claims and liabilities among the commercial banks have been consolidated. Banks' reserves consist of cash in the banks' vaults and banks' deposits with the CBBH.

Foreign assets of commercial banks include: foreign currency in the vaults, transferable and other deposits in foreign currency with nonresidents, loans to nonresidents, securities of non-residents in foreign currency, and other claims on non-residents. Claims on general government include claims on all levels of government: the central government (BH Institutions, Entities' Governments, Entity Social Security Funds and those of Brčko District) and non-central governments (canton and municipality governments). Claims on other domestic sectors include: claims on public non-financial enterprises, private non-financial enterprises, other financial institutions and claims on other domestic sectors (households, non-profit institutions and other non-classified sectors).

Balance sheets of commercial banks of Federation of BH in addition to active sub-balance sheets includes data from passive sub-balance sheets as well. Passive sub-balance sheets include liabilities arising from foreign loans as well as liabilities arising from frozen foreign currency savings deposits of citizens until 31 March 1992. These liabilities will be taken over, in the process of privatisation, by Ministry of Finance of BH Federation in accordance with the Entity Law on Opening Balance Sheets of Enterprises and Banks and Entity Law on Privatisation.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 190.

T09: Consolidated Balance Sheet of Commercial Banks in BH

- end of period, in KM million -

LIABILITIES												
Year	Month	Deposits of Central Government	Transf. Dep. of Other Domestic Sectors in Dom. Curr.	Transf. Dep. of Other Domestic Sectors in For. Curr.	Other Dep. of Other Domestic Sectors in Dom. Curr.	Other Dep. of Other Domestic Sectors in For. Curr.	Securities	Loans	Foreign Liabilities	Shares and Other Equity	Other Items (Net)	Total
1	2	3	4	5	6	7	8	9	10	11	12	13=3+...+12
2010	12	1,121.7	3,680.5	1,209.8	1,991.0	4,526.4	9.1	595.1	4,395.7	2,508.4	741.7	20,779.3
2011	12	955.7	3,807.9	1,100.1	2,285.7	4,846.1	0.0	675.3	3,778.6	3,045.1	994.3	21,488.9
2012	12	847.2	3,714.8	1,052.9	2,672.7	5,041.4	0.0	712.4	3,558.6	3,191.3	1,134.1	21,925.4
2013	12	717.8	4,137.4	1,189.3	3,006.3	5,202.4	0.0	707.9	3,329.9	3,348.9	1,427.8	23,067.7
2014	12	981.3	4,458.2	1,301.2	3,377.3	5,280.0	0.0	681.0	2,960.0	3,408.5	1,606.8	24,054.3
2015	12	1,014.1	5,073.9	1,360.4	3,562.6	5,543.3	8.0	599.2	2,613.3	3,554.3	1,619.5	24,948.5
2016	12	1,021.3	5,847.8	1,535.6	3,883.0	5,478.0	8.0	510.0	2,474.2	3,773.0	1,566.9	26,097.7
2017	12	1,285.6	6,848.3	1,816.2	4,091.6	5,636.1	8.0	460.0	2,587.9	4,006.8	1,502.2	28,242.7
2018	12	1,665.9	8,040.9	1,961.5	4,302.2	5,782.3	8.0	467.5	3,039.2	4,147.2	1,557.4	30,972.1
2019	12	2,020.5	8,744.5	2,490.3	2,998.0	7,593.2	8.0	532.4	3,118.3	4,368.0	1,507.7	33,380.9
2020	12	2,048.4	9,780.0	2,902.5	3,034.7	7,256.6	0.0	606.7	2,324.6	4,325.4	1,531.8	33,810.8
2021	12	2,191.8	12,082.7	3,300.1	3,044.2	7,243.8	0.0	638.5	1,946.7	4,425.8	1,506.2	36,379.7
2021	01	1,885.7	9,919.3	2,940.5	3,016.7	7,266.6	0.0	612.9	2,209.2	4,345.6	1,519.6	33,716.0
	02	1,887.9	10,041.3	2,999.6	3,029.3	7,273.9	0.0	621.3	2,170.2	4,377.8	1,498.8	33,900.0
	03	1,905.3	10,122.7	3,033.2	3,035.0	7,336.5	0.0	617.0	2,093.1	4,425.2	1,492.9	34,060.9
	04	2,437.0	10,207.6	3,050.1	3,029.3	7,377.0	0.0	618.4	2,074.6	4,465.3	1,496.1	34,755.3
	05	2,280.7	10,473.7	3,064.8	3,011.7	7,340.6	0.0	613.9	2,064.5	4,511.2	1,510.6	34,871.8
	06	2,301.8	10,669.9	3,043.9	3,111.9	7,326.3	0.0	615.0	1,979.0	4,541.2	1,555.8	35,144.7
	07	2,307.8	10,874.8	3,103.5	3,072.3	7,323.8	0.0	626.0	1,930.9	4,590.3	1,554.6	35,384.1
	08	2,280.6	11,347.6	3,168.3	3,086.0	7,288.9	0.0	619.9	1,888.0	4,633.2	1,513.9	35,826.3
	09	2,261.6	11,366.1	3,119.6	3,107.5	7,326.9	0.0	618.5	1,887.1	4,683.5	1,475.5	35,846.2
	10	2,045.4	11,583.4	3,196.3	3,084.4	7,368.5	0.0	632.0	1,876.0	4,744.0	1,498.8	36,029.0
	11	2,240.4	11,704.9	3,299.5	3,032.5	7,318.7	0.0	624.8	1,819.9	4,805.1	1,514.0	36,359.8
	12	2,191.8	12,082.7	3,300.1	3,044.2	7,243.8	0.0	638.5	1,946.7	4,425.8	1,506.2	36,379.7

Note:

Central government deposits include transferable and other deposits in the local and foreign currency of BH Institutions, Entity Governments, Entity Social Security Funds and those of Brčko District. Transferable and other deposits of other domestic sectors in domestic and foreign currency represent banks liabilities towards non-central government (canton and municipality governments), public non financial enterprises, private non financial enterprises, other financial institutions and other domestic sectors (households, nonprofit institutions and other non-classified sectors).

Foreign liabilities of commercial banks include banks liabilities to nonresidents based on transferable and other deposits, loans, securities, trade loans and advance payments and other accounts payable. According to a new methodology, loans are presented in liabilities as a separate financial instrument, with which the calculated interest is added.

Shares and other equity comprises equity, retained earnings, current year result, general and special reserves and adjustment/revaluation. Other items (net) are unallocated items of liabilities reduced by the unallocated items of assets. Restricted deposits are also included in other items (net).

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 190.

T10: Interest Rates on Loans to Households

- percentages per annum -

Households																	
Loans in KM						Loans in KM Indexed to Foreign Currency						Revolving Loans, Overdrafts and Credit Cards (Loan Facility) *					
			For Housing Purchases			For other Purposes			For Housing Purchases			For other Purposes			Loans in KM		Loans in KM Indexed to Foreign Currency
Year	Period	Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Over 10 Years IRF	Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Over 10 Years IRF	Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Overdrafts	Credit Card with Extended Credit	Overdrafts
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Weighted monthly averages																	
2016	12	4.921	5.708	4.456	5.397	6.986	6.214	5.156	5.981	5.330	5.277	7.584	6.714	6.450	12.346	14.688	11.680
2017	12	3.844	3.319	...	...	5.944	6.261	4.327	4.240	4.617	4.705	6.384	5.992	6.364	12.253	14.668	11.191
2018	12	3.454	...	...	...	5.479	5.262	3.637	3.166	3.820	4.022	6.632	5.616	5.469	12.202	14.619	10.880
2019	12	3.877	4.168	3.395	5.279	5.863	5.580	3.502	3.353	3.826	3.875	6.152	5.637	5.668	12.042	14.674	10.467
2020	12	3.643	...	...	3.676	5.885	5.845	3.671	4.582	3.902	3.835	5.864	5.678	6.380	11.936	13.606	9.815
2021	12	3.095	2.861	3.244	4.054	5.377	5.164	3.338	4.570	3.868	3.743	5.375	4.822	5.415	11.773	13.965	9.157
2021	01	3.329	...	3.514	3.686	5.793	5.919	3.605	...	3.929	3.644	5.906	5.926	6.393	12.069	13.588	9.744
	02	3.523	3.260	3.375	3.326	5.750	5.853	3.625	...	3.968	3.636	6.092	5.753	6.337	11.950	13.598	9.715
	03	3.528	3.124	3.395	3.282	5.612	5.461	3.541	4.260	3.986	3.540	6.001	5.602	5.759	11.946	13.616	9.651
	04	3.491	...	3.112	3.535	5.486	5.413	3.559	4.294	3.965	3.770	5.693	5.397	5.688	11.912	13.607	9.547
	05	3.448	3.668	3.005	3.279	5.432	5.492	3.641	...	4.622	3.735	5.703	5.470	5.485	11.881	13.634	9.453
	06	3.357	3.630	2.950	3.130	5.354	5.462	3.618	...	4.649	3.644	5.534	5.480	5.412	11.875	13.721	9.343
	07	3.043	2.974	2.996	3.858	5.349	5.217	3.527	...	4.749	3.584	5.404	5.132	5.325	11.839	13.695	9.268
	08	3.083	...	3.045	3.950	5.244	5.469	3.323	4.072	4.413	3.904	5.684	5.252	5.583	11.767	13.659	9.147
	09	2.826	...	2.862	3.913	5.068	5.329	3.349	...	4.239	3.760	5.639	5.238	5.462	11.908	13.747	8.982
	10	3.069	3.341	2.849	3.103	5.001	5.217	3.372	...	4.208	3.851	5.592	5.075	5.387	11.858	13.776	8.931
	11	3.043	3.000	3.227	4.185	5.164	5.180	3.455	...	3.972	3.933	5.489	4.817	5.316	11.878	13.783	8.881
	12	3.095	2.861	3.244	4.054	5.377	5.164	3.338	4.570	3.868	3.743	5.375	4.822	5.415	11.773	13.965	9.157
Loan amount (new business)																- KM thousand -	
2016	12	2,046	424	1,118	1,825	55,519	23,435	10,141	961	1,275	5,159	70,540	23,133	18,529	521,185	93,033	59,127
2017	12	1,416	445	...	...	49,832	14,785	17,187	395	3,826	8,180	74,945	23,401	36,446	522,643	89,901	56,786
2018	12	2,597	...	...	...	66,009	27,336	17,610	155	3,340	9,211	47,731	10,078	27,896	526,750	85,550	55,624
2019	12	1,242	386	1,042	463	53,829	26,426	21,834	288	4,641	13,531	66,117	8,097	27,474	521,600	79,533	55,217
2020	12	3,468	...	...	532	39,970	19,333	16,057	265	3,729	5,229	38,688	7,916	19,056	547,793	112,952	48,920
2021	12	9,615	380	5,576	2,194	47,483	36,773	17,697	412	2,471	4,695	53,132	1,717	9,332	547,070	67,171	102,693
2021	01	2,119	...	393	914	34,821	18,096	14,847	...	2,172	7,111	32,988	5,317	18,404	555,169	59,391	111,852
	02	2,281	207	861	543	62,302	29,043	17,914	...	3,273	5,618	44,713	8,963	21,338	546,544	57,332	109,804
	03	2,426	454	982	969	75,720	35,693	21,019	680	3,309	4,947	56,821	12,845	11,175	551,786	57,377	109,453
	04	4,228	...	1,301	1,066	76,131	33,855	20,011	650	2,682	8,061	55,065	11,568	8,940	540,494	57,599	108,305
	05	4,461	364	3,411	631	70,717	30,789	23,647	...	3,622	10,583	49,395	11,334	10,430	548,612	60,163	108,297
	06	6,388	402	3,945	1,051	81,831	37,807	25,436	...	4,616	8,669	56,262	11,665	10,718	553,429	61,366	108,244
	07	8,569	1,200	3,861	1,535	88,314	38,097	21,382	...	4,761	7,296	50,869	9,968	11,223	556,597	62,640	107,946
	08	6,307	...	4,407	1,306	33,015	29,865	19,823	486	2,063	8,078	58,690	8,243	7,696	559,981	62,238	113,930
	09	8,296	...	5,273	1,647	35,938	33,693	18,740	...	2,083	6,080	62,591	9,594	10,539	560,716	63,422	112,129
	10	9,445	336	3,776	1,217	45,750	35,173	19,253	...	1,967	5,893	56,376	8,680	7,841	562,394	64,935	111,628
	11	9,390	690	8,079	4,075	44,788	37,003	21,032	...	2,611	8,541	46,066	2,668	7,548	564,767	65,192	111,939
	12	9,615	380	5,576	2,194	47,483	36,773	17,697	412	2,471	4,695	53,132	1,717	9,332	547,070	67,171	102,693

Note:

*Interest rates in table for revolving loans and credit cards and their amounts refer to the outstanding amounts.

IRF – initial rate fixation

... insufficient data to be published

The interest rate on the revolving loans and credit cards, includes data on credit cards with loan facility. Considering that credit cards with loan facility imply an interest free deferred payment (0% ir), they are not published.

No data for interest rates on loans in foreign currency based on credit cards and overdrafts to households.

T11: Interest Rates on Loans to Non-Financial Corporations

- percentages per annum -

		Non-financial Corporations												
		Loans in KM				Loans in KM Indexed to Foreign Currency								
		Up to an Amount of EUR 0.25 Million	Over an Amount of EUR 0.25 Million and up to EUR 1 Million	Over an Amount of EUR 1 Million	Up to an Amount of EUR 0.25 Million	Over an Amount of EUR 0.25 Million and up to EUR 1 Million	Over an Amount of EUR 1 Million	Revolving Loans and Overdrafts *						
Year	Period	Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Floating Interest Rates up to 1 Year IRF	Floating Interest Rates up to 1 Year IRF	Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Floating Interest Rates up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Floating Interest Rates up to 1 Year IRF	Loans in KM	Loans in KM Indexed to Foreign Currency
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Weighted monthly averages														
2016	12	5.977	5.420	4.623	4.315	5.845	4.882	5.008	5.628	4.448	4.854	4.463	4.707	4.868
2017	12	4.881	4.823	3.507	3.249	4.647	4.348	5.302	4.388	3.772	4.601	3.518	4.011	4.131
2018	12	4.247	4.069	3.100	3.253	4.204	3.910	3.672	3.800	3.321	3.571	4.480	3.497	3.594
2019	12	3.753	4.095	2.881	2.470	4.127	4.166	4.757	3.944	3.161	3.248	4.133	3.167	3.168
2020	12	3.901	3.990	2.871	2.871	4.402	4.013	3.707	4.090	3.566	3.702	3.193	2.940	2.962
2021	12	3.708	4.040	3.058	2.297	4.115	3.358	3.382	3.613	3.018	3.228	3.292	2.852	3.139
2021	01	3.773	4.140	2.755	2.951	4.507	4.308	3.947	3.949	3.664	4.216	...	2.939	2.936
	02	3.777	4.237	2.997	3.227	4.298	4.404	3.991	3.582	...	3.193	3.362	2.896	2.953
	03	3.603	3.977	2.866	2.928	4.563	4.694	4.149	3.708	3.821	...	3.931	2.883	2.951
	04	3.852	4.385	2.962	2.516	4.390	4.031	4.106	4.200	2.407	4.241	4.333	2.872	2.975
	05	3.712	3.927	3.011	3.054	4.360	4.309	4.034	3.853	...	...	3.955	2.874	3.016
	06	3.718	4.026	2.679	2.671	4.472	4.266	3.759	3.737	3.472	3.910	3.450	2.876	3.061
	07	3.776	3.833	3.122	2.866	4.076	4.361	4.171	3.942	3.044	...	3.686	2.903	3.043
	08	3.754	3.980	3.034	3.533	4.192	4.032	3.604	3.778	3.145	...	3.382	2.852	3.001
	09	3.673	4.055	3.251	2.881	4.119	3.598	3.583	3.777	3.010	4.304	3.091	2.885	2.978
	10	3.763	3.950	3.375	2.961	4.389	3.451	...	3.878	...	3.444	...	2.866	3.158
	11	3.587	4.049	3.113	2.441	4.191	3.752	4.255	3.257	2.679	...	3.787	2.855	3.180
	12	3.708	4.040	3.058	2.297	4.115	3.358	3.382	3.613	3.018	3.228	3.292	2.852	3.139
Loan amount (new business)														
													- KM thousand -	
2016	12	48,482	19,022	68,596	35,951	18,266	15,794	5,580	10,638	6,238	18,458	45,779	1,865,259	461,392
2017	12	61,618	15,167	78,915	70,622	16,356	12,180	4,747	18,699	19,145	20,480	164,874	2,127,013	418,315
2018	12	51,404	26,718	62,726	79,085	8,815	14,021	3,637	23,544	11,311	9,906	25,588	2,367,482	686,874
2019	12	64,463	19,573	71,859	51,384	9,787	11,485	2,785	22,801	6,636	7,045	69,916	2,655,796	687,510
2020	12	53,146	15,109	52,781	78,165	13,827	8,360	3,090	20,556	8,376	13,742	83,128	2,649,665	341,675
2021	12	63,293	24,688	79,908	74,493	7,495	9,168	1,528	19,152	5,892	5,801	15,900	2,778,808	198,275
2021	01	31,868	7,709	33,571	22,137	6,333	4,046	5,484	11,978	1,791	4,774	...	2,612,980	331,976
	02	38,147	9,549	39,663	18,941	8,323	4,584	1,660	11,369	...	2,473	14,100	2,713,017	322,645
	03	58,722	20,342	66,238	54,273	10,499	9,366	2,863	12,579	6,276	...	28,782	2,737,680	316,460
	04	53,675	13,997	65,107	52,708	7,771	10,053	3,323	12,971	6,303	3,503	49,201	2,784,420	299,044
	05	54,634	11,563	43,638	19,644	11,280	8,552	2,371	20,622	...	...	12,777	2,799,720	281,865
	06	49,857	17,157	53,481	45,930	9,979	8,408	2,890	16,220	3,431	7,234	39,551	2,838,704	263,381
	07	36,568	11,076	37,683	38,725	14,807	4,373	1,850	20,499	5,128	...	28,149	2,812,486	254,552
	08	37,704	14,304	46,110	32,461	10,998	4,718	1,696	15,680	4,552	...	17,861	2,790,088	252,194
	09	41,715	18,846	48,727	56,474	10,393	6,194	1,575	7,252	6,300	3,820	9,989	2,793,433	252,458
	10	48,969	19,564	48,750	65,318	6,143	7,212	...	10,485	...	4,395	...	2,810,294	217,023
	11	51,810	20,850	65,950	50,035	8,371	10,121	1,373	25,212	10,111	...	18,278	2,813,908	208,498
	12	63,293	24,688	79,908	74,493	7,495	9,168	1,528	19,152	5,892	5,801	15,900	2,778,808	198,275

Note:

* Interest rates in table for revolving loans and credit cards and their amounts refer to outstanding amounts.

