



# Annual report

2017



**ANNUAL REPORT**  
**2017**

## Contents:

List of Tables .....	3
List of Graphs .....	3
Abbreviations .....	5
Introduction by Governor .....	7
Legal status .....	9
1. Economic trends in 2017 .....	12
1.1 International Economic Environment .....	13
1.1.1 Real Sector Trends .....	13
1.1.2 Monetary Trends .....	15
1.2 Report on the Condition of BH Economy .....	16
1.2.1 Real Sector .....	18
I Basic Economic Activities .....	18
II Prices .....	21
III Employment and Wages .....	22
1.2.2 Fiscal Sector .....	24
1.2.3 Banking Sector .....	27
1.2.4 External Sector .....	29
I Balance of Payments .....	29
II Nominal and Real Effective Exchange Rate .....	31
2. Report on the CBBH Activities in 2017 .....	33
2.1 Monetary Policy .....	33
2.2 Reserve Account with the CBBH .....	34
2.3 The Foreign Exchange Reserve Management .....	36
2.4 Cash Management .....	38
2.5 Payment System Maintenance .....	40
2.6 The Fiscal and Banking Agent Role .....	42
2.7 Compilation and Creation of Statistics .....	44
2.8 Monitoring Systemic Risks in the Financial System .....	45
2.9 The Cooperation with International Institutions and Rating Agencies .....	45
2.10 The Internal Audit Process .....	47
2.11 Other .....	48
2.11.1 Human Resources Management .....	48
2.11.2 Communication with the Public and Socially Responsible Operations .....	49
3. Financial Statements and Report of Independent External Auditor .....	52
4. Publications and Web Services .....	104
5. Statistical tables .....	106

## List of Tables:

Table 1.1: Growth of the Real GDP in the Countries of European Union.....	14
Table 1.2: EURUSD Exchange Rate.....	15
Table 1.3: Financial Market of Euro Area.....	16
Table 1.4: Issuance of the Public Debt of BH Entities in 2017.....	26
Table 1.5: Yield Rates at the Primary Market of the BH Entities Public Debt in 2017.....	27
Table 2.1: Liquidity Indicators of Banking Sector in BH.....	35
Table 2.2: Average Weighted Interest Rates at the CBBH Foreign Currency Reserves and Average Market Interest Rates and Government Bonds Yields in Euro Area.....	36
Table 2.3: Payments Transactions via Commercial Banks.....	41
Table 2.4: ATM and POS Cards' Turnover.....	41
Table 2.5: Realized Cards' Values according to Residence Principle.....	41
Table 2.6: Participation of Cards per Brands.....	42
Table 2.7: The CBBH Governing and Managing Structure at the end of 2017.....	48

## List of Graphs:

Graph 1.1: The GDP Growth Rates in Economic Blocks.....	13
Graph 1.2: The Inflation Rates in Economic Blocks *.....	13
Graph 1.3: The Economy of the Euro Area.....	14
Graph 1.4: The Indices of Non-energy and Energy Goods.....	14
Graph 1.5: The Interest Rate Benchmark of the Federal Reserves*.....	15
Graph 1.6: The Credit Growth in the Euro Area.....	15
Graph 1.7: The Annual Changes of the Nominal and Real GDP.....	16
Graph 1.8: The Basic Reasons of the Changes in the Real GDP in BH, in the First Three Quarters.....	17
Graph 1.9: The Basic Reasons of the Changes in the Real GDP in the EU, in the First Three Quarters.....	17
Graph 1.10: The Structure of Other Activities in GAV by Countries.....	18
Graph 1.11: The Structure of Real GDP according to the Expenditure Approach.....	18
Graph 1.12: The Quarterly Changes of the Industrial Production Index.....	19
Graph 1.13: The Contribution to the Annual Changes of Industrial Production by Areas.....	19
Graph 1.14: The Growth Rates and the Shares of the Main Groups of Industrial Products.....	20
Graph 1.15: The Annual Changes of the Production Output in Construction.....	20
Graph 1.16: The Annual Changes of the Distributive Trade Index, (Q/Q-4).....	20
Graph 1.17: The Annual Rate of Inflation/Deflation.....	21
Graph 1.18: The Actual and Estimated Core Inflation.....	21
Graph 1.19: The Annual Changes in the Price Level in the First Three Quarters.....	22
Graph 1.20: The Rates of Change of the Number of the Unemployed, (Q/Q-4).....	22
Graph 1.21: The Trend of the Selected Indices in the Labour Market, 2010=100.....	23
Graph 1.22: The Contributions to the Growth of the Number of Employees by Areas.....	23
Graph 1.23: The Amount and the Percentage of the Change of the Average Annual Net Wage.....	23
Graph 1.24: The Annual Growth of the Wages by Activities.....	24
Graph 1.25: The Revenues from Indirect Taxes.....	24
Graph 1.26: Primary Fiscal Balance, in % of GDP.....	25
Graph 1.27: The Total Gross Debt of the Government Sector.....	25
Graph 1.28: The Foreign Debt of the Government Sector and the Annual Changes of the Foreign Debt Repayment Amount.....	25
Graph 1.29: The General Government Debt with Commercial Banks.....	26
Graph 1.30: The Average Yield Rates in the BH Entities Public Debt Primary Market during 2016 and 2017.....	26

Graph 1.31: The Annual Growth Rates of Loans .....	27
Graph 1.32: The Contributions of Individual Sectors to the Changes in the Overall Loan Positions .....	27
Graph 1.33: The Contributions of Individual Sectors to the Change in the Overall Deposit Balance .....	28
Graph 1.34: The Quarterly Changes in the Foreign Exchange Reserves and the Net Foreign Liabilities of Commercial Banks .....	28
Graph 1.35: The Annual Changes in Items of Foreign Assets and Foreign Liabilities of Commercial Banks .....	28
Graph 1.36: Return on Average Assets (ROAA) and Return on Average Equity (ROAE) .....	29
Graph 1.37: Decrease/Increase of Trade Deficit by Product Groups .....	29
Graph 1.38: The Current Account and its Components .....	30
Graph 1.39: The Financial Account and its Components .....	31
Graph 1.40: The Annual Changes of KM Nominal Exchange Rate against the Selected Currencies in December .....	31
Graph 1.41: The Nominal and Real Effective Exchange Rates of KM .....	31
Graph 2.1: The CBBH Foreign Exchange Reserves .....	33
Graph 2.2: Transactions with Foreign Countries Explaining a Part of the Foreign Exchange Reserve Changes .....	33
Graph 2.3: The Coverage of Monetary Liabilities with Net Foreign Exchange Reserves .....	34
Graph 2.4: The Balances of Reserve Accounts with the CBBH .....	34
Graph 2.5: The Annual Growth Rates of Money Supply Components .....	35
Graph 2.6: The Annual Growth Rates of Monetary Aggregates .....	35
Graph 2.7: The Structure of the CBBH Foreign Exchange Reserves Investing .....	38
Graph 2.8: The Average Annual Yield Rates on the CBBH Foreign Exchange Reserves .....	38
Graph 2.9: Cash outside Monetary Authorities and Banks .....	38
Graph 2.10: The Banknote Denomination Structure .....	39
Graph 2.11: The Coin Denomination Structure .....	39
Graph 2.12: The Increase of the Number of Banknotes and Coins by Denominations in Relation to 2016 .....	39
Graph 2.13: The Banknotes and Coins Issued in 2017 by Denominations .....	39
Graph 2.14: Cash (KM) Outflows in 2017 .....	40
Graph 2.15: The Denomination Structure of Counterfeited Banknotes in 2017 .....	40
Graph 2.16: The Denomination Structure of Counterfeited Coins in 2017 .....	40
Graph 2.17: The Total Number of Employees in the CBBH .....	50

## Text Box:

Text Box 1: Contribution of the Real GDP Growth per Activities .....	17
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## Abbreviations:

AAA.....	Financial instruments with triple A credit rating
ABSPP .....	Asset-backed securities purchase programme
ATM .....	automatic teller machine
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
BiH.....	ISO Country Code for Bosnia and Herzegovina
BIS .....	Bank for International Settlements
BLSE.....	Banja Luka Stock Exchange
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
Corridor Vc .....	Corridor Vc
CPI.....	consumer price index
CRC .....	Central Registry of Credits
District .....	Brčko District of Bosnia and Herzegovina
EC .....	European Commission
ECB.....	European Central Bank
EDP .....	Excessive Deficit Procedure
EONIA.....	Euro Over Night Index Average in euro area
ERP .....	Economic Reforms Program for 2018-2020
ESA 2010.....	European Standard Accounts, 2010
ESCB .....	European System of Central Banks
EU 28.....	28 countries of European Union
EUR .....	currency of euro area
EURIBOR.....	Euro Interbank Offered Rate
Eurostat.....	Statistical Office of the European Union
EURUSD.....	Exchange rate of EUR against US dollar
FBH .....	Federation of Bosnia and Herzegovina
FED.....	Federal Reserves
FFR .....	Fed Fund Rate
FIPDI .....	Federal Institute for Pension and Disability Insurance
FOB .....	free on board
FOMC .....	Federal Open Market Committee
GDP.....	gross domestic product
GEO6 .....	6th level of geographical breakdown
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
IBRD.....	International Bank for Reconstruction and Development
IDA .....	International Development Association
IMF .....	International Monetary Fund
IPA .....	Instrument for Pre-Accession Assistance – Programme
ISMS.....	Information Security Management
IT .....	Information technologies
ITA .....	Indirect Taxation Authority

KM.....	Currency symbol of convertible mark
MIGA .....	Multilateral Investment Guarantee Agency
MU.....	Main Unit (of the Central Bank of BH)
NEER.....	nominal effective exchange rate
Ø .....	average
pp .....	percentage point
POS .....	point of sale
PSPP .....	Public Sector Purchase Programme
QE.....	Quantitative Easing Program
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
SASE .....	Sarajevo Stock Exchange
SBA .....	Stand-by arrangement
SCFS.....	Standing Committee for Financial Stability
SDR .....	special drawing rights
SECO.....	State Secretariat for Economic Affairs
SRTA.....	Single Registry of Transaction Accounts
TLTRO .....	targeted longer-term refinancing operations
UK.....	(related to) the United Kingdom
UN .....	United Nations
UNCTAD .....	United Nation Conference for Trade and Development
US .....	related to USA
USA .....	The United States of America
USD.....	US dollar , currency of USA
VAT .....	value added tax
WAIR .....	weighted average interest rate
WEO.....	World Economic Outlook



## INTRODUCTION BY GOVERNOR



### Dear readers,

Pursuant to Article 64 of the Law on the Central Bank of Bosnia and Herzegovina („Official Gazette of Bosnia and Herzegovina“, 1/97), the obligation of the Central Bank of Bosnia and Herzegovina (the CBBH) has been stipulated to submit to the Parliamentary Assembly of Bosnia and Herzegovina, within three months after the end of the financial year, the following documents:

- Report on the situation in the economy;
- Report on the operations during the year;
- Financial statement verified by external auditor;

The Annual Report of the Central Bank of Bosnia and Herzegovina for 2017 was adopted at the meeting of the CBBH Governing Board, held in Sarajevo, on 28 March 2018.

In 2017, we marked a significant jubilee for this institution and the state of Bosnia and Herzegovina - the 20th anniversary of the CBBH existence and successful operations. The speeches by the representatives of the authorities, the international community in BH, the European Central Bank and other central banks, international and domestic institutions and friends of the CBBH, at the international conference held on this occasion,

clearly confirmed the outstanding reputation that this institution has built patiently and with the commitment for two decades. In the context of maintenance of monetary stability, the CBBH role has been recognized as an anchor of macroeconomic stability in the country over the last twenty years. With the efficient implementation of the Currency Board arrangement we have created and managed to maintain confidence in the domestic currency. International Awards for the Successful Work of the CBBH have also come as a form of awarding the best central bank management in central and eastern Europe by Capital Finance International. In addition to the international conference titled “20 Years of Stability”, we celebrated the jubilee with a series of accompanying activities, such as the promotion of the CBBH Monograph, the thematic exhibition of money in cooperation with the National Museum of Bosnia and Herzegovina and the issuance of jubilee coins. During 2017, we retained the defined required reserve policy. The growth of economic activity in the world and in the region also has a positive impact on the economic growth of BH, additionally stimulated by the effects of some implemented measures from the country’s structural reform process. Growth in economic activity has also strengthened credit activity in the country, resulting in a stable banking sector. Domestic sectors’ deposits recorded the highest annual growth. Foreign reserves at the end of 2017 were historically the highest.

As in previous years, the CBBH continued to successfully implement its defined tasks, as well as activities to meet the strategic goals defined in the Strategic Plan for the period 2016 - 2021. Foreign exchange reserves were primarily managed in accordance with the principles of security and liquidity of the investment, based on the CBBH Law and relevant internal acts. The supply of commercial banks with cash was done unobtrusively. We maintained adequate payment systems, and we also undertook a series of activities for their modernization and upgrading. Part of the activity also relates to the improvement of the existing credit registry and transaction accounts. We have consistently fulfilled the role of a fiscal agent and have contributed to the strengthening of the financial system stability by monitoring systemic risks. Our cooperation with relevant domestic and international institutions has continued through the expansion and publication of statistical data, publishing of a standard set of periodical publications and participation in the work of bodies at both domestic and international levels, where the CBBH has representatives, including working groups preparing the answers for the

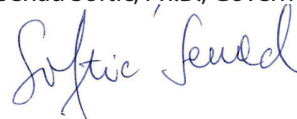


European Commission Questionnaire, in which the CBBH actively participated. This year, too, we continued with the proactive policy of informing the BH public about the CBBH operations and we were involved in a number of activities in financial education, especially youth, with the aim of raising financial inclusion.

The CBBH successfully completed all planned activities for 2017 and achieved a positive financial result of KM 12,185,216.39. Out of this amount, pursuant to Article 27 of the Law on CBBH, 60%, or KM 7,311,129.83 were allocated to the budget of institutions of Bosnia and Herzegovina, while 40% or KM 4,874,086.56 were allocated to general CBBH reserve.

All these successfully implemented activities and projects would not be possible without the maximum engagement of all members of our collective, and I use this opportunity to thank the members of the Governing Board, the Management, as well as all the employees on the professional approach and contribution to the achievement of the set goals.

Senad Softić, Ph.D., Governor

A handwritten signature in blue ink, reading 'Softić Senad', positioned below the printed name of the Governor.

## LEGAL STATUS

Pursuant to the Article 7 of Annex 4 of the General Framework Agreement for Peace in Bosnia and Herzegovina (Constitution), the Central Bank of Bosnia and Herzegovina (hereinafter: the Central Bank) is designated as the only authorized institution for printing of currency and running the monetary policy in the entire territory of Bosnia and Herzegovina, and its competencies are defined by the Parliamentary Assembly of Bosnia and Herzegovina. Pursuant to the Constitutional provision and by the adoption of the Law on the Central Bank of Bosnia and Herzegovina (hereinafter: the Law on the Central Bank), the Parliamentary Assembly of Bosnia and Herzegovina has established the Central Bank of Bosnia and Herzegovina as an institution of Bosnia and Herzegovina and a legal entity with full powers which cannot grant loans by creating money and in terms of this it operates as a currency board.

Pursuant to the Law on the Central Bank, the Governing Board of the Central Bank is the head of the Central Bank, being, within its authority determined by the Law, completely independent from the Federation of Bosnia and Herzegovina, Republika Srpska and any public agency and body, for the purpose of objective carrying out its tasks. The Central Bank's operations, duties, tasks and responsibilities are executed through its Head Office, Main Units and Branches of the Central Bank, as it follows:

- Head Office of the Central Bank of Bosnia and Herzegovina, with the head quarter in Sarajevo,
- Central Bank of Bosnia and Herzegovina - Main Unit Sarajevo, headquartered in Sarajevo,
- Central Bank of Bosnia and Herzegovina - Main Unit Mostar, headquartered in Mostar,
- The Main Bank of the Republika Srpska of the Central Bank of Bosnia and Herzegovina, headquartered in Banja Luka,
- The Central Bank of Bosnia and Herzegovina Branch in Pale, headquartered in Pale,
- Central Bank of Bosnia and Herzegovina Brčko Branch, with head quarter in Brčko District of BH.

The objectives and basic tasks of the Central Bank are set out in Article 2 of the Law on the Central Bank, as follows:

The objective of the Central Bank is to achieve and maintain the stability of the domestic currency (convertible

mark) by issuing domestic currency under the arrangement known as currency board.

The core tasks of the Central Bank under the authority of its Governing Board are:

- to define, adopt and control the monetary policy of Bosnia and Herzegovina by issuing domestic currency (convertible mark) at the rate stipulated in Article 32 of the Law on the Central Bank (one convertible mark is 0.511292 euros or one euro is 1.955830 convertible marks ) and with full coverage in freely convertible foreign exchange funds, as well as through other functions, which it has according to the Law on the Central Bank;
- to maintain and manage the official Central Bank's foreign exchange reserves in a safe and profitable manner;
- to assist or establish and maintain appropriate payment and settlement systems;
- to issue regulations for carrying out the activities specified in Article 2, paragraph a, point 3 of the Law on the Central Bank;
- to coordinate the activities of Agencies responsible for issuing banking licenses and supervising banks in Entities, as defined by the Governing Board of the Central Bank, including monthly meetings of the Heads of these Agencies with representatives of the Central Bank and submission of monthly reports by these Agencies to the Central Bank on their activities and developments within the financial institutions within their competence;
- to conduct monetary policy in accordance with Article 2, paragraph a, point 3 of the Law on the Central Bank;
- to receive deposits from Bosnia and Herzegovina and commercial banks in order to meet the required reserve requirements. The Central Bank may also hold deposits of Entities and other public institutions, as well as other reserves of commercial banks, if they wish;
- to review the information forwarded to the Central Bank by the Entities' Banking Agencies pursuant to Article 4 (1) of the Law on the Banking Agency of the Federation of Bosnia and Herzegovina and Article 4 (m) of the Law on the Banking Agency of Republika Srpska, as amended in the general context of Chapter VIII of the one, but with the aim of adopting special regulations for the procedures on interbank payments clearing and settlement, including checks and other payment instruments, if necessary to

ensure compliance with the blocking orders related to the financing of terrorist activities or activities disturbing the peace, as specified in Entities' Laws on Banking Agencies and Laws on Banks and for the purpose of providing additional protection against accessing the blocked accounts in any way, as specified in the a.m. Laws;

- to put in circulation and withdraw from the circulation the domestic currency (convertible mark), including banknotes and coins of the legal tender, adhering strictly to the rule of the Currency Board, defined in Article 2, paragraph a, point 3 of the Law on the Central Bank;
- to carry out actions to assist the fight against money laundering, to support anti-terrorist measures and measures against the obstruction of the implementation of the General Framework Agreement for Peace in Bosnia and Herzegovina, relating to banks.

Other core tasks of the Central Bank Head Office and Main Units are:

- to perform foreign exchange operations at the request of commercial banks, whose Head Office is in the region covered by the competent Main Unit; and
- to collect data related to economic and financial activities in the region where their Head Office is located.

In addition to the aforementioned objective and basic tasks referred to in Article 2 of the Law on Central Bank, the Central Bank has other tasks, duties and powers as defined by the Law on the Central Bank and by other laws and regulations of the Parliamentary Assembly of Bosnia and Herzegovina. Herein we underline some of those from the Law on the Central Bank:

- represents Bosnia and Herzegovina at all intergovernmental meetings, bodies and organizations on monetary policy issues and other matters within its competence (Article 4 of the Law on the Central Bank);
- may provide banking services to the benefit of foreign governments, foreign central banks and monetary authorities and to the benefit of international organizations, in which it or Bosnia and Herzegovina participate (Article 4 of the Law on the Central Bank);
- may participate in international organizations working to strengthen financial and economic stability through international monetary cooperation (Article 4 of the Law on the Central Bank)

- may, as a representative of Bosnia and Herzegovina, assume responsibility and carry out transactions related to the participation of Bosnia and Herzegovina in international organizations (Article 4 of the Law on the Central Bank);

- stipulates with the regulations the minimum amount to be accrued on deposits and borrowed funds, regardless of the currency in which the funds are expressed, which banks are required to hold with the Central Bank, through the Head Office or Main Units (Article 36 of the Law on the Central Bank);

- is the only authority in Bosnia and Herzegovina, which brings decisions on the issuance of a legal tender and its withdrawal from the circulation, through Head Office, Main Units and Branches in the Federation of Bosnia and Herzegovina and Republika Srpska (Article 39 of the Law on the Central Bank)

- determines the nominal value and size of banknotes and coins in accordance with Article 7, paragraph e of the Law on the Central Bank (Article 42 of the Law on the Central Bank);

- arranges printing of banknotes and minting of coins, takes care of the security and maintenance of issued banknotes and coins (Article 43 of the Law on the Central Bank);

- guides the inventory of the money supply, plans to issue the money, and the Head Office, Main Units and other Branches of the Central Bank ensure the regular supply of convertible mark banknotes and coins to meet the needs of the economy of Bosnia and Herzegovina (Article 45 of the Law on the Central Bank);

- decides to set limits on payments and international transactions if such restrictions are necessary for the execution of Bosnia and Herzegovina's liabilities, in accordance with international law (Article 48 of the Law on the Central Bank);

- may, either on its own behalf or on the behalf and upon the order of Bosnia and Herzegovina, enter the clearing and payment arrangements or conclude any other contract for the same purpose with public or private clearing institutions located abroad (Article 49 of the Law on Central Bank);

- acts as a banker and fiscal agent of Bosnia and Herzegovina and public agencies appointed by the Presidency of Bosnia and Herzegovina (Article 52 of the Law on the Central Bank);

- can accept deposits in its Head Office and Main Units in convertible mark and foreign currency from the institutions of Bosnia and Herzegovina and public agencies designated by the competent ministry of Bosnia and Herzegovina (Article 54 of the Law on the Central Bank);

- it can act as a fiscal agent for Bosnia and Herzegovina and its public agencies (Article 55 of the Law on Central Bank), only through a trust fund and under conditions to be agreed with the competent authorities of Bosnia and Herzegovina;

- it can assist banks in organizing clearing opportunities and settlement in interbank payment, including through checks and other payment instruments, and may establish procedures and issue such regulations as it considers appropriate (Article 58 of the Law on the Central Bank);

- may establish and maintain an information network for the financial system of Bosnia and Herzegovina (Article 59 of the Law on the Central Bank);

- it is consulted on all legislative proposals related to all matters pertaining to its operations or which are in the domain of its competence before being submitted to the legislative body of Bosnia and Herzegovina, Federation of Bosnia and Herzegovina and Republika Srpska (Article 65 of the Law on the Central Bank)

- collects statistical data from the competent institutions of Bosnia and Herzegovina, Federation of Bosnia and Herzegovina and Republika Srpska on economic and financial matters, provided that the relevant competent authorities do not consider such information to be confidential, contributes to the harmonization of rules and practices for the collection, compilation and dissemination of statistical data within its competence, defines which statistics are needed, defines the data delivery questionnaires and forms, who is submitting the data to the Central Bank, as well as the confidentiality regime to be applied when submitting the data to the Central Bank; (Article 68 of the Law on the Central Bank),

- all the regulations, guidelines and instructions issued by the Central Bank pertaining to several institutions and published in the Official Gazettes of Bosnia and Herzegovina, the Federation of Bosnia and Herzegovina and Republika Srpska have legal force in the entire territory of Bosnia and Herzegovina (Article 70 of the Law on Central Bank).

As for the human resources organization the Central Bank consists of the Governing Board of the Central Bank, the Management (Governor and three Vice Governors) and the staff.

The Governing Board of the Central Bank features five members appointed by the Presidency of Bosnia and Herzegovina, the Governing Board elects the Governor among its members for a period of six years. The Governing Board shall be responsible for the high governance and control of the policies implementation, administration and operations of the Central Bank within the powers established by the Law on the Central Bank.

The Governor is the chief executive officer in charge of the day-to-day operations of the Central Bank and any powers not specifically assigned to the Governing Board of the Central Bank are assigned to the Governor. The Governor chairs the Governing Board sessions of the Central Bank and has the legal right, within the limits of his powers, to take all the measures required or that he thinks are advisable for the administration and operations of the Central Bank, including the conclusion of contracts on behalf of the Central Bank, appointment of officers, agents and correspondents of the Central Bank and he represents the Central Bank in legal proceeding.

The Management of the Central Bank features a Governor and Vice Governors who, with the approval of the Governing Board of the Central Bank, are appointed by the Governor. The Central Bank Management reports to the Governing Board of the Central Bank on the administration and activities of the Central Bank, the carrying of its monetary and regulatory policies, the soundness of the financial system and the condition of the money, capital and foreign exchange markets, including all events and conditions that have or will have a significant effect on management or operations of the Central Bank, on the implementation of its policies, the financial system, or the above-mentioned markets.

An internal audit function is established at the Central Bank, led by the Chief Audit Executive with the rights and duties set forth in Article 20 of the Law on the Central Bank. The Chief Internal Auditor of the Central Bank and the Deputies are appointed by the Governor with the approval of the Governing Board of the Central Bank.

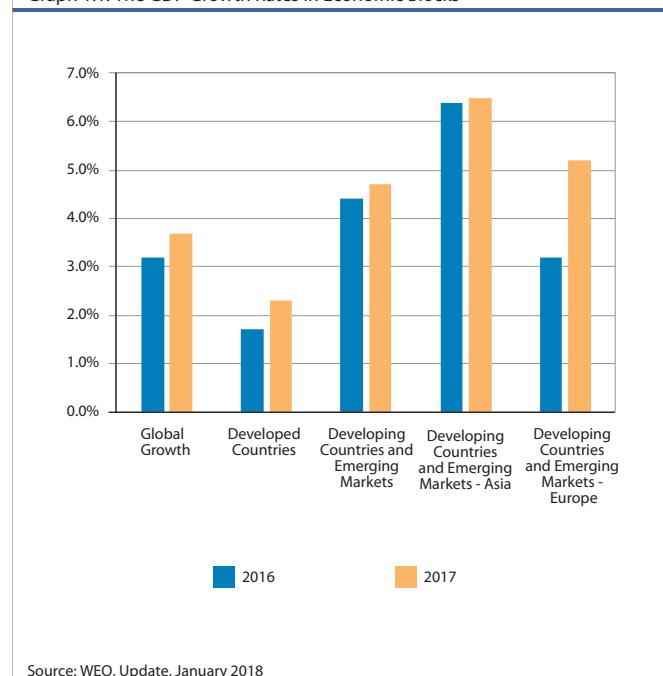
# **1. ECONOMIC TRENDS IN 2017**

## 1.1 International Economic Environment

### 1.1.1 Real Sector Trends

The acceleration of global economic growth, which began in the second half of 2016, continued in the first half of 2017. After a global growth of 3.2% in 2016 (2016/2015), real GDP growth of 3.7% (2017/2016) was achieved in 2017. As in the previous years and in 2017, too, emerging markets and developing countries (real GDP growth rate of 4.7%), including Asian countries (6.5%), grew at a significantly higher rate than developed countries (Graph 1.1 ). Recovery of global economic activity continues and is expected to continue in the mid-term (2018 and 2019). Although the recovery is also strong in developed economies, developing countries and emerging markets are the major contributors to global growth, which is to expect in future, too. Asian developing countries and emerging markets, primarily China and India are among the most important drivers of global growth. Significant growth of economic activity has been recorded, and such is expected in the forthcoming period, as in European developing countries, so as in emerging markets, including BH.

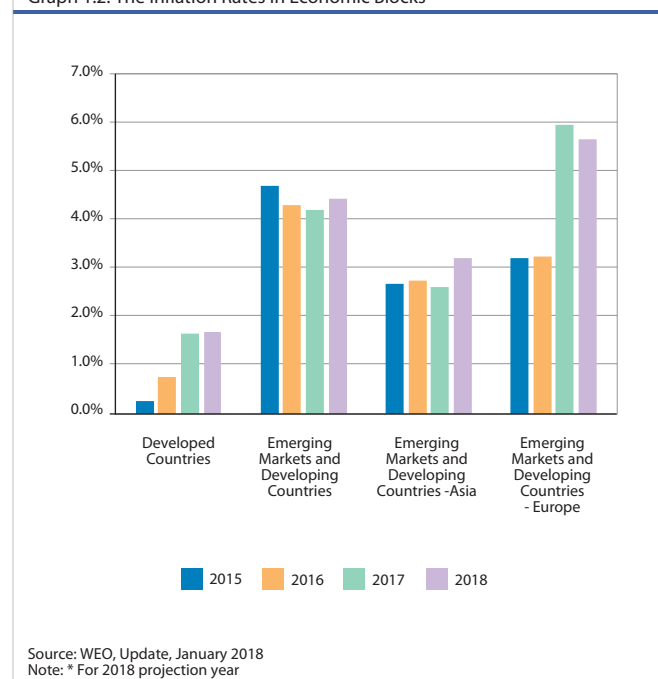
Graph 1.1: The GDP Growth Rates in Economic Blocks



Inflationary pressures have considerably strengthened in 2017 in developed countries (Graph 1.2), although inflation

in most of these countries is still below the targeted level. Significant inflation growth is not expected in the short term, but only in the mid-term. In 2017, in developing countries and emerging markets, a slight decline in the general level of consumer prices was even recorded. Exceptions are emerging European countries and emerging markets, with a significant growth in inflation in 2017. Significantly higher inflation, in relation to developed European countries, is expected in the region in the medium term.

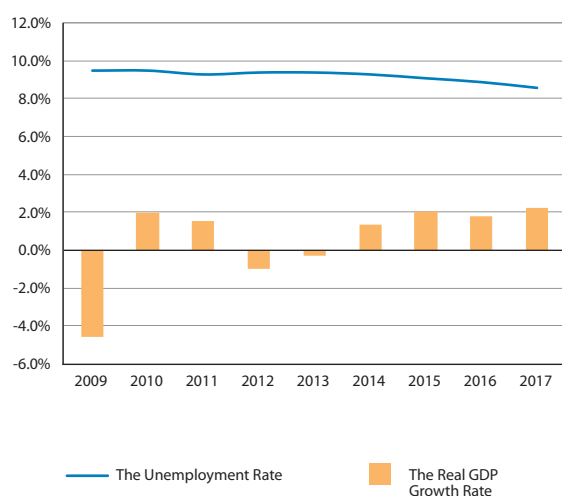
Graph 1.2: The Inflation Rates in Economic Blocks\*



Economic recovery in the EU is strong and evident in all regions. The euro area records the fourth year of consecutive economic growth, while growth in 2017 was 2.25% (Graph 1.3). The growth rate of real GDP in 2017 is the highest growth rate since 2007. Also, due to the growth of economic activity, the trend of decreasing the number of unemployed persons in the total active working population has been noted. Growth in the euro area, despite the absence of significant growth in productivity, is caused by the decline in unemployment, which is at the lowest level since January 2009 and it amounts to 8.6%.



Graph 1.3: The Economy of the Euro Area



Source: European Commission

All countries where there is a significant presence of working-age populations originating from our country have achieved an additional real GDP growth in 2017, similar to 2016, with the difference that the real GDP growth rate change in 2017 (compared to the previous year) is significantly higher than in 2016 (Table 1.1). In this group of countries are Slovenia, Sweden and Croatia with the 2017 real GDP growth rates of 4.72%, 3.19% and 3.18%, respectively.

After two years of consecutive deflation (2015 and 2016), inflation in Croatia in 2017 is again positive and it is 1.3%. In Serbia, inflationary pressures are even stronger than in Croatia, and the inflation rate reached a target value of 3% in 2017. The rate of economic growth in Serbia is lower in 2017 than in the previous year. Serbian GDP grew by 1.9% (2017), while growth in 2016 was 2.8%

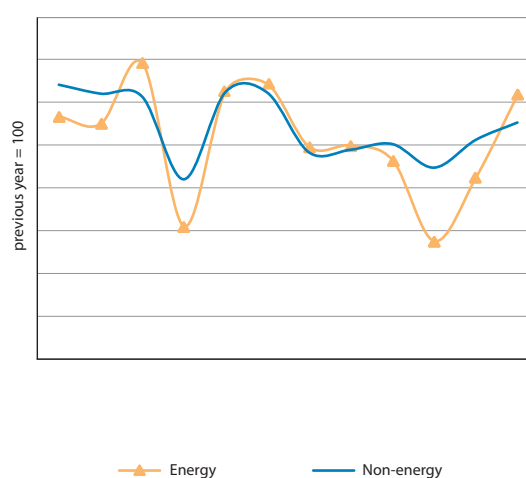
Table 1.1. Growth of the Real GDP in the Countries of European Union

								in pp
	Denmark	Germany	Croatia	Austria	Slovenia	Sweden	EU	Euro area
2013	0.71	0.00	1.12	-0.65	1.54	1.53	0.72	0.66
2014	0.74	1.44	0.57	0.80	4.11	1.36	1.51	1.62
2015	-0.07	-0.19	2.74	0.26	-0.72	1.92	0.58	0.73
2016	0.07	0.20	0.74	0.36	0.89	-1.22	-0.37	-0.25
2017	0.61	0.21	0.20	1.12	1.57	-0.11	0.40	0.42

Source: European Commission. Note: GDP presented in 2010 prices.

For the first time after five years, the price of energy products was higher than in the previous year, and the prices of non-energy products were also increased, although their growth was significantly lower than the rise in energy prices (Graph 1.4). Energy products prices (2017/2016) grew by 23.6% , and non-energy products by 5.6%, but they are still by about one-third and by about one sixth lower than in 2010, respectively. After four years of decline, the price of crude oil rose by 23.5% (2017/2016) and it reached USD 54.39 value. In 2017, the price of aluminum and iron ore was USD 1,967.65 and USD 71.76, which represents an almost identical increase of 22.8% compared to the previous year. After four years of decline (2012-2015), prices of agricultural products were slightly corrected (-0.48%) in 2017 as in 2016. The price of beverage decreased by 9% (2017/2016), and the price of food remained at the same level. The price of wood fell for the third consecutive year (85.5% of the 2010 level), while after five years, the metal prices recorded a significant annual increase (24.19%).

Graph 1.4: The Indices of Non-energy and Energy Goods

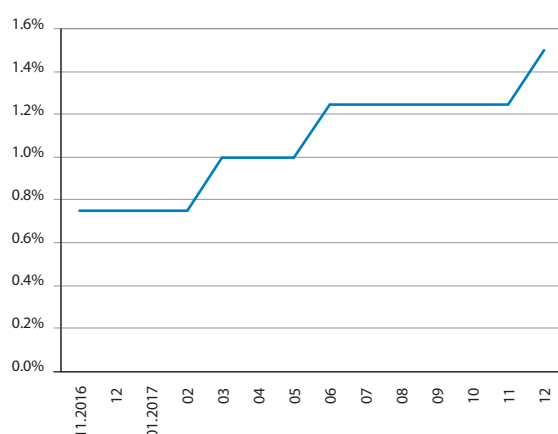


Source: The World Bank

### 1.1.2 Monetary Trends

The most significant change in global monetary trends over 2017 is the continued growth of the Federal Funds Rate (Graph 1.5). FED has increased its interest rate even three times, each time by 0.25 bp. The first increase (March) put the reference interest rate in the range of 0.75% - 1.0%, the second increase (June) in the range of 1% - 1.25%, and the third increase (December) in the range of 1.25% - 1.5%. The reasons arguing the decision to increase the interest rates were the realized and the expected market conditions and inflation, pointing out that monetary policy will remain adaptable and will support labor market recovery and sustainable return to inflation of 2%.

Graph 1.5: The Interest Rate Benchmark of the Federal Reserves\*



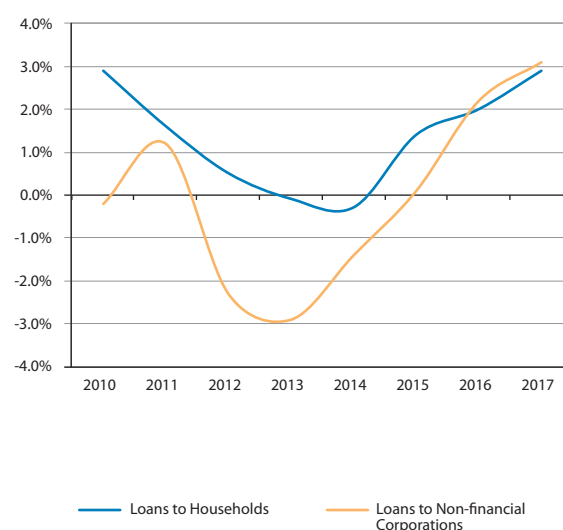
Source: fred.stlouisfed.org.\*  
Note: The graph shows the upper limit of the interest rate benchmark interval.

Unlike the FED, the ECB did not change the reference interest rates. The interest rate on credit facilities, the main refinancing rate and interest rate on deposit facilities remained at the level of 0.25%, 0% and -0.4% respectively. After three years of depreciation, the exchange rate of the euro against the US dollar was significantly appreciated (Table 1.2). The change of the EURUSD foreign exchange parity in 2017 did not contribute to increasing the price competitiveness of the BH foreign trade sector.

At the end of October 2017, the ECB announced that it would reduce the monthly volume of asset purchases from EUR 60 billion to EUR 30 billion and that this change would take effect from January 2018. ECB has left the possibility of continuing the quantitative easing, if necessary, by September 2018.

As a result of expansive monetary policy and GDP growth in 2017, the credit growth continued (Graph 1.6). For the second consecutive year, loans to non-financial corporates are growing faster than loans to the household sector, which is one of the indicators of increasing monetary policy efficiency, but also of successful restructuring of the real sector. Recovery of the credit market, coupled with high rates of economic growth and approaching of the inflation rate to the targeted one, indicates that the monetary policy of ECB will change the course in the medium term, which will affect the growth of domestic interest rates, too.

Graph 1.6: The Credit Growth in the Euro Area



Source: the European Commission

Compared to the year 2016, yields on ten-year bonds in the most developed countries recorded the opposite trends. In Germany, due to low base, they were adjusted by double from 0.2% (2016), to 0.43% (2017), while in the US, they were only slightly adjusted, from 2.41% to 2.45%.

Table 1.2. EURUSD Exchange Rate

	2010	2011	2012	2013	2014	2015	2016	2017
Exchange Rate	1.32	1.32	1.31	1.37	1.23	1.09	1.05	1.18
Change	-	0.0%	-0.8%	4.6%	-10.2%	-11.4%	-3.7%	12.4%

Source: European Commission

The biggest decline in ten-year bond yields occurred in Greece, by 298 bp. At the end of 2017, the yield on ten-year bonds was 4.12%, which implies improved public finances of Greece and higher level of public debt sustainability. Financial market yields have slightly increased in other euro

area countries (Table 1.3), which implies an improvement in the conditions for investing foreign exchange reserves of Bosnia and Herzegovina. The Euribor continued to decline in 2017, with implications on the reduction of domestic interest rates.

**Table 1.3: Financial Market of Euro Area**

	Yields on ten Year Bonds				12 m Euribor
	Germany	France	Italy	Spain	
2013	1.93	2.56	4.13	4.15	0.56
2014	0.54	0.83	1.89	1.61	0.33
2015	0.63	0.99	1.60	1.77	0.06
2016	0.21	0.69	1.82	1.38	-0.08
2017	0.43	0.79	2.02	1.57	-0.19

Source: CBBH. The data was taken for the last working day of the year

## 1.2 Report on the Condition of BH Economy

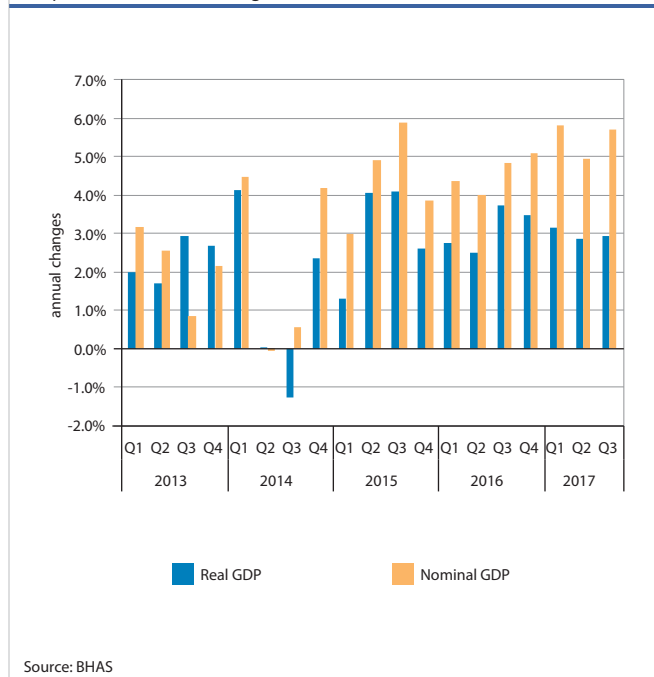
The real sector of the economy in 2017 is characterized by the growth of industrial production compared to the previous year.

Production growth is recorded in the industrial sectors of manufacturing and mining industries, while on the other hand, a strong decline is recorded in the production and supply of electricity, gas, steam and air conditioning. Production growth in these areas was followed by a strong nominal growth of the export of the manufacturing industry and mining industry, while despite the decline in production, the nominal export of electricity increased with the most evident growth rates<sup>1</sup>, as a result of significant price effects. In construction, as in the previous year, there was a decline in production volume following the slowdown of construction work on road infrastructure (especially Vc Corridor). The trade recorded significant growth rates of all forms of trade activity. The trend of the general prices level in BH, measured by the consumer price index, shows the strengthening of inflationary pressures in 2017 and is largely caused by the increase in external prices (oil). At the same time, domestic prices measured by GDP deflator are in the inflation zone. In the labor market, according to administrative data and data from the 2017 Labor Force Survey, there has been a decrease in the number of unemployed and an increase in the number of employed persons. The nominal net wage growth trend continued in 2017.

According to the official projection of International Monetary Fund<sup>2</sup>, the nominal gross domestic product (GDP)

in BH amounts to KM 31.283 billion in 2017, which represents an increase of 4.6% compared to 2016. The projected real GDP growth rate is 2.7% compared to the previous year. According to the Statistics Agency of BiH (BHAS)<sup>3</sup>, in the first three quarters of 2017, the economy grew nominally at 5.5% rate in relation to the first three quarters of 2016. According to the same source, real GDP growth in the first three quarters of 2017 was estimated at 3.0% (Graph 1.7)

**Graph 1.7: The Annual Changes of the Nominal and Real GDP**



<sup>1</sup> According to official data, exports increased in the following sectors: production and supply of electricity, gas, steam and air conditioning by 43.6%, manufacturing industry by 16.4%, ore and stone production by 16.8%

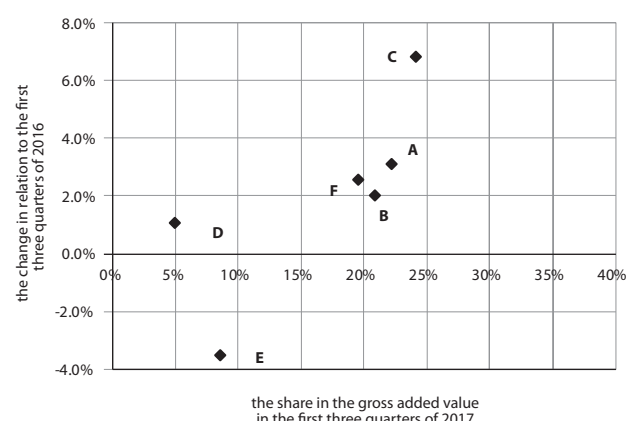
<sup>2</sup> Article IV Consultation with Bosnia and Herzegovina; IMF Press Release on February, 2018,

<sup>3</sup> Gross Domestic Product – quarter data, January 2018

### Text Box 1: Contribution of the Real GDP Growth per Activities

In the first three quarters of 2017, real gross value added growth was generated by the growth of activities in most (out of a total of 19) economic activities (Graph 1.8), with the most prominent growth recorded in the activities: other services by 31.1%, art and entertainment by 10.1%, wholesales and retail trade by 9.7%, mining by 5.3%, financial sector by 4.6% and manufacturing by 4.1%. On the other hand, a significant real gross value added decline was recorded in professional, scientific and technical activities (-4.4%), agriculture (-3.5%), production and supply of electricity (-1.0%), and transport and storage (-0.8%).

Graph 1.8: The Basic Reasons of the Changes in the Real GDP in BH, in the First Three Quarters

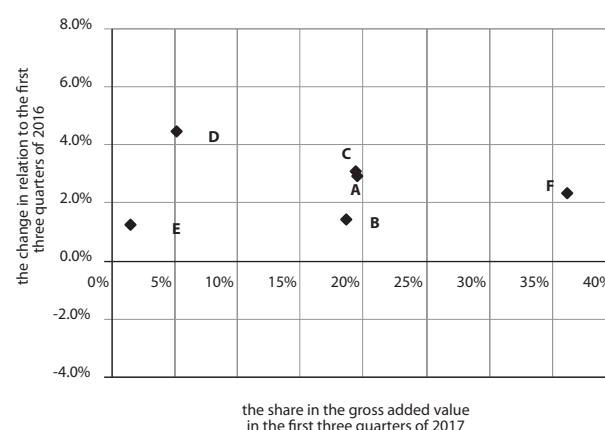


Source: BHAS

Comparing the contribution of the real gross value added growth per BH activities with the contribution of GVA growth in the EU (Graph 1.9) for the first three quarters of 2017, it is evident that the annual growth and the structure of gross value added has certain similarities, but at the same time significant structural differences. Namely, the most prominent contribution to the growth of GVA in BH, as well as in the EU, have trade, transport, the accommodation and food services (activity C), and industrial production. On the other hand, the largest GVA growth in the EU is recorded with the construction industry (4.5%), while the growth of the same activity in the domestic economy is significantly lower (1.1%) as a result of the slowdown in infrastructure investments. The growth of the mentioned activity in the euro area is 2.9%, which shows that the newer members of the Union have recorded the higher rates of growth of this activity than the developed countries. At the same time, agriculture in the EU recorded growth of 1.2%,

while in BH, the same activity recorded a real decrease. Despite the fact that weather conditions have had a strong impact, the decline in the mentioned activities indicates the inadequate development of this sector and the lack of public-private partnership, emphasizing the need for further investment in the irrigation system and the increase of the agriculture insurance services.

Graph 1.9: The Basic Reasons of the Changes in the Real GDP in the EU, in the First Three Quarters



Source: Eurostat

#### Legend:

Group A: Industrial production; statistical areas of activity B (Mining and quarrying), C (Manufacturing) and D (Production and supply of electricity, gas and air conditioning), E (Water supply).

Group B: Budget users; statistical areas of activity O (Public administration and defence, compulsory social security), P (Education) and Q (Health and social care).

Group C: Trade; statistical area of activity G (Wholesale and retail trade, repair of motor vehicles and motorcycles), H (Transport and storage), I (Hotel industry and catering).

Group D: Construction; statistical field of activity F (Construction).

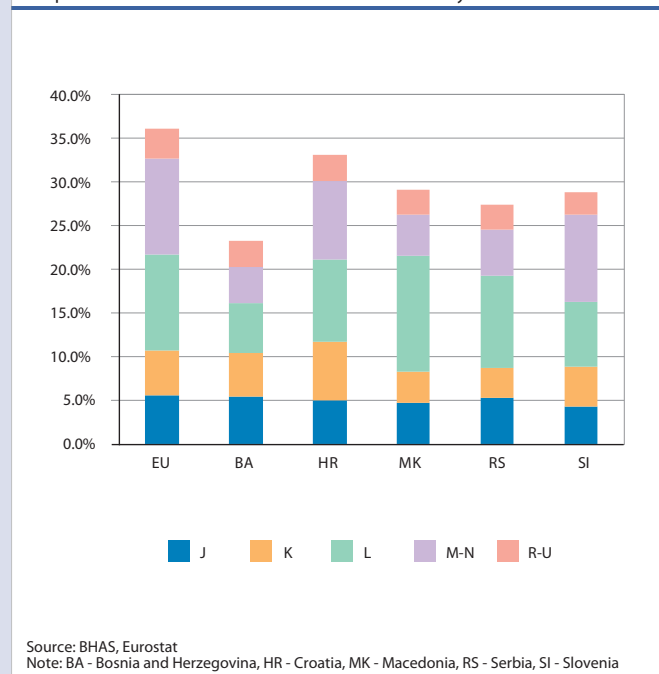
Group E: Agriculture; statistical field of activity A (Agriculture, forestry and fishing).

F: Other

Regarding the gross value added structure in the first three quarters of 2017, the largest share of total gross value added in BH have industrial production activities (2.7%), trade and other (4.8%) and public sector (2.2%), as evidenced by the total share of GVA for EU members. Furthermore, agriculture activity in the total share of GVA is 8.5% in BH, while the share of the same activity in EU is 1.5%, which indicates the importance of the agricultural sector in the domestic economy. At the same time, the most significant difference is present for the category of other activities, in particular for professional, scientific and

auxiliary service activities, and real estate activities (Graph 1.10). According to the data presented, the deviations of these activities share are visible, not only to the EU, but also to selected countries in the region, which emphasizes the need to stimulate structural adjustment in the coming period.

Graph 1.10: The Structure of Other Activities in GAV by Countries



#### Legend:

J: Information and communication.

K: Financial and insurance activities.

L: Real estate activities.

M-N: M (Professional, scientific and technical activities),

N (Administrative and support service activities).

