

CENTRALNA BANKA
BOSNE I HERCEGOVINE



ЦЕНТРАЛНА БАНКА
БОСНЕ И ХЕРЦЕГОВИНЕ



Annual Report

2016

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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 |
| EONIA | Euro Over Night Index Average in euro area |
| ESA 2010 | European Standard Accounts, 2010 |
| 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 |
| 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 |
| 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 |
| 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,

According to Article 64 of the Law on the Central Bank of Bosnia and Herzegovina („Official Gazette of Bosnia and Herzegovina“ Ref 1/97), the obligation of the Central Bank of Bosnia and Herzegovina (the CBBH) has been regulated 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 2016 was adopted at the meeting of the CBBH Governing Board, held in Sarajevo, on 29 March 2017.

The Central Bank of Bosnia and Herzegovina successfully fulfilled all its obligations defined by the law during 2016, including the issuing of the local currency according to the currency board arrangement, providing the full convertibility of the local currency.

Although it worked in the unfavourable conditions for investment which have been present at international markets since 2014, the CBBH has managed to achieve a positive financial result in 2016. The CBBH net profit for 2016 amounted to KM 14,062,357.63. Out of that amount, according to Article 27 of the CBBH Law, 60% or the amount of KM 8,437,414.58 was allocated to the account of the liabilities towards the budget of the institutions of Bosnia and Herzegovina, while 40% or KM 5,624,943.05 was allocated to the general reserves of the CBBH. As the available forecasts and the expected trends of interest rates and yields and the trends of gold price and the dollar exchange rate indicate that the recovery of the euro area will be slowed down and imbalanced, the existing structure of the foreign exchange reserve portfolio is expected to generate a considerably lower level of the annual foreign exchange interest income in the years ahead, and consequently, a lower level of the overall income of the CBBH which, in the managing of the foreign exchange reserves, according to the Law, must be firstly guided by the principle of safety in investing the reserves, by investing in low risk financial instruments.

According to the decision of the Governing Board of the CBBH as of 31 March 2016, the required reserve policy was changed, which took effect on 01 July 2016. The single required reserve rate of 10% was determined on the base for the required reserve calculation, regardless of the maturity and currency. The base for the required reserve calculation, including deposits and borrowed funds, was expanded by the funds which had been excluded by decisions from 2008 and 2009. Finally, the policy of remuneration was changed in the way that remuneration should not be calculated on the required reserve amount, while the remuneration shall be calculated on the amount of funds exceeding the required reserve at the rate equal to 50% of the rate applied by the European Central Bank on commercial banks deposits.

The primary objective of the latest change of the required reserve policy was creating the liquidity buffers in the system, ensuring that the required reserve policy, in the current circumstances, should not restrict banks in lending. By introducing a negative rate of remuneration on the funds held by banks with the CBBH (but at least, two times less negative than the one banks would be paying on deposited funds in foreign countries), which is not obligatory according to the required reserve policy, we have

indicated that restructuring of commercial banks assets would be advisable. The CBBH decided to introduce a rate of remuneration on excess funds above the required reserve which would be less negative than the reference deposit rate of the ECB taking care of the current macroeconomic context and the stability of the financial system.

During 2016, strong efforts were directed towards the implementation of the activities from the CBBH Strategic Plan for the period 2016-2021. So, in 2016, the initiative was started and the project was created on the modernisation and upgrade of the gyro clearing system, Single Transaction Account Registry and Central Credit Registry, which makes possible the transparency in the financial and payment systems, updating of data, preventing misuses, preventing money laundering and it is in accordance with the standards and the best practice in the countries of the region and the EU. In the context of improving the basic tasks of the CBBH, new rules for the treasury operations and cash operations are very important. The CBBH also participated actively in the process of the implementation of tasks from the Letter of Intent with the IMF which is related to preserving the stability of the financial sector and recovering the lending activities of the banks in BH and the preparation of the comprehensive Memorandum of Understanding in the area of financial stability.

In addition to regular publications, such as the Annual Report, Financial Stability Report, quarterly Bulletins and Monthly Economic Surveys, during 2016, the CBBH also exchanged with the relevant domestic and international institutions the information on economic trends and systemic risks, through specialized reports and by expanding the standard set of statistical data, and by publishing the appropriate articles in the media with purpose of informing and educating the general public. Within its mandate, the CBBH implemented the activities on maintaining the appropriate financial infrastructure and the payment operations in the country and with foreign countries were carried out without any problems. The CBBH fully implemented its obligations arising from the fiscal agent role.

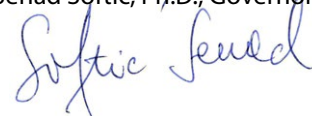
The CBBH also has an important and active role in the European integration process, where it was an active participant in preparing the answers to the EU questionnaire in the area Economic Criterion and seven chapters as the competent authority or stakeholder.

Having in mind the process of European integration in Bosnia and Herzegovina, the CBBH would like to confirm its commitment to further improving of its business processes and working on introducing modern standards. The CBBH has chosen a kind of organizational dynamics aimed at adjusting the operations, based on the Law on the CBBH, to new requirements and in that respect, to harmonize it with the best practices of central banking.

Within its competences, the CBBH has also undertaken a number of activities for the promotion of financial education with purpose of increasing financial inclusion in BH. An internal project has been started for improving the business process and establishing an integrated system of quality management in the CBBH.

Finally, I would like to thank the members of the Governing Board, the Management and all the employees of the Central Bank of Bosnia and Herzegovina for their professional behavior and their contributions to the achievement of the recorded results.

Senad Softić, Ph.D., Governor



LEGAL STATUS

In accordance with the Constitution - Annex 4 of the General Framework Peace Agreement in Bosnia and Herzegovina, the Central Bank of Bosnia and Herzegovina is an institution of Bosnia and Herzegovina, established by the Law on the Central Bank of Bosnia and Herzegovina adopted by the Parliament of Bosnia and Herzegovina on 20 June 1997 and it has commenced its operations on 11 August 1997. The main objectives and tasks of the Central Bank of Bosnia and Herzegovina, established by the Law on the Central Bank of Bosnia and Herzegovina, are:

- to achieve and maintain the stability of the domestic currency (convertible mark) by issuing it with the full coverage in freely convertible foreign currency, according to the arrangement known as a currency board at the fixed exchange rate: one convertible mark for one Deutsche Mark. From 1 January 2002, convertible mark has been pegged to euro at the exchange rate: one convertible mark equals to 0.511292 euro, one euro = 1.955830 convertible marks;
- to define and control the implementation of the monetary policy of Bosnia and Herzegovina;
- to maintain the official foreign exchange reserves and manage them in a safe and profitable way;
- to maintain the adequate payment and settlement systems;
- to coordinate the activities of the Entities' Banking Agencies, being responsible for bank licensing and supervision;
- to receive deposits from Bosnia and Herzegovina level institutions, i.e. deposits of Entities and their public institutions on the basis of a joint decision of the Entities, as well as deposits of commercial banks;
- to issue regulations and guidelines for the performance of the Central Bank of Bosnia and Herzegovina activities, under the authorities established by the Law on the Central Bank of Bosnia and Herzegovina;
- to participate in the work of international organizations, working on the defining the financial and economic stability, and to represent Bosnia and Herzegovina in intergovernmental organizations on monetary policy issues.

The Central Bank of Bosnia and Herzegovina is fully independent from the Federation of Bosnia and Herzegovina, Republika Srpska, and any public agency and authority with the aim of the objective performance of its tasks. The Central Bank of Bosnia and Herzegovina carries out its activities through the Governing Board of the Central Bank of Bosnia and Herzegovina, the CBBH Management and the staff.

The Central Bank of Bosnia and Herzegovina Governing Board is the body of the Central Bank of Bosnia and Herzegovina in charge of setting the monetary policy and control of its implementation, the organization and strategy of the Central Bank of Bosnia and Herzegovina, in accordance with the authorizations defined by Law on the Central Bank of Bosnia and Herzegovina. The Governing Board of the Central Bank of Bosnia and Herzegovina includes five members appointed by the Presidency of Bosnia and Herzegovina, and the members among them elect the Governor, who is also the chairman of this body and of the CBBH Management. The Governor is the chief executive officer in charge of the daily operations of the Central Bank of Bosnia and Herzegovina. The CBBH Management, consisting of Governor and three Vice Governors (appointed by the Governor, with the approval of the Central Bank of Bosnia and Herzegovina Governing Board), at the request of the Governor, as the chief executive officer, performs the operational activities of the Central Bank of Bosnia and Herzegovina and coordinates the activities of the organizational units.

To control the risk in the Central Bank of Bosnia and Herzegovina, the Governor, with the approval of the Governing Board of the Central Bank of Bosnia and Herzegovina, appoints the Chief Audit Executive and Deputies to the Chief Audit Executive.

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

1. ECONOMIC TRENDS IN 2016

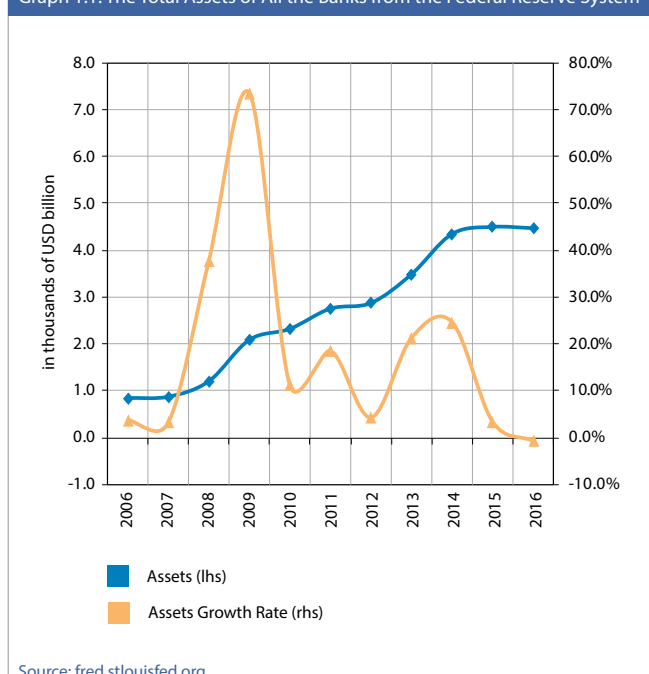
1.1 INTERNATIONAL ECONOMIC ENVIRONMENT

1.1.1 Real Sector Trends

Despite the measures of economic interventionism, the growth in developed economies in 2016 was lower than in 2015, and the economic growth in developing countries and at the level of the global economy was slightly lower than in the previous year. The global economy in 2016 increased by around 3.1% (in 2015, the growth was 3.2%), and the growth was not equally distributed². While the developed countries recorded a growth by only 1.6% (in the previous year, the growth was 2.1%), the emerging markets and developing countries recorded an increase by 4.1%.

The leading trends, which had a decisive effect on the global economy trend in 2016, were the mitigation of the decline of the commodity prices compared to 2015 and the growth of some commodity prices and the announcement of another growth of the reference interest rates of the FED which actually took place in the end of the year, and also the end of a highly expansionary monetary policy in the largest economy in the world, within the implementation of the measures of the monetary policy normalization³ (Graph 1.1).

Graph 1.1: The Total Assets of All the Banks from the Federal Reserve System



For the first time after the beginning of the quantitative easing programme (2007), the decline of the FED assets was recorded in 2016 (2016/2015= -0.6%), which, together

with the increase of the reference interest rate, was a part of the FED monetary policy normalization programme. The decision to raise the FED reference interest rate was influenced by the growth of inflation (in November, the annual inflation rate was 1.7%), the low unemployment rate (4.6% in November 2016) and the growth of economic activity (1.7% was the growth of real GDP in the third quarter of 2016 (q/q-4), and 1.3% in the second quarter of 2016), but also positive expectations related to the conditions on the labour market and related to the achievement of the target inflation of 2%.

The change of the direction of the FED monetary policy in 2016, with the unchanged policy of the ECB, resulted in the continued divergence of monetary policies with the consequences on the global appreciation of USD and depreciation of euro against dollar.

The two events which were important in 2016 were the economic and banking crisis in Italy and Brexit, i.e. the decision of British citizens to leave the EU.⁴ Compared to 2007, Italian GDP in 2016 was lower by around 8%, and non-performing loans amounted to around 20% of GDP. Italian public debt was 133.2% of GDP (2016), and the overall debt of all the sectors was around 259% of GDP, while the general government structural balance has been negative in the previous 10 years. As Italian economy is third by size European economy, the situation in Italian banking and the high level of debt of Italian economy during 2016 represented a high risk for the banking system of the euro area. Although BH banks owned by Italian residents controlled 33% of BH bank assets in 2016, the growth of reputation risks did not result in any significant disturbances in the operations of this group of banks or negative effects on BH financial stability.

The outcome of British referendum when British citizens showed they are willing to leave the EU had an instant direct effect on the European financial market (Table 1.1). The yields on the bonds of the countries without economic imbalances were instantly decreased and even became negative, while the yields on the bonds of the periphery countries suddenly increased.

² WEO, January 2017

³ The FED monetary policy normalization started in December 2015, when the FED decided, for the first time after seven years, to increase the target rate spread for the federal funds.

⁴ Referendum for the exit/stay of Great Britain in the EU took place on 23 June 2016, and the results were announced on 24 June 2016.

Table 1.1 Impact of Brexit on European Financial Market

| | Yield Rate on the Market of Ten Year Government Bonds, % | | | | VSTOXX, Uncertainty Index |
|------------|--|---------|--------|-------|---------------------------|
| | Germany | Austria | Greece | Italy | |
| 20/06/2016 | 0.051 | 0.405 | 7.802 | 1.432 | 34.22 |
| 21/06/2016 | 0.050 | 0.403 | 7.904 | 1.447 | 34.47 |
| 22/06/2016 | 0.061 | 0.408 | 7.994 | 1.435 | 36.04 |
| 23/06/2016 | 0.093 | 0.437 | 7.779 | 1.400 | 32.06 |
| 24/06/2016 | -0.047 | 0.355 | 8.647 | 1.557 | 35.43 |
| 27/06/2016 | -0.116 | 0.277 | 8.708 | 1.509 | 35.00 |
| 28/06/2016 | -0.112 | 0.263 | 8.607 | 1.399 | 31.01 |

Source: Bloomberg

According to the first forecast⁵ the expected growth rate of real GDP of the euro area in 2017, after the decision on the exit of Great Britain, was changed from 1.6% to 1.4%. The subsequent analyses⁶ showed that Brexit was probably only the regional macroeconomic shock rather than a global one, and it would have a negative effect on the euro area through a decrease of British demand for the exports of the euro area. The decision on the exit of Great Britain from the EU during 2016 did not have any impact on the economy of Bosnia and Herzegovina due to a low intensity of foreign trade between BH and Great Britain. However, indirect negative consequences on our economy can be expected due to the slow-down of the economic growth rate in the euro area due to the weakening of its trade relations with Great Britain.

During 2016, under the impact of the ECB expansionary

monetary policy, the exposure of European banks towards real sector increased at a faster rate than in 2015, which, with the growth of personal and investment spending and the improvement of the position of the foreign trade sector due to euro depreciation, resulted, in some European countries, in higher rates of economic activity growth compared to 2015 (Table 1.2). Yet, the economic growth at the level of the euro area and the EU was not higher than the one recorded in 2015. With the exceptions of Denmark and partly Sweden, all the other countries where our diaspora lives kept considerably lower rates of economic growth compared to 2007.

In 2016, deflationary pressures either weakened (Croatia, Slovenia) or fully disappeared (Sweden, Austria), but the inflation rate in 2016 remained low compared to the target inflation rate (close but below 2%) (Table 1.3).

Table 1.2 Growth Rate of Real GDP in the EU and the Euro Area Countries, in %

| | EU | Euro Area | Denmark | Germany | Croatia | Austria | Slovenia | Sweden |
|------|-------|-----------|---------|---------|---------|---------|----------|--------|
| 2007 | 3.05 | 3.01 | 0.91 | 3.26 | 5.15 | 3.62 | 6.94 | 3.40 |
| 2008 | 0.42 | 0.42 | -0.51 | 1.08 | 2.05 | 1.55 | 3.30 | -0.56 |
| 2009 | -4.37 | -4.52 | -4.91 | -5.62 | -7.38 | -3.80 | -7.80 | -5.18 |
| 2015 | 2.23 | 2.04 | 1.61 | 1.72 | 1.64 | 0.96 | 2.32 | 4.08 |
| 2016 | 1.89 | 1.73 | 0.99 | 1.88 | 2.79 | 1.50 | 2.47 | 3.31 |

Source: European Commission. Note: GDP expressed in the prices from 2010.

Table 1.3 Inflation Rate in the EU and the Euro Area Countries, in %

| | EU | Euro Area | Denmark | Germany | Croatia | Austria | Slovenia | Sweden |
|------|-----|-----------|---------|---------|---------|---------|----------|--------|
| 2007 | 2.4 | 2.2 | 1.7 | 2.3 | 2.7 | 2.2 | 3.8 | 1.7 |
| 2008 | 3.7 | 3.3 | 3.6 | 2.8 | 5.8 | 3.2 | 5.5 | 3.3 |
| 2009 | 1.0 | 0.3 | 1.0 | 0.2 | 2.2 | 0.4 | 0.9 | 1.9 |
| 2015 | 0.0 | 0.0 | 0.2 | 0.1 | -0.3 | 0.8 | -0.8 | 0.7 |
| 2016 | 0.3 | 0.2 | 0.0 | 0.4 | -0.6 | 1.0 | -0.2 | 1.1 |

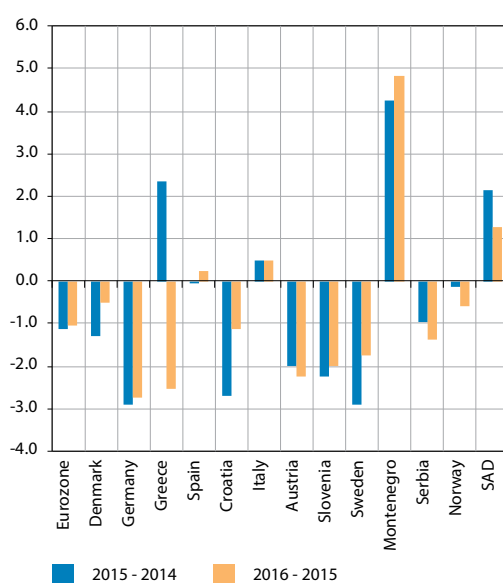
Source: Eurostat. Note: Average annual inflation rate on the basis of HICP Index.

⁵ ECB, July 2016⁶ ECB Economic Bulletin, 6/2016

In almost all the countries of the EU and the euro area, the unemployment rate in 2016 was decreased compared to 2015, and at the average the decline was around 1 pp, which was the amount of the decrease of the unemployment both in Slovenia and Germany (Table 1.4). Yet, almost all the countries continued to record high unemployment rates, higher than the ones during the crisis period, and only Germany decreased the unemployment rate by more than half. In some countries of the EU, like Denmark and Sweden, although the economic growth in the previous two years was approximately at the level of that in the precrisis period (2007), the unemployment rate remained quite high, and in Denmark it was almost two times higher than that before the outbreak of the global economic and financial crisis.

Most of European countries remained above the Maastricht criteria related to the level of public debt, and in 2016, in many of them, even in those which are not the EU members (Serbia), the economic policy of the public debt reduction was continued, as different from USA, for example (Graph 1.2).

Graph 1.2: Growth of Public Debt in the Euro Area and USA and Some European Countries

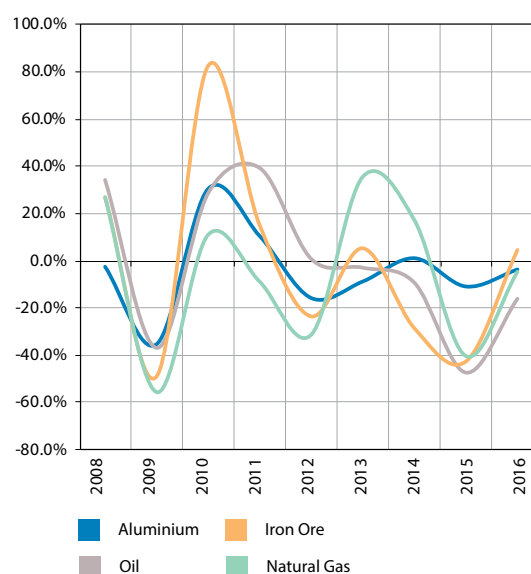


Source: European Commission

In our neighbourhood, the only exception was Montenegro, while Croatia and Serbia for two successive years decreased the relative values of their public debts. Italy slightly increased its public debt, Greece in 2015 and 2016 recorded almost identical growth /decline of public debt and the total public debt of the euro area in 2016 of 90.41% was lower by 1 pp compared to the previous year. The public debt of Norway was 31.08% of GDP, that of Germany was 65.5%, that of Italy was 133.26%, that of Greece was 177.21%, and that of USA was 108.54%.

At the commodity market in 2016, the decrease of the commodity prices slowed down compared to 2015, and some commodity prices increased (Graph 1.3). Out of the key commodity prices, the largest decline in 2016 was recorded in the oil price, and the price of gold compared to 2015 increased by 7.6% (2015/2014 = -8.3%). The rate of decrease of the prices of aluminium and natural gas significantly declined, and the price of iron ore compared to the previous year increased by 4.6% (2015/2014 = -42.4%).

