



Centralna banka
BOSNE I HERCEGOVINE
Централна банка
БОСНЕ И ХЕРЦЕГОВИНЕ



Comments on Trends in Other Financial Institutions Sector at the End of the First Half of 2024



Analysis of the financial sector in BH at the end of the first half of 2024

At the end of the first half of 2024, there were 123 financial institutions operating in the financial market of Bosnia and Herzegovina, which are included in the regular statistics of the Central Bank of BH, those being 22 banks in the banking sector, and the following institutions in the sector of non-banking financial institutions (hereinafter, statistical term other financial institutions sector/OFI sector is used): 24 insurance companies and one reinsurance company, 30 microcredit organisations, 34 investment funds, 4 leasing companies, 6 broker companies and 2 stock exchanges. The compilation of this statistics is carried out in accordance with the international methodology stipulated in the IMF's Monetary and Financial Statistics Manual (2000), through a single report form 2SR for banks and 4SR for other financial institutions (Standardised Report Forms/SRF). By using single reporting forms for presenting the balance sheet, it is possible to produce aggregated and harmonised data for BH level.

Number of financial institutions in BH

<i>Financial institutions in BH</i>	<i>Jun-23</i>			<i>Dec-23</i>			<i>Jun-24</i>		
	FBH	RS	Total	FBH	RS	Total	FBH	RS	Total
<i>Banks*</i>	14	8	22	14	8	22	14	8	22
<i>Insurance and reinsurance companies</i>	11	14	25	11	14	25	11	14	25
<i>Microcredit organisations</i>	14	15	29	13	15	28	14	16	30
<i>Investment funds</i>	18	15	33	18	15	33	19	15	34
<i>Leasing companies</i>	4	0	4	4	0	4	4	0	4
<i>Broker companies</i>	3	4	7	3	4	7	2	4	6
<i>Stock exchanges</i>	1	1	2	1	1	2	1	1	2
Total	65	57	122	64	57	121	65	58	123

* Including Razvojna banka FBiH

At the end of the first half of 2024, the total assets of the financial sector in Bosnia and Herzegovina amounted to KM 49.56 billion (unconsolidated data), being higher by KM 3.63 billion or by 7.9% compared to the same period of the previous year. The largest share was still held by banks, with 87.6% share in the total financial sector assets. Insurance and reinsurance companies participated with KM 2.75 billion, or 5.6% of the total financial sector assets. Compared to the balance at the end of the first half of 2023, insurance and reinsurance companies, microcredit organisations, leasing companies and stock exchanges saw an increase in assets, while investment funds and broker companies saw a slight decrease in their balance sheet amounts.

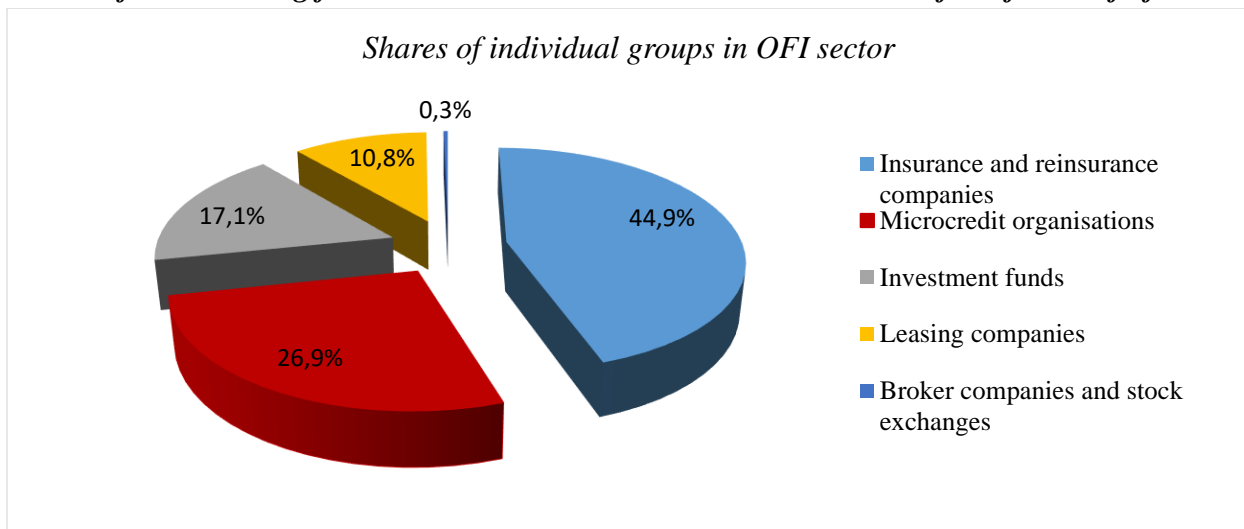
Financial sector in BH (million KM)