R-U: R (Arts and entertainment), S (Other service activities), T (Activities of households as employers),

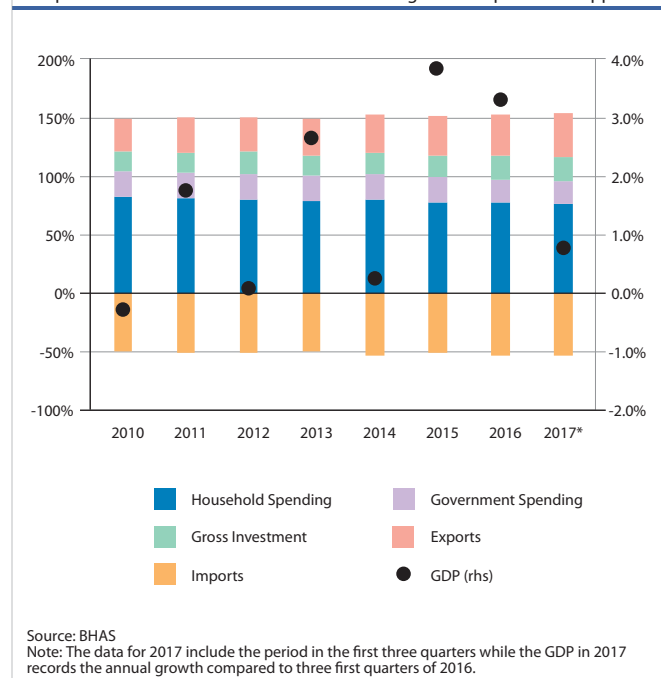
U (Activities of extra-territorial organizations and bodies).

Note: Data for activities T and U are not available for BH

Taking into account the structure of real GDP by the expense method, it is evident that in the presented period (Graph 1.11), household final consumption expenditures have the biggest impact on the overall economic activity trends with the average of 79.3% of the GDP, although the evident downward trend of this consumption share has been noticed recently. With regard to the government spending, the average is 21.5% of GDP, also with the share of this category declining within total GDP, as a result of more rational public spending. Average gross investment expenditures are 18.6% of GDP and mostly relate to investments in new fixed assets. Exports in the mentioned period in the structure of GDP are 32.3%, while imports

amount to 51.6%. A more positive structure of GDP was recorded in previous years as a result of the increase in the share of gross investment and exports, thus their shares at the end of the third quarter of 2017 amount to 20.8% and 37.0%, respectively.

Graph 1.11: The Structure of Real GDP according to the Expenditure Approach



### 1.2.1 Real Sector

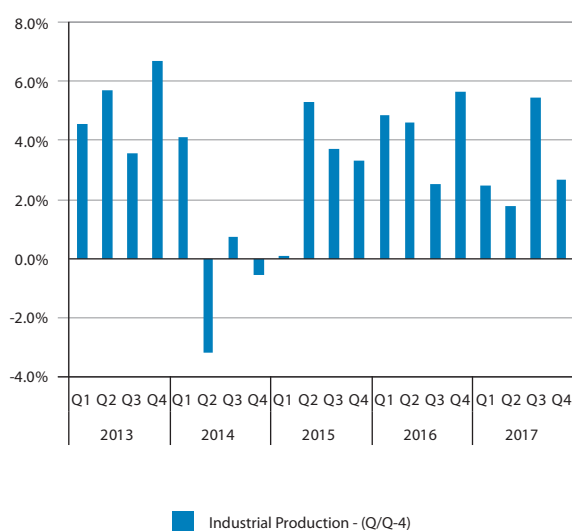
Within this Section, and having in mind their importance for the overall economic activity of the BH economy, special emphasis has been placed on industrial production, construction and trade in the framework of basic economic activities. In addition to the activities in these industries, basic trends in the general price level, as well as the basic characteristics of the labor market (employment and wages) in 2017 are presented below.

#### I Basic Economic Activities

All four quarters of 2017, considered annually, are characterized by industrial production growth. Thanks to this quarterly trend, the volume of industrial production realized in 2017 was higher by 3.1% (Graph 1.12)<sup>4</sup>. In this respect, the average growth of industrial production in 2017, measured in relation to the base year 2010, recorded a double digit growth of 15%, following the first-time double digit growth of 11.6% in the previous year, and can be considered as favorable.

<sup>4</sup> The annual rate of change, calculated from the calendar-adjusted indices of industrial production volume has an identical growth of 3.1%. Source: Monthly Indices of Industrial Production for BH, December 2016 - December 2017 (BHAS)

Graph 1.12: The Quarterly Changes of the Industrial Production Index



Source: BHAS

In the industrial areas of mining and manufacturing industry, production growth was recorded in 2017, while production and supply of electricity and gas decreased significantly (Graph 1.13). The most significant contribution to industrial production growth in 2017, according to the areas of activity, was recorded by the manufacturing industry (annual growth of 5.3%)<sup>5</sup>, while the negative contribution to the growth was recorded with production and supply of electricity and gas (annual decrease of 4.1%)<sup>6</sup>. A key contribution to the growth of the manufacturing industry was recorded in the following branches: production of finished metal products, except machinery and equipment, paper production, base metal production and textile production. Production growth in these industries, which have a significant share in the total industry, has been positively reflected in the growth of exports. Regarding the volume of production and supply of electricity, gas, steam and air conditioning (excluding branch 35.3 - production and supply of steam and air conditioning), this area in previous years was one of the key determinants of industrial production trends. Within this area, specially significant segment is the one related to the electricity production. According to the latest available data, the cumulated net electricity production in 2017 was by 5.4% lower than in the same period of the previous year<sup>7</sup>. Although a decline

in production was recorded in 2017, the rise in electricity prices has led to a significant increase in exports value, i.e., exports increased by 43.6%<sup>8</sup> compared to 2016.

Further on, another area with the growth, this one being 5.0%, is the extraction of ore and stone. Within this area, growth of coal and lignite extraction has been recorded. The increase of coal and lignite quantities is closely related to the increase of electricity exports.

Graph 1.13: The Contribution to the Annual Changes of Industrial Production by Areas



Source: BHAS

Considering the share of the main products groups of industrial production (Graph 1.14), it is evident that in 2017, the growth of most main products groups was recorded, but the decline of industrial production was recorded with a group of energy, which has the most significant share in industrial production<sup>9</sup>. After the energy, the next main products group, viewed as a share of the total industry, are intermediary products. Production of intermediary products is important, both for domestic final production and for exports, due to the fact that intermediary products in 2017 total exports accounted for 39.6%<sup>10</sup>. Within this group, exceptionally high growth rate of production volume was recorded in paper production (annual growth of 16.9%) and base metal production (7.0%). Related to this, the exports of these products in 2017 increased by 14.3% and 22.0%, respectively.

<sup>5</sup> Manufacturing industry contributed with 3.5 percentage points to the total industry growth rate.

<sup>6</sup> Production and supply of electricity and gas contributed with -0.9 percentage points to the total industry growth rate.

<sup>7</sup> During the period of January – August 2017, the share of hydro power plants is 24.7%, while the share of the thermo power plants is 75.3% in total net production of the electricity.

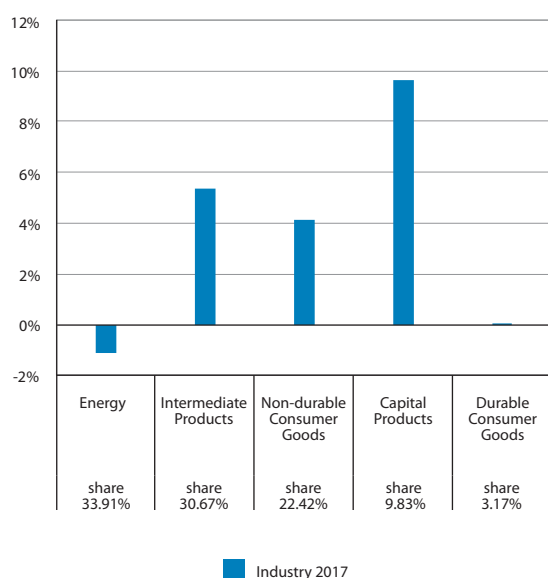
<sup>8</sup> Source: BHAS; BIH Foreign Trade in Goods Statistics, January-December 2017.

<sup>9</sup> As above mentioned, the significant drop is recorded in the production and supply of electricity and gas (-4.11%), while production of cox and refined naphtha derivatives stagnates (-0.01%).

<sup>10</sup> The export of intermediary products in 2017 is nominally higher by 20.8% compared to the previous year.



Graph 1.14: The Growth Rates and the Shares of the Main Groups of Industrial Products

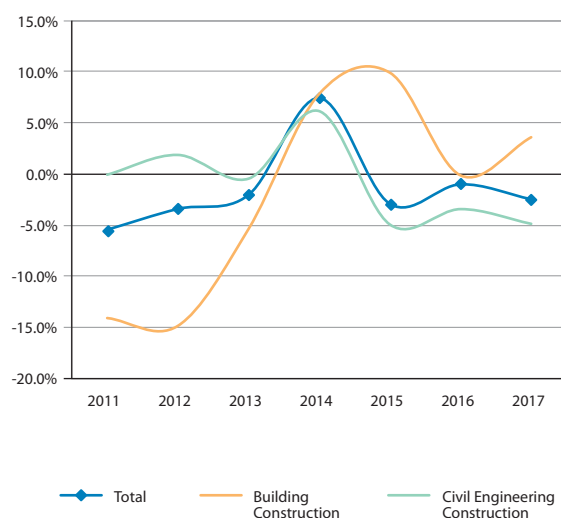


Source: BHAS

Although per its share in the groups of industrial production products, the next group refers to non-durable consumer goods, in 2017, the production growth of capital products contributed more significantly to total industrial production growth. Within this group of products, high growth rates were achieved in the production of finished metal products, except machinery and equipment (annual growth of 11.8%), where the growth of exports of this activity was 21.1%. A slightly lower annual growth per groups was recorded in the production of non-durable consumer goods, mainly due to the decrease in annual production of food products and clothing within this group. Stagnation of production has been recorded with durable consumer goods, which has resulted in its slight contribution to the growth of the total industry. Within this group, the largest share is in the furniture production activity, which in recent years has recorded continuous annual growth.

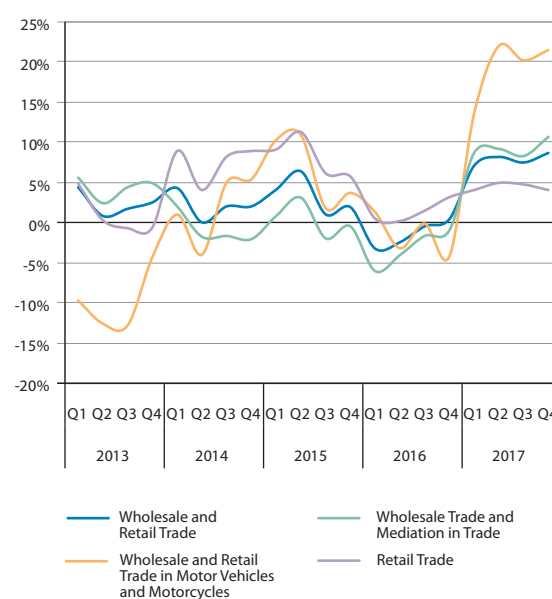
In the economic activity of construction industry, there was a decline in production volume in 2017, which is 2.5% less than in the previous year. Considering the annual change in the construction production (Graph 1.15), only in 2014, the production growth in construction is noticed, mainly because of the high activity in civil engineering. The decline of the construction production index in 2017 is affected by the decline in the segment of civil engineering, which is 4.9% lower than in the previous year, while building construction grew in relation to last year (3.6%). The activities' fall in the civil engineering is particularly related to the delay in the construction of Vc Corridor.

Graph 1.15: The Annual Changes of the Production Output in Construction



Source: BHAS

Graph 1.16: The Annual Changes of the Distributive Trade Index, (Q/Q-4)



Source: BHAS

Trade as an individual activity has the highest share in gross added value, which for the three quarters of 2017 amounts to 17.3%. Given the distributive trade statistics (Graph 1.16), which includes all forms of trade activity, from the procurement of goods from the producer to the delivery of goods to the final consumer on the domestic market<sup>11</sup>, it is evident that in all four quarters of 2017, trade turnover recorded a significant increase, with the level of 8.0% annually, primarily as a result of the growth in wholesale trade and trade mediation<sup>12</sup> (annual growth of 9.3%) and

<sup>11</sup> Source: BHAS, Indices of distributive trade turnover

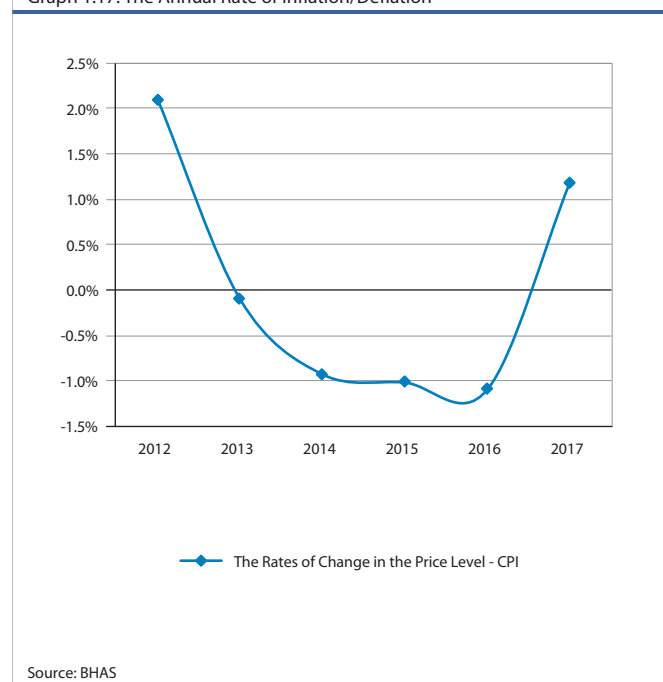
<sup>12</sup> Share of wholesale and mediation in total trade amounts to 56.8%

retail trade<sup>13</sup>, illustrating the continuous turnover growth in recent years, which at the end of 2017 amounts to 4.5%, when compared to the previous year. Wholesale and retail of motor vehicles and motorcycles, which has the lowest share in total trade, (6.1%), recorded a growth of 19.7%.

## II Prices

The deflator pressures, present since the third quarter of 2013, were interrupted by the beginning of 2017, thus the average consumer prices recorded an annual growth of 1.2% in the same year (Graph 1.17), following the price movements in the food and beverage section and transportation, evidently suggesting that additional inflationary pressures are expected in the forthcoming period, mainly due to the introduction of excise duties on naphtha and naphtha products, alignment of additional excises on tobacco and alcoholic beverages, and external prices trends (food and naphtha)<sup>14</sup>.

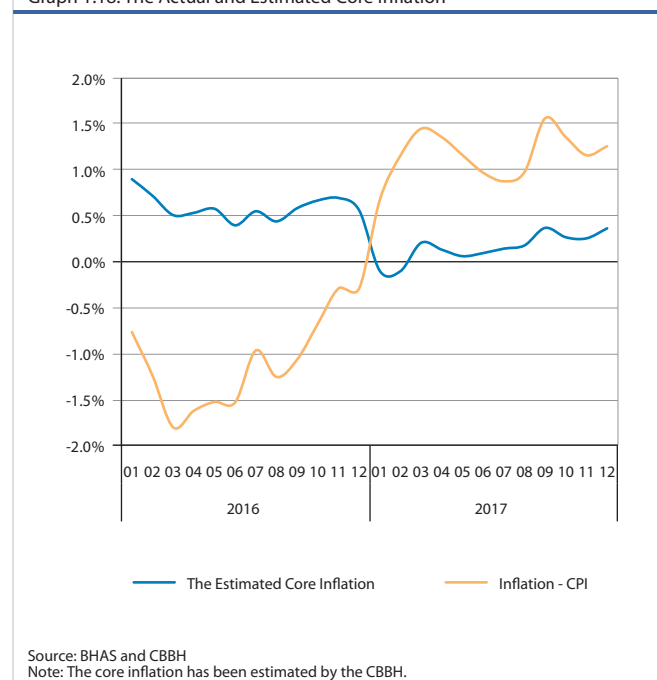
Graph 1.17: The Annual Rate of Inflation/Deflation



In the observed period, real inflation is strongly influenced by two price sections<sup>15</sup>, within the consumer price index, food and non-alcoholic beverages (due to food prices) and transportation (due to naphtha prices). Price sections of food and non-alcoholic beverages and transportation have high shares in household consumption and therefore largely determine the movement of inflation

/ deflation in the BH economy<sup>16</sup>. The values of the estimated core inflation<sup>17</sup> suggest that in 2017, the growth in prices of other goods and services included in the composition of consumer prices index (Graph 1.18) slowed down. A significant fall in prices is recorded in clothing and footwear section (-8.0%), which mainly affects the slower growth of estimated core inflation. As a result of rising naphtha prices (annual growth of 23.5%) on world markets in 2017, the transportation price section, with an annual growth of 5.5%, has had a year-long inflationary pressures on the general level of consumer prices. At the same time, the section of food and non-alcoholic beverages, as the category with the highest share in household consumption, recorded an annual growth of 0.9. Due to continued increase in excise tax on tobacco products and alcoholic beverages, the prices of this section also record a significant annual growth (5.2%).

Graph 1.18: The Actual and Estimated Core Inflation



Inflation measured by GDP deflator points to a rapid rise in prices in the first three quarters of 2017 (Graph 1.19). Different trends in price movements measured by GDP deflators and consumer price indices may be explained by the high share of products, not being in the consumer basket (including government sector spending), but being sold directly to companies or exported to foreign markets. The GDP deflator shows that in the first three quarters of 2017, the growth of domestic product and services prices rose by 2.4% in domestic economy sector, at annual level.

<sup>13</sup> Share of retail amounts to 37.1%

<sup>14</sup> Price of naphtha at global market in January 2018 recorded the highest level since the end of 2014. Annual growth of prices in January of the current year amounts to 25.7%.

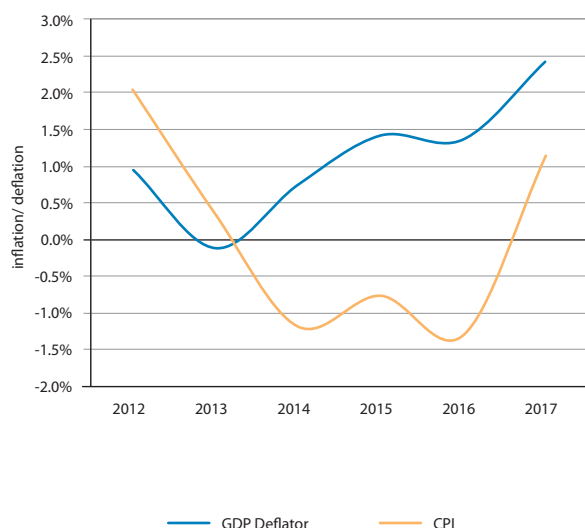
<sup>15</sup> The clothing and footwear section is also heavily influenced by external prices, but due to the lower weight than the other two sections, we have addressed the food and non-alcoholic beverages sections and transportation section.

<sup>16</sup> According to the BHAS latest available data from 2016, food and non-alcoholic beverages account for 33.09% and transportation for 12.79% of total household expenditures.

<sup>17</sup> The estimated core inflation is obtained by reducing the official inflation with the effects of price changes in these two sections. As the weights, we used the official annual weights for the price sections, published by BHAS. Since at the moment of writing the Annual Report there were no published weights for 2017, we used the price weights for 2016.

The growth of GDP deflator in the first three quarters of 2017, as compared to the same period last year, was recorded in most of the activities, mainly in the activities related to industry, trade and transport, while deflator decline was recorded only in education and agriculture.

Graph 1.19: The Annual Changes in the Price Level in the First Three Quarters



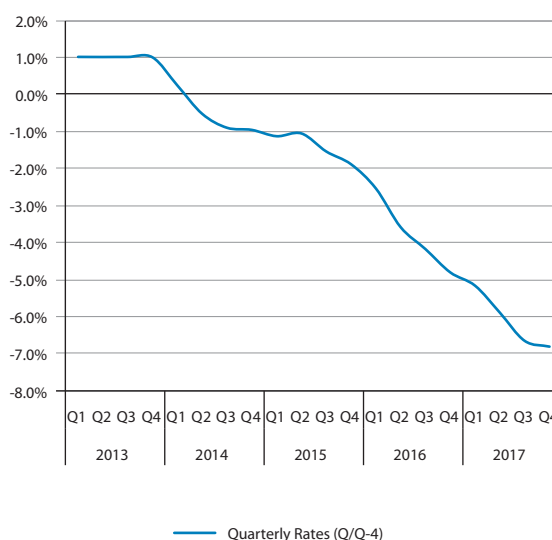
Source: BHAS

The GDP deflator in transportation and storage activity in the first three quarters of 2017 compared to the same period of the previous year indicates a rise in domestic prices of 5.5 percentage points. Observing the quarterly GDP deflator trend, it can be seen that it significantly coincides with the CPI price movement in the transportation price section, which implies that prices in this activity adjust to prices' changes in the global markets. At the same time, the growth in transportation and storage prices partially contributes to a deflator growth in wholesale and retail trade (1.8%), probably due to the share of transportation costs in the total cost of this activity. The annual decrease in energy production and the rise in prices in the foreign market have led to a significant increase in the price of electricity production and supply (8.5%). At the same time, the most pronounced increase in prices was recorded in the financial and insurance activities (10.2%). If the GDP deflator is observed per expense method, in the first three quarters of 2017, there is a rise in prices of all components of GDP in relation to the same period of 2016, with a rise in export prices (6.2%), imports (4.8%) and household consumption (1.9%), which is significantly higher than the growth of average consumer prices in the same period (1.1%).

### III Employment and Wages

According to data from the Labor Force Survey, in 2017, the unemployment rate in BH was 20.5% and was lower by 4.9%<sup>18</sup> compared to 2016, thus continuing the downward trend of unemployment rate from previous years. The administrative unemployment rate in December 2017 was 38.7% and was lower by 2.2% compared to December last year. Unemployment rates differ significantly due to the different approaches to defining and recording, or the way to determine their status<sup>19</sup>. According to the Labor Force Survey, the number of unemployed in BH in 2017 is 211 thousands persons, while a significantly higher number of unemployed (475 thousands of unemployed persons) is registered by employment agencies and it illustrates most adequately these differences in the records, i.e. the treatment of employed and unemployed persons. When analyzing the administrative data, the downtrend of unemployed persons number is observed at annual level, which is present throughout 2017 and in the previous years, too (Graph 1.20). Although there are changes in the number of unemployed according to administrative data (i.e. unemployment rates of approximately 40%), the fact is that at the end of 2017 the number of unemployed decreased by 34,938 persons compared to the previous year.

Graph 1.20: The Rates of Change of the Number of the Unemployed, (Q/Q-4)



Source: BHAS

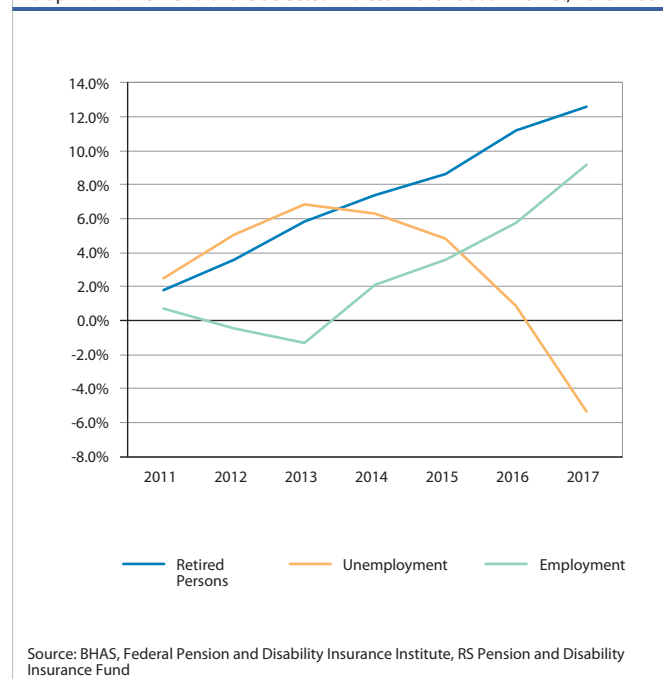
Considering the movement of the labor market index, it can be seen that employment growth is similar to the growth of the number of retired, with the employment index growing slower (Graph 1.21), which creates the pressure to

<sup>18</sup> BH Agency for Statistics, together with Statistical Institutes in both Entities, carries out Labor Force Survey, once a year, in accordance with the ILO methodology. ILO is English language abbreviation for the International Labor Organization.

<sup>19</sup> Administrative data on unemployed persons include the total number of unemployed persons, and the records on them are kept in the Employment Agency in BH, while unemployment data from the Labor Force Survey are derived out of data collected in household members surveys, according to international definitions. Source: BHAS; Labor Force Survey 2017

fund the rising costs for pension payments. Operations of Pension and Social Security Funds are further complicated as a result of increasingly pronounced negative demographic changes, reflected in reducing the share of working-active population and increasing the share of the supported population. Compared to 2010, the number of employed persons is higher by 65,778 persons, while the number of retired is higher by 79,566, thus making greater pressure on the budget when financing the pension system. As far as the unemployment index is concerned, it is evident that not before the end of 2016, a small number of unemployed persons was recorded compared to the base year, with the rapid downward trend of unemployed persons number continuing in the current year, when compared to the initial period, there was a smaller number of the unemployed or 40,708 persons.

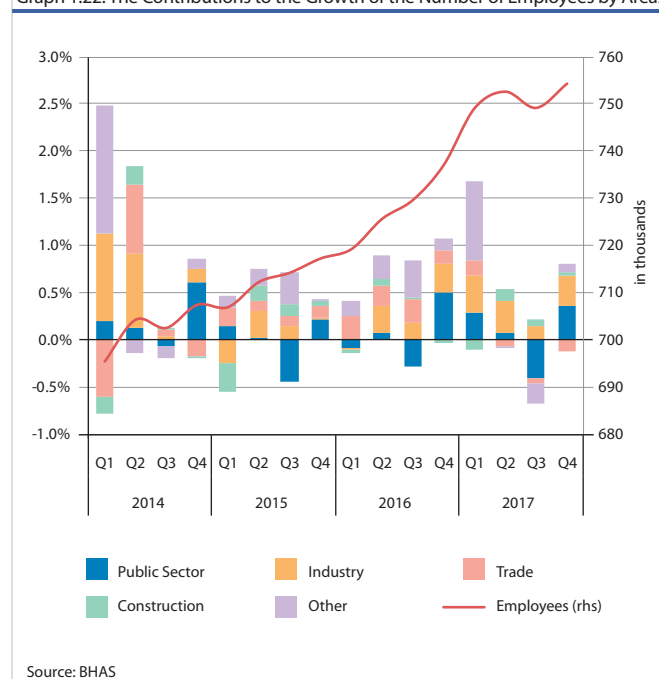
Graph 1.21: The Trend of the Selected Indices in the Labour Market, 2010=100



According to administrative data, there is an increase in the number of the employed persons, which at the end of 2017 was higher by 15,248 persons (Graph 1.22). Observing the quarterly level, the contribution to the increase of the employees' number is visible in the seasonal impact of certain activities, particularly in the activities of the public sector<sup>20</sup>. According to the growth of employees at the end of 2017, per activities, the drivers of employees' number growth (73.1% of total increase) compared to the end of the previous year, were the manufacturing industry (an increase of 8,629 persons or 5.9%), and the accommodation and food services sector (2,522 or 7.0%). Nevertheless, it is important to point out that in these activities, there is a significant increase in the control of the employed persons, i.e. their working status. On an annual level, the decrease in

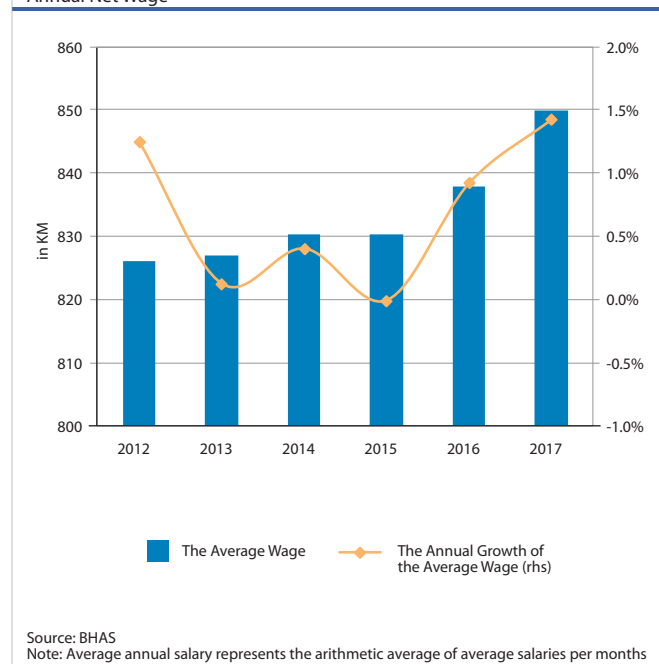
employment was recorded in real estate activities (19.8%), professional, scientific and technical activities (5.1%) and trade (0.5%), which is probably caused by the consolidation of the retail market.

Graph 1.22: The Contributions to the Growth of the Number of Employees by Areas



The growth trend of average nominal net wage was recorded in 2017 (Graph 1.23) after its intensified growth in the second half of 2016, mainly as a result of the change of the Income Tax Law in FBH.

Graph 1.23: The Amount and the Percentage of the Change of the Average Annual Net Wage



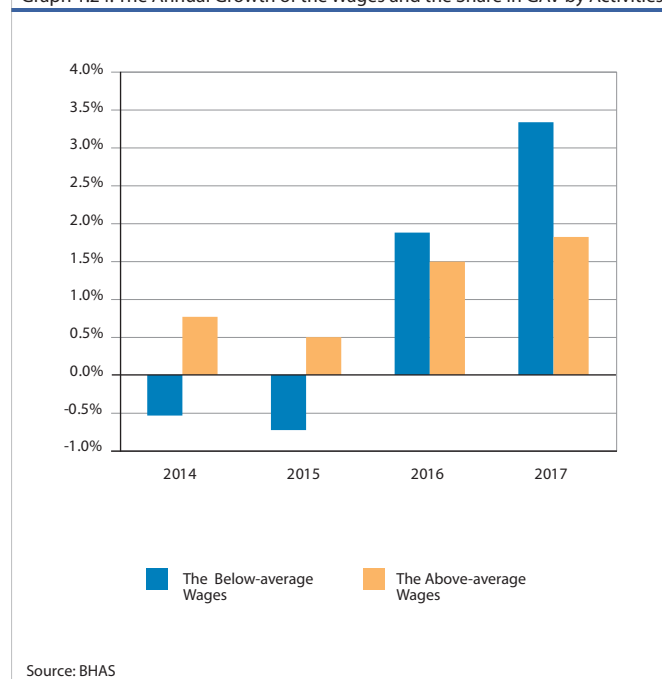
The above mentioned measure has influenced the growth of wages in activities whose values are lower than the average wage in BH. The most prominent growth of wages

<sup>20</sup> The public sector includes activities: O (Public Administration and Defense, mandatory social security), P (Education) and Q (Health Care and Social Assistance Activities)

in 2017 was recorded in professional and technical activities (12.6%), administrative and auxiliary services (7.6%), trade (4.3%), construction (4.3%), and industry (4.2%).

Observing the growth of below-average and above-average nominal wages by activity (Graph 1.24), there is a more significant increase in below-average wage over the past two years, as a result of the above-mentioned legal change. The mentioned below-average wage in 2017 amounted to KM 675, while on average, the above-average wage for the same year amounted to KM 1,123.

Graph 1.24: The Annual Growth of the Wages and the Share in GAV by Activities



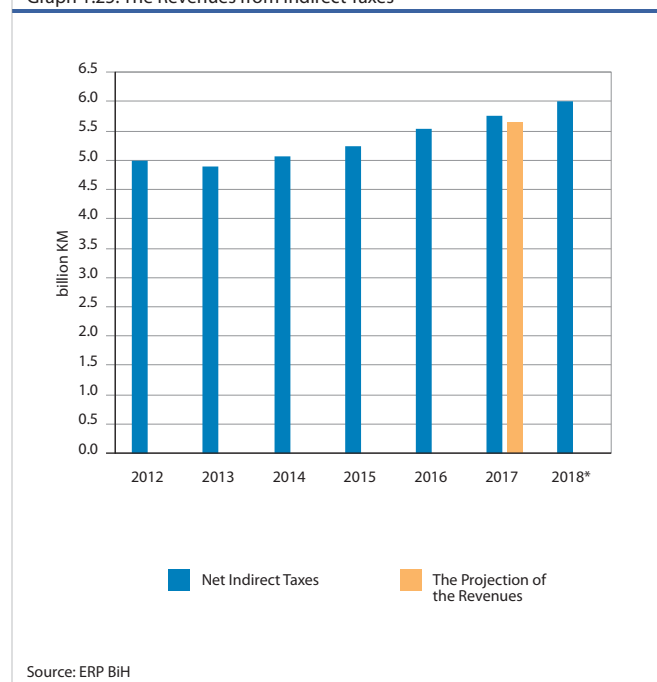
### 1.2.2 Fiscal Sector

In 2017, the fiscal consolidation, which had been started in the previous years, was continued at all the levels, which is in accordance with the Reform Agenda for the period 2015-2018. The mentioned consolidation was marked by the restriction on the current spending increase. According to the Global Fiscal Framework, the change of the structure of public spending was planned with purpose of strengthening capital investment, at the charge of a decrease of the current expenses. However, in 2017, capital spending did not increase significantly, firstly because of the limited access to foreign sources of financing, as the withdrawal of a major part of new funds was directly related to the adoption of the amendments of the Law on Excise Duties. Having in mind the adopted changes on the Law on Excise Duties and further implementation of the reform measures, a considerable growth of capital expenses is expected in 2018.

In 2017, a stable upward trend of the collection of the revenues from indirect taxes was continued (Graph 1.25).

The amount of the collected net revenues was the highest since the establishment of the Indirect Taxation Authority (KM 5.73 billion). So, the revenues on this basis, as the main source of funds for the budget financing, increased at the annual level by 3.5% (KM 220.0 million). The main contribution to such trends were positive trends in the collection of VAT on imports, domestic VAT, revenues from customs duties, tolls, excise duties on oil derivatives and tobacco products.

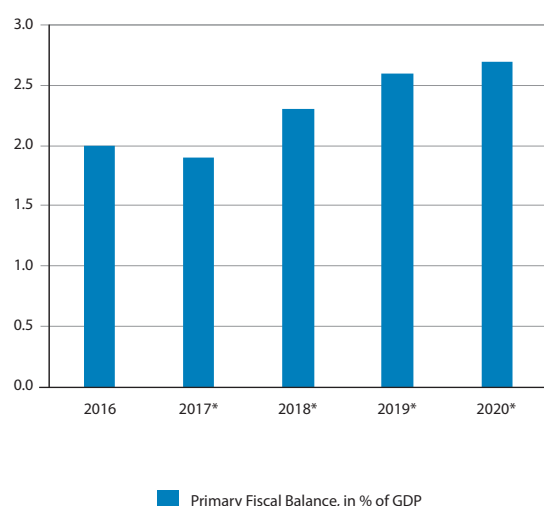
Graph 1.25: The Revenues from Indirect Taxes



Although there were expectations that the implementation of the adapted Stabilization and Association Agreement with the EU would contribute to a considerable decline of the revenues from customs duties, the net increase of the revenues was recorded in the amount of KM 20.9 million. Although positive trends were recorded in 2017 in the area of the collection of the revenues from indirect taxes, limited possibilities of foreign borrowing had a negative effect on a low level of infrastructure works. By the implementation of the adopted measures, a higher level of the realization of public investments is expected in 2018. In 2017, in indirect taxation area, the process of the adjustment of the tobacco products taxation policy to the EU standards was continued. Such process includes a continuous successive increase of the specific excise duty on cigarettes, until the minimum EU excise duty on cigarettes is reached, which finally has positive effects on the revenue collection. According to the ERP, the process of the adjustment of the excise duties on cigarettes with the EU standards is expected to be completed by 2020. A continuation of positive trends in the indirect taxation collection is planned for the next year, which will partly mitigate the pressure on the budget financing in the current

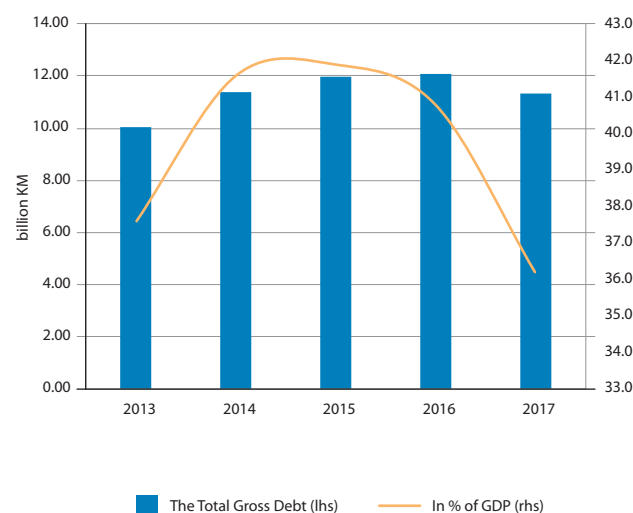
year. During the implementation of the Economic Reform Programme 2018-2020, a continuous growth of the primary fiscal surplus is projected which in 2020 should reach the level 2.7% of GDP (Graph 1.26).

Graph 1.26: Primary Fiscal Balance, in % of GDP



Source: The Indirect Taxation Authority

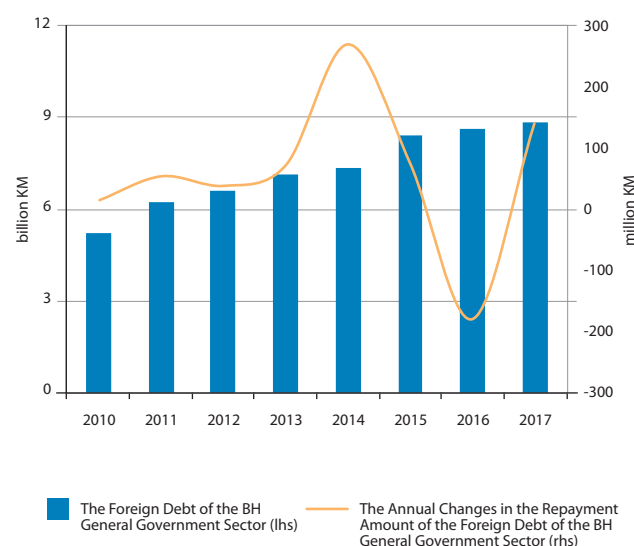
Graph 1.27: The Total Gross Debt of the Government Sector



Source: The Ministry of Finance and Treasury of BH

The total gross debt of the government sector in 2017 was decreased (Graph 1.27), firstly due to the decrease of the government sector public debt. The total serviced funds to foreign creditors amounted to KM 983.2 million. The foreign debt of the general government sector decreased in 2017, which is in accordance with the projections from the Information on the public debt balance in BH Ministry of Finance and Treasury, with purpose of achieving a medium-term objective from the Global Fiscal Framework. The foreign debt of the general government sector in the end of 2017 amounted to KM 8.15 billion (Graph 1.28), which, compared to the previous year, was a decline of KM 724.6 million (8.1%). According to the data of the Ministry of Finance and Treasury of BH, the allocation of funds was planned for servicing the foreign debt of the general government sector in 2018 in the amount of KM 1.24 billion.

Graph 1.28: The Foreign Debt of the Government Sector and the Annual Changes of the Foreign Debt Repayment Amount

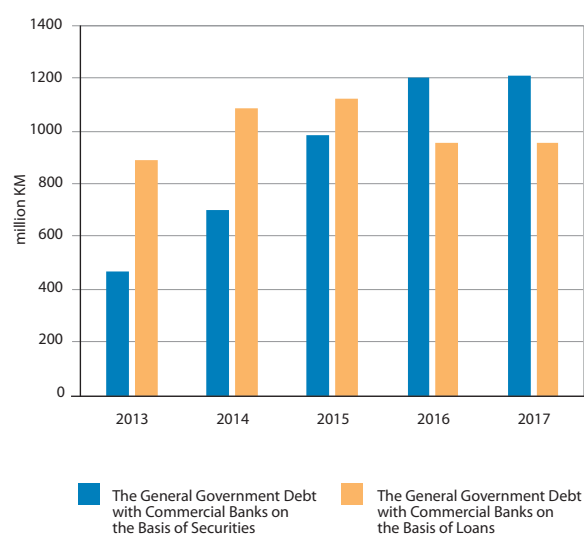


Source: CBBH

The general government borrowing on the basis of debt securities in the end of 2017 amounted to KM 1.22 billion. In most cases, the buyers of these securities were commercial banks, although, to a lower extent, there were also other investors (insurance companies, public companies). At the same time, the general government debt on the basis of the loans from commercial banks amounted to KM 966.5 million. So, the bank exposure to the government sector increased by 0.7% compared to the same period of the previous year (Graph 1.29).



Graph 1.29: The General Government Debt with Commercial Banks



Source: CBBH

The internal public debt of the Federation of Bosnia and Herzegovina in 2017 was decreased compared to 2016. The balance of the internal public debt of the FBH in the end of 2016 was KM 1.016 billion, while in 2017, the internal public debt was KM 894.68 million, which was a decrease of

12.01%. Only in June 2017, Republika Srpska published the information on the internal public debt for 2016 amounting to KM 2.27 billion (KM 1.8 billion was related to the RS budget), which was only a small increase (0.31%) compared to 2015.

The same as in the previous years, during 2017, the main maturity segment of the public debt of Repblika Srpska were six month treasury bills, and the strengthening and further development of the primary market of bonds was evident, particularly in Republika Srpska. The Federation of Bosnia and Herzegovina issued a significantly lower number of the public debt issues than Republika Srpska (Table 1.4), and the total value of its issues was lower. Out of 29 issues, 58.6% was related to Republika Srpska, and this entity absorbed approximately the same realized amount of the issues (55.8%), which in 2017 amounted to KM 656.45 million. In the maturity segment up to one year, BH entities issued 69% of the issues out of the total number of issues, and the total of 9 bonds were issued. The share of the value of the entity bonds in the total issues was 38.5%, and this amount was considerably different by the entities. The share of the value of bonds in the total value of the issues of the Federation of Bosnia and Herzegovina was 10.35%, and that of Republika Srpska was 60.94%.

Table 1.4: Issuance of the Public Debt of BH Entities in 2017

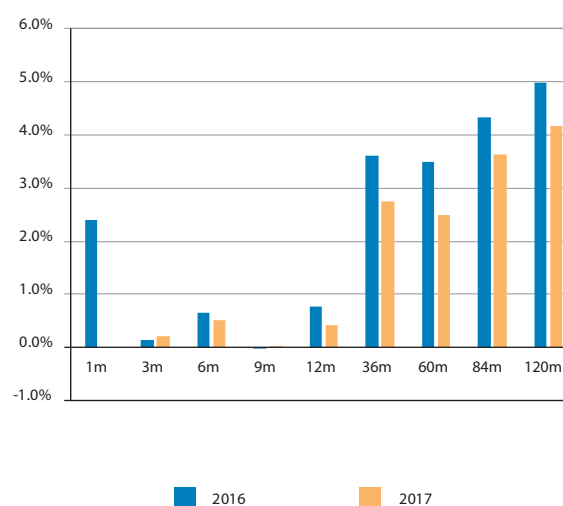
	1 m	3 m	6 m	9 m	12 m	36 m	60 m	84 m	120 m	Total
Republika Srpska	-	-	7	-	2	1	3	2	2	17
Federation of Bosnia and Herzegovina	-	3	4	2	2	-	1	-	-	12
Total	-	3	11	2	4	1	4	2	2	29

Source: SASE and BLSE.

In the primary market of treasury bills, with the exception of the market of twelve month treasury bills, there were no considerable differences in the yields (Graph 1.30), which cannot be said for the bond market. The average yield rates in the primary market of six month treasury bills and twelve month treasury bills in 2017 were lower by 14 bp and 36 bp respectively than in 2016. In the bond market, those differences were larger, and the largest difference was recorded in five year bonds (-102 bp). For three year, seven year and ten year bonds, the difference (2016-2017) was -87 bp, -70 bp, -82 bp, respectively.

Unlike 2016, during 2017 (Table 1.5) there were no issues with negative yield rates, although the yields were close to zero in the primary market of nine month and twelve month treasury bills (the Federation of Bosnia and Herzegovina).

Graph 1.30: The Average Yield Rates in the BH Entities Public Debt Primary Market during 2016 and 2017



Source: BLSE, SASE

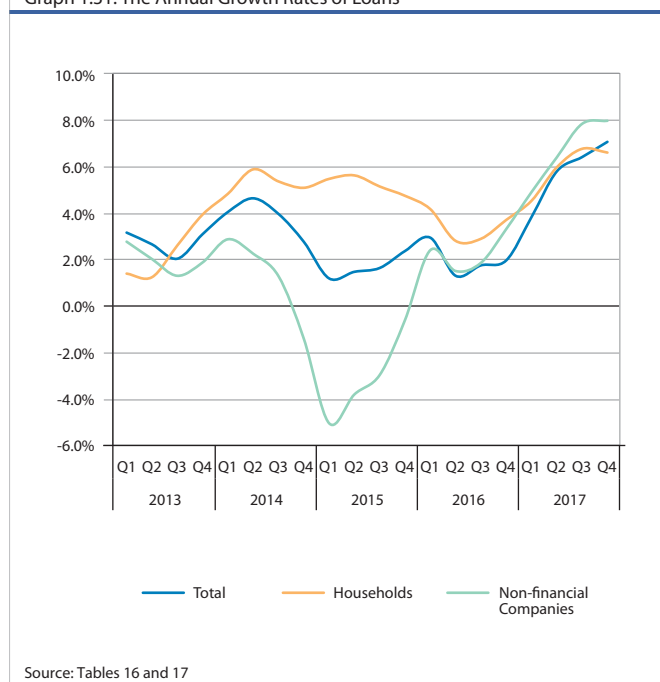
**Table 1.5: Yield Rates at the Primary Market of the BH Entities Public Debt in 2017**

No	Entity	in %								
		1 m	3 m	6 m	9 m	12 m	36 m	60 m	84 m	120 m
1.	Republika Srpska	-	-	0.68	-	0.88	2.74	2.92	3.64	4.17
2.	Federation of Bosnia and Herzegovina	-	0.21	0.21	0.03	0.02	-	1.20	-	-
3.	Difference (1-2) in pp			0.47		0.85		1.72		

Source: SASE and BLSE.

### 1.2.3 Banking Sector

The balance sheet sum of the banking sector increased by 8.2% during 2017, mainly due to the growth of the domestic sector deposits, just like in the previous years, and it amounted to KM 28.29 billion in December<sup>21</sup>. The continued growth trend of deposits and a stronger credit growth than in the previous years marked the basic activities of the banking sector in BH during 2017. The loans, representing the most significant item of commercial banks' assets, increased at the annual level by around 7%. The annual growth rates of the loans to non-financial companies were higher than those for households in 2017 after a longer period of time (Graph 1.31).

**Graph 1.31: The Annual Growth Rates of Loans**

Graph 1.32 illustrates the contributions to the growth of the total loans by sectors and shows that the private sector had a dominating role in the credit growth during the year. A stronger growth of the loans to companies, particularly long-term loans, was certainly affected by the growth of the real GDP, observed at the annual level, in almost all the economic activities, and a stronger exporting activity. This

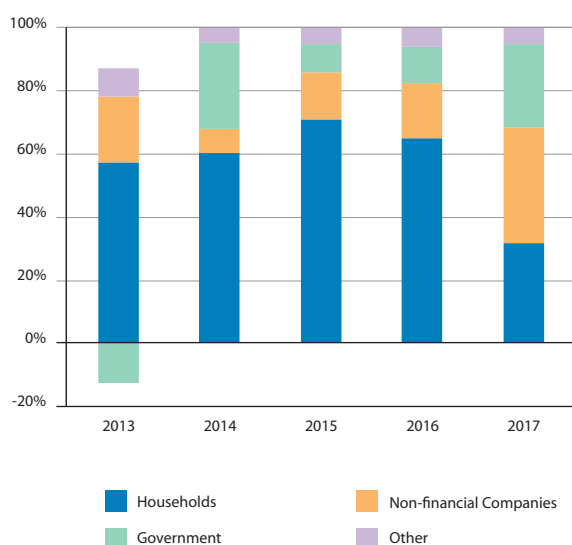
was also affected by the continued decreasing trend of the weighted average lending rates during the year (Tables 10 and 11).

**Graph 1.32: The Contributions of Individual Sectors to the Changes in the Overall Loan Positions**

The upward trend of the total deposits was continued throughout the year due to the growth of private domestic sector deposits and the growth of the government deposits. Graph 1.33 shows the contributions of individual sectors to the deposit growth which clearly shows the decrease of the contribution of the household sector in 2017 compared to the previous years. The share of this sector was 31.8% in the total deposit growth in 2017. The graph also shows the contributions of non-financial companies (36.9%) and the government sector (26.3%) to the increase of the total deposits in 2017. The growth of the government deposits was brought about by a stable revenue from indirect taxes at all the levels of authorities, and the issue of securities by the Entity governments. In addition, the Russian clearing debt was repaid to the competent BH authorities in the amount of KM 206.0 million in August, which had an impact on the increase of the foreign exchange reserves.

<sup>21</sup> Unicredit leasing d.o.o. Sarajevo has been merged to UniCredit bank d.d. Mostar since 1 July 2017, which was reflected in some indicators, primarily the balance sheet amount, loans and loan liabilities towards non-residents.