IRF – initial rate fixation

... insufficient data to be published

The interest rate on the revolving loans and credit cards, includes data on credit cards with loan facility. Considering that credit cards with loan facility imply an interest free deferred payment (0% ir), they are not published.

No data for interest rates on loans in foreign currency on the basis of credit cards and overdrafts to non-financial corporations.

T12: Interest Rates on Deposits of Households

- percentages per annum -

Households											
Year	Period	Deposits in KM and Indexed to Foreign Currency				Deposits in EUR				Deposits in Foreign Currency	
		with Agreed Maturity				with Agreed Maturity				with Agreed Maturity	Overnight Deposits *
		up to 1 Year Maturity	Over 1 and up to 2 Years Maturity	Over 2 Years Maturity	Overnight Deposits *	up to 1 Year Maturity	Over 1 and up to 2 Years Maturity	Over 2 Years Maturity	Overnight Deposits *		
1	2	3	4	5	6	7	8	9	10	11	12
Weighted monthly averages											
2016	12	0.548	1.698	2.102	0.093	0.545	1.525	2.211	0.106	0.423	0.057
2017	12	0.234	1.346	1.458	0.065	0.309	1.265	1.533	0.062	0.572	0.046
2018	12	0.344	1.262	1.448	0.053	0.252	1.368	1.658	0.055	1.036	0.042
2019	12	0.299	1.137	1.232	0.061	0.378	1.158	1.570	0.051	0.944	0.040
2020	12	0.178	1.027	1.139	0.070	0.176	1.155	1.273	0.049	0.525	0.035
2021	12	0.098	0.466	0.619	0.045	0.231	0.945	0.930	0.055	0.208	0.031
2021	01	0.125	1.037	1.038	0.068	0.152	0.966	1.074	0.049	0.437	0.034
	02	0.158	0.763	1.186	0.068	0.179	0.967	1.153	0.048	0.628	0.033
	03	0.256	0.548	1.020	0.067	0.174	1.133	1.316	0.045	0.355	0.033
	04	0.446	0.597	0.990	0.043	0.461	1.286	1.158	0.045	0.427	0.033
	05	0.313	0.591	0.853	0.043	0.378	1.052	1.274	0.045	0.616	0.032
	06	0.249	0.763	0.833	0.042	0.198	0.948	1.112	0.043	0.397	0.032
	07	0.264	0.846	0.872	0.042	0.284	1.049	1.179	0.043	0.313	0.032
	08	0.231	0.608	0.864	0.042	0.229	1.082	1.008	0.042	0.250	0.031
	09	0.204	0.527	0.735	0.041	0.237	0.920	0.929	0.042	0.231	0.031
	10	0.155	0.543	0.673	0.041	0.203	0.803	1.049	0.042	0.216	0.030
	11	0.133	0.560	0.585	0.041	0.159	0.733	0.794	0.054	0.140	0.030
	12	0.098	0.466	0.619	0.045	0.231	0.945	0.930	0.055	0.208	0.031
Deposit amount (new business)											
2016	12	12,326	33,407	37,407	3,052,215	15,650	50,354	53,399	1,046,384	3,090	261,142
2017	12	11,394	24,378	19,272	3,375,019	11,119	50,394	38,014	1,248,762	3,981	287,026
2018	12	13,211	26,379	34,047	3,938,041	9,431	50,050	73,670	1,482,740	4,001	319,831
2019	12	16,084	22,228	28,581	4,537,961	10,740	44,538	70,124	1,658,352	4,723	345,752
2020	12	7,866	35,574	21,887	5,176,206	6,995	40,426	37,131	1,952,225	4,433	368,081
2021	12	8,431	17,683	15,228	6,218,427	9,432	33,280	38,855	2,151,732	1,896	444,055
2021	01	5,685	14,219	18,292	5,272,476	10,333	58,629	49,260	1,858,054	5,207	384,668
	02	6,367	11,814	24,646	5,372,175	7,849	34,372	31,459	1,903,763	5,661	386,872
	03	3,976	21,909	19,283	5,427,656	7,043	30,361	57,918	1,990,236	3,687	399,524
	04	6,754	7,960	19,140	5,574,952	7,693	60,843	29,395	2,010,522	693	397,203
	05	4,754	10,040	16,571	5,616,284	7,547	24,682	20,480	2,031,245	1,871	406,280
	06	4,738	19,444	19,693	5,711,950	5,674	24,118	37,184	2,047,960	1,687	417,312
	07	9,428	11,038	13,216	5,787,252	6,171	33,168	19,936	2,069,591	882	423,455
	08	6,461	10,362	15,842	5,833,268	9,594	42,023	31,551	2,087,059	2,555	427,605
	09	16,718	13,071	17,198	5,905,359	8,996	38,013	42,756	2,106,492	3,995	432,682
	10	5,251	12,415	15,869	5,942,168	12,290	32,056	28,543	2,136,501	3,016	440,811
	11	7,974	8,343	12,012	5,979,774	7,826	43,279	42,730	2,129,522	1,260	449,822
	12	8,431	17,683	15,228	6,218,427	9,432	33,280	38,855	2,151,732	1,896	444,055

Note:

* Interest rates on overnight deposits and their amounts refer to the outstanding amounts.
Interest rates on deposit with agreed maturity and their amounts refer to new business.
Deposits in foreign currency include all foreign currencies except EUR.

T13: Interest Rates on Deposits of Non-financial Corporations

- percentages per annum -

Non-financial Corporations										
Year	Period	Deposits in KM and Indexed to Foreign Currency				Deposits in EUR				Deposits in Foreign Currency
		with Agreed Maturity				with Agreed Maturity				Overnight Deposits*
		Up to 1 Year Maturity	Over 1 and up to 2 Years Maturity	Over 2 Years Maturity	Overnight Deposits*	up to 1 Year Maturity	Over 1 and up to 2 Years Maturity	Over 2 Years Maturity	Overnight Deposits*	Overnight Deposits*
1	2	13	14	15	16	17	18	19	20	21
Weighted monthly averages										
2016	12	0.456	1.393	1.822	0.085	0.915	...	2.124	0.083	0.048
2017	12	0.708	1.588	...	0.045	0.588	...	...	0.019	0.033
2018	12	0.706	1.137	1.958	0.082	1.003	0.973	...	0.027	0.043
2019	12	0.445	1.229	1.491	0.031	0.864	1.012	1.305	0.029	0.028
2020	12	0.922	1.358	1.474	0.028	0.372	1.267	1.218	0.010	0.025
2021	12	0.234	0.244	...	0.018	0.434	0.305	0.953	0.006	0.043
2021	01	0.362	0.568	1.075	0.024	...	0.879	1.348	0.009	0.030
	02	0.424	0.820	0.952	0.025	0.038	1.067	1.256	0.009	0.026
	03	0.653	0.268	1.102	0.021	...	1.064	1.227	0.020	0.030
	04	0.647	0.762	0.978	0.018	0.301	1.080	1.586	0.006	0.054
	05	0.534	0.860	1.065	0.022	...	...	1.155	0.006	0.040
	06	0.372	0.997	1.599	0.030	0.607	1.194	1.520	0.007	0.050
	07	0.470	0.813	1.244	0.021	0.610	1.055	...	0.006	0.044
	08	0.323	0.622	1.227	0.021	0.286	0.569	1.442	0.006	0.039
	09	0.474	0.401	0.811	0.022	...	0.229	1.009	0.006	0.045
	10	0.361	0.337	...	0.040	0.112	0.818	...	0.005	0.039
	11	0.337	0.397	0.691	0.023	0.243	0.533	1.362	0.005	0.039
	12	0.234	0.244	...	0.018	0.434	0.305	0.953	0.006	0.043
Deposit amount (new business)										- KM thousand -
2016	12	19,822	14,794	8,874	2,168,102	1,663	...	17,116	523,643	75,169
2017	12	9,762	16,772	...	2,653,618	1,663	...	...	677,882	89,421
2018	12	54,947	9,121	39,381	3,229,644	10,788	3,815	...	741,850	64,148
2019	12	36,636	31,437	16,943	3,552,249	7,182	23,959	2,265	709,023	86,536
2020	12	22,325	20,927	14,571	3,753,355	7,259	117,688	8,458	919,880	130,453
2021	12	13,950	9,133	...	4,768,468	24,403	25,153	25,554	1,158,011	89,918
2021	01	6,976	8,247	593	3,842,840	...	9,972	13,326	955,103	122,049
	02	15,135	1,824	663	3,876,629	1,127	3,486	11,157	973,968	115,534
	03	4,163	1,121	13,844	3,906,287	...	42,164	7,610	1,000,320	109,391
	04	3,236	14,106	2,756	3,869,922	5,662	45,098	3,240	1,006,791	109,793
	05	5,484	7,758	5,820	4,074,861	...	...	3,716	1,037,026	127,918
	06	13,662	46,488	2,040	4,310,795	1,093	2,088	4,376	1,023,592	101,901
	07	9,325	26,517	17,246	4,393,847	9,088	630	...	1,103,570	113,950
	08	4,792	10,123	7,086	4,692,935	2,394	9,155	2,103	1,125,053	119,855
	09	13,068	1,742	2,387	4,510,782	...	16,798	10,524	1,095,031	102,869
	10	3,037	16,401	...	4,509,561	5,876	9,403	...	1,108,115	121,685
	11	21,742	5,667	798	4,687,605	12,403	4,398	7,161	1,190,419	114,724
	12	13,950	9,133	...	4,768,468	24,403	25,153	25,554	1,158,011	89,918

Note:

* Interest rates on overnight deposits and their amounts refer to the outstanding amounts. Interest rates on deposit with agreed maturity and their amounts refer to new business. Deposits in foreign currency include all foreign currencies except EUR.

T14: Total Deposits and Loans of Commercial Banks

- end of period, in KM million -

Year	Month	Deposits			Loans		
		Transferable Deposits	Other Deposits	Total Deposits	Short - term Loans	Long - term Loans	Total Loans
1	2	3	4	5(3+4)	6	7	8(6+7)
2010	12	5,556.9	6,972.4	12,529.3	3,614.8	10,530.3	14,145.1
2011	12	5,518.1	7,474.1	12,992.2	3,972.1	10,929.9	14,901.9
2012	12	5,306.9	8,018.8	13,325.8	4,271.2	11,271.3	15,542.5
2013	12	5,771.9	8,477.3	14,249.2	4,318.6	11,707.7	16,026.4
2014	12	6,292.8	9,082.5	15,375.2	4,170.2	12,303.3	16,473.5
2015	12	7,038.7	9,492.1	16,530.8	4,164.9	12,701.9	16,866.8
2016	12	8,056.6	9,695.5	17,752.1	4,152.6	13,048.5	17,201.1
2017	12	9,558.1	10,111.0	19,669.1	4,261.5	14,160.9	18,422.4
2018	12	11,318.5	10,431.3	21,749.8	4,289.8	15,196.1	19,485.8
2019	12	12,566.6	11,253.8	23,820.4	4,651.2	16,121.5	20,772.8
2020	12	13,851.5	11,130.7	24,982.2	4,295.1	16,052.3	20,347.4
2021	12	16,762.9	11,069.7	27,832.6	4,396.9	16,680.4	21,077.3
2021	01	13,893.3	11,095.5	24,988.8	4,245.5	15,981.2	20,226.7
	02	14,178.1	11,013.8	25,192.0	4,329.4	15,977.7	20,307.1
	03	14,349.3	11,043.4	25,392.7	4,392.7	16,079.9	20,472.6
	04	14,987.6	11,073.4	26,061.0	4,441.1	16,130.4	20,571.5
	05	15,135.9	10,995.6	26,131.5	4,445.6	16,198.6	20,644.2
	06	15,313.3	11,100.5	26,413.8	4,492.4	16,316.1	20,808.5
	07	15,550.4	11,091.9	26,642.3	4,453.5	16,365.7	20,819.2
	08	16,074.9	11,056.5	27,131.4	4,430.0	16,403.4	20,833.4
	09	16,034.9	11,091.7	27,126.6	4,469.2	16,498.1	20,967.2
	10	16,138.5	11,109.7	27,248.1	4,468.8	16,532.6	21,001.4
	11	16,544.6	11,021.3	27,565.9	4,465.1	16,590.1	21,055.1
	12	16,762.9	11,069.7	27,832.6	4,396.9	16,680.4	21,077.3

Note:

Total deposits represent liabilities of commercial banks of BH towards all domestic institutional sectors in domestic and foreign currency. Total loans represent claims of commercial banks of BH on all institutional sectors, in domestic and foreign currency.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 190.

T15: Structure of Transferable Deposits in Commercial Banks by Sectors

- end of period, in KM million -

DEPOSITS OF ALL DOMESTIC INSTITUTIONAL SECTORS													
Year	Month	Deposits of BH Institutions	Entity Governments' Deposits	Deposits of Cantonal Governments	Deposits of Municipal Governments	Deposits of Social Security Funds	Deposits of Other Financial Institutions	Deposits of Non-financial Public Enterprises	Deposits of Non-financial Private Enterprises	Deposits of Non-profit Organisations	Deposits of Households	Other Deposits	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14 = 3+...+13
2010	12	58.8	458.1	291.0	194.6	149.7	144.2	723.8	1,444.3	172.4	1,904.0	16.1	5,556.9
2011	12	42.2	413.1	290.9	190.0	154.8	176.9	688.5	1,447.8	182.1	1,917.2	14.7	5,518.1
2012	12	94.0	339.2	231.1	195.2	105.9	161.5	517.5	1,443.4	186.5	2,015.3	17.0	5,306.9
2013	12	65.3	300.8	228.1	172.4	79.0	209.7	615.2	1,667.4	194.4	2,226.8	12.8	5,771.9
2014	12	60.0	412.1	261.4	176.9	61.4	171.5	470.8	1,954.4	247.9	2,462.7	13.7	6,292.8
2015	12	102.2	468.3	312.0	209.3	33.9	198.7	498.8	2,104.8	245.0	2,841.6	24.2	7,038.7
2016	12	94.9	520.2	399.6	255.6	58.1	190.1	523.9	2,313.6	251.1	3,431.4	18.0	8,056.6
2017	12	150.8	612.8	575.2	305.9	130.0	230.2	618.1	2,775.5	281.5	3,858.3	19.6	9,558.1
2018	12	122.8	932.2	691.9	365.7	261.0	273.7	724.0	3,095.3	303.2	4,523.7	24.9	11,318.5
2019	12	122.1	885.8	823.8	395.1	323.9	284.6	684.7	3,437.2	345.1	5,242.8	21.5	12,566.6
2020	12	133.4	906.1	801.9	398.1	129.5	362.7	764.6	4,018.1	406.7	5,892.3	38.1	13,851.5
2021	12	98.1	1,124.7	1,211.6	588.1	157.3	395.3	1,014.7	4,765.2	451.2	6,917.3	39.3	16,762.9
2021	01	132.6	768.1	780.8	417.7	132.9	332.8	818.4	4,072.6	416.3	5,980.8	40.4	13,893.3
	02	179.8	827.3	789.9	428.3	130.1	306.9	899.1	4,047.8	408.4	6,121.0	39.4	14,178.1
	03	149.1	879.7	796.2	430.6	164.6	314.1	932.4	4,030.7	410.9	6,200.9	40.1	14,349.3
	04	161.4	1,406.9	814.5	436.6	161.7	264.6	1,017.0	3,936.6	407.5	6,338.1	42.8	14,987.6
	05	124.9	1,288.6	804.0	445.2	183.9	277.3	996.2	4,181.3	429.7	6,361.9	42.9	15,135.9
	06	142.1	1,290.7	829.0	475.4	166.7	298.4	944.8	4,298.3	426.9	6,413.9	27.1	15,313.3
	07	125.8	1,288.1	850.6	494.5	158.2	287.8	939.5	4,450.9	442.2	6,481.0	31.8	15,550.4
	08	104.5	1,296.6	891.4	509.0	157.8	336.0	1,025.5	4,738.9	443.6	6,537.1	34.6	16,074.9
	09	97.3	1,292.0	1,012.8	535.7	160.0	346.5	931.0	4,584.2	449.8	6,591.8	33.8	16,034.9
	10	112.0	1,101.4	1,191.4	575.1	145.4	351.8	925.0	4,590.3	459.4	6,656.8	30.0	16,138.5
	11	124.7	1,257.9	1,209.6	587.9	157.6	335.0	973.7	4,707.6	444.1	6,715.7	30.9	16,544.6
	12	98.1	1,124.7	1,211.6	588.1	157.3	395.3	1,014.7	4,765.2	451.2	6,917.3	39.3	16,762.9

Note:

Transferable deposits are available on demand without restrictions and charges, directly useable for payments to third parties, special savings accounts from which funds may be transferred to transferable deposits.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 190.