Graph 1.3: Annual Growth Rates of Commodity Prices



Source: World Bank

Table 1.4 Unemployment Rate in the EU and the Euro Area Countries, in %

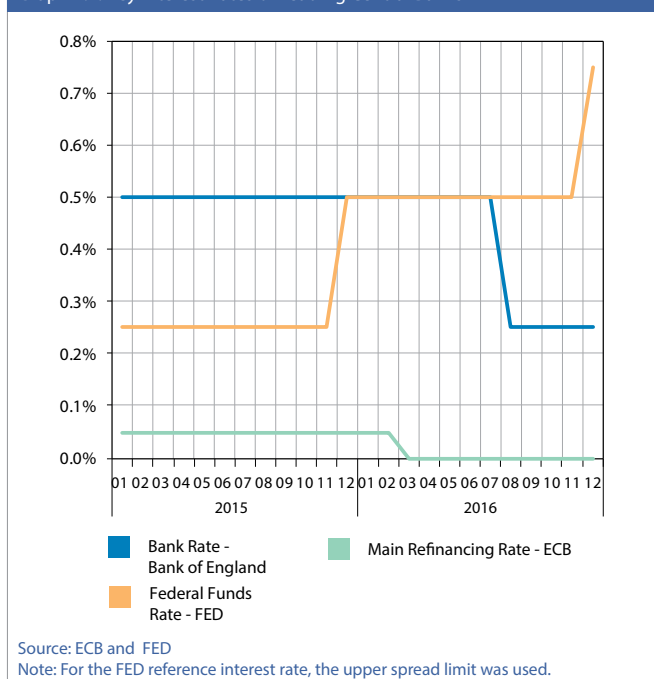
| | EU | Euro Area | Denmark | Germany | Croatia | Austria | Slovenia | Sweden |
|---------|-----|-----------|---------|---------|---------|---------|----------|--------|
| 12/2007 | 7.0 | 7.4 | 3.1 | 8.2 | 10.5 | 4.1 | 4.9 | 5.6 |
| 12/2008 | 7.7 | 8.4 | 4.3 | 7.4 | 9.3 | 4.7 | 4.4 | 6.4 |
| 12/2009 | 9.4 | 10.1 | 6.8 | 7.3 | 10.0 | 5.0 | 6.5 | 8.6 |
| 12/2015 | 9.0 | 10.5 | 6.0 | 4.5 | 15.9 | 5.7 | 8.7 | 6.7 |
| 12/2016 | 8.1 | 9.5 | 6.1 | 3.5 | 12.2 | 5.5 | 7.8 | 6.5 |

Source: Eurostat

1.1.2 Monetary Trends

Although in the end of the year, the ECB announced a gradual mitigation of the current monetary policy, seen primarily in the form of the bond purchase in the amount of EUR 80 billion per month⁷, the entire year of 2016 was characterized by highly expansionary monetary policy of the ECB. The credit growth in 2016 was stimulated (Graph 1.4) by the additional decrease of the reference interest rates of the ECB, which, with the decrease of the decline of the prices at commodity markets (compared to the previous year) and at the oil market, brought about the weakening of very strong deflationary pressures.

Graph 1.4: Key Interest Rates of Leading Central Banks



As early as in the beginning of the year, the ECB decreased all the three reference interest rates. In the first quarter of 2016 (the decision took effect on 16 March 2016), the lending facility rate was reduced from 0.3% to 0.25%, the main refinancing rate was reduced from 0.05% to 0.0%, while the deposit facility rate was reduced from -0.3% to -0.4%.

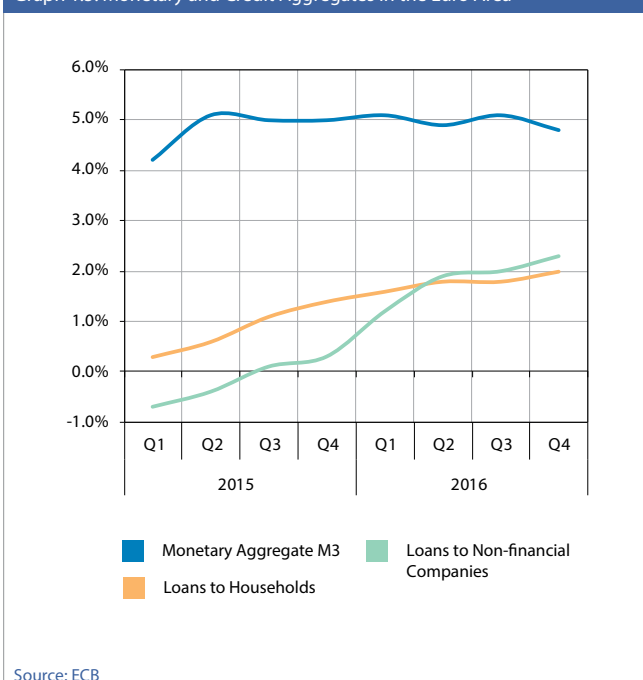
The same as in the end of the previous year, in the end of 2016, the FED decided to increase the Federal funds rate so the previous range 0.25% - 0.5%, was replaced with the range 0.5% - 0.75%, while the Bank of England, due to the slow-down of growth of British economy, resulting from the decision on leaving the EU, in August 2016, decreased its reference interest rate (Bank rate) from 0.5% to 0.25%. The FED did not change the volume of money supply during 2016, which was significantly increased during the previous years through the three quantitative easing programmes.

⁷ The purchase of financial instruments since 1 April 2016 increased from EUR 60 billion to EUR 80 billion (the decision was passed on 10 March 2016).

Yet, the interest rates in the USA recorded a growth in this period, particularly compared to the yields of the bonds of the euro area countries, under the impact of the expected decrease of monetary stimulations in the USA and the increase of the differences between the monetary policies implemented by the FED and the ECB in respect of the level of the reference interest rate.

The growth rates of the loans to households and the loans to companies in the euro area in 2016 were significantly higher than those in 2015, although the broadest European monetary aggregate M3 retained the growth rates from the previous year (Graph 1.5). In the end of 2016, compared to the end of 2015, after a long-lasting stagnation of the loans to the real sector, the growth rates of the loans to non-financial companies and households were almost equal at the level of around 2% (m/m-12).

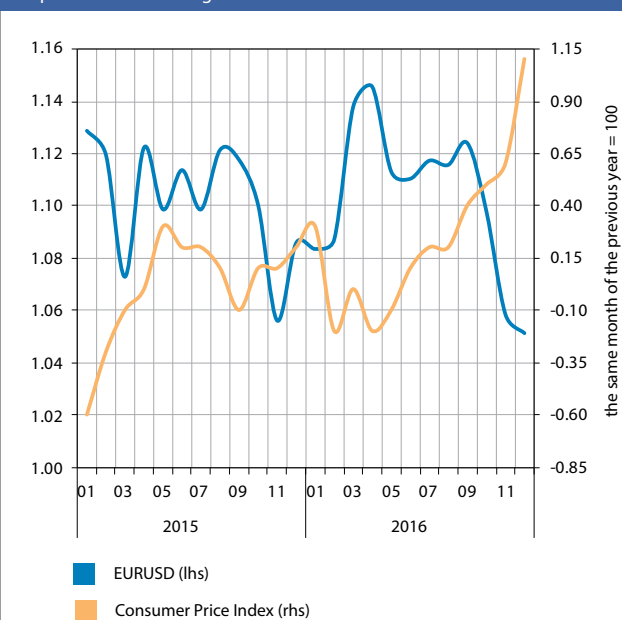
Graph 1.5: Monetary and Credit Aggregates in the Euro Area



A stable credit growth, with the decrease of the decline of commodity prices compared to the previous year, not only stopped deflationary trends in the euro area, but also raised inflation to the highest level in the observed period, over the previous two years (Graph 1.6). Due to the global downward trend of deflationary pressures on the commodity market and transfer of the effects of monetary policy of the ECB on the lending policies of European banks, with a change in the monetary policy of the FED, which, during the last year, increased the degree of restrictiveness of monetary policy, a sudden weakening of euro took place, which was an additional catalyst of the growth of the consumer prices in the euro area. Compared to the highest exchange rate

EURUSD during the year (04/2016 = 1.15), by the end of 2016, euro depreciated against dollar by 8.2%, and the exchange rate EURUSD was 1.05. The consumer prices increased from the lowest level in 2016 of -0.2% (04/2016/04/2015) until the end of the year by 1.1% (12/2016/12/2015).

Graph 1.6: Euro Exchange Rate and Inflation in the Euro Area

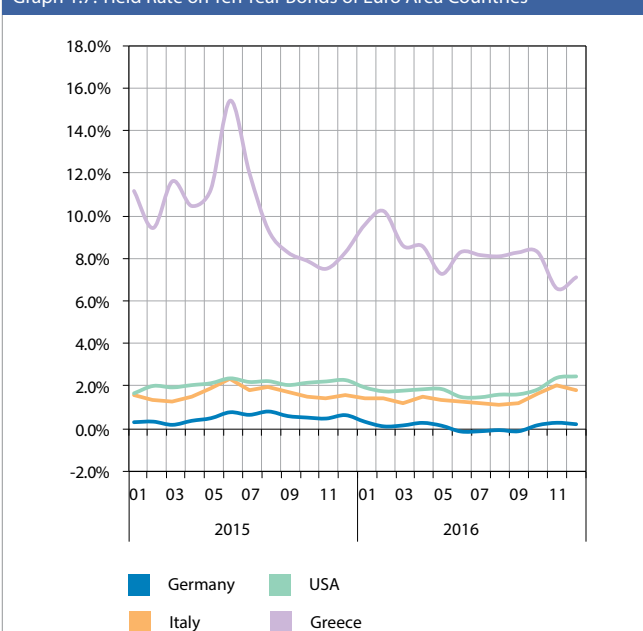


Source: ECB

Although the expansionary monetary policy of the ECB brought about the decrease of the yield rates in the European core and periphery countries (Graph 1.7), the announcement of the termination of quantitative easing (10/2016) resulted in the growth of the yield rates on the secondary market of sovereign debt of most of the euro area countries. Such reaction of the market, with a low and occasionally negative yield on German bonds stimulated additional structural adjustment in the countries in the south of Europe, and some of them (Italy), despite the fact that they experienced a banking and economic crisis, financed the public debt cheaper than the USA.

The results of the referendum of the Great Britain citizens on the exit from the European Union were surprising and had a strong impact on financial markets. Under the impact of uncertainty due to Brexit, the political process and the campaign in the media, a decline of European stock indices was recorded immediately before the referendum, and the yield on the ten year bonds of Germany recorded the level below 0% for the first time. The credit rating agency S&P decreased the rating of the EU to AA from AA+.

Graph 1.7: Yield Rate on Ten Year Bonds of Euro Area Countries



Source: Bloomberg

The ECB influences the interest rates in BH due to the currency board arrangement and the selection of euro as the peg currency. The twelve month EURIBOR (Table 1.5) compared to the end of the previous year decreased by 0.14 pp, approximately the same as the overnight EURIBOR (EONIA).

Table 1.5 The Value of EURIBOR, u %

| Ref. No. | Date | EONIA | 1 M | 3 M | 6 M | 12 M |
|----------|------------------------------|-------|-------|-------|-------|-------|
| 1. | 12/2008 | 2.35 | 2.60 | 2.89 | 2.97 | 3.05 |
| 2. | 12/2015 | -0.20 | -0.19 | -0.13 | -0.04 | 0.06 |
| 3. | 12/2016 | -0.35 | -0.37 | -0.32 | -0.22 | -0.08 |
| 4. | Difference in pp, 4 = 3-2 | -0.15 | -0.18 | -0.19 | -0.18 | -0.14 |

Source: ECB. Note: Monthly average values are presented.

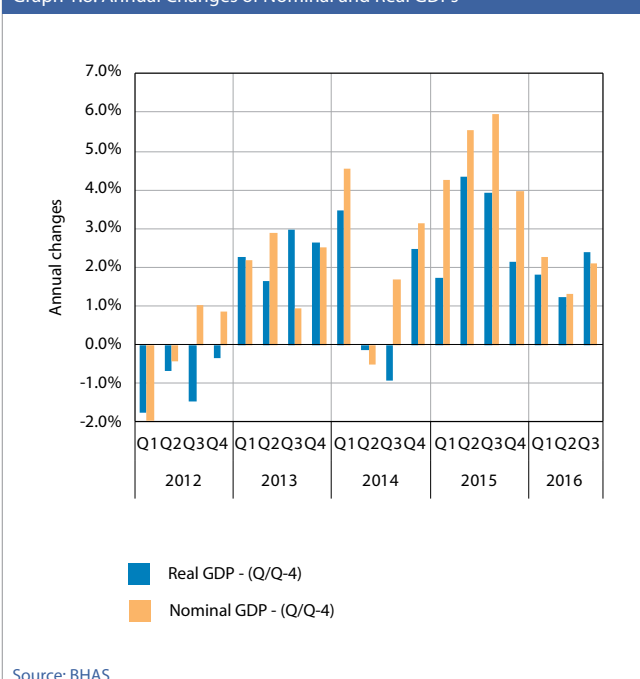
1.2 REPORT ON THE SITUATION IN BH ECONOMY

The real sector of economy in 2016 was characterized by the growth of industrial production compared to 2015, when a slow growth was recorded. The growth in all the industrial areas was recorded, where a strong growth of production and supply of electric energy, gas, steam and air conditioning particularly stood out. Consequently, the strong nominal growth of exports of the mentioned activity and the manufacturing industry was also recorded, while a slower growth of the exports of ores and stone⁸ was recorded. In construction, just like in the previous years, a decline of the production output was recorded, due to the slow-down of work on the construction of the road infrastructure (particularly Vc corridor). The trend of the general price level in BH, measured by the consumer price index, shows the strengthening of deflationary pressure in the first part of 2016 and it was mainly caused by a decrease of external prices (oil), while in the second part of the year, a considerable increase of the prices was recorded due to the increase of external prices. At the same time, domestic prices measured by the GDP deflator were in the inflation zone, although a small price decrease was recorded. At the labour market, measured by administrative data, a decrease of the number of the unemployed and the growth of the number of employed persons was recorded. The labour survey from 2016 shows a decline of the number of the unemployed (the same as in the administrative data) and the decline of the employed persons. Significant differences in the number and the rate of the unemployed and the employed, according to administrative data and the data from the Labour survey in 2016 were a reflection of different methodologies of calculation and determining the status of the employed and the unemployed. After a longer stagnation period, in 2016, an increase of the nominal net wage was recorded.

According to the official projection of BH Economic Planning Directorate⁹, the nominal gross domestic product (GDP) in 2016 was KM 30.389 billion (Table 01)¹⁰, which was a growth of 3.1% compared to 2015. The projected rate of the real GDP growth compared to the previous year was 3.0%.

According to the data of BH Statistics Agency (BHAS), the economy in the first three quarters of 2016, compared to the first three quarters of 2015, increased in nominal terms at the rate of 1.89%. According to the same source, the growth of real GDP in the first three quarters of 2016 was estimated at 1.83% (Graph 1.8). GDP deflator in the first three quarters was lower than in the same period of the previous year, which was the average growth of the produced products and provided services in the domestic economy based on the growth of the production output, not on the price effects.

Graph 1.8: Annual Changes of Nominal and Real GDPs



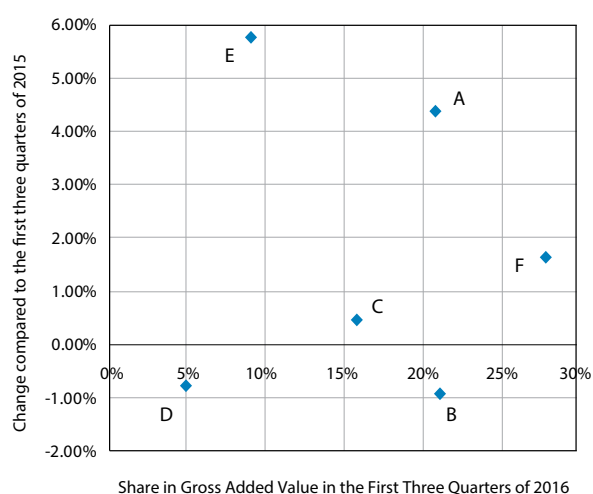
In the first three quarters of 2016, the growth of real gross added value was generated by the growth of the activities in most (out of the total of 19) economic activities (Graph 1.9), and the strongest growth was recorded in the activities: other service activities 10.0%, administrative activities 7.2%, agriculture, forestry and fishing 5.8%, financial activity and insurance activity 4.8% and manufacturing industry 4.7%. On the other hand, a considerable real decline of gross added value was recorded in the activities: information and communication 1.4% and public administration and defence 1.2%.

⁸ According to the official data, the growth of the exports was observed in the following activities: production and supply of electric energy, gas, steam and air conditioning 13.4%, manufacturing industry 4.1%, production of ore and stone 2.5%.

⁹ Economic trends for the period January - September 2016, BH Economic Planning Directorate

¹⁰ Statistical tables in Chapter 5 of this Report in the text are marked by their sequence in Chapter 5, such as Table 01. Additional tables in the text are marked by the reference number of the Chapter and the reference number of the table in that Chapter such as table 1.1. Graphs in the text are numerated by the use of the same analogy.

Graph 1.9: The Basic Causes of Changes in Real GDP in the First Three Quarters Compared to the Same Period of the Previous Year



Source: BHAS

Legend:

Group A: industrial production, statistical areas of activities B (extraction of ore and stone), C (manufacturing industry) and D (production and supply of electric energy, gas, steam and air conditioning).

Group B: budget users, statistical areas of activity O (public administration and defence, compulsory social insurance), P (education) and Q (activity of health and social protection)

Group C: trade, statistical area of activity G (wholesale and retail trade, repair of motor vehicles and motorcycles)

Group D: construction, statistical area of activity F (construction)

Group E: agriculture, statistical area of activity A (agriculture, forestry and fishing)

Group F: other

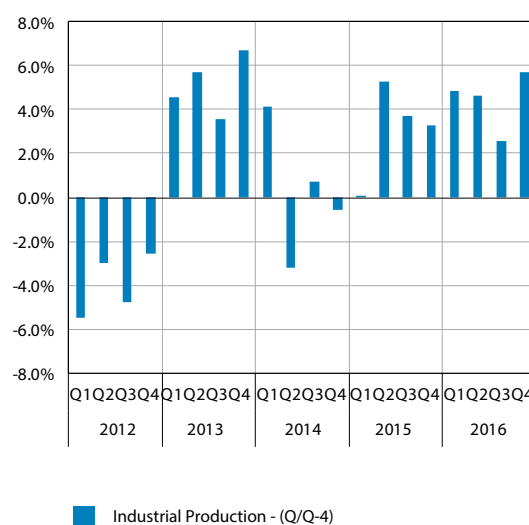
1.2.1 Real Sector

Within this Section, and having in mind the significance for the overall economic activities of BH economy, a particular emphasis, within the basic economic activities, was placed on industrial production, construction, trade and tourism. Beside these activities, the basic trends in the general price level were stated, and also the basic features of the labour market (employment and wages) in 2016.

I Basic Economic Activities

In all the four quarters of 2016, at the annual level, the growth of industrial production was recorded. Due to such quarterly trend, the volume of industrial production which was recorded in 2016 was higher by 4.4% (Graph 1.10).¹¹ The average growth of industrial production in 2016 measured in comparison with the base year 2010 recorded a two digit

Graph 1.10: Quarterly Changes of Industrial Production Index



Source: BHAS

amount of 11.6% for the first time and it can be considered quite favourable.

In 2016, in all the industrial areas (mining, manufacturing industry and the production and supply of electric energy and gas), the production growth was recorded (Graph 1.11). The equal contributions to the industrial production growth in 2016, by areas of activities, were recorded in manufacturing industry (the annual growth of 3.0%)¹² and the production and supply of electric energy and gas (the annual growth of 9.0%)¹³. The key contribution to the growth of manufacturing industry was recorded in the following branches: the production of finished metal products, except for machines and equipment, the production of food products, the production of chemical products and the production of rubber and plastic products. The production growth in these activities had a positive reflection on the export growth. Regarding the output of production and supply of electric energy, gas, steam and air conditioning (except for the branch 35.3 – production and supply of steam and air conditioning), it is visible in Graph 1.11 that this area in the previous years was one of the key determinants of the trend of industrial production. Within this area, a particularly important part was related to the electric energy production. According to the latest available data in the end of the third quarter of 2016,

¹¹ Annual rate of change was calculated from calendar adjusted indices of industrial production output showing the growth of 4.3%. Source: Monthly indices of industrial production for BH December 2015 - December 2016 (BHAS).

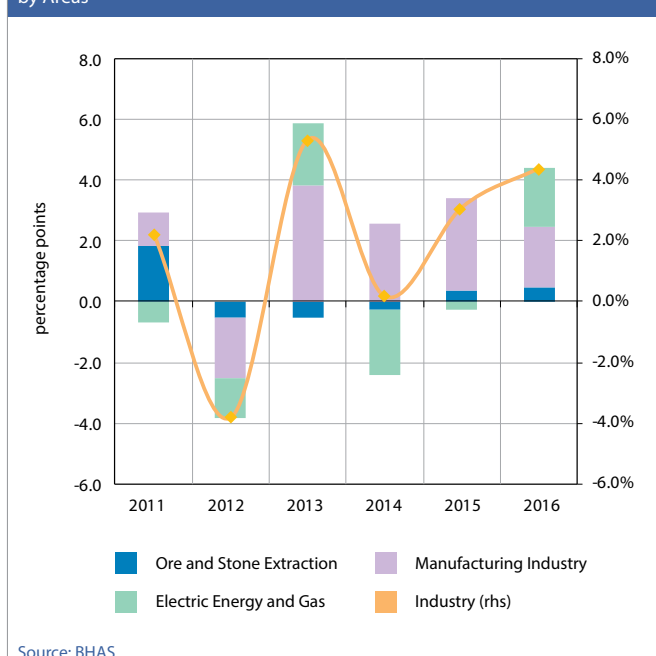
¹² Manufacturing industry contributed 2.02 percentage points to the growth rate of the overall industry of 4.4%.