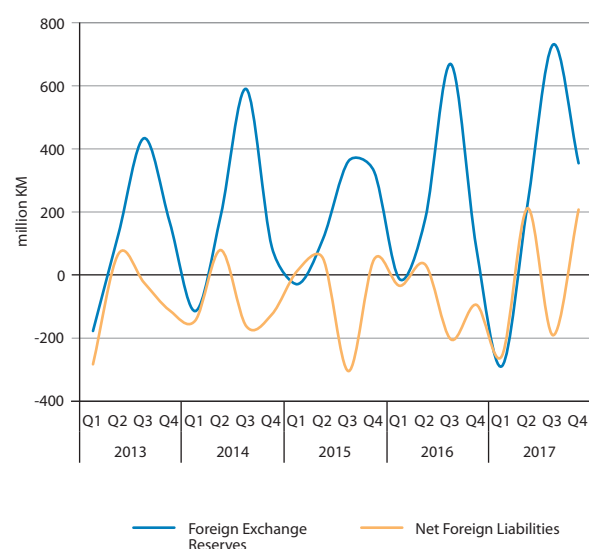
Graph 1.33: The Contributions of Individual Sectors to the Change in the Overall Deposit Balance



Source: Tables 14 and 15

With a moderate level of the debt of domestic sectors with banks and the simultaneous faster deposit growth, the gap between the total loans and deposits continued to widen. The loan to deposit ratio expressed as percentage was 93.7% in the end of 2017, which was lower by 3.2 percentage points compared to the end of 2016. Accordingly, commercial banks mainly used domestic sources for new placements. However, the maturity adjustment of financial sources and placements is very important, which is particularly important for BH banking system, where a considerable part of the total deposits is related to transferable deposits, available on demand, without fees or restrictions. Transferable deposits amounted to 48.6% of the total deposits in December 2017, which was higher by 3.2 percentage points compared to December 2016. In the absence of a stronger credit expansion, commercial banks had no need for additional foreign borrowing. Therefore, the bank liabilities on the basis of long-term loans from non-residents slowly decreased, which had a negative impact on the foreign exchange reserve trend. In the previous years, due to the deleverage process, the banking sector had a more significant role in determining the changes in the foreign exchange reserves than in 2017, except for the first quarter of 2017. So, in 2017, other factors offset the decrease of the foreign exchange reserves brought about by the bank deleverage (Graph 1.34) (Chapter 2).

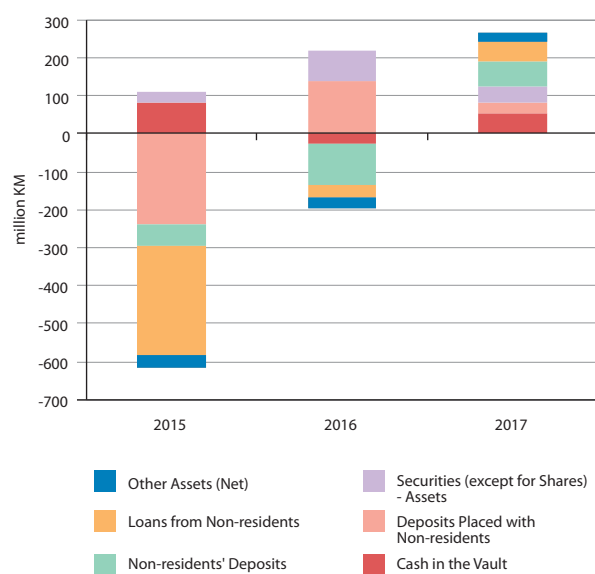
Graph 1.34: The Quarterly Changes in the Foreign Exchange Reserves and the Net Foreign Liabilities of Commercial Banks



Source: Tables 09 and 26

Net foreign liabilities increased by KM 34.3 million in December 2017 compared to December 2016, resulting from a stronger growth of foreign assets (KM 147.9 million) than that of foreign liabilities (KM 113.6 million). The increase of foreign currency in the vault, deposits with non-residents and investment in securities except for shares in foreign countries accounted for 85.4% of the changes in the foreign assets of commercial banks at the annual level. During 2017, non-residents' deposits had the crucial effect on the changes in foreign liabilities (Graph 1.35).

Graph 1.35: The Annual Changes in Items of Foreign Assets and Foreign Liabilities of Commercial Banks

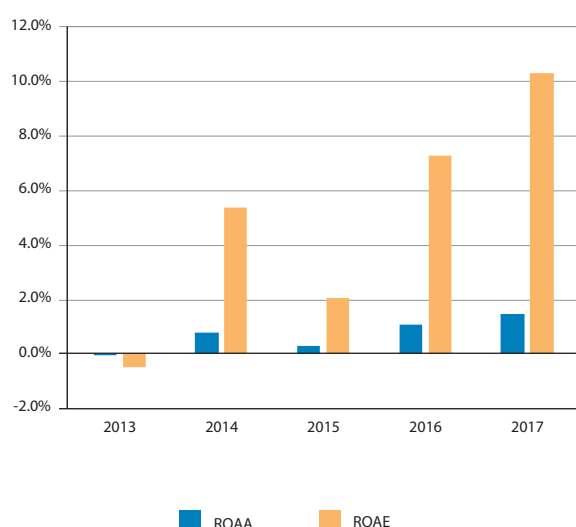


Source: CBBH

Banks regularly settled the due loans towards non-residents, and small foreign borrowings of some banks were recorded during the year. It is important to mention that the status change of merging the leasing company to the mother bank influenced the increase of the loans from non-residents (KM 134 million).

The banking sector in BH recorded a positive operating result in 2017 (Graph 1.36). The net profit, according to the preliminary data of the Banking Agencies, amounted to KM 336.2 million, which was higher by KM 117.6 million compared to the previous year. A major part of the mentioned profit, 95.8%, was related to the banks in majority foreign ownership. As in the previous years, the largest part of the profit was concentrated in a small number of the biggest banks.

Graph 1.36: Return on Average Assets (ROAA) and Return on Average Equity (ROAE)



Source: FBA and BARS, calculation by the CBBH

## 1.2.4 External Sector

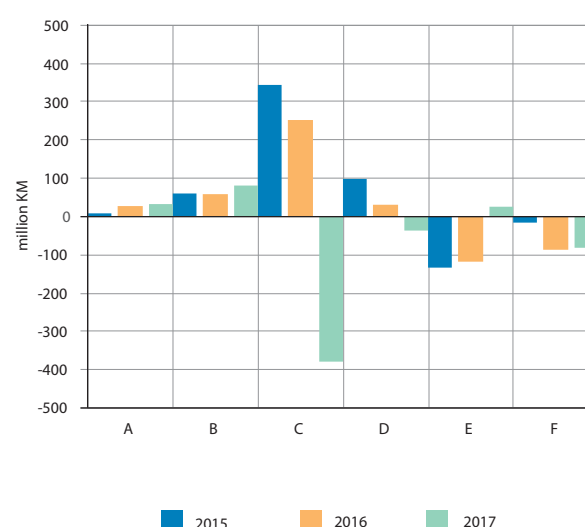
### I Balance of Payments

The country's balance of payments position deteriorated slightly in 2017. In the account of the current transactions with foreign countries, during 2017, the deficit was recorded in the amount of KM 1.51 billion, so the current account deficit deepened compared to the previous year by 4.0% (Graph 1.38). The basic reason of the current account deficit was the deficit in the account of goods, while, in the exchange of services and income, both primary and secondary, with foreign countries, a positive balance was reached.

The increase of the current transactions with foreign countries, particularly in the account of goods<sup>22</sup> resulted from the growth of the economic activity in the country, i.e. the increase of GDP, which was evident in the growth of imports,

while the recovery of the economies in the euro area and the region also stimulated the growth of domestic production and consequently, GDP. In addition to the mentioned factors, the trend of the energy prices in the global market also influenced the values of imports and exports. In the account of transactions in goods, the deficit was recorded in the amount of KM 7.08 billion. Compared to the previous year, the trade deficit widened by KM 358.0 million or 5.3%. Our country is a net importer of food products, with the deficit amounting to KM 1.17 billion, oil and oil derivatives, i.e. mineral origin products, with the negative balance of KM 1.64 billion. In addition, the imports of pharmaceutical products exceeded the exports by KM 404.4 million, and by 626.7 million in case of textile products. The negative balance of goods was recorded also in the trade in machines, appliances and electric devices in the amount of KM 1.23 billion and in the trade in means of transport in the amount of KM 923.9 million. On the other hand, our country is a net exporter of base metals, with the surplus in the amount of KM 20.8 million, the net exports of wood and wood products amounted to KM 523.1 million and the net exports of furniture amounted to KM 906.1 million. The most considerable annual deepening of the deficit was recorded with mineral origin products in the amount of KM 381.1 million, where the increase of the oil prices in the global market had a dominating effect, and with means of transport (KM 83.1 million), as a result of the increased demand (Graph 1.37).

Graph 1.37: Decrease/Increase of Trade Deficit by Product Groups



Source: BHAS

#### Legend:

- A - Wood and Wood Products
- B - Furniture
- C - Mineral Origin Products
- D - Machines, Appliances and Electric Devices
- E - Base Metals
- F - Vehicles

<sup>22</sup> The data on imports and exports by product groups were taken over from the BH Agency for Statistics (BHAS).

On the other hand, the trade deficit was under a positive effect of the increase of the surplus in the furniture group, where the increase amounted to KM 80.3 million, due to the increased demand for this group of products by our trade partners, while a positive balance in the trade of base metals resulted both from the increase of the base metal prices and the increased demand for this group of products (Graph 1.37).

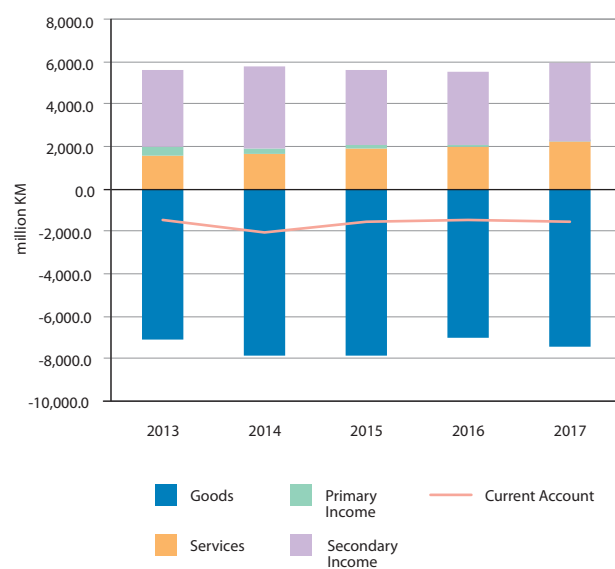
The surplus in the amount of KM 2.23 billion was recorded in the account of services, so the net inflow in the account of services increased by 9.0% (Graph 1.38). The total inflow on the basis of the delivery of services in foreign countries amounted to KM 3.18 billion. In the area of the supply of services abroad, almost half of the inflow came from tourism, i.e. foreign tourists' nights in the amount of KM 1.43 billion, followed by transport services in the amount of KM 664.6 million and the supply of the goods processing services in the amount of KM 636.6 million. The annual increase of the inflow was the highest in the area of tourism, where the inflow from the arrivals of foreign tourists increased by 12.0%, followed by the increased inflow from transport services due to the increased volume of trade and the increased price of transport, which was also reflected in the expenses on this basis. The outflow of funds on the basis of the imports of services amounted to KM 957.5 million, so the outflow of funds increased by 8.7% compared to 2016, with the highest increase recorded in the transport of goods and travels of our citizens abroad.

In the income account, primary income did not have any significant impact during the previous year on the current account in respect of the contributions to the deficit decrease, as the inflows on the basis of the compensations to employees in foreign organisations were almost equal with the expenses on the basis of interest on the borrowed funds of all the sectors and dividend payments for foreign owned companies, where the increase was recorded at the annual level, as the inflows in the primary account were mainly stable. The final balance was positive, but amounting to only KM 3.3 million (Graph 1.38).

In 2017, the remittances from foreign countries amounted to KM 2.51 billion, so, compared to the previous year, the increase of the inflow was registered by KM 170.5 million (7.2%). The inflow on the basis of remittances in this year only reached the level recorded in 2007, i.e. the pre-crisis level. The recovery of the economies where the highest inflow of workers' remittances comes from was the basic reason of the increased inflow on this basis. The pensions, as the second most important inflow in the secondary income

account amounted to KM 1.17 billion so the inflow on this basis increased by 7.2%. So, although the trade deficit was considerable, the surplus in the accounts of income and services covered almost 80% of the deficit in goods.

Graph 1.38: The Current Account and its Components

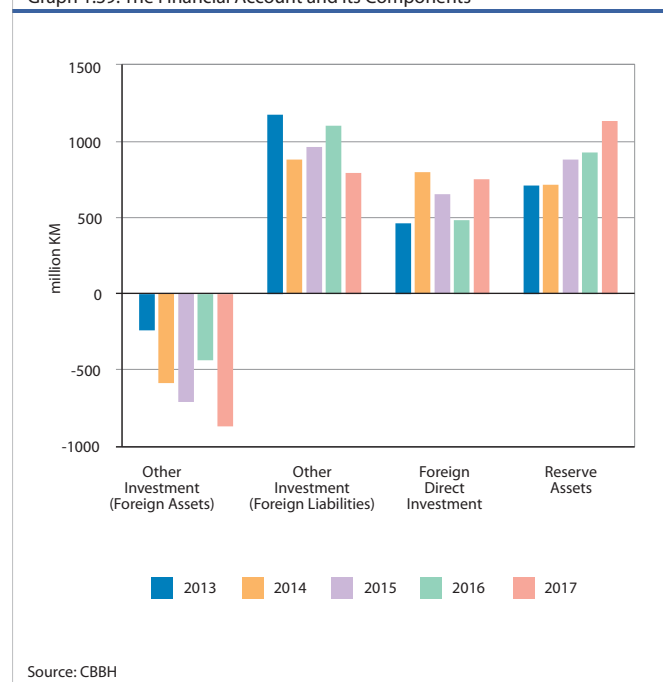


Source: Table 21

The funds needed to cover the deficit of the current transactions were made available by additional borrowing and the inflow of foreign direct investment was recorded. The foreign direct investment in 2017 amounted to KM 758.4 million, out of it, half of the inflow, KM 384.3 million was related to reinvested earnings, which was a significant increase of the equity in such a form in relation to the previous year, and it was in accordance with the increased volume of trading and the need for its financing (Graph 1.39). KM 312.4 million was invested in the form of equity securities. Although foreign direct investment doubled at the annual level, foreign direct investment over the observed year reached only one third of the inflow recorded before the crisis. The increased volume of trading and transactions with foreign countries brought about the decrease of the corporate financial assets, but also those of households by KM 762.1 million. The inflow through trade loans, as the form of the importing companies' borrowing, was KM 572.2 million, where the annual inflow was increased according to the increase of the imports in 2017. Other forms of corporate borrowing, i.e. long-term loans amounted to KM 445.8 million, where the inflow at the annual level slightly decreased, due to the loans becoming due for repayment. Over the observed year, the government sector repaid the debt in the amount which exceeded the amount of the new borrowing. Taking into account the inflow on the basis of

the Russian debt, the government sector almost neutralized the negative balance with foreign countries at the previous year level. In respect of the current account financing, the contribution of the banking sector was quite neutral, as in the previous year, the banking sector borrowing amounted to KM 66.0 million. All this resulted in the increase of the inflow of foreign exchange funds in the country, which contributed to the increase of reserve assets by more than KM 1.0 billion (Graph 1.39).

Graph 1.39: The Financial Account and its Components



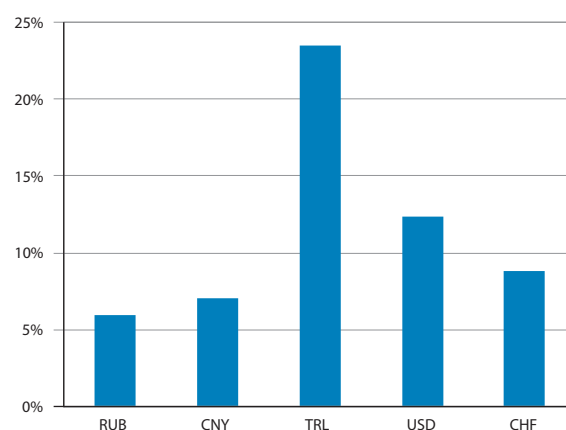
## II Nominal and Real Effective Exchange Rate

The nominal effective exchange rate of KM (NEER) in 2017 had a strong appreciation trend, so the NEER in the end of the year amounted to 106.8 index points. Compared to the December of the previous year, NEER appreciated by 1.38 pp. All the trends of NEER were caused by the trends of the nominal exchange rates of our trade partners in relation to EUR, our peg currency. So, during the previous year, US dollar was weakening in relation to EUR, mainly due to the significant growth of the economy of the euro area, so KM appreciated in relation to US dollar by 12.4%. Convertible mark considerably appreciated against Turkish lira by 23.5%, which again was reflecting the trend of weakening of lira against EUR, and against Russian ruble by 6.0% (Graph 1.40).

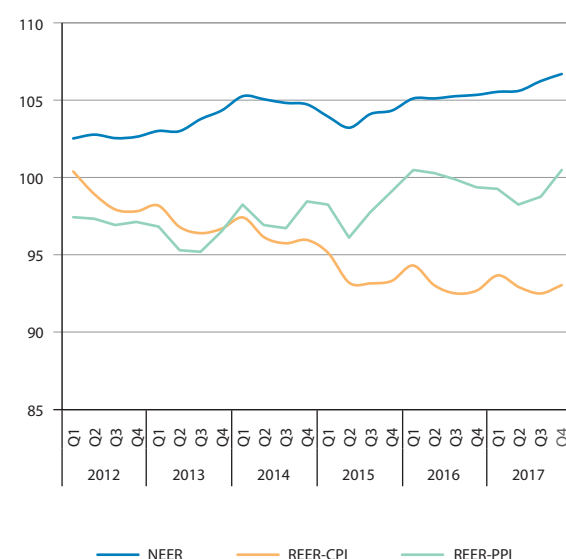
The real effective exchange rate REER measured by both consumer and producer prices had an appreciation trend, however, the real effective exchange rate based on consumer prices was lower than the exchange rate measured by producer prices. The REER measured by consumer prices in the first half of the year had a depreciation trend, although there were a lot of oscillations during the period. In the

second half of the year, the trend changed, so the REER measured by consumer prices recorded an appreciation. Such trends of REER were in accordance with the inflation growth, although the inflation in BH remained lower than in the main trade partner countries. In December, the REER-CPI increased at the annual level by 39 bp, while the appreciation in relation to June 2017 amounted to 62 bp. The REER measured by producer prices had an upward trend, due to the growth of NEER but also the growth of energy and metal prices in the global market. So, the REER-PPI at the annual level appreciated by 1.76 pp, while, compared to June 2017, the appreciation was even stronger (2.71 pp) (Graph 1.41).

Graph 1.40: The Annual Changes of KM Nominal Exchange Rate against the Selected Currencies in December



Graph 1.41: The Nominal and Real Effective Exchange Rates of KM



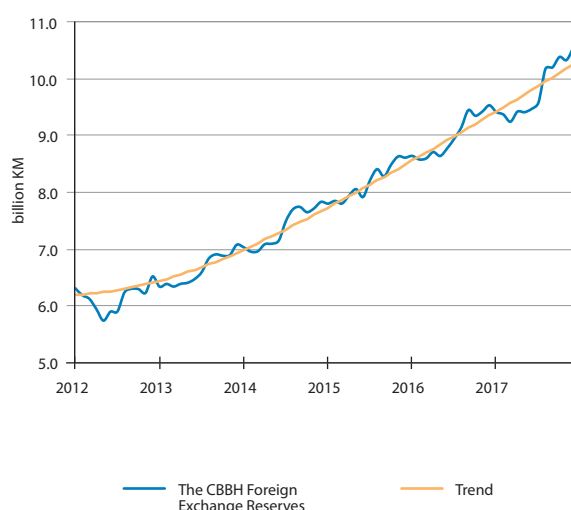


## **2. REPORT ON THE CBBH ACTIVITIES IN 2017**

## 2. Report on the CBBH Activities in 2017

Following a decrease in the early months of 2017, the foreign exchange reserves recorded a strong growth since June, which was a continuation of the upward trend of the foreign exchange reserves from the previous years (Graph 2.1, Table 24).

Graph 2.1: The CBBH Foreign Exchange Reserves

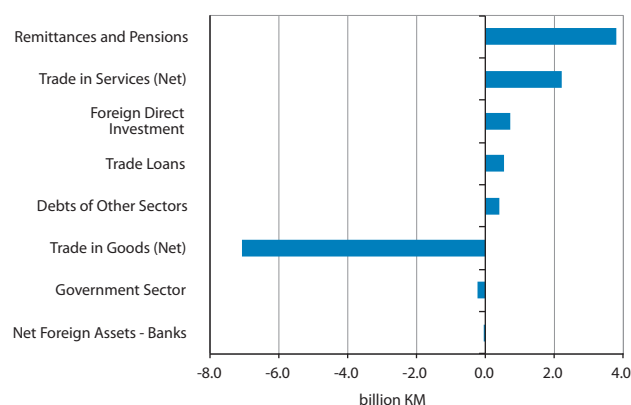


Source: Table 26

In transactions with foreign countries, the inflows on the basis of remittances and pensions, trade in services and foreign direct investment had the strongest positive effects on the growth of the foreign exchange reserves. A significant share was also that of trade loans and other borrowings of domestic sectors from foreign countries. On the other hand, the deficit in the trade in goods had a negative reflection in the foreign exchange reserve trend. However, it needs to be mentioned that the payment transactions on the basis of trade cannot be observed strictly within the framework of a certain time period. Majority of payments is done with a delay, but a part of goods and services can be paid in advance and through the mentioned trade loans. Therefore, such flows and positions need to be observed in terms of their relative impact on the foreign exchange reserve trend, instead of the absolute amounts. The government sector transactions include the payment of liabilities on the basis of servicing public foreign debt, withdrawn funds in the form of new debts and the inflow of funds on the basis of the payment of the Russian clearing debt. The deleverage process in the banking sector, which in the post-crisis period had a significant role in the trend of the foreign exchange

reserves, recorded a considerable slow-down as early as in 2016. Observed at the level of 2017, the banking sector recorded very modest trends in its transactions with foreign countries, shown through the changes of net foreign assets (Graph 2.2). In addition to transactions with foreign countries, the foreign exchange transactions carried out within the country, which are not visible in the balance of payments flows, and also informal economic flows also had an influence on the foreign exchange reserve trend. So, the overall balance of purchase and sale recorded by the CBBH and banks and internal depositors amounted to KM 1.05 billion (Table 18). A more detailed analysis of the balance of payments trends can be seen in Chapter 1.2.4.<sup>23</sup>

Graph 2.2: Transactions with Foreign Countries Explaining a Part of the Foreign Exchange Reserve Changes



Source: CBBH

### 2.1 Monetary Policy

In 2017, the CBBH also met the objective defined by the Law, the issuing of the domestic currency according to the Currency Board Arrangement. According to Article 31 of the Law, the CBBH 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 has been completely fulfilled. In addition, the Central Bank is obliged, before distributing the profit to the institution in charge of the BH budget, to allocate a part of the profit to the general reserve account so that the amount of the initial capital and general reserve should be equivalent to the amount of five per cents of the total amount of the monetary liabilities presented in the accounts of the Central Bank for the end of the financial year.

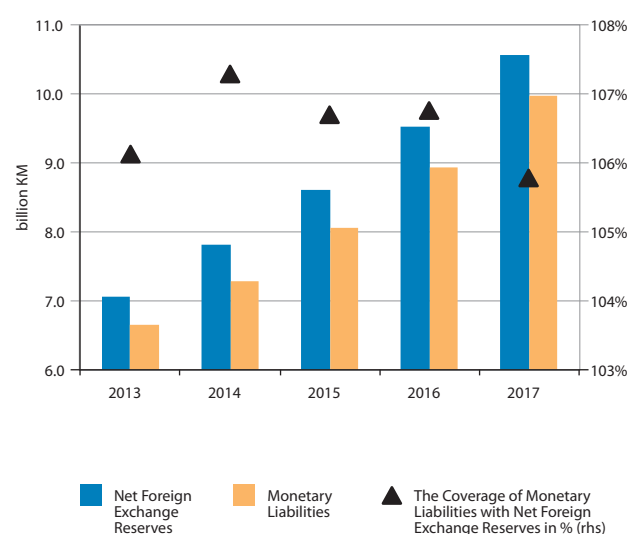
<sup>23</sup>The data were taken over from the currently available statistical sources, and, during the year, they will certainly be changed due to regular controls and reviews.

According to the Law, the total amount of monetary liabilities of the Central Bank 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) the credit balances of all the accounts held in the books of the Central Bank and its organisational units by resident account holders.

Graph 2.3: The Coverage of Monetary Liabilities with Net Foreign Exchange Reserves



Source: Table 26

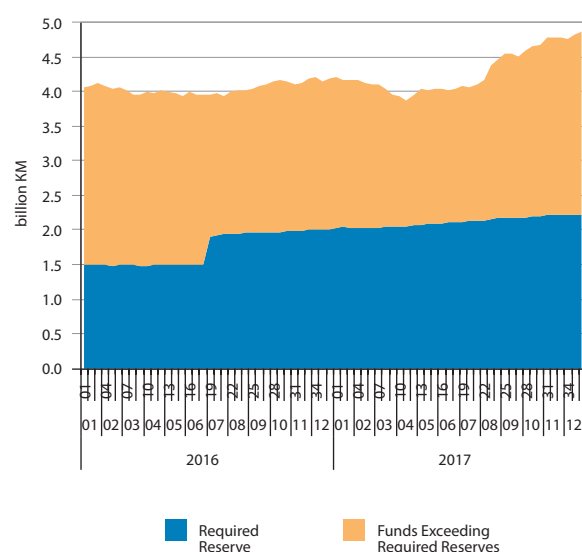
The amount of net foreign assets, representing the positive balance of the foreign exchange reserves after covering the monetary liabilities and the liabilities towards non-residents, during 2017, oscillated due to the changes in the level of the foreign exchange reserves, and the monetary liabilities. In the end of the year, the net foreign assets amounted to KM 577.84 million, which was lower by KM 24.81 million (4.12%) compared to the positions in the end of 2016. The foreign exchange reserves in the end of 2017 amounted to KM 10,556.63 million and increased by KM 1,025.49 million, i.e. by 10.76% compared to the end of 2016, while the monetary liabilities in the same period recorded the growth by 11.77% or by KM 1.051 billion. The net foreign assets represents the protection against shocks which might have a negative impact on the market value of financial instruments which the foreign exchange reserves are invested in, which might decrease the value of the foreign exchange reserves and endanger the principle of the full coverage of the monetary liabilities with the foreign exchange reserves, as one of the basic principles which the stability and sustainability of the Currency Board is based on. A stronger growth of the monetary liabilities compared

to the net foreign exchange reserves resulted in a lower coverage (by 96 bp) compared to 2016 (Graph 2.3).

## 2.2 Reserve Account with the CBBH

The CBBH has only the required reserve available as a monetary policy tool. During 2017, the CBBH did not change the required reserve rate, so, according to the Decision from 2016, the rate of 10% was applied on the base for the required reserve calculation, consisting of deposits and borrowed funds (Graph 2.4).

Graph 2.4: The Balances of Reserve Accounts with the CBBH



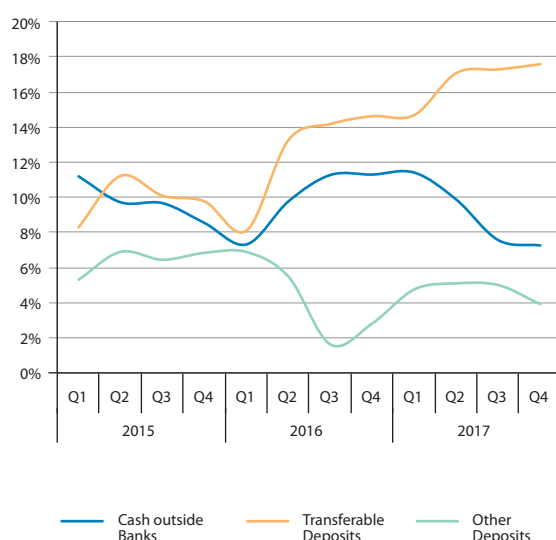
Source: Table 19

In the end of the year, the base for the required reserve calculation was at the level of KM 22.18 billion, with the annual increase in the amount of KM 2.10 billion, which, due to the application of the applicable rate, resulted in the appropriate increase of the amount of the average required reserve in the account with the CBBH. During the year, banks had no problems with the required reserve maintenance. The total number of banks in the required reserve system was 24 and there were no changes in their number compared to the previous year. The reserve account balance in the end of the year amounted to KM 4.88 billion with the annual increase in the amount of KM 673.7 million (16.0%) (Table 19). Out of it, the increase in excess funds amounted to KM 463.9 million (21.1%). The deposits of the domestic sectors mainly determined the trend of the base for the required reserve calculation.

In the money supply structure, transferable deposits recorded the highest annual growth rates. While cash outside banks recorded a slow-down compared to the previous year, other deposits recorded slightly higher and rather stable annual rates of change during all the four

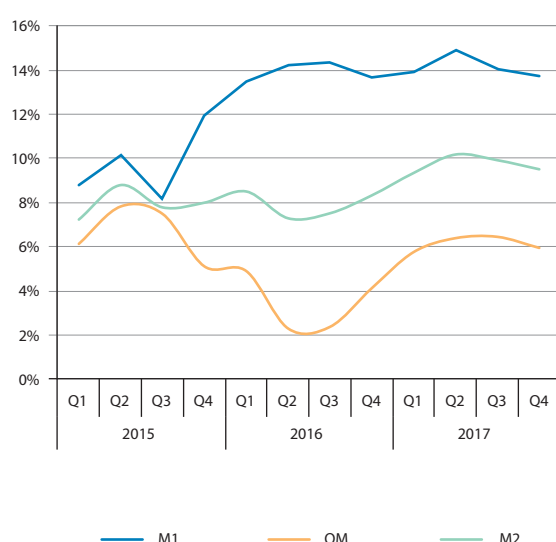
quarters of 2017 (Graph 2.5). According to the mentioned trends, the annual growth of monetary aggregate M1, including the most liquid components of money supply, cash outside banks and transferable deposits in the local currency, continued. The quasi money, including other deposits in the domestic currency, transferable and other deposits in foreign currency, accelerated which resulted also in the acceleration of the growth of broad money supply, monetary aggregate M2 (Graph 2.6).

Graph 2.5: The Annual Growth Rates of Money Supply Components



Source: Table 06

Graph 2.6: The Annual Growth Rates of Monetary Aggregates



Source: Table 06

The basic indicators of the banking sector liquidity in BH were at a relatively satisfactory level (Table 2.1). The growth of cash and transferable deposits again, as in the previous year, influenced the improvement of the liquidity indicator measuring the liquid assets to the total assets ratio. The liquid assets to short-term financial liabilities ratio remained approximately the same as in the previous year. Short-term financial liabilities represent the total financial liabilities of residual maturities up to one year and they recorded an increase compared to the previous period, which mainly resulted from the above mentioned growth of transferable deposits. So, the short-term financial liabilities to the total financial liabilities ratio increased. A very high percentage of short-term liabilities to the total financial liabilities of banks indicates the maturity structure of the sources which is currently not favourable for a stronger growth of long-term loans. A stronger growth of deposits in relation to the lending activity resulted in the total amount of deposits exceeding the total amount of loans during the entire year of 2017.<sup>24</sup>

Table 2.1: Liquidity Indicators of Banking Sector in BH

		Liquid assets against total assets	Liquid assets against short term financial liabilities	Deposits against credits	Short term financial liabilities against total financial liabilities
2016	Q1	25.0%	41.6%	96.5%	70.9%
	Q2	25.1%	41.5%	97.3%	71.5%
	Q3	25.9%	42.8%	99.6%	71.8%
	Q4	27.2%	44.1%	101.7%	72.8%
2017	Q1	25.6%	41.6%	101.2%	72.8%
	Q2	26.0%	42.1%	101.1%	72.8%
	Q3	27.6%	43.8%	103.5%	74.4%
	Q4	28.4%	44.3%	105.1%	75.2%

Source: CBBH

<sup>24</sup> The Financial Soundness Indicators Compilation Methodology, the CBBH (March 2017), [www.cbbh.ba](http://www.cbbh.ba)

The core liquid assets, i.e. narrow liquid assets, include cash and deposits and other financial assets with maturities shorter than three months, excluding interbank deposits. Short-term financial liabilities are defined in the Report on the maturity adjustment of bank assets and liabilities and they represent the overall financial liabilities of residual maturities up to one year.

The overall financial liabilities are defined in the Report on the Maturity Adjustment of Bank Assets and Liabilities, including: a) deposits and due unsettled off-balance liabilities, b) borrowings from other banks, c) liabilities towards the government, d) liabilities based on loans and other borrowings, e) subordinated debt and subordinated bonds, and f) other financial liabilities.

## 2.3 The Foreign Exchange Reserve Management

The process and the results of the management of the CBBH foreign exchange reserves, in the period 2011-2017, were mainly determined by the trends in the financial markets where the convertible foreign currency funds are invested according to the CBBH Law and the defined strategic structure of the reserves. The weighted average net interest rate on the CBBH foreign exchange reserves constantly decreased since 2011; it decreased from 0.93% in 2011 to 0.22% in 2016, and to 0.18% in 2017. Such decrease was mainly determined by the trends in the interest rates and yields in the euro area market over the previous seven years. The average one month Euribor (1m Euribor) in 2011 amounted to 1.18%, while in 2017, it amounted to -0.37%. The average three month Euribor (3m Euribor) in 2011 was 1.39%, and in 2017 -0.33%.

The average yields on the sovereign EUR denominated two year, three year and five year bonds with all the ratings, in 2011 amounted to 2.44%, 2.74%, and 3.30% respectively. The decline of the yields over the last six years was very strong, so the average daily values of the yields on the sovereign EUR denominated two year and three year bonds with all the credit ratings were negative since the second half of 2015. Since mid 2016, the daily average values of the yields on the sovereign EUR denominated five year bonds at all the levels of credit ratings were also negative, but in this segment, the yields were again positive but low since the end of 2016. The average yields on the sovereign EUR denominated two year and three year bonds with all the ratings in 2017 were -0.39% (the decrease from 0.32% in 2016) and -0.24% (-0.25% in 2016) respectively. The average yield on the sovereign EUR denominated five year bonds of

all the credit ratings in 2017 increased to 0.18% from 0.01% in 2016.

The CBBH manages the foreign exchange reserves taking into account firstly the principles of safety and liquidity of investment, according to the CBBH Law and the appropriate internal regulations (investment guidelines, strategic asset allocation and the rules and parameters of risk). According to the law, it is obliged to invest more than 95% of the foreign exchange reserves in EUR denominated financial instruments, so the CBBH has to accept negative and low market yields on the sovereign debt securities and negative interest rates on the foreign exchange deposits with foreign banks, which implies lower net income from the investment of the foreign exchange reserves.

The decisions on the managing and investing foreign exchange reserves are passed at three levels within the CBBH organisation: the strategic level –the Governing Board, the tactical level - the Investment Committee and the operative level- the CBBH departments in charge of banking, risk management, monitoring and analysis. The Governing Board sets the investment guidelines, which define the maximum risk appetite, the risk and return trade –off, the strategic asset allocation, the investment restrictions, the investment period and the performance benchmark. The Investment Committee operates within the obligatory legal restrictions and the Investment Guidelines adopted by the Governing Board in the development of the risk rules and parameters related to the foreign exchange reserve investment. Decision making and responsibility for every day management of the foreign exchange reserves is entrusted to the organisational forms in charge of bank operations, risk management and monitoring and analysis, which operate in accordance with the guidelines and risk rules and parameters.

**Table 2.2: Average Weighted Interest Rates at the CBBH Foreign Currency Reserves and Average Market Interest Rates and Government Bonds Yields in Euro Area**

								in %
	AWIR	ECB - Main refinancing operations rates (MROR)	Euribor		EUR bonds			
			1m	3m	2 years	3 years	5 years	
2011	0.93	1.25	1.18	1.39	2.44	2.74	3.30	
2012	0.53	0.88	0.33	0.57	1.62	1.91	2.53	
2013	0.48	0.55	0.13	0.22	0.88	1.19	1.85	
2014	0.43	0.16	0.13	0.21	0.31	0.46	0.96	
2015	0.34	0.05	-0.07	-0.02	-0.04	0.07	0.40	
2016	0.22	0.01	-0.34	-0.26	-0.32	-0.25	0.01	
2017	0.18	0.00	-0.37	-0.33	-0.39	-0.24	0.18	
Period: 2008-2017	0.96	0.90	0.67	0.85	1.13	1.37	1.86	

Source: Bloomberg, CBBH.

In the process of the foreign exchange reserve management, during 2017, the available information from the relevant markets of money and capital in the euro area and the world were considered continuously, as well as the available forecasts which could influence the investing of the foreign exchange reserves in the current year, but also in the period ahead. The possibilities and modalities of the investment policy and the management of the foreign exchange reserves of the CBBH were also analysed and the appropriate changes of the investing policy were initiated with purpose of adjustment to the market conditions in the euro area. Additionally, the information related to the yield trends in the financial markets where foreign exchange reserves are invested were analysed, as well as the information related to the ratings of foreign banks where the CBBH had term deposits and funds in the current account and the countries issuers of the securities included in the portfolio of the CBBH foreign exchange reserves, with purpose of managing credit risk.

The foreign exchange reserve portfolio is exposed primarily to financial risks as it follows: interest risk, foreign exchange risk, credit risk and liquidity risk. The CBBH restricts the exposure to credit risk by investing primarily in the bonds of the selected countries of the euro area and by placing deposits in the selected central banks in the euro area, the selected business foreign banks, if they meet the counterparty eligibility standard, and in the Bank for International Settlements (BIS). The basic principle in managing credit risk is an appropriate criterion for selecting the counterparty and fixed income debt securities and avoiding too high concentration of exposure to credit risk to an individual counterparty. The mentioned standards and restrictions are examined and updated if necessary, taking into account official estimates of the leading rating agencies in the world and the indicators reached by applying internal methods for assessing credit risk. The interest risk, i.e. the risk of decrease of the value of the portfolio of the foreign exchange reserves due to unfavourable interest rate trend is controlled by the so-called benchmark portfolio and regulating the duration of the total foreign exchange reserve portfolio. The foreign exchange risk is a risk of the change of the value of foreign exchange assets and liabilities due to the change of the exchange rates of the currencies which the foreign exchange reserves are held in compared to the domestic currency. The managing of the foreign exchange risk is done firstly through the adjustment of the currency structure of the assets and liabilities of the CBBH.

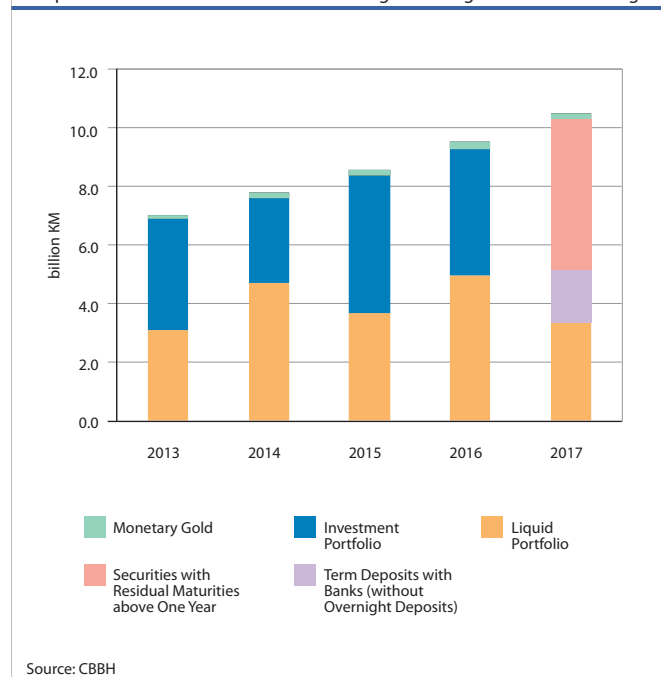
The tools providing the daily liquidity are overnight deposits and funds in the current accounts with the central banks of the euro area countries, BIS and business foreign banks which meet the credit risk criteria, and the funds due on the basis of all the instruments.

The structure of the foreign exchange reserves at the end of 2017 included: term deposits with banks, without overnight deposits (17.53%); liquid portfolio (31.62%); the portfolio of securities with residual maturities longer than one year (48.92%), and; monetary gold (1.93%). Liquid portfolio in the end of 2017 included: accounts with banks (6.36% of the total foreign exchange reserves); overnight deposits (1.67% of the total foreign exchange reserves); cash in the CBBH vault (2.24% of the total foreign exchange reserves); special drawing rights (SDR) with the IMF (0.01% of the total foreign exchange reserves), and; securities with residual maturities of one year and less (21.34% of the total foreign exchange reserves). The portfolio of securities with residual maturities longer than one year in the end of 2017 included: securities available for sale (48.92% of the total foreign exchange reserves) and securities held to maturity (21.34% of the total foreign exchange reserves). With purpose of the protection against credit risk, investments are made in the securities of the selected European countries, with restrictions on the maximum share of debt instruments for each individual country.

The share of the liquid portfolio decreased to 31.62% from the previous year level of 52.40%, firstly because of a change in the classification of the foreign exchange reserve structure. Since 1 May 2017, the classification of the foreign exchange reserve structure was changed through the separation of term deposits with banks (without overnight deposits) from the liquid portfolio as a special category. From the same period, the liquid portfolio included the securities to be held to maturity with residual maturities up to one year. Due to the trend in international markets, compared to 2016, funds deposited with non-resident banks were decreased (KM 272 million, i.e. 9.15%), and the increase of monetary liabilities in relation to 2016 was mainly invested in fixed income securities (the increase of KM 1.26 billion, i.e. 20.43%). Graph 2.7 below shows the structure of the CBBH foreign exchange reserves, although in 2017 there was no change of the tools in the foreign exchange reserve structure, but other terms are used and another way of grouping the instruments as described above.

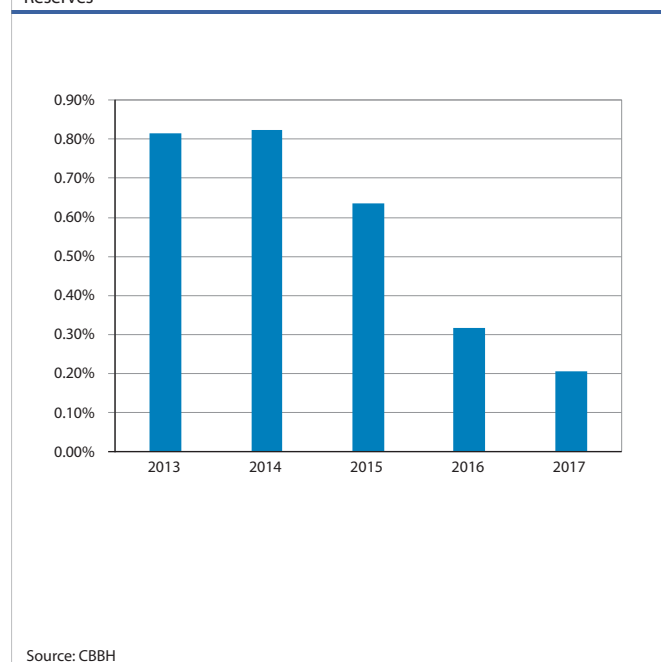


Graph 2.7: The Structure of the CBBH Foreign Exchange Reserves Investing



The combined net effect on the profit and loss statement of all the investments of the CBBH foreign exchange funds in convertible foreign currency and monetary gold (net monetary foreign exchange income) amounted to KM 20.12 million, and, expressed through the effective yield rate<sup>25</sup> for the period 1 January -31 December 2017, it amounted to 0.21% (Graph 2.8). Rather low recorded rates of return on the investments in convertible foreign currency resulted from low rates of yield on securities and mainly negative interest rates on short-term deposits in euro, which prevailed in the financial markets during 2017.

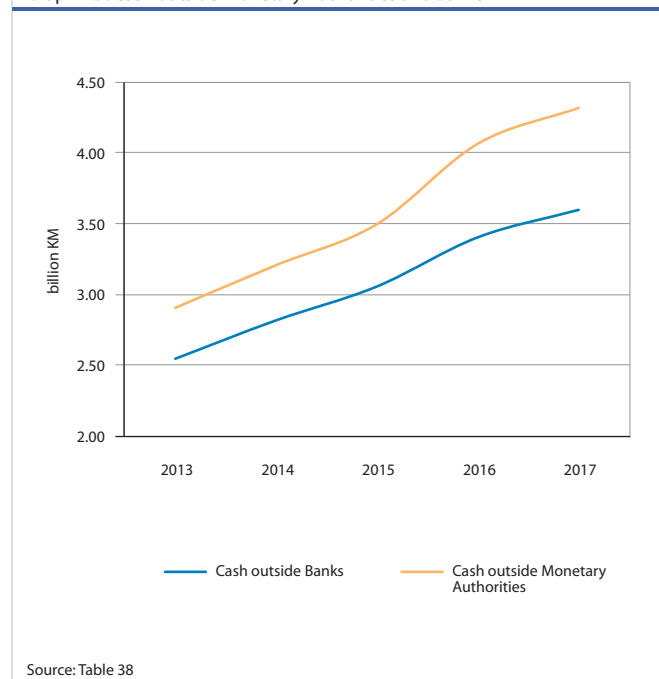
Graph 2.8: The Average Annual Yield Rates on the CBBH Foreign Exchange Reserves



## 2.4 Cash Management

On 31 December 2017, the balance of cash in circulation (outside banks) amounted to KM 3.60 billion (Graph 2.9), which was higher by 5.71% compared to 2016. This was the continuation of the upward trend from the previous years. The growth of demand for cash by banks resulted from the increased demands of customers for cash. This is also supported by the data on card transactions, which indicate a still strong inclination of citizens to use cash payments. Out of the total value of the transactions realized by the use of cards in the country in the amount of KM 9.51 billion, cash in the amount of KM 6.75 billion (71.01% of the value) was withdrawn via ATMs. The additional demand for cash was stimulated also by very low interest rates on deposits, particularly short-term deposits, which minimized the cash holding opportunity costs. In 2017, the continuation of KM growth in bank vaults was recorded, which was partly a consequence of the change in the required reserve policy, i.e. the introduction of a negative remuneration on excess required reserves.

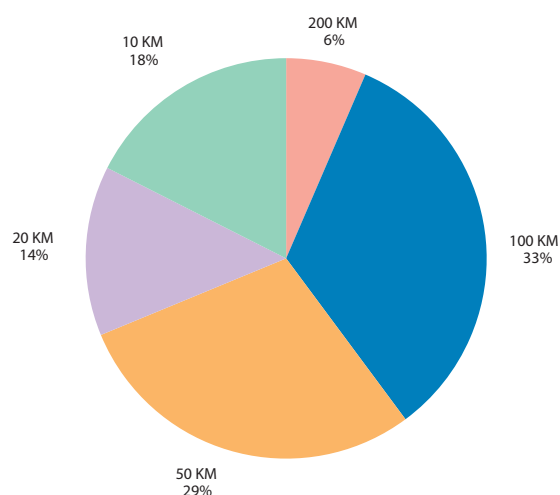
Graph 2.9: Cash outside Monetary Authorities and Banks



Outside the CBBH, in the end of 2017, there were 63.6 million of KM banknotes and 336.1 million of KM coins, in the total value of KM 4.32 billion, which was higher by 6.2% compared to 2016. In respect of the denomination structure of the currency outside the CBBH, 100 KM and 50 KM banknotes were present in the highest numbers, and speaking of the coins, it was the 10 F coin (Graphs 2.10 and 2.11).

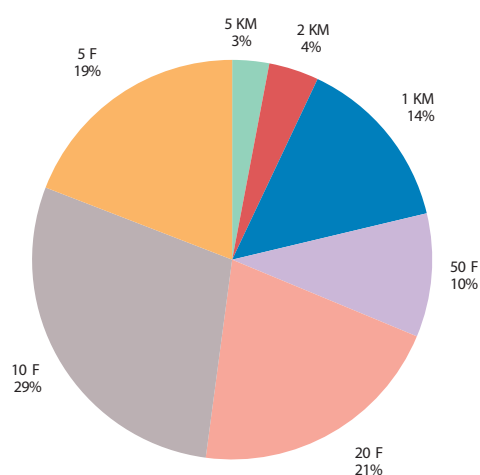
<sup>25</sup>The effective yield rate has been calculated by dividing the total net effects of the foreign exchange reserve investing (in gold and in convertible foreign currency) with the average balance of the foreign exchange reserves over the observed period. In calculating the total net effects of investing foreign exchange reserves, all the net income from the interest on securities and deposits were taken into account and also the realized net capital gains/losses due to the sale of securities from the CBBH foreign exchange reserve portfolio.

Graph 2.10: The Banknote Denomination Structure



Source: CBBH

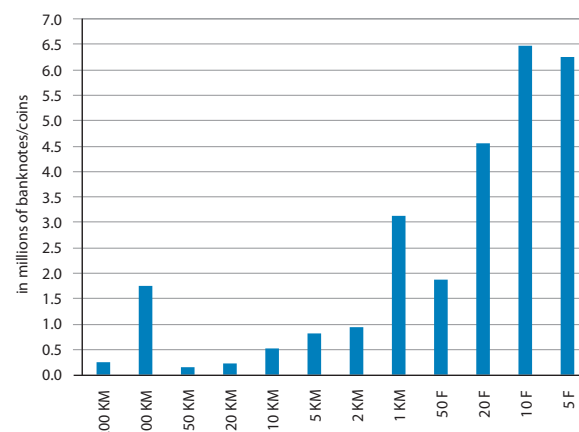
Graph 2.11: The Coin Denomination Structure



Source: CBBH

Compared to 2016, the quantity of the banknotes outside the CBBH increased by 2.9 million pieces (4.8%), in the total value of KM 240.7 million (Graph 2.12). The quantity of the coins outside the CBBH in the same period increased by 24.1 million pieces (7.7%), in the total value of KM 11.9 million (Graph 2.12).