T16: Structure of Other Deposits in Commercial Banks by Sectors

- end of period, in KM million -

DEPOSITS OF ALL DOMESTIC INSTITUTIONAL SECTORS													
Year	Month	Deposits of BH Institutions	Entity Governments' Deposits	Deposits of Cantonal Governments	Deposits of Municipal Governments	Deposits of Social Security Funds	Deposits of Other Financial Institutions	Deposits of Non-financial Public Enterprises	Deposits of Non-financial Private Enterprises	Deposits of Nonprofit Organisations	Deposits of Households	Other Deposits	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14 = 3+...+13
2010	12	22.5	383.2	16.8	41.2	49.2	438.8	825.0	504.5	91.2	4,580.4	19.6	6,972.4
2011	12	62.8	237.8	24.0	30.0	41.7	567.5	816.3	471.5	79.1	5,134.1	9.2	7,474.1
2012	12	31.7	242.0	21.4	27.6	31.0	598.3	778.9	537.8	87.1	5,639.9	23.0	8,018.8
2013	12	62.7	170.8	21.0	26.6	35.0	651.4	724.0	531.1	100.3	6,137.1	17.1	8,477.3
2014	12	127.1	266.0	36.8	36.0	32.0	674.0	669.6	529.3	115.6	6,579.3	16.6	9,082.5
2015	12	129.7	224.7	25.0	36.3	31.9	693.0	688.7	501.9	120.7	7,023.2	17.0	9,492.1
2016	12	73.4	226.3	26.4	22.3	34.7	771.4	695.9	474.2	123.4	7,229.7	17.6	9,695.5
2017	12	116.6	243.8	24.3	34.4	22.9	816.8	766.7	554.4	102.6	7,412.8	15.7	10,111.0
2018	12	62.6	267.5	41.9	37.4	16.7	873.7	758.4	627.8	95.7	7,622.7	26.9	10,431.3
2019	12	51.7	582.1	90.8	51.2	28.8	870.8	826.0	615.4	102.4	7,998.1	36.6	11,253.8
2020	12	85.7	725.0	30.1	25.4	28.8	768.5	791.5	688.8	93.3	7,868.4	25.3	11,130.7
2021	12	38.0	714.1	33.6	24.0	29.7	764.3	789.4	770.1	91.9	7,778.2	36.4	11,069.7
2021	01	64.5	712.7	33.0	10.5	35.0	785.6	773.8	683.6	91.7	7,882.0	23.1	11,095.5
	02	20.2	658.9	33.4	7.9	31.6	795.8	770.4	704.2	88.4	7,879.8	23.4	11,013.8
	03	17.9	626.3	55.8	16.8	27.6	781.2	787.3	701.7	87.8	7,917.7	23.2	11,043.4
	04	17.5	623.6	56.0	18.5	26.0	789.5	782.2	708.4	87.8	7,936.7	27.2	11,073.4
	05	14.1	607.2	56.4	17.9	21.9	779.7	755.2	704.8	90.0	7,920.7	27.7	10,995.6
	06	21.4	619.4	61.8	19.5	21.5	773.0	788.8	721.2	90.3	7,938.7	45.0	11,100.5
	07	44.9	618.4	40.0	20.4	32.4	761.6	789.2	724.5	90.1	7,928.6	41.7	11,091.9
	08	32.4	618.8	40.6	20.4	30.4	758.0	779.3	738.4	90.3	7,905.7	42.2	11,056.5
	09	24.2	601.0	63.0	20.5	32.1	774.0	794.8	755.0	93.8	7,898.5	34.8	11,091.7
	10	13.4	614.2	61.8	20.5	29.0	772.4	794.3	798.2	92.1	7,883.7	29.9	11,109.7
	11	12.8	623.8	62.1	20.5	33.5	768.9	789.2	752.8	96.2	7,824.7	36.7	11,021.3
	12	38.0	714.1	33.6	24.0	29.7	764.3	789.4	770.1	91.9	7,778.2	36.4	11,069.7

Note:

Other deposits allow automatic withdrawals of funds but not payment to third parties, time and savings deposits, other deposits-other.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 190.

T17: Structure of Short-Term Loans of Commercial Banks by Sectors

- end of period, in KM million -

LOANS TO DOMESTIC INSTITUTIONAL SECTORS													
Year	Month	Loans to BH Institutions	Loans to Entity Governments	Loans to Cantonal Governments	Loans to Municipal Governments	Loans to Social Security Funds	Loans to Other Financial Institutions	Loans to Non-financial Public Enterprises	Loans to Non-financial Private Enterprises	Loans to Non-profit Organizations	Loans to Households	Other Loans	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14 = 3+...+13
2010	12	0.1	6.1	2.3	21.9	40.6	28.1	69.1	2,624.0	13.5	801.9	7.1	3,614.8
2011	12	0.0	11.9	1.4	21.5	26.0	37.4	70.1	2,935.2	5.9	858.4	4.2	3,972.1
2012	12	0.0	2.6	0.7	22.2	9.9	41.1	73.8	3,188.4	6.7	919.5	6.3	4,271.2
2013	12	0.0	12.9	0.6	40.1	35.3	28.5	89.2	3,152.2	5.5	942.2	12.1	4,318.6
2014	12	0.0	26.7	4.0	45.3	26.0	27.4	90.7	2,989.7	4.9	936.4	19.0	4,170.2
2015	12	0.0	72.0	4.8	22.0	39.4	28.3	86.4	2,944.8	4.2	937.0	26.0	4,164.9
2016	12	0.0	48.0	1.6	19.8	8.5	27.2	90.4	3,030.0	7.2	904.9	14.9	4,152.6
2017	12	0.0	44.3	1.4	15.7	7.8	33.8	73.2	3,163.2	10.2	896.4	15.4	4,261.5
2018	12	0.0	60.2	1.1	12.8	4.3	40.6	89.6	3,151.5	6.2	911.3	12.1	4,289.8
2019	12	0.0	17.3	0.1	12.5	2.0	49.3	104.1	3,537.7	6.8	919.8	1.7	4,651.2
2020	12	0.0	19.0	0.1	16.7	5.7	33.7	103.4	3,282.5	10.8	821.8	1.3	4,295.1
2021	12	1.6	53.2	1.4	25.0	4.3	48.4	101.7	3,341.1	9.2	810.1	0.8	4,396.9
2021	01	0.0	23.2	0.1	14.3	5.8	29.7	106.6	3,236.2	9.1	819.4	1.2	4,245.5
	02	0.0	20.0	0.9	13.5	5.7	27.1	103.7	3,335.0	9.2	812.9	1.3	4,329.4
	03	0.0	36.9	0.8	13.7	5.5	25.6	104.1	3,380.2	8.1	816.9	1.0	4,392.7
	04	0.0	38.4	1.1	14.0	6.6	27.4	104.5	3,434.5	8.3	805.3	1.1	4,441.1
	05	0.0	48.6	0.1	14.1	6.1	28.6	102.6	3,411.1	7.8	825.4	1.2	4,445.6
	06	0.0	55.8	0.5	14.1	6.0	31.4	100.2	3,451.8	10.3	821.3	1.1	4,492.4
	07	2.2	52.1	1.2	14.6	6.2	46.0	101.2	3,392.8	10.3	825.7	1.1	4,453.5
	08	0.0	51.6	1.2	18.0	6.1	40.9	99.4	3,377.8	9.8	824.2	1.1	4,430.0
	09	1.2	51.9	1.2	21.9	6.2	42.7	104.5	3,406.1	10.7	822.0	0.8	4,469.2
	10	1.9	54.6	1.3	19.1	6.1	43.1	101.7	3,400.8	10.1	829.0	1.1	4,468.8
	11	1.9	53.9	1.7	18.9	4.2	41.0	106.1	3,401.1	10.1	825.5	0.6	4,465.1
	12	1.6	53.2	1.4	25.0	4.3	48.4	101.7	3,341.1	9.2	810.1	0.8	4,396.9

Note:

By 2006, the total claims on all level governments and funds (short-term and long-term) are shown in Table of short-term loans (columns 3,4,5,6,7) in the total amount because source data do not provide maturity structure of claims for governments and funds. Short-term loans represent claims of commercial banks on all domestic institutional sectors up to one year, in domestic and foreign currency.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 190.

T18: Structure of Long -Term Loans of Commercial Banks by Sectors

- end of period, in KM million -

LOANS TO ALL DOMESTIC INSTITUTIONAL SECTORS													
Year	Month	Loans to BH Institutions	Loans to Entity Governments	Loans to Cantonal Governments	Loans to Municipal Governments	Loans to Social Security Funds	Loans to other Financial Institutions	Loans to Nonfinancial Public Enterprises	Loans to Non-financial Private Enterprises	Loans to Non-profit Organizations	Loans to Households	Other Loans	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14 = 3+...+13
2010	12	0.1	105.8	40.2	201.6	26.5	27.0	270.8	4,309.5	17.4	5,522.3	9.1	10,530.3
2011	12	0.0	233.2	42.8	251.1	38.8	25.4	285.3	4,186.7	12.7	5,846.4	7.5	10,929.9
2012	12	0.0	404.3	68.7	289.5	28.4	19.3	313.0	4,248.8	16.3	5,875.2	7.9	11,271.3
2013	12	0.0	418.6	77.9	299.4	17.5	23.4	361.5	4,369.0	15.0	6,123.0	2.5	11,707.7
2014	12	0.0	465.2	161.2	295.2	77.1	20.0	351.4	4,429.6	9.7	6,491.7	2.3	12,303.3
2015	12	0.0	418.3	225.5	281.7	99.0	31.8	310.3	4,473.4	12.5	6,847.2	2.2	12,701.9
2016	12	0.0	295.5	231.5	262.0	95.7	25.2	281.5	4,673.3	11.9	7,171.4	0.5	13,048.5
2017	12	0.0	333.7	207.8	276.3	79.5	49.6	328.4	5,156.5	11.6	7,717.3	0.2	14,160.9
2018	12	0.0	328.5	185.7	279.4	169.9	85.0	331.7	5,471.5	14.1	8,330.0	0.4	15,196.1
2019	12	0.0	399.2	168.6	301.0	197.5	95.3	393.5	5,496.3	13.8	9,055.8	0.5	16,121.5
2020	12	11.6	403.1	142.1	357.4	205.5	111.1	432.3	5,305.9	9.7	9,073.0	0.7	16,052.3
2021	12	14.5	353.7	185.8	350.9	189.8	104.3	409.0	5,435.7	11.1	9,625.4	0.2	16,680.4
2021	01	11.6	400.4	138.5	360.3	202.7	105.7	420.5	5,274.7	9.8	9,056.5	0.7	15,981.2
	02	11.6	396.5	137.9	357.2	198.5	101.5	423.9	5,255.6	9.4	9,085.2	0.6	15,977.7
	03	13.6	391.7	132.7	353.3	230.0	108.1	409.7	5,276.9	9.3	9,154.1	0.6	16,079.9
	04	13.6	394.0	131.4	350.1	227.1	94.8	407.3	5,276.5	9.5	9,225.5	0.7	16,130.4
	05	13.6	385.6	130.4	348.4	225.1	90.4	402.3	5,312.4	9.4	9,280.5	0.5	16,198.6
	06	13.6	368.2	124.8	350.4	218.7	90.3	405.1	5,353.3	9.4	9,381.9	0.5	16,316.1
	07	13.6	365.0	121.2	347.0	217.9	102.7	393.7	5,357.8	9.1	9,437.3	0.5	16,365.7
	08	13.6	365.5	129.3	341.6	211.2	102.1	399.4	5,350.6	10.2	9,479.3	0.5	16,403.4
	09	13.6	361.5	174.4	345.5	207.7	101.4	401.6	5,351.6	11.3	9,529.1	0.5	16,498.1
	10	13.6	357.2	171.2	346.6	199.9	102.7	391.8	5,361.0	11.1	9,577.1	0.5	16,532.6
	11	14.9	360.7	180.0	343.5	196.2	101.0	406.0	5,360.7	10.9	9,615.6	0.5	16,590.1
	12	14.5	353.7	185.8	350.9	189.8	104.3	409.0	5,435.7	11.1	9,625.4	0.2	16,680.4

Note:

By 2006, the total claims on all level governments and funds (short-term and long term) are shown in Table of short-term loans (columns 3,4,5,6,7) in the total amount, because source data do not provide maturity structure of claims for governments and funds. Long – terms loans represent claims of commercial banks on all domestic institutional sectors over one year in domestic and foreign currency.

Since January 2019, the currency structure of financial instruments (loans, deposits, securities) presented originally in KM and indexed in foreign currency has been reclassified from local currency positions to foreign currency positions in monetary statistics reports according to the recommendations from the IMF Manual and Monetary and Financial Statistics Compilation Guide from 2016.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 190.

T19: Purchase and Sale of Convertible Mark					- in KM thousand -
Year	Month	Sale	Purchase	Balance	Cumulative Balance
1	2	3	4	5(3-4)	6
2010		5,273,777	5,014,550	259,227	5,527,351
2011		5,088,041	5,162,710	-74,669	5,452,682
2012		5,511,162	5,491,846	19,316	5,471,998
2013		4,588,615	3,918,598	670,017	6,142,015
2014		5,065,358	4,379,047	686,312	6,828,327
2015		5,470,552	4,699,060	771,492	7,599,818
2016		7,485,849	6,622,039	863,811	8,463,629
2017		8,476,378	7,421,186	1,055,192	9,518,821
2018		10,792,432	9,780,514	1,011,918	10,530,740
2019		11,385,556	10,533,525	852,031	11,382,771
2020		11,344,462	10,184,558	1,159,904	12,542,676
2021		9,872,890	7,399,673	2,473,217	15,015,893
2021	01	738,539	824,696	-86,157	12,456,519
	02	798,017	812,156	-14,140	12,442,379
	03	1,179,942	1,221,038	-41,096	12,401,283
	04	1,981,660	1,565,602	416,058	12,817,341
	05	512,503	491,079	21,423	12,838,765
	06	650,006	520,484	129,523	12,968,287
	07	527,398	179,125	348,272	13,316,560
	08	807,920	274,613	533,308	13,849,867
	09	556,607	595,809	-39,202	13,810,665
	10	880,230	203,631	676,599	14,487,264
	11	624,500	378,318	246,182	14,733,446
	12	615,569	333,121	282,447	15,015,893

T20: Average Reserve Requirements

- in KM thousand -

Year	Month	Base for Required Reserve Calculation*	Average Reserve Requirement	Average Balance on the Required Reserve Accounts with the CBBH	Balance
1	2	3	4	5	6=5-4
2010		15,617,849	1,624,905	3,154,793	1,529,888
2011		15,227,393	1,323,886	2,959,315	1,635,429
2012		14,755,574	1,257,850	2,711,013	1,453,163
2013		15,162,241	1,290,758	3,103,865	1,813,107
2014		15,999,278	1,370,137	3,577,824	2,207,688
2015		16,664,525	1,432,593	3,770,500	2,337,907
2016		18,494,243	1,734,081	4,057,613	2,323,532
2017		21,224,853	2,122,485	4,303,340	2,180,855
2018		23,537,084	2,353,708	5,205,234	2,851,526
2019		25,752,968	2,575,297	5,589,021	3,013,724
2020		26,950,173	2,695,017	5,409,751	2,714,733
2021		28,677,192	2,867,719	6,302,482	3,434,762
2021	01	27,546,321	2,754,632	5,888,091	3,133,459
	02	27,603,787	2,760,379	5,832,372	3,071,994
	03	27,787,510	2,778,751	5,905,814	3,127,063
	04	27,906,738	2,790,674	6,056,985	3,266,311
	05	28,446,483	2,844,648	6,079,976	3,235,328
	06	28,643,403	2,864,340	6,144,922	3,280,582
	07	28,818,942	2,881,894	6,082,809	3,200,914
	08	29,075,074	2,907,507	6,205,038	3,297,531
	09	29,396,044	2,939,604	6,547,961	3,608,357
	10	29,435,893	2,943,589	6,679,032	3,735,443
	11	29,631,656	2,963,166	7,040,915	4,077,749
	12	29,834,458	2,983,446	7,165,866	4,182,420

Note:

From 1 July 2016, the required reserves rate applied by the CBBH to the base for calculation of required reserves is 10%.

From 1 July 2016, the CBBH applies the new rates for the calculation of fees to the funds in the banks' reserves accounts : in the accounting period, the Central Bank does not charge a fee on the amount of required reserves in commercial banks' reserves accounts, and on the amount of excess reserves, the CBBH charges the fee at the rate equal to 50% of the rate applied to commercial banks' deposits (deposit facility rate) by the European Central Bank. From 01 May 2015, the Central Bank has calculated the compensation for a bank on the amount of the bank's funds in the reserve account with the Central Bank in the calculation period, as it follows:

-on the reserve requirement amount – the average of EONIA recorded in the same period on the market reduced by 10 basis points, or minimum zero, -on the amount of the funds exceeding the reserve requirement – zero rate of compensation.