¹³ Production and supply of electric energy and gas contributed 1.95 percentage points to the growth rate of the overall industry.

cumulative net production of electric energy was higher by 6.4% compared to the same period of the previous year¹⁴. The increase of the production in 2016 had a positive impact on the exports of electric energy so, compared to 2015, the exports were higher by 13.4%.¹⁵

Additionally, the area where also the growth was recorded, in the amount of 3.8%, was the extraction of ore and stone. Within this area, the growth of the activities of the extraction of coal and lignite¹⁶ was recorded. The growth of the quantity of coal and lignite was closely related to the growth of the exports of electric energy. At the same time, the growth of the export price of coal and lignite of 11.1% had a positive impact on the growth of the mentioned activity.

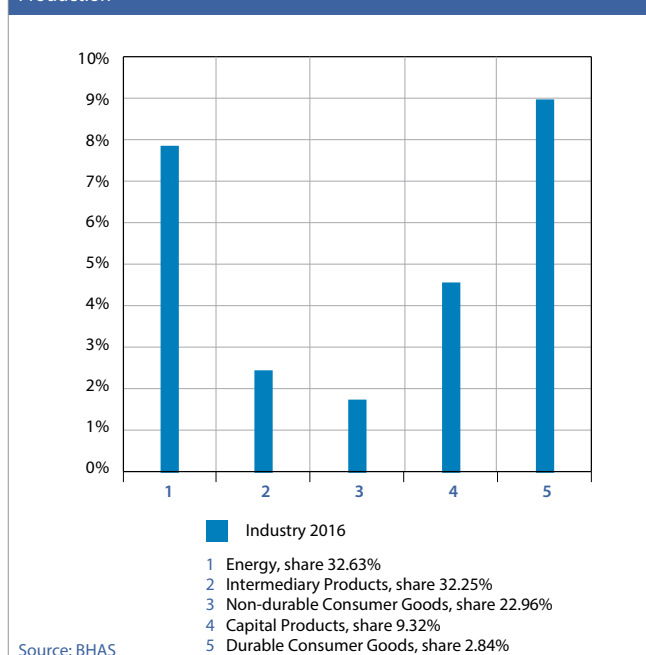
Graph 1.11: Contribution to Annual Changes of Industrial Production by Areas



Observing the shares of the main groups of industrial products (Graph 1.12), the growth of all the groups in 2016 was visible. In most of the activities classified in the group of energy, which has the most significant share in industrial production, the growth of the production output was recorded.¹⁷ After the energy, the following main product group, taking into account the size of the shares in the overall industry, included intermediate products. The production of intermediate products is important, both for

the local final production and for the exports, due to the fact that intermediate products in the overall exports in 2016 took 38.5%.¹⁸ Within this group, a very high growth rate of the production output was recorded in the production of rubber and plastic products (the annual growth of 15.3%). The exports of these products in 2016 increased by 12.1%.

Graph 1.12: Growth Rates and Shares of Main Product Groups of Industrial Production



Although the following group by the share in the group of products of industrial production is related to non-durable consumer goods, in 2016, a considerable contribution to the overall growth of industrial production was recorded in the growth of the production of capital products. Within this product group, high growth rates were recorded in the production of finished metal products, except for machines and equipment (the annual growth of 12.2%), where the growth of the exports of the mentioned activity amounted to 15.7%. The lowest annual growth by groups was recorded in the production of non-durable consumer goods, mainly for the reasons that within this group, the decrease of the annual production of clothes, leather and similar products was recorded in the production. Within the main product groups, in 2016, the highest growth rate was recorded with durable consumer products, but due to their low share, the contribution to the growth of the overall industry was negligible. Within this group, the largest share was taken by the activity of furniture production which over the previous years recorded a continuous annual growth, which in 2016 amounted to 9.4%.

14 In the overall net production of electric energy in the period from January to September 2016, the share of hydro-power plants was 34.4%, while the share of thermal power plants was 65.6%.

15 Source: BHAS; Statistics of commodity exchange of BH with foreign countries, January-December 2015.

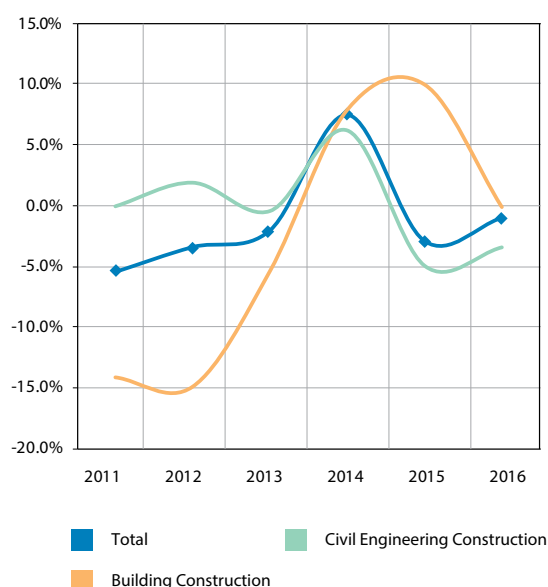
16 The activity of the extraction of coal and lignite contributed to the overall growth of industrial production with 0.76%.

17 As said, a significant increase was recorded in the production and supply of electric energy and gas (9.0%) and the extraction of coal and lignite (8.7%).

18 The exports of intermediate products in 2016 were higher in nominal terms by 2.1% compared to the previous year.

In the economic activity of construction, a decline of the production output in 2016 was recorded, which, compared to the previous year was lower by 1.0%. Observing the annual changes of production in construction (Graph 1.13), only in 2014, the growth of production in construction was evident, mainly due to large activities in civil engineering construction. The decrease of the production index in construction in 2016 was under the impact of the decline recorded in civil engineering construction, which, compared to the previous year, was lower by 3.5%, while building construction recorded a negligible decline compared to the previous year. The decline of the activities in civil engineering construction was particularly related to a delay in the construction of Vc corridor.

Graph 1.13: Annual Changes of Production Output in Construction

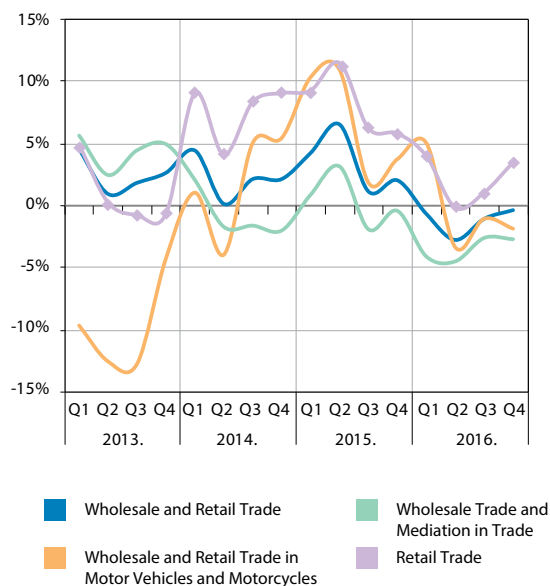


Source: BHAS

Trade as individual activity recorded the largest share in the gross added value, which in the end of 2016 amounted to 15.9%. Observing the distributive trade statistics (Graph 1.14) including all the forms of trade activities, from the procurement of goods from the producer to the delivery of goods to the final consumer in the domestic market¹⁹, it is visible that trade recorded a decline in all the four quarters of 2016, which at the annual level was 1.2%, primarily as a result of the decline of the activities in wholesale trade and mediation in trade²⁰ (the annual decline of 3.3%) and wholesale and retail trade in motor vehicles and motorcycles (the annual decline of 1.2%). On the other hand, retail trade²¹

recorded a continuous growth of turnover over the recent years, which in the end of 2016 amounted to 2.1% compared to the previous year.

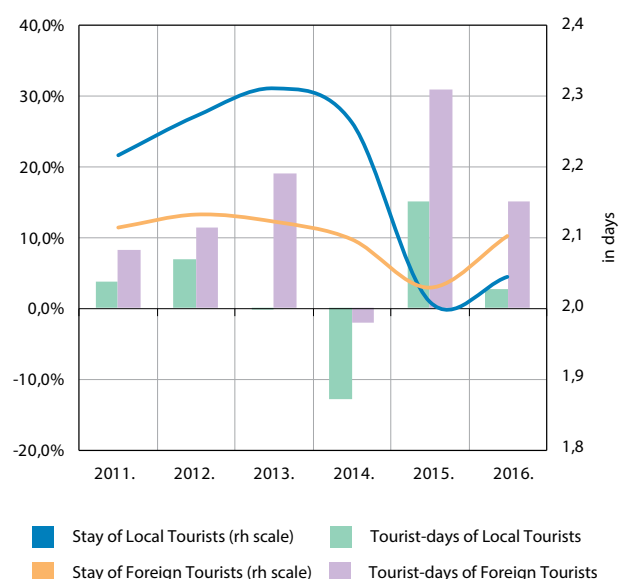
Graph 1.14: Annual Changes of Distributive Trade Index (Q/Q-4)



Izvor: BHAS

The overall trade, particularly retail trade was significantly impacted by the inflow of foreign tourists. Over the observed period (Graph 1.15), a positive activity of tourist sector was obvious, which in the previous years recorded very high growth rates, particularly foreign tourist arrivals and nights.

Graph 1.15: Annual Changes in Tourist-days and the Average Stay of Tourists



Source: BHAS

¹⁹ Source: BHAS, indices of distributive trade

²⁰ The shares of wholesale trade and mediation in the overall trade amounted to 56.5%

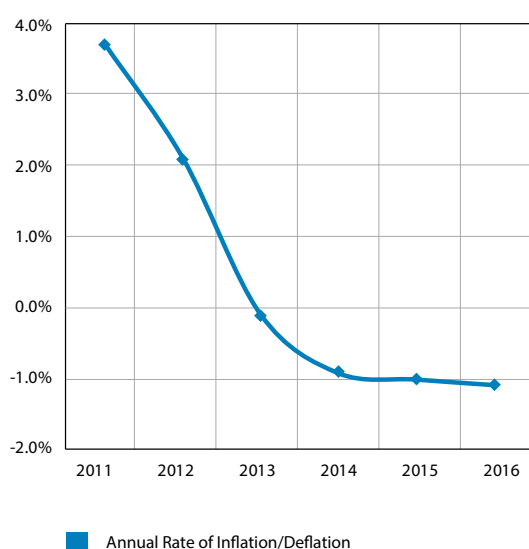
²¹ The share of retail trade amounted to 38.0%

The decrease of the number of tourist nights was only observed in 2014, mainly due to the floods, among other reasons. A higher ratio of the tourist stay indicates a larger tourist offer, while a lower ratio indicates a transitory interest of tourists in a specific area. The average tourist stay in BH is quite short, which indicates an incomplete offer, weak infrastructural communication and insufficient promotion of the tourist sector.

II Prices

Deflation pressures, present since the third quarter of 2013, strengthened in the third and fourth quarter of 2016, so the average consumer prices in 2016 recorded a decline higher by 8 percentage points than the decline of the prices recorded in 2015. Deflation, measured by the consumer price index, recorded in 2016, amounted to 1.1% (Graph 1.16). The price trend observed at the annual level (month/ the same month of the previous year) shows that the prices since August 2013 were constantly going down. The exceptions were October 2014, when a slight annual growth of prices was recorded (0.1%) and November of the same year, when prices were steady (0.0%). However, in the last quarter of 2016, a significant slowdown in falling prices following the price movement in the section of housing, water, electricity, gas and other fuels as well as transport was recorded, on the basis of which it is evident that in the next period inflationary pressures²² are expected, mainly due to external price movements (oil and food).

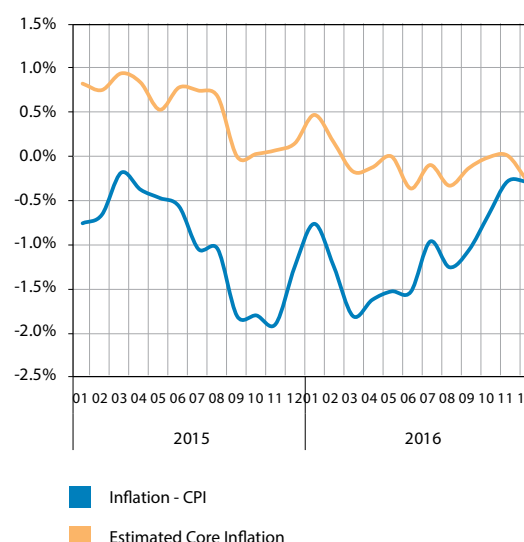
Graph 1.16: Rates of Change in the Price Level Measured by the Consumer Price Index



Source: BHAS

Over the entire observed period, actual deflation was under a strong impact of two price sections²³ within the consumer price index, food and non-alcohol beverages (due to food prices) and transport (due to oil prices).²⁴ The values of estimated core inflation in 2016 show that the upward trend in prices of goods and services was stopped, and that the values of actual inflation are still in the deflation zone (Graph 1.17). Balancing the value of the actual and the estimated core inflation at the end of 2016, points to the time lag in prices which are not strongly influenced by external prices, which, in the upcoming period, will likely result in an adjustment of these prices and to some extent increase the value of core inflation.

Graph 1.17: Actual and Estimated Core Inflation



Source: BHAS and CBBH

Note: Core inflation is estimated by the CBBH.

Inflation measured by the GDP deflator²⁵ indicates a slight decline in prices in the first three quarters of 2016 (Graph 1.18). By comparing these two measures of inflation, although conceptually different, significant information about the causes of changes in prices are obtained.

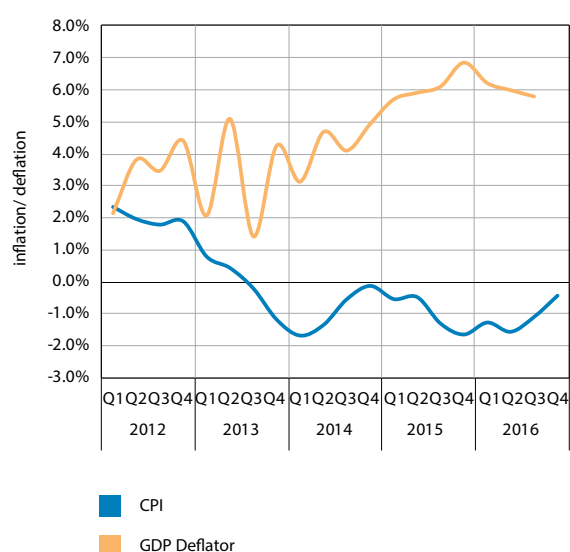
²³ The section of clothing and footwear also is strongly influenced by external prices, but due to the lower weight of the other two sections, the sections of food and non-alcoholic beverages and transport were taken into account.

²⁴ The estimated core inflation is obtained by the official inflation net of effects of changes in prices in these two sections. The official annual weights were used as weights for the price sections published by the BHAS. Since at the time of preparing the Annual Report the weights for 2016 were not published, the price weights for 2015 were used.

²⁵ The GDP deflator measures the average change in price per unit of goods and services produced in the economy observed, while the consumer price index measures changes in the general price level of goods and services in the country.

²² According to official data, in the first month of 2017, an increase in the price at the annual level of 0.7% is recorded

Graph 1.18: Annual Changes in the Price Level



Source: BHAS

The main causes of deflation, as measured by consumer price index, in the period from August 2013 to December 2016, are the decline of food prices (indirect effect on prices in the section of food and non-alcoholic beverages) and oil (direct effect on the transportation costs). Both categories of these costs amount to a high proportion of household consumption and therefore largely determine the inflation/deflation in BH economy²⁶. Due to the decline in oil prices on world markets in the first half of 2016, the price section of transport exercised during 2016 (the exception was December 2016 when the prices increased in this section) deflation pressure on the general level of consumer prices. At the same time, the section of food and non-alcoholic beverages, as a category with the highest share in household consumption, and the section of clothing, exercised additional deflation pressure on the general level of consumer prices throughout 2016.

The GDP deflator shows that in the first three quarters of 2016, a slight increase in prices of goods and services of 0.06% at annual level was recorded in the domestic economy. The growth of GDP deflator in the first three quarters of 2016, compared to the same period of the previous year, was recorded in most activities, those being mainly activities related to agriculture, forestry and fishing, construction, activities financed from the budget (public spending) and service activities, while a significant decline of deflator was recorded in the activity of transport and warehousing, production and supply of electricity, gas, steam and air conditioning, as well as the activity of wholesale and retail.

²⁶ According to the latest available data of the BHAS from 2015, in the total costs, household, food and non-alcoholic beverage participate with 33.16% and transport with 13.45%.

The GDP deflator in the activity of transport and warehousing in the first three quarters of 2016 compared to the same period of the previous year indicates a decline of domestic prices by 3.2 percentage points. Observing the quarterly trend of GDP deflator, it can be noticed that it matches, i.e. it is strongly related to the trend of the CPI prices in the price section of transport. This means that the prices in these activities adapt to changes in prices on world markets. At the same time, the decline of the prices of transport and warehousing activity has a positive impact on the competitiveness of wholesale and retail trade, in which in the three quarters of 2016, a decline of the prices by 0.9 percentage points compared to the previous year was recorded, primarily due to a significant share of transportation costs in the total costs of this activity.

III Employment and Wages

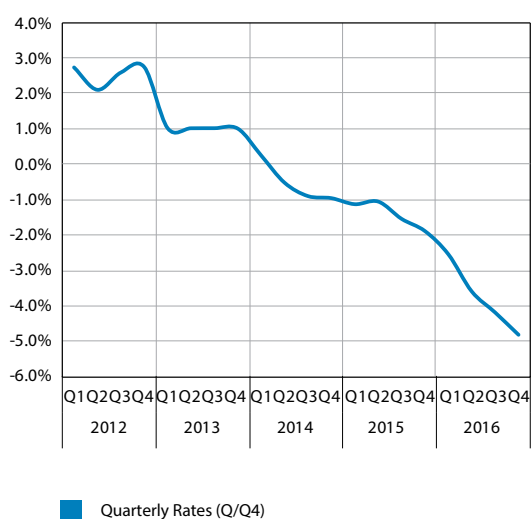
According to the data from the Survey on Labour, in 2016 the unemployment rate in BH was 25.40% and it was lower by 2.3%²⁷ compared to 2015. At the same time, the administrative unemployment rate in December 2016 was 40.9% and it was lower by 2.0% compared to December 2015. The rates and trends of unemployment differ significantly due to different approaches to definition and records, i.e. the way of defining their status.²⁸ According to the Force Survey, the number of the unemployed in BH in 2016 was 273 thousand persons, while according to the registered number in employment bureaus, the number of the unemployed was significantly higher (510 thousand unemployed persons) which best illustrates the mentioned differences in the records, i.e. treating the employed and the unemployed²⁹. When analysing the administrative data, the downward trend of the number of the unemployed can be noticed at the annual level, which was present throughout 2016 and during the previous years (Graph 1.19). Although those were changes in the number of the unemployed according to administrative data (i.e. the unemployment rates exceeding 40%), the fact is that at the end of 2016, the number of the unemployed decreased compared to the previous year by 27,546 persons.

²⁷ The Labor Force Survey is carried out by the Statistics Agency of Bosnia and Herzegovina and the Entities' statistical agencies once a year, in accordance with the ILO methodology. ILO - International Labor Organization

²⁸ Administrative data on unemployed persons include the total number of unemployed kept in the records of the Employment Agency in BH, while the unemployment data from the Labor Force Survey are derived from data collected by interviewing persons in households, according to international definitions. Source: BHAS; Labor Force Survey 2016

²⁹ According to the survey in 2016, 334,000 persons were classified in the profession of housewives, which may be one of the significant causes of the difference in the number of unemployed persons according to different methodologies.

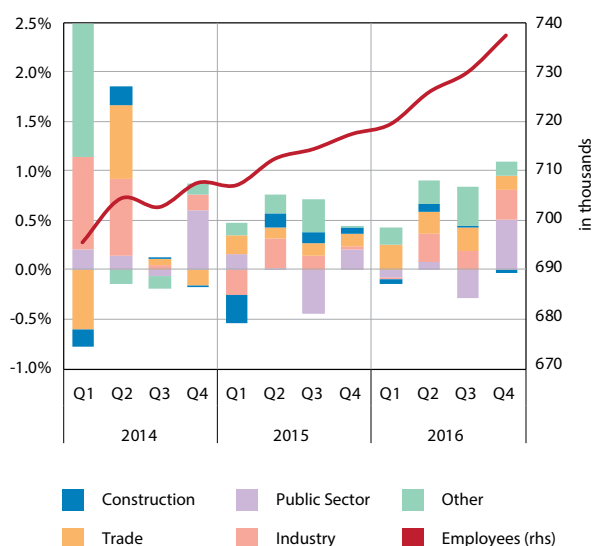
Graph 1.19: Rates of Change of the Number of the Unemployed Compared to the Same Quarter of the Previous Year



Source: BHAS

According to the administrative data, there has been growth in the number of employed persons, which, at the end of 2016, is higher by 22,529 persons compared to the previous year (Graph 1.20).