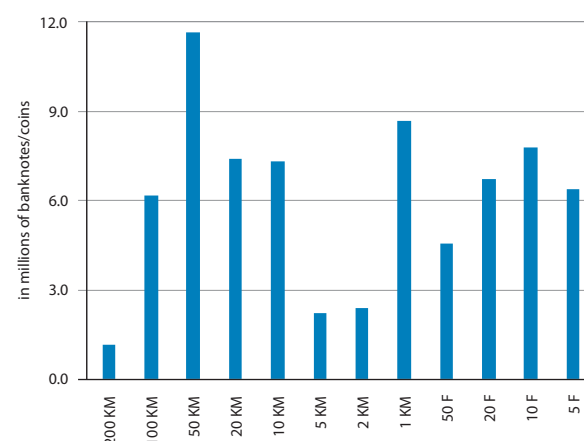
Graph 2.12: The Increase of the Number of Banknotes and Coins by Denominations in Relation to 2016



Source: CBBH

The supply of commercial banks with cash is carried out through the vaults of the Main Units and Branches of the CBBH, located in Sarajevo, Banja Luka, Mostar and Brčko, with the strict adherence to the Currency Board Arrangement. During 2017, 33.8 million pieces of banknotes and 38.8 million pieces of coins, in the total value of KM 1.68 billion was issued to commercial banks (Graph 2.13).

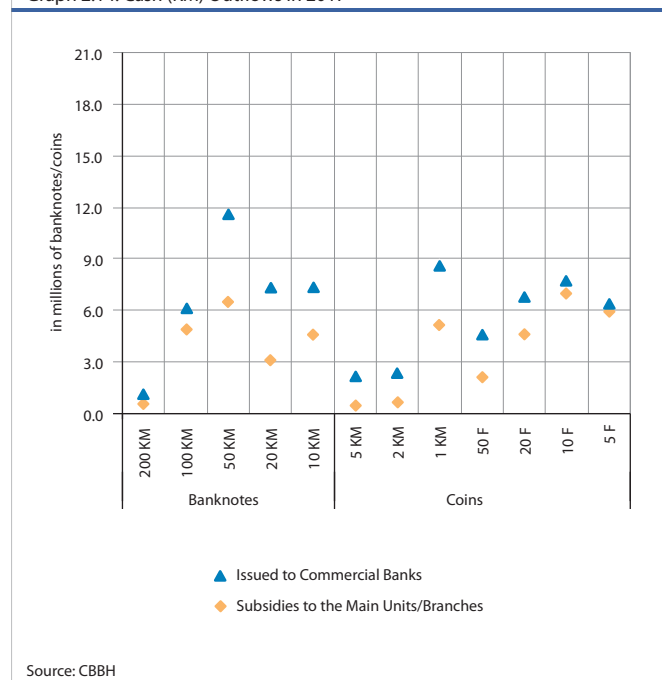
Graph 2.13: The Banknotes and Coins Issued in 2017 by Denominations



Source: CBBH

Over the same period, 19.6 million pieces of banknotes and 25.9 million pieces of coins, in the total value of KM 1.04 billion, was issued from the HO Cash Management Department to the Main Units and Brčko Branch (subsidiaries). Graph 2.14 below indicates that the CBBH paid attention to the demands of commercial banks for cash in the appropriate denomination structure. As commercial banks return considerable amounts of cash in the CBBH vaults, the subsidies to the Main Units/Branches of the CBBH are, as a rule, rather lower.

Graph 2.14: Cash (KM) Outflows in 2017

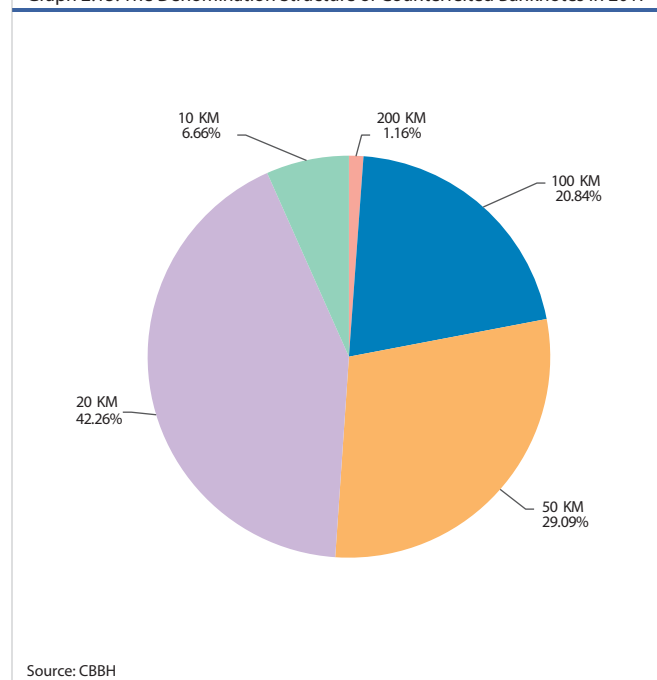


The CBBH constantly withdraws the banknotes unfit for circulation, which are destroyed according to the applicable regulations. By the withdrawal of unfit banknotes, and by putting into circulation the banknotes of new series, the CBBH maintains the satisfactory quality of the currency in circulation. In 2017, 14.5 million pieces of banknotes and 8,167 coins unfit for circulation, in the total value of KM 654.2 million, were destroyed. The number of the replaced banknotes in 2017 was at the level of 22.7% out of the total number of KM banknotes outside the CBBH in the end of 2017.

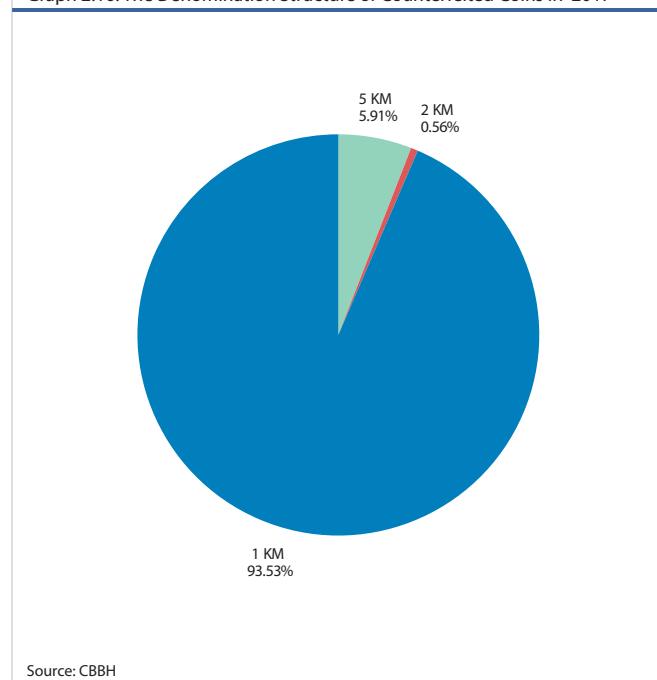
In 2017, 691 counterfeited convertible mark banknotes were registered by the CBBH, which was lower by 15.8% compared to 2016. 2,303 pieces of the counterfeited convertible mark coins were registered, which was lower by 13.6% compared to 2016. According to the denomination structure, the highest number of the counterfeited banknotes was in the denomination of 20 KM (Graph 2.15),

and that of counterfeited coins in the denomination of 1 KM (Graph 2.16).

Graph 2.15: The Denomination Structure of Counterfeited Banknotes in 2017



Graph 2.16: The Denomination Structure of Counterfeited Coins in 2017



## 2.5 Payment System Maintenance

The legal obligation of the maintenance of the appropriate payment and settlement systems was met by the CBBH in 2017: the payment system in the country operated smoothly, through the systems of giro clearing and real time gross settlement (RTGS); the Central Registry of Credits (CRC) and the Single Registry of Transaction

Accounts (SRTA) were maintained; and international clearing of payments with foreign countries was carried out as well.

In 2017, the increase of both the number and the value of the total transactions in the payment system was recorded (Table 2.3). Compared to 2016, the growth of both the number and the value of interbank transactions through

the systems of giro clearing and RTGS was recorded (Table 20). The same as in the earlier periods, most of transactions in interbank payment system was carried out in a small number of banks, 50.4% of the total value and 51.6% of the total number of transactions was carried out through five banks in the payment system in 2017.

**Table 2.3: Payments Transactions via Commercial Banks**

	Interbank Transactions	Change compared to the last year	Intrabank transactions	Change compared to the last year	Total	Change compared to the last year
Number, in million						
2013	35.8	5.8%	58.2	-10.1%	94.0	-4.6%
2014	37.9	6.0%	59.7	2.6%	97.7	3.9%
2015	39.1	3.0%	63.2	5.8%	102.3	4.7%
2016	40.0	2.3%	63.7	0.8%	103.7	1.4%
2017	41.1	2.8%	68.4	7.4%	109.5	5.6%
Value, in KM billion						
2013	76.60	-6.0%	84.98	-5.5%	161.59	-5.8%
2014	87.86	14.7%	87.84	3.4%	175.70	8.7%
2015	85.11	-3.1%	99.69	13.5%	184.80	5.2%
2016	88.38	3.8%	92.74	-7.0%	181.12	-2.0%
2017	96.24	8.9%	117.10	26.3%	213.34	17.8%

Source: CBBH

Card transactions increased significantly compared to 2016 (Table 2.4), primarily due to the growth of the turnover on ATMs. Out of the total increase of the turnover on ATMs, compared to 2016, KM 327.5 million (64.2%) was related to the turnover made by cards issued in BH. On the other hand, the increase of the turnover by cards on POS terminals, in the amount of KM 210.0 million was mainly (63.2%) brought about by the growth of the turnover by cards issued outside BH (Table 2.5).

**Table 2.4: ATM and POS Cards' Turnover**

	2013	2014	2015	2016	2017
POS, in KM billion	2.27	1.83	1.96	2.55	2.76
Change compared to the last year	33.3%	-19.3%	7.0%	30.2%	8.2%
ATM, in KM billion	4.92	5.35	5.71	6.24	6.75
Change compared to the last year	6.3%	8.7%	6.7%	4.9%	8.2%
Total, in KM billion	7.18	7.18	7.66	8.79	9.51
Change compared to the last year	13.5%	-0.1%	6.8%	11.3%	8.2%

Source: CBBH

**Table 2.5: Realized Cards' Values according to Residence Principle**

Year	Cash withdrawals		Buying goods and services at POS	Total
	ATM	POS		
Realized values of foreign cards in BH, in KM million				
2013	969.0	85.6	324.4	1,379.0
2014	807.9	70.9	266.1	1,144.9
2015	911.9	61.3	327.8	1,300.9
2016	995.4	79.6	394.7	1,469.7
2017	1,177.9	35.0	527.3	1,740.2
Realized values abroad of BH issued cards, in KM million				
2013	124.8	0.0	312.1	436.9
2014	140.5	1.7	232.6	374.9
2015	145.3	8.0	277.5	430.8
2016	155.5	1.9	336.2	493.7
2017	147.4	1.7	380.3	529.5

Source: CBBH

Traditionally, the card brand most frequently used in BH was Visa (Table 2.6). Yet, the downward trend of the share of this brand in the total number of the issued cards was evident in BH, and in 2017, for the first time, it was below 50%. The highest number of the issued cards by far was still related to debit cards, their share amounting to 81.8% in 2017.

**Table 2.6: Participation of Cards per Brands**

Year	Visa	MasterCard	American	BamCard	Diners	Total
2013	1,261,893	607,700	6,098	12,774	676	1,889,141
2014	1,268,252	645,879	6,570	11,200	453	1,932,354
2015	1,253,784	742,265	6,913	10,094	163	2,013,219
2016	1,124,181	898,914	7,471	11,714	0	2,042,280
2017	1,001,137	983,194	7,246	9,844	3,792	2,005,213

Source: CBBH

Unlike the earlier periods, the number of the installed ATMs and POS terminals (+132 compared to the previous year) did not grow significantly. Such a small enhancement in the availability of ATMs and terminals for non-cash payments, having in mind a significant growth of transactions on ATMs generated by residents is a positive signal from the view of financial inclusion, but also a decrease of grey economy. Out of the total of 28,997 devices for card payments and cash withdrawal, 1,539 were ATMs (+27 compared to 2016), 26,673 were POS terminals for trade (+349 compared to 2016), and 785 devices were POS terminals for cash (-244 compared to 2016). A strong growth trend of the number of the users of internet banking or some kind of e-banking continued, particularly in the segment of households. Compared to 2016, the number of e-banking users increased by more than 107 thousand customers (27.9%), so in 2017, every fourth card issued in BH was used, among other, for e-banking services. The rate of the growth of the e-banking use over the previous years is best illustrated by the fact that in 2011 only each eighteenth holder of the card issued in BH used such kind of card services.

The CBBH contributed to financial stability by maintaining also the Central Registry of Credits (CRC) which, during 2017, was updated on daily basis by 27 banks (23 licenced banks, three banks in liquidation with still active claims and the Development Bank of FBH), 27 microcredit organisations, 19 leasing companies and other institutions. Compared to 2016, the number of the access points increased by 41, to 1,325. The change in the number of the access points was mainly brought about by the increase of the number in commercial banks, which, with 1,180 access points (86 more than in 2016) remained the most significant users of the information stored in the CRC.

In the Single Registry of Transaction Accounts (SRTA) in the end of 2017, the data were stored on 707,337 transaction accounts, out of which 224,946 active ones (+3.2% compared to 2016), 75,236 blocked accounts (+5.6% compared to 2016) and 407,155 closed and inactive accounts. SRTA was accessed from 1,264 access points used by: 27 banks, 18 micro-credit organisations,

leasing companies and insurance companies, and 88 other institutions. The organisational units of the CBBH over the previous year issued the total of 10,282 statements from SRTA.

In 2017, the CBBH carried out the international clearing of payments between BH and Serbian banks. Through the clearing system of the settlement of the international payments with Serbia, the total of 10,602 orders were placed (+2.7% compared to 2016), the value of which was 172.1 million euro (-12.9% compared to 2016). In the system of payment between the two countries, five banks from BH participated. Out of them, two belonged to the same bank group and accounted for the highest number of transactions.

## **2.6 The Fiscal and Banking Agent Role**

According to the Law on the Central Bank of BH (Article 4, 52 and 54), the possibility has been defined for the Central Bank to provide banking services, perform transactions and act as depositary and representative in payments and as a fiscal agent (representative) for the membership of BH in international financial institutions. On the basis of the Agreement on performing the operations of Banking and Fiscal Agent between the CBBH and the Ministry of Finance and Treasury of BH, which was signed for the first time upon the establishment of the institution of the Ministry of Finance and Treasury of BH, and was updated in 2017, the CBBH provides the services of the local and foreign payment transactions, manages deposit accounts, KM and foreign exchange, and performs the conversions of funds related to loans and donations based on contracts concluded by BH with international financial institutions. The CBBH performs transactions for the Ministry of Finance and Treasury of BH related to the servicing of BH foreign debt, it is a fiscal agent and performs transactions related to the membership of BH in the IMF, it is a depositary and performs transactions in the domestic payment system for the IMF and the World Bank Group (IBRD, IDA and MIGA) and other international organisations.

The CBBH provides banking services and performs transactions at the order of the Ministry and Finance and

Treasury of BH (hereinafter: the BH Ministry) related to the servicing of foreign debt of BH. The BH Ministry is in charge of implementing the procedures for incurring 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. In addition to the CBBH Law, the role of the CBBH and the BH Ministry related to BH foreign debt servicing is defined by the Law on Debt Issuance, Debt and Guarantees of BH, the Law on Financing BH Institutions, the Law on BH Indirect Taxation System and the Law on the Payments in the Single Account and Revenue Allocation.

The operations, tasks and competences and mutual relations between the BH Ministry 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 2001 (the latest version concluded in 2013). According to the provisions of the mentioned 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 BH Ministry;
- Correspondence with foreign banks and creditors related to the payment of liabilities; and
- Reporting to the BH Ministry on all the performed transactions.

The funds needed for the servicing of the foreign debt in the local currency are provided by BH Ministry from the Indirect Taxation Authority (ITA) and/or direct payments of the end users of loans. According to the concluded Agreement on performing the Banking and Fiscal Agent Operations between the CBBH and ITA, on the basis of the Law on the Payments in the Single Account and Revenue Allocation, during 2017, the single ITA account was kept for collecting the revenues from indirect taxes. According to this arrangement, commercial banks transferred 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, were allocated into 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 in 2016, the process of collecting funds paid on the basis of tolls in the account of the ITA with the CBBH was continued, as well as the allocation of these funds at the order of the ITA to the Entities and Brčko District. The mentioned transactions are also carried out daily.

The CBBH is a fiscal agent and has performed transactions related to the membership and arrangement 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 Ministry of Finance and Treasury of BH, the Federal Ministry of Finance, the Ministry of Finance of Republika Srpska and the ITA) on the issue of the financial arrangements with the IMF have been defined by the Memorandum on Understanding (the first one was concluded in 2002, the one in effect is from 2016). The CBBH is a depositary for accounts (cash and securities) held by the IMF with the fiscal agent (usually central banks) of all the members according to the Articles of Agreement of the IMF. In order to perform 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 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.

According to the World Bank Statute, the Central Bank is a depositary for the members of the World Bank group: IBRD, IDA and MIGA. At the order of the mentioned members, the CBBH carries out the transactions of purchase and sale of foreign currency for the local currency and performs the payments /transfers to end users in the domestic payment system.

In 2017, according to the Agreement concluded with the Deposit Insurance Agency of BH, the CBBH performed the record keeping of the portfolio of securities of this institution which, according to the Agreement of the Deposit Insurance Agency with the external portfolio manager, is managed by the external portfolio manager.

In August 2017, the clearing debt of the former USSR was repaid to BH based on the settlements related to the trade in goods between the former USSR and the former SFRY according to the Agreement between the Government of the Russian Federation and BH Council of Ministers. The CBBH, within the inter-state agreement, signed an interbank agreement with representatives of the state Bank for Development and Foreign Economic Affairs (Vnešekonombank) from Russia and it was actively involved in the process of the settlement and payment of debt.

Also, the CBBH, according to the concluded agreements, continued to act as a banking and fiscal agent of the FBH Banking Agency, the RS Banking Agency, Brčko District and for the Entities Registries of Securities. The service of using e-banking, which had been introduced in 2011 with purpose of improving the services of banking and fiscal agent, was provided in 2017 as well.



## 2.7 Compilation and Creation of Statistics

The statistics activities in 2017 included regular compilation (collection, verification and processing of source data, and their aggregation and classification), which was accompanied by regular publishing and submission of data. Parallel work was done on expanding statistics and raising its quality.

The basis for producing statistics includes the applicable international methodologies and practices in the area of macroeconomic statistics: the statistics of monetary and financial sector, the balance of payment statistics and the statistics of government finance and financial accounts. Each of the mentioned statistics areas includes a number of separate statistics research works and statistics, which are made available to the general public through publications, web sites and distribution through the inclusion in the publications of international institutions. Respecting the obligation on the implementation on the appropriate international methodologies and the compilation standards, the CBBH, through its statistical activities, is able to produce good quality and timely statistical indicators, which are comparable with the data from other economies. The data users include numerous domestic government institutions, academic community, business community, international organisations and the general public with purpose of following up with the economic trends in the country and planning economic policies.

The statistics activities of the CBBH are incorporated and harmonized with other statistical institutions. The cooperation within the domestic statistics system in BH requires continuous agreements and synchronization. Particularly, the cooperation with the BH Agency for Statistics has been stressed, both at the level of strategic planning and methodologies and in the exchange of data and joint work. At the international level, (Sub-committee of the European Commission and Bosnia and Herzegovina, the working group of Eurostat, the ECB, the BIS Statistics Committee, regional countries) the representatives of the CBBH regularly participate in the working meetings (presenting progress and harmonizing practices).

The main stress in respect of methodological harmonization, according to the obligations from the Association and Stabilization Agreement, was placed on the harmonization with the methodologies and practices of the European Statistics System (ESS). BH is under a strong pressure to expand its statistics respecting the EU regulations

from such area, therefore it is included in technical assistance programmes. During 2017, the multi-user IPA 2014 technical assistance programme was successfully completed, and the CBBH realized the MIP component: the macroeconomic imbalance indicators and government finance statistics. The transmission tables were made for the government finance statistics and EDP (excessive deficit procedure). During 2017, the efforts were also invested in the implementation of the three year project started earlier (financed by Swiss agency SECO and implemented by the IMF), which will help the countries in the region to establish the government finance statistics in accordance with ESA 2010 and EDP.

In mid 2017, the work was started on a new multi-user IPA 2015 technical assistance programme, within which the CBBH was engaged on three components with the objective: government finance (further upgrade and adjustment to the ESA 2010 and EDP), international trade in services (upgrade and the beginning of the regular submission to Eurostat) and macroeconomic imbalance indicators (the development of additional indicators) Within the preparatory activities for the IPA 2015, formulations of technical assistance were prepared, in cooperation with the Statistics Agency, and they were presented to the Directorate for European Integration and the Delegation of the European Commission.

In addition to regular data dissemination, the CBBH continued to meet additional statistical requirements of domestic institutions (the Economic Planning Directorate, the Foreign Investment Promotion Agency, the Directorate for Economic Integration, the Ministry of Finance and Treasury of BH, the Ministry of Economic Relations and Regional Cooperation of RS).

Within international obligations, the CBBH regularly submits large sets of statistics (some of the users are: the IMF; the World Bank, the ECB, the European Bank for Reconstruction and Development, the UNCTAD, the Eurostat, the BIS, the UN Statistics Department) which are used for analytic purposes or published by these organizations. A particularly intensive exchange of information is carried out with Eurostat, as the CBBH regularly reports within the EU Statistics Requirements Compliance Monitoring and the annual compilation of data in two rounds for the accession countries. Data are submitted to the World Bank for the quarterly base on public debt, by which BH was included in such base for the first time. For the needs of data exchange within the CEFTA group, obligations have been taken over related to the reporting for the CEFTA database on the trade

in services, foreign direct investment. One of the additional tasks is the creation of report on access to finance, prepared by the IMF, which addresses the available forms of financing in the country, through additional indicators.

## **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 and effect relations between the financial system and macroeconomic circumstances, warning the financial institutions and other participants in the market of the existing risks, the beginning of the dialogue on the risks and undertaking of remedy measures which will mitigate the consequences of the risk materializations. The CBBH activities in the field of monitoring the financial system stability include also the specialized communication with the relevant domestic and international institutions which ensures a continuous process of systemic risk monitoring, and also the communication on the risks for the financial stability with the general public. The CBBH provides its contribution to preserving the financial stability within the 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 state Minister of Finance and Treasury and the entity Ministers of Finance 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 the 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 previous macroeconomic trends and the trends in the financial, firstly banking sector for the risks and challenges which the financial system will be faced with in the periods ahead.

The compilation and publishing of the set of the core financial soundness indicators according to the IMF methodology is also an important communication channel of the CBBH with the general public. The 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.

In 2017, the CBBH continued its activities on the implementation of macroeconomic stress tests. The stress

tests are done quarterly in the CBBH and they represent the basic tool for the quantification of the systemic risk effects on the banking system. The detailed results of stress tests are exchanged with the Banking Agencies, which also receive the Report on the stress test results, where systemic risks and future trends are described. The results of the stress tests in the appropriate form of the Report on stress test results are also reported the Standing Committee for Financial Stability. The aggregate stress test results with the end year data are published in the Financial Stability Report.

A continuous exchange of the information, experience and opinions with other relevant domestic and international institutions and the upgrade of the existing analytic capacities of the CBBH in the field of financial stability through the education and technical assistance programmes ensures the compliance of the approach to systemic risk analysis with the best practices and current trends, and also a timely identification of systemic risks.

In 2017, the CBBH also performed the coordination of the Banking Agencies activities, which are related to the activities of the entity Banking Agencies on the issues of the supervision of banks, microcredit organisations and leasing companies and informing on the situation in these institutions. The coordination includes regular meetings with the representatives of the Banking Agencies according to the Memorandum on the principles of coordination of banking supervision, cooperation and the exchange of data and information, which resulted in the establishing of a stronger coordination and expanding the cooperation of the agencies and the organizational parts of the CBBH.

The information on the situation in the banking sector, microcredit organizations and leasing companies were exchanged on quarterly basis, and the issues related to regulations from the bank supervision area and the CBBH activities which might contribute to the good quality supervision and analysis of the banking sector were considered at the meetings of the banking supervision coordination. A continuous cooperation with BH Deposit Insurance Agency, Banks' Association, Microcredit Sector Association and Leasing Companies Associations was also achieved.

## **2.9 The Cooperation with International Institutions and Rating Agencies**

The process of the accession to the European Union (EU) in 2017 included the activities of preparing the answers to the Questionnaire of the European Commission (EC), which

was delivered to Bosnia and Herzegovina in the end of 2016. Out of 3242 questions included in the EC Questionnaire for BH, the CBBH, as the competent institution or as a stakeholder, participated in the preparation of the answers to 92 questions in the area Economic Criterion and eight Chapters of the Questionnaire:

- Chapter 4: Free Movement of Capital;
- Chapter 9: Financial Services;
- Chapter 17: Economic and Monetary Policies;
- Chapter 18: Statistics;
- Chapter 20: Entrepreneur and Industrial Policies;
- Chapter 24: Justice, Freedom and Safety;
- Chapter 32: Financial Control;
- Chapter 33: Financial and Budget Provisions.

Until the end of January 2017, the CBBH prepared the answers, which ended the first stage of the work on the Questionnaire. The working groups were established according to the Decision on the system of the coordination of the process of European integration in BH, in the second stage of the work on the Questionnaire, through the inter-institutional agreement and coordination of the answers.

During 2017, the representatives of the CBBH continued to contribute actively to BH European integration process through the preparation of information, reports and data structured according to the requests and methodology of the EC. The CBBH participated in the work and prepared the materials from its competence for the meetings of the Sub-committee for economic and financial issues and statistics and Sub-committee for internal market and competition. Additionally, the CBBH participated in the regular annual activities within the preparation of the Economic Reform Programme for the period 2018-2020, including the process of consultation and dialogue with the ECB as a part of the economic and financial dialogue of the EU with candidates, and also the regular Annual Minister Dialogue on Economic Policy within the Council for Economic and Financial Issues of the EU.

With the long-term strategy of the harmonization of practices, standards and policies with the EU standards of the central banking, during the previous year also, the CBBH worked on the strengthening of its institutional capacities, improvement of the efficiency of its operations, introduction of new rules, policies, change of practices, further

development and staff training with purpose of improving the preparations for joining the European System of Central Banks (the ESCB), once BH joins the EU. The continuous implementation of the EU standards in the CBBH operations is done by its own capacities, by using internal resources, but also through the access to the EU IPA funds and bilateral and multilateral cooperation with other central banks. The ECB and the ESCB are particularly important which through the technical cooperation contribute to the improvement of the institutional capacities of the CBBH.

Within the administrative and institutional support of the EU, during 2017, the CBBH participated in the process of programming the pre-accession EU IPA II assistance through the work of a multi-institutional working group for the sector Democracy and Governance. The preparation of the Sector planning document for BH (2018-2020) is a continuation of the process of IPA II programming, which started in 2014, when, within the preparation of the new budget of the EU for the period 2014-2020, the EC reviewed the previous instrument IPA and introduced the new instrument IPA II for the period 2014-2020. In the sector Democracy and Governance, the priorities in which the CBBH will participate are related to the improvement of statistics and the process of economic planning and creation of the Economic Reform Programme. Within the instrument IPA 2018, the support to the strengthening of institutional capacities of the Western Balkans central banks will be provided through the harmonization with international and European standards with purpose of strengthening the capacities for the development of the central banks policies and the improvement of analytic tools, with the focus on the Economic Reform Programme. The IPA 2019 instrument will be focused on statistics, which will in the years ahead ensure the continuous support to the reform of the statistics sector in BH, which, in addition to the state Agency and the entity Statistics Bureaus, includes also the CBBH.

In cooperation with the Government of Switzerland, on the basis of the amendments on extending the Agreement from 2013 on "The Bilateral Assistance and Capacity Building Programme" between the Swiss Secretariat for Economic Affairs –SECO, the Government of Switzerland and the Central Bank, in 2017, the CBBH completed the first stage of the project which was realized in partnership with the Graduate Institute of International Studies (GIIS) from Geneva in duration 2014-2017. The Central Bank made good results in the improvement of operative, technical and institutional capacities, including economic research work. The objective of the project was the preparation and

introduction of international standards and central banking practices harmonized with the challenges and requirements of the EU pre-accession process in the operations of the central bank in the areas: economic analysis, the improvement of the foreign exchange reserve management process, statistics and human resources management.

The general contribution of the project in these professional areas was the transfer of knowledge in direct cooperation with international experts through the realization of eight workshops in 2017 which were attended by around one hundred employees, the main results of the projects achieved in these areas being: the improved capacity for the economic analyses in the CBBH, developed skills for managing the foreign exchange reserves which are crucial for the Currency Board, enhanced presentation of the data according to European standards and the developed staff appraisal system. Two completed research pieces of work were particularly significant in the research part of the project, and, in addition, one work from the CBBH was presented at the conference in Geneva in 2017. The continuation of this very successful and important project is planned for the next year.

In 2017, the CBBH, with the assistance of the Government of Switzerland, worked on the programme of remittances and payments realized by the World Bank with purpose of decreasing the costs of sending remittances and increasing the percentage of remittances sent through the formal channels. A technical assistance was provided so that the policies in respect of the payment system infrastructure could be harmonized with the General principles for international services of sending remittances and the oversight function introduced. Within the support of the Government of Switzerland, the IMF Statistics Department ensured the technical assistance and training for improving the capacities for the government finance statistics (GFS) in the South East Europe countries, including BH, and continuous efforts were invested in improving the statistical capacities and improving the statistics infrastructure with the general objective of preparations for the EU accession.

We will mention the support of the Government of Germany within the Programme of strengthening public institutions implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The cooperation made possible the increase of the efficiency of the CBBH internal processes. During 2017, work was done on the improvement of the integrated quality system according to the standard ISO 9001:2015 and the standard for

managing the security of information ISO 27001:2013. The implementation of the integrated management system in the CBBH means the development of the management system, according to the requirements of the QMS (Quality Management System) and the ISMS-a (Information Security Management).

In the organization of the CBBH, during 2017, the missions of international rating agencies Standard & Poor's and Moody's Investors Service with the relevant international and local institutions in BH took place with purpose of estimating the sovereign credit rating of BH. During 2017, both international rating agencies engaged by BH in the assessment of the sovereign credit rating confirmed the previously determined credit rating as it follows: Agency Standard & Poor's „B / with Stable Outlook“, and agency Moody's Investors Service „B3 / with Stable Outlook“.

## **2.10 The Internal Audit Process**

The regulatory framework for performing the internal audit function includes: the Law on the Central Bank of Bosnia and Herzegovina, the By-law on Internal Audit in the Central Bank, Guide on Internal Audit Operations in the Central Bank and the obligatory guidelines of the International Framework of Professional Internal Audit Practice. The internal audit in the CBBH is carried out by the Office of Chief Audit Executive (OCAE), organized as an independent organizational form of the CBBH. The basic objective of the work of the OCAE is to contribute, by its activity, to the improvement of the operations of the central bank, realization of the defined plans and the set strategic objectives, the establishment of efficient risk management system, resources protection and undertaking measures against potential losses, and also the insurance of the consistent application of legal regulations and enactments of the CBBH business policy.

Respecting the mentioned objectives, the OCAE continuously works on the improvement of techniques and work methods, the assessment of the efficiency and effectiveness of internal controls and establishing certain procedures and instruments for the identification, measuring, monitoring and control of risk which the CBBH is exposed to when performing its business activities. With purpose of harmonizing the work of internal audit with the obligatory guidelines of the International Framework, the GB passed the By-law on Internal Audit in the Central Bank with the application as of 1 March 2017. Within the programme of external quality assessment of the internal audit function by the experts of the National Bank of the Netherlands, in



the beginning of 2017, the assessment of the compliance with the obligatory guidelines and individual standards of internal audit was done on the basis of the previous self-assessment of the OCAE.

The OCAE activities during 2017 were focused on the performance of the duties defined in Article 20 of the Central Bank Law, the realization of tasks and operations defined by the Work Plan of the Central Bank for 2017, the Strategic Plan of Internal Audit for the period 2014 – 2017 and the Annual Internal Audit Plan for 2017. With purpose of the realization of the defined tasks, Chief Audit Executive, on the basis of the risk assessment, made the strategic and annual internal audit plan, according to the Risk Assessment Methodology in the CBBH, which was considered by the Audit Committee and adopted by the GB. According to the Annual Internal Audit Plan for 2017, the Chief Audit Executive passed a dynamic plan defining the deadlines and teams for the audit implementation.

According to the mentioned plans, audits of some functions, business processes and activities of the CBBH

were carried out, in the organizational units/forms, with purpose of the assessment of adequacy and efficiency of the internal control system, assessment of the compliance of operations with laws and regulations related to the CBBH and internal enactments, plans, set procedures, instructions and the assessment of the business process risk exposure. Within the planned audits, the audit of compliance of business processes with the standards of the information security management system was carried out. The audit is conducted in the way and according to the procedure defined by the Guide on Internal Audit Operations passed by the Chief Audit Executive. Legal and international professional regulations for the area of internal audit are continuously followed up with, and according to changes, the mentioned Guide is amended. In 2017, the Office carried out 10 audits and provided advisory services for the CBBH management on a number of various issues. The OCAE staff improve their knowledge, skills and other competences through a continuous professional development. Education is carried out through professional international associations and institutions, professional associations and associations of internal auditors, accountants and auditors at the state and regional level.

## 2.11 Other

### 2.11.1 Human Resources Management

The highest body of the CBBH is the Governing Board, which is in charge of defining the monetary policy and control of its implementation, organization and strategy of the CBBH according to the authorities defined by the Law. The Governing Board includes the Governor, who is the chairman of the Board and four members (Table 2.7). The Management

of the Central Bank includes Governor and three Vice Governors appointed by Governor upon the approval of the Governing Board. The task of the Management is operative management of the Central Bank. Each Vice Governor is directly responsible for the operations of one sector of the Central Bank (see the organisation chart of the CBBH).

**Table 2.7: The CBBH Governing and Managing Structure at the end of 2017**

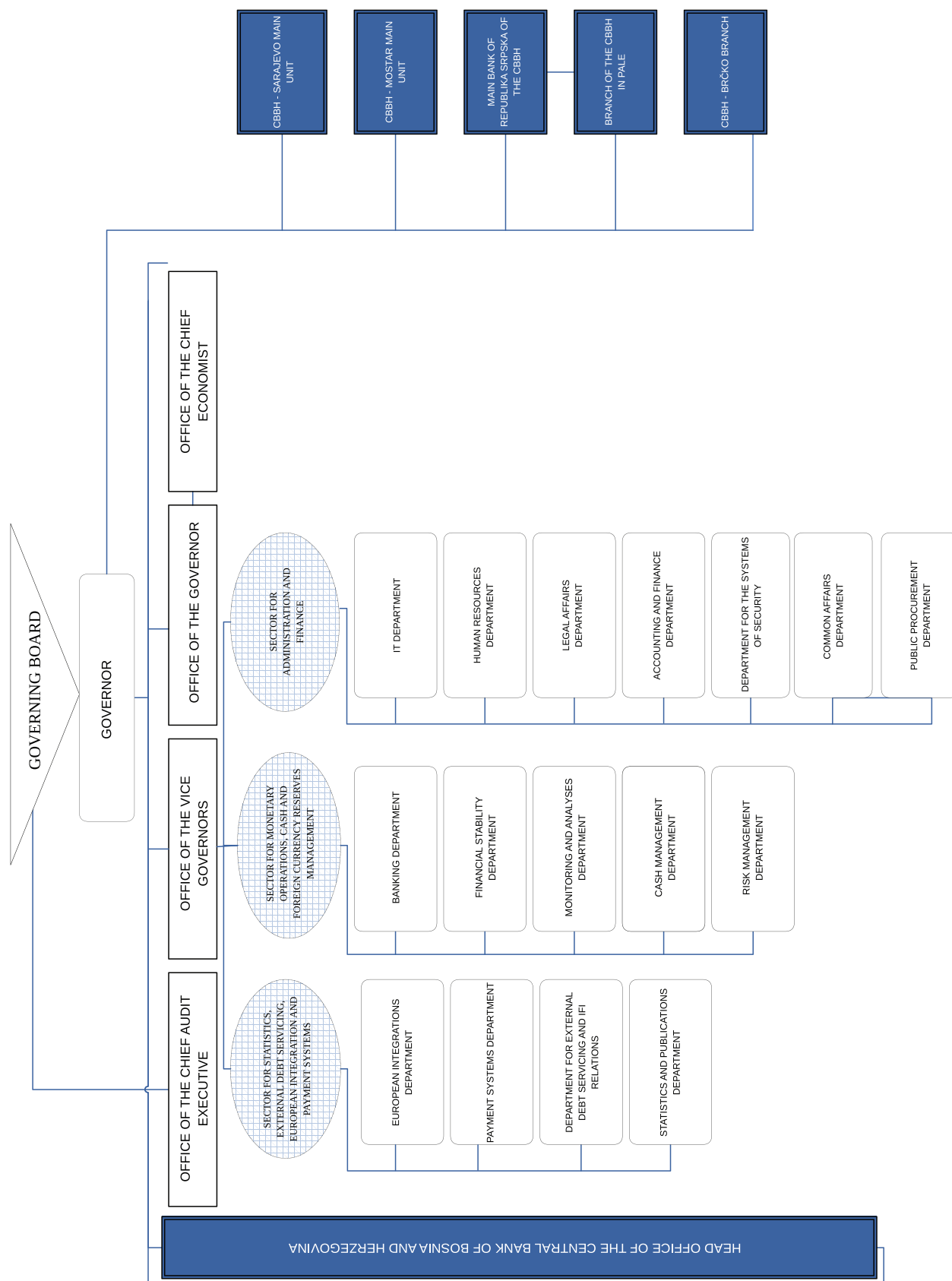
CBBH Governing Board	Senad Softić, Ph.D., Chairman Ankica Kolobarić, M.Sc., member Šerif Isović, Ph.D. member Trivo Marinković, M.Sc. member Ljubiša Vladušić, Ph.D. member
CBBH Management	Senad Softić, Ph.D., the CBBH Chief Executive Officer Ernadina Bajrović, M.A., Vice Governor in charge of Sector for Administration and Finances Milica Lakić, Ph.D., Vice Governor in charge of the Sector for Monetary Operations, Cash and Foreign Currency Reserves Management Želimira Raspudić, Vice Governor in charge of Sector for Statistics, Foreign Debt Servicing, European Integrations and Payments Systems

Source: CBBH

On 31 December 2017, 367 employees were employed in the CBBH permanently and temporarily and there were five employees whose rights and obligations based on the permanent employment were suspended due to the use of unpaid leave of absence. The staff number in the years immediately after the establishment of the CBBH

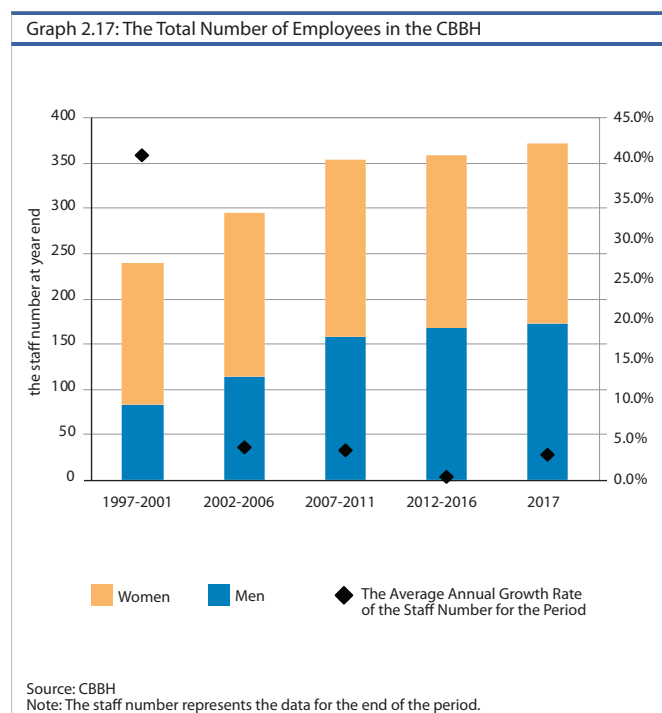
was growing quite rapidly as the number of the functions taken over by the CBBH was growing as well (Graph 2.17). A moderate growth of the staff number in the period 2002-2010 made possible the development of the core functions of the CBBH through the strategic selection of staff profiles which were necessary for further improvement

## Organizational Chart of the Central Bank of Bosnia and Herzegovina





of the efficiency of operations. In the period 2011-2017, the number of staff was almost the same, which was partly a consequence of the policy of rational using of the available resources. The Graph also suggests that the initial gender inequity in the staff structure was corrected over time. Out of the total staff number, in the end of 2017, 53.23% were women, and 46.77% were men, and the average age of employees was 45.



Out of the total number of staff, 76.34% were those with university education, out of them, nine with Ph.D. and 58 with master's degrees. Intensive education of staff in the form of seminars (the seminars in the CBBH in a significant number), conferences and lectures was continued in 2017.

Within the Bilateral Assistance and Capacity Building Programme, during 2017, the establishment of the CBBH staff appraisal system was prepared.

### 2.11.2 Communication with the Public and Socially Responsible Operations

During 2017, the CBBH actively informed the public on its regular activities and also other events which BH media were interested in. By its activities related to public relations, the CBBH tried to preserve the reputation of a responsible and professional institution, enjoying the confidence of the highest number of citizens and economic entities. The CBBH Communication Strategy 2017-2021 was created.

Communicating with the public, the CBBH tried to present to the public its role in preserving the monetary and financial stability, particularly in complex and

difficult conditions of investment of the foreign exchange reserves in the international financial markets, which were emphasized during 2017, and were reflected in the CBBH income. According to the Communication Strategy on the effects of the trends in the financial markets on the financial operations of the CBBH, adopted by the Governing Board, the CBBH continued to inform the public and tried to ensure the understanding and support for its activities in respect of investment of the CBBH foreign exchange reserves in changed, complex conditions.

Having in mind the fact that 2017 was characterized by rather intensive activities in respect of European integration at BH level, the CBBH continued to contribute to the preparation of the Action Plan for the implementation of the Communication Strategy for informing the public on the process of BH accession to the European Union.

In 2017, the anniversary of 20 years since the beginning of the CBBH operations was marked. During that time, by its independent and professional activities, the CBBH established and maintained the monetary stability as one of the key factors of macroeconomic stability. In addition to the consistent implementation of the Currency Board Arrangement, the CBBH developed in order to contribute, within its competences, to the stability of the financial system and provide support for the economic development of the country and the fulfilment of the undertaken international obligations of BH. The anniversary was marked by the organization of numerous appropriate activities, and we would stress the following:

- The organization of the international conference called „20 years of stability“ attended by the highest level domestic and international officials, governors and other representatives of central banks from Europe and the region, and policy makers and experts from the European Union and international financial institutions;
- Promoting the monograph on the occasion of the CBBH anniversary;
- Setting the currency exhibition called „Trace of Money“ in the National Museum ;
- The production of the CBBH corporate video.

Within the CBBH financial education, the CBBH created the first picture book about money and the history of money in BH, called „Novko i Novčica u svijetu novca“ The promotion of the picture book was held on 31 October, on the Global Savings Day, when the pupils of elementary

and high schools who visited the Central Bank received the picture books, with the traditional presentation on the role of the CBBH and savings.

In 2017, young population showed great interest in the CBBH work, so, within the activities of the institution on financial education, visits of pupils of elementary and high schools and faculties from all the parts of BH were organized. In 2017, the Central Bank built a positive reputation through the holiday time training of students. Every year, students

are assigned to organization units and have mentors with the task of explaining to the student within 20 working days the basic role of the CBBH and to inform them on the business processes of the particular organizational unit where s/he acquires knowledge in practice.

The Central Bank continued the practice of paying scholarships to the children of its deceased employees, and in 2017, a regular action of voluntary blood giving was organized.

### **3. FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT EXTERNAL AUDITOR**

## Responsibility of the Management and Governing Board for the preparation and approval of the annual financial statements

The Management is required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Central Bank of Bosnia and Herzegovina (the "Bank") and of the results of its operations and cash flows, in accordance with International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB"). The Management is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. The Management has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

The Governing Board is responsible for selecting suitable accounting policies to conform to applicable legal requirements and the Management is responsible for their consistent application, making judgements and estimates that are reasonable and prudent and preparing the financial statements on a going concern basis.

The Management is responsible for the submission to the Governing Board of its annual financial statements, following which the Governing Board is required to approve the annual financial statements for submission to the Parliamentary Assembly of Bosnia and Herzegovina.

The accompanying financial statements set out on pages 57 to 103 were authorised by the Governing Board on 28 March 2018 and are signed, on its behalf by:

Senad Softić, Ph.D.

Chairman of the Governing Board



Edis Kovačević, M.Sc.

Head of Accounting and Finance Department





## Independent Auditor's Report

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

#### Opinion

We have audited the accompanying financial statements of the Central Bank of Bosnia and Herzegovina (hereinafter: the "Bank"), which comprise the Statement of financial position as at 31 December 2017, 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 present fairly, in all material respects, the financial position of the Central Bank of Bosnia and Herzegovina as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (hereinafter: "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 Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements of the Bank in the Bosnia and Herzegovina, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Management and the Governing Board of the Bank for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the 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 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.

The Governing Board of the Bank is responsible for overseeing the Bank's financial reporting process.

#### 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 it 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 scepticism 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 a 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the 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 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 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.





We communicate with the Governing Board of the Bank 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.

Aleksandar Dzombić, PhD  
Director  
Grant Thornton d.o.o.



Banja Luka, 28 March 2018

Aleksandar Dzombić, PhD  
Certified Auditor  
Grant Thornton d.o.o.

Banja Luka, 28 March 2018

Suzana Stavrikj, Partner  
Grant Thornton d.o.o.



Skopje, 28 March 2018

Kledian Kodra, Partner  
Grant Thornton sh.p.k.

Tirana, 28 March 2018

## STATEMENT OF PROFIT OR LOSS

In thousands of KM	Note	<i>For the year ended 31 December</i>	
		2017	2016
Interest income	4	29,008	28,740
Effects of negative interest rates from interest-bearing financial assets	4	(11,470)	(8,565)
Effects of negative deposit interest rate on deposits from local commercial banks	4	4,425	2,169
<b>NET INTEREST INCOME</b>		<b>21,963</b>	<b>22,344</b>
Fee and commission income	5	15,834	10,072
Fee and commission expenses	5	(562)	(533)
<b>NET FEE AND COMMISSION INCOME</b>		<b>15,272</b>	<b>9,539</b>
Net realized gains from sale of financial assets available-for-sale	12	2,587	8,383
Net foreign exchange (losses) / gains	6	(560)	60
Other income	7	1,560	1,571
<b>OPERATING INCOME</b>		<b>40,822</b>	<b>41,897</b>
Personnel expenses	8	(19,019)	(18,929)
Administrative and other operating expenses	9	(7,583)	(6,793)
Depreciation and amortisation	16	(2,035)	(2,113)
<b>OPERATING EXPENSES</b>		<b>(28,637)</b>	<b>(27,835)</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>12,185</b>	<b>14,062</b>

The accompanying notes on pages 63 to 103 are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

In thousands of KM	Note	<i>For the year ended 31 December</i>	
		2017	2016
<b>NET PROFIT FOR THE YEAR</b>		<b>12,185</b>	<b>14,062</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to the statement of profit or loss:</i>			
Monetary gold			
Net changes in fair value of monetary gold	13	(1,194)	22,788
		<u>(1,194)</u>	<u>22,788</u>
Financial assets available-for-sale			
Net changes in fair value of financial assets available-for-sale	12	(15,890)	53,673
Realized fair value gains from financial assets available-for-sale reclassified to the statement of profit or loss	12	(2,587)	(8,383)
		<u>(18,477)</u>	<u>45,290</u>
<b>Total other comprehensive (loss) / income</b>		<b>(19,671)</b>	<b>68,078</b>
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR</b>		<b><u>(7,486)</u></b>	<b><u>82,140</u></b>

The accompanying notes on pages 63 to 103 are an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

In thousands of KM	Note	31 December 2017	As at 31 December 2016
<b>ASSETS</b>			
Foreign currency in cash	10	236,402	194,846
Deposits with foreign banks	11	2,698,650	2,970,397
Special Drawing Rights with the International Monetary Fund	25, 30	1,531	2,642
Financial assets available-for-sale	12	6,202,071	5,025,829
Monetary gold	13	203,908	205,102
Held-to-maturity investments	14	1,214,062	1,132,328
Other assets	15	11,656	4,626
Property and equipment	16	45,465	44,681
Intangible assets	16	1,072	794
Other investments	17	27,813	27,813
<b>TOTAL ASSETS</b>		<b>10,642,630</b>	<b>9,609,058</b>
<b>LIABILITIES, EQUITY AND RESERVES</b>			
Currency in circulation	18	4,319,360	4,066,804
Deposits from banks	19	5,033,065	4,269,143
Deposits from the Government and other depositors	20	624,708	590,392
Provisions for liabilities and charges	21	1,650	1,611
Other liabilities	22	11,212	13,676
<b>Total liabilities</b>		<b>9,989,995</b>	<b>8,941,626</b>
Initial capital		25,000	25,000
General reserves (Retained earnings)		542,766	537,892
Other reserves		31,300	31,300
Fair value reserves		53,569	73,240
<i>Fair value reserves – financial assets available-for-sale</i>		93,120	111,597
<i>Fair value reserves – monetary gold</i>		(39,551)	(38,357)
<b>Total equity and reserves</b>	23	<b>652,635</b>	<b>667,432</b>
<b>TOTAL LIABILITIES, EQUITY AND RESERVES</b>		<b>10,642,630</b>	<b>9,609,058</b>

The accompanying notes on pages 63 to 103 are an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**

In thousands of KM	Initial capital	General reserves (Retained earnings)	Other reserves	Fair value – financial assets available-for-sale	Fair value – reserves – monetary gold	Total
<b>Balance as at 1 January 2017</b>	<b>25,000</b>	<b>537,892</b>	<b>31,300</b>	<b>111,597</b>	<b>(38,357)</b>	<b>667,432</b>
<b>Total comprehensive income for the year</b>						
Profit for the year	-	12,185	-	-	-	12,185
Other comprehensive income	-	-	-	(18,477)	(1,194)	(19,671)
	-	<b>12,185</b>	-	<b>(18,477)</b>	<b>(1,194)</b>	<b>(7,486)</b>
<b>Distribution of profit</b>						
Distribution of profit to the state budget (Note 24)	-	(7,311)	-	-	-	(7,311)
<b>Balance as at 31 December 2017</b>	<b>25,000</b>	<b>542,766</b>	<b>31,300</b>	<b>93,120</b>	<b>(39,551)</b>	<b>652,635</b>

The accompanying notes on pages 63 to 103 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY (CONTINUED)

In thousands of KM	Initial capital	General reserves (Retained earnings)	Other reserves	Fair value reserves – financial assets available-for-sale	Fair value reserves – monetary gold	Total
Balance as at 1 January 2016	25,000	532,267	31,300	66,307	(61,145)	593,729
Total comprehensive income for the year						
Profit for the year	-	14,062	-	-	-	14,062
Other comprehensive income	-	-	-	45,290	22,788	68,078
	-	14,062	-	45,290	22,788	82,140
Distribution of profit						
Distribution of profit to the state budget (Note 24)	-	(8,437)	-	-	-	(8,437)
Balance as at 31 December 2016	25,000	537,892	31,300	111,597	(38,357)	667,432

The accompanying notes on pages 63 to 103 are an integral part of these financial statements.