The zero rate of compensation on the reserve requirement is applied in case the average EONIA decreased by 10 basis points has a negative value.

From 1 September 2014, the remuneration rate has been calculated on the basis of the weighted average interest rate which was earned by the Central Bank of BH on the market in the same period on deposits invested up to a month ; and 70% is calculated on the amount of required reserve or minimum 0, while 90% of the mentioned rate is calculated on the amount of excess reserves or minimum 0.

From August 1st 2011. the remuneration rate is calculated by the weighted average interest rate which were earned by the Central Bank on deposits invested up to a month in the same period; 70% of this rate is calculated on the amount of required reserves while 90% of the same rate is calculated on the amount of excess reserves.

From February 1st, 2011 the required reserves rate on deposits and borrowed assets with contracted term of maturity up to one year was declined from 14% to 10%, while the required reserves rate on deposits and borrowed assets with contracted term of maturity over one year is not changed.

From July 1st, 2010 remuneration rate on the amount of required reserves is changed and calculated as an average of interest rates, which were earned by the Central bank on overnight deposits in the same period, while remuneration rate on the amount of excess reserves is not changed.

From May 1st, 2009 the required reserves rate is 7% on deposits and borrowed assets with contracted term of maturity over one year.

From April 1st, 2009 remuneration rate is calculated as:- On the amount of required reserves is 0,5%,- On the amount of excess reserves on the rate calculated as an average of interest rates, which were earned by the Central bank on deposits invested up to a month.

From January 1st, 2009 the required reserves rate is 14% on deposits and borrowed assets with contracted term of maturity up to one year and 10% on deposits and borrowed assets with contracted term of maturity over one year.

From October 11th, 2008 required reserves rate was declined from 18% to 14%.

From January 1st, 2008 required reserves rate was increased from 15% to 18%.

*The base for calculation of required reserves includes deposits and borrowed funds in domestic and other currency expressed in KM.

T21: Payments System Transactions

- in KM million -

Year	Month	RTGS		GYRO CLEARING		TOTAL	
		Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount
1	2	3	4	5	6	7=3+5	8=4+6
2010		713,755	55,281	31,060,911	12,498	31,774,666	67,779
2011		760,459	63,608	31,729,367	13,046	32,489,826	76,653
2012		763,522	68,310	33,073,839	13,223	33,837,361	81,533
2013		773,099	63,232	35,026,526	13,373	35,799,626	76,605
2014		821,897	73,897	37,108,440	13,961	37,930,337	87,858
2015		874,575	70,655	38,212,073	14,451	39,086,648	85,106
2016		935,319	72,876	39,068,883	15,509	40,004,202	88,380
2017		996,043	79,855	40,111,318	16,388	41,107,361	96,243
2018		1,067,256	85,393	41,266,770	17,277	42,334,026	102,670
2019		1,105,320	104,826	42,496,286	18,221	43,601,606	123,056
2020		1,072,023	87,108	42,702,383	18,024	43,774,406	105,132
2021		1,236,315	102,287	46,735,411	20,116	47,971,726	122,403
2020	01	83,811	6,454	3,237,809	1,327	3,321,620	7,781
	02	87,647	6,937	3,607,335	1,461	3,694,982	8,398
	03	101,020	7,931	3,986,021	1,648	4,087,041	9,579
	04	100,285	7,884	3,835,414	1,658	3,935,699	9,542
	05	97,437	7,839	3,729,580	1,563	3,827,017	9,401
	06	105,546	9,444	4,079,409	1,735	4,184,955	11,179
	07	106,473	8,826	4,092,078	1,745	4,198,551	10,571
	08	103,545	8,952	3,922,282	1,719	4,025,827	10,671
	09	106,499	9,073	3,985,322	1,742	4,091,821	10,815
	10	106,782	8,795	3,945,543	1,723	4,052,325	10,518
	11	109,697	9,348	3,967,098	1,767	4,076,795	11,115
	12	127,573	10,803	4,347,520	2,029	4,475,093	12,833

T22: BH Balance of Payments												- in KM million -
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
CURRENT ACCOUNT	-1,531	-2,483	-2,266	-1,425	-1,983	-1,458	-1,424	-1,520	-1,094	-985	-1,286	-802
Goods - balance	-7,186	-7,827	-7,779	-7,099	-7,874	-7,176	-7,089	-7,417	-7,521	-7,965	-6,291	-7,196
Exports of goods	5,015	6,029	6,067	6,645	6,847	7,196	7,700	9,341	10,418	10,180	9,423	12,713
Imports of goods	12,201	13,856	13,846	13,743	14,721	14,372	14,789	16,758	17,940	18,145	15,714	19,909
Services - balance	1,713	1,593	1,631	1,624	1,698	1,951	2,118	2,329	2,612	2,793	1,510	2,587
Exports of services	2,518	2,374	2,416	2,391	2,452	2,962	3,168	3,484	3,832	4,140	2,403	3,735
Imports of services	804	781	785	768	754	1,012	1,051	1,154	1,220	1,347	893	1,149
Primary income - balance	413	211	205	357	224	195	41	-263	-195	-115	-296	-350
Credit	881	935	874	864	955	929	929	969	1,026	1,132	784	971
Debit	468	725	669	507	731	734	889	1,233	1,221	1,248	1,079	1,321
Secondary income - balance	3,529	3,540	3,676	3,694	3,969	3,573	3,507	3,831	4,010	4,303	3,791	4,157
Credit	3,787	3,818	3,954	3,973	4,267	3,909	3,852	4,192	4,404	4,715	4,224	4,613
Debit	257	278	277	279	298	336	345	362	394	412	433	456
CAPITAL ACCOUNT	389	357	334	337	442	364	300	342	305	387	318	284
Credit	389	357	334	337	442	364	300	342	311	390	326	284
Debit	0	0	0	0	0	0	0	0	6	2	8	0
FINANCIAL ACCOUNT	-957	-2,039	-1,806	-909	-1,428	-885	-817	-898	-801	-396	-773	9
Direct investment	-532	-674	-506	-342	-784	-509	-550	-717	-960	-543	-581	-796
Net acquisition of financial assets	115	-8	91	126	15	167	5	173	32	216	132	74
Net incurrence of liabilities	647	666	597	468	799	675	555	890	992	760	713	870
Portfolio investment	173	46	19	144	107	110	167	157	256	218	11	111
Net acquisition of financial assets	121	-12	-43	80	36	51	99	92	254	183	-19	324
Net incurrence of liabilities	-52	-57	-62	-64	-71	-58	-68	-64	-2	-35	-30	214
Financial derivatives	0	0	0	0	0	-0	1	1	-5	-1	-0	1
Net acquisition of financial assets	0	0	0	0	0	-0	-0	-4	-7	-12	-7	-3
Net incurrence of liabilities	0	0	0	0	0	0	-1	-5	-2	-11	-7	-4
Other Investments	-857	-1,378	-1,391	-1,420	-1,463	-1,366	-1,365	-1,473	-1,205	-1,004	-1,449	-2,002
Net acquisition of financial assets	-766	-555	-387	-238	-584	-417	-294	-690	286	-12	-177	-59
Currency and deposits	-748	-609	-483	-339	-598	-366	-316	-547	-59	-28	-228	-121
Loans	23	-99	-18	5	-23	-80	-74	-289	223	-90	-13	-45
Insurance and pension	18	16	18	15	9	-75	20	20	30	22	27	36
Trade credit and advances	-65	146	89	89	86	92	81	100	98	73	60	81
Other financial assets	6	-10	8	-8	-59	12	-4	26	-6	10	-24	-10
Net incurrence of liabilities	91	823	1,004	1,182	878	950	1,070	783	1,491	992	1,272	1,942
Currency and deposits	-608	-484	-83	-119	-281	-58	-107	69	393	75	-811	-286
Loans	135	793	546	768	645	522	698	127	463	323	1,489	889
Insurance and pension	4	2	7	12	17	-8	-4	-5	-10	-10	-5	-2
Trade credit and advances	475	501	514	510	526	523	487	582	618	619	582	750
Other financial assets (including the allocation of SDR)	84	11	21	10	-29	-28	-3	10	27	-15	16	591
Reserve assets	258	-33	73	709	712	881	930	1,136	1,114	935	1,246	2,695
Monetary gold	-18	65	1	77	0	0	0	0	0	0	0	0
Currency and deposits	-297	1,382	-2,051	-117	-36	-1,121	2,033	-230	253	238	549	441
Securities	584	-1,473	2,079	792	766	2,004	-1,102	1,367	860	699	696	2,254
Other reserve assets	-11	-8	43	-43	-17	-1	-1	-1	1	-2	1	0
NET ERRORS AND OMISSIONS	184	88	127	179	113	209	306	281	-12	202	196	526

Note:

The BH Balance of Payments is compiled in accordance with the IMF methodology (Balance of Payments and International Investment Position Manual, 6th edition – BPM6). The detailed methodological information can be found on the web, at www.cbbh.ba/statistics.

T22: BH Balance of Payments

- in KM million -

	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
CURRENT ACCOUNT	-401	-254	-3	-327	-250	-332	-398	-306	-99	-338	-123	-242
Goods - balance	-1,872	-2,082	-1,987	-2,025	-1,602	-1,423	-1,660	-1,606	-1,339	-1,756	-2,014	-2,087
Exports of goods	2,368	2,694	2,585	2,532	2,389	2,048	2,354	2,633	2,745	3,047	3,254	3,667
Imports of goods	4,241	4,775	4,572	4,557	3,991	3,471	4,013	4,239	4,084	4,803	5,268	5,754
Services - balance	514	827	878	574	433	341	358	378	370	547	877	792
Exports of services	765	1,145	1,368	861	678	498	623	604	574	796	1,274	1,092
Imports of services	251	319	490	287	245	157	265	227	204	248	397	300
Primary income - balance	14	-133	-26	29	3	-156	-82	-61	-37	-191	-89	-34
Credit	283	259	269	321	242	171	172	198	229	241	260	241
Debit	269	392	295	292	239	327	254	259	266	432	349	275
Secondary income - balance	943	1,133	1,132	1,094	916	906	986	984	906	1,061	1,103	1,087
Credit	1,035	1,232	1,239	1,210	1,016	1,002	1,104	1,102	1,016	1,175	1,206	1,217
Debit	91	99	106	116	100	96	118	119	110	113	103	130
CAPITAL ACCOUNT	95	98	98	96	67	65	87	98	57	64	85	79
Credit	95	99	99	97	69	67	89	100	57	64	85	79
Debit	1	1	1	1	2	2	2	2	0	0	0	0
FINANCIAL ACCOUNT	-417	-239	148	112	-310	-326	-120	-18	-168	-71	196	52
Direct investment	-270	-406	-89	222	-233	-215	-168	35	-326	-402	-266	198
Net acquisition of financial assets	-1	24	-24	218	17	6	6	103	27	22	37	-12
Net incurrence of liabilities	269	429	65	-4	250	221	175	67	353	424	303	-210
Portfolio investment	64	111	14	29	-55	30	-3	39	67	-232	223	53
Net acquisition of financial assets	65	94	15	9	-48	14	-1	17	67	42	183	32
Net incurrence of liabilities	1	-17	1	-20	7	-16	2	-22	-0	274	-40	-20
Financial derivatives	-0	0	-1	-0	-0	0	-1	1	0	1	-0	0
Net acquisition of financial assets	-1	-1	-10	-1	-4	-1	-2	-0	-1	-1	-0	-1
Net incurrence of liabilities	-0	-1	-9	-0	-4	-1	-1	-1	-1	-1	-0	-1
Other Investments	15	-437	-158	-424	123	-657	-272	-643	215	-26	-1,020	-1,171
Net acquisition of financial assets	92	-125	49	-28	146	-63	-78	-182	344	176	-157	-422
Currency and deposits	76	-113	110	-101	137	-83	-83	-199	343	151	-162	-454
Loans	-6	-42	-93	51	16	4	-22	-11	-7	-11	-25	-1
Insurance and pension	1	10	7	3	4	11	10	2	7	10	10	9
Trade credit and advances	20	18	16	19	16	14	14	16	19	19	20	23
Other financial assets	0	1	10	-1	-26	-9	2	9	-17	7	-1	1
Net incurrence of liabilities	77	312	208	395	24	594	194	460	130	201	863	748
Currency and deposits	-238	182	-46	177	-243	-365	-209	6	-207	-104	-74	99
Loans	166	-111	167	102	112	827	272	278	183	128	141	438
Insurance and pension	-4	-2	-1	-2	-2	-2	-1	-1	-0	-1	-2	1
Trade credit and advances	146	163	156	154	145	130	147	160	153	181	197	219
Other financial assets (including the allocation of SDR)	8	80	-68	-35	11	4	-16	17	2	-2	600	-9
Reserve assets	-225	492	382	286	-145	516	325	550	-123	588	1,258	972
Monetary gold	0	0	0	0	0	0	0	0	0	0	0	0
Currency and deposits	-229	283	44	140	75	-95	256	312	-668	54	701	354
Securities	6	209	338	145	-223	611	71	237	545	530	557	621
Other reserve assets	-2	0	-0	0	3	0	-3	0	-0	3	0	-3
NET ERRORS AND OMISSIONS	-110	-83	52	343	-127	-59	192	190	-125	202	234	215

Note:

The BH Balance of Payments is compiled in accordance with the IMF methodology (Balance of Payments and International Investment Position Manual, 6th edition – BPM6). The detailed methodological information can be found on the web, at www.cbbh.ba/statistics.

T23: International Investment Position (IIP)												- in KM million -
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
NET POSITION	-13,629	-14,738	-15,178	-15,101	-15,509	-15,692	-15,282	-14,545	-14,100	-12,932	-11,842	-11,717
ASSETS	12,245	11,964	12,321	13,466	13,983	14,597	15,816	17,045	19,326	21,159	22,469	25,122
Direct investment	452	441	560	695	708	878	933	1,157	1,268	1,381	1,513	1,394
Equity and investment fund shares	257	275	297	291	299	362	370	427	468	602	714	785
Debt instruments	195	167	263	404	410	516	562	730	799	779	799	608
Portfolio investment	450	439	466	532	569	582	674	764	1,018	1,204	1,185	1,508
Equity and investment fund shares	16	20	23	23	31	33	39	44	41	39	38	88
Debt securities	434	419	444	509	538	550	635	720	977	1,165	1,147	1,421
Financial derivatives	0	0	0	0	0	0	2	0	0	1	0	0
Other investment	4,886	4,660	4,786	5,171	4,880	4,530	4,677	4,509	5,415	5,975	5,902	5,870
Other equity	31	32	29	47	48	52	48	52	54	64	72	66
Currency and deposits	3,360	3,151	2,985	3,288	2,982	2,870	3,127	3,191	3,952	4,350	4,297	4,259
Loans	174	71	329	334	311	232	158	176	249	209	196	374
Insurance, pension, and standardized guarantee schemes	39	48	61	58	110	88	87	92	89	94	105	99
Trade credit and advances	1,077	1,156	1,177	1,181	1,201	1,026	990	943	1,021	1,199	1,195	1,036
Other accounts receivable	205	201	205	263	228	262	267	55	49	60	36	36
Reserve assets	6,458	6,424	6,509	7,068	7,826	8,606	9,531	10,614	11,626	12,598	13,869	16,349
Currency and deposits	3,003	4,386	2,335	2,218	2,182	1,132	3,165	2,935	3,188	3,426	3,975	4,416
Securities	3,285	1,792	3,877	4,592	5,384	7,288	6,158	7,474	8,225	8,917	9,601	11,630
Other reserve assets	169	246	297	258	260	186	208	205	212	254	292	304
LIABILITIES	25,874	26,702	27,499	28,567	29,492	30,290	31,098	31,590	33,426	34,091	34,311	36,839
Direct investment	9,963	10,884	11,324	12,231	12,253	13,063	13,382	14,166	14,957	15,417	15,494	16,569
Equity and investment fund shares	7,473	7,886	8,006	8,872	8,449	9,516	9,698	10,517	11,364	11,659	12,117	14,227
Debt instruments	2,490	2,998	3,318	3,360	3,803	3,547	3,684	3,649	3,592	3,758	3,377	2,342
Portfolio investment	787	727	703	544	474	349	299	240	246	206	180	364
Equity and investment fund shares	87	85	123	127	118	56	79	93	98	99	111	108
Debt securities	700	642	580	417	355	293	220	147	148	107	69	255
Financial derivatives	0	0	0	0	0	0	2	0	0	1	2	0
Other investment	15,123	15,091	15,472	15,792	16,766	16,878	17,416	17,184	18,223	18,467	18,635	19,906
Other equity	57	49	66	42	50	47	26	29	36	47	52	70
Currency and deposits	2,619	2,136	2,053	1,934	1,653	1,595	1,489	1,554	2,751	2,825	2,015	1,730
Loans	10,044	10,372	10,758	11,113	12,310	12,632	13,074	12,890	12,494	12,547	13,384	14,303
Insurance, pension, and standardized guarantee schemes	2	15	17	16	17	18	19	22	23	24	27	29
Trade credit and advances	1,969	2,093	2,179	2,231	2,284	2,119	2,341	2,243	2,435	2,550	2,684	2,682
Other accounts payable - other	68	53	32	105	76	68	65	73	102	84	100	87
Special drawing rights (Net incurrence of liabilities)	365	373	367	352	375	401	401	374	382	389	373	1,005

Note:

International investment position (IIP) for BH is compiled in accordance with the latest International Monetary Fund Methodology for compilation of Balance of payments (BOP) and International investment position statistics, sixth edition (BPM6). Compilation of the International investment position includes also the regular revision of previously published data for the three years backwards in accordance with most recent available source data. Shortened versions of the applied methodological approach for the compilation of BH IIP statistics are available on the CBBH website. IP statistics are available on the CBBH website.

