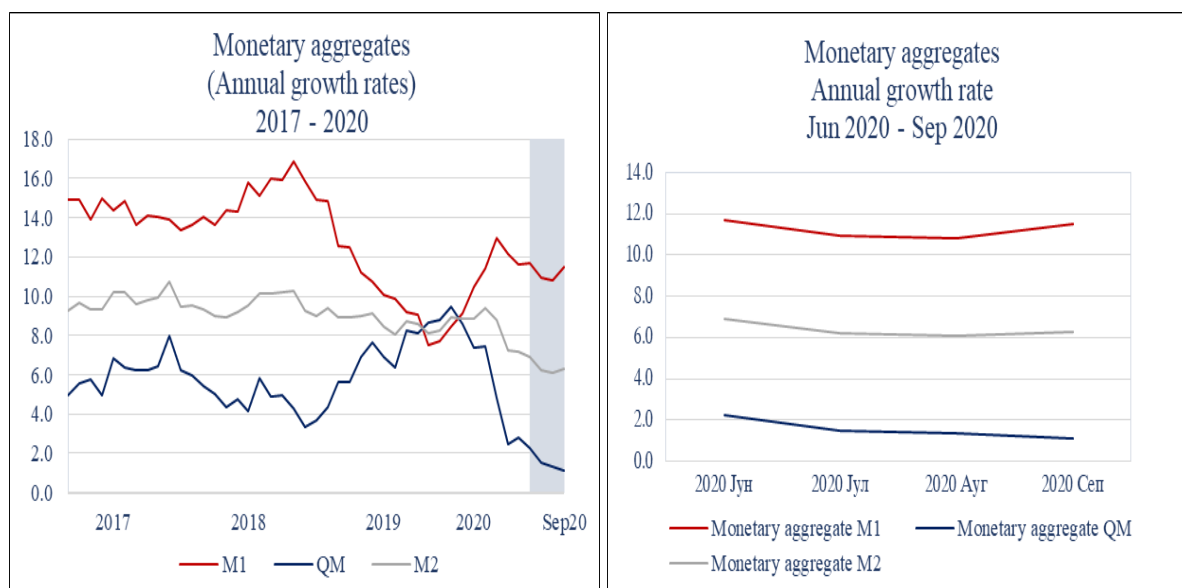


Comment on Monetary Trends in September 2020

At the end of September 2020 the total money supply (M2) amounted to KM 27.39 billion, with a monthly increase of KM 88.2 million (0.3%). The growth of money supply (M2) in September 2020 is the result of the growth of money (M1) by KM 44.2 million (0.3%) and quasi money (QM) by KM 43.9 million (0.3%). Money (M1) increased primarily due to the growth of transferable deposits in local currency by KM 52.9 million (0.6%) and a slight decline in cash outside banks by KM 8.6 million (0.2%). Within quasi money (QM), there was an increase in transferable deposits in foreign currency by KM 52.7 million (1.9%) and other deposits in local currency by KM 9.3 million (0.3%) with a simultaneous decline in other deposits in foreign currency by KM 18.1 million (0.2%).

At the annual level, the increase in money supply (M2) amounts to 1.62 billion KM (6.3%). Growth was realized in cash outside banks by KM 628.4 million (14.7%), transferable deposits in local currency by KM 851.3 million (9.9%), transferable deposits in foreign currency by KM 284.5 million (11.5%) and other deposits in local currency by KM 77.3 million (2.7%) with a simultaneous decrease in other deposits in foreign currency by KM 218 million (2.9%).



The counter-item of the monthly increase of money supply (M2) in September 2020 by 88.2 million KM was the growth of net foreign assets (NSA) by 59.6 million KM (0.4%) and net domestic assets (NDA) by 28.5 million KM (0.2%). The increase (M2) at the annual level in the amount of KM 1.62 billion resulted from the growth of net foreign assets (NSA) by KM 1.42 billion (10.3%) and net domestic assets (NDA) by KM 200.9 million (1.7%).

Monetary survey

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	IX 2020	VII 2020	VIII 2020	IX 2020	VII 2020	VIII 2020	IX 2020
Assets							
1 Net foreign assets	15.252,7	313,9	231,7	59,6	12,0	9,2	10,3
1.1 Foreign assets	17.555,3	196,8	146,0	47,6	5,8	3,7	4,4
1.2 Foreign liabilities	-2.302,7	117,1	85,7	12,0	-21,3	-22,0	-22,8
2. Net domestic assets	12.138,7	7,6	79,8	28,5	-0,3	2,4	1,7
2.1. Claims on central government (net) cantons and municipalities	118,5	134,0	80,1	70,2	-61,0	-126,9	-164,5
2.2 Claims on local sectors	19.333,1	-1,5	-88,8	16,6	0,2	-0,1	-0,7
2.3 Other items	-7.312,9	-125,0	88,4	-58,3	1,6	-1,1	-0,4
Liabilities							
1 Money supply (M2)	27.391,4	321,5	311,5	88,2	6,2	6,1	6,3
1.1 Money (M1)	14.376,5	285,0	273,7	44,2	10,9	10,8	11,5
1.2 Quasi money (QM)	13.014,9	36,5	37,8	43,9	1,5	1,3	1,1

Total loans

At the end of September 2020, total loans to domestic sectors amounted to KM 20.37 billion, having increased by KM 27.9 million (0.1%) compared to the previous month. Growth of loans was registered in the household sector by KM 25 million (0.3%), in private companies by KM 17.2 million (0.2%) and government institutions by KM 7.8 million (0.7%). Loan decline was registered in public companies sector by KM 15.1 million (2.8%) and other domestic sectors by KM 7 million (4.0%).

At the annual level at the end of September 2020, a decrease in total loans by 0.4% was recorded, which nominally amounts to KM 72.6 million. Loans to households increased by KM 67 million (0.7%), those to government institutions by KM 27.3 million (2.5%), those to public companies by KM 110.6 million (26.6%) and those to other domestic sectors by 5.3 million KM (3.2%) while in the sector of private companies a decrease in loans by 282.7 million KM (3.2%) was recorded.

Sectorial structure of loans in BH

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	IX 2020	VII 2020	VIII 2020	IX 2020	VII 2020	VIII 2020	IX 2020
Total	20.369,4	35,2	-89,7	27,9	0,9	0,6	-0,4
Out of it:							
Households 1)	9.924,9	41,1	14,3	25,0	1,5	1,1	0,7
Private companies 1)	8.639,7	-12,6	-105,7	17,2	-2,7	-2,9	-3,2
Government institutions	1.109,2	-0,7	0,1	7,8	11,8	12,4	2,5
Public companies	526,8	1,1	4,8	-15,0	33,0	31,7	26,6
Loans to other domestic sectors	168,8	6,2	-3,2	-7,0	18,4	12,9	3,2

Foreign Exchange Reserves

At the end of September 2020, the CBBH foreign exchange reserves amounted to KM 13.34 billion, having increased by KM 30.6 million (0.2%) compared to the previous month. The annual growth of the CBBH foreign exchange reserves amounted to 891 million (7.2%).

1) Growth rates were calculated taking into account Decision on managing credit risk and defining expected credit losses, on the basis of which commercial banks, from 01 January 2020, removed some claims from balance to off-balance records, which was reflected in the decrease of claims (loans) of around KM 400 million in sectors of private companies and households.