## STATEMENT OF CASH FLOWS

		For the year ended 31 December	
	Note	2017	2016
In thousands of KM			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		12,185	14,062
Adjustments for:			
Depreciation and amortisation	16	2,035	2,113
Net realized gains from sale of financial assets available-for-sale		(2,587)	(8,383)
Income from grants	7	(132)	(218)
Provisions for liabilities and charges	8	226	219
(Gain) / Loss on disposal of property and equipment		(43)	4
Dividend income recognized in the statement of profit or loss	7	(763)	(562)
Interest income from held-to-maturity investments and financial assets available-for-sale recognized in the statement of profit or loss	4	(28,979)	(28,726)
Net cash flows from operating activities before changes in operating assets and liabilities		(18,058)	(21,491)
Changes in operating assets and liabilities			
(Increase) in deposits with foreign banks		(680,291)	(195,444)
(Increase) in other assets		(7,234)	(283)
Increase of currency in circulation		252,556	567,336
Increase in deposits		798,238	294,404
(Decrease) / Increase in other liabilities		(1,206)	1,157
Severance payments		(187)	(60)
Net cash from operating activities		343,818	645,619
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment		46	-
Purchases of property, equipment and intangible assets		(3,100)	(2,764)
Proceeds from coupon maturity and securities maturity of available-for-sale financial assets		2,242,037	5,203,667
Purchases of available-for-sale financial assets		(3,887,900)	(4,342,772)
Sales of available-for-sale financial assets		470,089	330,016
Collected principal and interest from held-to-maturity investments		21,607	21,395
Purchases of held-to-maturity investments		(90,720)	-
Dividends received		763	562
Net cash used in investing activities		(1,247,178)	1,210,104
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution of profit to the state budget		(8,437)	(18,827)
Net cash used in financing activities		(8,437)	(18,827)
Net (decrease) / increase in cash and cash equivalents		(911,797)	1,836,896
Cash and cash equivalents at 1 January		2,973,081	1,136,185
Cash and cash equivalents at 31 December	25	2,061,284	2,973,081

The accompanying notes on pages 63 to 103 are an integral part of these financial statements.

## 1. GENERAL INFORMATION

The Central Bank of Bosnia and Herzegovina (the "Bank") was established in accordance with the Law on the Central Bank of Bosnia and Herzegovina, which was adopted by the Parliamentary Assembly of Bosnia and Herzegovina ("BH") on 20 June 1997, according to the General Framework Peace Agreement in Bosnia and Herzegovina.

The Bank started its operations on 11 August 1997.

The main objectives and tasks of the Bank are:

- to define, adopt and control the implementation of monetary policy of BH through the issuance of local currency (Convertible Mark or "KM") with full coverage in free, convertible foreign exchange assets;
- to keep and manage the official foreign exchange reserves of the Bank in a safe and profitable manner;
- to implement monetary policy in accordance with the Law on the Central Bank of Bosnia and Herzegovina;
- to establish and maintain adequate payment and settlement systems;
- to coordinate the activities of the banking agencies, who are in charge of issuing banking licences and supervising banks;
- to accept deposits from the state and public institutions of BH and deposits from commercial banks;
- to issue provisions and guidelines for the performance of the Bank's operations, in accordance with the Law on the Central Bank of BH;
- to take part in the operations of international organisations working on strengthening the financial and economic stability of the country;
- to represent BH in international organisations regarding monetary policy issues.

The highest body of the Bank is the Governing Board, which is in charge of defining monetary policy and the control of its implementation, and the organisation and the strategy of the Bank in accordance with the Law on the Central Bank of Bosnia and Herzegovina.

The Management of the Bank consists of the Governor and Vice-Governors, appointed by the Governor with the approval of the Governing Board. The Management operationally manages the Bank's activities.

According to the Law on the Central Bank of Bosnia and Herzegovina, the Governor, with the approval of the Governing Board, appoints the Chief Audit Executive and three Deputies.

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

During the course of 2016 and 2017 and up to the date of this report, the Governing Board, Management, Office of the Chief Audit Executive and Audit Committee members are:

### **Governing Board**

Senad Softić Ph.D.	Chairman (from 11 August 2015)
Ankica Kolobarić M.Sc.	Member (from 11 August 2015)
Šerif Iović M.Sc.	Member (from 1 November 2017)
Kemal Kozarić Ph.D.	Member (until 31 October 2017)
Trivo Marinković M.Sc.	Member (from 11 August 2015)
Ljubiša Vladušić Ph.D.	Member (from 11 August 2015)

## 1. GENERAL INFORMATION (CONTINUED)

### Management

Senad Softić Ph.D.	Governor (from 11 August 2015)
Ernadina Bajrović M.Sc.	Vice-Governor (from 1 January 2013)
Milica Lakić Ph.D.	Vice-Governor (from 1 June 2016 until 15 June 2017 and from 11 August 2017)
Radomir Božić Ph.D.	Vice-Governor (until 16 February 2016 and from 16 June 2017 until 10 August 2017)
Želimira Raspudić M.Sc.	Vice-Governor (from 1 July 2017)
Ankica Kolobarić M.Sc.	Vice-Governor (until 30 June 2017)

### Office of the Chief Audit Executive

Anita Dujmović	Chief Audit Executive (from 24 October 2017)
Edis Kovačević M.Sc.	Chief Audit Executive (until 30 September 2017)
Marica Bulić	Deputy of the Chief Audit Executive (from 8 December 2017)
Angela Medić	Deputy of the Chief Audit Executive (until 30 November 2017)
Stojanka Šarović	Deputy of the Chief Audit Executive (from 4 September 2017)
Krstinja Tošović	Deputy of the Chief Audit Executive (until 21 August 2017)

### Audit Committee

Mila Gadžić Ph.D.	Member (from 1 September 2015)
Sead Kreso Ph.D.	Member (from 1 September 2015)
Radomir Repija	Member (from 1 September 2015)

## 2. BASIS FOR PREPARATION

### 2.1. Statement of compliance

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

### 2.2. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and monetary gold, which are stated at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell 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 a liability, the Bank takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

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 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.

More detailed disclosures on fair value measurements of financial assets and liabilities are presented in Note 29.

## 2. BASIS FOR PREPARATION (CONTINUED)

### 2.3. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Information on amounts where significant uncertainty exists in their estimate and critical judgments in applying accounting policies that have the most impact on the amounts disclosed in these financial statements are disclosed in Note 3.17.

### 2.4. Functional and presentation currency

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

The official exchange rate of KM to the Euro (EUR) has been defined by the Law on the Central Bank of Bosnia and Herzegovina as KM 1.95583 = EUR 1. As required by the Law, the Bank is obliged to purchase and sell KM for EUR on demand, without any restrictions, within the territory of Bosnia and Herzegovina, at the defined exchange rate.

The Law on the Central Bank of Bosnia and Herzegovina defines the operational rules for a "currency board" to be used for issuing KM, according to which KM is issued only with the purchase of convertible foreign exchange currency with full coverage in net foreign assets.

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

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period:

- Amendments to IAS 7: "Statement of Cash Flows" – Disclosure initiative (effective for annual periods beginning on or after 1 January 2017),
- Amendments to IAS 12: "Income Taxes" – Recognition of deferred tax assets for unrealised losses (effective for annual periods beginning on or after 1 January 2017),
- Amendments to IFRS 12: "Disclosure of interest in other entities" included in the 2014 - 2016 Annual Improvements Cycle – various standards (effective for annual periods beginning on or after 1 January 2017).

The application of these standards, amendments and interpretations has no significant impact on the financial statements of the Bank in the current period.

### 2.6. Standards and Interpretations in issue not yet adopted

As at the date of authorization of these financial statements the following standards, revisions and interpretations have been published by the IASB, but are not yet effective and have not been adopted early by the Bank:

- IFRS 9: "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018),
- IFRS 15: "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018),
- IFRS 16: "Leases" (effective for annual periods beginning on or after 1 January 2019),
- Amendments to IFRS 2: "Share-based Payment" - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IFRS 4: "Insurance Contracts" - Applying IFRS 9: "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9: "Financial Instruments" is first applied),

## 2. BASIS FOR PREPARATION (CONTINUED)

### 2.6. Standards and Interpretations in issue not yet adopted (continued)

- Amendments to IAS 40: "Investment Property"- Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),
- Annual improvements to IFRSs 2014 – 2016 cycle – Amendments to IFRS 1 and IAS 28 (effective for annual periods beginning on or after 1 January 2018),
- IFRIC 22 „Foreign Currency Transactions and Advance Consideration“ (effective for annual periods beginning on or after 1 January 2018),
- IFRIC 23 "Uncertainty over tax treatments (effective for annual periods beginning on or after 1 January 2019),
- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021),
- Amendments to 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 (effective for annual periods beginning on or after a date to be determined).

The Bank has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Bank anticipates that the adoption of these standards, revisions and interpretations will not have a significant impact on the financial statements of the Bank, except for IFRS 9.

IFRS 9 "Financial instruments" replaces IAS 39 "Financial instruments: Recognition and measurement" and is effective for annual periods beginning on or after 1 January 2018. IFRS 9 has introduced a new concept of classification and measurement of financial assets and a new "expected credit loss" (ECL) model for the impairment of financial assets. The Bank has adopted new accounting policies, implementing the requirements of IFRS 9, effective as at 1 January 2018. The Bank also assessed the impact of IFRS 9 on its financial assets and upgraded and customized existing business applications and adopted new regulations to include IFRS 9 requirements.

The Bank assessed the impact of IFRS 9, in the following areas:

Classification and measurement of financial instruments on or after 1 January 2018 is based on new criteria that take into account the contractual cash flows of financial instruments and the business model in which they are managed. IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost (AC), measured at fair value through other comprehensive income (FVOCI) and measured at fair value through profit and loss (FVPL). IFRS 9 eliminates the existing IAS 39 categories "at fair value through profit or loss" (FVTPL), "available-for-sale" (AFS), "held-to-maturity investments", and "loans and receivables".

Based on selected business models, the Bank has decided to classify its financial assets into following categories as at 1 January 2018:

SDR with the IMF that were classified as loans and receivables and measured at amortised cost under IAS 39 are measured at amortised cost under IFRS 9.

Demand and term deposits with foreign banks that were classified as loans and receivables and measured at amortised cost under IAS 39 are measured at amortised cost under IFRS 9.

Loans to employees that were classified as loans and receivables and measured at amortised cost under IAS 39 are measured at amortised cost under IFRS 9.

Debt securities that were classified as financial assets available-for sale and measured at fair value under IAS 39 are measured at fair value through other comprehensive income (FVOCI) under IFRS 9.

Debt securities that were classified as held-to maturity investments and measured at amortised cost under IAS 39 are measured at fair value through other comprehensive income (FVOCI) under IFRS 9.

For equity instruments that were classified as financial assets available-for-sale under IAS 39 and were not held for trading, the Bank irrevocably elected to present subsequent changes in fair value in other comprehensive income under IFRS 9.

Monetary gold is part of foreign exchange reserves of the Bank and is classified as a financial asset. The Bank has revised the current accounting policy for monetary gold and changed the accounting treatment of monetary gold, effective from 1 January 2018, as follows:

## 2. BASIS FOR PREPARATION (CONTINUED)

### 2.6. Standards and Interpretations in issue not yet adopted (continued)

Monetary gold will be initially recognized at fair value, plus transaction cost directly attributable to the acquisition of the gold. After initial recognition, the gold will be re-measured at fair value.

Unrealized gains and losses arising from changes in fair value, referring to the price changes of gold, will be recognized in the revaluation reserve account within other comprehensive income. In the event that unrealised losses exceed the balance in the revaluation reserve, the Bank shall charge the excess against the period's profit available for distribution.

On the sale of gold, the Bank shall recycle existing unrealized gains and losses through profit and loss.

The fair value of monetary gold will be expressed in EUR, converted at the fixed rate of KM at the reporting date, and will be measured at the last bid price for one ounce of gold (Oz) at the reporting date quoted on Reuters.

The effects of the adoption of the accounting policy for monetary gold will be recorded within the general reserves (retained earnings) of the Bank as at 1 January 2018.

Impairment based on expected credit losses shall be recognized for the Bank's financial assets that are currently recognized as deposits with foreign banks, available-for-sale financial assets, held-to-maturity investments. Impairment for SDR in the IMF, loans to employees and other financial receivables is calculated using simplified approach.

Implementation of IFRS 9 and change of accounting policy for monetary gold shall impact the opening balance of the Bank's assets and equity on 1 January 2018.

### IMPACT ON FINANCIAL ASSETS

			In thousands of KM	
	31 December 2017	Restatement of opening balance		1 January 2018
Foreign currency in cash	236,402	-	Foreign currency in cash	236,402
Deposits with foreign banks	2,698,650	(1,635)	Deposits with foreign banks	2,697,015
Special drawing rights with the IMF	1,531	-	Special drawing rights with the IMF	1,531
Financial assets available-for-sale	6,202,071	-	Financial assets at FVOCI	7,473,857
Held-to-maturity investments	1,214,062	57,724	-	-
Monetary gold	203,908	(50)	Monetary gold	203,858
Other investments	27,813	-	Other investments	27,813
Other financial assets	2,746	(30)	Other financial assets	2,716
<b>TOTAL</b>	<b>10,587,183</b>	<b>56,009</b>	<b>TOTAL</b>	<b>10,643,192</b>



## 2. BASIS FOR PREPARATION (CONTINUED)

### 2.6. Standards and Interpretations in issue not yet adopted (continued)

IMPACT ON EQUITY AND RESERVES			In thousands of KM	
	31 December 2017	Restatement of opening balance		1 January 2018
Initial capital	25,000	-	Initial capital	25,000
General reserves (Retained earnings)	542,766	(36,477)	General reserves (Retained earnings)	506,289
Other reserves	31,300	-	Other reserves	31,300
Fair value reserves	53,569	-	Fair value reserves	146,055
Fair value reserves – financial assets available-for-sale	93,120	52,935	Fair value reserves – financial assets at FVOCI	141,765
-	-	-	Provisions for ECL – financial assets at FVOCI	4,290
Fair value reserve – monetary gold	(39,551)	39,551	Revaluation reserve – monetary gold	-
<b>TOTAL</b>	<b>652,635</b>	<b>56,009</b>	<b>TOTAL</b>	<b>708,644</b>

Based on assessments undertaken to date, the total estimated adjustment of the adoption of IFRS 9 and adoption of the accounting policy for monetary gold on the opening balance of the Bank's assets and equity at 1 January 2018 are as follows:

#### Bank' assets:

- A decrease of deposits with foreign banks in the amount of KM 1,635 thousand related to ECL.
- An increase of financial assets at FVOCI in the amount of KM 57,724 thousand related to classification of held-to maturity investments under IAS 39 to financial assets at FVOCI due to fair value measurement calculation of these investments.
- A decrease of monetary gold in the amount of KM 50 thousand related to the translation from USD to EUR currency.
- A decrease of other financial assets in the amount of KM 30 thousand related to the ECL.

#### Bank's equity:

- A decrease of general reserves in the total amount of KM 36,477 thousand related to:
  - A decrease for impairment requirements with corresponding opening balances for financial assets measured at amortised cost and FVOCI for ECL in the amount of KM 5,955 thousand
  - An increase for the new method of the effective interest rate in the amount of KM 9,079 thousand
  - A decrease for adoption of the accounting policy for monetary gold in the total amount of KM 39,601 thousand (KM 39,551 thousand revaluation reserve and KM 50 thousand foreign exchange difference)
- An increase of fair value reserves in the total amount of KM 52,935 related to:
  - An increase of fair value reserves for financial assets at FVOCI in the amount of KM 57,724 thousand related to classification of held-to maturity investments under IAS 39 to financial assets at FVOCI due to fair value measurement calculation of these investments.
  - A decrease for the new method of the effective interest rate in the amount of KM 9,079 thousand
  - An increase of provisions for ECL for financial assets at FVOCI in the amount of KM 4,290 thousand.

### 3. **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied in the preparation and presentation of these financial statements.

#### 3.1. **Interest income and expenses**

Interest income and expenses are recognized in the statement of profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expenses presented in the statement of profit or loss include interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis.

#### 3.2. **Fee and commission income and expenses**

Fee and commission income and expenses that are integral part to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fee and commission income and expenses mainly comprise fees earned and spent on domestic and foreign payment transactions and are recognized in the statement of profit or loss upon performance of the relevant service.

#### 3.3. **Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing on the settlement date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate applicable at that date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated at the reporting date.

Foreign exchange differences arising on retranslation of transactions and the assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

<b>Middle exchange rate:</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
	KM	KM
USD	1.63081	1.85545
SDR	2.322489	2.494348

#### 3.4. **Dividend income**

Dividend income from equity securities is recognized in the statement of profit or loss when the Bank's right to receive income is established.

#### 3.5. **Financial instruments**

Financial assets and financial liabilities are recognized when the Bank becomes a party to the contractual provisions of the financial instruments.

### 3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### 3.5. **Financial instruments (continued)**

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.

##### Method of effective interest rate

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instruments, or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

#### 3.5.1 **Financial assets**

Financial assets are recognized and derecognized on the settlement date on which the purchase or sale of an instrument is delivered to or by the Bank, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: "at fair value through profit or loss" (FVTPL), "available-for-sale" (AFS), "held-to-maturity investments", and "loans and receivables".

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. As at 31 December 2017 and 2016, the Bank has no financial assets at FVTPL.

##### Loans and receivables

Receivables (including deposits with foreign banks) that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at fair value plus transaction costs.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognized by applying the effective interest rate.

##### Held-to-maturity investments

Government debt securities with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

##### Financial assets available-for-sale ("AFS")

Debt and equity securities held by the Bank are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in the Note 29. Unquoted equity instruments whose fair value cannot be reliably determined are carried at cost, less impairment. Gains and losses arising from changes in fair value of debt and equity securities are recognized in other comprehensive income in the fair value reserve account with the exception of impairment losses, interest calculated using the effective interest rate method and foreign exchange gains and losses on financial assets, which are recognized directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the fair value reserve account in other comprehensive income is included in profit or loss for the period.

### 3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### 3.5. **Financial instruments (continued)**

##### 3.5.1 **Financial assets (continued)**

Dividends on AFS equity instruments are recognized in profit or loss when the Bank's right to receive payments is established.

The fair value of AFS financial assets denominated in a foreign currency is determined in that foreign currency and translated at the middle exchange rate at the reporting period date. The change in fair value attributable to translation differences that result from a change in amortized cost of the asset is recognized in profit or loss and other changes are recognized in equity.

##### Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively. Those individually significant assets which are not identified as impaired are subsequently included in the basis for collective impairment assessment. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss for debt securities classified as AFS decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

##### De-recognition of financial assets

The 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

##### 3.5.2 **Financial liabilities**

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities". As at 31 December 2017 and 2016, the Bank has no financial liabilities at FVTPL.

### 3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### 3.5. **Financial instruments (continued)**

##### 3.5.2 **Financial liabilities (continued)**

##### Other financial liabilities

Other financial liabilities, including currency in circulation, deposits from the local banks and deposits from the Government and other depositors, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

##### De-recognition of financial liabilities

The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire.

#### 3.6. **Monetary gold**

Gold is initially recognized at cost, being the fair value of the consideration given including acquisition charges associated with the investment. After initial recognition, the gold is re-measured at fair value. Gains and losses arising from changes in fair value, referring to price changes and foreign exchange differences from conversion from USD to Convertible Mark are recognized in the fair value reserve within other comprehensive income, until the gold is sold, when they are recognized as realized gains or losses in the statement of profit or loss.

The fair value of monetary gold is expressed in American dollars (USD), converted at the middle exchange rate as published by the Bank at the reporting date, and is measured at the last bid price for one ounce of gold (Oz) at the reporting date quoted on Reuters.

Foreign exchange gains and losses from conversion of prices of gold from USD to Convertible Mark are recognized as a part of fair value adjustments in the fair value reserve in other comprehensive income.

#### 3.7. **Cash and cash equivalents**

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

#### 3.8. **Property, equipment and intangible assets**

Properties, equipment and intangible assets consist of assets obtained from the Bank's own funds and cash and non-cash grants.

Properties, equipment and intangible assets are stated at cost, less accumulated depreciation/amortization and any recognized 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 in course of 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 and equipment category and subsequently subject to the applicable depreciation rates.

Depreciation and amortization is provided 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 2016 and 2017 were as follows:

### 3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### 3.8. **Property, equipment and intangible assets (continued)**

Software	20.0%
Other intangible assets	20.0%
Buildings	1.3% to 4.0%
Equipment	11.0% to 20.0%
Furniture	10.0% to 12.5%
Vehicles	15.5%

Gains and losses on disposal of property and equipment are recognized in the statement of profit or loss.

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.

#### 3.9. **Impairment of non-financial assets**

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any 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 the statement of profit or loss.

The recoverable amount of other assets is the greater of their value in use and 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 depreciation or amortisation, as if no impairment loss had been recognized.

#### 3.10. **Provisions for liabilities and charges**

Provisions are recognized when the 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 for liabilities and charges are maintained at the level that the 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.

#### 3.11. **Grants**

Grants related to assets, including non-cash grants, are initially recognized as deferred income at fair value and are then recognized as income from grants on a systematic basis over the useful life of the assets. Grants that compensate the Bank for expenses incurred are recognized in the statement of profit or loss as income from grants on a systematic basis in the same periods in which the expenses are recognized.

#### 3.12. **Taxes**

According to Article 69 of the Law on the Central Bank of Bosnia and Herzegovina, the Bank, its assets, property and income, and its operations and transactions are exempt from all taxes and duties.



### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.13. Currency in circulation**

The Bank administers the issue and withdrawal of domestic bank notes and coins. The corresponding liability from the issued currency in circulation is recorded in the statement of financial position.

When currency is withdrawn from circulation, it is recognized as a liability as part of currency in circulation, until the formal date of withdrawal. Any outstanding amount not withdrawn, after the formal due date, is recognized as income.

Costs related to the production and design of banknotes and coins are initially recognized as deferred costs which are subsequently amortised through other operating expenses. From February 2017 the Bank has increased the period for amortisation of these costs from three to five years.

#### **3.14. Managed funds for and on behalf of third parties**

The Bank maintains certain accounts in foreign currencies related to agreements concluded between the governments of Bosnia and Herzegovina and its constituent 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 Bank acts as an agent.

#### **3.15. Employee benefits**

##### *Short-term employee benefits*

In accordance with local regulations, on behalf of its employees, the 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 Bank pays those tax and contributions in the favour of the institutions of the Federation of Bosnia and Herzegovina (on federal and cantonal levels), Republika 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 the statement of profit or loss in the period in which the expense is incurred.

##### *Long-term employee benefits*

According to local legal requirements, employees of the Bank are entitled to receive a one-time benefit on retirement, provided legal conditions are met, such as the age or years of service, which in accordance with the 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 which are calculated annually by independent actuaries using the projected unit credit method. The discount rate used in the calculation of the liability is based on interest rates of domestic corporate bonds and government bonds which exist on the market.

#### **3.16. Financial arrangements of Bosnia and Herzegovina with the International Monetary Fund**

According to the financial arrangements made at the end of 2002 between Bosnia and Herzegovina and the International Monetary Fund ("IMF"), the statement of financial position of the Bank includes the following items related to Bosnia and Herzegovina's membership of the IMF: holdings of Special Drawing Rights ("SDRs"), accrued interest on such SDR holdings and the IMF No. 1 account and IMF No. 2 account.

Other assets and liabilities related to the IMF, belonging to or being the responsibility of Bosnia and Herzegovina, are recorded in a special Trust Fund within off-balance-sheet records (see also Note 30).

#### **3.17. Critical accounting judgements and key source of estimation uncertainty**

In the application of the Bank's accounting policies, which are described in Note 3, the Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.17. Critical accounting judgements and key source of estimation uncertainty (continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

##### Fair value of assets

The Bank's 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 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 IFRS.

##### 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 Bank assesses economic useful life based on current assumptions.

### 4. INTEREST INCOME AND EXPENSES

In thousands of KM	For the year ended 31 December	
	2017	2016
Interest income arising from:		
- financial assets available-for-sale (Note 12)	16,358	17,194
- held-to-maturity investments (Note 14)	12,621	11,532
- deposit with foreign banks	18	11
- other	11	3
	<b>29,008</b>	<b>28,740</b>
Effects of negative interest rates from interest bearing financial assets from:		
- term deposits held with foreign banks	(8,887)	(6,138)
- demand deposits held with foreign banks	(2,583)	(2,427)
	<b>(11,470)</b>	<b>(8,565)</b>
Effects of negative deposit interest rates on deposits from local commercial banks	<b>4,425</b>	<b>2,169</b>
<b>Net interest income</b>	<b>21,963</b>	<b>22,344</b>

The base for calculation of interest on commercial banks' deposits includes the total deposits of commercial banks on reserve accounts during the settlement period, which consists of required reserve amounts and excess above the required reserves.

In the period 01/01/2016-30/06/2016 the base for calculation of the required reserve of commercial banks consisted of deposits and borrowings, except the borrowings received from non-residents and all funds placed by governments of entities into development projects.

Rates of deposits and borrowed funds which constituted the base for required reserve calculation in the period 01/01/2016-30/06/2016 were as follows:

	(in %)
Short-term deposits and borrowings	10.00
Long-term deposits and borrowings	7.00

#### 4. INTEREST INCOME AND EXPENSES (CONTINUED)

In the period 01/01/2016-30/06/2016 the policy of calculating fees on the required reserves and on the amount exceeding the required reserves to commercial banks has been amended in a way that the Bank will not calculate interest on those items if the Bank did not invest in deposits up to one month due to lack of opportunities to achieve positive interest rate on the market, or if, for any reason, the Bank achieved an average negative interest rate on deposits invested up to one month.

From 1 May 2015 the fee on required reserves was calculated as the average of EONIA (Euro Over Night Index Average) recorded on the market less 10 basis points for the same period, or minimum zero, if the average of EONIA reduced by 10 basis points has a negative value, while the zero rate fee was calculated on the amount exceeding the required reserve.

In the period 01/07/2016-31/12/2017, the base for the required reserve calculation for commercial banks consists of deposits and borrowings regardless of fund currency expressed. Also, the unique required reserve rate of 10% is established to be applied by the Bank on the base for the required reserve calculation.

The Bank does not calculate the fee on the required reserve amount while the fee on the amount exceeding the required reserve is calculated at the rate equal to 50% of the European Central Bank rate applied on commercial bank deposits.

Effects of negative interest rates from interest-bearing financial assets are the result of negative interest rates calculated on term deposits and current accounts that could not be avoided according to current market circumstances.

Effects of negative deposit interest rates on deposits from local commercial banks are the result of the negative interest rate on the amount exceeding the required reserve which amounted to 0.20% in the period 01/07/2016-31/12/2017.

#### 5. FEE AND COMMISSION INCOME AND EXPENSES

In thousands of KM	For the year ended 31 December	
	2017	2016
Fee and commission income:		
- from local commercial banks	14,720	9,592
- from services for the Government and other non-banking clients	1,114	480
	<b>15,834</b>	<b>10,072</b>
Fee and commission expenses:		
- transactions with foreign banks	(562)	(533)
	<b>(562)</b>	<b>(533)</b>
<b>Net fee and commission income</b>	<b>15,272</b>	<b>9,539</b>

At the beginning of 2017, the Bank increased fee tariff for services provided to commercial banks and other non-banking clients.

#### 6. NET FOREIGN EXCHANGE (LOSSES) / GAINS

In thousands of KM	For the year ended 31 December	
	2017	2016
Income from foreign exchange differences	577	1,078
Expenses from foreign exchange differences	(1,137)	(1,018)
<b>Net (losses) /gains</b>	<b>(560)</b>	<b>60</b>

**7. OTHER INCOME**

In thousands of KM	For the year ended 31 December	
	2017	2016
Dividend income (Note 17)	763	562
Income from grants	132	218
Other income	665	791
<b>TOTAL</b>	<b>1,560</b>	<b>1,571</b>

**8. PERSONNEL EXPENSES**

In thousands of KM	For the year ended 31 December	
	2017	2016
Salaries	10,280	10,543
Taxes and contributions	5,846	6,013
Other employee benefits	2,667	2,304
Provisions for severance payments (Note 21)	226	69
<b>TOTAL</b>	<b>19,019</b>	<b>18,929</b>

Personnel costs include KM 3,540 thousand (2016: KM 3,541 thousand) of defined pension contributions paid into the public pension funds in Bosnia and Herzegovina. Contributions are calculated as percentage of the gross salary. As at 31 December 2017 the Bank had 367 employees (2016: 361 employees).

**9. ADMINISTRATIVE AND OTHER OPERATING EXPENSES**

In thousands of KM	For the year ended 31 December	
	2017	2016
Maintenance costs	2,494	2,587
Expenses for production and design of banknotes and coins	1,429	599
Other administrative and operating expenses	3,660	3,607
<b>TOTAL</b>	<b>7,583</b>	<b>6,793</b>

During 2017, the Bank determined that the needs for KM currency were projected for the five year period and were successively placed into circulation, therefor, as at February 2017, the Bank has changed the number of years to which expenses for production and design of banknotes and coins are deferred from three to five years. As a result of the revised estimate, the expenses for production and design of banknotes and coins during the reporting period were lower by KM 793 thousand than the expenses that would be recognized if the Bank applied three year period for amortisation.

If the Bank had applied three year period for amortisation, expenses for production and design of banknotes and coins would have been higher in total by KM 2,329 thousand in the period of next two years.

**10. FOREIGN CURRENCY IN CASH**

Foreign currency in cash relates to:

In thousands of KM	31 December 2017	31 December 2016
Cash in vaults per currency:		
- EUR	236,330	194,768
- CHF	36	40
- USD	19	21
- GBP	17	17
<b>TOTAL</b>	<b>236,402</b>	<b>194,846</b>

**11. DEPOSITS WITH FOREIGN BANKS**

Term and demand deposits with foreign banks, analysed by type of currency, are as follows:

In thousands of KM	31 December 2017	31 December 2016
Term deposits:		
- EUR	2,027,067	2,265,332
	<b>2,027,067</b>	<b>2,265,332</b>
Demand deposits:		
- EUR	666,153	699,285
- USD	2,921	4,286
- Other currencies	2,509	1,494
	<b>671,583</b>	<b>705,065</b>
<b>TOTAL</b>	<b>2,698,650</b>	<b>2,970,397</b>

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

In thousands of KM	31 December 2017	31 December 2016
Up to 1 month	993,768	742,008
From 1 to 2 months	136,200	644,529
From 2 to 3 months	449,303	683,351
From 3 to 4 months	117,154	-
From 4 to 12 months	330,642	195,444
<b>TOTAL</b>	<b>2,027,067</b>	<b>2,265,332</b>

During 2017 the negative interest rates on demand deposits ranged from 0.74% p.a. to 0.30% p.a. (2016: negative interest rates from 0.68% p.a. to 0.20% p.a.) and on term deposits negative interest rates ranged from 0.65% p.a. to 0.36% p.a. (2016: from 0.54% p.a. to 0.34% p.a.).

Deposits with foreign banks include negative accrued interest in the amount KM 1,580 thousand as at 31 December 2017 (2016: included negative accrued interest in the amount KM 1,679 thousand).

The average negative effective yield rate on deposits amounted to 0.43% (2016: negative effective yield rate 0.39%).

**11. DEPOSITS WITH FOREIGN BANKS ( CONTINUED)**

Deposits with foreign banks analysed by the type of the bank invested in, are as follows:

<b>In thousands of KM</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
Commercial banks	1,430,350	1,114,751
Central banks	1,268,300	1,855,646
<b>TOTAL</b>	<b>2,698,650</b>	<b>2,970,397</b>

Deposits with foreign banks can be analysed on a geographical basis as follows:

<b>In thousands of KM</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>Luxembourg</b>		
Term deposits	837,201	624,880
Demand deposits	156,307	293,192
	<b>993,508</b>	<b>918,072</b>
<b>France</b>		
Term deposits	469,182	-
Demand deposits	78,137	78,073
	<b>547,319</b>	<b>78,073</b>
<b>Switzerland</b>		
Term deposits	525,373	586,048
Demand deposits	1,538	4,180
	<b>526,911</b>	<b>590,228</b>
<b>Germany</b>		
Term deposits	-	664,357
Demand deposits	434,215	329,620
	<b>434,215</b>	<b>993,977</b>
<b>Netherlands</b>		
Term deposits	97,662	390,047
Demand deposits	-	-
	<b>97,662</b>	<b>390,047</b>
<b>Great Britain</b>		
Term deposits	97,649	-
Demand deposits	-	-
	<b>97,649</b>	<b>-</b>
<b>USA</b>		
Term deposits	-	-
Demand deposits	1,386	-
	<b>1,386</b>	<b>-</b>
<b>Total term deposits</b>	<b>2,027,067</b>	<b>2,265,332</b>
<b>Total demand deposits</b>	<b>671,583</b>	<b>705,065</b>
<b>TOTAL</b>	<b>2,698,650</b>	<b>2,970,397</b>



## 12. FINANCIAL ASSETS AVAILABLE-FOR-SALE

Financial assets available-for-sale are quality instruments with a high degree of marketability and liquidity, with a credit rating from AAA to BBB (Fitch). The portfolio includes short-term and long-term debt securities with a fixed interest rate, which are issued by the governments of other foreign countries. Financial assets available-for-sale are denominated in EUR.

The structure of the financial assets available-for-sale is as follows:

In thousands of KM	31 December 2017	31 December 2016
Debt securities	6,143,154	4,986,018
Accrued interest	58,917	39,811
<b>TOTAL</b>	<b>6,202,071</b>	<b>5,025,829</b>

The average effective yield rate on financial assets available-for-sale amounted to 0.35% (2016: 0.48%).

Financial assets available-for-sale can be analysed on a geographical basis as follows:

	31 December 2017		31 December 2016	
	In thousands of KM	%	In thousands of KM	%
<i>France</i>	1,654,622	26.67	1,136,535	22.61
<i>Belgium</i>	976,652	15.75	1,011,011	20.12
<i>Germany</i>	732,285	11.81	541,175	10.77
<i>Spain</i>	728,413	11.74	900,412	17.92
<i>Austria</i>	644,753	10.40	438,424	8.72
<i>Netherlands</i>	565,017	9.11	177,704	3.54
<i>Italy</i>	552,722	8.91	585,423	11.64
<i>Finland</i>	341,643	5.51	229,082	4.56
<i>Slovakia</i>	5,964	0.10	6,063	0.12
<b>TOTAL</b>	<b>6,202,071</b>	<b>100.00</b>	<b>5,025,829</b>	<b>100.00</b>

Movements in fair value of financial assets available-for-sale can be analysed as follows:

In thousands of KM	2017	2016
<b>Opening balance as at 1 January</b>	<b>5,025,829</b>	<b>6,145,872</b>
Purchases during the year	3,887,900	4,342,772
Sales during the year	(470,089)	(330,016)
Interest income recognized during the year (Note 4)	16,358	17,194
Collected principal and interest	(2,242,037)	(5,203,667)
Fair value adjustment	(15,890)	53,674
<b>Closing balance as at 31 December</b>	<b>6,202,071</b>	<b>5,025,829</b>

Net realized gains from the sale of financial assets available-for-sale in 2017 amounted to KM 2,587 thousand (2016: KM 8,383 thousand).

### 13. MONETARY GOLD

The Bank holds monetary gold in a bank in Switzerland which is physically held in a vault at the Bank of England. The value of the monetary gold as at 31 December 2017 amounts to KM 203,908 thousand, representing 96,000 ounces of gold at KM 2,124 per ounce (2016: KM 205,102 thousand representing 96,000 ounces of gold at KM 2,136 per ounce).

Movements in fair value of monetary gold can be analysed as follows:

In thousands of KM

	2017	2016
<b>Opening balance as at 1 January</b>	<b>205,102</b>	<b>182,315</b>
Purchases during the year	-	-
Fair value reserves - monetary gold		
- <i>Changes in prices of gold</i>	25,387	14,307
- <i>Foreign exchange (losses) / gains from conversion USD / KM</i>	(26,581)	8,480
<b>Closing balance as at 31 December</b>	<b>203,908</b>	<b>205,102</b>

### 14. HELD-TO-MATURITY INVESTMENTS

All held-to-maturity investments are with credit rating from AAA to BBB (Fitch) and are denominated in EUR.

The structure of the held-to-maturity investments is presented as follows:

In thousands of KM

	31 December 2017	31 December 2016
Debt securities	1,206,306	1,124,596
Accrued interest	7,756	7,732
<b>TOTAL</b>	<b>1,214,062</b>	<b>1,132,328</b>

The average effective yield rate on held-to-maturity investments amounted to 1.04% (2016: 1.01%).

Held-to-maturity investments can be analysed on a geographical basis as follows:

	31 December 2017		31 December 2016	
	In thousands of KM	%	In thousands of KM	%
<i>France</i>	411,431	33.90	321,083	28.36
<i>Italy</i>	216,636	17.84	221,688	19.57
<i>Belgium</i>	203,629	16.77	204,721	18.08
<i>Finland</i>	180,686	14.88	181,263	16.01
<i>Austria</i>	161,278	13.28	162,106	14.32
<i>Netherlands</i>	40,402	3.33	41,467	3.66
<b>TOTAL</b>	<b>1,214,062</b>	<b>100.00</b>	<b>1,132,328</b>	<b>100.00</b>

Movements in held-to-maturity investments can be analysed as follows:

In thousands of KM

	2017	2016
<b>Opening balance as at 1 January</b>	<b>1,132,328</b>	<b>1,142,191</b>
Purchases during the year	90,720	-
Interest income recognized during the year (Note 4)	12,621	11,532
Collected principal and interest	(21,607)	(21,395)
<b>Closing balance as at 31 December</b>	<b>1,214,062</b>	<b>1,132,328</b>

**15. OTHER ASSETS****In thousands of KM**

	<b>31 December 2017</b>	<b>31 December 2016</b>
Prepaid expenses	7,931	1,306
Receivables from domestic banks	1,690	1,036
Numismatic collections	764	885
Other miscellaneous assets	236	378
Giro accounts	598	376
Loans to employees	436	640
Advances	1	5
Receivables from employee based on domestic currency deficit	600	600
Less: Impairment of other receivables	(600)	(600)
<b>TOTAL</b>	<b>11,656</b>	<b>4,626</b>

As at 31 December 2017, prepaid expenses include expenditure of KM 7,564 thousand incurred on the production of banknotes and coins (31 December 2016: KM 141 thousand incurred on the production of coins). As explained in Note 3.13, starting from February 2017, such costs are initially deferred and subsequently amortized over a period of five years (2016: three years).

## 16. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

In thousands of KM	Land and buildings	Equipment and furniture	Vehicles	Other	Assets under construction	Property and equipment	Software and other intangible assets	Intangible assets under construction	Intangible assets	TOTAL
<b>Cost</b>										
<b>As at 1 January 2016</b>	<b>42,992</b>	<b>23,816</b>	<b>1,827</b>	<b>945</b>	<b>114</b>	<b>69,694</b>	<b>14,219</b>	<b>-</b>	<b>14,219</b>	<b>83,913</b>
Additions	-	800	-	9	1,763	2,572	147	45	192	2,764
Write offs	-	(2,040)	-	(34)	-	(2,074)	(103)	-	(103)	(2,177)
Transfers	-	48	-	-	(48)	-	-	-	-	-
<b>As at 31 December 2016</b>	<b>42,992</b>	<b>22,624</b>	<b>1,827</b>	<b>920</b>	<b>1,829</b>	<b>70,192</b>	<b>14,263</b>	<b>45</b>	<b>14,308</b>	<b>84,500</b>
Additions	162	1,257	425	45	661	2,550	313	237	550	3,100
Write offs	-	(396)	(327)	(9)	-	(732)	(121)	-	(121)	(853)
Transfers	1,214	553	-	41	(1,808)	-	46	(46)	-	-
<b>As at 31 December 2017</b>	<b>44,368</b>	<b>24,038</b>	<b>1,925</b>	<b>997</b>	<b>682</b>	<b>72,010</b>	<b>14,501</b>	<b>236</b>	<b>14,737</b>	<b>86,747</b>
<b>Accumulated depreciation and amortization</b>										
<b>As at 1 January 2016</b>	<b>3,616</b>	<b>19,830</b>	<b>1,681</b>	<b>648</b>	<b>-</b>	<b>25,775</b>	<b>13,310</b>	<b>-</b>	<b>13,310</b>	<b>39,085</b>
Charge for the year	506	1,189	57	54	-	1,806	307	-	307	2,113
Write offs	-	(2,037)	-	(33)	-	(2,070)	(103)	-	(103)	(2,173)
<b>As at 31 December 2016</b>	<b>4,122</b>	<b>18,982</b>	<b>1,738</b>	<b>669</b>	<b>-</b>	<b>25,511</b>	<b>13,514</b>	<b>-</b>	<b>13,514</b>	<b>39,025</b>
Charge for the year	518	1,111	80	54	-	1,763	272	-	272	2,035
Write offs	-	(393)	(327)	(9)	-	(729)	(121)	-	(121)	(850)
<b>As at 31 December 2017</b>	<b>4,640</b>	<b>19,700</b>	<b>1,491</b>	<b>714</b>	<b>-</b>	<b>26,545</b>	<b>13,665</b>	<b>-</b>	<b>13,665</b>	<b>40,210</b>
<b>Net book value</b>										
<b>As at 1 January 2017</b>	<b>38,870</b>	<b>3,642</b>	<b>89</b>	<b>251</b>	<b>1,829</b>	<b>44,681</b>	<b>749</b>	<b>45</b>	<b>794</b>	<b>45,475</b>
<b>As at 31 December 2017</b>	<b>39,728</b>	<b>4,338</b>	<b>434</b>	<b>283</b>	<b>682</b>	<b>45,465</b>	<b>836</b>	<b>236</b>	<b>1,072</b>	<b>46,537</b>

As at 31 of December 2017 and 2016, the Bank has no encumbrances over its property, equipment and intangible assets.

## 17. OTHER INVESTMENTS

The structure of other investments is as follows:

In thousands of KM	31 December 2017	31 December 2016
<i>Equity securities:</i>		
Shares in Bank for International Settlements (BIS), Basel (Note 23)	27,803	27,803
Shares in SWIFT	10	10
<b>TOTAL</b>	<b>27,813</b>	<b>27,813</b>

Equity securities are composed of ordinary Bank for International Settlements (hereinafter: BIS) shares with a nominal value of SDR 5,000 per share (paid up at 25% of their nominal value). BIS and SWIFT shares represent unquoted equity instruments whose fair value cannot be reliably determined and therefore are carried at cost.

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

During the year the Bank received dividend income from BIS in the amount of KM 763 thousand (2016: KM 562 thousand) (Note 7).

## 18. CURRENCY IN CIRCULATION

Currency in circulation can be analysed as follows:

In thousands of KM	2017	2016
<b>Currency placed into circulation - opening balance as at 1 January</b>	<b>4,066,804</b>	<b>3,499,468</b>
Increase in currency in circulation during the year	252,556	567,336
<b>Currency placed into circulation - balance as at 31 December</b>	<b>4,319,360</b>	<b>4,066,804</b>

Of the total currency placed into circulation of KM 4,319,360 thousand as at 31 December 2017, KM 605 thousand was placed into circulation outside of Bosnia and Herzegovina (2016: KM 605 thousand out of KM 4,066,804 thousand).

	Nominal value	31 December 2017		31 December 2016	
		Pieces	Value in thousands of KM	Pieces	Value in thousands of KM
Coins	0.05	64,264,227	3,213	58,005,994	2,900
Coins	0.10	96,699,045	9,670	90,219,478	9,022
Coins	0.20	70,032,596	14,007	65,465,345	13,093
Coins	0.50	33,609,811	16,805	31,728,243	15,864
Coins	1	47,884,620	47,885	44,751,826	44,752
Coins	2	13,585,230	27,170	12,654,299	25,309
Coins	5	10,020,723	50,104	9,212,158	46,061
Banknotes	10	11,150,353	111,504	10,635,610	106,356
Banknotes	20	8,718,265	174,365	8,483,902	169,678
Banknotes	50	18,379,804	918,990	18,230,190	911,510
Banknotes	100	21,225,491	2,122,549	19,475,164	1,947,515
Banknotes	200	4,115,492	823,098	3,873,719	774,744
<b>TOTAL</b>		<b>399,685,657</b>	<b>4,319,360</b>	<b>372,735,928</b>	<b>4,066,804</b>

**19. DEPOSITS FROM BANKS**

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

In thousands of KM	31 December 2017	31 December 2016
Deposits of local commercial banks	5,032,593	4,268,467
Reserve accounts of organizational units of the Bank	436	640
Special deposit of local commercial banks – blocked funds	36	36
<b>TOTAL</b>	<b>5,033,065</b>	<b>4,269,143</b>

Deposits of local domestic commercial banks are placed in accordance with obligatory reserve requirements for those banks to meet obligations for settling debts and for the transactions between commercial banks and the Bank. On 31 December 2017 the total amount of KM 5,032,593 thousand represents deposits of 24 banks (2016: KM 4,268,467 thousand represented deposits of 24 banks).

Interest on deposits from local commercial banks is calculated according to the Law on the Central Bank of Bosnia and Herzegovina which was not calculated in the period 01/01/2016-30/06/2016 and in the period 01/07/2016-31/12/2017 was calculated on the amount exceeding the required reserve. Calculation policy changes on interest rates on deposits placed by local commercial banks during the reporting periods are provided in Note 4.

Deposits from banks include negative accrued interest in the amount KM 449 thousand as at 31 December 2017 (31 December 2016: included negative accrued interest in the amount KM 376 thousand).

**20. DEPOSITS FROM THE GOVERNMENT AND OTHER DEPOSITORS**

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

In thousands of KM	31 December 2017	31 December 2016
Deposits for the budget of BH Institutions	448,079	460,478
Deposits of other governments and government institutions	100,503	77,940
Deposits of public institutions	76,120	51,968
Deposit account under International Monetary Fund transactions	6	6
<b>TOTAL</b>	<b>624,708</b>	<b>590,392</b>

**21. PROVISIONS FOR LIABILITIES AND CHARGES**

Provisions for liabilities and charges relate to provisions for employees' severance payments and provisions for potential liabilities on litigations.

*Litigations*

The Bank is a defendant in several legal proceedings arising from its operations. The Bank contests these claims and based on legal advice considers that no other material liabilities will be incurred, except for the amount of KM 150 thousands already provided for in 2016.

Movement in provisions for liabilities and charges is presented below:

In thousands of KM	2017	2016
<b>Opening balance as at 1 January</b>	<b>1,611</b>	<b>1,452</b>
Compensations paid	(187)	(60)
Net charge to the statement of profit or loss (Note 8)	226	69
Provisions for employees' payments	<b>1,650</b>	1,461
Provisions for litigations	-	150
<b>Closing balance as at 31 December</b>	<b>1,650</b>	<b>1,611</b>



## 22. OTHER LIABILITIES

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

In thousands of KM	31 December 2017	31 December 2016
Liabilities based on allocation of profit to the state budget (Note 24)	7,311	8,437
IMF Accounts No. 1 and 2 (Note 30)	1,593	1,711
Suppliers	1,533	1,493
Accrued expenses and other liabilities	419	229
Deferred income	300	416
World Bank deposits	56	447
Liabilities to employees	-	943
<b>TOTAL</b>	<b>11,212</b>	<b>13,676</b>

## 23. EQUITY AND RESERVES

The structure of equity and reserves is presented in the following table:

In thousands of KM	31 December 2017	31 December 2016
Initial capital	25,000	25,000
General reserves (Retained earnings)	542,766	537,892
Other reserves	31,300	31,300
Fair value reserves	53,569	73,240
<i>Fair value reserves – financial assets available-for-sale</i>	93,120	111,597
<i>Fair value reserves – monetary gold</i>	(39,551)	(38,357)
<b>TOTAL</b>	<b>652,635</b>	<b>667,432</b>

### Initial capital

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

### General reserves (Retained earnings)

General reserves (Retained earnings) comprise accumulated undistributed profits of the Bank since the beginning of its operations on 11 August 1997.