Graph 1.20: Contributions to the Growth of the Number of Employees by Areas



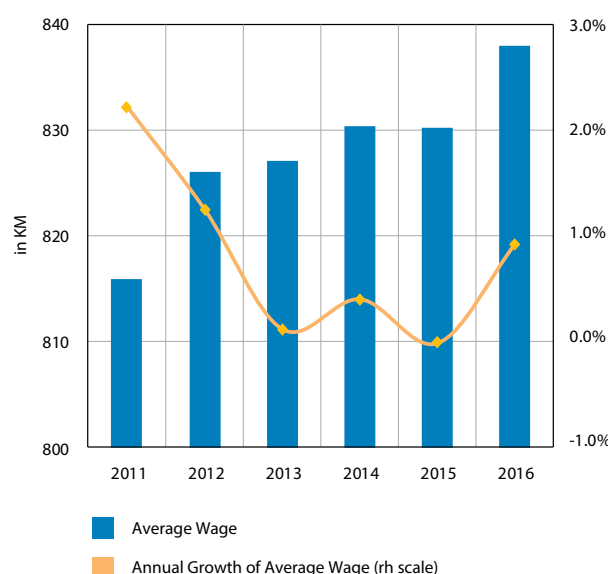
Source: CBBH

Observing the contribution to the increase of the number of employee at quarterly level, the seasonal impact in certain activities, particularly for activities of the public sector, mainly in the education sector, is evident. According to the growth in the number of the employed by activities at the end of 2016, the highest growth in the number of the employed (67.5% of the total increase), compared to the previous year, was recorded in the following three activities: processing industry (the number

of the employed increased by 6,536 persons or 4.7%), trade (6,362 persons or 4.9%) and hotels and catering (2,307 persons or 6.9%). Nevertheless, it is important to point out that in these industries, the control of the employed or their employment status is significantly enhanced. At the annual level, the decrease in employment is expressed in the construction industry (1.0%) following the aforementioned delays in civil engineering, and in the industry of financial services and the insurance industry (2.0%), which can be explained by the cessation of operations of two commercial banks, but also by the modernization of technology and services of the financial sector which allows customers to access services via the Internet.

The trend of stagnation in the average nominal net wage, which is present in recent years, was interrupted in the second half of 2016 (Graph 1.21), mainly as a result of amendments to the Law on Income Tax in the Federation of Bosnia and Herzegovina, which entered into force in early October. This measure has affected the growth of wages in industries whose values are lower compared to the average wage in Bosnia and Herzegovina. This shows that most employers, especially in the private sector, used the possibility of paying wages in the form of non-taxable allowances. Announced further measures by relevant ministries, which include the complete abolition of tax-free allowances, such as hot meals or transport, will contribute to the further growth of wages in industries whose values are significantly lower than the average wage. At the same time, the expected measures to facilitate business, such as a reduction in the contribution rate, will partly neutralize the impact of an additional business burden.

Graph 1.21: Amount and Percentage of Change of Average Annual Net Wage



Source: BHAS

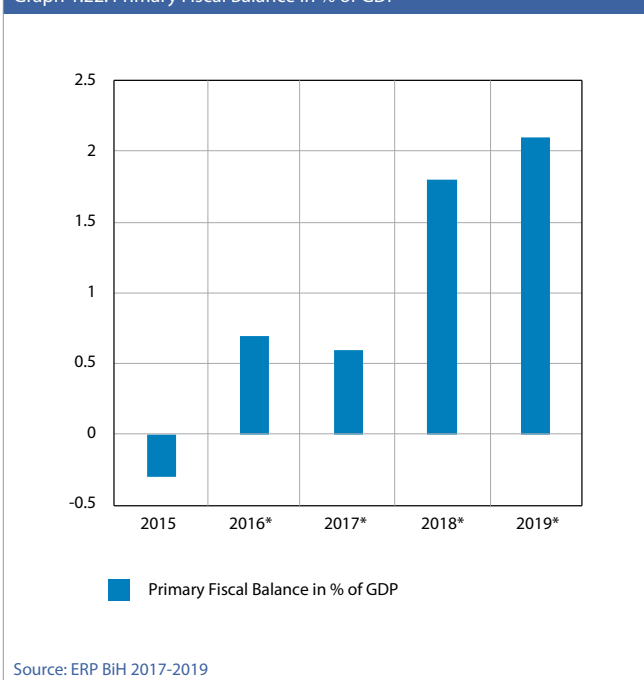
1.2.2 Fiscal Sector

In 2016, the implementation of reform measures continued at all levels in Bosnia and Herzegovina in accordance with the Reform Agenda for the period from 2015 to 2018, in which, among other things, the key emphasis is on the areas of public finance, taxation and fiscal sustainability. In order to harmonize the basic macroeconomic and fiscal indicators for creating documents of framework budgets at all levels of government in BH, the Fiscal Council of Bosnia and Herzegovina adopted the Global Framework of Fiscal Balance and Policies in Bosnia and Herzegovina for the period from 2017 to 2019, in which fiscal goals related to the primary fiscal balance, projections of total indirect taxes, as well as the upper limit of borrowing are defined.

In September 2016, Bosnia and Herzegovina signed a three-year extended arrangement with the IMF in the amount of BAM 1.07 billion, with the aim of supporting the implementation of reform measures in the country. The signing of the arrangement with the IMF should have positive effects for public investments, primarily through favourable external debts, given the fact that the arrangement, in addition to funds from the IMF, allows access to the funds of other international financial institutions, which would be directed towards infrastructure projects. Also, the improvement of the quality of public spending and restructuring of expenditures in terms of narrowing the space for the current non-priority spending in order to free up space for investments in infrastructure is expected as part of the arrangement.

According to the Economic Reforms Programme for the period from 2017 to 2019 (ERP BH 2017-2019), it is planned to reduce the public debt below 40% of the GDP. Throughout the period of application of the said Economic Reforms Programme, a somewhat lower primary fiscal surplus in the first two years is projected, while it should reach the level of 2% of the GDP in 2019. This means that the state would borrow less and/or limit its spending, partly as a result of reduced internal debt in favour of increasing the concession debt (the decrease of the internal debt by BAM 665.2 million is planned until 2019) (Graph 1.22).

Graph 1.22: Primary Fiscal Balance in % of GDP

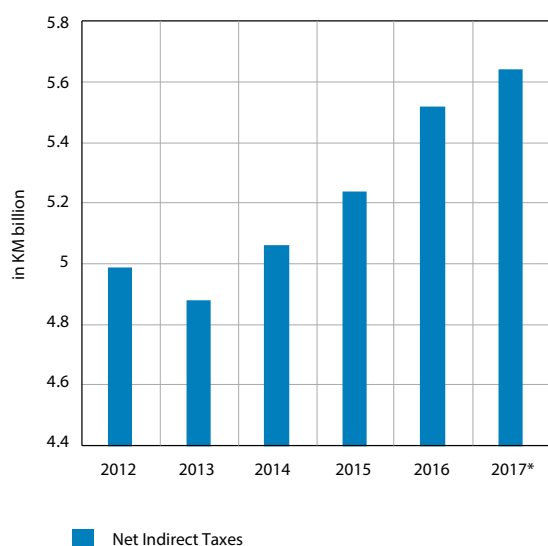


In 2016, in the area of indirect taxes, the process of harmonization of the policy of taxation of tobacco products with EU standards was continued, which implies the continuous successive increase of specific excise duty on cigarettes, until it reaches the minimum excise duty on cigarettes of the EU, which ultimately will have a positive effect on the collection of income. In the area of customs policy, the application of the Free Trade Agreement between BH and EFTA continued, which refers to the gradual removal of customs duties and other duties with fiscal effect on imports from EFTA members in the period from 2015 to 2018. In 2017, the implementation of the adaptation of the Stabilization and Association Agreement (SAA) with the EU and the adoption of amendments to the Law on Excise Duties in accordance with the obligations under the Reform Agenda and the EFF arrangement with the IMF is planned.

In 2016, the positive trend of growth of indirect tax revenues continued. Revenues on this basis, as the main sources of budget financing, recorded an increase in the amount of 5.3% (BAM 280.0 million) on an annual basis. The main contribution to these developments were positive trends in the collection of domestic VAT, excise duties on oil derivatives and road tolls from the price of oil derivatives.

Despite the positive developments in the field of revenue collection from indirect taxes in 2016, revenues were not sufficient to meet the budget spending of the governments at all levels. On the other hand, given the restrictions on external borrowing, governments are turning to borrowing on the domestic capital market, mainly to refinance already assumed commitments. The low level of public works was also recorded in 2016, after their dramatic fall of over 50% in 2015. Total revenues from indirect taxes in 2016 amounted to BAM 5.52 billion (Graph 1.23). In 2017, the continuation of the positive trends in the collection of indirect taxes is planned, which will partially alleviate the pressure on budget financing in the current year.

Graph 1.23: Revenues from Indirect Taxes

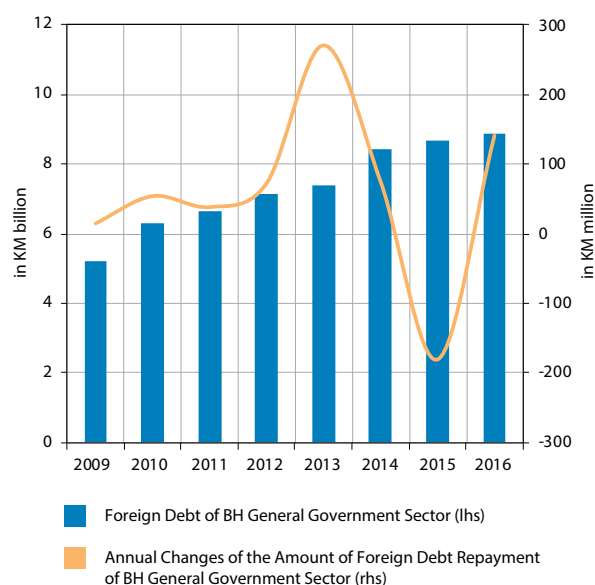


Source: Indirect Taxation Authority

Although, according to the Information on the Public Debt of BH, a decrease in the external debt of the general government in 2016 (a decrease of BAM 360 million is planned) is projected, there was an increase. Thus, the external indebtedness of the general government sector amounted to 8.87 billion at the end of 2016 (Graph 1.24), which, compared to the previous year, is an increase of BAM 180.0 million (2.0%). The said amount of debt growth is primarily related to the amount of paid interest and exchange losses. In 2016, the repayment of external debt amounted to BAM 723.1 million. According to the data of the Ministry of Finance and Treasury of BH, allocations for external debt servicing of the general government sector are planned in 2017 in the amount of BAM 927.2 million, which will represent additional challenges and pressures on entity budgets.

Projections of the growth of indirect tax revenues in the coming years are not in proportion to the planned allocation for the servicing of foreign debt.

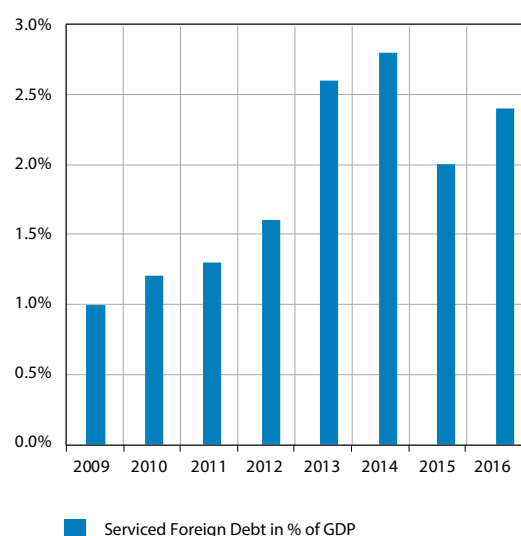
Graph 1.24: Foreign Debt of the General Government Sector and Annual Changes of the Amount of Foreign Debt Repayment



Source: Ministry of Finance and Treasury of BH

In 2016, in presenting the liabilities based on foreign debt in the percentage of GDP, there was a growth (Graph 1.25). In the coming years, a significant maturity of liabilities is expected, which will greatly affect the amount of allocation of funds on this basis.

Graph 1.25: Serviced Foreign Debt in % of GDP



Source: CBBH

Although the general government sector serviced more debt towards foreign creditors (BAM 723.1 million serviced) than withdrawing additional funds during 2016, there was an increase in the debt balance as a result of foreign exchange differences and interest. During 2016, the general government sector withdrew funds from foreign creditors in the total amount of BAM 700.0 million (Table 1.6).

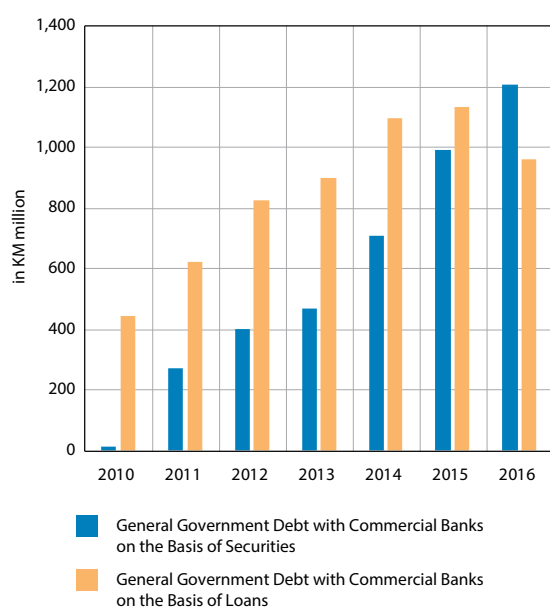
Table 1.6 Purpose of Newly Borrowed Funds in 2016

| Purpose | in KM million |
|--|---------------|
| Infrastructural Projects (Corridor Vc, Regional and City Infrastructure, Railways) | 249.7 |
| Extended Fund Facility | 159 |
| Projects of Recovery and Prevention of Floods | 67.2 |
| Electric Energy Sector, Water Supply and Sewerage | 110 |
| Health Sector | 58.9 |
| Other Items | 55.2 |

Source: BH Ministry of Finance and Treasury

Entity governments have issued securities during the year, while reducing debt in the form of loans from commercial banks (Graph 1.26). The governments of the Federation of BH and the Republic of Srpska, bridged budget deficits mainly by issuing securities on the domestic capital market. At the end of 2016, general government debt on the basis of debt securities amounted to BAM 1.21 billion, which is BAM 48.0 million more than in the same period of the previous year. The total exposure of banks to the government sector increased by 2.2% compared to the same period of the previous year.

Graph 1.26: General Government Debt with Commercial Banks



Source: CBBH

During 2016, Republika Srpska and the Federation of Bosnia and Herzegovina issued around the same amount of bonds and treasury bills. Republika Srpska performed 18 issues at the BLSE and collected a total of BAM 468.14 million, and the Federation of Bosnia and Herzegovina performed 16 issues, with a total realized value of issues of BAM 460.8 million. As in the previous year, the entities are the most indebted in the market of six-month treasury bills, which implies good characteristics of these financial instruments in terms of the dynamics of inflow and outflow of budget resources (Table 1.7). A total of 22 issues of treasury bills (67.6%) were performed, and 12 bond issues (32.4%) were performed. In addition to four-year bonds, public debt instruments were issued in all maturity segments in 2016, just like in the previous year. Republika Srpska performed issues in almost all maturity segments in 2016, from one-month treasury bills up to ten-year bonds.

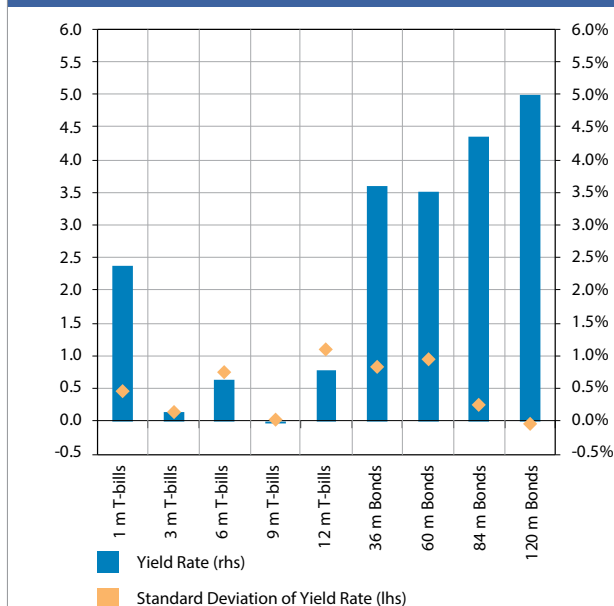
Table 1.7 Issues of Public Debt of BH Entities

| | 1 m | 3 m | 6 m | 9 m | 12 m | 36 m | 60 m | 84 m | 120 m | Total |
|-------|-----|-----|-----|-----|------|------|------|------|-------|-------|
| RS | 2 | - | 6 | - | 2 | 1 | 3 | 3 | 1 | 18 |
| FBH | - | 3 | 7 | 2 | 1 | 1 | 2 | - | - | 16 |
| Total | 2 | 3 | 13 | 2 | 3 | 2 | 5 | 3 | 1 | 34 |

Source: BLSE, SASE

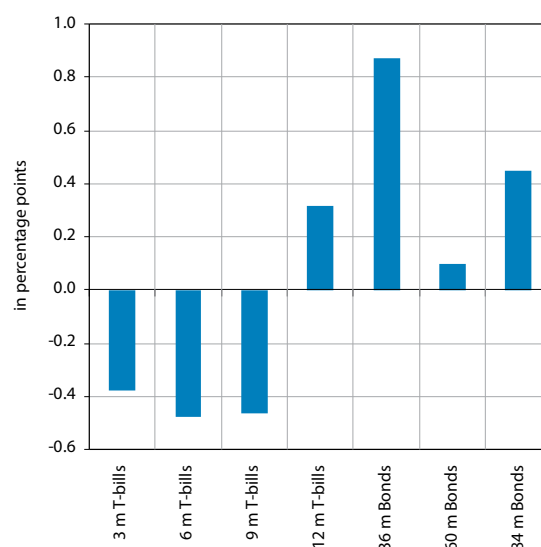
In the most liquid (in terms of the frequency of issues) part of the primary market of public debt of the entities (six-month treasury bills), the average yield rate was 0.649% with a very high variability (Graph 1.27), while in the bond market variables are much smaller, and the average yield rate during 2016 is 3.6% (three-year bonds), 3.5% (five-year bonds) and 4.3% (seven-year bonds). The market anomaly, the exceptionally high yield on one-month treasury bills (2.39%) is due to the fact that in 2016 this market segment existed only in Republika Srpska, which finances the public debt with higher rates of return on the primary market than the Federation of Bosnia and Herzegovina.

Graph 1.27: Average Yield Rates on Primary Market of Public Debt of BH Entities and their Volatility in 2016



Source: BLSE, SASE, CBBH

Graph 1.28: Difference in Average Yield Rates on Primary Market of Public Debt of BH Entities in 2016 Compared to 2015



Source: BLSE, SASE, CBBH

The rates of return in all maturity segments of the primary market are significantly different by BH entities (Table 1.8). In the primary market of six-month treasury bills, Republika Srpska has an almost three times higher rate of return, and in the market of five-year and seven-year bonds, this difference is over one percentage point. Republika Srpska did not have a single issue with a relatively low rate of return in 2016, while the Federation of Bosnia and Herzegovina had even five auctions with a relatively low rate of return, of which the lowest was the one on the issue of nine-month treasury bills (-0.04%)³⁰. Republika Srpska realized the lowest rate of return of 0.1% at the December issue of six-month treasury bills (RS16-T10 of 12/07/2016).

Table 1.8 Average Yield Rates on the Primary Market of Public Debt of BH Entities, in 2016, in %

| | 1 m | 3 m | 6 m | 9 m | 12 m | 36 m | 60 m | 84 m | 120 m |
|-----|------|------|------|-------|-------|------|------|------|-------|
| RS | 2.39 | - | 0.95 | - | 1.17 | 4.22 | 4.08 | 4.33 | 4.99 |
| FBH | - | 0.15 | 0.39 | -0.03 | -0.03 | 2.99 | 2.65 | - | - |

Source: BLSE, SASE, CBBH

The biggest decline was realized by the average rate of return in the market of six-month treasury bills (by 0,477 p.p), and in the market of twelve-month treasury bills, the average rate of return even increased in 2016 (by 0,319 p.p). In the market of three-year bonds, the growth of the average rate of return compared to the previous year is 0,874 p.p. (Graph 1.28).

1.2.3 Banking Sector

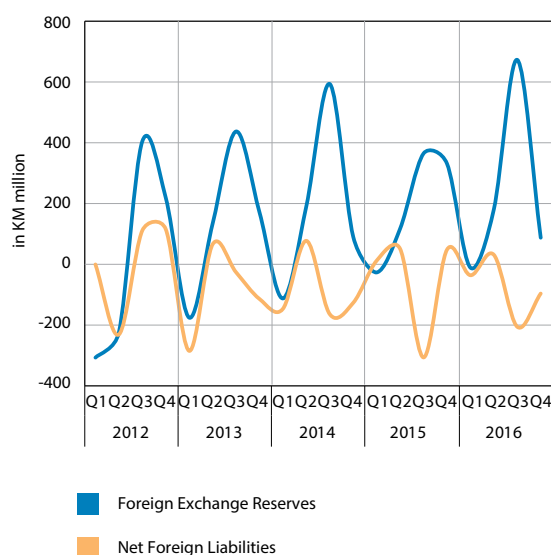
In the BH banking system, 26 commercial banks and the Development Bank of the FBiH had a work permit at the beginning of 2016³¹. During the year, there have been changes in the status of some banks. Banka Srpska a.d. Banja Luka lost its banking licence on 30 April 2016, and the process of liquidation was initiated. Moja banka d.d. Sarajevo was merged with Investiciono-komercijalna banka d.d. Zenica on 31 July 2016. After completion of the process of merger, it was decided that the bank changed its name to ASA banka d.d. Sarajevo under which it began to operate in January 2017. Privredna banka d.d. Sarajevo was merged with BOR banka d.d. Sarajevo on 30 September 2016 and the resulting bank carries the name Privredna banka d.d. Sarajevo. At the end of 2016, 24 banks had a working permit in Bosnia and Herzegovina. Due to the relatively low participation in the BH banking sector, the liquidation of Banka Srpske a.d. Banja Luka did not have a significant negative impact on the banking sector. The payments of insured deposits by the Deposit Insurance Agency started on 23 May 2016. The total contingent liabilities amounted to BAM 55.5 million and 14,200 depositors. According to the information of the Deposit Insurance Agency from 29 June 2016, depositors were paid BAM 49 million as of 28 June 2016. In the liquidation process, the Deposit Insurance Agency has

³¹ The Development Bank of the Federation of Bosnia and Herzegovina was established as a special financial institution, and is included in the data of the monetary financial statistics of the CBBH, which is the source of the data for this report.

collected BAM 28 million and evaluates it as likely that it will collect the remaining part after the completion of legal proceedings.