T23: International Investment Position (IIP)												- in KM million -
	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
NET POSITION	-14,081	-14,151	-13,372	-12,932	-12,869	-13,174	-12,513	-11,842	-12,049	-12,161	-11,859	-11,717
ASSETS	19,511	19,921	20,786	21,159	20,921	21,239	21,645	22,469	22,659	23,270	24,471	25,122
Direct investment	1,266	1,290	1,266	1,381	1,398	1,404	1,410	1,513	1,368	1,390	1,428	1,394
Equity and investment fund shares	480	527	544	602	607	610	627	714	730	756	773	785
Debt instruments	786	763	721	779	791	794	783	799	638	634	655	608
Portfolio investment	1,083	1,178	1,193	1,204	1,156	1,170	1,169	1,185	1,246	1,288	1,472	1,508
Equity and investment fund shares	40	41	44	39	34	36	34	38	41	34	74	88
Debt securities	1,043	1,137	1,149	1,165	1,122	1,134	1,135	1,147	1,205	1,255	1,398	1,421
Financial derivatives	1	1	1	1	1	0	0	0	2	0	1	0
Other investment	5,687	5,430	5,873	5,975	5,905	5,642	5,721	5,902	6,402	6,411	6,155	5,870
Other equity	54	54	54	64	62	64	65	72	73	65	65	66
Currency and deposits	4,185	3,937	4,404	4,350	4,283	4,026	4,123	4,297	4,642	4,720	4,539	4,259
Loans	235	186	114	209	224	228	207	196	390	379	354	374
Insurance, pension, and standardized guarantee schemes	93	89	89	94	102	99	102	105	112	100	99	99
Trade credit and advances	1,070	1,113	1,150	1,199	1,199	1,199	1,197	1,195	1,157	1,112	1,061	1,036
Other accounts receivable	50	51	62	60	34	25	27	36	28	34	37	36
Reserve assets	11,474	12,022	12,453	12,598	12,461	13,023	13,345	13,869	13,640	14,180	15,416	16,349
Currency and deposits	2,959	3,242	3,286	3,426	3,501	3,407	3,663	3,975	3,307	3,361	4,061	4,416
Securities	8,298	8,547	8,914	8,917	8,689	9,316	9,380	9,601	10,059	10,534	11,065	11,630
Other reserve assets	216	233	254	254	270	301	303	292	274	284	289	304
LIABILITIES	33,593	34,072	34,159	34,091	33,789	34,413	34,157	34,311	34,708	35,431	36,330	36,839
Direct investment	15,198	15,526	15,565	15,417	15,236	15,579	15,492	15,494	15,936	16,355	16,642	16,569
Equity and investment fund shares	11,449	11,749	11,767	11,659	11,714	11,873	11,980	12,117	12,918	14,018	14,285	14,227
Debt instruments	3,749	3,777	3,797	3,758	3,522	3,706	3,512	3,377	3,018	2,338	2,357	2,342
Portfolio investment	242	239	226	206	220	199	197	180	177	451	407	364
Equity and investment fund shares	102	98	98	99	107	110	113	111	111	111	111	108
Debt securities	140	141	128	107	113	89	84	69	66	340	296	255
Financial derivatives	0	1	0	1	1	1	1	2	0	0	0	0
Other investment	18,152	18,306	18,367	18,467	18,332	18,634	18,467	18,635	18,595	18,625	19,281	19,906
Other equity	42	40	36	47	49	49	50	52	59	59	59	70
Currency and deposits	2,513	2,695	2,650	2,825	2,583	2,218	2,008	2,015	1,808	1,699	1,631	1,730
Loans	12,611	12,482	12,622	12,547	12,604	13,242	13,275	13,384	13,574	13,742	13,842	14,303
Insurance, pension, and standardized guarantee schemes	23	23	23	24	26	25	26	27	28	29	29	29
Trade credit and advances	2,465	2,493	2,523	2,550	2,585	2,614	2,647	2,684	2,652	2,625	2,644	2,682
Other accounts payable - other	108	188	120	84	95	100	84	100	95	93	92	87
Special drawing rights (Net incurrence of liabilities)	389	384	394	389	392	387	378	373	379	377	984	1,005

Note:

International investment position (IIP) for BH is compiled in accordance with the latest International Monetary Fund Methodology for compilation of Balance of payments (BOP) and International investment position statistics, sixth edition (BPM6). Compilation of the International investment position includes also the regular revision of previously published data for the three years backwards in accordance with most recent available source data. Shortened versions of the applied methodological approach for the compilation of BH IIP statistics are available on the CBBH website.

T24: Government Sector Foreign Debt Servicing							- in KM thousand -	
Creditor	2016	2017	2018	2019	2020	2021		
						Glavnica	Kamata	Ukupno
Public creditors	648,016	909,078	918,240	756,735	704,376	630,617	105,629	736,246
International and regional organizations	549,724	785,931	773,242	596,376	519,313	460,572	83,068	543,640
European Investment Bank	79,346	88,995	98,079	100,344	118,727	97,608	20,451	118,059
European Bank for Reconstr. and Development	112,893	89,765	117,528	118,638	119,313	123,673	14,790	138,464
World Bank - IDA	104,563	142,855	130,584	144,276	162,458	106,310	13,046	119,356
World Bank - IBRD	52,836	52,520	52,785	64,732	70,914	73,214	18,941	92,155
Council of Europe Development Bank	4,740	5,306	5,390	5,817	8,166	6,676	1,375	8,050
International Fund of Agriculture Development	4,113	4,241	4,033	4,157	4,149	4,824	720	5,544
IMF	179,498	390,523	353,116	127,129	8,601	24,797	10,619	35,416
EUROFIMA	0	0	0	0	0	0	0	0
European Commission	11,735	11,726	11,726	31,284	26,986	23,470	3,125	26,595
Government and government agencies	98,293	123,147	144,997	160,359	185,063	170,045	22,561	192,606
Paris Club ¹⁾	40,906	43,055	46,256	50,203	53,425	52,227	5,076	57,303
Saudi Development Fund	7,818	9,680	9,895	10,380	10,408	8,314	1,911	10,225
Other bilateral ²⁾	49,568	70,411	88,846	99,776	121,230	109,505	15,574	125,078
Private creditors	75,090	74,155	37,079	36,897	36,691	36,377	91	36,468
London Club ¹⁾	75,090	74,155	37,079	36,897	36,691	36,377	91	36,468
Total	723,106	983,233	955,319	793,632	741,067	666,994	105,720	772,714

Source: BH Ministry of Finance and Treasury

1) Debt incurred before 1992

2) Other bilateral contains the following creditors: Fortis Bank, Government of Japan, OPEC, KFW, Government of Spain, Export-Import Bank of Korea (EximBank), Austrian Bank, Belgium, Labor and Economy Bank (BAWAG), Raiffaisen Bank.

T25: General government gross debt (Maastricht debt)

- end of period, in million KM -

UKUPAN DUG OPĆE VLADE BiH (Mastriški dug)						
Godina	Dužnički vrijednosni papiri	Kredit	Ukupno	od toga: Vanjski dug		
				Javni kreditori (međunarodne finansijske institucije i strane vlade)	Privatni kreditori	Ukupno vanjski dug
1	2	3	4=2+3	5	6	7=5+6
2010	1,520.7	6,137.0	7,657.6	5,601.2	689.9	6,291.0
2011	1,857.0	6,748.0	8,605.0	6,014.6	648.5	6,663.1
2012	2,017.8	7,558.9	9,576.6	6,598.6	613.2	7,211.8
2013	2,020.9	8,048.6	10,069.5	6,995.1	567.9	7,563.0
2014	2,192.2	9,188.8	11,381.0	7,928.6	513.7	8,442.3
2015	2,418.4	9,563.7	11,982.1	8,238.5	454.1	8,692.6
2016	2,478.2	9,616.6	12,094.8	8,504.4	368.1	8,872.5
2017	2,358.8	8,967.0	11,325.8	7,870.1	276.9	8,147.0
2018	2,332.5	9,092.1	11,424.6	7,935.6	262.6	8,198.1
2019	2,430.3	9,130.8	11,561.2	7,933.6	206.5	8,140.1
2020*	2,722.6	9,818.4	12,541.0	8,574.8	151.2	8,726.0
2021**	2,973.1	10,273.6	13,246.6	9,348.4	322.1	9,348.4

Source:

External debt report of BH Ministry of finance and Treasury, CBBH Data base of debt securities – Government finance statistics and financial accounts and Monetary and financial statistics.

Note:

The statistical definition of debt is as defined in the Maastricht Treaty. The data are published on non-consolidated basis according to the Eurostat requirements.

*Data for 2020 has been revised

**Data for 2021 are provisional

T26: Foreign Reserves of the CBBH

- end of period, in KM million -

Year	Month	Gross Foreign Reserves							Net Foreign Reserves	Monetary Liabilities	Net Foreign Assets of CBBH
		Gold	Holdings of SDR	Foreign Currency in CBBH Vault	Deposits with Nonresident Banks	Other	Investment in Securities				
1	2	3	4	5	6	7	8	9=3+...+8	10	11	12=10-11
2010	12	66.9	0.0	102.2	3,000.8	2.7	3,285.1	6,457.7	6,456.3	5,969.6	486.8
2011	12	151.3	1.1	93.6	4,385.6	0.0	1,792.0	6,423.6	6,422.5	5,915.1	507.4
2012	12	159.0	4.5	133.2	2,334.5	0.0	3,877.4	6,508.6	6,507.4	5,987.0	520.4
2013	12	164.1	2.7	91.6	2,217.6	0.0	4,592.3	7,068.3	7,067.3	6,659.2	408.1
2014	12	182.7	5.2	71.8	2,181.7	0.0	5,384.1	7,825.6	7,824.5	7,293.1	531.4
2015	12	182.3	3.8	128.5	1,003.6	0.0	7,288.1	8,606.3	8,605.0	8,064.6	540.4
2016	12	205.1	2.6	194.8	2,970.4	0.0	6,158.2	9,531.1	9,529.0	8,926.3	602.6
2017	12	203.9	1.5	236.4	2,698.6	0.0	7,416.1	10,556.6	10,555.0	9,977.1	577.8
2018	12	210.0	2.2	274.1	2,911.4	0.0	8,225.4	11,623.2	11,621.4	10,983.3	638.1
2019	12	254.1	0.2	322.6	3,102.8	0.0	8,917.4	12,597.1	12,595.4	11,824.2	771.2
2020	12	291.6	0.9	142.2	3,832.1	0.0	9,601.3	13,868.0	13,866.3	12,970.6	895.7
2021	12	302.0	1.9	469.6	3,945.1	0.0	11,629.6	16,348.1	16,345.8	15,573.0	772.8
2021	01	285.6	3.4	143.7	3,534.3	0.0	9,795.2	13,762.3	13,760.6	12,886.0	874.5
	02	269.6	0.8	143.5	3,104.1	0.0	10,154.9	13,673.0	13,671.2	12,875.3	795.9
	03	273.3	0.9	143.1	3,162.9	0.0	10,058.9	13,639.0	13,636.9	12,825.4	811.5
	04	276.3	3.6	143.1	3,087.2	0.0	10,523.4	14,033.6	14,031.7	13,242.6	789.1
	05	292.8	1.2	436.4	2,752.6	0.0	10,575.9	14,059.0	14,057.2	13,260.1	797.1
	06	280.3	4.2	436.4	2,925.2	0.0	10,534.5	14,180.6	14,178.7	13,390.5	788.2
	07	286.9	6.8	437.7	3,611.3	0.0	10,245.0	14,587.6	14,585.6	13,739.3	846.3
	08	288.4	4.3	442.5	3,768.3	0.0	10,995.3	15,498.7	15,496.9	14,672.6	824.3
	09	284.8	4.4	443.6	3,617.1	0.0	11,065.2	15,415.1	15,412.9	14,627.9	785.0
	10	289.5	4.4	443.5	4,016.9	0.0	11,293.1	16,047.5	16,045.7	15,302.2	743.5
	11	293.8	1.9	443.5	4,006.7	0.0	11,375.0	16,121.0	16,119.1	15,313.1	806.0
	12	302.0	1.9	469.6	3,945.1	0.0	11,629.6	16,348.1	16,345.8	15,573.0	772.8

Note:

Gross foreign reserves consist of balance sheet positions of short-term foreign assets of the CBBH (gold, CBBH SDR holdings, foreign currency in the CBBH vault, transferable deposits in foreign currency with non-resident banks and other) and investment in securities according to the CBBH Investment Committee Decision from July 2006. Net foreign reserves represent a difference between gross foreign reserves and liabilities to non-residents. Monetary liabilities of the CBBH include currency outside monetary authorities and deposits of residents with monetary authorities. Net foreign assets of the CBBH represent a difference between net foreign exchange reserves and monetary liabilities of the CBBH.

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

T27: BH Exports by Country of Destination											- in KM thousand -
Year	Month	Germany	Croatia	Italy	Serbia	Slovenia	Austria	Türkiye	Monte-negro	Other Countries	Total
2010		1,085,936	1,070,626	862,022	894,775	611,744	470,584	81,662	310,180	1,789,638	7,095,505
2011		1,215,957	1,204,440	963,546	1,001,879	706,818	619,042	150,054	300,430	2,210,001	8,222,112
2012		1,210,103	1,165,019	939,241	710,002	653,304	654,764	182,874	249,230	2,276,299	7,857,962
2013		1,310,844	1,194,637	1,003,294	766,745	686,503	687,565	174,625	270,745	2,459,942	8,380,275
2014		1,317,490	955,047	1,195,438	800,690	697,785	755,827	234,392	293,818	2,665,647	8,681,742
2015		1,412,906	925,166	1,214,930	770,695	748,870	743,062	354,630	262,844	2,908,721	8,987,194
2016		1,479,411	985,360	1,131,096	822,846	807,200	730,590	401,047	240,751	3,220,854	9,418,109
2017		1,595,704	1,284,200	1,209,035	1,093,685	973,397	899,235	431,094	352,507	3,647,618	11,055,383
2018		1,741,537	1,464,002	1,352,791	1,251,474	1,057,052	1,020,991	323,223	402,113	3,287,069	11,900,251
2019		1,675,709	1,399,922	1,300,534	1,308,885	1,006,226	1,089,881	292,554	407,303	3,011,551	11,492,564
2020		1,630,844	1,362,907	1,015,184	1,152,068	954,078	1,005,509	314,249	293,645	2,792,675	10,521,159
2021		2,137,576	1,864,306	1,608,291	1,722,477	1,219,184	1,284,935	358,064	394,449	3,684,248	14,273,529
2021	01	140,917	121,190	85,774	88,353	80,900	82,549	25,916	22,593	236,551	884,744
	02	152,949	154,272	94,448	105,780	94,088	89,389	27,910	36,378	272,900	1,028,113
	03	165,770	167,940	114,340	121,688	106,254	106,299	42,903	42,175	288,217	1,155,586
	04	173,329	151,605	118,824	132,828	101,227	106,741	22,748	31,588	275,080	1,113,969
	05	156,116	149,688	117,632	108,287	99,057	103,419	19,023	27,660	274,080	1,054,963
	06	179,630	164,172	149,028	138,910	105,851	115,617	22,585	30,191	351,145	1,257,129
	07	178,431	155,257	153,938	134,807	103,758	103,739	22,612	31,966	292,467	1,176,977
	08	174,848	141,638	104,545	142,054	85,884	109,272	26,094	30,821	267,852	1,083,008
	09	200,287	159,917	157,651	156,017	104,978	121,471	30,195	31,779	371,999	1,334,295
	10	205,442	151,776	168,390	187,445	106,620	121,207	40,100	34,205	337,752	1,352,938
	11	227,414	174,715	183,476	195,138	116,168	129,598	36,838	35,220	355,566	1,454,134
	12	182,442	172,136	160,244	211,170	114,398	95,634	41,141	39,872	360,638	1,377,675

Source:

Agency for Statistics of Bosnia and Herzegovina

Note:

Criteria for presenting country is the share of export of the country in total three-year BH export (2016,2017,2018).

Thus, all countries with share higher than 3,0% are separately presented, while the other countries are presented as sum in the column "Other countries".