### Other reserves

Other reserves relate to following:

- 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 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 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 Bank for International Settlements Brussels (BIS), Basel (see also Note 17).

### Fair value reserves

Fair value reserves represent unrealized gains or losses incurred as a result of measurement of the financial assets available-for-sale and monetary gold.

## 24. PROFIT ALLOCATION

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

The provisions of the above mentioned Law define the criteria of the net profit allocation, according to which the Bank allocates 60% of the current profit to the account of the institution responsible for the Budget of Bosnia and Herzegovina, 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 2017 amounted to 5.64% (2016: 6.24%). According to the Decision of the Governing Board 60% of the net profit for the financial year of 2017 in the amount of KM 7,311 thousand (2016: KM 8,437 thousand) was allocated to the state budget, and 40%, i.e. the amount of KM 4,874 thousand was allocated to the general reserves (retained earnings) of the Bank (2016: KM 5,625 thousand).

### 2017

#### Before profit allocation

(in thousands of KM)

<b>Monetary liabilities (Currency in circulation and domestic deposits)</b>	<b>9,977,133</b>
Initial capital and general reserves (retained earnings)	562,892
<b>Ratio - initial capital and general reserves (retained earnings) / monetary liabilities</b>	<b>5.64%</b>

#### Profit allocation

(in thousands of KM)

<b>Net profit before allocation</b>	<b>12,185</b>
Allocation of profit to the state budget	7,311
Allocation of profit to general reserves (retained earnings)	4,874

#### After profit allocation

(in thousands of KM)

Initial capital and general reserves (retained earnings)	567,766
<b>Ratio - Initial capital and general reserves (retained earnings) / monetary liabilities</b>	<b>5.69%</b>

### 2016

#### Before profit allocation

(in thousands of KM)

<b>Monetary liabilities (Currency in circulation and domestic deposits)</b>	<b>8,926,339</b>
Initial capital and general reserves (retained earnings)	557,267
<b>Ratio - initial capital and general reserves (retained earnings) / monetary liabilities</b>	<b>6.24%</b>

#### Profit allocation

(in thousands of KM)

<b>Net profit before allocation</b>	<b>14,062</b>
Allocation of profit to the state budget	8,437
Allocation of profit to general reserves (retained earnings)	5,625

#### After profit allocation

(in thousands of KM)

Initial capital and general reserves (retained earnings)	562,892
<b>Ratio - Initial capital and general reserves (retained earnings) / monetary liabilities</b>	<b>6.31%</b>

**25. CASH AND CASH EQUIVALENTS**

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

In thousands of KM	31 December 2017	31 December 2016
Foreign currency deposits with maturity up to three months or less from the date of acquisition	1,151,332	2,069,888
Foreign currency demand deposits	671,583	705,065
Foreign currency in cash	236,402	194,846
Special Drawing Rights in the International Monetary Fund	1,531	2,642
Giro accounts	436	640
<b>TOTAL</b>	<b>2,061,284</b>	<b>2,973,081</b>

**26. CURRENCY BOARD ARRANGEMENT**

The Law on the Central Bank of Bosnia and Herzegovina requires that the aggregate amount of its monetary liabilities shall at no time exceed its net foreign exchange reserves.

Details of compliance with the rule are as follows:

In thousands of KM	31 December 2017	31 December 2016
<b>Foreign assets</b>	<b>10,556,624</b>	<b>9,531,144</b>
Liabilities to non-residents	1,649	2,158
<b>Net foreign exchange reserves</b> (foreign assets minus liabilities to non-residents)	<b>10,554,975</b>	<b>9,528,986</b>
<b>Monetary liabilities</b>	<b>9,977,133</b>	<b>8,926,339</b>
<b>Net foreign assets</b> (net foreign exchange reserves minus monetary liabilities)	<b>577,842</b>	<b>602,647</b>

The monetary liabilities of the Bank, according to the Law on the Central Bank of Bosnia and Herzegovina, consist of currency in circulation and the domestic deposits from banks and other residents.

**27. RELATED PARTY TRANSACTIONS**

In the normal course of its operations, the Bank enters into transactions with related parties. Having in mind that the 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 Bank with the state and state institutions represent related party transactions. In addition, the 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.

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

**27. RELATED PARTY TRANSACTIONS (CONTINUED)****In thousands of KM**

<b>2017</b>	<b>Exposure</b>	<b>Liabilities</b>	<b>Income</b>	<b>Expenses</b>
State	-	492,837	-	-
<i>State institutions</i>				
Indirect taxation authority of Bosnia and Herzegovina	-	10,146	-	-
Deposit Insurance Agency of Bosnia and Herzegovina	-	45,879	-	-
<b>TOTAL</b>	<b>-</b>	<b>548,862</b>	<b>-</b>	<b>-</b>

**In thousands of KM**

<b>2016</b>	<b>Exposure</b>	<b>Liabilities</b>	<b>Income</b>	<b>Expenses</b>
State	-	502,124	-	-
<i>State institutions</i>				
Indirect taxation authority of Bosnia and Herzegovina	-	22,839	-	-
Deposit Insurance Agency of Bosnia and Herzegovina	-	23,288	-	-
<b>TOTAL</b>	<b>-</b>	<b>548,251</b>	<b>-</b>	<b>-</b>

**Remuneration of key management members**

The total remuneration of the members of the key personnel (members of Management and Governing Board) in 2017 amounted to KM 991 thousand, out of which KM 626 thousand was related to salaries and other remuneration and KM 365 thousand to taxes and contributions (in 2016 out of total amount of KM 898 thousand the amount of KM 562 thousand was related to salaries and other remuneration and KM 336 thousand was related to taxes and contributions).

## 28. FINANCIAL RISK MANAGEMENT

The Bank's statement of financial position is largely comprised of financial instruments. These instruments expose the Bank to a number of financial risks, including credit risk, market risks and liquidity risk.

### 28.1. Credit risk

Credit risk is the risk of financial loss to the Bank if counterparty to a financial instrument fails to meet its contractual obligation and rises principally from the Bank's deposits with other banks and investments into securities (foreign currency reserves). The management of this risk is performed through the selection of counterparties with sound credit ratings assigned by internationally recognized rating agencies, by limiting the maturity, and by controlling the volume and the dynamics of investment. The credit ratings monitored on a daily basis.

For the funds recorded in off-balance sheet records, the 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 also Note 30).

#### 28.1.1. Credit risk concentration

The Bank is exposed to credit risk through the financial statement items that meet the definition of its financial assets.

#### Maximum exposure to credit risk before collateral held or other credit enhancements

The following table shows the maximum exposure to credit risk by type of financial assets:

In thousands of KM	Maximum exposure	
	31 December 2017	31 December 2016
<b>Carrying amounts</b>		
Foreign currency in cash	236,402	194,846
Deposits with foreign banks	2,698,650	2,970,397
Special Drawing Rights with the International Monetary Fund	1,531	2,642
Financial assets available-for-sale	6,202,071	5,025,829
Monetary gold	203,908	205,102
Held-to-maturity investments	1,214,062	1,132,328
Other investments	27,813	27,813
Other financial assets	2,746	2,217
<b>TOTAL</b>	<b>10,587,183</b>	<b>9,561,174</b>

The Bank does not hold any collateral or other credit enhancements to cover this credit risk. As at 31 December 2017 the Bank has a claim amounted to KM 25 thousand which is past due (31 December 2016: the Bank does not have any assets that are either past due or impaired).

#### Concentration of credit risk

The deposits placed with foreign banks in total amounted to KM 2,698,650 thousand as at 31 December 2017 (2016: KM 2,970,397 thousand). The largest portion of these funds is invested in one foreign bank with individual exposure exceeding total equity and reserves of the Bank (2016: two foreign banks had individual exposures exceeding total equity and reserves of the Bank).

#### Individual credit risk concentration exceeding total capital and reserves of the Bank:

31 December 2017			31 December 2016		
Bank rating	In thousands of KM	% of total	Bank rating	In thousands of KM	% of total
AAA	993,508	36.81%	AAA	918,072	30.91
-	-	-	AAA	859,501	28.94

**28. RISK MANAGEMENT (CONTINUED)****28.1. Credit risk (continued)****28.1.1. Credit risk concentration (continued)****Concentration per credit rating**

The table below presents an analysis of the Bank's concentration per credit rating for its financial assets as at 31 December 2017 (in thousands of KM).

Credit rating	Foreign currency in cash	Deposits with foreign banks	Special Drawing Rights with the IMF	Financial assets available-for-sale	Monetary gold	Held-to-maturity investments	Other investments	Other financial assets	TOTAL
AAA	-	1,715,536	-	1,297,302	-	40,402	-	-	3,053,240
AA+	-	-	-	986,396	-	341,964	-	-	1,328,360
AA	-	78,137	-	1,654,622	-	411,431	-	-	2,241,839
AA-	-	97,662	-	976,652	-	203,629	-	-	1,277,943
A+	-	-	-	5,964	-	-	-	-	5,964
A	-	566,831	-	-	-	-	-	-	469,182
A-	-	238,946	-	-	-	-	-	-	238,946
II <sup>1</sup>	-	1,538	1,531	-	203,908	-	27,813	-	234,790
BBB+	-	-	-	728,413	-	-	-	-	728,413
BBB	-	-	-	552,722	-	216,636	-	-	769,358
Unrated	236,402	-	-	-	-	-	-	2,746	239,148
<b>TOTAL</b>	<b>236,402</b>	<b>2,698,650</b>	<b>1,531</b>	<b>6,202,071</b>	<b>203,908</b>	<b>1,214,062</b>	<b>27,813</b>	<b>2,746</b>	<b>10,587,183</b>

The table below presents an analysis of the Bank's concentration per credit rating for its financial assets as at 31 December 2016 (in thousands of KM).

<sup>1</sup>International institutions



**28. RISK MANAGEMENT (CONTINUED)****28.1. Credit risk (continued)****28.1.1. Credit risk concentration (continued)**

Credit rating	Foreign currency in cash	Deposits with foreign banks	Special Drawing Rights with the IMF	Financial assets available-for-sale	Monetary gold	Held-to-maturity investments	Other investments	Other financial assets	TOTAL
AAA	-	2,363,620	-	718,879	-	41,467	-	-	3,123,966
AA+	-	-	-	667,506	-	343,369	-	-	1,010,875
AA	-	78,073	-	1,136,535	-	321,083	-	-	1,535,691
AA-	-	390,047	-	1,011,011	-	204,721	-	-	1,605,779
A+	-	-	-	6,063	-	-	-	-	6,063
A	-	-	-	-	-	-	-	-	-
A-	-	134,477	-	-	-	-	-	-	134,477
II <sup>2</sup>	-	4,180	2,642	-	205,102	-	27,813	-	239,737
BBB+	-	-	-	900,412	-	-	-	-	900,412
BBB	-	-	-	585,423	-	221,688	-	-	807,111
Unrated	194,846	-	-	-	-	-	-	2,217	197,063
<b>TOTAL</b>	<b>194,846</b>	<b>2,970,397</b>	<b>2,642</b>	<b>5,025,829</b>	<b>205,102</b>	<b>1,132,328</b>	<b>27,813</b>	<b>2,217</b>	<b>9,561,174</b>

**Geographical concentration of risks of financial assets with credit risk exposure**

The following table breaks down the Bank's main credit risk exposure at their carrying amounts, as categorized by geographical region as at 31 December 2017 and 2016. For the purposes of this disclosure, the Bank has allocated exposures to regions based on the country of domicile of its counterparties:

In thousands of KM	EU countries	Non-EU member countries	Bosnia and Herzegovina	Total
Foreign currency in cash	-	-	236,402	236,402
Deposits with foreign banks	2,170,353	528,297	-	2,698,650
SDR with the IMF	-	1,531	-	1,531
Available-for-sale financial assets	6,202,071	-	-	6,202,071
Monetary gold	-	203,908	-	203,908
Held-to-maturity investments	1,214,062	-	-	1,214,062
Other investments	10	27,803	-	27,813
Other financial assets	-	-	2,746	2,746
<b>31 December 2017</b>	<b>9,586,496</b>	<b>761,539</b>	<b>239,148</b>	<b>10,587,183</b>
<b>31 December 2016</b>	<b>8,538,336</b>	<b>825,775</b>	<b>197,063</b>	<b>9,561,174</b>

<sup>2</sup>International institutions

## 28. RISK MANAGEMENT (CONTINUED)

### 28.2. Market risk

The Bank monitors and manages both currency and interest rate risks as the basic market risk factors. Currency risk is a risk arising from decline of the value of the financial instrument denominated in foreign currency due to changes in exchange rates. The interest rate risk denotes a risk from reducing the market value of the financial instruments due to unfavourable movements of interest rates. The market risk management is performed by setting quantitative limits for foreign assets risk exposure acceptable for the Bank and they are monitored on a daily basis. 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 risks effect on the foreign reserves value, starting from 2017, the Bank applies the Value at Risk (VaR) concept. VaR represents a statistical methodology for assessing the maximum change in the foreign reserves value arising from differences in the financial instruments prices and the foreign exchange rates given a certain level of confidence and a particular time horizon. The Bank, when calculating VaR, applies a level of confidence of 99% and a 10-day horizon, as recommended in the Basel II Standard.

The fluctuation of the prices of the instruments and the foreign exchange rates are determined according to the historical changes in the prices and the foreign exchange rates for instruments and currencies comprising the foreign reserves at the end of the month.

As at 31 December 2017, the exposure of the foreign reserves managed by the Bank (Value at Risk at a level of confidence of 99% for a 10-day horizon), in terms of fluctuations of the prices of instruments and foreign exchange rates against the KM equals KM 28,045 thousands (2016: KM 33,606 thousand), or 0.26% of the foreign reserves (2016: 0.35% of the foreign reserves). VaR originates from the change in the foreign exchange rate for the same horizon, on a diversified basis and included change in the price of gold, as well as from the change in the prices of instruments in which the foreign reserves are invested.

In thousands of KM	31 December 2017	31 December 2016
Currency risk	911	13,922
Interest rate risk	27,134	19,684
<b>Total VaR</b>	<b>28,045</b>	<b>33,606</b>

### 28.2. Market risk

#### 28.2.1. Foreign exchange risk

The Bank is exposed to currency risk through transactions in foreign currencies. This is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency exposure arises from deposits and investment activities.

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 of Bosnia and Herzegovina and the Guidelines of the Bank on investment of the foreign exchange reserves.

The above framework defines the limits for holding assets and liabilities in each foreign currency. The biggest part of monetary assets is held in EUR, and the maximum amount that can be held in other convertible currencies, subject to the changes in the market rate, must not exceed 50% of the total amount of the capital and the reserves of the Bank.

The Bank had the following foreign currency position as at 31 December 2017 and 31 December 2016.

**28. RISK MANAGEMENT (CONTINUED)****28.2. Market risk (continued)****28.2.1. Foreign exchange risk (continued)****31 December 2017**

In thousands of KM	EUR	USD	Other foreign currencies	KM	Total
Foreign currency in cash	236,330	19	53	-	236,402
Deposits with foreign banks	2,693,220	2,921	2,509	-	2,698,650
Special Drawing Rights with the International Monetary Fund	-	-	1,531	-	1,531
Financial assets available-for-sale	6,202,071	-	-	-	6,202,071
Monetary gold	-	203,908	-	-	203,908
Held-to-maturity investments	1,214,062	-	-	-	1,214,062
Other investments	10	-	-	27,803	27,813
Other financial assets	81	-	-	2,665	2,746
<b>Total financial assets</b>	<b>10,345,774</b>	<b>206,848</b>	<b>4,093</b>	<b>30,468</b>	<b>10,587,183</b>
Currency in circulation	-	-	-	4,319,360	4,319,360
Deposits from banks	-	-	-	5,033,065	5,033,065
Deposits from the Government and other depositors	-	-	-	624,708	624,708
Other financial liabilities	902	3	-	9,605	10,510
<b>Total financial liabilities</b>	<b>902</b>	<b>3</b>	<b>-</b>	<b>9,986,738</b>	<b>9,987,643</b>
<b>NET FOREIGN EXCHANGE POSITION</b>	<b>10,344,872</b>	<b>206,845</b>	<b>4,093</b>	<b>(9,956,270)</b>	<b>599,540</b>

**31 December 2016**

In thousands of KM	EUR	USD	Other foreign currencies	KM	Total
Foreign currency in cash	194,768	21	57	-	194,846
Deposits with foreign banks	2,964,617	4,286	1,494	-	2,970,397
Special Drawing Rights with the International Monetary Fund	-	-	2,642	-	2,642
Financial assets available-for-sale	5,025,829	-	-	-	5,025,829
Monetary gold	-	205,102	-	-	205,102
Held-to-maturity investments	1,132,328	-	-	-	1,132,328
Other investments	10	-	-	27,803	27,813
Other financial assets	-	-	-	2,217	2,217
<b>Total financial assets</b>	<b>9,317,552</b>	<b>209,409</b>	<b>4,193</b>	<b>30,020</b>	<b>9,561,174</b>
Currency in circulation	-	-	-	4,066,804	4,066,804
Deposits from banks	-	-	-	4,269,143	4,269,143
Deposits from the Government and other depositors	-	-	-	590,392	590,392
Other financial liabilities	483	3	39	12,518	13,043
<b>Total financial liabilities</b>	<b>483</b>	<b>3</b>	<b>39</b>	<b>8,938,857</b>	<b>8,939,382</b>
<b>NET FOREIGN EXCHANGE POSITION</b>	<b>9,317,069</b>	<b>209,406</b>	<b>4,154</b>	<b>(8,908,837)</b>	<b>621,792</b>

The 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.

**28. RISK MANAGEMENT (CONTINUED)****28.2. Market risk (continued)****28.2.2. Interest rate risk**

The Bank's exposure to market risk for changes in interest rates is concentrated in its investment portfolio. The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest bearing liabilities mature or re-price at different time or in different amounts.

The Bank is exposed to interest rate risk through investment of foreign currency reserves. The Bank manages its investment portfolio with the aim to minimize interest rate risk. The investments bear different interest rates, depending on the time period of the investment, with the maximum term of investment being one year for deposits and ten years for securities.

The tables below summarize the Bank's exposure to interest rate risk at year-end.

**31 December 2017**

<b>In thousands of KM</b>	<b>Up to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 1 to 3 years</b>	<b>Over 3 Years</b>	<b>Non-interest bearing</b>	<b>Total</b>
Foreign currency in cash	-	-	-	-	236,402	236,402
Deposits with foreign banks	1,824,495	875,735	-	-	(1,580)	2,698,650
Special Drawing Rights with the International Monetary Fund	1,531	-	-	-	-	1,531
Available for sale financial assets	1,593,488	4,549,666	-	-	58,917	6,202,071
Monetary gold	-	-	-	-	203,908	203,908
Held-to-maturity investments	112,767	1,093,539	-	-	7,756	1,214,062
Other investments	-	-	-	-	27,813	27,813
Other financial assets	35	84	114	16	2,497	2,746
<b>Total financial assets</b>	<b>3,532,316</b>	<b>6,519,024</b>	<b>114</b>	<b>16</b>	<b>535,713</b>	<b>10,587,183</b>
Currency in circulation	-	-	-	-	4,319,360	4,319,360
Deposits from banks	2,550,518	-	-	-	2,482,547	5,033,065
Deposits from the Government and other depositors	-	-	-	-	624,708	624,708
Other liabilities	-	-	-	-	10,510	10,510
<b>Total financial liabilities</b>	<b>2,550,518</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,437,125</b>	<b>9,987,643</b>
<b>INTEREST RATE GAP</b>	<b>981,798</b>	<b>6,519,024</b>	<b>114</b>	<b>16</b>	<b>(6,901,412)</b>	<b>599,540</b>

**28. RISK MANAGEMENT (CONTINUED)****28.2. Market risk (continued)****28.2.2. Interest rate risk (continued)****31 December 2016**

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
Foreign currency in cash	-	-	-	-	194,846	194,846
Deposits with foreign banks	2,776,632	195,444	-	-	(1,679)	2,970,397
Special Drawing Rights with the International Monetary Fund	2,642	-	-	-	-	2,642
Available for sale financial assets	2,097,594	2,888,424	-	-	39,811	5,025,829
Monetary gold	-	-	-	-	205,102	205,102
Held-to-maturity investments	116,689	1,007,907	-	-	7,732	1,132,328
Other investments	-	-	-	-	27,813	27,813
Other financial assets	37	111	195	61	1,813	2,217
<b>Total financial assets</b>	<b>4,993,594</b>	<b>4,091,886</b>	<b>195</b>	<b>61</b>	<b>475,438</b>	<b>9,561,174</b>
Currency in circulation	-	-	-	-	4,066,804	4,066,804
Deposits from banks	2,039,880	-	-	-	2,229,263	4,269,143
Deposits from the Government and other depositors	-	-	-	-	590,392	590,392
Other liabilities	-	-	-	-	13,043	13,043
<b>Total financial liabilities</b>	<b>2,039,880</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,899,502</b>	<b>8,939,382</b>
<b>INTEREST RATE GAP</b>	<b>2,953,714</b>	<b>4,091,886</b>	<b>195</b>	<b>61</b>	<b>(6,424,064)</b>	<b>621,792</b>

**28.3. Liquidity risk**

Liquidity risk refers to the possible difficulties in liquidating a portion of assets quickly, possibly in a situation where market conditions are unfavorable and also with adverse price movement.

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 Bank foreign exchange 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.

*Maturity analysis*

Tables below present the financial liabilities of the Bank as at 31 December 2017 and 2016 classified into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

Currency in circulation has been classified in the maturity period within three months.

**28. RISK MANAGEMENT (CONTINUED)****28.3. Liquidity risk (continued)****31 December 2017**

<b>In thousands of KM</b>	<b>Up to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 1 to 3 years</b>	<b>Over 3 years</b>	<b>Without specified maturity</b>	<b>Total</b>
Currency in circulation	4,319,360	-	-	-	-	4,319,360
Deposits from banks	5,033,065	-	-	-	-	5,033,065
Deposits from the Government and other depositors	624,708	-	-	-	-	624,708
Other financial liabilities	3,199	7,311	-	-	-	10,510
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>9,980,332</b>	<b>7,311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,987,643</b>

**31 December 2016**

<b>In thousands of KM</b>	<b>Up to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 1 to 3 years</b>	<b>Over 3 years</b>	<b>Without specified maturity</b>	<b>Total</b>
Currency in circulation	4,066,804	-	-	-	-	4,066,804
Deposits from banks	4,269,143	-	-	-	-	4,269,143
Deposits from the Government and other depositors	590,392	-	-	-	-	590,392
Other financial liabilities	4,606	8,437	-	-	-	13,043
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>8,930,945</b>	<b>8,437</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,939,382</b>



## 29. FAIR VALUE MEASUREMENT

### 29.1 Fair value of the Bank's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Bank's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets / financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 December 2017	31 December 2016		
1) Financial assets available for sale (see Note 12)	<p>Listed debt securities on stock exchanges in other countries:</p> <ul style="list-style-type: none"> <li>• France – KM 1,654,622 thousand</li> <li>• Belgium – KM 976,652 thousand</li> <li>• Germany – KM 732,285 thousand</li> <li>• Spain – 728,413 thousand</li> <li>• Austria – KM 644,753 thousand</li> <li>• Netherlands – KM 565,017 thousand</li> <li>• Italy – KM 552,722 thousand</li> <li>• Finland – KM 341,643 thousand</li> <li>• Slovakia – KM 5,964 thousand</li> </ul>	<p>Listed debt securities on stock exchanges in other countries:</p> <ul style="list-style-type: none"> <li>• France – KM 1,136,535 thousand</li> <li>• Belgium – KM 1,011,011 thousand</li> <li>• Germany – KM 541,175 thousand</li> <li>• Spain – KM 900,412 thousand</li> <li>• Austria – KM 438,424 thousand</li> <li>• Netherlands – KM 177,704 thousand</li> <li>• Italy – KM 585,423 thousand</li> <li>• Finland – KM 229,082 thousand</li> <li>• Slovakia – KM 6,063 thousand</li> </ul>	Level 2	Consensus prices - the (weighted) average of quotes from multiple subscribers who each submit quotes to the pricing service
2) Monetary gold (see Note 13)	<p>Listed precious metals on stock exchanges in other countries:</p> <ul style="list-style-type: none"> <li>• Switzerland – KM 203,908 thousand</li> </ul>	<p>Listed precious metals on stock exchanges in other countries:</p> <ul style="list-style-type: none"> <li>• Switzerland – KM 205,102 thousand</li> </ul>	Level 1	Quoted bid prices in an active market.

**29. FAIR VALUE MEASUREMENT (CONTINUED)****29.2 Fair value of the Bank's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)**

In thousands of KM	31 December 2017		31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
<i>Loans and receivables</i>				
- Foreign currency in cash	236,402	236,402	194,846	194,846
- Deposits with foreign banks	2,698,650	2,690,797	2,970,397	2,963,885
- Special Drawing Rights with the International Monetary Fund	1,531	1,531	2,642	2,642
<i>Held-to-maturity investments</i>				
- Held-to-maturity investments	1,214,062	1,264,030	1,132,328	1,185,052
- Other investments	27,813	27,813	27,813	27,813
- Other financial assets	2,746	2,746	2,217	2,217
<b>Financial liabilities</b>				
<i>Financial liabilities held at amortized cost:</i>				
- Currency in circulation	4,319,360	4,319,360	4,066,804	4,066,804
- Deposits from banks	5,033,065	5,021,274	4,269,143	4,261,731
- Deposits from the Government and other depositors	624,708	623,244	590,392	589,367
- Other financial liabilities	10,510	10,510	13,043	13,043

The Management consider that the carrying amounts of foreign currency in cash, Special Drawing Rights with the International Monetary Fund, other financial assets, currency in circulation and other financial liabilities recognized in the financial statements approximate their fair values.

As at 31 December 2017 and 2016, available-for-sale securities include Bank for International Settlement (BIS) shares with a value of KM 27,803 thousand and SWIFT shares with a value of KM 10 thousand for which fair value cannot be reliably determined and therefore they are carried at cost.

The fair values of the financial assets and financial liabilities included in Level 2 category above 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 Bank has used weighted average interest rate on corporate deposits for whole banking market in BH.

**30. OFF-BALANCE SHEET ITEMS**

The Bank maintains certain accounts in foreign currencies related to agreements concluded between the governments of Bosnia and Herzegovina and foreign governments and financial organizations. As these accounts do not represent either assets or liabilities of the Bank, they have not been included within the Bank's statement of financial position.

Off-balance sheet items also include foreign currency accounts of the state institutions and agencies, as well as at commercial banks, for which the Bank acts as an agent.

**30. OFF-BALANCE SHEET ITEMS (CONTINUED)**

Off-balance sheet items consist of:

<b>In thousands of KM</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
<b>Third party securities and funds held with foreign banks</b>	<b>43,566</b>	<b>356,294</b>
Deposits of USAID	2,825	2,539
<b>Deposits of non-residents</b>	<b>2,825</b>	<b>2,539</b>
Deposits of the Council of Ministers of BH	28,785	20,941
<i>Deposits of the Council of Ministers of BH on the basis of succession</i>	41	39
<i>Deposits of the Council of Ministers of BH regarding the servicing of foreign debt</i>	12,977	7,943
<i>Deposits of the Council of Ministers of BH regarding the Budget of BH institutions</i>	758	874
<i>Other deposits of the Council of Ministers of BH</i>	15,009	12,085
Deposits of other residents	9,922	7,131
<i>Deposits - Retirement allowance from Germany</i>	247	375
<i>Deposit accounts of banks</i>	9,675	6,756
<b>Deposits of residents</b>	<b>38,707</b>	<b>28,072</b>
Investments related to securities – Deposit Insurance Agency of BH	2,034	325,683
<b>Investments of residents related to securities</b>	<b>2,034</b>	<b>325,683</b>
<b>Liability for third party securities and funds</b>	<b>43,566</b>	<b>356,294</b>

**USAID Deposits**

On the basis of the Agreement regarding financial assistance between Bosnia and Herzegovina and the United States of America for the financing of the reconstruction, special interest bearing accounts have been opened. The Bank does not charge and does not collect any interest or fees on these accounts.

**Residents' investments related to securities**

The Bank enabled the Deposit Insurance Agency of the Bosnia and Herzegovina to invest in securities by opening cash and custodian accounts in the name of the Bank and the Deposit Insurance Agency of the Bosnia and Herzegovina. All transactions on the accounts are performed between the Deposit Insurance Agency of the Bosnia and Herzegovina and the Asset Manager. The Bank does not charge any interest on such accounts.

**Bosnia and Herzegovina membership in the IMF**

As depositary for BH membership in the IMF, the Bank maintains the IMF No. 1 and 2 accounts and provides a custodian service for the BH Promissory Notes issued to support IMF membership and repurchase obligations. The Bank holds SDRs as part of its foreign exchange reserve management function. As fiscal agent, the 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.

**30. OFF-BALANCE SHEET ITEMS (CONTINUED)**

The following consolidated position provides a summary of the BH position with the IMF:

**Consolidated position of BH membership in the IMF as at 31 December 2017**

(In thousands of KM)

<b>Assets</b>		
Quota	615,924	
SDR holdings	1,529	
Accrued interest on SDR holdings	2	
<b>Total assets</b>	<b>617,455</b>	
<b>Liabilities</b>		
IMF No. 1 account (Note 22)		1,540
IMF No. 2 account (Note 22)		53
Securities		1,205,738
Accounts of payable charges		1,898
SDR allocation		373,656
Accrued interest on SDR allocation		447
<b>Total liabilities</b>		<b>1,583,332</b>
<b>Net member position with the IMF</b>		
BH obligations to the IMF arising principally from repurchase and currency valuation adjustments	965,877	
<b>Net member position</b>	<b>965,877</b>	
	<b>1,583,332</b>	<b>1,583,332</b>
<b>Total consolidated position - assets and liabilities</b>		
IMF No. 1 account	(1,540)	(1,540)
IMF No. 2 account	(53)	(53)
<b>Total gross position of BH with the IMF - assets and liabilities</b>	<b>1,581,739</b>	<b>1,581,739</b>

SDR holdings, accrued interest on SDR holdings, IMF No. 1 account and IMF No. 2 account reflect accounts held on the statement of financial position of the Bank.

For the consolidated position of Bosnia and Herzegovina with the IMF, the gross position of the BH is increased by the IMF No. 1 and 2 accounts.

**31. OFF-BALANCE SHEET ITEMS (CONTINUED)****Consolidated position of BH membership in the IMF as at 31 December 2016**

(In thousands of KM)

<b>Assets</b>		
Quota	661,501	
SDR holdings	2,641	
Accrued interest on SDR holdings	1	
<b>Total assets</b>	<b>664,143</b>	
<b>Liabilities</b>		
IMF No. 1 account (Note 22)		1,654
IMF No. 2 account (Note 22)		57
Securities		1,687,755
Accounts of payable charges		2,157
SDR allocation		401,306
Accrued interest on SDR allocation		144
<b>Total liabilities</b>		<b>2,093,073</b>
<b>Net member position with the IMF</b>		
BH obligations to the IMF arising principally from repurchase and currency valuation adjustments	1,428,930	
<b>Net member position</b>	<b>1,428,930</b>	
	<b>2,093,073</b>	<b>2,093,073</b>
<b>Total consolidated position - assets and liabilities</b>		
IMF No. 1 account	(1,654)	(1,654)
IMF No. 2 account	(57)	(57)
<b>Total gross position of BH with the IMF - assets and liabilities</b>	<b>2,091,362</b>	<b>2,091,362</b>

### 31. DOMESTIC PAYMENT AND SETTLEMENT SYSTEM

Pursuant to the law on the Central Bank of Bosnia and Herzegovina the Bank is responsible for the establishment and maintenance of domestic payment and settlement systems. The Bank has established two settlement systems from January 2001 in order to facilitate efficient settlement of domestic interbank payment transactions: Real Time Gross Settlement System („RTGS“) and Giro Clearing System („GCS“).

#### **Credit risk**

RTGS enables participants, i.e. the Bank and licensed commercial banks, to effect individual and prompt settlement of one by one (gross) payment by crediting and debiting settlement accounts held with the Bank in domestic currency. Through GCS the Bank provides clearing services arising from transmitted payment orders in accordance with the principle of multilateral clearing.

Each participant in the payment systems is obliged to cover its settlement account held with the Bank prior to settlement of payment orders and must meet certain technical requirements.

Pursuant to the role of the Bank as defined by the Law on the Central Bank of Bosnia and Herzegovina, the Bank does not provide any credits to RTGS and GCS participants which would provide liquidity to the system in any form.

#### **Operational risk**

With the aim of minimising operational risk within the domestic payment and settlement system, operating rules for RTGS and GCS have been issued, which define minimum security standards for operation of the systems.

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.

The Bank has defined the following Contingency Settlement Procedures:

- **Contingency plans and measures:** the 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 location:** To support the primary location for the payment systems (RTGS, GCS and SWIFT) with redundant systems (if case of system falling, switching to another one on the primary location is done), the Bank has also established functional DR (Disaster Recovery) system located in Main Bank of Republika Srpska of the Central Bank of Bosnia and Herzegovina in Banja Luka.

Management of the Bank believes that the system has sufficient capacity to maintain operational reliability.

### 32. POST-REPORTING DATE EVENTS

On 14 February 2018 the second tranche under the Extended Fund Facility (EFF) with the International Monetary Fund (IMF) was transferred to the account of the Bank, in the amount of KM 145,829 thousand (equivalent to SDR 63,413 thousand).

After increasing the above amount by the amount of the reimbursement of the IMF's commitment fee and reducing it by the IMF service charges, the total amount for the allocation of funds is KM 145,822 thousand.

The distribution has been performed according to the usual ratio: 1/3 for the account of the Ministry of Finance of the Republic of Srpska, i.e. KM 48,607 thousand and 2/3 for the account of the Federal Ministry of Finance, i.e. KM 97,215 thousand.

The total amount of the overall Extended Fund Facility for BH is SDR 443.042 million.

Except as disclosed above, no adjusting or other significant non-adjusting events have occurred between the 31 December 2017 and the date of authorization of these financial statements.

## **4. 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 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 Monograph	Jubilee publication prepared on the occasion of marking the 20th anniversary of the CBBH operations
WEBSITE www.cbbh.ba e-mail: <a href="mailto:contact@cbbh.ba">contact@cbbh.ba</a> <a href="mailto:pr@cbbh.ba">pr@cbbh.ba</a> TWITTER@CBBIH	<p>The openness and transparency of the operations of the CBBH is considered very important for the credibility, public accountability and trust it enjoys among the population and other institutions in Bosnia and Herzegovina and by international institutions. On the basis of the Rules of procedure of the CBBH, 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 Report, Monthly Balance Sheet, Quarterly Bulletins, Financial Stability Report, Balance of Payments of BH, Payment Operations ...) and a list of all commercial banks in BH.</p> <p>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.</p> <p>In 2013, the CBBH, in order to increase openness and transparency and reach broad social classes, has launched an official profile on the social network Twitter.</p> <p>Through this profile, data are published that are normally published on the website of the Bank, www.cbbh.ba, as well as additional information and data which are estimated as relevant.</p> <p>The communication method is adapted to the target public.</p>

## 5. STATISTICAL TABLES

**T01: Main Economic Indicators**

	2008.	2009.	2010.	2011.	2012.	2013.	2014.	2015.	2016.	2017.*
<b>BH Nominal GDP (in KM million)<sup>1)</sup> current prices</b>	25.519	24.799	25.365	26.231	26.223	26.779	27.359	28.586	29.900	31.283
<b>Real GDP annual growth (in %)<sup>1)</sup></b>	5,4	-3,0	0,9	1,0	-0,8	2,4	1,2	3,1	3,1	2,7
<b>Consumer prices growth rate in BH<sup>2)</sup></b>	in percentage									
Average annual growth rate of CPI	7,4	-0,4	2,1	3,7	2,1	-0,1	-0,9	-1,0	-1,1	1,2
Annual growth rate of CPI for December	3,8	0,0	3,1	3,1	1,8	-1,2	-0,4	-1,3	-0,3	1,3
<b>General government budget<sup>3)</sup></b>	in percentage of GDP									
Revenues	42,8	41,7	42,9	43,3	43,8	42,7	43,8	43,0	42,7	...
Expenditures <sup>4)</sup>	44,9	46,1	45,3	44,6	45,8	44,8	45,8	42,3	41,5	...
Overall balance	-2,1	-4,3	-2,4	-1,2	-2,0	-2,2	-2,0	0,7	1,2	...
<b>Money and credit</b>	in percentage of GDP									
Broad money (M2)	48,7	51,2	53,7	55,0	56,9	60,1	63,1	65,2	69,6	70,7
Credit to non-government sector	54,4	53,8	54,0	54,4	56,1	56,5	56,2	55,0	56,0	55,8
<b>Balance of payments</b>										
Gross official reserves										
In KM million	6.296	6.212	6.458	6.424	6.509	7.068	7.826	8.606	9.531	10.557
In USD million	4.710	4.416	4.372	4.569	4.274	4.797	5.309	4.883	5.391	6.083
In months of imports of goods and services	5,0	6,2	6,0	5,3	5,3	5,8	6,1	6,8	7,3	7,3
Current account balance										
In KM million	-3.515	-1.588	-1.531	-2.483	-2.266	-1.425	-2.021	-1.556	-1.450	-1.512
In USD million	-2.630	-1.129	-1.037	-1.766	-1.488	-967	-1.371	-883	-820	-870
As a percentage of GDP	-13,8	-6,4	-6,0	-9,5	-8,6	-5,3	-7,4	-5,4	-4,9	-4,8
Trade balance										
In KM million	-10.472	-7.436	-7.186	-7.827	-7.779	-7.099	-7.874	-7.191	-7.040	-7.500
In USD million	-7.834	-5.286	-4.866	-5.566	-5.108	-4.817	-5.342	-4.080	-3.982	-4.322
As a percentage of GDP	-41,1	-30,0	-28,3	-29,8	-29,7	-26,5	-28,8	-25,2	-23,5	-24,0
<b>External debt of government sector **</b>										
In KM million	4.240	5.236	6.291	6.663	7.212	7.563	8.442	8.691	8.871	8.146
In USD million	3.056	3.839	4.272	4.408	4.861	5.330	5.249	4.855	4.781	4.995
As a percentage of GDP	16,6	21,1	24,8	25,4	27,5	28,2	30,9	30,4	29,2	26,0
<b>External debt servicing<sup>5)</sup></b>										
In KM million	230	246	301	340	413	685	761	581	723	983
In USD million	172	175	204	242	271	465	516	330	409	567
As a percentage of exports of goods and services	3,4	4,0	4,0	4,0	4,9	7,6	8,2	5,9	6,8	8,1

**Note:**

1) Source: Agency for Statistics of Bosnia and Herzegovina, Gross Domestic Product of Bosnia and Herzegovina 2005-2015/ESA 2010, and first release: Gross Domestic Product - quarterly data, January 2018

\* GDP for 2017 is an assessment of International Monetary Fund and it is used as preliminary data, until the announcement of the official GDP by the BH Statistics Agency

2) Source: BH Agency of Statistics

3) Source: GFS, Central Bank of BH

4) Expenditures also include net acquisition of fixed assets.

5) Source: BH Ministry of Finance and Treasury.

\*\* The data have been revised since 2009, in accordance with the report from BH Ministry of Finance and Treasury dated 1st. February 2018 and include the loan of PC Roads RS and direct debt of Brčko District.

**T02: Gross Domestic Product of Bosnia and Herzegovina (Current Prices)**

	2008.	2009.	2010.	2011.	2012.	2013.	2014.	2015.	2016.	2017.*
Nominal GDP (in KM million)	25.519	24.799	25.365	26.231	26.223	26.779	27.359	28.586	29.900	31.283
Nominal GDP (in USD million)	19.092	17.628	17.174	18.655	17.221	18.173	18.561	16.218	16.912	18.026
GDP per capita (in KM)	7.205	7.001	7.163	7.414	7.418	7.584	7.759	8.126	8.516	8.928
GDP per capita (in USD)	5.390	4.977	4.850	5.273	4.872	5.147	5.264	4.610	4.817	5.144
Real GDP annual growth (in %)	5,4	-3,0	0,9	1,0	-0,8	2,4	1,2	3,1	3,1	2,7
Population (in thousands) <sup>1</sup>	3.542	3.542	3.541	3.538	3.535	3.531	3.526	3.518	3.511	3.504
Annual average exchange rate of KM/USD	1,336600	1,406800	1,476900	1,406117	1,522700	1,473557	1,474019	1,762605	1,768011	1,735482

**Source:** Agency for Statistics of Bosnia and Herzegovina, Gross Domestic Product of Bosnia and Herzegovina 2005-2015/ESA 2010, and first release: Gross Domestic Product - quarterly data, January 2018. The data on the average annual exchange rate BAM/USD, the source is the CBBH.

1) The number of citizens has been taken over from TB 01- „Gross Domestic Product according to Production, Revenue and Expense Approach, 2016. The estimate of the number of citizens for 2017 includes the available data on the natural growth in the end of September 2017; Source: BH Statistics Agency.

\* GDP for 2017 is an assessment of International Monetary Fund and it is used as preliminary data, until the announcement of the official GDP by the BH Statistics Agency.

**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
2006.	12.	106,7	128,5	...	110,4	119,1	...
2007.	12.	98,4	102,0	...	108,6	101,4	106,6
2008.	12.	109,4	199,6	...	107,9	116,8	107,3
2009.	12.	90,1	121,0	95,5	88,4	119,0	96,7
2010.	12.	112,7	114,1	108,7	104,2	105,0	101,6
2011.	12.	93,6	93,9	100,4	102,5	104,7	106,4
2012.	12.	99,6	98,5	95,2	95,7	95,8	100,2
2013.	12.	107,7	104,7	107,0	107,4	104,1	101,9
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.	100,4	97,3	99,6	103,8	101,2	103,1
2017.	01.	100,3	120,6	105,8	100,3	120,6	105,8
	02.	102,0	104,0	102,6	101,2	111,5	104,1
	03.	102,5	94,8	99,7	101,6	104,8	102,5
	04.	100,6	110,3	103,3	101,4	106,2	102,7
	05.	102,2	93,6	99,5	101,5	103,5	102,0
	06.	99,7	106,8	102,5	101,2	104,1	102,1
	07.	110,0	98,6	106,4	102,5	103,2	102,7
	08.	110,6	95,2	105,8	103,5	102,2	103,1
	09.	108,5	95,5	104,2	104,0	101,4	103,3
	10.	104,1	101,2	103,9	104,1	101,4	103,3
	11.	104,5	104,4	104,6	104,1	101,7	103,5
	12.	100,4	97,3	99,6	103,8	101,2	103,1

**Source:** Agency for Statistics of BiH, Federal Statistics Bureau of FBH and RS Republic Statistics Bureau.

**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
1998.	12.	...	121,2	113,3
2006.	12.	...	104,6	106,1
2007.	12.	...	104,9	101,5
2008.	12.	...	103,8	107,4
2009.	12.	...	100,0	99,6
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.	...	98,8	99,0
2016.	12.	...	99,7	98,9
2017.	12.	...	101,3	101,2
2017.	01.	101,2	100,7	100,7
	02.	100,3	101,2	100,9
	03.	100,2	101,5	101,1
	04.	99,6	101,4	101,2
	05.	99,9	101,2	101,2
	06.	99,5	101,0	101,1
	07.	99,6	100,9	101,1
	08.	99,8	101,0	101,1
	09.	100,6	101,6	101,1
	10.	100,6	101,4	101,2
	11.	100,0	101,2	101,2
	12.	100,0	101,3	101,2

**Source:** BH Agency for Statistics since 2006, but until 2006 Federal Statistics Bureau of FBH and RS Republic Statistics Bureau.

**Note:** Retail price index is presented until 2006 at BH level, which is calculated as a weighted average of Entities' monthly prices indices where the weights are the shares of the Entities in the GDP (note T01).

For 2006 and following periods consumer price index is presented.

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
1998.		507	258	...	454	329	172	...	296	153	...	...
1999.		551	314	...	503	374	216	...	343	174	87	...
2000.		607	387	...	539	413	277	...	372	176	115	...
2001.		652	444	792	598	443	309	504	409	170	105	...
2002.		710	528	1.031	660	483	347	676	446	189	120	138
2003.		771	576	1.057	717	524	379	695	484	192	133	148
2004.		785	643	1.076	748	533	423	707	505	203	166	169
2005.		820	707	1.050	798	558	465	676	538	221	190	188
2006.		887	793	1.048	869	603	521	674	586	238	215	208
2007.		974	875	1.088	935	662	585	684	645	284	230	243
2008.		1.105	1.132	1.139	1.113	751	755	730	752	340	309	310
2009.		1.204	1.204	1.194	1.204	792	788	769	790	346	335	326
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	1.333	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
2017	01.	1.316	1.304	1.296	1.312	859	815	833	846	371	342	327
	02.	1.277	1.358	1.295	1.299	834	848	834	838	374	342	326
	03.	1.328	1.326	1.284	1.327	867	828	831	854	373	342	325
	04.	1.297	1.317	1.270	1.302	847	821	823	839	372	341	325
	05.	1.335	1.342	1.299	1.336	871	837	839	860	372	341	325
	06.	1.320	1.326	1.294	1.321	861	828	830	851	372	341	324
	07.	1.313	1.330	1320	1.318	857	830	843	849	371	341	324
	08.	1.335	1.333	1312	1.334	871	832	835	858	371	341	324
	09.	1.301	1.330	1307	1.310	850	830	841	844	372	341	324
	10.	1.322	1.332	1318	1.325	863	831	849	853	372	351	329
	11.	1.331	1.334	1336	1.332	868	832	853	857	372	351	329
	12.	1.341	1.338	1324	1.340	875	835	851	862	372	351	329

**Source:** BH Agency for Statistics, Federal Statistics Bureau of FBH, RS Republic Statistics Bureau and Statistics Bureau of Brčko District.

**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
2006.	12.	2.154,2	2.891,9	10,5	1.978,3	2.761,4	1.365,4	691,3	3.105,4	5.056,6	4.739,8	5.162,0	9.901,8
2007.	12.	2.439,7	3.777,1	12,2	2.185,3	3.546,6	1.726,5	833,8	3.661,1	6.229,0	5.731,9	6.221,3	11.953,2
2008.	12.	2.552,4	3.144,2	7,4	2.302,4	3.388,8	1.776,2	1.107,2	3.864,7	5.704,0	5.691,2	6.748,1	12.439,3
2009.	12.	2.267,7	3.375,1	6,0	2.009,5	3.536,3	1.844,3	1.078,0	4.241,0	5.648,9	5.545,8	7.163,3	12.709,1
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
2017.	01.	4.054,7	4.179,7	61,0	3.330,9	5.978,3	3.903,9	1.621,4	5.490,3	8.295,4	9.309,1	11.015,6	20.324,7
	02.	4.050,6	4.109,2	61,2	3.356,7	5.989,4	3.942,6	1.618,1	5.519,1	8.220,9	9.346,1	11.079,8	20.425,9
	03.	4.074,4	3.968,5	60,6	3.382,4	5.992,4	3.984,5	1.592,7	5.591,7	8.103,4	9.374,8	11.168,8	20.543,6
	04.	4.138,7	4.054,0	72,2	3.467,3	6.100,4	3.954,6	1.603,3	5.568,8	8.264,9	9.567,6	11.126,6	20.694,3
	05.	4.134,2	4.019,6	72,2	3.412,9	6.174,6	4.002,7	1.718,7	5.538,3	8.225,9	9.587,4	11.259,7	20.847,2
	06.	4.180,2	4.077,4	73,7	3.468,0	6.281,1	4.008,3	1.633,5	5.566,1	8.331,2	9.749,1	11.207,9	20.957,1
	07.	4.272,4	4.086,3	73,1	3.572,4	6.430,6	4.025,4	1.655,2	5.541,3	8.431,7	10.003,1	11.221,9	21.225,0
	08.	4.332,9	4.567,4	73,1	3.631,3	6.604,1	4.053,5	1.693,9	5.527,7	8.973,4	10.235,5	11.275,1	21.510,6
	09.	4.334,0	4.543,6	74,1	3.616,6	6.643,9	4.058,4	1.734,4	5.564,3	8.951,7	10.260,5	11.357,2	21.617,6
	10.	4.304,2	4.753,9	85,4	3.556,6	6.816,2	4.069,6	1.861,9	5.602,4	9.143,5	10.372,8	11.533,9	21.906,7
	11.	4.261,9	4.786,0	74,8	3.519,3	6.876,8	4.090,3	1.765,9	5.630,8	9.122,8	10.396,1	11.487,0	21.883,1
	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

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 49.