Financial institutions in BH	06/2023		12/2023		06/2024		Assets growth index	
	Assets	Share (%)	Assets	Share (%)	Assets	Share (%)	06.2024/06.2023	06.2024/12.2023
Banks	40.225,3	87,6	41.810,9	87,7	43.433,4	87,6	108,0	103,9
Insurance and reinsurance companies	2.586,6	5,6	2.628,9	5,5	2.751,2	5,6	106,4	104,7
Microcredit organisations	1.437,8	3,1	1.539,5	3,2	1.647,0	3,3	114,5	107,0
Investment funds	1.052,7	2,3	1.049,5	2,2	1.047,2	2,1	99,5	99,8
Leasing companies	602,6	1,3	631,8	1,3	664,0	1,3	110,2	105,1
Broker companies	13,3	0,0	12,9	0,0	9,6	0,0	71,8	74,4
Stock exchanges	11,1	0,0	10,8	0,0	11,4	0,0	103,1	106,1
Total for sector	45.929,4	100,0	47.684,3	100,0	49.563,8	100,0	107,9	103,9

Sector of non-banking financial institutions (OFI sector)

The balance of the total OFI sector assets in Bosnia and Herzegovina, as of 30 June 2024, was KM 6.13 billion, being higher by KM 257.0 million or 4.4% compared to the balance at the end of 2023, and compared to the balance at the end of the first half of 2023, higher by KM 426.3 million or 7.5%. Insurance and reinsurance companies had the largest assets within the OFI sector in the amount of KM 2.75 billion, which represents a share of 44.9% in the total assets of the OFI sector, followed by microcredit organisations with KM 1.65 billion (26.9% share), investment funds with KM 1.05 billion (17.1 % share), leasing companies with KM 664.0 million (10.8% share), the remaining KM 21.0 million (0.3% share) refers to assets of broker companies and stock exchanges in Bosnia and Herzegovina.

Shares of non-banking financial institutions in OFI sector at the end of the first half of 2024



A brief analysis of the three subsectors with the largest shares in the OFI sector is presented below.

Insurance and reinsurance companies

At the end of the first half of 2024, there were 24 insurance companies and one reinsurance company operating in the insurance market in BH, of which 15 companies perform non-life insurance, while 10 are composite companies that perform non-life and life insurance. Insurance companies in BH record a continuous and stable annual increase in assets, having a 44.9% share in the total OFI sector. The balance sheet amount of the insurance sector (including reinsurance) as of 30 June 2024 was KM 2.75 billion, being higher by KM 122.3 million, i.e. 4.6% compared to the positions as of 31 December 2023, and higher by KM 164.6 million or 6.4% compared to the same period of the previous year.

Securities have the most significant share in the asset structure, which amounted to KM 786.0 million in the half-year of 2024, i.e. 28.6% of the total value of assets, followed by other deposits (mainly term deposits with banks) and non-financial assets (real estate). Investments in securities, primarily entity bonds, record continuous growth and at the end of the first half of 2024, they are higher by 23.4% compared to the same period in 2023, and compared to 31 December 2023 by 5.2%.

In the structure of liabilities, the largest share of 66.4% is the gross technical reserves, which as of June 30, 2024, amounted to KM 1.83 billion and are higher by 4.5% compared to the situation at the end of 2023, and compared to the same period of the previous year, gross technical insurance reserves recorded a growth of 5.9%.

Microcredit organizations in Bosnia and Herzegovina

The balance sheet of microcredit organizations in the first half of 2024 amounted to KM 1.65 billion and is higher by KM 107.5 million or 7% compared to the end of 2023, and compared to the first half of 2023 it is higher by KM 209.2 million or 14.5%. Of the total balance amount, KM 678.3 million or 41.2% are related to microcredit foundations (MCF), while KM 968.7 million or 58.8% are related to microcredit companies (MCC).

The total amount of loans placed with microcredit organizations in the first half of 2024 amounted to KM 1.35 billion, which represents 82.3% of total assets. Compared to the situation at the end of 2023, the microcredit portfolio recorded a growth of KM 103.6 million or 8.3%, while compared to the balance at the end of 2023, it is higher by KM 195.2 million or 16.8%. Looking at the sectoral structure of loans placed, the dominant share of microloans granted to natural persons is 97.3%, and the remaining 2.7% refers to microloans granted to legal entities.

The main source of funds of microcredit organizations are liabilities for taken loans, which in the first half of 2024 amounted to KM 872.5 million or 53.1% of total liabilities and are higher than at the end of 2023 by KM 103.6 million or 13.4%, while compared to the end of the first half of 2023, they are higher by KM 149.0 million or 20.5%.

The total capital of microcredit organizations in the first half of 2024 amounts to KM 576.3 million or 35.0% of total liabilities and is lower by KM 6.6 million or 1.1% compared to the end of 2023, while compared to the balance in the half year of 2023, higher by KM 35.0 million or 6.5%.

Investment funds

The total assets of investment funds in the first half of 2024 amounted to KM 1.05 billion and is lower compared to the balance at the end of 2023 by KM 2.3 million, i.e. 0.2%, and compared to the balance in the second half of 2023, is lower by KM 5.5 million or 0.5%.

Investments of investment funds in the amount of KM 967.2 million make up 92.4% of their total assets. In the investment structure of investment funds, investments in equity securities have the largest share of about 42.8%, then investments in debt securities 37.5%, investments in deposits 17.0% and the smallest percentage of 2.7% refers to investments in real estate.