T28: BH Imports by Country of Origin												- in KM thousand -
Year	Month	Germany	Italy	Serbia	Croatia	China	Slovenia	Russian Federation	Türkiye	Austria	Other Countries	Total
2010		1,424,980	1,210,391	1,429,477	2,058,946	655,539	808,852	1,189,105	379,083	489,083	3,447,593	13,616,238
2011		1,648,403	1,381,687	1,465,645	2,226,507	774,881	828,564	1,635,091	450,110	491,679	4,067,045	15,525,428
2012		1,725,796	1,429,362	1,431,534	2,202,545	816,377	803,360	1,493,885	449,381	504,094	4,044,863	15,252,942
2013		1,734,842	1,482,256	1,485,608	1,956,353	914,082	754,344	1,505,995	493,202	519,291	3,990,634	15,169,793
2014		1,869,564	1,653,565	1,629,521	1,851,693	1,359,548	763,235	1,292,467	582,203	532,109	4,338,562	16,199,278
2015		1,914,225	1,758,289	1,728,490	1,673,161	1,091,670	773,559	910,072	644,698	560,924	4,588,564	15,851,692
2016		1,998,877	1,899,582	1,828,142	1,617,713	1,091,966	831,403	729,427	687,349	556,399	4,874,484	16,161,014
2017		2,103,758	2,062,127	2,029,997	1,828,432	1,186,073	912,704	907,315	766,728	618,743	5,499,863	18,185,642
2018		2,297,072	2,170,785	2,070,768	1,915,158	1,339,232	917,011	892,371	874,490	672,990	6,124,091	19,273,968
2019		2,337,802	2,333,081	2,150,219	2,020,597	1,449,423	906,606	451,193	964,624	721,547	6,163,492	19,498,584
2020		2,074,858	1,949,017	1,895,718	1,523,371	1,355,872	840,875	359,084	896,725	682,570	5,308,196	16,886,285
2021		2,566,643	2,600,538	2,427,344	1,922,537	1,702,427	984,015	629,494	1,269,716	823,775	6,670,410	21,596,900
2021	01	150,332	139,673	118,508	102,800	99,431	64,988	30,646	61,485	47,970	350,766	1,166,600
	02	189,155	175,037	162,352	119,059	112,694	70,575	32,087	80,535	62,130	457,979	1,461,602
	03	225,180	209,920	190,812	145,716	142,709	83,159	42,474	102,445	70,417	561,958	1,774,790
	04	209,043	211,936	201,781	149,537	115,053	85,675	34,570	100,033	73,160	517,794	1,698,582
	05	215,641	213,004	182,238	143,520	123,025	79,048	60,874	94,347	62,059	512,489	1,686,245
	06	216,281	227,663	206,961	161,543	125,836	85,860	87,286	109,622	71,480	533,340	1,825,872
	07	225,415	258,248	217,601	190,704	178,666	86,318	67,097	101,607	68,520	526,824	1,920,999
	08	207,720	172,275	220,158	177,976	147,861	70,094	62,929	121,037	58,263	518,794	1,757,107
	09	223,252	240,767	242,672	201,914	152,088	97,450	71,710	119,392	75,616	594,633	2,019,493
	10	240,091	254,969	228,883	182,866	157,355	86,327	30,493	120,546	74,281	650,020	2,025,831
	11	228,090	254,037	218,177	169,112	164,277	85,584	45,677	124,861	81,211	734,148	2,105,174
	12	236,443	243,009	237,201	177,789	183,433	88,938	63,652	133,805	78,668	711,666	2,154,605

Source:

Agency for Statistics of Bosnia and Herzegovina

Note:

Criteria for presenting country is the share of import of the country in total three-year BH import (2016,2017,2018).

Thus, all countries with share higher than 3,0% are separately presented, while the other countries are presented as sum in the column "Other countries".

T29: Composition of Goods Exports and Imports by Products

- in KM million -

Products group	Exports of Goods					Imports of Goods				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Total	11,055.4	11,900.3	11,492.6	10,521.2	14,273.5	18,185.6	19,274.0	19,498.6	16,886.3	21,596.9
Animals and animal origin products	173.0	170.7	149.6	166.0	158.1	509.7	544.5	587.1	528.8	627.0
Vegetable origin products	302.4	224.4	218.9	254.6	281.5	816.0	757.8	762.2	768.1	829.6
Animal or vegetable fats and oils	170.2	113.9	124.0	108.3	89.2	262.5	207.3	185.9	148.5	165.3
Food products	363.5	319.3	307.0	328.0	385.2	1,536.8	1,576.2	1,658.4	1,603.9	1,788.3
Mineral origin products	1,051.1	1,299.6	1,070.1	876.1	1,412.2	2,749.0	2,979.4	2,882.3	1,747.2	2,716.0
Chemical products and related industry products	958.3	991.9	936.5	783.0	981.8	1,680.9	1,786.5	1,752.5	1,681.8	1,916.4
Plastic, caoutchouc and rubber products	359.1	415.2	499.9	521.3	661.5	1,179.0	1,254.9	1,311.9	1,237.9	1,622.5
Fur and leather	197.8	191.7	143.9	91.6	109.3	488.9	448.9	377.4	285.9	307.4
Wood and wood products	783.8	801.7	756.3	718.3	976.0	258.1	291.3	315.8	285.4	382.9
Cellulose, paper, carboard and products thereof	279.1	324.7	281.4	291.5	392.1	409.6	454.3	452.0	411.4	480.8
Textile and textile products	565.8	627.2	636.5	600.3	663.9	1,192.6	1,232.5	1,236.2	1,124.7	1,359.6
Footwear, headwear and similar products	707.6	757.0	765.9	650.8	735.4	336.7	343.0	370.7	301.9	334.6
Stone, plaster, cement, ceramics , glass products and similar	81.4	89.8	144.2	118.4	162.3	352.5	383.4	397.7	355.6	432.2
Pearls, precious metals and products thereof, prec. or semi-prec. stones	11.4	12.2	21.5	35.4	50.9	17.2	18.4	30.9	35.3	51.5
Base metals and products thereof	1,975.8	2,289.4	2,100.1	1,740.0	3,095.8	1,955.0	2,203.2	2,152.7	1,997.8	3,314.5
Machinery and mechanical/electric appliances	1,290.1	1,437.1	1,590.2	1,582.7	2,042.6	2,526.1	2,664.2	2,758.6	2,516.6	2,975.0
Vehicles and transportation equipment	334.6	370.8	381.3	332.5	393.2	1,258.6	1,354.6	1,468.1	1,088.8	1,419.4
Watches, musical and medical instruments, measuring tools	29.9	31.7	34.8	32.7	54.1	222.9	290.6	285.9	317.5	315.6
Arms and ammunition; parts and accessories thereof	193.9	205.1	212.8	162.2	235.1	14.1	12.4	14.6	11.0	14.1
Miscellaneous products	1,226.7	1,227.1	1,114.8	1,127.4	1,392.7	419.1	469.8	495.0	436.1	537.4
Works of art, collectors' pieces and antiques	0.0	0.0	0.2	0.1	0.3	0.3	0.5	0.4	0.4	0.6
Unclassified	0.0	0.0	3.0	0.1	0.3	0.0	0.0	2.1	1.7	6.3

Source:

Agency for Statistics of Bosnia and Herzegovina

Note:

Data are classified in accordance with World Trade Organization's Harmonized Code System.

T30: KM Average Middle Exchange Rates of Convertible Mark

Year	Month	EMU	Croatia	Czech R	Hungary	Japan	Switzer- land	Türkiye	UK	USA	China	Serbia
		EUR	HRK	CZK	HUF	JPY	CHF	TRY	GBP	USD	CNY	RSD
		1	100	1	100	100	1	1	1	1	1	100
2010		1.955830	26.836049	0.077335	0.710646	1.684634	1.417637	0.979613	2.280434	1.476950	...	1.903300
2011		1.955830	26.296474	0.079574	0.702511	1.765578	1.589068	0.840993	2.253721	1.406117	...	1.918824
2012		1.955830	26.003868	0.077784	0.676389	1.909803	1.622699	0.845478	2.412276	1.522668	...	1.732491
2013		1.955830	25.806786	0.075328	0.658705	1.512911	1.589326	0.775940	2.304432	1.473557	0.239647	1.729721
2014		1.955830	25.619449	0.071033	0.633710	1.393940	1.610337	0.673375	2.426325	1.474019	0.239264	1.668863
2015		1.955830	25.688577	0.071687	0.631327	1.456462	1.832914	0.650180	2.694477	1.762605	0.280568	1.619915
2016		1.955830	25.960428	0.072346	0.627987	1.628845	1.794449	0.586378	2.396405	1.768011	0.266189	1.588875
2017		1.955830	26.205454	0.074317	0.632480	1.546889	1.761597	0.476205	2.232882	1.735482	0.256628	1.611317
2018		1.955830	26.365492	0.076267	0.613697	1.500585	1.693763	0.351884	2.210985	1.657498	0.250633	1.653621
2019		1.955830	26.365089	0.076197	0.601572	1.603053	1.758109	0.307940	2.230125	1.747204	0.252963	1.659447
2020		1.955830	25.946780	0.074002	0.557563	1.607387	1.827419	0.247515	2.201320	1.716607	0.248658	1.663431
2021		1.955830	25.977234	0.076253	0.545671	1.506596	1.808910	0.191301	2.274685	1.653851	0.256382	1.663495
2021	01	1.955830	25.860293	0.074783	0.543679	1.547698	1.811942	0.216896	2.189223	1.605321	0.247836	1.663381
	02	1.955830	25.828452	0.075585	0.545964	1.534443	1.802131	0.227968	2.240480	1.617026	0.250376	1.663453
	03	1.955830	25.807145	0.074718	0.534903	1.511516	1.767484	0.215645	2.276209	1.642472	0.252371	1.663448
	04	1.955830	25.837868	0.075368	0.541921	1.500761	1.771536	0.200424	2.265246	1.638732	0.251045	1.663521
	05	1.955830	25.991241	0.076443	0.552314	1.476770	1.783366	0.192415	2.266545	1.611833	0.250499	1.663401
	06	1.955830	26.083169	0.076847	0.559142	1.474470	1.788098	0.188464	2.278064	1.623108	0.252756	1.663543
	07	1.955830	26.069053	0.076299	0.548068	1.499408	1.800314	0.192412	2.284118	1.654497	0.255549	1.663646
	08	1.955830	26.090051	0.076781	0.555186	1.512495	1.817375	0.195738	2.293624	1.661455	0.256506	1.663582
	09	1.955830	26.099791	0.077054	0.555832	1.507593	1.801041	0.194573	2.283824	1.659285	0.257009	1.663582
	10	1.955830	26.032323	0.076731	0.542308	1.491938	1.825402	0.183565	2.307456	1.685804	0.262408	1.663592
	11	1.955830	26.011782	0.077009	0.536519	1.503071	1.858347	0.162759	2.306693	1.713630	0.268153	1.663390
	12	1.955830	26.005238	0.077396	0.532589	1.520377	1.878689	0.127688	2.302557	1.730111	0.271599	1.663393

T31: Government Finance of BH - Government Sector Units

- in KM million -

		BH Institutions	FBH	RS	Brčko District	Consolidated Revenues for BH	BH Institutions	FBH	RS	Brčko District	Consolidated Expenses for BH"	Net Acquisition of Nonfinancial Assets	Net Surplus / Deficit
2010		1,009.8	6,474.1	3,234.6	235.7	10,862.6	996.5	6,324.5	3,410.6	200.4	10,840.3	634.2	-611.9
2011		968.6	6,571.2	3,685.6	237.4	11,357.1	983.6	6,449.7	3,372.1	209.1	10,908.7	771.1	-322.7
2012		1,045.6	6,642.8	3,652.6	246.1	11,459.5	952.9	6,595.9	3,534.1	215.5	11,170.8	815.7	-526.9
2013		1,069.8	6,608.6	3,604.4	232.6	11,406.5	939.0	6,474.5	3,415.1	219.2	10,938.8	1,046.8	-579.2
2014		1,109.8	6,972.1	3,769.8	223.7	11,961.7	940.3	6,652.2	3,652.3	219.0	11,350.1	1,166.8	-555.3
2015		1,088.4	7,196.5	3,931.3	232.0	12,335.1	935.9	6,843.5	3,700.6	220.1	11,587.0	559.1	188.9
2016		1,062.9	7,645.4	3,937.0	248.5	12,767.3	949.3	7,013.5	3,636.9	198.6	11,672.0	724.5	370.8
2017		1,049.4	8,150.9	4,141.8	263.7	13,479.2	967.0	7,164.3	3,696.0	212.8	11,913.4	759.7	806.0
2018		1,045.0	8,833.6	4,364.6	280.9	14,389.6	996.0	7,660.0	3,983.4	233.7	12,738.6	914.6	736.5
2019		1,051.4	9,217.5	4,584.0	288.8	15,018.1	985.5	8,120.3	4,097.6	254.6	13,334.3	1,006.6	677.2
2020		1,070.6	8,614.0	4,652.1	268.3	14,430.7	1,028.6	8,583.1	4,749.6	287.9	14,474.8	1,765.1	-1,809.2
2016	Q1	242.5	1,498.3	706.4	54.9	2,478.4	226.3	1,430.0	687.6	43.1	2,363.4	24.0	91.0
	Q2	288.3	1,622.2	813.1	57.9	2,745.9	230.2	1,521.8	747.5	43.6	2,507.4	51.7	186.7
	Q3	256.6	1,761.1	812.0	62.4	2,867.4	227.9	1,494.9	776.2	41.0	2,515.2	105.3	246.9
	Q4	275.6	1,791.9	897.5	65.6	2,990.8	265.0	1,818.6	882.6	67.9	2,994.2	166.0	-169.4
2017	Q1	251.8	1,621.7	747.1	51.7	2,646.9	223.9	1,457.0	688.7	31.9	2,376.1	30.0	240.9
	Q2	273.3	1,792.9	827.2	61.1	2,920.7	231.1	1,556.0	747.9	44.0	2,545.1	70.1	305.4
	Q3	252.0	1,931.1	940.7	64.5	3,162.1	238.7	1,587.4	767.1	56.3	2,623.1	31.6	507.3
	Q4	272.3	1,851.2	887.8	76.2	3,050.0	273.3	1,863.6	906.1	77.0	3,082.6	204.3	-236.8
2018	Q1	277.7	1,762.1	816.9	57.0	2,882.0	231.4	1,499.4	728.4	34.3	2,462.0	30.9	389.0
	Q2	242.8	1,914.5	884.1	61.4	3,075.2	231.7	1,683.3	784.4	51.8	2,723.4	66.5	285.3
	Q3	400.3	1,951.9	861.7	69.0	3,250.5	243.9	1,651.7	835.0	56.0	2,754.4	91.2	404.9
	Q4	124.1	2,138.2	960.8	75.4	3,259.2	289.0	2,104.9	983.4	78.9	3,416.8	237.9	-395.5
2019	Q1	238.9	1,899.1	845.3	60.2	3,013.8	225.9	1,600.5	806.8	42.5	2,646.0	26.0	341.9
	Q2	261.7	1,990.1	902.3	67.3	3,187.1	239.2	1,770.8	789.9	63.1	2,828.7	71.9	286.5
	Q3	270.0	2,079.8	924.2	71.6	3,309.8	253.8	1,800.7	823.5	54.3	2,896.5	78.9	334.4
	Q4	280.8	2,080.5	1,015.2	72.2	3,412.9	266.6	2,177.5	972.4	81.1	3,461.9	210.4	-259.4
2020	Q1	286.0	1,906.0	862.8	59.7	3,081.9	235.6	1,695.3	877.3	42.7	2,818.4	40.6	222.9
	Q2	235.6	1,674.2	887.0	53.6	2,815.4	232.8	1,834.2	1,090.5	62.6	3,185.2	102.1	-471.9
	Q3	266.9	1,963.7	970.8	67.0	3,236.3	231.7	2,024.8	933.7	69.8	3,227.7	96.5	-88.0
	Q4	282.1	2,027.8	1,067.1	71.3	3,418.9	328.5	2,249.0	1,117.7	93.8	3,759.7	231.1	-571.9
2021	Q1	277.6	1,906.5	976.0	61.7	3,191.6	240.3	1,727.9	929.8	47.9	2,915.8	60.1	215.7
	Q2	275.1	2,094.2	976.5	69.9	3,390.8	235.1	1,919.4	1,022.4	59.7	3,211.7	93.3	85.8
	Q3	262.8	2,146.5	1,273.1	74.1	3,728.3	256.3	1,953.5	963.4	58.9	3,204.0	78.9	445.4

Note:

Administrative data collected from: Ministries of Finance of all levels of government, Social Security Funds of all levels of government, Entities' Public Companies for Roads and Entities' Public Companies for Motorways. Annual data for consolidated revenues/expenses include local level of government (municipalities and towns), Public Company for Roads of all levels of government of FBH, Public Company for Roads of RS, Public Company for Motorways of FBH and Public Company for Motorways of RS, while quarterly data do not include them as the source data are not available.

Difference between revenues on one side and expenses with net acquisition of non-financial assets on the other side, represents net surplus/deficit.