**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.

**T07: Monetary Survey**

- end of period, in KM million -

ASSETS												
Foreign Assets (Net)					Claims on Domestic Sectors							Total
Year	Month	Foreign Assets	Foreign Liabilities	5 = 3+4	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	12 = 6+...+11	
1	2	3	4	5 = 3+4	6	7	8	9	10	11	12 = 6+...+11	13 = 5+12
2006.	12.	7.835,7	-3.696,4	4.139,3	-971,9	62,3	248,3	4.086,1	89,4	4.450,8	7.965,0	12.104,3
2007.	12.	10.285,0	-4.818,5	5.466,5	-2.378,4	96,1	271,3	5.315,7	159,6	5.793,5	9.257,9	14.724,4
2008.	12.	9.429,7	-6.000,0	3.429,7	-1.655,8	148,3	256,4	6.751,6	169,2	6.804,5	12.474,1	15.903,8
2009.	12.	9.430,9	-5.386,9	4.043,9	-1.294,6	195,6	268,2	6.682,5	103,0	6.411,3	12.365,8	16.409,8
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
2017.	01.	11.996,6	-2.180,7	9.815,9	199,3	512,3	372,1	7.704,5	60,9	8.126,2	16.975,4	26.791,3
	02.	11.950,5	-2.135,1	9.815,4	225,1	507,5	377,6	7.812,4	62,4	8.157,9	17.143,0	26.958,4
	03.	11.911,9	-2.221,1	9.690,7	239,8	499,1	380,1	7.936,1	78,7	8.252,1	17.385,8	27.076,5
	04.	12.124,4	-2.321,3	9.803,1	216,2	499,2	379,2	7.977,7	76,3	8.326,6	17.475,2	27.278,3
	05.	12.188,3	-2.295,9	9.892,4	202,8	499,0	372,3	8.008,3	81,9	8.400,4	17.564,7	27.457,1
	06.	12.177,2	-2.471,8	9.705,4	251,6	504,1	376,1	8.078,9	91,8	8.464,2	17.766,7	27.472,1
	07.	12.473,2	-2.586,1	9.887,1	198,2	503,7	388,8	8.193,0	92,8	8.526,6	17.903,1	27.790,3
	08.	13.078,4	-2.508,8	10.569,6	-83,1	496,7	386,7	8.125,8	93,1	8.563,1	17.582,4	28.151,9
	09.	13.098,3	-2.466,3	10.632,0	-149,4	496,7	387,0	8.158,8	93,6	8.600,4	17.587,1	28.219,1
	10.	13.380,2	-2.444,3	10.935,8	-217,0	509,2	391,6	8.194,0	87,5	8.649,6	17.614,9	28.550,7
	11.	13.199,2	-2.351,8	10.847,4	-239,9	503,7	385,9	8.247,6	81,6	8.674,4	17.653,3	28.500,7
	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

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 49.

**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.

**T07: Monetary Survey**

- end of period, in KM million -

LIABILITIES															
Year	Month	Broad money (M2)													
		Money (M1)			Quasi money (QM)						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	
2006.	12.	1.978,3	2.761,4	4.739,8	691,3	1.365,4	3.105,4	5.162,0	9.901,8	0,0	114,0	1.897,3	191,2	12.104,3	
2007.	12.	2.185,3	3.546,6	5.731,9	833,8	1.726,5	3.661,1	6.221,3	11.953,2	5,2	106,1	2.355,0	304,9	14.724,4	
2008.	12.	2.302,4	3.388,8	5.691,2	1.107,2	1.776,2	3.864,7	6.748,1	12.439,3	17,9	264,3	2.770,9	411,4	15.903,8	
2009.	12.	2.009,5	3.536,3	5.545,8	1.078,0	1.844,3	4.241,0	7.163,3	12.709,1	13,6	446,7	2.821,8	418,5	16.409,8	
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	
2017.	01.	3.330,9	5.978,3	9.309,1	1.621,4	3.903,9	5.490,3	11.015,6	20.324,7	8,0	505,7	4.447,7	1.505,2	26.791,3	
	02.	3.356,7	5.989,4	9.346,1	1.618,1	3.942,6	5.519,1	11.079,8	20.425,9	7,9	505,7	4.509,8	1.509,1	26.958,4	
	03.	3.382,4	5.992,4	9.374,8	1.592,7	3.984,5	5.591,7	11.168,8	20.543,6	7,9	503,9	4.533,1	1.487,9	27.076,5	
	04.	3.467,3	6.100,4	9.567,6	1.603,3	3.954,6	5.568,8	11.126,6	20.694,3	8,0	503,7	4.582,1	1.490,3	27.278,3	
	05.	3.412,9	6.174,6	9.587,4	1.718,7	4.002,7	5.538,3	11.259,7	20.847,2	8,0	492,8	4.626,2	1.482,9	27.457,1	
	06.	3.468,0	6.281,1	9.749,1	1.633,5	4.008,3	5.566,1	11.207,9	20.957,1	8,0	480,6	4.550,4	1.476,0	27.472,1	
	07.	3.572,4	6.430,6	10.003,1	1.655,2	4.025,4	5.541,3	11.221,9	21.225,0	8,0	488,2	4.608,2	1.460,9	27.790,3	
	08.	3.631,3	6.604,1	10.235,5	1.693,9	4.053,5	5.527,7	11.275,1	21.510,6	7,9	479,4	4.668,9	1.485,1	28.151,9	
	09.	3.616,6	6.643,9	10.260,5	1.734,4	4.058,4	5.564,3	11.357,2	21.617,6	7,9	457,4	4.692,0	1.444,1	28.219,1	
	10.	3.556,6	6.816,2	10.372,8	1.861,9	4.069,6	5.602,4	11.533,9	21.906,7	8,0	437,7	4.733,0	1.465,3	28.550,7	
	11.	3.519,3	6.876,8	10.396,1	1.765,9	4.090,3	5.630,8	11.487,0	21.883,1	8,0	433,2	4.724,5	1.452,0	28.500,7	
	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	

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.  
See note on page 49.

**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.

**T08: Balance Sheet of the CBBiH**

- 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						
1	2	3	4	5=3+4	6	7	8	9	10	11	12=7+...+11
2006.	12.	5.479,5	2,3	5.481,8	2.154,2	5.056,6	1,0	126,1	301,0	-2,9	5.481,8
2007.	12.	6.726,3	2,2	6.728,5	2.439,7	6.229,0	0,9	74,8	386,4	37,4	6.728,5
2008.	12.	6.323,6	2,1	6.325,6	2.552,4	5.704,0	1,0	23,4	499,3	97,9	6.325,6
2009.	12.	6.239,9	1,9	6.241,8	2.267,7	5.648,9	0,9	56,7	502,5	33,0	6.241,8
2010.	12.	6.485,5	1,8	6.487,3	2.497,5	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	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	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	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	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	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	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	9.428,5	1,6	548,6	652,6	-44,8	10.586,6
2017	01.	9.440,0	1,1	9.441,1	4.054,7	8.295,4	2,9	537,6	642,1	-36,9	9.441,1
	02.	9.395,6	1,2	9.396,8	4.050,6	8.220,9	2,5	538,4	672,5	-37,5	9.396,8
	03.	9.269,0	2,0	9.271,0	4.074,4	8.103,4	2,0	548,0	655,0	-37,5	9.271,0
	04.	9.446,9	1,7	9.448,6	4.138,7	8.264,9	2,4	559,1	668,1	-46,0	9.448,6
	05.	9.437,2	2,0	9.439,2	4.134,2	8.225,9	1,9	584,2	673,3	-46,2	9.439,2
	06.	9.493,5	2,2	9.495,7	4.180,2	8.331,2	1,7	569,2	644,3	-50,7	9.495,7
	07.	9.608,3	1,7	9.610,0	4.272,4	8.431,7	2,7	578,7	647,3	-50,4	9.610,0
	08.	10.202,8	2,0	10.204,8	4.332,9	8.973,4	2,3	603,5	675,6	-50,0	10.204,8
	09.	10.228,0	2,1	10.230,1	4.334,0	8.951,7	2,1	668,7	659,3	-51,7	10.230,1
	10.	10.412,8	1,8	10.414,6	4.304,2	9.143,5	2,8	640,0	680,6	-52,3	10.414,6
	11.	10.358,7	1,8	10.360,5	4.261,9	9.122,8	2,4	609,1	678,8	-52,5	10.360,5
	12.	10.584,4	2,2	10.586,6	4.319,4	9.428,5	1,6	548,6	652,6	-44,8	10.586,6

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

**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. Claims on domestic sectors consist of claims on employees of the CBBH for the extended long-term loans and claims on commercial banks on the basis of settlement accounts.

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/valuation. Other items (net) are unallocated items of liabilities reduced by the unallocated items of assets.

**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
2006.	12.	3.063,6	2.356,1	69,8	248,3	4.086,1	89,4	4.448,9	14.362,2
2007.	12.	4.022,9	3.558,6	127,5	271,3	5.315,7	159,6	5.791,7	19.247,3
2008.	12.	3.393,3	3.106,1	265,5	256,4	6.751,6	169,2	6.802,8	20.744,9
2009.	12.	3.632,0	3.190,3	355,5	268,2	6.682,5	103,0	6.409,8	20.641,1
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
2017.	01.	4.906,3	2.556,6	2.244,7	372,1	7.704,5	60,9	8.125,8	25.971,0
	02.	4.804,7	2.554,9	2.265,3	377,6	7.812,4	62,4	8.157,5	26.034,8
	03.	4.661,8	2.642,9	2.302,9	380,1	7.936,1	78,7	8.251,6	26.254,0
	04.	4.728,2	2.677,5	2.322,2	379,2	7.977,7	76,3	8.326,1	26.487,3
	05.	4.747,2	2.751,1	2.382,2	372,3	8.008,3	81,9	8.399,9	26.742,8
	06.	4.796,0	2.683,7	2.380,8	376,1	8.078,9	91,8	8.463,7	26.871,0
	07.	4.795,0	2.865,0	2.320,3	388,8	8.193,0	92,8	8.526,2	27.181,0
	08.	5.277,4	2.875,6	2.234,4	386,7	8.125,8	93,1	8.562,6	27.555,7
	09.	5.265,2	2.870,3	2.227,2	387,0	8.158,8	93,6	8.599,8	27.602,0
	10.	5.505,3	2.967,3	2.248,5	391,6	8.194,0	87,5	8.649,2	28.043,4
	11.	5.534,2	2.840,6	2.256,1	385,9	8.247,6	81,6	8.674,0	28.019,9
	12.	5.711,7	2.787,9	2.197,0	406,2	8.354,5	96,5	8.688,8	28.242,7

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 49.

**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.

**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
2006.	12.	853,3	2.751,0	691,3	1.365,4	3.105,4	0,0	114,0	3.695,4	1.596,3	190,2	14.362,2
2007.	12.	2.335,0	3.534,4	833,8	1.726,5	3.661,1	5,2	106,1	4.817,5	1.968,6	259,1	19.247,3
2008.	12.	1.749,7	3.381,4	1.107,2	1.776,2	3.864,7	17,9	264,3	5.999,0	2.271,6	312,9	20.744,9
2009.	12.	1.397,9	3.530,3	1.078,0	1.844,3	4.241,0	13,6	446,7	5.386,1	2.319,4	383,9	20.641,1
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
2017.	01.	995,7	5.917,2	1.621,4	3.903,9	5.490,3	8,0	505,7	2.177,8	3.805,6	1.545,4	25.971,0
	02.	994,4	5.928,2	1.618,1	3.942,6	5.519,1	7,9	505,7	2.132,6	3.837,3	1.548,8	26.034,8
	03.	1.016,2	5.931,8	1.592,7	3.984,5	5.591,7	7,9	503,9	2.219,1	3.878,1	1.528,1	26.254,0
	04.	1.047,8	6.028,1	1.603,3	3.954,6	5.568,8	8,0	503,7	2.319,0	3.913,9	1.540,2	26.487,3
	05.	1.096,2	6.102,4	1.718,7	4.002,7	5.538,3	8,0	492,8	2.294,0	3.952,9	1.536,8	26.742,8
	06.	1.056,0	6.207,4	1.633,5	4.008,3	5.566,1	8,0	480,6	2.470,1	3.906,1	1.534,9	26.871,0
	07.	1.039,7	6.357,5	1.655,2	4.025,4	5.541,3	8,0	488,2	2.583,4	3.960,9	1.521,4	27.181,0
	08.	1.217,4	6.531,1	1.693,9	4.053,5	5.527,7	7,9	479,4	2.506,4	3.993,2	1.545,0	27.555,7
	09.	1.211,3	6.569,8	1.734,4	4.058,4	5.564,3	7,9	457,4	2.464,2	4.032,7	1.501,5	27.602,0
	10.	1.316,3	6.730,8	1.861,9	4.069,6	5.602,4	8,0	437,7	2.441,6	4.052,4	1.522,8	28.043,4
	11.	1.383,2	6.802,0	1.765,9	4.090,3	5.630,8	8,0	433,2	2.349,4	4.045,7	1.511,4	28.019,9
	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

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.  
See note on page 49.

**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).

**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 Consumption		For other Purposes		For Consumption		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	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	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																	
2012.	12.	8,058	7,159	8,686	8,030	8,193	...	6,626	8,288	7,425	6,990	8,969	8,905	8,149	13,123	13,825	13,742
2013.	12.	7,738	...	7,664	7,018	7,248	8,542	6,360	7,497	7,375	6,056	8,429	8,412	8,599	12,442	14,622	13,907
2014.	12.	7,499	7,728	7,151	7,090	5,689	8,182	6,138	6,819	6,522	6,172	8,290	7,570	7,693	11,516	14,652	13,858
2015.	12.	7,797	4,790	7,236	6,819	...	6,919	5,609	6,163	6,081	5,822	7,616	7,163	7,436	12,367	14,706	12,740
2016.	12.	8,150	6,060	6,986	6,214	...	7,349	5,221	5,981	5,330	5,277	7,745	6,714	6,450	12,456	14,688	11,680
2017.	12.	4,159	...	5,944	6,261	...	7,169	4,327	4,240	4,617	4,705	6,384	5,992	6,364	12,253	14,668	11,191
2017.	1.	6,454	5,934	7,574	6,724	...	7,922	5,087	5,589	5,279	5,400	7,581	6,894	7,071	12,383	14,685	11,618
	2.	...	6,300	7,563	6,576	...	8,020	4,952	5,129	4,924	5,176	7,588	6,972	7,381	12,431	14,686	11,556
	3.	7,622	...	7,223	6,130	...	...	4,624	4,655	4,944	4,922	7,173	6,683	6,949	12,419	14,690	11,491
	4.	8,125	...	6,767	6,102	...	7,351	4,394	4,271	4,927	4,577	7,138	6,871	6,747	12,397	14,698	11,500
	5.	8,134	...	6,762	6,119	...	7,388	4,381	4,083	4,828	4,780	7,168	6,859	6,717	12,434	14,697	11,453
	6.	5,801	4,304	6,634	6,081	...	...	4,435	4,119	4,777	4,869	6,991	6,797	6,669	12,278	14,688	11,398
	7.	6,936	4,198	6,536	6,278	...	...	4,300	4,045	4,554	4,588	7,055	7,085	7,011	12,380	14,685	11,381
	8.	...	...	6,515	6,303	...	6,988	4,392	4,041	4,654	4,672	7,152	7,386	7,096	12,393	14,676	11,387
	9.	4,819	...	6,630	6,037	...	7,499	4,222	4,284	4,836	4,955	6,968	6,647	6,849	12,368	14,702	11,395
	10.	2,758	5,624	6,802	6,093	...	7,220	4,159	4,637	4,825	4,831	6,537	6,050	6,337	12,368	14,690	11,335
	11.	...	...	6,369	6,208	...	6,990	4,240	4,141	4,760	4,866	6,459	6,370	6,404	12,395	14,694	11,254
	12.	4,159	...	5,944	6,261	...	7,169	4,327	4,240	4,617	4,705	6,384	5,992	6,364	12,253	14,668	11,191
Loan amount (new business)																- KM thousand -	
2012.	12.	1.650	95	13.330	2.196	355	...	12.884	663	2.562	3.705	89.858	13.413	3.306	611.936	160.052	53.001
2013.	12.	473	...	62.268	5.512	390	422	11.481	763	2.493	2.900	105.523	17.232	7.034	538.077	114.753	49.438
2014.	12.	200	507	47.019	10.525	89	1.043	13.696	385	1.067	4.948	92.582	23.137	8.174	477.047	104.227	47.031
2015.	12.	51	292	34.379	18.377	...	118	10.486	432	990	4.021	112.780	14.553	15.293	530.393	100.377	56.325
2016.	12.	37	207	55.519	23.435	...	491	11.206	961	1.275	5.159	64.833	23.133	18.529	521.185	93.033	59.127
2017.	12.	483	...	49.832	14.785	...	569	17.187	395	3.826	8.180	74.945	23.401	36.446	522.643	89.901	56.786
2017.	1.	18	151	40.976	16.670	...	169	7.648	1.276	1.158	2.856	48.875	16.338	23.249	527.743	47.066	91.926
	2.	...	234	45.212	20.836	...	308	7.672	714	1.847	4.524	62.982	18.981	36.384	519.382	45.125	90.541
	3.	108	...	83.797	34.527	...	...	18.397	785	4.030	6.956	95.839	29.969	45.111	517.808	45.868	90.381
	4.	44	...	74.011	31.854	...	589	19.559	1.033	4.023	4.784	75.808	23.046	48.605	513.717	45.737	89.470
	5.	90	...	65.981	27.088	...	421	21.897	897	3.426	6.521	88.879	8.836	41.728	523.291	46.094	90.079
	6.	106	144	61.145	27.798	...	...	21.786	537	3.026	8.674	89.666	10.648	36.621	518.460	46.713	89.838
	7.	257	163	64.703	26.887	...	...	15.963	417	2.916	6.429	75.474	7.357	26.140	522.597	47.269	89.554
	8.	...	...	64.367	23.480	...	486	18.357	398	4.121	9.481	56.668	12.973	24.068	524.388	47.011	89.946
	9.	164	...	39.629	17.608	...	303	15.621	395	2.261	6.731	80.975	21.824	29.444	531.211	47.922	89.304
	10.	302	250	43.317	15.137	...	471	14.490	290	3.234	7.177	88.974	29.540	45.441	535.814	48.707	90.924
	11.	...	...	43.521	15.281	...	437	18.020	508	2.754	11.897	76.322	22.717	38.976	535.843	50.026	89.748
	12.	483	...	49.832	14.785	...	569	17.187	395	3.826	8.180	74.945	23.401	36.446	522.643	89.901	56.786

**Notes:**

\*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														
2012.	12.	8,245	8,005	6,691	6,670	7,689	8,727	7,765	7,998	6,414	7,914	7,000	7,029	6,509
2013.	12.	8,011	7,526	6,460	7,223	7,834	8,231	8,016	6,731	6,707	7,867	6,417	6,838	6,517
2014.	12.	7,071	7,097	5,798	6,090	6,668	7,572	6,997	6,175	6,479	5,444	4,875	6,355	6,311
2015.	12.	6,608	6,409	4,988	5,626	6,687	5,816	6,189	5,812	5,902	6,260	5,953	5,519	5,955
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
2017.	1.	5,827	5,377	4,619	4,287	5,921	5,339	4,733	5,212	4,200	4,695	5,238	4,644	4,811
	2.	5,603	5,509	4,531	4,112	5,902	4,872	4,630	5,578	4,641	4,753	5,272	4,565	4,742
	3.	5,474	5,398	4,184	3,969	6,060	5,199	4,886	5,246	4,317	4,474	5,127	4,489	4,692
	4.	5,454	5,233	3,898	3,962	5,614	5,018	4,782	5,577	4,046	4,165	4,600	4,425	4,754
	5.	5,397	5,063	3,959	4,241	5,827	4,991	4,795	5,146	4,311	4,299	4,261	4,367	4,586
	6.	5,487	5,222	3,798	3,925	5,650	4,757	4,721	5,219	4,080	4,298	4,567	4,293	4,624
	7.	5,355	5,048	3,487	3,879	5,487	4,966	4,799	5,256	3,901	4,432	4,255	4,250	4,462
	8.	5,494	5,377	3,730	3,704	5,371	5,004	4,528	5,221	3,860	...	4,807	4,265	4,461
	9.	5,153	5,391	3,609	3,632	5,437	4,892	4,975	5,086	4,080	5,026	4,862	4,166	4,411
	10.	5,022	5,112	3,628	4,058	4,944	4,635	4,983	4,713	4,033	4,806	5,479	4,107	4,354
	11.	5,410	4,934	3,639	3,501	5,533	4,615	4,750	4,755	4,215	4,960	5,299	4,061	4,236
	12.	4,881	4,823	3,507	3,249	4,647	4,348	5,302	4,388	4,011	4,601	3,518	4,011	4,131
Loan amount (new business)													- KM thousand -	
2012.	12.	59.827	3.218	78.180	69.492	31.020	12.444	6.103	25.115	11.663	5.238	68.638	1.804.800	598.167
2013.	12.	58.148	2.808	61.373	59.503	36.938	14.643	5.331	47.739	3.490	11.397	63.237	1.712.557	593.756
2014.	12.	57.589	3.428	59.350	45.951	51.005	11.580	4.490	51.621	13.600	10.177	138.835	1.562.823	574.250
2015.	12.	50.117	14.157	56.173	42.450	17.594	13.003	6.571	30.490	19.323	14.047	35.546	1.667.461	534.778
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
2017.	1.	25.880	9.392	43.177	43.855	7.039	5.441	3.702	13.662	8.326	4.885	14.700	1.854.822	459.656
	2.	35.597	16.415	36.083	27.326	11.687	8.650	3.028	11.311	6.973	6.372	58.476	1.959.903	458.202
	3.	46.818	20.558	58.911	45.750	14.550	11.779	5.066	33.578	9.467	15.618	41.566	1.981.951	449.053
	4.	41.842	14.074	58.860	19.825	9.554	12.479	7.696	17.797	5.435	10.886	103.919	2.023.042	432.400
	5.	39.620	14.969	54.008	42.670	12.519	10.509	4.282	16.518	13.799	7.138	62.481	2.007.292	455.283
	6.	40.500	15.980	65.338	61.573	10.970	8.069	6.165	16.860	7.426	16.533	58.466	2.050.402	463.795
	7.	39.217	13.592	56.771	34.600	9.335	8.677	5.902	22.404	6.934	6.519	78.334	2.059.626	409.031
	8.	30.280	11.339	50.260	23.415	7.912	9.758	2.742	19.703	4.837	-	33.412	2.027.200	389.799
	9.	38.727	12.165	64.500	27.294	8.073	8.021	5.812	12.237	7.518	7.949	45.475	2.092.995	369.280
	10.	47.774	10.829	43.045	49.250	9.583	13.224	6.134	28.920	8.175	10.099	52.530	2.113.367	367.856
	11.	41.108	12.484	42.866	48.254	13.777	12.214	5.009	24.318	12.186	14.611	36.353	2.108.108	390.443
	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

The revised data series on the interest rates on loans to non-financial corporates in KM indexed to EUR, up to the amount of EUR 0.25 million, floating rate and up to 1 year IRF, for the period January 2015 – November 2017, due to the exclusion of data of one bank with the interest rates which do not reflect the market trends.

\* 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 and Non-financial Corporations**  
percentages per annum

Households									
Year	Period	Deposits in KM and Indexed to Foreign Currency				Deposits in EUR			
		with Agreed Maturity				with Agreed Maturity			
		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
Weighted monthly averages									
2012.	12.	2,079	3,163	4,407	0,140	2,384	3,298	3,993	0,342
2013.	12.	1,973	3,189	3,754	0,116	2,068	3,127	3,927	0,240
2014.	12.	1,263	2,764	2,973	0,089	1,431	2,901	3,170	0,181
2015.	12.	1,062	2,164	2,358	0,091	1,236	2,128	2,684	0,129
2016.	12.	0,548	1,698	2,102	0,093	0,545	1,525	2,211	0,106
2017.	12.	0,234	1,346	1,458	0,065	0,309	1,265	1,533	0,062
2017.	01.	0,550	1,570	2,028	0,070	0,434	1,516	2,006	0,093
	02.	0,473	1,655	1,814	0,067	0,402	1,429	1,705	0,089
	03.	0,369	1,779	1,757	0,077	0,462	1,593	2,103	0,087
	04.	0,352	1,700	1,639	0,066	0,304	1,539	1,606	0,086
	05.	0,362	1,596	1,593	0,058	0,335	1,583	1,447	0,069
	06.	0,436	1,715	1,509	0,057	0,307	1,657	1,494	0,068
	07.	0,481	1,466	1,512	0,057	0,331	1,485	1,572	0,067
	08.	0,422	1,492	1,520	0,055	0,344	1,426	1,573	0,066
	09.	0,567	1,468	1,573	0,056	0,359	1,297	1,617	0,065
	10.	0,396	1,490	1,477	0,055	0,467	1,306	2,064	0,064
	11.	0,378	1,451	1,892	0,055	0,338	1,320	1,522	0,062
	12.	0,234	1,346	1,458	0,065	0,309	1,265	1,533	0,062
Deposit amount (new business) - KM thousand -									
2012.	12.	22.786	32.900	32.655	1.691.057	30.445	77.512	40.687	689.308
2013.	12.	19.637	34.381	21.954	1.923.736	29.340	74.954	57.798	731.719
2014.	12.	24.762	33.097	19.050	2.115.947	28.079	72.251	48.611	787.586
2015.	12.	15.246	29.802	27.103	2.540.711	22.363	57.842	54.185	921.532
2016.	12.	12.326	33.407	37.407	3.052.215	15.650	50.354	53.399	1.046.384
2017.	12.	11.394	24.378	19.272	3.375.019	11.119	50.394	38.014	1.248.762
2017.	01.	11.586	23.640	27.354	3.065.931	14.340	43.252	41.055	1.075.798
	02.	10.803	24.114	24.581	3.090.258	13.943	42.639	39.652	1.084.848
	03.	7.974	29.053	26.301	3.124.024	10.743	54.799	90.492	1.084.142
	04.	7.753	19.368	18.987	3.163.551	11.617	44.186	38.155	1.097.170
	05.	9.799	20.993	24.748	3.164.343	12.404	46.965	38.051	1.109.685
	06.	7.533	25.518	19.733	3.192.100	10.755	49.448	27.827	1.133.377
	07.	7.393	23.001	14.995	3.213.209	12.906	42.184	41.623	1.144.992
	08.	7.974	21.497	23.786	3.238.372	13.912	53.142	35.189	1.159.203
	09.	11.798	23.461	27.806	3.242.965	11.881	41.791	52.794	1.179.900
	10.	9.253	22.159	21.810	3.245.554	13.213	42.409	89.352	1.206.167
	11.	8.369	25.155	30.724	3.263.078	10.648	47.435	63.074	1.193.825
	12.	11.394	24.378	19.272	3.375.019	11.119	50.394	38.014	1.248.762

**Notes:**

\* 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.

**T12: Interest Rates on Deposits of Households and Non-financial Corporations**  
percentages per annum

Non-financial Corporations										
Deposits in Foreign Currency		Deposits in KM and Indexed to Foreign Currency				Deposits in EUR			Deposits in Foreign Currency	
with Agreed Maturity	Overnight Deposits *	with Agreed Maturity				with Agreed Maturity			Overnight Deposits *	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		
11	12	13	14	15	16	17	18	19	20	21
Weighted monthly averages										
1,953	0,092	3,467	4,540	4,063	0,176	1,456	4,026	...	0,136	0,098
1,232	0,075	1,686	3,862	3,933	0,219	2,458	3,517	...	0,144	0,157
0,916	0,064	0,760	2,867	3,369	0,203	1,890	...	2,319	0,132	0,094
0,966	0,061	0,930	1,428	1,937	0,122	0,609	2,469	...	0,097	0,057
0,423	0,057	0,456	1,393	1,822	0,085	0,915	...	2,124	0,083	0,048
0,572	0,046	0,708	1,588	...	0,045	0,588	...	...	0,019	0,033
0,324	0,056	0,720	1,538	...	0,078	...	...	...	0,086	0,043
0,415	0,055	0,602	1,233	1,435	0,081	...	...	1,772	0,079	0,047
0,289	0,059	0,923	1,023	2,102	0,072	...	1,349	...	0,073	0,046
0,449	0,060	0,468	0,712	2,187	0,067	...	1,263	...	0,056	0,035
0,516	0,051	0,607	1,334	1,782	0,066	...	...	...	0,063	0,031
0,415	0,051	0,569	0,914	2,027	0,059	...	...	1,663	0,062	0,035
0,362	0,050	0,524	1,213	1,795	0,059	...	0,153	...	0,056	0,036
0,375	0,049	1,125	0,983	1,669	0,053	1,046	1,243	...	0,047	0,027
0,458	0,048	0,809	1,465	...	0,053	0,852	...	...	0,031	0,025
0,416	0,049	1,145	0,954	1,856	0,052	0,531	1,890	...	0,020	0,031
0,660	0,046	0,432	0,978	1,735	0,048	...	...	...	0,016	0,038
1,588	0,046	0,708	1,588	...	0,045	0,588	...	...	0,019	0,033
Deposit amount (new business)										- KM thousand -
11.233	217.349	45.600	53.329	3.973	1.536.916	17.408	1.248	...	319.103	44.031
5.744	235.804	20.855	22.272	5.378	1.889.799	6.398	40.153	...	427.605	42.477
4.240	213.851	26.218	15.491	4.029	1.920.631	1.277	...	1.381	494.367	63.957
7.180	233.901	16.591	61.505	8.118	2.029.544	3.118	10.252	...	475.393	63.119
3.090	261.142	19.822	14.794	8.874	2.168.102	1.663	...	17.116	523.643	75.169
3.981	287.026	9.762	16.772	...	2.653.618	1.663	...	...	677.882	89.421
3.178	264.891	18.288	5.201	...	2.213.016	...	...	...	556.809	84.397
2.368	269.560	8.903	3.657	35.301	2.153.024	...	...	29.477	543.752	86.127
5.145	272.508	11.298	5.761	8.952	2.115.039	...	1.452	...	556.432	89.103
2.424	268.915	6.439	8.151	17.561	2.122.509	...	3.357	...	540.883	97.095
2.405	275.449	6.868	12.953	20.400	2.200.924	...	...	...	571.389	109.758
1.845	276.625	19.465	27.259	2.791	2.245.040	...	...	47.527	516.182	97.004
2.985	272.498	12.774	53.215	31.846	2.353.728	...	326	...	555.589	112.856
3.043	273.560	7.659	10.495	265	2.430.308	6.406	3.935	...	585.217	100.673
2.608	277.385	10.427	9.044	...	2.432.223	1.245	...	...	622.875	97.606
4.350	302.620	42.943	9.436	14.042	2.523.670	26.613	1.243	...	669.117	83.696
24.345	285.863	7.584	12.990	19.428	2.553.482	...	...	...	677.940	81.907
3.981	287.026	9.762	16.772	...	2.653.618	1.663	...	...	677.882	89.421

**Notes:**

\* 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: 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)
2006.	12	4.004,4	4.758,1	8.762,5	2.057,0	6.755,6	8.812,6
2007.	12.	5.105,8	6.980,7	12.086,5	2.541,4	8.954,2	11.495,5
2008.	12.	4.904,3	6.970,0	11.874,4	3.427,5	10.708,6	14.136,1
2009.	12.	5.214,4	6.877,0	12.091,4	3.391,5	10.293,3	13.684,8
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
2017.	01.	8.173,7	9.741,3	17.914,9	4.173,8	13.005,8	17.179,6
	02.	8.180,7	9.808,2	17.988,9	4.286,5	13.049,9	17.336,4
	03.	8.116,6	9.988,3	18.104,9	4.346,3	13.233,5	17.579,8
	04.	8.254,8	9.935,8	18.190,6	4.319,4	13.350,5	17.669,9
	05.	8.509,7	9.936,8	18.446,5	4.348,0	13.400,8	17.748,8
	06.	8.513,5	9.947,2	18.460,7	4.340,8	13.589,3	17.930,1
	07.	8.658,5	9.949,9	18.608,5	4.305,0	13.814,3	18.119,4
	08.	9.068,0	9.945,0	19.012,9	4.221,0	13.817,1	18.038,2
	09.	9.150,9	9.977,6	19.128,5	4.256,2	13.863,1	18.119,3
	10.	9.561,0	10.010,2	19.571,2	4.285,0	13.913,0	18.198,0
	11.	9.565,0	10.097,8	19.662,8	4.285,6	13.975,8	18.261,5
	12.	9.558,1	10.111,0	19.669,1	4.261,5	14.160,9	18.422,4

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 49.

**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.

**T14: 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
2006.	12.	44,2	393,7	348,6	169,8	124,3	156,0	697,6	1.067,2	139,6	853,3	10,1	4.004,4
2007.	12.	45,7	544,5	381,0	242,0	147,5	186,2	740,3	1.321,0	176,2	1.311,7	9,6	5.105,8
2008.	12.	52,3	255,2	271,7	204,0	108,2	137,5	781,8	1.328,9	161,3	1.558,8	44,7	4.904,3
2009.	12.	41,4	416,0	352,7	187,9	148,6	146,5	852,2	1.280,0	173,1	1.601,4	14,5	5.214,4
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	558,9	305,9	146,3	230,2	618,1	2.775,5	281,5	3.858,3	19,6	9.558,1
2017.	01.	102,1	470,0	409,8	241,7	63,0	212,1	591,5	2.347,7	273,1	3.444,2	18,6	8.173,7
	02.	103,8	459,8	418,2	266,9	70,8	222,3	542,4	2.322,3	274,9	3.480,3	18,9	8.180,7
	03.	94,2	421,5	452,7	269,5	76,5	198,8	554,6	2.239,5	259,7	3.531,8	17,9	8.116,6
	04.	106,7	444,6	461,4	277,8	72,2	225,4	633,8	2.185,2	257,7	3.565,3	24,7	8.254,8
	05.	120,8	489,8	491,4	283,3	78,0	232,9	595,7	2.357,3	272,4	3.570,0	18,1	8.509,7
	06.	107,8	486,1	528,1	273,5	78,6	206,1	583,1	2.340,6	274,8	3.616,3	18,4	8.513,5
	07.	108,4	456,4	514,5	288,9	81,0	220,1	601,5	2.449,5	279,0	3.638,8	20,4	8.658,5
	08.	108,7	636,5	537,6	295,1	97,8	283,3	554,2	2.580,0	288,1	3.666,8	19,8	9.068,0
	09.	111,8	637,5	588,1	312,8	97,3	245,1	566,5	2.594,2	291,2	3.683,8	22,6	9.150,9
	10.	156,4	712,0	640,0	318,2	100,0	248,3	626,3	2.719,7	295,6	3.724,4	20,2	9.561,0
	11.	162,3	704,0	654,8	314,2	147,0	247,5	619,4	2.672,8	291,6	3.731,1	20,2	9.565,0
	12.	150,8	612,8	558,9	305,9	146,3	230,2	618,1	2.775,5	281,5	3.858,3	19,6	9.558,1

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.  
See note on page 49.

**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.

**T15: 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
2006.	12.	22,7	222,3	35,6	33,0	42,4	168,3	405,0	516,0	50,9	3.246,9	15,1	4.758,1
2007.	12.	11,8	1.457,4	56,4	47,4	124,0	217,5	537,8	595,4	59,8	3.854,2	18,9	6.980,7
2008.	12.	16,0	1.211,7	21,3	50,1	101,5	334,0	758,5	743,7	78,1	3.647,0	8,2	6.970,0
2009.	12.	4,7	725,3	20,9	48,8	61,7	478,8	753,5	606,0	100,5	4.062,0	14,8	6.877,0
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
2017.	01.	73,3	238,3	20,9	29,3	35,4	771,6	689,7	476,4	121,0	7.269,4	15,9	9.741,3
	02.	70,8	239,4	19,7	30,3	36,3	779,9	743,9	472,3	123,9	7.274,2	17,5	9.808,2
	03.	71,4	308,1	20,1	30,3	32,7	783,7	745,6	510,3	124,3	7.343,1	18,9	9.988,3
	04.	70,1	307,1	20,2	34,1	35,2	782,9	692,8	503,4	122,9	7.347,4	19,7	9.935,8
	05.	68,0	287,0	21,9	35,5	40,7	791,4	733,6	495,2	117,9	7.326,7	18,8	9.936,8
	06.	65,1	267,2	22,4	37,5	40,6	808,0	743,3	495,6	116,0	7.332,2	19,4	9.947,2
	07.	104,3	240,9	24,1	36,4	38,1	799,1	755,0	509,8	118,1	7.306,5	17,7	9.949,9
	08.	72,2	266,2	26,0	38,0	25,3	813,8	755,9	506,5	117,0	7.308,1	16,0	9.945,0
	09.	53,7	271,5	26,6	41,1	29,7	816,2	758,5	502,5	117,4	7.340,4	20,0	9.977,6
	10.	38,7	272,1	24,1	41,1	27,4	823,6	749,1	533,7	117,5	7.354,3	28,7	10.010,2
	11.	77,4	273,4	24,2	38,6	26,0	822,9	767,4	548,8	117,0	7.386,1	16,1	10.097,8
	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

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.  
See note on page 49.

**Note:**

Other deposits allow automatic withdrawals of funds but not payment to third parties, time and savings deposits, other deposits-other.

**T16: 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
2006.	12.	0,1	6,2	2,2	1,4	0,1	30,1	77,6	1.453,4	11,8	466,6	7,5	2.057,0
2007.	12.	0,0	6,3	2,3	0,3	0,0	53,5	73,8	1.819,0	17,0	564,5	4,6	2.541,4
2008.	12.	0,0	6,0	2,3	10,4	0,1	69,8	76,5	2.579,8	32,8	645,7	4,2	3.427,5
2009.	12.	3,2	8,7	2,2	31,7	33,5	33,4	80,0	2.459,8	10,6	716,4	12,0	3.391,5
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
2017.	01.	0,0	53,5	4,3	20,0	50,8	22,2	90,2	3.019,7	7,0	891,4	14,7	4.173,8
	02.	0,0	63,1	7,4	20,8	61,1	23,5	72,1	3.127,0	7,8	887,8	15,9	4.286,5
	03.	0,0	52,6	8,3	21,0	52,0	32,3	80,6	3.190,1	7,6	886,2	15,8	4.346,3
	04.	0,0	49,1	8,0	21,4	35,1	34,9	79,0	3.185,2	7,3	883,1	16,2	4.319,4
	05.	0,0	49,8	7,1	18,4	22,4	37,3	76,6	3.220,0	6,6	893,9	15,9	4.348,0
	06.	0,0	48,6	10,1	17,2	21,6	37,5	74,5	3.221,6	7,5	885,7	16,5	4.340,8
	07.	0,0	46,7	8,8	15,6	34,2	38,6	80,5	3.163,5	8,8	891,7	16,7	4.305,0
	08.	0,0	47,1	5,8	14,9	11,2	37,4	78,4	3.106,5	8,5	894,5	16,6	4.221,0
	09.	0,0	45,6	4,7	14,6	10,0	37,1	82,1	3.137,2	10,4	898,3	16,1	4.256,2
	10.	0,0	48,7	2,8	14,2	19,2	33,4	78,3	3.158,7	9,5	904,2	16,1	4.285,0
	11.	0,0	48,8	2,6	13,8	8,2	25,8	75,1	3.189,9	9,2	896,6	15,7	4.285,6
	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

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.  
See note on page 49.

**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.



**T17: 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
2006.	12.	0,0	0,4	1,3	56,2	0,6	31,8	167,7	2.592,7	10,3	3.893,0	1,5	6.755,6
2007.	12.	0,7	8,8	1,1	92,3	15,5	77,9	195,0	3.439,2	18,5	5.104,4	0,9	8.954,2
2008.	12.	1,7	95,6	0,9	132,5	13,5	73,9	177,2	4.142,2	19,5	6.051,1	0,5	10.708,6
2009.	12.	1,4	89,2	2,1	155,5	19,7	43,6	185,8	4.186,9	17,4	5.590,8	0,9	10.293,3
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
2017.	01.	0,0	288,6	226,2	259,0	101,1	23,9	278,2	4.646,3	11,7	7.170,5	0,4	13.005,8
	02.	0,0	282,6	222,2	254,6	100,3	24,6	301,7	4.645,9	10,0	7.207,5	0,4	13.049,9
	03.	0,0	324,5	216,5	250,5	95,7	31,1	295,8	4.708,6	9,8	7.300,7	0,4	13.233,5
	04.	0,0	318,0	211,9	255,1	106,4	26,5	296,5	4.752,2	10,3	7.373,1	0,4	13.350,5
	05.	0,0	311,5	208,6	260,9	101,4	30,3	292,1	4.748,3	10,1	7.437,1	0,4	13.400,9
	06.	0,0	353,0	204,2	266,3	97,9	39,8	296,9	4.810,6	12,5	7.507,7	0,3	13.589,3
	07.	0,0	343,0	199,2	273,9	98,0	40,2	303,6	4.989,5	12,4	7.554,3	0,3	13.814,3
	08.	0,0	327,5	195,2	274,4	90,8	41,1	303,6	4.980,5	12,2	7.591,5	0,3	13.817,1
	09.	0,0	343,3	190,2	277,6	87,9	42,1	300,2	4.985,3	12,9	7.623,7	0,2	13.863,1
	10.	0,0	334,2	210,9	272,0	87,5	41,1	308,5	4.981,9	12,7	7.664,0	0,2	13.913,0
	11.	0,0	333,5	212,4	264,6	82,1	43,6	306,1	5.020,7	12,5	7.700,2	0,2	13.975,8
	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

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

See note on page 49.

**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.

**T18: Purchase and Sale of Convertible Mark**

- in KM thousand -

Year	Month	Sale	Purchase	Balance	Cumulative Balance
1	2	3	4	5(3-4)	6
2006.		3.316.074	2.181.712	1.134.362	4.880.802
2007.		3.878.146	2.822.867	1.055.279	5.936.081
2008.		4.933.211	5.564.318	-631.108	5.304.973
2009.		4.197.642	4.234.491	-36.849	5.268.124
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
2017.	01.	314.881	418.412	-103.531	8.360.098
	02.	312.555	375.373	-62.819	8.297.280
	03.	421.708	529.257	-107.550	8.189.730
	04.	522.189	364.058	158.131	8.347.861
	05.	509.831	508.563	1.268	8.349.129
	06.	749.293	658.692	90.601	8.439.731
	07.	938.815	840.010	98.805	8.538.535
	08.	1.333.621	756.323	577.298	9.115.834
	09.	620.321	630.332	-10.011	9.105.823
	10.	765.497	556.433	209.064	9.314.887
	11.	805.290	847.076	-41.787	9.273.100
	12.	1.182.377	936.655	245.721	9.518.821

**T 19: 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
2008.		17.320.130	2.961.865	3.630.571	668.706
2009.		16.194.265	1.754.398	3.010.417	1.256.019
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
2017.	01.	20.383.300	2.038.330	4.193.367	2.155.037
	02.	20.360.577	2.036.058	4.137.602	2.101.544
	03.	20.440.989	2.044.099	4.037.032	1.992.933
	04.	20.594.783	2.059.478	3.924.350	1.864.872
	05.	20.862.763	2.086.276	4.041.640	1.955.364
	06.	21.081.265	2.108.126	4.046.262	1.938.136
	07.	21.231.283	2.123.128	4.091.430	1.968.302
	08.	21.542.794	2.154.279	4.344.400	2.190.120
	09.	21.785.669	2.178.567	4.548.132	2.369.565
	10.	21.945.254	2.194.525	4.654.556	2.460.030
	11.	22.249.300	2.224.930	4.796.097	2.571.167
	12.	22.220.255	2.222.025	4.825.215	2.603.190

**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.

**T 20: 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
2006.		591.823	37.280	24.309.113	10.448	24.900.936	47.728
2007.		704.702	48.174	27.662.395	12.018	28.367.097	60.193
2008.		766.690	57.335	28.831.882	13.009	29.598.572	70.345
2009.		692.669	52.283	28.346.898	12.175	29.039.567	64.458
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
2017.	01.	66.631	5.410	2.951.538	1.115	3.018.169	6.525
	02.	70.264	5.339	3.153.733	1.173	3.223.997	6.512
	03.	85.486	6.306	3.587.741	1.396	3.673.227	7.702
	04.	78.784	6.192	3.224.703	1.307	3.303.487	7.499
	05.	84.234	6.602	3.430.355	1.408	3.514.589	8.011
	06.	86.283	6.875	3.396.530	1.404	3.482.813	8.279
	07.	84.614	6.689	3.368.531	1.387	3.453.145	8.076
	08.	87.901	7.550	3.451.198	1.463	3.539.099	9.013
	09.	81.065	6.724	3.205.877	1.348	3.286.942	8.072
	10.	89.002	6.957	3.547.319	1.479	3.636.321	8.436
	11.	85.831	7.372	3.319.298	1.407	3.405.129	8.779
	12.	95.948	7.838	3.474.495	1.502	3.570.443	9.340

**T21: BH Balance of Payments**

- in KM million -

Year	CURRENT AND CAPITAL ACCOUNT					Total	FINANCIAL ACCOUNT	NET ERRORS AND OMISSIONS
	Current Account				Capital Account			
	Goods	Services	Primary Income	Secondary Income				
2013.	-7.099	1.624	357	3.694	337	-1.088	-909	179
2014.	-7.874	1.667	216	3.969	442	-1.579	-1.434	145
2015.	-7.191	1.883	183	3.570	360	-1.196	-1.168	28
2016.	-7.040	2.046	37	3.507	297	-1.153	-918	235
2017.	-7.500	2.230	3	3.754	300	-1.212	-1.034	178
2012. Q1	-1.744	341	98	827	75	-403	-537	-134
Q2	-1.865	418	-108	930	80	-545	-409	136
Q3	-2.200	497	100	943	91	-569	-428	141
Q4	-1.969	374	115	977	88	-415	-432	-16
2013. Q1	-1.607	338	83	837	78	-272	-449	-177
Q2	-1.618	436	-106	926	80	-282	-215	67
Q3	-1.869	481	128	951	91	-218	-25	192
Q4	-2.005	370	251	980	89	-316	-220	96
2014. Q1	-1.733	386	79	833	76	-359	-473	-114
Q2	-1.912	391	-87	989	85	-535	-369	165
Q3	-2.135	508	66	1.071	153	-338	-174	164
Q4	-2.094	383	159	1.076	128	-347	-418	-71
2015. Q1	-1.564	381	49	877	99	-159	-353	-194
Q2	-1.880	505	-39	901	99	-415	-378	36
Q3	-1.938	590	-18	891	80	-395	-245	150
Q4	-1.809	408	191	901	82	-227	-191	36
2016. Q1	-1.537	402	24	745	68	-298	-258	39
Q2	-1.859	538	-36	904	77	-374	-253	122
Q3	-1.788	612	7	927	77	-165	-41	124
Q4	-1.857	494	41	931	75	-315	-366	-50
2017. Q1	-1.606	443	38	839	71	-216	-335	-118
Q2	-1.978	598	-69	993	76	-380	-245	135
Q3	-1.857	673	0	965	77	-143	-62	80
Q4	-2.059	516	36	958	76	-474	-392	81

**Source:** CBBH; Balance of Payment Statistics.**Note:** The BH Balance of Payments is compiled in accordance with the IMF methodology (Balance of Payments and International Investment Position Manual, 6 th edition – BPM6).

Data were revised for period 2015-2016 and disseminated together with data for 2017.

The main revisions done for the period 2015-2016 are result of:

- use of latest statistics disseminated by domestic and foreign institutions (domestic statistical and other government agencies and institutions, and BIS bank, OECD as well as other foreign and international institutions).

The detailed methodological information can be found on the web, at [www.cbbh.ba/statistics](http://www.cbbh.ba/statistics)

**T22: BH Balance of Payments: Current Account and Capital Account**  
 - in KM million -

Period	CURRENT ACCOUNT										CAPITAL ACCOUNT			
	Total			Goods		Services		Primary Income		Secondary Income				
	Credit	Debit	Balance	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Balance
2007.	11.764	13.811	-2.047	3.542	12.022	2.569	707	1.553	883	4.101	200	415	0	415
2008.	12.543	16.058	-3.515	4.158	14.355	2.694	782	1.656	713	4.036	209	383	0	383
2009.	11.046	12.634	-1.588	3.756	11.193	2.446	894	1.265	309	3.579	238	350	0	350
2010.	12.200	13.731	-1.531	5.015	12.201	2.518	804	881	468	3.787	257	389	0	389
2011.	13.157	15.640	-2.483	6.029	13.856	2.374	781	935	725	3.818	278	357	0	357
2012.	13.311	15.577	-2.266	6.067	13.846	2.416	785	874	669	3.954	277	334	0	334
2013.	13.873	15.297	-1.425	6.645	13.743	2.391	768	864	507	3.973	279	337	0	337
2014.	14.519	16.541	-2.021	6.847	14.721	2.450	783	955	739	4.267	298	442	0	442
2015.	14.773	16.329	-1.556	7.194	14.385	2.742	859	928	746	3.909	339	360	0	360
2016.	15.404	16.855	-1.450	7.697	14.738	2.926	880	929	892	3.852	345	297	0	297
2017.	17.244	18.754	-1.509	8.992	16.492	3.188	955	948	945	4.116	362	300	0	300
2012. Q1	2.903	3.381	-478	1.338	3.082	472	131	199	101	894	67	75	0	75
Q2	3.487	4.112	-625	1.660	3.525	611	192	218	326	997	68	80	0	80
Q3	3.588	4.248	-660	1.547	3.747	792	295	233	133	1.016	73	91	0	91
Q4	3.333	3.836	-504	1.522	3.491	541	167	223	109	1.047	70	88	0	88
2013. Q1	3.082	3.432	-350	1.491	3.098	478	141	207	123	906	70	78	0	78
Q2	3.646	4.007	-361	1.806	3.424	625	190	218	323	996	70	80	0	80
Q3	3.689	3.998	-308	1.683	3.552	755	274	231	103	1.019	68	91	0	91
Q4	3.455	3.860	-405	1.664	3.669	532	163	208	-43	1.051	71	89	0	89
2014. Q1	3.198	3.633	-435	1.546	3.279	524	138	225	146	903	70	76	0	76
Q2	3.582	4.202	-620	1.698	3.610	585	195	238	326	1.060	71	85	0	85
Q3	3.990	4.480	-491	1.792	3.927	790	282	258	192	0	80	153	0	153
Q4	3.750	4.225	-475	1.811	3.905	551	169	235	75	1.153	76	128	0	128
2015. Q1	3.387	3.644	-258	1.666	3.230	534	153	238	189	949	72	99	0	99
Q2	3.720	4.234	-513	1.802	3.682	711	206	219	258	989	88	99	0	99
Q3	4.011	4.487	-475	1.869	3.807	914	324	249	268	979	88	80	0	80
Q4	3.655	3.964	-309	1.858	3.667	584	176	222	31	992	91	82	0	82
2016. Q1	3.270	3.636	-366	1.657	3.194	562	160	221	197	830	85	68	0	68
Q2	3.894	4.346	-452	1.950	3.808	733	195	223	258	988	84	77	0	77
Q3	4.206	4.448	-242	1.985	3.773	954	342	256	249	1.011	84	77	0	77
Q4	4.034	4.425	-391	2.106	3.963	676	183	229	188	1.023	91	75	0	75
2017. Q1	3.767	4.054	-287	1.999	3.605	611	168	229	191	929	90	71	0	71
Q2	4.379	4.836	-456	2.253	4.231	809	210	237	306	1.080	87	76	0	76
Q3	4.805	5.025	-220	2.444	4.301	1.051	379	253	253	1.057	92	77	0	77
Q4	4.292	4.839	-546	2.296	4.355	717	198	230	194	1.050	92	76	0	76

Source: CBBH; Balance of Payment Statistics.