The balance sum of the BH banking sector increased by 4.6% during 2016 despite the withdrawal of the license of one bank. The absence of large credit growth marked the year 2016, while deposits continued to grow. These trends, which have been present for a long time, caused the amount of total deposits to exceed the amount of total loans at the level of the BH banking system in the third quarter of 2016. Bank loans did not play a significant role in the financing of development projects which would support economic activities in the country. The funds used for new placements were mostly used from domestic sources, and thus the external debt of banks was further reduced during the observed year, which negatively affected the movement of foreign exchange reserves. In previous years, the banking sector, through the process of deleveraging, played a significant role in determining the change in foreign exchange reserves. This is not the case in 2016, other factors had a dominant influence on the movement of foreign exchange reserves (Chapter 2).

Graph 1.29: Quarterly Changes in Foreign Exchange Reserves and Net Foreign Liabilities of Commercial Banks

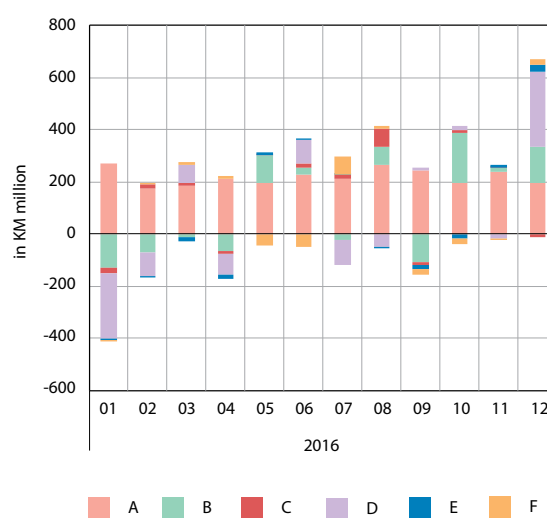


Source: Tables 09 and 26

The net foreign liabilities decreased by BAM 304.8 million in December 2016 compared to December 2015. Deposits of non-residents denominated mainly in foreign currency decreased by BAM 106.1 million, which accounts for 76.3% of change in foreign liabilities (Graph 1.30). Banks regularly settle overdue loans to non-

residents and there are no significant additional debts, and loans from non-residents decreased by BAM 36.6 million at the end of 2016 compared to the end of 2015. Deposits in foreign assets of banks increased by BAM 139.4 million, which accounts for 83.9% of change in foreign assets. In 2016, there was a trend of an increased deposit of funds in relation to the withdrawal of funds from non-residents.

Graph 1.30: Monthly Changes in Items of Foreign Liabilities and Foreign Assets of Commercial Banks

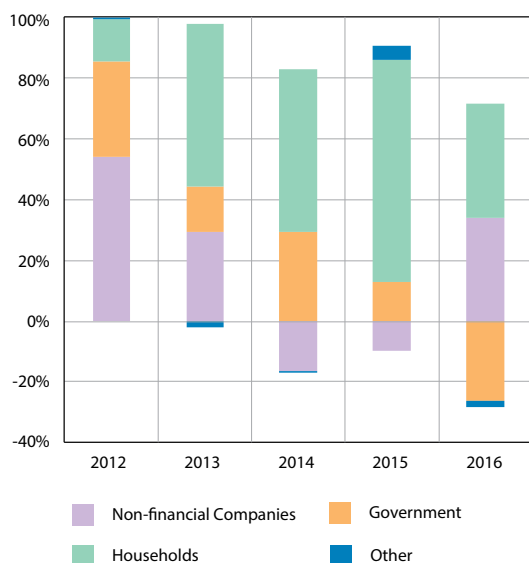


Source: CBBH

A: Cash in the Vault
 B: Deposits Placed with Non-residents
 C: Securities (except for Shares) – Assets
 D: Deposits of Non-residents
 E: Loans Taken from Non-residents
 F: Other Assets (Net)

The annual growth rate of total loans ranged around 2% during the year. Long-term loans had a higher rate of growth compared to short-term loans. Graph 1.31 illustrates the contribution to the growth of total loans by sector and indicates that the private sector played a dominant role in the growth of loans during the year, while the government sector has reduced its obligations towards commercial banks in the observed year. The annual rate of growth of loans to non-financial companies was positive and amounted to an average of around 2.1% during the year, which may indicate that the funds of the loan are used for maintenance of the current level of operations. The annual growth rate of loans of the population ranged around 3.5% on average during the year, which is still more than the rate of growth of loans to companies.

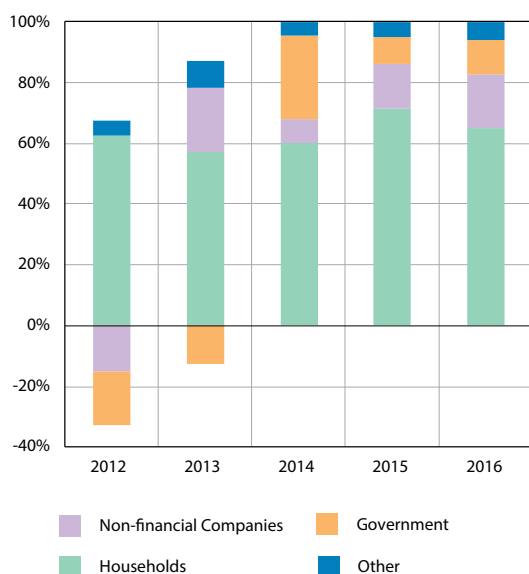
Graph 1.31: Contribution to the Total Growth of Loans by Sectors



Source: Tables 16 and 17

The total deposits continued their upward trend throughout the year due to the growth in deposits of the private domestic sector, as well as the growth of government deposits. The growth of government deposits reflects the issuance of securities of the entity governments and the high rates of revenues from indirect taxes at all levels of government. Deposits of the population still play a dominant role in contributing to the growth of total deposits (Graph 1.32). The continued growth of deposits of the population reached the level of BAM 10.66 billion, representing a growth of 8.1% at the annual level.

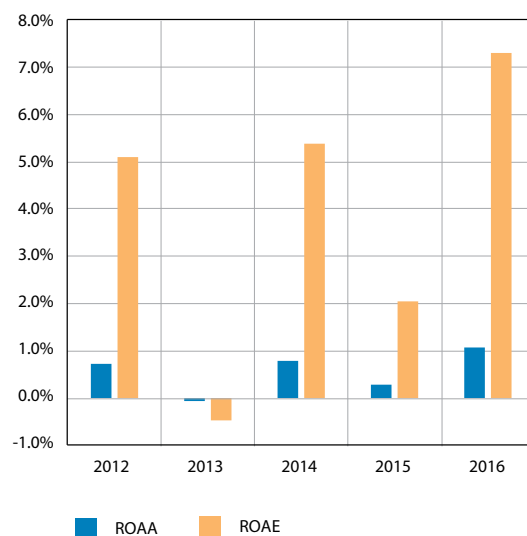
Graph 1.32: Contribution to the Total Deposit Growth by Sectors



Source: Tables 14 and 15

The BH banking sector, whose business is the direct responsibility of the entity banking agencies operated positively in 2016 (Graph 1.33). The net profit according to the final unrevised data of the banking agencies amounts to BAM 218.6 million. The greater part of mentioned profit, 89.6%, refers to foreign-owned banks, with some banks in this group of banks operating with loss. Therefore, as in previous years, most of the profit is concentrated in a small number of the largest banks.

Graph 1.33: Return on Average Assets (ROAA) and Return on Average Equity (ROAE)



Source: CBBH

1.2.4 External Sector

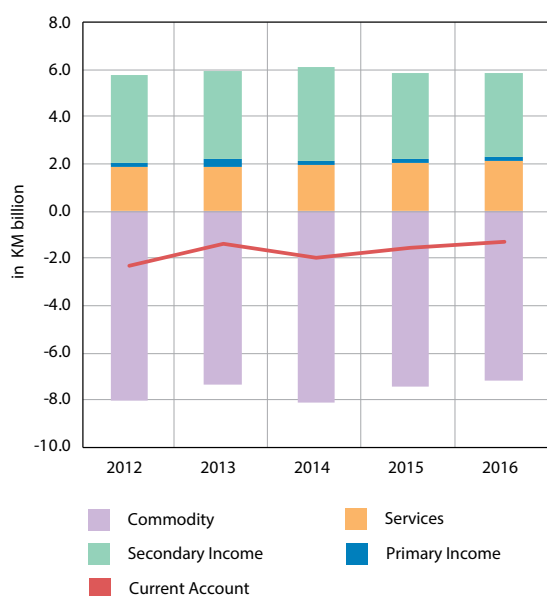
IV Balance of Payments

In 2016, the current account deficit amounted to BAM 1.30 billion and, compared to the previous year, decreased by BAM 266.1 million or 16.8% (Graph 1.34). The trend of improving the balance of payments position also continues in 2016, with the trend of improvement being somewhat slower compared to 2015 (the current account deficit was reduced by one quarter). The current account deficit decreased due to a decrease in trade deficit and an increase in the surplus on the sub-account of services and primary income, with growth rates in the said sub-accounts being much lower than was the case in 2015. Only the decrease in the surplus on the secondary income account had a negative impact on the decrease of the current account deficit. Last year, the trade deficit, which amounted to 7.20 billion, was reduced, where there was an increase in exports and imports,

with the nominal growth of exports exceeding that of imports, and consequently reducing the trade deficit by BAM 219.1 million or 3.0%. The increase of the services account surplus by 3.1% was also favourably influenced by the decrease in the current account deficit, so that the total inflow from services amounted to BAM 2.15 billion.

Inflow from all major types of export services recorded an increase, with the largest increase in inflow being recorded with the services of finishing and processing of goods (3.1%) and the inflow on the basis of accommodation of foreign tourists of 7.6%. The balance of primary income amounted to BAM 160.4 million and increased by 18.9% due to reduced expenses from investments. The expenses from foreign direct investments decreased by 5.6% due to the reduction in dividends paid compared to the previous year. In 2016, BAM 288.9 million from dividends by foreign-owned companies were paid, while reinvested earnings amounted to BAM 146.4 million. For interest on borrowed funds (government and private sector), BAM 210.8 million were paid, which is lower by 7.2% compared to the previous year. The total inflow for the secondary income amount to BAM 3.57 billion, and thus the total inflow annually decreased by 1.2% on this sub-account, with the inflow of remittances increasing by 2.5%, while the main cause of the decrease are the lower inflow from pensions from abroad, by 2.4% (Graph 1.34). The inflow in the capital account amounted to BAM 355.0 million and decreased by 11.7% at annual level.

Graph 1.34: Current Account and its Components



Source: Table 21

The inflow on the financial account in 2016 amount to BAM 782.9 million and they decreased by more than a quarter at annual level. The inflow from foreign direct investments

amount to BAM 483.0 million, of which BAM 146.4 million are related to reinvested earnings. Compared to 2015, the inflow of foreign direct investment increased by 11.6%. Foreign assets decreased by BAM 396.1 million, with the banking sector increasing its investments abroad, while being the main cause of the decrease in the use of funds in foreign currency by the population and companies. The net financial liabilities amounts to BAM 1.03 billion, which refers to the borrowing of all sectors (Graph 1.35). The banking sector is the only one to reduce its foreign liabilities, by BAM 105.9 million. On the other hand, the government sector borrowed the net amount of BAM 175.0 million (total withdrawal and repayment of principal) in 2016, which is 151.2 million more than in the previous year. The sector of companies increased its foreign debt by 424.9 million in the last year. The inflow for trade credits amounts to BAM 527.5 million. The growth in reserve assets amounts to BAM 930.1 million is 5.6% higher compared to the previous year (Graph 1.35).

Graph 1.35: Financial Account and its Components



Source: CBBH

In 2016, there was an increase in exports by 4.8%, while imports increased by 1.8% compared to 2015. The trade deficit in 2016 amounted to BAM 6.72 billion and, compared to the previous year, decreased by BAM 141.8 million or 2.1%. In 2016, goods worth BAM 9.41 billion were exported. In the last ten years, exports have positive growth rates, with the exception of 2009 and 2012. However, in the last four years, there has been a slowdown in export growth. A significant change in exports compared to the previous year occurred in the export of products of mineral origin. After two years of negative growth rates, the export of products of mineral origin has a low, but positive growth rate (1.2%).

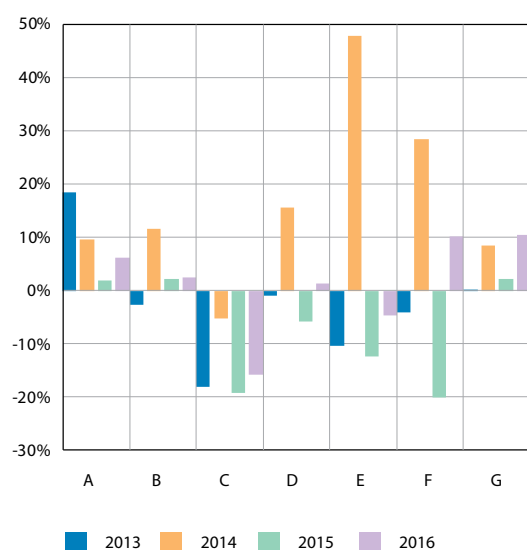
Specifically, in the second half of the year, there was an increase in the price of oil and oil products, which fully influenced the increase in value of exports of this product group, because the exported quantities slightly reduced annually, while export prices of electricity were lower compared to the previous year. Exports of chemical products increased by 9.5%, where positive growth rates were also recorded with inorganic chemical products and pharmaceutical products, where, in both subgroups, there was an increase in the quantities exported. Exports of textiles, wood and wood products as well as furniture was also in 2016 stable and continues the trend of high growth rates of exports of these product groups, where there is a stable growing demand for these products. From major export product groups, only exports of base metals has a negative growth rate (4.9%), representing a five-year downward trend in this product group. With exports of this product group, only exports of iron and steel throughout the year showed an increase, where there has been an increase in demand for these products by nearly one-third, which implies that there is an increased demand for products of higher processing stages, although the prices of base metals are decreasing on the world market in 2016. Exports of iron and steel and aluminium has decreased on the world market at annual level due to the price of these metals. Exports of machinery and appliances as well as electrical equipment increased by 2.7%, representing a slowdown in this product group, where the export of this product group grew at an average rate of 9.0% in the last three years.

In terms of demand of our products by major trading partners, there was an increase in exports to CEFTA countries and the EU by 4.4%. Exports to Croatia increased by 6.5%, due to an increase in the value of exports of mineral fuels and oils, as a result of increasing oil prices on the world market, while, at the same time, there was a reduction in the quantities exported. Furthermore, there was an increase in demand for charcoal and footwear. Exports to Serbia is annually increased by 6.7%, where, as with exports to Croatia, due to the increase in oil prices, there was an increase in exports of mineral oil, and then exports of machinery and mechanical appliances

and charcoal increased. On the other hand, exports to Italy decreased by 6.9% due to the reduction of export of aluminium, where there was a reduction in the values and quantities exported. Exports to Germany increased by 4.7%, due to an increase in the demand for furniture, iron and steel products and machinery and mechanical devices.

In 2016, goods worth BAM 16.1 billion were imported, and imports increased by BAM 287.4 million or 1.8% at annual level. On the import side of the trade balance, the most significant developments in 2016 were the following: decline in the imports of products of mineral origin, which is mostly related to oil and oil derivatives, also continues in 2016. More specifically, in the past year, imports of this product group decreased by 10.8%, and in the last quarter of the year there was an increase of the prices of oil and oil derivatives, and in this quarter the growth rate was high and positive, which, however, is not enough to change the downward trend of the previous quarters. Furthermore, imports of chemical products have a rather low growth rate (1.4%), due to the decrease in the value of imports of inorganic chemical products by 12.3%, whereas imports of pharmaceutical products increased by 3.0%, and the import of essential oils and cosmetics by 7.2%. A very low growth rate was recorded in the imports of base metals (2.5%), machinery and appliances and mechanical devices (2.1%). The most significant increase in imports was recorded in imports of vehicles 7.5%, where the price effect affected the total increase in the value of imports of this product group. The greatest impact on the reduction of the trade deficit in 2016 has the reduction in the deficit in the group of mineral fuels, mineral oils and electricity, as the trade deficit decreased by BAM 252.1 million, amounting to BAM 1.26 billion. A trade surplus was realized in the exchange of wood and wood products and furniture, with a positive impact on reducing the overall trade deficit. On the other hand, the trade exchange balance of base metals is negative in 2016, which contributed to the deepening of the trade deficit by BAM 119.2 million, and there has been a deepening of the deficit in the road vehicles trade (Graph 1:36).

Graph 1.36: Decrease/Increase of Trade Deficit by Product Groups



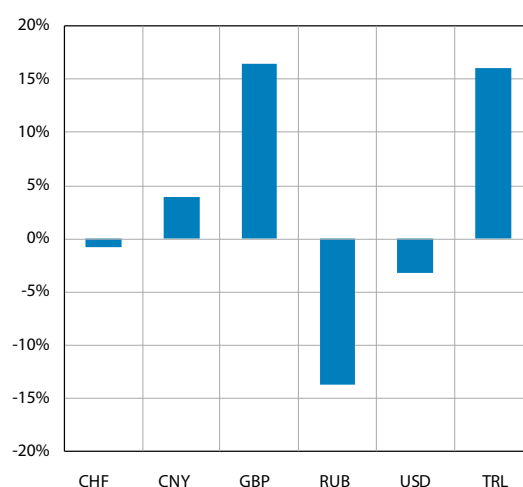
Source: BHAS

- A Wood and Wood Products
- B Plastics
- C Mineral Fuels, Mineral Oils, Electric Energy
- D Pharmaceutical Products
- E Machines, Appliances and Mechanical Devices
- F Electric Machines and Equipment and their Parts
- G Vehicles

V Nominal and Real Effective Exchange Rate

In 2016, there was a stabilization or even stagnation in the nominal effective exchange rate of the BAM (NEER). Namely, after a pronounced appreciation trend of NEER in previous years, especially in 2015, the nominal effective exchange rate at the end of the year amounted to 106.8 index points. Compared to the first quarter of 2016, NEER decreased by 54 bp. in the fourth quarter (Graph 1.37). All NEER movements are caused by movements in the nominal exchange rates of our trading partners in relation to the euro, our anchor currency. Thus, the past year was marked by the weakening of the British pound against the euro, caused by Brexit, and the BAM appreciated against the British pound by 16.5%. The BAM appreciated even more significantly against the Turkish lira, by 16.0% at annual level (Graph 1.37). On the other hand, the BAM depreciated against the Russian ruble by 13.7%, because there has been a stabilization of the exchange rate of the Russian ruble in the past year, after last year's decline in value of the ruble by about 30%.

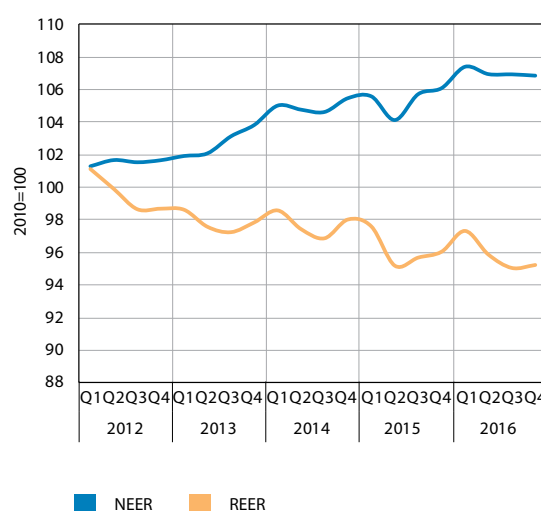
Graph 1.37: Annual Changes of the Nominal Exchange Rate of KM against the Selected Currencies in December



Source: CBBH

The real effective exchange rate (REER) was by 1.26 percentage points lower in December 2016 compared to the same month of the previous year. After a significant depreciation in the first half of the year, in the last two quarters of 2016, there was a slowdown of the decline of the REER, or, respectively a stabilization. Compared to the base year, the REER was lower by 4.72 percentage points in the last quarter of 2016 (Graph 1.38). The large spread between NEER and REER is the result of lower inflation in relation to the country's main trading partners.