T32: BH Government Finance of BH - Structure of Consolidated Revenues and Expenses

- in KM million -

		Taxes	Social Contributions	Grants and Other Revenues	Consolidated Revenues	Compensation of Employees	Use of Goods and Services	Interest	Subsidies	Social Benefits	Grants and Other Expenses	Consolidated Expenses	Net Acquisition of Non-financial Assets
2010		5,640.2	3,813.0	1,409.4	10,862.6	3,169.8	2,593.1	122.7	476.6	3,770.3	707.8	10,840.3	634.2
2011		6,032.2	4,036.4	1,288.5	11,357.1	3,336.9	2,088.2	161.4	402.8	4,330.3	589.1	10,908.7	771.1
2012		6,037.9	4,046.6	1,375.0	11,459.5	3,323.8	2,156.4	200.6	416.1	4,394.4	679.5	11,170.8	815.7
2013		5,917.2	4,105.2	1,384.1	11,406.5	3,278.1	2,122.7	201.1	383.9	4,423.7	529.3	10,938.8	1,046.8
2014		6,078.6	4,234.8	1,648.3	11,961.7	3,265.5	2,127.2	238.9	364.9	4,658.0	695.6	11,350.1	1,166.8
2015		6,439.7	4,329.6	1,565.8	12,335.1	3,294.3	2,138.8	264.3	384.8	4,729.5	775.4	11,587.0	559.1
2016		6,760.4	4,473.6	1,533.4	12,767.3	3,295.5	2,187.5	252.0	382.8	4,755.0	799.3	11,672.0	724.5
2017		7,151.1	4,734.2	1,594.0	13,479.2	3,312.6	2,230.7	223.0	444.0	4,758.5	834.7	11,913.4	759.7
2018		7,688.4	5,041.8	1,659.4	14,389.6	3,422.1	2,534.0	242.5	476.0	5,013.2	1,050.9	12,738.6	914.6
2019		8,014.1	5,345.7	1,658.4	15,018.1	3,738.1	2,688.3	241.1	507.3	5,223.4	936.1	13,334.3	1,006.6
2020		7,363.3	5,383.9	1,683.5	14,430.7	3,921.8	2,702.8	255.9	870.1	5,508.0	1,216.3	14,474.8	1,765.1
2016	Q1	1,290.0	998.7	189.6	2,478.4	711.1	400.5	44.3	30.4	1,097.8	79.3	2,363.4	24.0
	Q2	1,412.5	1,095.5	237.8	2,745.9	706.1	418.8	71.8	66.5	1,135.6	108.6	2,507.4	51.7
	Q3	1,468.4	1,136.0	262.9	2,867.4	702.8	409.8	42.8	65.3	1,163.2	131.3	2,515.2	105.3
	Q4	1,612.0	1,243.2	135.5	2,990.8	732.8	552.0	56.9	160.9	1,220.8	270.8	2,994.2	166.0
2017	Q1	1,349.6	1,076.7	220.7	2,646.9	707.8	403.5	45.6	35.4	1,114.3	69.5	2,376.1	30.0
	Q2	1,530.4	1,192.4	197.9	2,920.7	703.6	438.4	74.0	85.8	1,133.6	109.6	2,545.1	70.1
	Q3	1,692.0	1,196.0	274.0	3,162.1	720.4	440.3	46.8	109.6	1,134.6	171.4	2,623.1	31.6
	Q4	1,568.6	1,269.1	212.3	3,050.0	726.8	538.0	54.2	146.5	1,224.5	392.7	3,082.6	204.3
2018	Q1	1,526.1	1,153.2	202.7	2,882.0	719.0	432.2	47.4	42.4	1,136.3	84.9	2,462.0	30.9
	Q2	1,597.5	1,243.8	234.0	3,075.2	742.6	464.6	65.0	108.2	1,198.7	144.2	2,723.4	66.5
	Q3	1,787.5	1,241.5	221.6	3,250.5	730.6	470.6	46.4	103.1	1,224.5	179.2	2,754.4	91.2
	Q4	1,570.5	1,403.3	285.4	3,259.2	766.9	587.9	56.2	148.4	1,295.6	561.8	3,416.8	237.9
2019	Q1	1,528.5	1,247.2	238.1	3,013.8	787.8	462.1	41.8	40.5	1,202.7	111.1	2,646.0	26.0
	Q2	1,669.1	1,335.2	182.8	3,187.1	806.1	494.9	68.5	81.8	1,254.2	123.2	2,828.7	71.9
	Q3	1,734.1	1,336.0	239.6	3,309.8	805.4	517.7	43.3	112.2	1,252.3	165.5	2,896.5	78.9
	Q4	1,904.0	1,427.3	81.6	3,412.9	850.7	617.2	52.5	189.6	1,349.2	402.7	3,461.9	210.4
2020	Q1	1,556.2	1,286.5	239.2	3,081.9	817.7	482.1	69.8	60.4	1,274.3	114.1	2,818.4	40.6
	Q2	1,327.2	1,223.4	264.8	2,815.4	861.7	495.5	43.3	157.1	1,277.1	350.5	3,185.2	102.1
	Q3	1,564.3	1,418.6	253.4	3,236.3	850.4	486.3	42.4	262.8	1,357.6	228.3	3,227.7	96.5
	Q4	1,848.8	1,455.5	114.7	3,418.9	872.7	638.3	71.6	299.2	1,419.6	458.2	3,759.7	231.1
2021	Q1	1,560.9	1,319.3	311.4	3,191.6	851.1	486.3	55.0	47.5	1,318.9	156.9	2,915.8	60.1
	Q2	1,690.2	1,437.0	263.5	3,390.8	866.7	529.2	60.3	142.9	1,376.4	236.2	3,211.7	93.3
	Q3	1,854.4	1,441.1	432.8	3,728.3	865.8	547.5	31.9	123.2	1,405.4	230.2	3,204.0	78.9

Note:

Administrative data collected from: Ministries of Finance of all levels of government, Social Security Funds of all levels of government, Entities' Public Companies for Roads and Entities' Public Companies for Motorways. Annual data for consolidated revenues/expenses include local level of government (municipalities and towns), Public Company for Roads of all levels of government of FBH, Public Company for Roads of RS, Public Company for Motorways of FBH and Public Company for Motorways of RS, while quarterly data do not include them as the source data are not available. Difference between revenues on one side and expenses with net acquisition of non-financial assets on the other side, represents net surplus/deficit.

T33: Government Finance of FBH - Government Sector Units

- in KM million -

		Federation BH Budget	Social Security Funds	Cantons	Consolidated Revenues	Federation BH Budget	Social Security Funds	Cantons	Consolidated Expenses	Net Acquisition of Non-financial Assets	Net Surplus/ Deficit
2010		1,398.7	2,875.2	1,854.8	6,474.1	1,325.5	2,859.8	1,894.5	6,324.5	281.3	-131.7
2011		1,321.6	2,924.0	1,903.6	6,571.2	1,318.7	2,990.4	1,897.4	6,449.7	338.8	-217.3
2012		1,416.5	2,986.2	1,830.7	6,642.8	1,378.5	3,031.6	1,936.2	6,595.9	442.5	-395.5
2013		1,457.5	2,988.2	1,709.7	6,608.6	1,344.2	3,034.8	1,826.9	6,474.5	645.6	-511.5
2014		1,581.3	3,117.2	1,812.1	6,972.1	1,361.0	3,164.5	1,846.5	6,652.2	685.7	-365.8
2015		1,510.0	3,175.8	1,919.5	7,196.5	1,354.1	3,224.3	1,869.1	6,843.5	221.4	131.6
2016		1,652.8	3,323.4	2,012.1	7,645.4	1,380.2	3,314.2	1,885.5	7,013.5	248.1	383.7
2017		1,876.9	3,538.4	2,108.4	8,150.9	1,394.8	3,423.3	1,970.4	7,164.3	353.6	633.1
2018		2,008.2	3,815.7	2,292.5	8,833.6	1,552.7	3,660.1	2,075.7	7,660.0	426.4	747.2
2019		1,878.3	4,069.5	2,473.2	9,217.5	1,493.6	3,953.0	2,274.3	8,120.3	564.8	532.5
2020		3,718.6	1,733.5	2,417.9	8,614.0	4,008.2	1,757.6	2,331.0	8,583.1	821.3	-790.4
2016	Q1	336.4	763.3	465.1	1,498.3	274.9	811.7	409.9	1,430.0	4.0	64.3
	Q2	392.2	809.2	493.1	1,622.2	337.3	821.0	435.8	1,521.8	10.1	90.3
	Q3	474.2	829.7	531.7	1,761.1	305.9	817.1	446.4	1,494.9	14.4	251.8
	Q4	450.1	907.2	522.2	1,791.9	462.1	850.6	593.5	1,818.6	44.3	-71.1
2017	Q1	331.3	821.8	501.9	1,621.7	273.6	834.9	412.6	1,457.0	6.2	158.5
	Q2	407.4	891.5	541.7	1,792.9	345.2	841.5	445.9	1,556.0	12.6	224.4
	Q3	439.1	869.8	589.8	1,931.1	341.8	841.6	479.6	1,587.4	11.9	331.9
	Q4	699.1	933.5	475.1	1,851.2	434.1	885.8	632.2	1,863.6	57.3	-69.7
2018	Q1	414.4	884.7	531.6	1,762.1	273.2	866.2	428.7	1,499.4	6.4	256.2
	Q2	465.1	947.8	589.1	1,914.6	366.7	910.3	493.8	1,683.3	15.8	215.4
	Q3	478.4	933.5	629.2	1,951.8	341.4	902.7	496.9	1,651.7	32.1	268.0
	Q4	650.3	1,029.9	542.6	2,138.2	571.3	961.8	656.3	2,104.9	82.4	-49.1
2019	Q1	412.7	947.2	612.9	1,899.1	267.8	937.0	469.4	1,600.5	-4.7	303.3
	Q2	459.2	1,017.7	605.2	1,990.1	351.5	986.1	525.1	1,770.8	35.9	183.5
	Q3	491.1	1,010.4	678.4	2,079.8	379.3	987.6	533.9	1,800.7	21.0	258.1
	Q4	515.3	1,072.8	576.8	2,080.5	495.1	1,020.8	745.9	2,177.5	79.4	-176.4
2020	Q1	895.0	408.3	614.8	1,906.0	809.3	427.7	470.4	1,695.3	7.3	203.4
	Q2	823.9	388.3	482.2	1,674.2	882.4	426.8	545.2	1,834.2	28.6	-188.6
	Q3	971.5	444.0	757.0	1,963.7	1,233.7	431.2	568.7	2,024.8	29.7	-90.8
	Q4	1,028.2	470.7	563.9	2,027.8	1,082.8	454.6	746.6	2,249.0	53.4	-274.6
2021	Q1	903.2	407.4	604.0	1,906.5	810.6	432.3	493.1	1,727.9	9.9	168.7
	Q2	997.0	458.8	666.8	2,094.2	930.2	436.6	581.0	1,919.4	17.8	157.1
	Q3	1,068.4	442.7	748.8	2,146.5	1,063.0	440.8	563.2	1,953.5	21.2	171.8

Note:

Administrative data collected from: Ministries of Finance, Social Security Funds of all levels of government of FBH, Public Companies of Roads of all levels of government of FBH and Public Company of Motorways of FBH. Annual data for consolidated revenues/expenses include the local level of government (municipalities and towns), Public Companies of Roads of all levels of government of FBH and Public Company of Motorways of FBH, while quarterly data do not include them as the source data are not available. Difference between revenues on one side and expenses with net acquisition of non-financial assets on the other side represents net surplus/deficit.

T34: Government Finance of RS - Government Sector Units

- in KM million -

		Republika Srpska Budget	Social Security Funds	Consolidated Revenues	Republika Srpska Budget	Social Security Funds	Consolidated Expenses	Net Acquisition of Nonfinancial Assets	Net Surplus / Deficit
2010		1,422.8	1,488.1	3,234.6	1,676.3	1,552.0	3,410.6	241.8	-417.7
2011		1,656.4	1,573.7	3,685.6	1,628.8	1,497.8	3,372.1	372.6	-59.1
2012		1,666.5	1,566.5	3,652.6	1,647.9	1,595.1	3,534.1	307.7	-189.2
2013		1,638.4	1,616.9	3,604.4	1,546.7	1,637.1	3,415.1	310.3	-121.0
2014		1,778.7	1,683.3	3,769.8	1,749.3	1,704.1	3,652.3	360.5	-243.1
2015		1,804.1	1,713.5	3,931.3	1,707.5	1,754.9	3,700.6	235.3	-4.6
2016		2,556.5	744.4	3,937.0	2,415.9	749.7	3,636.9	366.3	-66.3
2017		2,713.7	780.7	4,141.8	2,422.3	746.2	3,696.0	268.7	177.1
2018		2,839.4	774.2	4,364.6	2,700.8	720.0	3,983.4	337.4	43.9
2019		2,963.6	834.5	4,584.0	2,775.6	728.5	4,097.6	376.0	110.3
2020		3,041.5	907.2	4,652.1	3,395.7	784.0	4,749.6	821.8	-919.2
2016	Q1	574.5	138.4	706.4	537.3	156.8	687.6	13.3	5.4
	Q2	658.7	165.1	813.1	578.4	179.7	747.5	31.0	34.6
	Q3	633.4	207.3	812.0	604.3	200.5	776.2	70.5	-34.6
	Q4	690.0	228.8	897.5	695.9	208.0	882.6	49.3	-34.4
2017	Q1	604.2	147.4	747.1	531.5	161.7	688.7	11.0	47.4
	Q2	656.9	183.1	827.2	584.8	175.8	747.9	26.4	52.9
	Q3	747.7	229.5	940.7	604.5	199.1	767.1	21.2	152.4
	Q4	704.9	216.0	887.8	734.3	204.9	906.1	64.1	-82.4
2018	Q1	665.5	170.8	816.9	585.9	161.9	728.4	8.8	79.7
	Q2	719.3	185.4	884.1	637.6	167.4	784.4	33.4	66.3
	Q3	699.7	182.4	861.7	682.5	172.8	835.0	37.2	-10.5
	Q4	754.9	230.4	960.8	794.8	213.1	983.4	80.0	-102.7
2019	Q1	677.6	192.4	845.3	666.6	164.9	806.8	26.1	12.4
	Q2	724.1	204.3	902.3	643.5	172.7	789.9	30.6	81.7
	Q3	743.8	210.1	924.2	677.1	176.2	823.5	46.3	54.4
	Q4	818.1	222.2	1015.2	788.5	209.1	972.4	95.4	-52.6
2020	Q1	687.2	201.3	862.8	722.0	181.0	877.3	29.2	-43.7
	Q2	716.2	198.0	887.0	957.7	160.0	1,090.5	56.3	-259.8
	Q3	780.2	249.8	970.8	801.3	191.6	933.7	46.4	-9.3
	Q4	857.9	252.4	1,067.1	914.7	246.2	1,117.7	99.3	-149.9
2021	Q1	792.8	214.2	976.0	771.8	189.0	929.8	35.6	10.6
	Q2	771.2	255.8	976.5	853.6	219.4	1,022.4	52.1	-98.0
	Q3	1,071.1	251.8	1,273.1	788.2	225.1	963.4	44.6	265.2

Note:

Administrative data collected from: Ministry of Finance, Social Security Funds in RS, Public Company RS Roads and Public Company RS Motorways. Annual data for consolidated revenues/expenses include local level of authorities (municipalities and towns), Public Company RS Roads and Public Company RS Motorways, while quarterly data do not include them as the source data are not available. Difference between revenues on one side, and expenses with net acquisition of non-financial assets on the other side, represents net surplus/deficit.

T35: Flows of Foreign Direct Investment in BH, Classified by Country of Origin of Foreign Investor

- in KM million -

Year	Austria	The Netherlands	Croatia	Italy	Germany	Russia	Slovenia	Serbia	Switzerland	Turkiye	Other Countries	Total
2010	60.0	47.7	85.1	16.6	34.3	89.1	-22.8	40.5	83.6	46.4	119.2	599.7
2011	137.6	14.5	32.7	4.7	38.3	140.3	64.5	110.0	-5.9	31.6	130.2	698.6
2012	133.6	1.6	86.1	28.5	37.7	147.5	-81.1	81.8	8.7	-5.4	161.9	601.1
2013	8.5	32.7	18.6	22.5	36.9	-82.8	-35.6	104.6	44.0	31.1	226.7	407.1
2014	171.1	26.0	88.7	24.0	-6.1	195.8	-1.2	33.1	8.9	17.6	253.1	811.1
2015	5.3	83.3	161.5	66.3	52.3	28.5	21.1	36.8	-33.5	56.1	159.2	636.9
2016	112.8	57.6	142.5	25.2	2.0	-44.3	34.6	-25.8	11.3	34.6	267.7	618.4
2017	84.1	-3.3	159.6	46.9	57.7	-6.8	101.1	56.9	30.6	-0.3	327.1	853.6
2018	90.7	100.9	129.1	23.6	105.1	143.4	42.6	21.1	46.5	7.4	252.9	963.3
2019	69.4	6.9	-38.1	17.5	50.9	213.0	21.2	41.6	-20.2	-0.7	235.2	596.7
2020	71.4	-2.7	149.4	37.2	77.5	-12.4	71.3	135.3	-23.1	54.9	119.6	678.2
Jan - Sep 2021	168.0	-17.7	278.7	35.6	73.6	132.5	132.1	66.7	33.1	6.9	139.3	1,048.7

Note:

Foreign Direct Investments (flows and stocks) are compiled in accordance with the most recent methodological instructions and recommendations of the International Monetary Fund (IMF) and Organization for Economic Cooperation and Development (OECD). Detailed methodological approach to compilation and presentation is included in the IMF Balance of Payments Manual, sixth edition and OECD Framework Definition of Foreign Direct Investments, fourth edition.

T36: Flows of Foreign Direct Investment in BH by NACE Rev 2, Classification of Activities

- in KM million -

Year	Manufacture of Food Products	Manufacture of Wood and of Products of Wood and Cork, except Furniture, Manufacture of Articles of Straw and Plaiting Materials	Manufacture of Coke and Refined Petroleum Products	Manufacture of Chemicals and Chemical Products	Manufacture of Other Non-metallic Mineral Products	Manufacture of Basic Metals	Manufacture of Motor Vehicles, Trailers and Semi-trailers	Wholesale Trade, except of Motor Vehicles and Motorcycles	Retail Trade, except of Motor Vehicles and Motorcycles	Telecommunications	Financial Service Activities, except Insurance and Pension Funding	Real Estate Activities	Other Industries	Total
2011	32.2	12.5	43.6	12.2	-7.3	-24.0	-5.2	125.3	63.8	10.8	165.4	78.7	190.6	698.6
2012	-5.9	-0.1	2.6	18.7	3.4	-26.0	7.0	144.8	40.2	6.4	130.2	12.1	267.7	601.1
2013	-4.0	2.2	-101.1	26.5	13.9	4.0	5.0	-44.4	73.7	46.1	138.5	19.7	226.9	407.1
2014	0.3	-5.7	180.6	3.0	-25.4	35.5	-59.4	64.1	37.3	6.8	138.4	187.1	248.5	811.1
2015	45.0	5.2	24.0	58.4	-4.4	-52.9	6.7	84.0	-29.3	57.8	116.8	89.5	236.1	636.9
2016	16.3	5.6	-52.0	51.9	-17.6	2.0	20.3	148.4	6.4	37.1	161.4	-9.8	248.4	618.4
2017	20.8	13.5	-26.0	1.2	-8.8	58.8	47.3	59.3	96.1	17.1	203.0	41.9	329.2	853.6
2018	34.9	9.3	139.0	33.2	15.5	63.7	40.3	121.3	11.9	8.3	140.1	28.4	317.4	963.3
2019	-14.1	15.0	200.3	26.5	4.4	-2.5	5.9	119.9	17.6	-20.6	153.3	17.2	73.9	596.7
2020	27.7	-0.9	1.6	37.7	16.1	-23.4	30.7	93.9	42.8	4.6	157.0	41.8	248.7	678.2
Jan - Sep 2021	49.8	1.4	132.4	n/a	10.9	-79.0	38.5	101.7	166.7	10.1	310.9	-2.4	307.8	1,048.7

Note:

The data on flows of direct foreign investments in BiH, according to NACE 1. Rev.1 Classification of the Activities, for the period 2004-2012, can be found on web site.