**Note:** The BH Balance of Payments is compiled in accordance with the IMF methodology (Balance of Payments and International Investment Position Manual, 6 th edition – BPM6).

Data were revised for period 2015-2016 and disseminated together with data for 2017.

The main revisions done for the period 2015-2016 are result of:

- use of latest statistics disseminated by domestic and foreign institutions (domestic statistical and other government agencies and institutions, and BIS bank, OECD as well as other foreign and international institutions).

The detailed methodological information can be found on the web, at [www.cbbh.ba/statistics](http://www.cbbh.ba/statistics)

**T23: BH Balance of Payments: Financial Account**

- in KM million -

Period	FINANCIAL ACCOUNT				Total *
	Direct Investment	Portfolio Investment	Other Investment	Reserve Assets	
2007.	-2.560	4	-453	1.242	-1.766
2008.	-1.315	29	-1.551	-462	-3.300
2009.	-344	274	-957	-104	-1.131
2010.	-532	173	-857	258	-957
2011.	-674	46	-1.378	-33	-2.039
2012.	-506	19	-1.391	73	-1.806
2013.	-342	144	-1.420	709	-909
2014.	-784	107	-1.469	712	-1.434
2015.	-487	110	-1.671	881	-1.168
2016.	-470	161	-1.540	930	-918
2017.	-664	166	-1.672	1.136	-1.034
2012. Q1	-26	-6	-191	-314	-537
Q2	-134	45	-90	-230	-409
Q3	-107	-18	-697	394	-428
Q4	-240	-2	-413	224	-432
2013. Q1	-295	51	-37	-168	-449
Q2	-164	26	-317	241	-215
Q3	4	21	-498	447	-25
Q4	113	46	-568	189	-220
2014. Q1	-250	13	-76	-161	-473
Q2	-230	31	-333	163	-369
Q3	-116	-20	-663	625	-174
Q4	-189	83	-397	85	-418
2015. Q1	-105	-14	-183	-52	-353
Q2	-213	-44	-334	213	-378
Q3	-105	77	-595	378	-245
Q4	-64	91	-560	342	-191
2016. Q1	-164	1	-34	-62	-258
Q2	-54	44	-395	152	-253
Q3	-118	79	-695	692	-41
Q4	-135	37	-417	148	-366
2017. Q1	-294	71	145	-257	-335
Q2	-88	19	-436	260	-245
Q3	-165	65	-710	747	-62
Q4	-117	12	-673	386	-392

**Source:** CBBH; Balance of Payment Statistics.**Note:** The BH Balance of Payments is compiled in accordance with the IMF methodology (Balance of Payments and International Investment Position Manual, 6 th edition – BPM6).

Data were revised for period 2015-2016 and disseminated together with data for 2017.

The main revisions done for the period 2015-2016 are result of:

- use of latest statistics disseminated by domestic and foreign institutions (domestic statistical and other government agencies and institutions, and BIS bank, OECD as well as other foreign and international institutions).

The detailed methodological information can be found on the web, at [www.cbbh.ba/statistics](http://www.cbbh.ba/statistics)

\*The value of item Total includes also the value of financial derivatives.



**T24: Government Sector Foreign Debt Servicing**

- in KM thousand -

Creditor	2011.	2012.	2013.	2014.	2015.	2016.	2017.		
							Principal	Interest	Total
<b>Public creditors</b>	<b>269.064</b>	<b>339.601</b>	<b>617.207</b>	<b>693.718</b>	<b>515.617</b>	<b>648.016</b>	<b>791.570</b>	<b>117.508</b>	<b>909.078</b>
<b>International and regional organizations</b>	<b>226.021</b>	<b>290.493</b>	<b>559.130</b>	<b>620.692</b>	<b>425.697</b>	<b>549.724</b>	<b>692.149</b>	<b>93.783</b>	<b>785.931</b>
European Investment Bank	30.871	38.236	40.804	51.583	59.051	79.346	68.992	20.003	88.995
European Bank for Reconstr. and Development	72.598	75.034	90.998	112.436	121.045	112.893	84.610	5.155	89.765
World Bank - IDA	43.102	49.547	51.296	56.489	67.968	104.563	104.778	38.077	142.855
World Bank - IBRD <sup>1)</sup>	48.164	51.290	45.057	43.490	51.235	52.836	43.118	9.403	52.520
Council of Europe Development Bank <sup>1)</sup>	651	991	1.818	3.086	4.112	4.740	4.252	1.054	5.306
International Fund of Agriculture Development	1.932	2.341	6.412	2.902	3.784	4.113	3.659	582	4.241
IMF	15.463	64.134	318.723	338.799	106.677	179.498	374.917	15.606	390.523
EUROFIMA	8.398	0	0	0	0	0	0	0	0
European Commision	4.844	8.919	4.022	11.907	11.824	11.735	7.823	3.903	11.726
<b>Government and government agencies</b>	<b>43.043</b>	<b>49.108</b>	<b>58.077</b>	<b>73.026</b>	<b>89.919</b>	<b>98.293</b>	<b>99.422</b>	<b>23.725</b>	<b>123.147</b>
Paris Club <sup>1)</sup>	28.470	30.493	31.746	33.811	38.344	40.906	32.686	10.369	43.055
Saudi Development Fund	2.607	3.050	4.808	4.505	6.698	7.818	7.766	1.914	9.680
Other bilateral <sup>2)</sup>	11.966	15.566	21.523	34.710	44.877	49.568	58.970	11.441	70.411
<b>Private creditors</b>	<b>70.927</b>	<b>73.682</b>	<b>67.604</b>	<b>67.177</b>	<b>65.706</b>	<b>75.090</b>	<b>73.046</b>	<b>1.109</b>	<b>74.155</b>
London Club <sup>1)</sup>	70.927	73.682	67.604	67.177	65.706	75.090	73.046	1.109	74.155
<b>Total</b>	<b>339.992</b>	<b>413.283</b>	<b>684.810</b>	<b>760.895</b>	<b>581.323</b>	<b>723.106</b>	<b>864.616</b>	<b>118.617</b>	<b>983.233</b>

**Source:** BH Ministry of Finance and Treasury

1) Debt incurred before 1992.

2) Other bilateral includes: Fortis Bank, Government of Japan, OPEC, KFW, Government of Spain, Export-Import Bank of Korea, Bank Austria, Belgium, Bank for Labour and Economy (BAWAG) and Raiffaisen Bank.

**T 25: Foreign Debt of BH General Government by Creditors\*\***

- in KM thousand -

Creditor	2009.	2010.	2011.	2012.	2013.	2014.	2015	31.12.2016.	31.12.2017.*
<b>Public creditors</b>									
<b>International and regional organizations</b>									
European Investment Bank	368.263	537.870	704.579	973.305	1.197.893	1.461.725	1.549.248	1.762.048	1.801.241
European Bank for Reconstr. and Development	357.804	427.819	481.540	677.713	895.992	1.012.997	982.148	947.254	832.260
World Bank - IDA	1.497.460	1.738.590	1.803.033	1.769.456	1.692.110	1.804.537	1.931.027	1.964.849	1.909.596
World Bank - IBRD <sup>5)</sup>	571.289	657.000	694.148	677.664	624.593	715.638	854.582	843.766	763.521
European Development Bank	31.834	35.843	37.180	36.776	35.180	63.239	74.890	80.361	95.558
International Fund for Agriculture Development	56.108	64.100	68.235	70.302	69.067	74.676	78.478	78.609	75.926
International Monetary Fund	388.705	767.071	784.851	950.444	851.771	1.061.656	1.036.624	1.028.123	591.554
EUROFIMA <sup>1)</sup>	13.146	7.839	0	0	0	0	0	0	0
European Commission	78.233	74.322	70.410	62.587	250.346	242.523	234.700	226.876	219.053
Others <sup>2)</sup>	10.295	14.163	14.033	12.690	13.644	20.460	43.912	92.046	122.309
<b>Government and government agencies</b>									
Saudi Development Fund	24.605	24.519	33.780	49.628	68.419	86.457	101.893	103.034	137.404
Paris Club <sup>1)</sup>	828.455	834.959	825.224	781.672	755.540	815.779	771.129	747.450	668.172
Japan	57.642	69.858	73.248	62.324	48.251	47.081	51.160	68.319	93.351
Kuwait <sup>3)</sup>	29.381	30.829	28.997	27.971	24.212	23.485	15.541	24.854	36.578
Others <sup>3/4)</sup>	198.101	316.369	395.378	446.030	468.033	498.354	511.800	534.955	522.650
<b>Private creditors</b>									
London Club <sup>1)</sup>	651.298	599.205	541.875	479.306	416.737	354.168	291.599	218.554	145.508
Others	73.717	90.687	106.621	133.936	151.182	159.511	162.516	149.563	131.365
<b>Total</b>	<b>5.236.336</b>	<b>6.291.044</b>	<b>6.663.132</b>	<b>7.211.804</b>	<b>7.562.971</b>	<b>8.442.288</b>	<b>8.691.248</b>	<b>8.870.661</b>	<b>8.146.046</b>

**Source:** BH Ministry of Finance and Treasury Report.

**Note:** Debt outstanding at the end of fourth quarter (Q4) is debt outstanding at the end of the year. Debt outstanding is derived from converting the foreign currency in which each loan was contracted into KM according to the exchange rate list by the CBBH applicable for the relevant date.

1) Debt incurred before 1992.

2) Including OPEC Fund.

3) Including direct debts of the Entity Governments.

4) This category includes: BAWAG, Korea Bank for Export and Import, KFW, Governments of Belgium and Spain

5) Includes old and new debt.

\* Preliminary data.

\*\*The data have been revised in accordance with the report from BH Ministry of Finance and Treasury dated 1st. February 2018 and include the loan of PC Roads RS and direct debt of Brčko District.

**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
2006.	12.	0,0	0,6	55,2	5.002,7	0,0	393,3	5.451,7	5.450,7	5.182,6	268,1
2007.	12.	0,0	0,4	40,1	5.971,1	80,7	606,2	6.698,5	6.697,6	6.303,9	393,7
2008.	12.	0,0	0,4	212,2	4.727,9	49,9	1.305,3	6.295,7	6.294,8	5.727,5	567,3
2009.	12.	63,3	5,7	107,4	3.298,0	2,2	2.735,4	6.212,1	6.211,2	5.705,5	505,7
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
2017.	01.	213,8	6,1	208,3	2.718,9	0,0	6.265,1	9.412,2	9.409,3	8.833,0	576,3
	02.	221,4	2,6	212,6	2.629,2	0,0	6.302,0	9.367,8	9.365,3	8.759,3	606,0
	03.	218,4	2,6	212,6	2.590,1	0,0	6.217,5	9.241,2	9.239,2	8.651,4	587,8
	04.	217,8	6,2	212,7	2.760,3	0,0	6.222,1	9.419,0	9.416,7	8.824,0	592,7
	05.	213,1	2,5	212,9	2.595,2	0,0	6.385,6	9.409,4	9.407,5	8.810,2	597,3
	06.	204,2	2,5	215,3	2.497,9	0,0	6.545,7	9.465,7	9.463,9	8.900,4	563,5
	07.	203,2	2,5	216,1	2.369,4	0,0	6.789,4	9.580,5	9.577,7	9.010,5	567,3
	08.	208,2	2,3	218,4	2.610,5	0,0	7.135,6	10.175,0	10.172,6	9.576,9	595,8
	09.	203,4	1,3	218,9	2.568,9	0,0	7.207,7	10.200,2	10.198,1	9.620,4	577,7
	10.	205,5	1,4	218,8	2.610,1	0,0	7.349,3	10.385,0	10.382,3	9.783,6	598,7
	11.	202,3	1,5	219,0	2.563,4	0,0	7.344,7	10.330,9	10.328,5	9.731,8	596,7
	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

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.

**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.

**T27: Foreign Trade Balance of BH**

- in KM million -

Year	Month	Exports of Goods	Imports of Goods	Export and Import Balance	Coverage of Imports by Exports in %
1	2	3	4	5=(3-4)	6=(3/4)x100
2006.		5.164	11.389	-6.224	45,3
2007.		5.937	13.898	-7.962	42,7
2008.		6.712	16.293	-9.581	41,2
2009.		5.530	12.348	-6.818	44,8
2010.		7.096	13.616	-6.521	52,1
2011.		8.222	15.525	-7.303	53,0
2012.		7.858	15.253	-7.395	51,5
2013.		8.380	15.170	-6.790	55,2
2014.		8.682	16.199	-7.518	53,6
2015.		8.987	15.852	-6.864	56,7
2016.		9.418	16.161	-6.743	58,3
2017.		11.054	18.134	-7.081	61,0
2017.	01.	723	1.011	-288	71,5
	02.	821	1.399	-578	58,7
	03.	946	1.569	-623	60,3
	04.	914	1.503	-588	60,9
	05.	905	1.517	-612	59,7
	06.	902	1.637	-735	55,1
	07.	972	1.539	-567	63,1
	08.	900	1.535	-635	58,6
	09.	1.015	1.633	-618	62,2
	10.	1.001	1.650	-649	60,7
	11.	1.033	1.646	-613	62,7
	12.	922	1.497	-575	61,6

**Note:** The latest data of Statistics Agency of Bosnia and Herzegovina were used on exports and imports of goods in Special Trade System and the adjustments of coverage and value, done for the BoP reporting purposes, are not included.

**T28: BH Exports by Country of Destination**

- in KM thousand -

Year	Month	Germany	Croatia	Serbia*	Italy	Slovenia	Austria	Montenegro*	Other Countries	Total
2006.		668.733	965.258	681.764	713.413	629.633	313.807	-	1.191.688	5.164.296
2007.		762.169	1.090.120	770.717	779.102	645.369	369.608	155.707	1.363.793	5.936.584
2008.		913.488	1.156.836	942.277	843.065	614.875	415.224	231.444	1.594.482	6.711.690
2009.		814.110	944.144	741.441	702.356	463.129	325.370	229.506	1.311.143	5.531.199
2010.		1.085.936	1.070.626	894.775	862.022	611.744	470.584	310.180	1.789.638	7.095.505
2011.		1.215.957	1.204.440	1.001.879	963.546	706.818	619.042	300.430	2.210.001	8.222.112
2012.		1.210.103	1.165.019	710.002	939.241	653.304	654.764	249.230	2.276.299	7.857.962
2013.		1.310.844	1.194.637	766.745	1.003.294	686.503	687.565	270.745	2.459.942	8.380.275
2014.		1.317.490	955.047	800.690	1.195.438	697.785	755.827	293.818	2.665.647	8.681.742
2015.		1.412.906	925.166	770.695	1.214.930	748.870	743.062	262.844	2.908.721	8.987.194
2016.		1.479.411	985.360	822.846	1.131.096	807.200	730.590	240.751	3.220.854	9.418.109
2017.		1.595.704	1.282.862	1.093.685	1.209.035	973.397	899.235	352.364	3.647.322	11.053.606
2017.	01.	122.473	86.991	60.468	79.901	66.608	57.812	20.832	227.607	722.693
	02.	124.297	98.151	73.876	95.475	70.487	61.091	22.552	275.054	820.983
	03.	132.764	105.078	101.968	103.136	82.472	79.287	27.799	313.150	945.654
	04.	130.897	104.775	87.308	102.688	77.435	79.555	28.386	303.426	914.470
	05.	131.057	110.356	82.060	108.706	80.692	84.186	28.734	279.043	904.835
	06.	131.197	96.459	90.764	111.211	82.463	76.025	30.165	283.940	902.223
	07.	135.356	116.043	100.800	121.025	88.760	79.466	32.568	297.661	971.679
	08.	136.270	108.328	95.847	72.353	79.861	81.392	34.229	291.330	899.610
	09.	141.655	120.667	92.690	113.807	88.011	80.638	33.966	343.650	1.015.082
	10.	143.701	117.636	96.511	107.133	88.156	82.141	30.769	335.439	1.001.485
	11.	143.214	115.378	103.808	100.983	94.566	80.976	31.240	362.859	1.033.024
	12.	122.823	103.002	107.585	92.617	73.887	56.667	31.124	334.163	921.868

**Note:** The share of exports to the country in the total BH exports for 2010 was used as a criterion for presenting the country of exports. Thus, all the countries where exports are higher than 4% of the total BH exports for 2010 are separately presented, while the other countries are presented in the column "Other Countries".

\*Until February 12, 2007 data on exports to Serbia and Montenegro were presented as exports to Serbia, but since then Serbia and Montenegro are presented separately.

**T 29: BH Imports by Country of Origin**

- in KM thousand -

Year	Month	Croatia	Serbia*	Germany	Italy	Russian Federation	Slovenia	China	Austria	USA	Hungary	Other Countries	Total
2006.		1.946.914	1.116.167	1.417.257	1.020.542	254.626	860.684	391.090	456.213	220.622	394.682	3.309.988	11.388.785
2007.		2.449.198	1.408.588	1.742.880	1.255.982	277.902	884.579	597.930	535.957	298.658	478.958	3.967.610	13.898.242
2008.		2.779.927	1.726.195	1.914.630	1.520.914	344.006	963.337	748.615	606.290	524.553	719.598	4.444.452	16.292.516
2009.		1.855.136	1.283.006	1.395.705	1.243.234	865.684	758.953	557.106	455.395	325.140	401.304	3.214.517	12.355.179
2010.		2.058.946	1.429.477	1.424.980	1.210.391	1.189.105	808.852	655.539	489.083	485.491	416.780	3.447.593	13.616.238
2011.		2.226.507	1.465.645	1.648.403	1.381.687	1.635.091	828.564	774.881	491.679	626.711	379.214	4.067.045	15.525.428
2012.		2.202.545	1.431.534	1.725.796	1.429.362	1.493.885	803.360	816.377	504.094	388.173	412.951	4.044.863	15.252.942
2013.		1.956.353	1.485.608	1.734.842	1.482.256	1.505.995	754.344	914.082	519.291	384.852	441.535	3.990.634	15.169.793
2014.		1.851.693	1.629.521	1.869.564	1.653.565	1.292.467	763.235	1.359.548	532.109	475.375	433.638	4.338.562	16.199.278
2015.		1.673.161	1.728.490	1.914.225	1.758.289	910.072	773.559	1.091.670	560.924	441.158	411.579	4.588.564	15.851.692
2016.		1.617.713	1.828.142	1.998.877	1.899.582	729.427	831.403	1.091.966	556.399	327.745	405.278	4.874.484	16.161.014
2017.		1.828.430	2.029.956	2.103.769	2.062.109	856.130	912.704	1.186.073	618.743	584.798	451.831	5.499.713	18.134.256
2017.	01.	146.571	161.984	181.655	175.470	34.754	72.441	93.762	48.621	21.583	36.192	461.579	1.434.613
	02.	140.987	158.075	158.501	163.292	77.253	68.837	93.793	47.785	33.753	37.013	431.791	1.411.079
	03.	151.310	163.536	172.982	177.909	105.678	74.167	93.384	50.828	38.149	37.324	438.159	1.503.427
	04.	101.697	99.895	119.660	110.260	32.172	57.094	74.626	42.127	28.960	29.302	314.720	1.010.512
	05.	142.683	154.965	163.378	147.330	80.817	70.480	96.962	44.484	59.664	32.428	405.492	1.398.684
	06.	155.306	181.222	188.457	184.969	22.283	84.689	103.259	61.687	50.313	43.026	493.541	1.568.753
	07.	141.209	164.592	166.764	175.037	112.876	75.581	85.055	49.265	45.315	37.759	449.321	1.502.775
	08.	140.469	167.418	179.193	186.689	56.438	74.651	98.583	50.051	59.314	39.600	464.134	1.516.540
	09.	148.109	170.750	187.543	190.133	120.415	78.106	107.749	54.047	61.124	39.251	479.941	1.637.167
	10.	152.411	165.120	183.330	193.627	80.642	81.430	97.313	54.959	42.283	33.466	454.589	1.539.170
	11.	168.398	182.236	175.894	142.123	55.671	85.493	98.293	51.534	48.161	34.320	492.430	1.534.552
	12.	164.115	197.309	182.916	181.567	67.517	79.975	107.786	54.194	52.469	38.809	506.513	1.633.170

**Note:** The percentage of share of imports from the country in the total BH imports for 2010 was used as a criterion for presenting the country of imports. Thus, all the countries with higher share of imports than 3% of total BH imports for 2010 are separately presented, while the other countries are presented in the column "Other Countries".

\*Until February 12, 2007 data on imports from Serbia included also imports from Montenegro, and since then imports from Montenegro is included in the column "Other Countries".

**T30: Composition of Goods Exports and Imports by Products**  
- in KM million-

Products group	Exports of Goods							Imports of Goods						
	2011.	2012.	2013.	2014.	2015.	2016.	2017.	2011.	2012.	2013.	2014.	2015.	2016.	2017.
<i>Total</i>	8.222,1	7.858,0	8.380,3	8.681,7	8.987,3	9.418,1	11.053,6	15.525,4	15.252,9	15.169,8	16.199,3	15.851,9	16.161,0	18.134,3
Animals and animal origin products	129,0	134,3	127,5	114,6	189,1	171,8	173,0	414,6	425,0	442,7	456,7	520,4	488,1	509,7
Vegetable origin products	101,7	91,1	128,8	158,9	202,1	264,7	302,4	681,8	705,8	663,6	710,3	756,8	765,6	816,0
Animal or vegetable fats and oils	58,2	75,9	92,6	93,3	118,6	142,5	170,2	146,4	171,9	162,3	150,7	167,3	206,5	262,5
Food products	323,3	336,7	324,9	282,5	307,8	355,3	363,5	1.527,1	1.513,9	1.482,8	1.434,2	1.446,5	1.489,8	1.536,7
Mineral origin products	1.316,0	872,0	1.091,9	947,1	738,3	748,9	1.049,3	3.456,7	3.229,0	3.045,2	2.813,2	2.258,0	2.036,4	2.697,8
Chemical products and related industry products	570,6	533,2	531,6	604,5	705,0	772,3	958,3	1.475,5	1.522,5	1.475,4	1.565,5	1.571,9	1.594,0	1.680,9
Plastic, caoutchouc and rubber products	166,0	202,7	229,0	249,2	284,1	319,1	359,1	800,4	846,8	858,8	949,6	1.007,3	1.075,0	1.179,0
Fur and leather	178,9	179,8	170,8	147,2	161,8	155,6	197,8	382,1	397,8	426,1	482,3	462,8	465,8	488,9
Wood and wood products	504,4	507,4	579,5	645,0	668,9	729,1	783,8	168,2	158,0	165,3	191,3	206,2	237,1	258,1
Cellulose, paper, cardboard and products thereof	234,9	224,7	233,5	230,1	260,1	241,2	279,1	398,4	353,3	352,3	387,4	387,7	405,4	409,6
Textile and textile products	353,1	332,2	371,4	425,2	494,7	507,4	565,8	754,9	734,7	827,3	986,2	1.023,5	1.103,2	1.192,6
Footwear, headwear and similar products	461,4	476,3	557,2	666,2	639,9	673,4	707,6	252,1	251,1	276,7	329,2	335,7	330,1	336,7
Stone, plaster, cement, ceramics, glass products and similar	49,3	49,0	52,3	62,7	52,9	65,6	81,4	296,9	284,3	280,8	302,9	313,8	340,3	352,5
Pearls, precious metals and products thereof, prec. or semi-prec. stones	12,1	19,7	36,2	12,9	12,1	12,3	11,4	14,2	11,5	12,5	13,9	12,7	14,3	17,2
Base metals and products thereof	1.934,6	1.908,8	1.753,9	1.749,1	1.652,0	1.571,1	1.975,8	1.384,0	1.330,1	1.399,8	1.500,3	1.536,0	1.574,4	1.955,0
Machinery and mechanical/electric appliances	815,1	791,3	859,6	939,5	1.018,1	1.046,3	1.290,1	1.870,2	1.881,1	1.866,6	2.338,0	2.198,3	2.243,9	2.526,0
Vehicles and transportation equipment	189,0	203,0	260,4	299,9	317,2	319,7	334,6	1.053,7	909,9	936,7	1.037,8	1.070,5	1.160,6	1.258,6
Watches, musical and medical instruments, measuring tools	19,0	19,5	17,1	17,2	20,6	25,1	29,9	191,7	211,7	181,2	192,8	218,8	220,8	222,9
Arms and ammunition; parts and accessories thereof	44,5	79,0	63,5	92,1	136,1	171,2	193,9	3,7	4,5	7,9	6,3	7,0	10,4	14,1
Miscellaneous products	760,1	821,2	898,5	944,4	1.007,7	1.125,2	1.226,7	251,3	309,5	305,0	350,2	350,1	399,0	419,1
Works of art, collectors' pieces and antiques	0,8	0,0	0,2	0,1	0,2	0,1	0,0	1,3	0,5	0,5	0,4	0,4	0,4	0,3
Unclassified	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,0	0,0	0,0	0,0	0,0	0,0

**Note:**

- The source of this data is the Agency for Statistics of Bosnia and Herzegovina.
- The data on exports and imports of goods are classified in accordance with World Trade Organization's Harmonized System codes

**T31: KM Average Middle Exchange Rates of Convertible Mark**

- in KM million -

Year	Month	EMU	Croatia	Czech R	Hungary	Japan	Switzerland	Turkey	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
2006.		1,955830	26,703006	0,069019	0,741214	1,340471	1,243337	1,090541	2,869188	1,559433	...	2,327066
2007.		1,955830	26,653716	0,070501	0,778418	1,213767	1,190857	1,095670	2,858739	1,429542	...	2,446287
2008.		1,955830	27,072193	0,078403	0,778567	1,299707	1,233196	1,030147	2,462700	1,336615	...	2,406718
2009.		1,955830	26,641714	0,074058	0,698858	1,504078	1,295257	0,904894	2,195821	1,406763	...	2,083674
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
2017.	01.	1,955830	25,965345	0,072381	0,633032	1,598634	1,824732	0,492735	2,271273	1,842742	0,267069	1,580371
	02.	1,955830	26,263274	0,072382	0,633686	1,625609	1,834534	0,500235	2,292103	1,836119	0,267170	1,577916
	03.	1,955830	26,354475	0,072382	0,631274	1,619311	1,826965	0,498548	2,258384	1,831487	0,265534	1,578675
	04.	1,955830	26,261873	0,072925	0,628052	1,656720	1,825140	0,500004	2,305096	1,826978	0,265135	1,581230
	05.	1,955830	26,309204	0,073529	0,630926	1,579002	1,794605	0,495929	2,289553	1,771318	0,257130	1,589025
	06.	1,955830	26,395853	0,074436	0,634596	1,572438	1,798879	0,495268	2,231309	1,744646	0,256103	1,601371
	07.	1,955830	26,389119	0,074983	0,637316	1,511799	1,770128	0,477475	2,207575	1,700274	0,250942	1,623705
	08.	1,955830	26,411342	0,074934	0,642658	1,510030	1,717429	0,471660	2,149003	1,657459	0,248242	1,635309
	09.	1,955830	26,219009	0,075005	0,634848	1,483130	1,705005	0,473152	2,182054	1,639774	0,249910	1,639710
	10.	1,955830	26,053052	0,075872	0,631101	1,472939	1,694774	0,453470	2,195554		0,250980	1,639581
	11.	1,955830	25,904319	0,076560	0,627417	1,477434	1,680571	0,428852	2,201816	1,667079	0,251698	1,645159
	12.	1,955830	25,942861	0,076285	0,624817	1,463315	1,672273	0,429209	2,216234	1,652074	0,250522	1,641239



**T32: Government Finance of BH - Government Sector Units**

- in KM million -

		BH Institutions	FBH	RS	Brčko	Consolidated Revenues	BH Institutions	FBH	RS	Brčko	Consolidated Expenses	Net Acquisition of Nonfinancial Assets	Net Surplus / Deficit
2006.		801,8	5.177,2	2.525,6	201,0	8.586,4	713,3	4.590,0	2.187,5	174,3	7.546,0	489,6	550,9
2007.		885,0	5.901,0	2.919,1	241,5	9.832,7	753,9	5.532,4	2.458,9	197,5	8.828,8	745,8	258,1
2008.		980,7	6.537,5	3.264,5	236,6	10.903,1	876,4	6.651,2	3.003,7	184,5	10.599,6	842,8	-539,3
2009.		1.086,6	6.074,6	3.080,3	210,9	10.342,5	975,5	6.292,4	3.316,6	189,9	10.664,5	748,0	-1.070,0
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
2012.	Q1	207,6	1.320,0	669,7	49,7	2.230,2	208,6	1.348,7	664,7	36,4	2.241,7	28,8	-40,3
	Q2	292,0	1.476,0	759,0	54,5	2.544,9	239,5	1.446,2	743,6	45,1	2.437,8	31,4	75,6
	Q3	254,6	1.555,1	760,7	76,0	2.605,9	244,4	1.483,1	723,5	63,7	2.474,3	42,9	88,7
	Q4	291,4	1.541,4	830,9	65,9	2.695,8	260,4	1.729,1	898,3	70,2	2.924,2	86,7	-315,2
2013.	Q1	223,3	1.308,9	636,9	47,1	2.200,2	211,7	1.349,8	659,6	40,8	2.245,9	20,5	-66,2
	Q2	288,1	1.533,2	764,2	64,3	2.620,6	233,4	1.448,7	701,4	57,8	2.412,0	32,8	175,7
	Q3	241,1	1.494,2	761,6	61,6	2.542,2	220,5	1.425,0	731,2	59,0	2.419,5	49,4	73,3
	Q4	317,2	1.538,8	854,9	59,7	2.726,9	273,3	1.702,3	854,2	61,6	2.847,9	94,6	-215,6
2014.	Q1	238,3	1.387,7	761,7	49,2	2.416,8	220,9	1.376,7	695,9	39,7	2.313,1	21,8	81,8
	Q2	274,5	1.577,2	744,0	54,4	2.620,4	222,9	1.464,7	746,7	50,5	2.455,0	32,4	133,0
	Q3	256,6	1.602,1	784,7	58,8	2.680,1	220,9	1.528,9	805,6	58,9	2.592,2	56,3	31,5
	Q4	340,1	1.635,5	883,3	61,3	2.878,6	277,6	1.693,7	917,6	69,9	2.917,3	252,2	-290,8
2015.	Q1	241,1	1.440,2	738,2	51,8	2.448,9	215,3	1.378,9	706,6	46,2	2.324,7	24,1	100,1
	Q2	293,0	1.532,0	818,4	57,6	2.670,8	226,1	1.446,6	757,9	47,2	2.447,5	26,5	196,8
	Q3	252,9	1.685,4	850,7	61,8	2.826,7	229,3	1.523,4	803,0	60,1	2.591,8	51,2	183,7
	Q4	301,4	1.642,6	829,5	60,9	2.798,6	265,3	1.793,5	914,3	66,6	3.003,9	137,2	-342,5
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

**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: 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
2006.		4.947,1	2.536,2	1.103,1	8.586,4	2.222,7	1.986,0	108,0	310,4	2.426,5	492,4	7.546,0	489,6
2007.		5.536,5	2.908,9	1.387,3	9.832,7	2.534,7	2.220,9	110,8	378,2	3.030,6	553,5	8.828,8	745,8
2008.		5.946,3	3.568,7	1.388,1	10.903,1	3.022,3	2.462,0	123,6	439,6	3.945,1	607,0	10.599,6	842,8
2009.		5.351,9	3.638,6	1.352,0	10.342,5	3.155,2	2.489,4	123,9	418,5	3.951,0	526,5	10.664,5	748,0
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
2012.	Q1	1.132,0	931,4	166,9	2.230,2	702,6	367,7	34,2	32,3	1.028,2	76,7	2.241,7	28,8
	Q2	1.279,5	1.021,9	243,4	2.544,9	704,3	429,3	52,4	52,0	1.048,0	151,8	2.437,8	31,4
	Q3	1.359,3	1.007,0	239,7	2.605,9	697,5	397,7	36,4	109,0	1.091,2	142,4	2.474,3	42,9
	Q4	1.438,7	1.086,4	170,8	2.695,8	731,7	521,0	51,8	175,4	1.138,8	305,5	2.924,2	86,7
2013.	Q1	1.110,3	930,9	159,1	2.200,2	685,5	381,5	30,1	25,5	1.035,8	87,6	2.245,9	20,5
	Q2	1.327,2	1.019,2	274,2	2.620,6	697,2	420,7	58,1	58,2	1.068,2	109,7	2.412,0	32,8
	Q3	1.320,1	1.035,1	187,0	2.542,2	690,2	407,4	33,3	86,0	1.059,5	143,1	2.419,5	49,4
	Q4	1.368,0	1.119,9	239,0	2.726,9	790,0	546,9	48,2	173,9	1.152,5	136,4	2.847,9	94,6
2014.	Q1	1.207,3	961,3	248,2	2.416,8	697,3	387,9	38,3	31,8	1.080,3	77,5	2.313,1	21,8
	Q2	1.262,3	1.050,0	308,1	2.620,4	710,0	417,4	50,5	62,7	1.091,1	123,3	2.455,0	32,4
	Q3	1.352,4	1.077,4	250,3	2.680,1	708,7	427,1	32,5	87,9	1.155,2	180,7	2.592,2	56,3
	Q4	1.433,2	1.146,1	299,4	2.878,6	735,3	495,4	79,7	138,2	1.202,0	266,6	2.917,3	252,2
2015.	Q1	1.255,6	981,8	211,5	2.448,9	712,6	393,8	41,3	28,7	1.079,3	69,0	2.324,7	24,1
	Q2	1.356,0	1.076,0	238,8	2.670,8	702,9	402,6	65,5	46,5	1.124,0	105,9	2.447,5	26,5
	Q3	1.426,4	1.099,4	300,9	2.826,7	718,1	410,2	42,9	111,9	1.143,3	165,3	2.591,8	51,2
	Q4	1.424,4	1.172,5	201,8	2.798,6	735,3	533,8	75,0	152,9	1.249,1	257,8	3.003,9	137,2
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

**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.

**T34: 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
2006.		1.157,1	1.843,9	1.722,9	5.177,2	846,3	1.816,2	1.566,9	4.590,0	198,4	388,9
2007.		1.319,8	2.265,9	1.895,9	5.901,0	1.254,3	2.216,5	1.815,0	5.532,4	248,1	120,5
2008.		1.296,9	2.764,6	2.032,6	6.537,5	1.574,1	2.729,4	2.027,8	6.651,2	397,4	-511,1
2009.		1.205,3	2.739,7	1.788,5	6.074,6	1.357,1	2.812,4	1.865,0	6.292,4	300,7	-518,5
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
2012.	Q1	291,7	688,2	401,5	1.320,0	255,1	742,8	412,2	1.348,7	8,1	-36,8
	Q2	351,1	737,3	448,8	1.476,0	306,4	749,9	451,1	1.446,2	11,0	18,9
	Q3	382,8	768,6	489,4	1.555,1	353,2	757,1	458,6	1.483,1	12,3	59,7
	Q4	390,9	786,8	442,2	1.541,4	463,8	776,6	567,2	1.729,1	26,8	-214,5
2013.	Q1	276,9	706,4	386,8	1.308,9	267,4	746,0	397,6	1.349,8	3,3	-44,2
	Q2	436,3	735,9	426,3	1.533,2	300,6	762,6	450,7	1.448,7	6,2	78,4
	Q3	352,1	759,0	457,3	1.494,2	322,8	742,4	434,0	1.425,0	10,1	59,0
	Q4	392,2	779,2	439,2	1.538,8	453,4	776,2	427,4	1.702,3	28,2	-191,7
2014.	Q1	314,5	726,2	411,0	1.387,7	268,4	768,0	404,4	1.376,7	5,0	5,9
	Q2	484,4	772,6	393,7	1.577,2	308,8	788,7	440,6	1.464,7	10,3	102,2
	Q3	399,8	787,0	509,0	1.602,1	385,6	786,7	450,3	1.528,9	17,5	55,7
	Q4	382,6	821,5	498,4	1.635,5	398,1	811,3	516,9	1.693,7		-91,3
2015.	Q1	319,6	751,1	433,5	1.440,2	256,4	785,7	400,9	1.378,9	4,1	57,1
	Q2	360,7	762,8	471,7	1.532,0	289,8	798,5	421,4	1.446,6	10,0	75,4
	Q3	436,7	788,6	526,8	1.685,4	337,4	797,1	455,6	1.523,4	14,0	148,0
	Q4	393,1	864,1	487,6	1.642,6	470,4	833,9	591,3	1.793,5	26,5	-177,3
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

**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.

**T35: 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
2006.		1.211,3	950,2	2.525,6	1.049,1	944,1	2.187,5		
2007.		1.419,8	1.030,3	2.919,1	1.324,0	1.013,1	2.458,9	433,5	26,7
2008.		1.547,1	1.348,9	3.264,5	1.602,6	1.313,9	3.003,7	329,4	-68,5
2009.		1.349,4	1.377,9	3.080,3	1.676,0	1.517,4	3.316,6	310,0	-546,3
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
2012.	Q1	360,1	359,6	669,7	338,7	376,0	664,7	15,9	-11,0
	Q2	415,7	393,9	759,0	391,4	402,8	743,6	13,5	1,8
	Q3	428,9	382,3	760,7	370,1	403,8	723,5	16,2	21,0
	Q4	461,8	427,1	830,9	547,7	408,6	898,3	20,6	-88,0
2013.	Q1	346,7	340,1	636,9	317,6	391,9	659,6	9,0	-31,7
	Q2	419,6	405,7	764,2	352,3	410,2	701,4	12,5	50,3
	Q3	419,6	397,5	761,6	390,4	396,3	731,2	15,8	14,6
	Q4	452,5	469,3	854,9	486,4	434,8	854,2	21,3	-20,7
2014.	Q1	454,2	352,3	761,7	336,5	404,1	695,9	10,7	55,1
	Q2	402,3	413,9	744,0	405,1	413,8	746,7	18,0	-20,7
	Q3	440,2	440,3	784,7	478,9	422,6	805,6	12,4	-33,3
	Q4	481,9	471,9	883,3	528,8	459,4	917,6	134,9	-169,3
2015.	Q1	435,4	359,7	738,2	352,3	411,2	706,6	6,0	25,6
	Q2	449,3	428,6	818,4	397,1	420,4	757,9	9,2	51,3
	Q3	484,2	443,5	850,7	446,7	433,3	803,0	17,4	30,3
	Q4	435,2	477,4	829,5	511,5	486,0	914,3	49,5	-134,3
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

**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.

**T36: 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	Turkey	Other Countries	Total
2006.	235,0	41,2	182,0	41,8	37,2	n/a	115,8	38,8	55,6	47,7	69,6	864,8
2007.	292,5	29,0	160,6	23,2	16,7	332,8	132,9	1.351,1	65,8	-0,6	195,9	2.599,8
2008.	242,9	36,0	103,0	47,7	28,8	339,4	210,3	213,3	40,6	5,8	69,6	1.337,5
2009.	79,6	-16,5	125,2	3,7	-9,1	129,2	58,9	3,4	-122,2	18,0	81,8	351,9
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	3,5	88,0	159,8	66,7	53,3	28,5	19,5	36,8	-33,5	56,1	136,7	615,3
2016.	73,9	51,0	119,0	25,5	5,3	-50,9	42,1	-8,4	-16,6	30,1	265,4	536,3
Jan - Sep 2017.	-11,9	1,2	-19,9	11,8	10,5	-5,0	35,5	30,3	67,1	-12,9	126,7	233,5

**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. The differences resulting from the implementation of new methodology compared to the earlier used one are the following:

- treatment of inter-company loans and other liabilities for financial intermediaries (transactions within this category, other capital – withdrawals and repayments of this kind of loans – are excluded from direct investments), while these are included in category Other Investments in the balance of payments)

- recording of dividends (dividends are recorded for the period when paid out, not for the period when earned as it was done according to the previous methodology)

- investments of fellow enterprises are included in direct investments in Other Capital, while in the BoP these are now excluded from category Other Investments. (Companies from different economies are fellow enterprises if both have the same foreign direct investor usually from the third economy or from the fellow enterprise economy).

According to above listed methodological changes, data for the period 2004 - 2009 have been revised.

\* Since 2007, the data are related to Serbia, while until 2007 the data included Serbia and Montenegro.

"n/a" in this industry/country there are less than three companies with direct investment and in accordance with statistical standards we are not able to present invested amounts.

**T37: 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	44,5	5,2	24,0	58,4	-5,1	-52,9	6,7	62,2	-24,7	57,8	116,8	89,0	233,5	615,3
2016.	13,0	5,7	-58,1	49,3	-15,3	1,5	9,0	148,8	19,1	34,2	139,1	-21,5	211,5	536,3
Jan - Sep 2017.	-16,2	5,0	-5,0	-9,4	-1,5	43,6	12,7	35,4	18,4	9,4	15,0	37,3	88,7	233,5

**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. The differences resulting from the implementation of new methodology compared to the earlier used one are the following:

- treatment of inter-company loans and other liabilities for financial intermediaries (transactions within this category, other capital – withdrawals and repayments of this kind of loans – are excluded from direct investments), while these are included in category Other Investments in the balance of payments)

- recording of dividends (dividends are recorded for the period when paid out, not for the period when earned as it was done according to the previous methodology)

- investments of fellow enterprises are included in direct investments in other capital, while in the BoP these are now excluded from category Other Investments. (Companies from different economies are fellow enterprises if both have the same foreign direct investor usually from the third economy or from the fellow enterprise economy).

According to above listed methodological changes, data for the period 2004 - 2009 have been revised.

**T38: International Investment Position (IIP)**

- in KM million -

Year	Net IIP	Total Assets	ASSETS										
			Direct Investment						Other investment				
			Total	Equity and Investment Fund Shares	Debt (Various Debt Instruments)	Portfolio Investment	Financial Derivatives	Total	Currency and Deposits	Loans	Trade Credits and Advances	Other Assets	Reserve Assets
1	2=3-15	3=4+7+8+9+14	4=5+6	5	6	7	8	9=10+11+12+13	10	11	12	13	14
2006.	-5.336,1	9.635,3	245,5	79,3	166,2	28,8	0,0	3.881,4	3.225,8	130,2	461,9	63,4	5.479,5
2007.	-6.096,6	12.465,2	340,6	110,5	230,1	16,3	0,0	5.382,0	4.374,1	194,3	749,8	63,8	6.726,3
2008.	-9.834,4	12.377,4	398,8	126,0	272,9	40,7	0,0	5.614,3	4.219,4	171,2	1.164,9	58,7	6.323,5
2009.	-12.118,5	12.071,9	266,1	124,0	142,1	315,2	0,0	5.250,7	3.755,0	163,1	1.277,0	55,6	6.239,9
2010.	-12.950,1	11.821,4	428,5	233,6	194,9	451,0	0,0	4.456,4	3.145,1	173,3	1.076,4	61,7	6.485,5
2011.	-13.886,3	11.565,1	417,1	250,6	166,5	440,5	0,0	4.256,1	2.968,1	69,5	1.154,1	64,4	6.451,4
2012.	-14.651,6	11.658,0	560,1	297,3	262,8	469,2	0,0	4.092,3	2.760,0	74,2	1.177,3	80,9	6.536,4
2013.	-15.157,8	13.023,8	695,1	290,9	404,2	532,2	0,0	4.700,3	3.022,8	333,9	1.181,3	162,3	7.096,1
2014.	-15.521,2	13.578,3	709,1	299,5	409,6	568,5	0,0	4.447,2	2.778,4	311,4	1.200,6	156,9	7.853,4
2015.	-15.687,2	14.195,6	879,0	362,7	516,3	620,7	0,1	4.061,6	2.653,2	231,8	1.025,8	150,8	8.634,1
2016.	-15.427,5	15.382,3	893,1	374,4	518,7	713,9	1,6	4.214,7	2.873,1	157,7	1.043,6	140,4	9.559,0

**Note:**

International investment position for BH is compiled in accordance with the latest International Monetary Fund Methodology for compilation of balance of payments and international investment position statistics, sixth edition (BPM6). In addition to the regular data revisions, which includes revision of data for previous two years, data are revised for other periods as well. The revision was made in accordance with the latest revisions of monetary statistics, direct investment statistics, as well as in accordance with the latest revisions of the data for the foreign assets of government sector.

**T38: International Investment Position (IIP)**

- in KM million -

Total Liabilities	LIABILITIES									
	Direct Investment					Other investment				
	Total	Equity and Investment Fund Shares	Debt (Various Debt Instruments)	Portfolio Investment	Financial Derivatives	Total	Currency and Deposits	Loans	Trade Credits and Advances	Other Liabilities
15=16+19+20+21	16=17+18	17	18	19	20	21=22+23+24+25	22	23	24	25
14.971,4	4.911,2	4.217,5	693,7	251,5	0,0	9.808,7	2.136,1	6.669,7	769,2	233,7
18.561,8	7.380,4	6.484,5	895,9	310,0	0,0	10.871,5	2.673,5	7.176,0	823,0	198,9
22.211,7	8.817,2	7.289,8	1.527,4	408,9	0,0	12.985,6	3.387,1	8.304,8	1.101,0	192,8
24.190,4	9.512,6	7.467,5	2.045,2	835,5	0,0	13.842,2	3.226,8	8.509,7	1.564,9	540,7
24.771,5	9.963,1	7.473,3	2.489,8	787,1	0,0	14.021,2	2.618,6	8.944,4	1.968,6	489,7
25.451,3	10.883,7	7.885,6	2.998,1	726,8	0,0	13.840,9	2.135,8	9.126,2	2.093,1	485,8
26.309,6	11.323,7	8.006,0	3.317,6	702,9	0,0	14.283,0	2.052,9	9.574,6	2.178,8	476,8
28.181,6	11.845,4	8.468,1	3.377,4	543,7	0,0	15.792,5	1.934,3	11.113,0	2.230,4	514,8
29.099,5	11.867,2	8.043,3	3.823,9	467,4	0,0	16.764,9	1.653,5	12.309,9	2.283,5	518,0
29.882,7	12.668,2	9.131,4	3.536,8	345,5	0,0	16.869,0	1.595,3	12.631,8	2.118,1	523,8
30.809,8	13.109,0	9.471,7	3.637,3	280,9	1,5	17.418,3	1.489,3	13.175,3	2.229,8	523,9

**Note:**

International investment position for BH is compiled in accordance with the latest International Monetary Fund Methodology for compilation of balance of payments and international investment position statistics, sixth edition (BPM6). In addition to the regular data revisions, which includes revision of data for previous two years, data are revised for other periods as well. The revision was made in accordance with the latest revisions of monetary statistics, direct investment statistics, as well as in accordance with the latest revisions of the data for the foreign assets of government sector.



**T39: Nominal and Real Effective Exchange Rate of Convertible Mark**

Year	Month	NEER	REER
2006.		99,28	98,25
2007.		98,70	97,07
2008.		98,84	99,07
2009.		101,95	99,80
2010.		101,41	99,01
2011.		102,05	99,54
2012.		102,65	98,75
2013.		103,55	97,02
2014.		104,99	96,32
2015.		103,92	93,71
2016.		105,22	93,15
2017.		106,04	93,05
2017.	01.	105,73	94,05
	02.	105,44	93,61
	03.	105,51	93,42
	04.	105,43	92,63
	05.	105,74	93,81
	06.	105,71	92,34
	07.	106,09	92,58
	08.	106,31	92,44
	09.	106,33	92,56
	10.	106,53	93,08
	11.	106,76	93,15
	12.	106,84	92,96

**Note:**

The Methodology for the calculation of NEER and REER has been changed and adjusted to the ECB methodology. All the data have been accordingly revised.

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>

**T40: 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
1998	162.495.839	-	167.458.839	4.963.000
1999	515.275.238	217,1%	538.356.238	23.081.000
2000	651.725.615	26,5%	695.887.615	44.162.000
2001	1.673.877.219	156,8%	1.805.962.219	132.085.000
2002	1.736.502.940	3,7%	1.870.782.940	134.280.000
2003	1.601.303.246	-7,8%	1.721.858.246	120.555.000
2004	1.670.551.255	4,3%	1.817.427.255	146.876.000
2005	1.729.125.940	3,5%	1.907.182.940	178.057.000
2006	1.978.348.296	14,4%	2.154.234.164	175.885.868
2007	2.185.269.011	10,5%	2.439.709.153	254.440.142
2008	2.302.419.302	5,4%	2.552.431.902	250.012.600
2009	2.009.480.115	-12,7%	2.267.734.115	258.254.000
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	3.595.523.766	5,7%	4.319.359.766	723.836.000

Source: CBBH.

## 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 subbalance, are still available at:

[http://statistics.cbbh.ba:4444/Panorama/novaview/SimpleLogin\\_bs.aspx](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.

In February 2011, one bank from BH Federation reclassified deposits in the amount of around KM 80 million, from the deposits of public companies to the Entities' governments deposits, in line with the IMF recommendations.

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.



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