Graph 1.38: Nominal and Real Effective Exchange Rate of KM

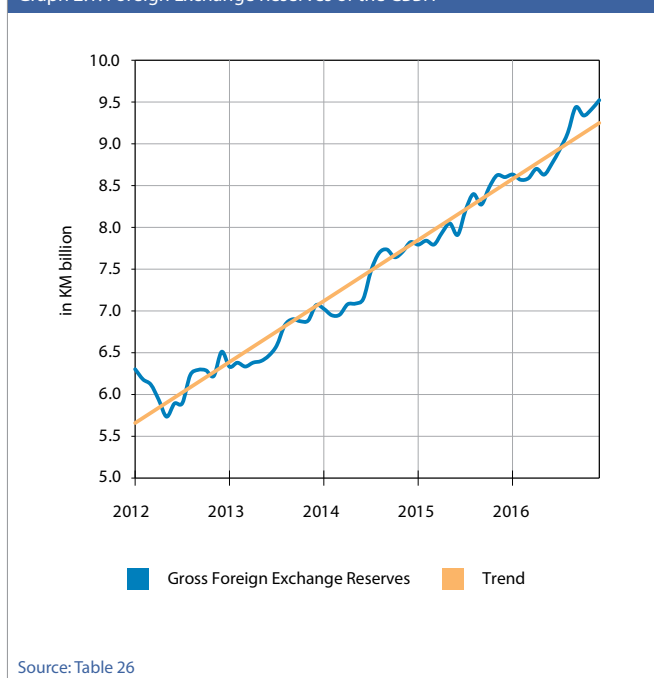


Source: Table 39

2. REPORT ON THE CBBH ACTIVITIES IN 2016

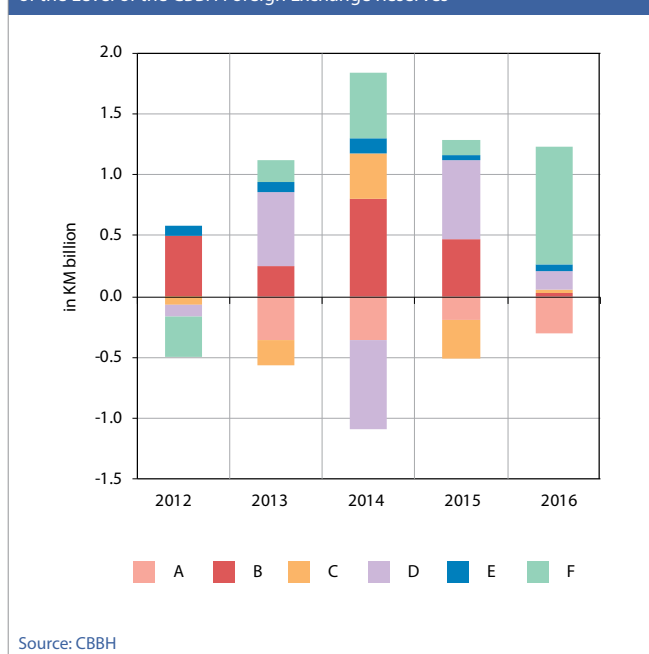
The growing trend of foreign exchange reserves is present since 2012 and it also marked 2016 which ended with a level of foreign exchange reserves of BAM 9.53 billion, with an increase of 10.7% compared to the end of the previous year (Graph 2.1, Table 24).

Graph 2.1: Foreign Exchange Reserves of the CBBH



foreign exchange reserves. The domestic sector's demand for domestic currency resulted in a positive buying and selling balance of the BAM the CBBH realized with commercial banks and internal depositors in the amount of BAM 863.8 million (Graphs 2.2 and 2.3).

Graph 2.2: Changes in the Factors with Dominating Impact on the Changes of the Level of the CBBH Foreign Exchange Reserves



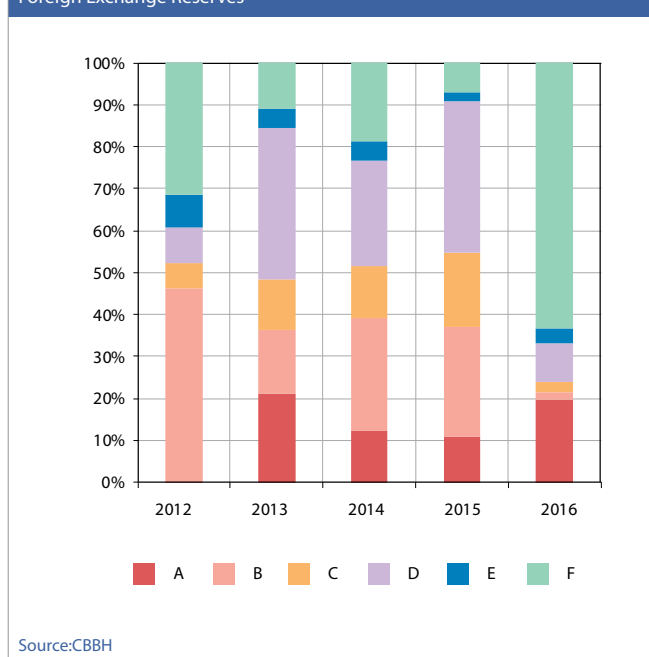
While in previous years the banking sector, through the process of deleveraging, and the public sector, as a result of increased foreign debts, played a significant role in determining the changes in foreign exchange reserves, this is not the case this year. The process of deleveraging, although still present, slowed significantly compared to previous years and its impact on foreign exchange reserves also decreased. The new extended arrangement with the IMF (Extended Fund Facility) was approved only in September, when it remitted the first instalment in the amount of BAM 159.0 million. Given the fact that during the year a higher amount of disbursed funds was serviced, the net effect of the public external debt on foreign exchange reserves was negative in the amount of BAM 23.1 million.

The reduction of the trade deficit, due to the lower demand for foreign-exchange funds, had a positive impact on the growth of foreign exchange reserves compared to the previous year. Changes in flows of foreign direct investment and remittances, although not significant, still had a positive impact on developments in

Legend for graphs 2:2 and 2:3:

- A: Change in Net Foreign Liabilities of Banks
- B: Change in Net Foreign Debt of the Government
- C: Change in Direct Investment not Related to the Banking Sector
- D: Change in the Commodity Deficit
- E: Changes in Remittances
- F: Other

Graph 2.3: Relative Significance of Factors for Changes of the Level of the CBBH Foreign Exchange Reserves



2.1 MONETARY POLICY

The CBBH met the goal defined by the Law, the issuance of local currency against the currency according to the arrangement of the currency board, also in 2016. In accordance with Article 31 of the Law, the CBBH is required to ensure that the aggregate amount of its monetary liabilities shall at no time exceed the equivalent amount of its net foreign exchange reserves, which was completely fulfilled. In addition, the Central Bank is also required to maintain a general reserve up to the level of the authorized capital of the bank, which must be a minimum of five percent of the total amount of monetary liabilities shown in the accounts of the central bank at the end of that financial year. In accordance with the Law, the total amount of monetary liabilities of the Central Bank is always the sum:

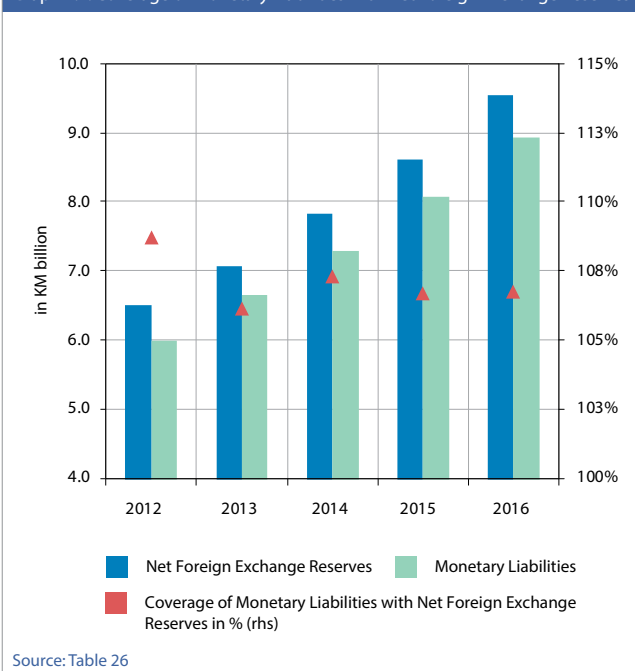
(A) of all banknotes and coins which are put in circulation by the head office, the main unit and other branches of the Central Bank and

(B) of credit balances of all accounts maintained in the books of the Central Bank and its organizational units by resident account holders.

The amount of net foreign assets, which constitutes the positive difference of foreign-exchange reserves after covering monetary liabilities (BAM currency in circulation and deposits of commercial banks) and liabilities towards non-residents oscillated due to changes in the level of both foreign exchange reserves and monetary liabilities during 2016. At the end of the year, net foreign assets amounted to BAM 602.65 million, which is BAM 62.27 million or 11.52% higher compared to the shown balance at the end of 2015. Foreign exchange reserves at the end of 2016 amounted to BAM 9,531.14 million and increased by 10.75% or BAM 924.83 million compared to the end of 2015, while monetary liabilities in the same period increased by 10, 68% or BAM 861.74 million. Net foreign assets act as a protection from shocks that may have a negative impact on the market value of financial instruments in which the foreign reserves are invested, and which can decrease the value of foreign-exchange reserves and undermine the principle of full coverage of monetary liabilities with foreign-exchange reserves, as one of the basic principles underlying the stability and sustainability of the currency board.

The consistent increase in relative indicators of net foreign-exchange reserves and monetary liabilities resulted in almost the same coverage as in the previous year, 106.8% (Graph 2.4).

Graph 2.4: Coverage of Monetary Liabilities with Net Foreign Exchange Reserves



2.2 RESERVES ACCOUNT WITH THE CBBH

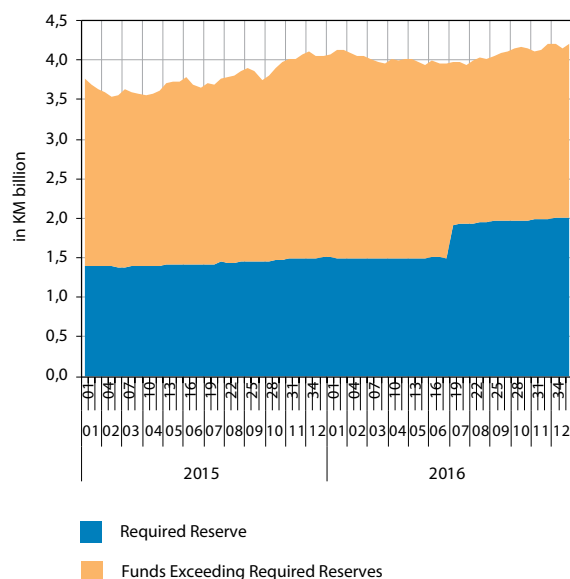
Obligatory reserves in the context of the currency board remains the only instrument of monetary policy available to the CBBH. By decision of the CBBH Governing Board from 31 March, 2016 (hereinafter: Decision), the obligatory reserves rate applied by the CBBH on the basis for the calculation of obligatory reserves of 10% was established, ending the application of the differentiated rate of the required reserves in relation to the maturity of the funds. Also, the basis for calculation of obligatory reserves consists of deposits and borrowed funds, irrespective of currency funds expressions. Thus, the funds, which, by the decisions of the CBBH from 2008 and 2009, were excluded from the calculation, are included in the basis again.

Furthermore, based on the same decision, the CBBH:

- does not charge a fee on the amount of the obligatory reserves funds,
- charges a fee at a rate equal to the 50% rate applied by the European Central Bank on commercial banks' deposits (Deposit Facility Rate) in the reserves account of the bank in the accounting period.

The decision came into force on 1 July, 2016.

Graph 2.5: Balances of Reserve Accounts with the CBBH



Source: Table 19

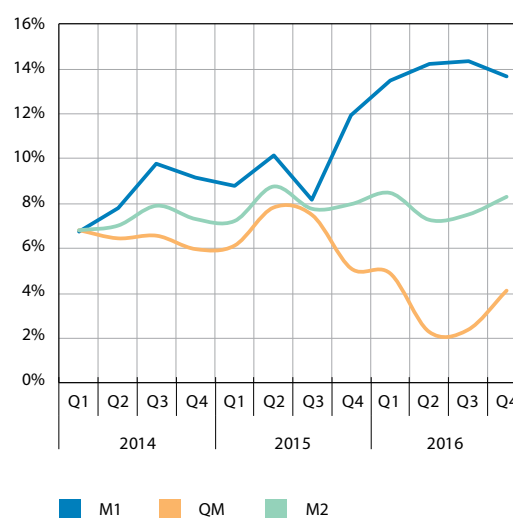
All banks duly met the obligatory reserves, and 2016 ended with three banks less in the system of obligatory reserves compared to the end of 2015, due to the cancellation of the banking licence of the Banka Srpska a.d. Banja Luka and status changes with IK banka d.d. Zenica and Privredna banka d.d. Sarajevo (see Sub-section 1.2.3).

The total increase in the basis for calculation of obligatory reserves at annual level amounts to BAM 2.70 billion, of which 1.77 billion represent the increase caused by the alteration of mentioned decision. Due to the fact that loans received from abroad after November 2008 are included in the basis again, the bases in other currencies increased by BAM 1.20 billion immediately after the introduction of the Decision in July. However, the increase in the basis in other currencies at annual level is somewhat lower at the end of the year and amounts to BAM 1.17 billion. This is the result of the continuation of the process of deleveraging of the banking sector, given the fact that the foreign liabilities decreased by 138.9 million (5.3%) at annual level. The annual increase in the basis in local currency amounts to BAM 1.53 billion and is primarily determined by the growth of deposits in domestic currency. By amending the Decision, the deposits of governments for economic development are again included in the calculation of the basis. The amount of these deposits in the period prior to the application of the Decision was around BAM 600.0 million.

With the aforementioned movements, the average obligatory reserves increased by BAM 504.6 million (33.6%) at annual level, while the surplus of funds decreased by BAM 350.1 million (13.8%). The total balance on the reserves account is still very important and, at the end of the year, amounts to BAM 4.20 billion, of which the surplus of funds amounts to BAM 2.19 billion.

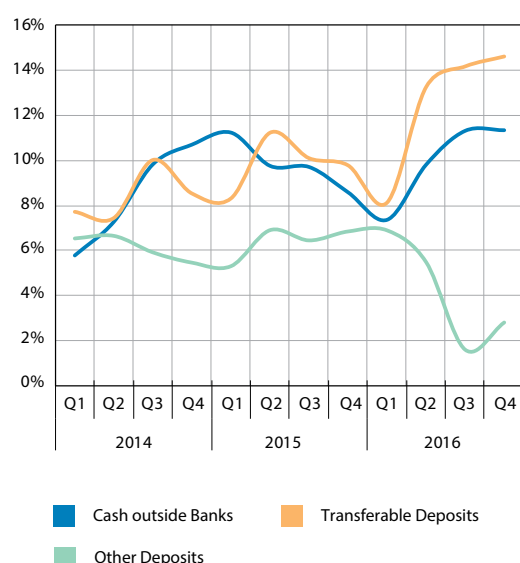
The money supply, measured by the broadest monetary aggregate M2, amounts to BAM 20.2 million at the end of 2016, with an annual increase of BAM 1.55 billion (8.3%). While the M2 growth rate per annum is stable in the last three years, there has been some substitution in the structure of money supply itself. Thus, the monetary aggregate M1, which consists of the most liquid components of the money supply, cash outside of banks and transferable deposits in domestic currency, recorded double-digit annual growth rates since the third quarter of 2015. At the same time, the growth rates of other domestic currency deposits and foreign currency deposits recorded a significant slowdown. There has been a significant increase in cash flow since 2010. The traditionally pronounced preference of the population towards cash and liquid means in general is further safely supported by low rates on term deposits and the underground economy. In addition, the dominance of the domestic currency in the structure of deposits in relation to foreign currencies has a positive effect on the balance of foreign-exchange reserves (Graphs 2.6 and 2.7).

Graph 2.6: Annual Growth Rates of Monetary Aggregates



Source: Table 06

Graph 2.7: Annual Growth Rates of Money Supply Components



Source: Table 06

The low lending activity, especially in the enterprise sector, is still insufficient for a significant economic momentum. The share of non-performing loans in the total of loans is lower than in the previous year and amounted to 11.78% at the end of 2016. However, non-performing loans continue to represent the balance load in a significant number of banks in the system, and the banks are very cautious in assessing the credit risk when approving new placements. The significant growth of deposits by domestic sectors eliminates the negative impact of the continuation of the deleveraging process, which, in the years after the crisis was one of the dominant factors which negatively reflected on the credit growth. However, it is clear that the funds accumulated by domestic sectors in the last few years are more than a sufficient basis for significant credit growth.

The very term structure of deposits and money supply dominated by transferable deposits and cash points to two things. Firstly, banks still do not express the need for long-term deposits, and hence the discouraging low interest rates, and, on the other hand, the preference of the population and the economy is still liquid assets. Thus, the underlying causes of the poor lending activity do not come from financial, but from the real and public sector.

The liquidity risk, which gained great importance in the period after the outbreak of the financial crisis, still needs to be paid attention to, as it is one of the first indicators of bank operations problems. Although banks in BH record a significant liquidity (Table 2.1), loan repayment delay by the debtor may lead to transforming of the credit into liquidity risk, in the sense of a reduced inflow of liquid assets.

2.3 FOREIGN EXCHANGE RESERVES MANAGEMENT

The process and results of foreign-exchange reserves management of the CBBH between 2011 and 2016 were, to a large extent, determined by developments in the financial markets in which, in accordance with the Law on the CBBH, foreign-exchange reserves are invested. During 2016, there was a more pronounced decline in interest rates and rates of return on the European financial market, which further aggravated the process of foreign-exchange reserves management of the CBBH compared to previous years.

Table 2.1 Liquidity Indicators of Banking Sector in BH

| | | Liquid Assets to the Total Assets | Liquid Assets to Short-term Financial Liabilities | Deposits to Loans | Short-term Financial to the Total Financial Liabilities |
|------|----|--------------------------------------|---|----------------------|---|
| 2015 | Q1 | 24.7% | 43.3% | 91.4% | 67.8% |
| | Q2 | 25.2% | 43.7% | 91.7% | 68.5% |
| | Q3 | 25.8% | 43.4% | 94.6% | 70.5% |
| | Q4 | 26.5% | 44.0% | 96.9% | 70.7% |
| 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% |

Source: CBBH³²

32 The methodology for compiling financial soundness indicators, CBBH (March 2017), www.cbbh.ba

Core Liquid Assets, i.e. liquid assets specifically, 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 Maturity Adjustment of Assets and Liabilities of Banks and represent the total financial liabilities with residual maturities up to one year. The total financial liabilities are defined in the Report on Maturity Adjustment of Assets and Liabilities of Banks, and they include: a) deposits and due unsettled off-balance liabilities, b) borrowings from other banks, c) liabilities towards the government, d) liabilities based on taken loans and other borrowings, e) subordinated debt and subordinated bonds and f) other financial liabilities.

The weighted average interest rate (WAIR) on foreign-exchange reserves of the CBBiH from 2011 has been steadily declining, declining from 0.93% in 2011 to 0.35% in 2015 and to 0.32% in 2016. This decline is largely determined by the decline in interest rates and return, which was the basic characteristic of the euro area market in the last six years (Table 2.2). For example, the average one-month Euribor (Euribor 1m) in 2011 amounted to 1.18%, while the average one-month Euribor in 2016 amounted to -0.34%. The average three-month Euribor (Euribor 3m) in 2011 amounted to 1.39%, while the average three-month Euribor in 2016 amounted to -0.26%.

The average return on state-owned two-year and three-year bonds of all ratings denominated in EUR in 2011 amounted to 2.44% and 2.74%, respectively, while the average return on five-year bonds denominated in EUR of all credit ratings in 2011 amounted to 3.30%. The decline in yield in the last five years was very pronounced, so that the daily average of yields on state-owned two-year and three-year bonds of all credit ratings denominated in EUR were negative since the second half of 2015, and in mid-2016, the daily average of yields on five-year bonds denominated in EUR of all credit ratings were also negative, even though they increased and are slightly positive again at the end of 2016. The long-term tendency of the decline in yield caused that average yields on state-owned two-year and three-year bonds of all ratings denominated in EUR in 2016 amounted to -0.32% and -0.25%, respectively, while the average yield on state-owned five-year bonds of all credit ratings denominated in EUR in 2016 were very close to zero (0.01%).

The CBBH, during the period under review, continuously adapted to the changed rates of return and interest rates in the financial market of instruments denominated in EUR. Since available forecasts and expectations of movements in interest rates and yields and changes in gold prices and the dollar exchange rate indicate that the recovery in the

euro area will be slow and uneven, it is expected that the current structure of foreign-exchange reserves portfolio will generate a significantly lower level of annual interest of foreign-exchange revenues in the next years, and therefore a significantly lower level of total income of the CBBH.

In accordance with the Law on the Central Bank of Bosnia and Herzegovina and relevant internal documents, the CBBH manages foreign-exchange reserves, based primarily on the principles of safety and liquidity of investments. This implies that, while maintaining high liquidity of foreign-exchange reserves and acceptable risk exposure, the CBBH aims to achieve the best possible returns on invested foreign-exchange reserves while ensuring a high level of security. Decisions on the management and investment of foreign-exchange reserves are made on three levels within the organization CBBH: (1) strategic - the Governing Board, (2) tactical - the Investment Committee and (3) the operational Banking Department, Front Office. The Governing Board approves the CBBiH's Guidelines on the management of foreign-exchange reserves which determine the type and level of risks that the CBBH is willing to assume and the discretionary space for the tactical and operational level. The Investment Committee directs the process of management of foreign-exchange reserves in the context of the Guidelines and issues Operational Rules on Investing. The organizational forms of the Central Bank in charge of foreign-exchange reserves investment, risk management, monitoring and analysis operate in accordance with the Guidelines and Operational Rules, including making operational decisions on investments.

The foreign-exchange reserves portfolio is primarily exposed to financial risks, namely: credit, market (interest rate and foreign-exchange risk) and liquidity risk. The CBBH limits exposure to credit risk by investing primarily in bonds of selected euro area countries and the placement of deposits in selected central

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

| | AWIR | ECB - Main Refinancing Rate (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 | 0.35 | 0.05 | -0.07 | -0.02 | -0.04 | 0.07 | 0.40 |
| 2016 | 0.32 | 0.01 | -0.34 | -0.26 | -0.32 | -0.25 | 0.01 |
| Period 2008-2016 | 1.06 | 1.13 | 0.93 | 1.13 | 1.50 | 1.77 | 2.30 |

Source: Bloomberg, CBBH

banks in the euro area, selected foreign business banks and the BIS, provided that they meet the standards of eligibility of a contracting party. Credit risk management is carried out by defining the standards of eligibility of instruments/contracting parties and limiting the concentration of investments in each individual country and each foreign business bank. Those standards and restrictions are reviewed and if necessary updated, taking into account the official estimates of the world's leading rating agencies, as well as the indicators obtained by using internal methods for assessing the credit risk. The interest rate risk, i.e. the risk of change in the value of the foreign-exchange reserves portfolio due to changes in interest rates, is controlled by the application of so-called benchmark portfolios and by regulating the duration of the total foreign currency reserves portfolio. Foreign currency risk constitutes the possibility that the CBBH realizes loss due to changes in the value of foreign currency assets and liabilities, due to unfavourable movements in foreign exchange rates in which foreign-exchange reserves are held in relation to the local currency. The CBBH minimizes the CBBH by holding foreign-exchange reserves mostly in euros, given that the exchange rate of the BAM is fixed against the euro. Instruments that ensure daily liquidity are overnight deposits and funds on current accounts with the central banks in euro area countries, the BIS and foreign business banks that meet credit risk criteria as well as maturing funds on all instruments.

