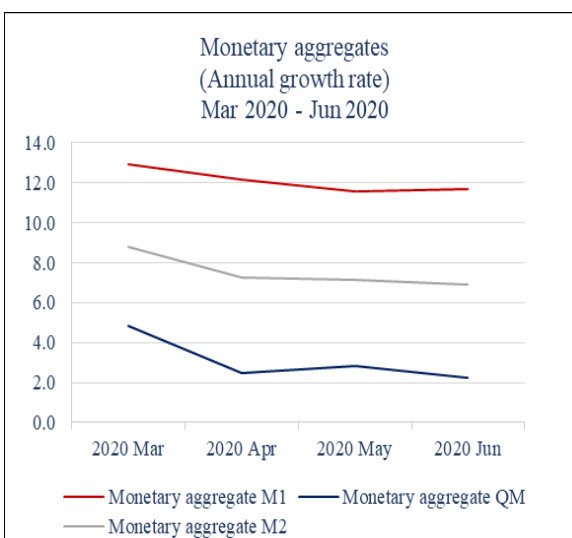
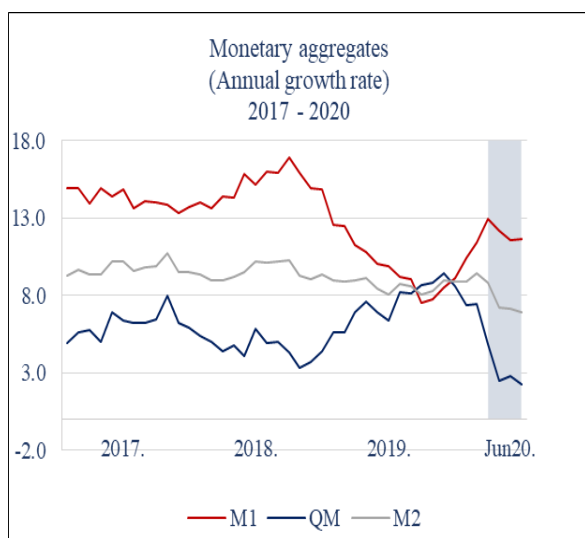


Comment on Monetary Trends in June 2020

At the end of June 2020 money supply (M2) amounted to 26.67 billion KM, the monthly increase being 144.4 million KM (0.5%). The growth of money supply (M2) in June 2020 is the result of the growth of money (M1) by 135.8 million KM (1.0%) and quasi-money (QM) by 8.5 million KM (0.1%). Money (M1) increased primarily due to the growth of transferable deposits in local currency by KM 187.4 million (2.1%) and a smaller decline in cash outside banks by KM 51.6 million (1.1%). Quasi-money (QM) recorded an increase in other deposits in local currency by KM 41.8 million (1.4%) with a simultaneous decrease in other deposits in foreign currency by KM 27.8 million (0.2%) and transferable deposits in foreign currency by 5.5 million KM (0.2%).

At the annual level, money supply (M2) increased by 1.72 billion KM (6.9%). Growth was realized in cash outside banks by KM 692.3 million (16.8%), transferable deposits in local currency by KM 746.6 million (9.1%), transferable deposits in foreign currency by KM 229.8 million (9, 6%), other deposits in local currency by KM 209.2 million (7.5%) and a decrease in other deposits in foreign currency by KM 156.4 million (2.1%).



Counter-item of the monthly increase of money supply (M2) in June 2020 is the growth of net domestic assets (NDA) by KM 243.5 million (2.0%) and a decrease in net foreign assets (NSA) by KM 99.2 million (0.7%). The increase in M2 at the annual level of 1.72 billion KM is the result of the growth of net foreign assets (NSA) by 1.75 billion KM (13.6%) and a decrease in net domestic assets (NDA) by 33.8 million KM (0.3%).

Monetary survey

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	VI 2020	IV 2020	V 2020	VI 2020	IV 2020	V 2020	VI 2020
Assets							
1 Net foreign assets	14.647,4	633,2	91,3	-99,2	14,7	15,6	13,6
1.1 Foreign assets	17.164,9	700,0	20,6	-454,6	12,0	12,2	7,3
1.2 Foreign liabilities	-2.517,5	-66,8	70,8	355,5	0,4	-2,5	-18,7
2 Net domestic assets	12.022,8	-725,0	-11,2	243,5	-0,8	-1,9	-0,3
2.1 Claims on central government (net) cantons and municipalities	-165,8	-471,3	42,8	202,3	1483,8	-948,7	72,1
2.2 Claims on local sectors	19.406,8	-180,4	-37,3	175,5	1,4	0,6	0,5
2.3 Other items	-7.218,1	-73,4	-16,6	-134,2	-0,3	-1,0	0,8
Liabilities							
1 Money supply (M2)	26.670,2	-91,8	80,2	144,4	7,2	7,2	6,9
1.1 Money (M1)	13.773,5	115,1	48,6	135,8	12,1	11,6	11,7
1.2 Quasi money (QM)	12.896,7	-207,0	31,6	8,5	2,5	2,8	2,2

Loans

Total loans to domestic sectors in June 2020 amounted to KM 20.39 billion, having increased by KM 135.9 million (0.7%) compared to the previous month. Growth of loans was recorded in all sectors: households by KM 49 million (0.5%), private companies by KM 2.6 million (0.1%), government sector by KM 3 million (0.3%), public companies by 70.1 million KM (15%) and other domestic sectors by 11.2 million KM (6.9%).

The annual growth rate of total loans in June 2020 was 0.9%, nominally 172.7 million KM. Loan growth was registered in the following sectors: households by KM 182.6 million (1.9%), government sectors by KM 99.4 million (9.9%), public companies by KM 118.2 million (28.3%), other domestic sectors by 5.4 million KM (3.2%) while in the sector of private companies a decrease in loans of 233 million KM (2.6%) was registered.

Sectorial structure of loans in BH

	Balance in mil. KM	Monthly changes in mil. KM			Annual growth rate in %		
	VI 2020	IV 2020	V 2020	VI 2020	IV 2020	V 2020	VI 2020
Total	20.396,0	-186,0	-44,3	135,9	1,8	0,9	0,9
Out of it:							
Households 1)	9.844,5	-95,0	-11,4	49,0	3,4	2,2	1,9
Private companies 1)	8.740,9	-80,6	-23,0	2,6	-1,1	-1,5	-2,6
Government institutions	1.101,9	-6,2	-4,5	3,0	5,5	4,4	9,9
Public companies	535,9	-5,7	-3,6	70,1	14,2	11,0	28,3
Loans to other domestic sectors	172,8	1,4	-1,8	11,2	16,9	12,4	3,2

CBBH Foreign Exchange Reserves

At the end of June 2020, the CBBH foreign exchange reserves amounted to KM 13.02 billion, having decrease by KM 37.6 million (0.3%) compared to the previous month. At the annual level, the CBBH foreign exchange reserves increased by KM 1.00 billion (8.3%).

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.