Foreign Direct Investments (flows and stocks) are compiled in accordance with the most recent methodological instructions and recommendations of the International Monetary Fund (IMF) and Organization for Economic Cooperation and Development (OECD). Detailed methodological approach to compilation and presentation is included in the IMF Balance of Payments Manual, sixth edition and OECD Framework Definition of Foreign Direct Investments, fourth edition.

T37: Stocks of Direct Investment in BH Classified by Country of Foreign Investor^a

- in KM million -

Country	31 12 2018			31 12 2019			31 12 2020		
	Equity capital and reinvested earnings	Other capital	Total	Equity capital and reinvested earnings	Other capital	Total	Equity capital and reinvested earnings	Other capital	Total
Austria	2,457.9	246.5	2,704.4	2,492.5	248.7	2,741.2	2,546.4	234.3	2,780.6
Belgium	6.1	0.5	6.6	6.5	0.6	7.0	7.8	0.8	8.6
Montenegro	15.9	3.1	19.0	20.5	2.6	23.1	24.8	2.8	27.6
Czech Republic	25.6	0.3	25.9	24.1	1.3	25.3	25.7	1.3	27.0
Denmark	15.6	5.8	21.4	20.9	6.3	27.3	27.4	5.7	33.1
France	8.9	12.8	21.7	8.7	12.8	21.5	20.8	12.8	33.6
The Netherlands	552.1	323.7	875.8	493.3	338.0	831.3	562.9	227.8	790.7
Croatia	2,236.7	164.1	2,400.8	2,372.2	-15.4	2,356.8	2,463.0	-45.7	2,417.3
Ireland	-2.5	13.9	11.4	-2.8	14.3	11.5	-3.3	14.4	11.2
Italy	558.2	101.8	660.0	594.0	89.8	683.8	621.1	95.3	716.5
Canada	-0.3	2.9	2.5	0.2	2.9	3.1	0.1	2.9	3.0
Cyprus	123.4	5.9	129.3	139.4	3.5	142.9	147.0	0.8	147.9
Kuwait	157.7	77.8	235.5	161.7	78.5	240.3	155.7	79.5	235.2
Liechtenstein	-2.2	1.0	-1.2	-7.0	1.0	-6.0	7.5	1.0	8.5
Lithuania	2.2	0.0	2.2	2.5	0.0	2.5	1.9	0.0	1.9
Luxembourg	169.4	187.9	357.3	168.8	218.0	386.8	108.5	250.7	359.3
Hungary	28.1	1.7	29.8	32.8	1.5	34.2	35.2	1.7	36.9
Malaysia	8.1	24.6	32.6	9.6	26.1	35.7	9.0	29.1	38.1
Norway	8.3	3.9	12.2	6.3	3.6	9.9	6.7	3.6	10.3
Germany	582.8	158.0	740.8	626.3	176.2	802.5	648.7	202.9	851.5
Poland	25.0	5.9	30.9	31.2	11.0	42.1	33.9	10.0	43.9
Russia	-569.3	1,273.4	704.1	-550.7	1,364.9	814.2	-454.6	1,054.9	600.2
Saudi Arabia	200.5	71.7	272.2	215.0	74.7	289.7	202.3	76.3	278.7
Slovakia	1.2	21.0	22.2	1.4	20.9	22.3	5.5	21.1	26.7
Slovenia	987.9	150.7	1,138.6	974.1	152.8	1,127.0	1,061.0	117.2	1,178.2
Serbia	1,849.0	221.0	2,070.0	1,868.2	219.0	2,087.2	1,941.8	248.6	2,190.4
Spain	32.6	0.0	32.6	30.9	0.0	31.0	36.0	0.0	36.0
Switzerland	441.6	53.5	495.1	395.4	78.0	473.4	363.8	69.7	433.5
Sweden	47.4	36.2	83.7	49.0	33.0	82.0	48.5	32.0	80.5
Türkiye	437.3	-14.0	423.3	450.8	-26.3	424.5	402.5	-27.5	375.0
United Arab Emirates	182.6	40.7	223.3	184.3	42.3	226.6	163.0	44.2	207.2
United States of America	49.5	15.5	65.0	30.9	11.1	42.0	34.8	17.1	51.9
Great Britain	465.2	66.0	531.2	514.0	84.8	598.7	572.2	91.1	663.2
Other countries	261.7	103.3	364.9	293.9	104.7	398.6	289.1	89.1	378.2
Total	11,364.4	3,381.0	14,745.4	11,658.7	3,381.2	15,039.9	12,116.9	2,965.4	15,082.3

T38: Nominal and Real KM effective exchange rate

Year	Month	NEER	REER
2010		97.65	105.56
2011		98.34	106.27
2012		98.51	105.14
2013		99.82	103.96
2014		101.10	103.09
2015		99.98	99.99
2016		101.19	98.86
2017		101.90	98.27
2018		103.59	98.94
2019		103.67	97.58
2020		105.41	96.95
2021		106.59	96.64
2021	01	106.63	97.30
	02	106.24	97.07
	03	106.47	97.32
	04	106.76	96.72
	05	106.81	96.44
	06	106.64	96.04
	07	106.50	95.62
	08	106.29	95.33
	09	106.32	95.63
	10	106.36	96.70
	11	106.66	97.46
	12	107.44	98.11

Note:

Detailed methodological explanations for compiling and calculating the nominal (NEER) and real (REER) effective exchange rate are available at the CBBH website <http://www.cbbh.ba/content/read/1109?lang=en>

T39: Cash outside Monetary Authorities and Banks

Year	Cash outside Banks	Increase of Circulation Compared to the Previous Year	Cash outside Monetary Authorities	Currency in Commercial Banks
2010	2,210,776,535	10.0%	2,497,501,445	286,724,910
2011	2,366,423,508	7.0%	2,645,055,508	278,632,000
2012	2,414,305,841	2.0%	2,747,511,841	333,206,000
2013	2,542,280,088	5.3%	2,909,858,088	367,578,000
2014	2,813,991,379	10.7%	3,210,508,379	396,517,000
2015	3,053,556,129	8.5%	3,499,468,129	445,912,000
2016	3,401,352,492	11.4%	4,066,804,492	665,452,000
2017	3,647,731,766	7.2%	4,319,359,766	671,628,000
2018	3,977,239,343	9.0%	4,750,614,343	773,375,000
2019	4,330,110,823	8.9%	5,199,915,823	869,805,000
2020	5,043,393,749	16.5%	6,172,456,750	1,129,063,000
2021	5,533,068,924	9.7%	6,923,817,924	1,390,749,000

Source:

Central Bank of Bosnia and Herzegovina

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PUBLICATIONS AND WEB SERVICES

Monthly Economic Overview	Brief information about the latest trends in the macroeconomic environment, which has been published on the website of the CBBH since May 2013. The publication had previously been internal.
Bulletin	A quarterly publication which includes monetary and financial statistics, information on payment transactions, data on the real sector and balance of payments data of Bosnia and Herzegovina.
Annual Report	The publication contains the report on the operations of the CBBH throughout the year and the financial report, which the CBBH submits to the Presidency of Bosnia and Herzegovina and the Parliamentary Assembly of Bosnia and Herzegovina.
Financial Stability Report	The annual publication contains an assessment of the risks arising from the macroeconomic environment and trends in the financial system, as well as an assessment of the resistance of the system to the identified risks.
Special research topics	An occasional publication published on the website of the CBBH.
CBBH Monography	Jubilee publication on the occasion of the CBBH twenty years anniversary.
WEBSITE www.cbbh.ba e-mail: contact@cbbh.ba pr@cbbh.ba TWITTER@CBBIH	<p>The openness and transparency of the CBBH operations is considered very important for the credibility, public accountability and trust, which it enjoys among the population and by other institutions in Bosnia and Herzegovina and by international institutions. On the basis of the CBBH Rules of Procedure, the CBBH has an obligation to inform the public about its work by providing timely information, publishing reports, issuing official publications and organizing press conferences.</p> <p>The website of the CBBH has existed since 1998. It contains basic information on the CBBH, the Law on the CBBH, presents the banknotes and coins of Bosnia and Herzegovina, as well as numismatic issues of the CBBH. On the website, there are also numerous publications and statistical data (Annual Reports, Monthly Balance Sheets, Quarterly Bulletins, Financial Stability Reports, Balance of Payments of BH, Payment Operations Reports ...) and a list of all commercial banks in BH. The publications and statistical data are published in generally accepted formats, DOC, XLS and PDF. On this page, the latest exchange rates, which are updated daily, and other relevant news and press releases are published.</p> <p>The material is published in Bosnian, Croatian, Serbian and English., In order to increase openness and transparency and to reach the public, as much as possible, the CBBH has launched an official profile on the social network Twitter. On this profile, we publish the data, usually published on the website of the Bank, www.cbbh.ba, as well as additional information and data, which are estimated as relevant. The way of communication is adjusted to the targeted audience.</p>

NOTE

The revised data for the period January 2006 – November 2015 are based on the active sub-balance of the banks with majority state owned capital from the Federation of BH, with the passive sub-balance excluded. Through such supplement of statistics, the users are provided with higher analytical usefulness of data and objective indicators on the current operations of banks in BH. Passive sub-balance includes the liabilities based on foreign loans and old foreign exchange savings of citizens until 31 March 1992 and it does not reflect the current operations of the bank, so this sub-balance in the privatization process will be taken over by the Ministry of Finance of FBH according to the Law on Initial Balance Sheets of Banks and the Law on Privatization, as it has been done for the previously privatized banks. The performed revision mainly influenced the decrease of loans to public companies in a foreign currency, decrease of foreign liabilities, decrease of other items of assets and liabilities on the basis of old foreign exchange savings, and in considerably lower amounts, on items of loans to the Entity Government, fixed assets, non-residents' deposits, shares and capital.

The data on the „complete“ balance sheet, with the included passive sub-balance, are still available at: http://statistics.cbbh.ba:4444/Panorama/novaview/SimpleLogin_bs.aspx

In November 2014, two banks have realized the sale and transfer of part of the loan portfolio which resulted with increase in reserves with monetary authorities in the amount of 64 million KM and a decrease in the following items: claims of non-financial private enterprises 260 million KM, foreign liabilities 101 million KM and other items (net) 95 million KM.

Due to the application of International Accounting Standards (IAS) and the International Financial Reporting Standards applied in BH Federation banks and the transfer of money flows in December 2011 data, the following changes have occurred at the assets side: decrease of loans by KM 155 million, an increase in other assets by KM 10 million, at the liabilities side: decrease of liabilities to non-residents in the amount of KM624 million, an increase in loan loss provisions by KM 472 million and other liabilities increased by KM 7 million.

By order of the FBH Banking Agency, in June 2010, one bank made a reclassification of about KM 300 million of claims based on securities on domestic institutional sectors to the claims on non-residents. In December 2010, the same bank made this reclassification, retroactively, in the respective amounts for the period from August 2009 when the error occurred, until May 2010. The above reclassification was reflected in the increase in foreign assets and decrease in other items net.

One bank from FBH made a reclassification of financial instruments in the foreign assets amounting to about KM 40 million for the period January - August 2010. Claims on non-residents based on loans were reclassified in claims on non-residents on the basis of securities, which resulted in changes in the short- term and long- term foreign assets.

By order of the Banking Agency of Republika Srpska one bank made a reclassification of financial instruments on the liabilities side, for the period of September 2008 - November 2010, .i.e.. the decrease in time and savings deposits of non-bank financial institutions and government sector, and the increase in loans from the same sectors, respectively, in the appropriate amounts, by months, ranging from 50 - 150 million KM.

In accordance with new regulations of the RS Banking Agency, published in the Official Gazette of RS, no.136/10, which has regulated a new manner of recording receivables classified in category "E", accounting and bookkeeping of interest on non-performing assets and calculation of general and special provisions, RS banks, in the data for December 2010, implemented the mentioned regulations, by transferring these items from off-balance records into balance sheet. The correction was reflected on the assets side, as increase of loans in the amount of about KM 144 million, and increase of due interest in the amount of KM 36 million, and on the liabilities side, as increase in provisions for loan losses amounting to about KM 180 million within the capital account.

ABBREVIATIONS

AAA	Financial instruments with triple A credit rating
ABSPP	Asset-Backed Securities Purchase Programme
ATM	Automatic teller machine
BA	ISO Country Code for Bosnia and Herzegovina
BAM	Currency code of convertible mark
BCC	Bilateral Assistance and Capacity Building Program
BD	Brčko District of Bosnia and Herzegovina
BH	(Related to) Bosnia and Herzegovina
BHAS	Agency for Statistics of Bosnia and Herzegovina
BIS	Bank for International Settlements
BLSE	Banja Luka Stock Exchange
bp	basis point
CBBH	Central Bank of Bosnia and Herzegovina
CBPP3	Third Covered Bond Purchase Programme
Cca	Circa/approximately
CEFTA	Central European Free Trade Agreement
CIF	Cost, insurance, freight born by seller
COVID-19	Coronavirus disease 2019
Corridor Vc	Corridor Vc
CPI	Consumer price index
CRC	Central Registry of Credits
DB	District of Brčko
District	Brčko District of Bosnia and Herzegovina
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECB	European Central Bank
EDP	Excessive deficit procedure
EFSE DF	European Fund for Southeast Europe-Development Facility
EIB	European Investment Bank
EONIA	Euro Overnight Index Average
ERP	Economic Reforms Program for 2018-2020
ESA 2010	The European Standard Accounts 2010
ESCB	European System of Central Banks
EU	European Union
EUR	Currency of euro area
EURIBOR	Euro Interbank Offered Rate
EUROSTAT	Statistical Office of the European Union
FBH	Federation of Bosnia and Herzegovina
FED	Federal Reserves
FFR	Fed Fund Rate
FINRA	Financial Sector Reform Activity
FPDII	Federal Pension and Disability Insurance Institute
FOB	Free on board
FOMC	Federal Open Market Committee
GB	Governing Board

GDP	Gross domestic product
GEO6	6th level of geographical breakdown
GFS	Government finance statistics
GIIS	Graduate Institute of International Studies
GIZ	In German: Deutsche Gesellschaft für Internationale Zusammenarbeit/German Corporation for International Cooperation
GVA	Gross value added
HICP	Harmonised Index of Consumer Prices
HRMIS	Human Resources Management Information System
HO	Head Office
IMF	International Monetary Fund
IPA	Instrument for Pre-Accession Assistance – Programme
ISMS	Information Security Management System
IT	Information Technologies
ITA	Indirect Taxation Authority
KM	Currency symbol of convertible mark
LTRO	Longer-term Refinancing Operations
MCO	Microcredit organizations
MFT BiH	BiH Ministry of Finance and Treasury
MIP	Macroeconomic Imbalances Procedure
MU	Main Unit (of the Central Bank of BH)
NEER	Nominal effective exchange rate
Ø	Average
OFID	OPEC Fund for International Development
OCAE	Office of the Chief Audit Executive
pp	Percentage point
PELTRO	Pandemic emergency longer-term refinancing operations
PEPP	Pandemic emergency purchase programme
POS	Point of sale
PSPP	Public Sector Purchase Programme
QE	Quantitative Easing Programme
QMS	Quality Management System
RA	Reserve account with the Central Bank
REER	Real effective exchange rate
RR	Required reserves
RS	Republika Srpska
RS PDIF	Republika Srpska Pension-Disability Insurance Fund
RTGS	Real time gross settlement system
SAA	Stabilisation and Accession Agreement
SASE	Sarajevo Stock Exchange
SBA	Stand-by arrangement
SDR	Special drawing rights
SECO	State Secretariat for Economic Affairs
SIMS	Safety Information Monitoring System
SRBEA	Single Registry of Business Entities' Accounts
TLTRO	Targeted longer-term refinancing operations
UN	United Nations

UNCTAD	United Nation Conference for Trade and Development
USA	The United States of America
USAID	United States Agency for International Development
USD	US dollar , currency of USA
VAT	Value added tax
WAIR	Weighted average net interest rate
WEO	World Economic Outlook

Country codes:

AL	Albania
BA	Bosnia and Herzegovina
BG	Bulgaria
DE	Germany
EU	European Union
HR	Croatia
IT	Italy
ME	Montenegro
MK	North Macedonia
PL	Poland
RO	Romania
RS	Serbia
SL	Slovenia
UK	United Kingdom
US	United States of America

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ЦЕНТРАЛНА БАНКА
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