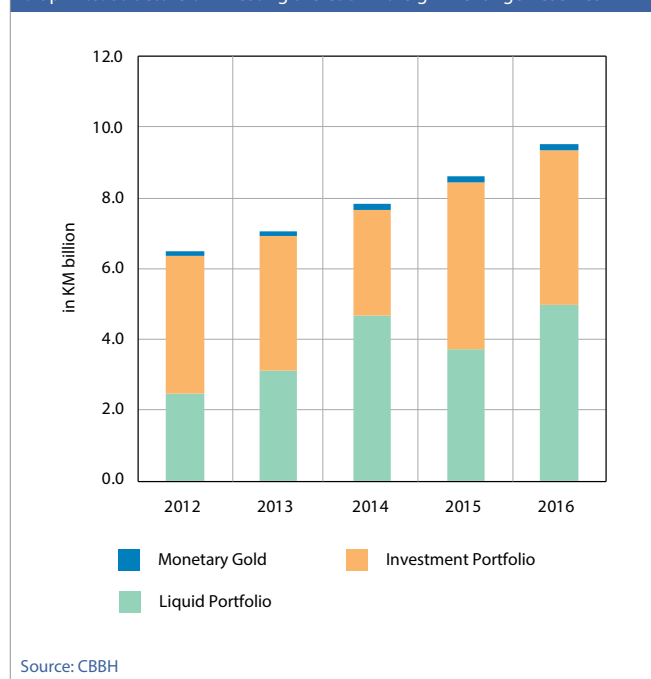
In the process of foreign-exchange reserves management, the available information from relevant cash and capital markets in the euro area and the world and available forecasts that could affect the investment of foreign-exchange reserves in the current year, but also in the coming period were considered continuously during 2016. Also, the possibilities and modalities of the investment and management policy of foreign-exchange reserves of the CBBH were analysed and appropriate changes in the investment policy were made in order to adjust to market conditions in the euro area. In addition, information related to the movement of yields on financial markets used for the investment of foreign currency reserves, the main macroeconomic indicators and projections for the relevant countries, the euro area and the global world economy, as well as information related to the ratings of foreign banks in which the CBBH has term deposits and funds in the current account and states that are issuers of securities represented in the foreign-exchange reserves portfolio were continuously analysed in order to minimize the credit risk.

During 2016, foreign-exchange reserves of the CBBH were invested in accordance with the Law on the Central Bank of

Bosnia and Herzegovina, the Central Bank's Guidelines on Foreign-exchange reserves Management and Operational Rules on Investing. In 2016, the average daily balance of foreign-exchange reserves amounted to around BAM 8.97 billion, which is around BAM 839 million more than the average daily balance of foreign-exchange reserves in 2015, when it amounted to BAM 8.13 billion.

The structure of foreign-exchange reserves at the end of 2016 (Graph 2.8) consisted of: investment portfolio with a share of 45.45%, liquid portfolio with a share of 52.40% and monetary gold with a share of 2.15%. The share of the liquid portfolio increased from 43.05% in 2015, while the share of the investment portfolio decreased from 54.83% of total foreign-exchange reserves in 2015, due to decline in the rates of return on long-term securities.

Graph 2.8: Structure of Investing the CBBH Foreign Exchange Reserves



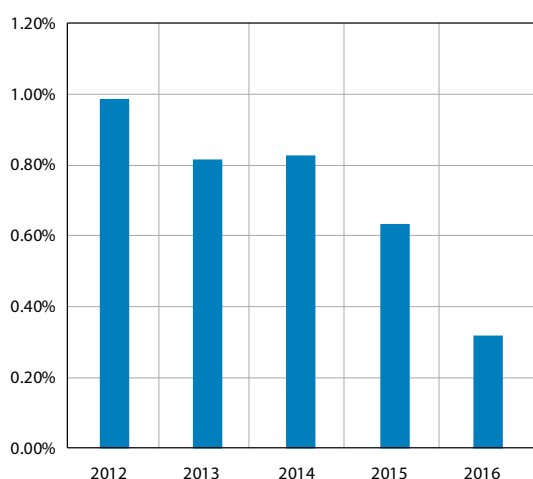
The liquid portfolio consists of: deposits with central banks, the Bank for International Settlements (BIS) and foreign banks (31.17% of the total foreign-exchange reserves); cash in the CBBH vault (2.04% of the total foreign-exchange reserves); Special Drawing Rights (SDRs) with the IMF (0.03% of the total foreign-exchange reserves), and securities with remaining maturity period of one year and less (19.16% of the total foreign-exchange reserves). Deposits with central banks, the BIS and foreign banks, as the largest items of the liquid portfolio, amounted to BAM 2.97 billion at the end of 2016. The balance of securities with a remaining maturity period of one year and less, as the second largest item of the liquid portfolio, amounted to BAM 1.83 billion at the end of 2016.

The investment portfolio consists of securities with a maturity of more than one year, available for sale (33.57% of the total foreign-exchange reserves) and securities held until maturity (11.88% of the total foreign-exchange reserves). With the aim of hedging against credit risk, investments in securities of selected European countries are made, with limiting the maximum debt instrument participation for each country.

Following market trends, funds deposited with non-resident banks increased to BAM 1.97 billion (195.82%) at the end of 2016 compared to the end of 2015, while assets were invested in securities (securities which a remaining maturity period of one year and less, securities with a remaining maturity period of more than one year, and securities held until maturity) decreased by BAM 1.13 billion (15.49%).

In April 2015, part of the profit realized in 2015 in the amount of BAM 18.83 million was paid into the account of the BH Ministry of Finance and Treasury, which is responsible for the budget of BH institutions. The combined effect on the income statement of all foreign-exchange funds' investments of the CBBH into a convertible foreign currency and monetary gold (profit) amounts to BAM 28.56 million, and, expressed in the effective rate of return³³ for the period from 1 January to 31 December 2016, amounts to 0.32% (Graph 2.9).

Graph 2.9: Average Annual Yield Rates on the CBBH Foreign Exchange Reserves



Source: CBBH

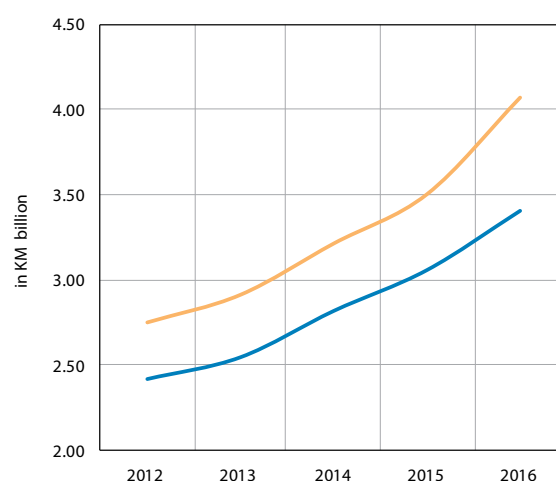
³³ The effective rate of return is calculated as the total effects of foreign-exchange reserves investment (in gold and in convertible currency) divided by the average balance of foreign reserves in the period observed. When calculating the total effects of foreign-exchange reserves investment funds, all net income from interest on securities and deposits, as well as realized net capital gains/losses due to the sale of securities from the foreign-exchange reserves portfolio were taken into account.

The relatively low realized rates of return on investments in convertible foreign currency are the result of low rates of return on securities and the mostly negative interest rates on short-term deposits in euros, which, during 2016, prevailed on the financial markets, and are caused by poor macroeconomic performance of the euro area. Namely, the slow economic growth or even recession, as well as the high unemployment rate are tendencies that have continued in the euro area also during 2016.

2.4 CASH MANAGEMENT

On 31 December, 2015, the balance of cash in circulation (outside of banks) amounted to BAM 3.40 billion (Graph 2.10), which is 11.39% more than in 2015. This illustrates the continuation of the upward trend of previous years. The demand for cash by banks is a result of increased customers' demands for cash. This is also illustrated by the data on card business, pointing to a still pronounced preference of the population to cash payment. More specifically, of the total value of cards based transactions in the country and abroad in the amount of BAM 8.53 billion, in the country and abroad, cash in the amount of BAM 6.92 billion or 81.11% was withdrawn through ATMs and POS. The additional demand for cash is also encouraged by the extremely low interest rates on deposits, particularly in the short term, which minimizes the opportunity cost of holding cash. In 2016, a significant growth of BAM in the vaults of banks was recorded, which, in part, is the result of a change in policy of obligatory reserves, i.e. the introduction of a negative charge on the amount exceeding obligatory reserves.

Graph 2.10: Cash outside Monetary Authorities and Banks

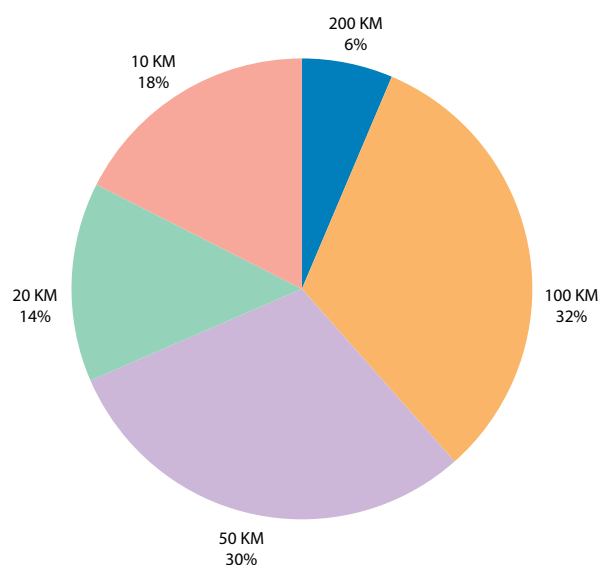


■ Cash outside Banks
■ Cash outside Monetary Authorities

Source: Table 40

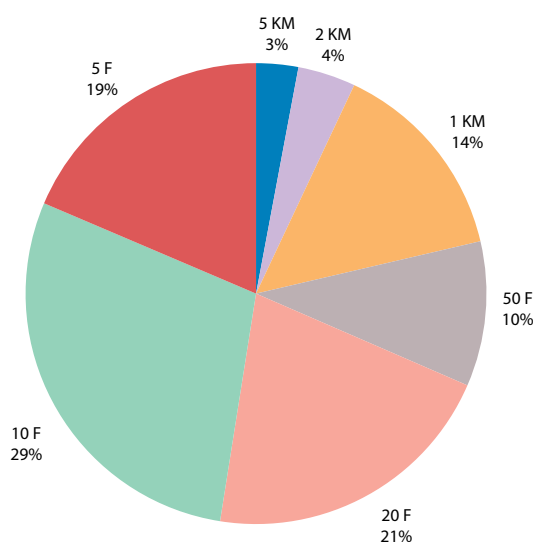
Outside the CBBH, at the end of 2016, there were 60.70 million of KM banknotes and 312.04 million of KM coins with a total value of BAM 4.07 billion, which is 16.21% more than in 2015. In the denomination structure of money outside the CBBH, the most common were banknotes of 100 KM and 50 KM, and, as for coins, the denomination of 10 F (Graphs 2.11 and 2.12).

Graph 2.11: Denomination Structure of Banknotes



Source: CBBH

Graph 2.12: Denomination Structure of Coins

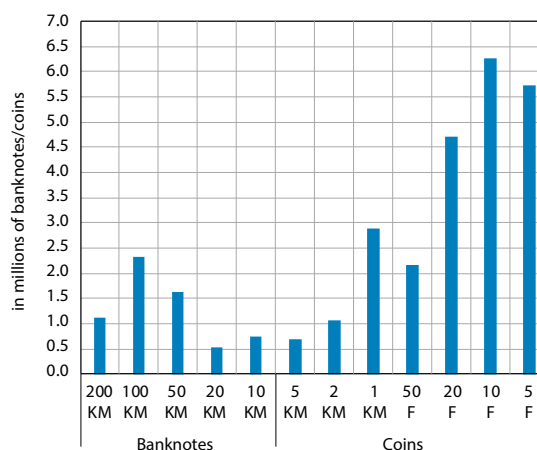


Source: CBBH

Compared to 2015, the quantity of banknotes outside the CBBH increased to 6.36 million (11.71%) with a total value of BAM 555.85 million (Graph 2.14). The quantity of coins

outside the CBBH in the same period increased to 23.57 million (8.17%), with a total value of BAM 11.49 million (Graph 2.13).

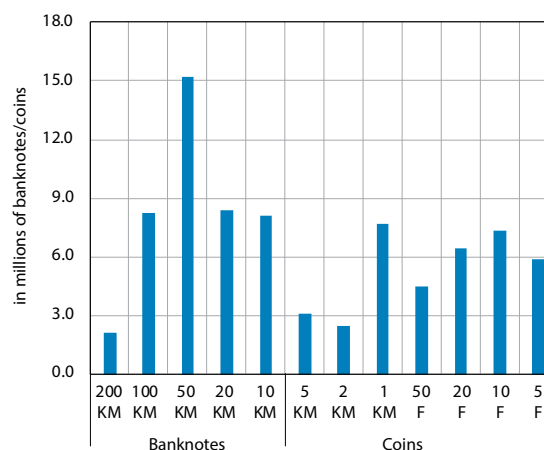
Graph 2.13: Increase of the Number of Banknotes and Coins by Denomination in Relation to 2015



Source: CBBH

Supplying commercial banks with cash is done through the treasury of the main units and branches of the CBBH, located in Sarajevo, Banja Luka, Mostar and Brčko, with strict observance of the currency board arrangement. During 2016, commercial banks were issued 42.09 million banknotes and 37.44 million coins, with a total value of BAM 2.29 billion (Graph 2.14).

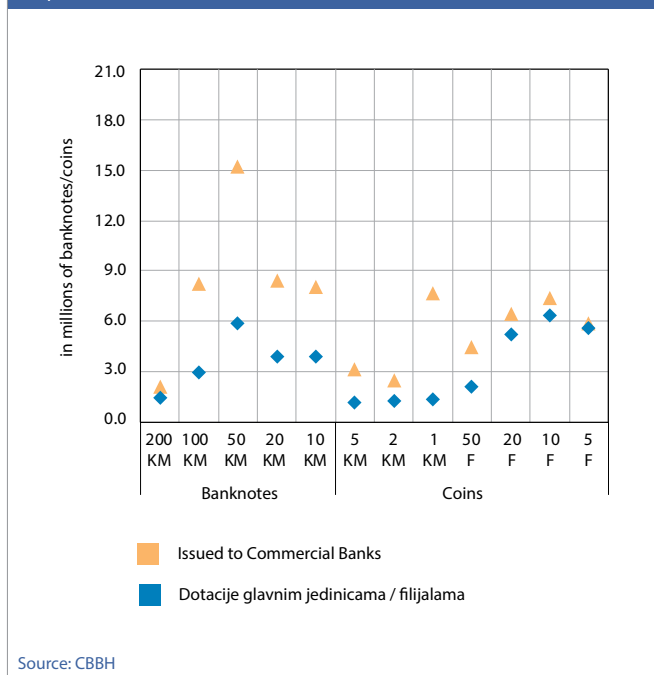
Graph 2.14: Issued Banknotes and Coins by Denominations in 2016



Source: CBBH

In the same period, the Cash Management Department issued (allocated) the Main Units and the Brčko Branch 18.12 million banknotes and 23.12 million coins, in the total amount of BAM 1.02 billion. Graph 2.15 below implies that the CBBH has taken into account the claims of commercial banks for cash in the appropriate denomination structure. Since commercial banks also perform a significant return of cash to the vaults of the CBBH, cash deliveries to the CBBH Main Units/ Branches are generally much smaller.

Graph 2.15: Outflows of Cash (KM) in 2016

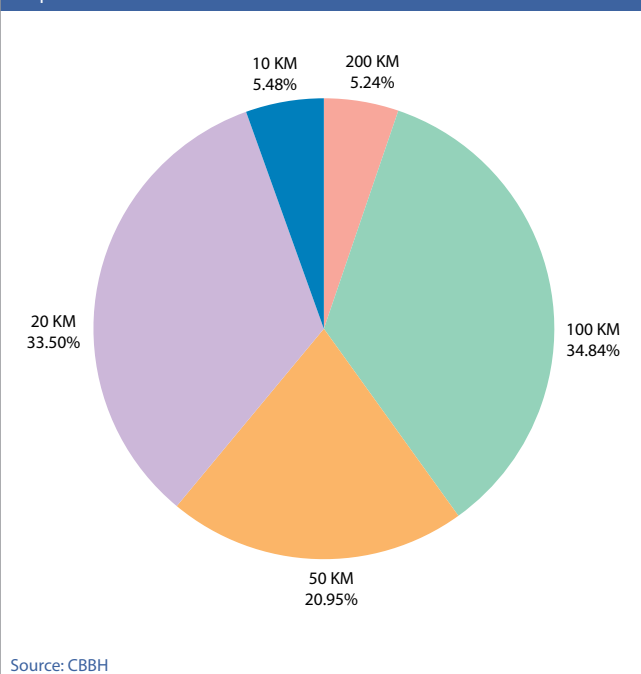


The CBBH continuously withdraws banknotes unsuitable for circulation, which are destroyed in accordance with the applicable regulations. By withdrawing unfit banknotes and putting into circulation new banknote of new series, the CBBH maintains a satisfactory quality of the money in circulation. In 2016, 9.74 million banknotes and 17.465 coins unsuitable for circulation, totalling BAM 338.75 million were destroyed. The number of replaced banknotes was 16.05% of the total number of BAM banknotes outside the CBBH in 2016.

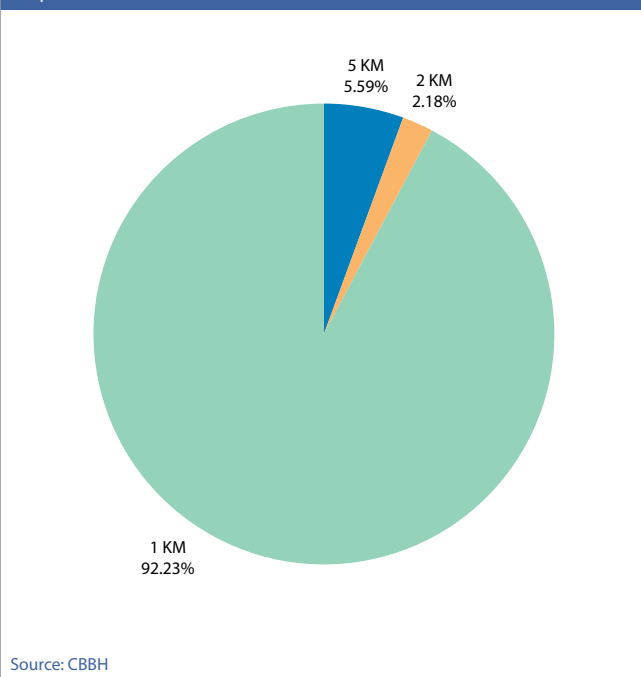
In 2016, the CBBH registered 821 counterfeited banknotes of convertible mark, which is by 31.98% less than in 2015, when it registered 1,207 counterfeits. 2,665 pieces of counterfeited KM coins were registered, which is 43.82%

more than in 2015, when 1,853 counterfeited KM coins were registered. According to denomination structure, the most counterfeited banknotes were in the denomination of KM 100 (Graph 2.16) and counterfeited coins in the denomination of 1 KM (Graph 2.17).

Graph 2.16: Denomination Structure of Counterfeited Banknotes in 2016



Graph 2.17: Denomination Structure of Counterfeited Coins in 2016



2.5 PAYMENT SYSTEMS MAINTENANCE

In 2016, as well, the CBBiH met its legal obligation to maintain appropriate payments and settlement systems: payment transactions in the country were carried out smoothly, via Gyro Clearing and Real Time Gross Settlement Systems (RTGS); it maintained the Central Registry of Credits (CRC) and the Single Registry of Transaction Accounts (SRTA); and the international clearing of payments with foreign countries was also performed.

In 2016, there was an increase in the number and a decline in the total transactions in the payment transactions (Table 2.3). The slowdown in the number of transactions compared to the previous year, and the decline in their value, is the result of changes in interbank transactions. Compared to 2015, there was an increase in the number and value of interbank transactions through gyro clearing and RTGS system (Table 18). As in earlier periods, most transactions in interbank payment operations are carried out in a small number of banks; in over five banks, 49.9% of the total value and 50.7% of the total number of transactions in payment operations were carried out in 2016.

Card payments recorded a significant increase compared to 2015 (Table 2.4), mainly due to the strong growth of turnover at POS (point of sale) terminals. Both residents and non-residents, as compared to 2015, used more card payments for goods and services at POS terminals. Of the total increase in turnover at POS terminals compared to 2015, BAM 505.6 million (85.6%) refers to the turnover with cards issued in BH, primarily to cash withdrawals (BAM 368.7 million). A significant increase compared to 2015 (BAM 58.8 million or 21.17%) was also recorded in the case of payment of goods and services by cards issued in BH at POS terminals abroad (Table 2.5). Similarly, with the increase in card's turnovers at ATMs, the increase in turnover of BAM 277.5 million compared to 2015 is mostly due to cash withdrawal with cards issued in BH (66.21%), but there is still a significant increase in cash withdrawal with foreign cards at ATMs (automated teller machines) in the country (9.16 %).

Table 2.3 Payment Transactions through Commercial Banks

| | Interbank Transactions | Change Compared to the Previous Year | Transactions within a Bank | Change Compared to the Previous Year | Total | Change Compared to the Previous Year |
|----------------------|------------------------|--------------------------------------|----------------------------|--------------------------------------|--------|--------------------------------------|
| Number, in millions | | | | | | |
| 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% |
| 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% |

Source: CBBH

Table 2.4 Survey of Transactions by Cards at ATMs and POS terminals

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------|-------|-------|--------|------|-------|
| POS, in KM billion | 1.70 | 2.27 | 1.83 | 1.96 | 2.55 |
| Change compared to the previous year | -0.7% | 33.3% | -19.3% | 7.0% | 30.2% |
| ATMs, in KM billion | 4.63 | 4.92 | 5.35 | 5.71 | 5.98 |
| Change compared to the previous year | 7.2% | 6.3% | 8.7% | 6.7% | 4.9% |
| Total, in KM billion | 6.33 | 7.18 | 7.18 | 7.66 | 8.53 |
| Change compared to the previous year | 4.9% | 13.5% | -0.1% | 6.8% | 11.3% |

Source: CBBH

Table 2.5 Realized Values by Cards on Residence Principle

| Year | Withdrawal of Cash | | Purchase of Goods and Services at POS Terminals | Total |
|---|--------------------|---------------|---|---------|
| | ATMs | POS Terminals | | |
| Realised values of foreign cards in BH, in KM million | | | | |
| 2012 | 674.6 | 76.7 | 201.2 | 952.5 |
| 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 |
| Realised values in foreign countries of cards issued in BH, in KM million | | | | |
| 2012 | 116.1 | 1.6 | 216.9 | 334.6 |
| 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 |

Source: CBBH

Table 2.6 Shares of Cards by Brands

| Year | Visa | Mastercard | American | BamCard | Diners | Other | Total |
|------|-----------|------------|----------|---------|--------|-------|-----------|
| 2012 | 1,275,925 | 541,389 | 7,390 | 13,418 | 804 | 95 | 1,839,021 |
| 2013 | 1,261,893 | 607,700 | 6,098 | 12,774 | 676 | 0 | 1,889,141 |
| 2014 | 1,268,252 | 645,879 | 6,570 | 11,200 | 453 | 0 | 1,932,354 |
| 2015 | 1,253,784 | 742,265 | 6,913 | 10,094 | 163 | 0 | 2,013,219 |
| 2016 | 1,124,181 | 898,914 | 7,471 | 11,714 | 0 | 0 | 2,042,280 |

Source: CBBH

Traditionally, the most common brand of cards in BH is Visa (Table 2.6). The highest turnover is still recorded on debit cards.

The increase in cards transactions in 2016 is partly the result of the increase in the number of installed ATMs and POS terminals (1,774 more than in the previous year). Of a total of 28,865 devices for card payments and cash withdrawals, 1,512 were ATMs (three more than in 2015), 26,324 are POS terminals for trade (1,903 more than in 2015), and 1,029 devices are POS cash terminals (129 less than in 2015). There is still a trend of growth in the number of internet banking users or users of some kind of electronic banking, especially in the segment of the population. Compared to 2015, the number of e-banking users has grown to almost 69,000 customers (21.92%) and in 2016 one in six cards issued in BiH was used, among other things, and for e-banking services.

CBBH has contributed to financial stability and maintaining the Central Registry of Credits (CRC), which, during 2016, was updated with data by 29 commercial banks, 23 microcredit organizations, 17 leasing companies

and other institutions on a daily basis. The CRC was accessed 2.90 million times (5.53% more than in 2015) in the course of 2016. The trend of reducing the number of access points to the Registry continued and, compared to 2015, the number of access points was reduced by 33 to 1,284. The number of access points was mostly reduced in commercial banks, which, with 1,094 access points (20 less than in 2015) are still the most significant users of information stored in the CRC.

At the end of 2016, in the Single Registry of Transaction Accounts (SRTA), data on 672,574 transaction accounts were stored, of which 217,966 active (2.21% less than in 2015), 71,229 blocked (1.89% more compared in 2015) and 383,379 closed accounts. The SRTA was accessed via 1,234 access points that were used by: 27 banks, 19 microcredit organizations, leasing companies and insurance companies as well as 60 other institutions. In the past year, the organizational units of the CBBH issued a total of 11,040 statements (11.76% more than in 2015) from the SRTA, as follows: Main Unit Sarajevo 8,018; Main Bank of the Republika Srpska of the Central Bank of BH 1,083, and Main Unit Mostar 1,939.

Also in 2016, the CBBH carried out an international clearing of payments between BH and Serbian banks. Through the clearing system of international payments with Serbia, a total of 10,319 orders (7.08% more than in 2015), with a value of EUR 197.61 million (12.10% more than in 2015) were placed. Five banks from Bosnia and Herzegovina, of which two belong to the same banking group, and the majority of the turnover refers to them, participated in the system of payment between the two countries,.

2.6 THE FISCAL AGENT ROLE

In the Law on the Central Bank of Bosnia and Herzegovina (Article 4), the possibility is defined that the Central Bank provides banking services, performs transactions and acts as a fiscal agent (representative) for BH's membership in international financial institutions. In this sense, the CBBH provides banking services and performs transactions to the Ministry of Finance and Treasury regarding the servicing of external debt of Bosnia and Herzegovina, acts as a fiscal agent and executes transactions in relation to the membership of Bosnia and Herzegovina in the International Monetary Fund, it is a depositary and executes transactions in the domestic payment system for the IMF and the World Bank (IBRD, IDA and MIGA group) and other international organizations.

CBBH provides banking services and performs transactions upon the order of the Ministry of Finance and Treasury of Bosnia and Herzegovina (hereinafter: Ministry of BH) related to the servicing of the foreign debt of Bosnia and Herzegovina. The Ministry of Finance and Treasury is responsible for implementing procedures for borrowing and public debt management, provides coverage for obligations in local currency and keeps a database of the external debt of Bosnia and Herzegovina. In addition to the Law on the CBBH, the role of the CBBH and the Ministry of Finance and Treasury of BH on matters of servicing the external debt of BH is defined by the Law on Borrowing, Debt and Guarantees of BH, the Law on the Financing of BH Institutions, the Law on the Indirect Taxation System in BH and the Law on Payments to a Single Account and Revenues Allocation.

The activities, tasks, responsibilities and mutual relations between the Ministry of Finance and Treasury and the CBBH are defined by the bilateral Agreement on Servicing the Foreign Debt of Bosnia and Herzegovina, concluded by the two institutions in 2001 for the first time (the latest version was concluded in 2013). The CBBH, under the provisions of mentioned Agreement, is responsible for:

- the timely provision of the necessary amount in foreign currencies for the payment of outstanding obligations;
- the timely and correct payment on the basis of orders/instructions by the Ministry;
- the correspondence with foreign banks and creditors in relation to the payment of obligations, and
- reporting to the Ministry on all executed transactions.

The funds required for servicing the external debt in domestic currency are provided by the Ministry BH from the Indirect Taxation Authority (ITA) and/or from direct payments from the final beneficiaries of the loan. In accordance with the concluded Agreement on Performing the Tasks of Banking and Fiscal Agent between the CBBH and the ITA, on the basis of the Law on Payments to a Single Account and the Allocation of Revenues, the maintenance of a single account of the ITA for the collection of revenues from indirect taxes continued in 2016. On the basis of this arrangement, commercial banks transferred all collected revenues daily to the account for the recording, holding and allocating ITA revenues with the CBBH, and then these revenues, upon order of the ITA, were allocated to several different purpose accounts, in accordance with legal regulations and orders of the ITA. In 2016, on the basis of the Law on Excise Duties, the process of collection of tolls' funds into the ITA's account with the Central Bank continued, and, upon the order of the ITA, the distribution of these funds towards the Entities and Brčko District. Aforementioned transactions are also performed on a daily basis.

The CBBH is the fiscal agent and carries out transactions related to the membership and arrangements of Bosnia and Herzegovina in the IMF since 2002, based on the decision of the Council of Ministers, which was officially published in the Official Gazettes of Bosnia and Herzegovina. Mutual relations, the competences and procedures of five institutions in BH (CBBH, the Ministry of Finance and Treasury, the Federal Ministry of Finance, the Ministry of Finance of Republika Srpska and the Indirect Taxation Authority) regarding the issue of financial arrangements with the IMF have been defined by the Memorandum of Understanding (the first was concluded in 2002, the one from 2016 is in force). The CBBH is the depositor for accounts (cash and securities) the IMF holds with the fiscal agent (usually central banks) of all members in accordance with the Articles of Agreement of the IMF. To execute the transactions of approval of funds from the IMF and the payment of obligations to the IMF, the CBBH maintains a special-purpose account for transactions with the IMF, with the sub-accounts of the Federation of Bosnia and Herzegovina, Republika Srpska and Brčko District.

The CBBH performs transactions with the IMF after the competent institutions in BH have provided full coverage in domestic currency in the said account/sub-accounts.

Within the scope of the XIV general revision of quotas, BH declared to accept an increase in the quota which, until July 2016, amounted to SDR 169.1 million. The CBBH, in its capacity as fiscal agent, maintains correspondence with the IMF and the competent ministries of finance in BH (the signatories to the Memorandum of Understanding) and carried out the necessary transactions with the IMF for the increase of the quota. The quota in BH effectively increased in July 2016 and amounted to SDR 265.2 million.

In accordance with the Articles of Agreement of the World Bank, the Central Bank is the depositary for the members of the World Bank: IBRD, IDA and MIGA. By order of the said members, the CBBH performs the transactions of buying and selling foreign currency for domestic currency and executes payments/transfers to final beneficiaries in the domestic payment system.

Also in 2016, the CBBH, in accordance with the Agreement concluded with the Deposit Insurance Agency, performed duties of recording the securities portfolio of this institution which, pursuant to the agreement with the Deposit Insurance Agency with the foreign portfolio manager, is managed by the external portfolio manager.

Also, based on the signed agreements between the CBBH and the Ministry of Finance of the Federation of Bosnia and Herzegovina, banking and fiscal agent duties are performed. The CBBH, in accordance with the agreements concluded, continued to act as a banking and fiscal agent of the Banking Agency of the Federation of Bosnia and Herzegovina, the Banking Agency of the RS, Brčko District as well as for the Entity Register of Securities. Electronic banking service that was introduced in 2011 with the aim of advancing and improving banking and fiscal agent services, was also provided during 2016.

2.7 COMPILING AND CREATING STATISTICAL DATA

The compilation (including the collection, verification and processing of original data) and the publication of statistics from the area responsibility of the CBBH continued in 2016 in accordance with the planned deadlines and by applying applicable methodologies and practices in the

area of macroeconomic statistics: statistics of the monetary and financial sector, balance of payments statistics and government finance statistics and financial accounts. As a producer of official statistics at BH level, the CBBH continued to contribute to the integrated segment of macroeconomic statistics, which are produced within the statistical system in BH.

Each of the above statistical areas includes a number of separate statistical surveys and statistics that are made available to the general public through publications, websites and international statistical data dissemination. Respecting the obligation to apply the relevant international methodologies and compilation standards, the CBBH is able to produce, through its statistical activities, quality and timely statistical indicators which are comparable to data from other economies. Data users include many domestic government institutions, the academic community, the business community, international organizations and the general public with the aim to track economic trends in the country, as well as to plan economic policies.

The statistics is based on the collection of original data, and different approaches are used: the available administrative data, methods of direct collection from the reporting units, as well as the adjustment of official statistical data by other statistical institutions in BH and abroad. The identification of sources and contacts with sources of data are continuously performed while users of statistics are given clarifications and new requirements are met. Efforts are constantly being made to strengthen the cooperation within the scope of the national statistical system in BH, but also at the international level (Eurostat, ECB, BIS, and countries in the region).

With the aim of improving the quality, expanding the statistics and harmonizing with international statistical standards (and recently, the pronounced harmonization with the methodologies and practices of the European Statistical System, ESS), several technical assistance programmes were implemented. As part of the multiuser IPA technical assistance programme in the field of statistics, the CBBH has been actively working on two components: indicators of macroeconomic imbalances and Government Finance Statistics (GFS). As a result of these activities, transmission GFS tables were prepared for government finances and EDP and submitted to Eurostat for the first time, and positive reaction and suggestions for upgrading were received. Also, regarding government finances statistics, work began on a

new three-year project (funded by the Swiss Agency SECO), which will help countries of our region to establish statistics of government finances harmonized with ESA 2010 and excessive deficit procedures (EDPs) and initiate continuous transmissions of these data to Eurostat.

In the area of statistics of financial accounts, initial progress was made, because all planned activities within the IPA 2012 Twinning Programme were completed, and the planned tables of the balance of financial liabilities and receivables by sectors and instruments were produced for the first time, which will be continued to be built upon, depending on new available sources.

The CBBH has made its contribution to the preparation of the Medium-Term Statistical Plan 2017-2020 for the areas in its area of responsibility. This plan, which was prepared under the guidance of the Agency for Statistics of BH, is one of the requirements of Eurostat and constitutes a programme document on statistical activities and improvements in the coming period. As part of the preparatory activities for IPA 2015, formulations of technical assistance were prepared in cooperation with the Agency for Statistics and presented to the Directorate for European Integration and the EU Delegation.

The CBBH has also been involved in the preparation of the statistical economy sectorisation (within the scope of the IPA 2012 Twinning Programme), which is in large part defined in accordance with the principles of the ESA 2010 and remains a minor part to complete.

In addition to the regular data dissemination, the CBBH continued to meet the specific statistical requirements of the local institutions (Directorate for Economic Planning, Foreign Investment Promotion Agency, Directorate for Economic Integration, Ministry of Finance and Treasury, Ministry of Economic Affairs and Regional Cooperation of the RS), the continued data exchange data with the Agency for Statistics. Within the framework of international obligations, the CBBH regularly delivers extensive sets of statistical data, in accordance with the publishing calendar, international institutions (IMF, World Bank, European Central Bank, European Bank for Reconstruction and Development, UNCTAD, Eurostat, BIS, UN Statistics Division) which are used for analytical purposes or are being published by these organizations. A particularly emphasized exchange of information takes place with Eurostat, because the CBBH reports regularly

within the framework of Compliance Monitoring (SIMS) with the statistical requirements of the EU, and the annual data collection for countries in the process of expanding.

2.8 MONITORING SYSTEMIC RISKS IN THE FINANCIAL SYSTEM

The CBBH performs the function of monitoring financial stability, which implies the timely identification of vulnerabilities in the financial system of the country. The goals of the CBBH in this area is to improve the understanding of the causal relationship between the financial system and the macroeconomic environment, warn financial institutions and other market participants about existing risks, initiate a dialogue on the risks and take corrective measures to reduce the consequences of risk materialization. Activities by the CBBH in the field of monitoring the stability of the financial system include specialized communication with relevant national and international institutions to ensure the continuity of the process of monitoring systemic risks, as well as communicating the risks regarding financial stability with the general public. The CBBH contributes to the preservation of financial stability within the membership in the Standing Committee for Financial Stability of BH, which, besides the CBBH Governor and directors of the banking agencies, is made up of members of the Fiscal Council and the director of the Deposit Insurance Agency.

The CBBH informs the general public about the risks to financial stability through the regular annual publication, the Financial Stability Report, which since 2007 is published on the CBBH's website. By publishing the Financial Stability Report, the CBBH wants to draw the public's attention to the consequences of recent macroeconomic trends and trends in the financial, primarily the banking sector, to the risks and temptations with which the financial system will be confronted in the future.

The compilation and publication of a set of basic indicators of financial health according to the methodology of the IMF is also an important channel of communication of the CBBH with the general public. Financial health indicators are published quarterly on the CBBH's website since mid-2009, and since September 2011 also on the website of the IMF.

In 2016, the CBBH continued activities on the implementation of macroeconomic stress tests. Stress tests in the CBBH are performed on a quarterly basis, and are the main tool for the quantification of the effects of systemic risks on the banking system. Detailed results of the stress tests are shared with the banking agencies to which the Report on the results of stress tests is submitted, in which systemic risks and future trends are presented in a descriptive way. The results of the stress tests were submitted to the Standing Committee for Financial Stability through the appropriate form of the Report on the results of stress tests. Aggregated results of the stress tests, with data from the end of the year, are published in the Financial Stability Report.

The continuous exchange of information, opinions and experiences with other relevant national and international institutions and upgrading the existing analytical capacity of the CBBH in the field of financial stability through education and technical assistance programmes ensures compliance of the approach to analysing systemic risks with best practices and current trends, as well as the timely identification of systemic risks.

In 2016, the CBBH also performed the tasks of coordinating activities of the banking agencies, which refer to the activities of the entity banking agencies on the issues of the supervision of banks, microcredit organizations and leasing companies and information on the situation in these institutions. Coordination activities included regular meetings with representatives of the banking agencies in accordance with the Memorandum on the Principles of Coordination of Banking Supervision, Cooperation and Data and Information Exchange, which resulted in the establishment of a stronger coordination and expansion of cooperation between agencies and with the CBBH's organizational units.

Information on the situation in the banking sector, microcredit organizations and leasing companies were exchanged on a quarterly basis, and at the meetings for the coordination of banking supervision, issues, related to regulations in the field of banking supervision and activities of the CBBH that can contribute to an improved supervision and analysis of the banking sector, were discussed. Also, the ongoing cooperation with the Deposit Insurance Agency of Bosnia and Herzegovina, the Banking Association, the Association of the Microcredit Sector and the Association of Leasing Companies was realized.

In 2016, the Central Bank was involved in the process of monitoring the activities related to the development of new entity laws on banks, performed by the working group established by the competent institutions, and the technical assistance and support for these activities were provided by the representatives of the International Monetary Fund.

2.9 COOPERATION WITH INTERNATIONAL INSTITUTIONS AND RATING AGENCIES

In accordance with the Strategic Plan for the period from 2016 to 2021, the CBBH, with its work in 2016, confirmed the commitment to the European perspective and worked on strengthening cooperation in order to, through projects with international partners, improve operations of the Central Bank in accordance with international standards and practices of central banks in the European Union. In the report on Bosnia and Herzegovina for 2016, the European Commission assessed the CBBH positively and stressed the support and commitment to the monetary policy of the currency board as a factor of macroeconomic stability.

The year 2016 in Bosnia and Herzegovina was marked by submitting the application for the membership in the European Union at the beginning of the year and the handing over of the Questionnaire of the European Commission in December 2016. The key steps in the European integration process of Bosnia and Herzegovina were followed by preparatory activities of the Central Bank in accordance with the requirements of this phase of European integration. Based on the Questionnaire of the Republic of Serbia and Montenegro, potential questions for the CBBH were identified and analyzed. With the aim of an efficient and effective implementation of the obligations of the CBBH in the EU integration process and the development of responses to the Questionnaire, the Committee for European Integration of the CBBH was established and appointed at the end of 2016, with the task of designing, coordinating and monitoring the responses to the Questionnaire of the European Commission and other activities and tasks in of the CBBH related to the process of accession of Bosnia and Herzegovina to the European Union. As part of the Questionnaire, the Central Bank has taken over the preparation of responses, as the competent institution or stakeholder, to 100 questions in the field of Economic Criteria and seven chapters of the Questionnaire: Chapter 4 Free Movement of Capital; Chapter 9 Financial Services; Chapter 17 Economic and Monetary Policy; Chapter 18

Statistics; Chapter 20 Entrepreneurial and Industrial Policy; Chapter 24 Justice, Freedom and Security and; Chapter 32 Financial Control.

During 2016, the CBBH continued the regular reporting process on the European integration of Bosnia and Herzegovina by preparing an appendix to the Annual Report on the progress in the field of monetary policy, balance of payments, free movement of capital and the financial sector, as well as the field of European standards: Financial control - Protection of the euro against counterfeiting and Statistics. The Central Bank also participated in regular annual activities within the development of the Programme of Economic Reforms and the mission of the ECB in connection with the process of evaluation of the Programme of Economic Reforms in the area of monetary policy. Within the framework of the regular annual dialogue, the CBBH attended the meeting of the Council for Economic and Financial Affairs, and the wider process of consultation and dialogue with the European Commission, the EU Delegation to BH and the Directorate for European Integration. At the end of 2016, the activities of the CBBH in the Subcommittee on Economic and Financial Issues and Statistics were intensified.

The continuous implementation of EU standards in the operations of the Central Bank is realized by own capacity, the use of internal resources, but also through the access to EU IPA funds in the field of statistics as well as bilateral and multilateral cooperation with other central banks. A representative of the Central Bank attended the meeting of the Working Group for the cooperation between central banks of the European System of Central Banks under the auspices of the International Relations Committee Task Force on Central Bank Cooperation in ESCB composition at which programmes of technical cooperation with the Eurosystem/ European System of Central Banks (ESCB) and possibilities for Western Balkan countries were discussed.

In cooperation with the German Government and the Swiss Government, the Central Bank has carried out projects in 2016 to improve the operational, technical and institutional capacities. On 21 December 2016, the Ambassador, HE Mrs Andrea Rauber Saxer and the Governor Senad Softic signed an amendment to extend the Agreement from 2013 on the Programme of Bilateral Assistance and Capacity Building between the Swiss State Secretariat for Economic Affairs - SECO) and the Central Bank, which officially confirmed the mutual commitment to continue the Programme in 2017. As part of the multi-year Programme of cooperation with

Switzerland from 2014 to 2016, in 2016 eight workshops were held in the CBBH, attended by about a hundred officials in the following areas: monetary policy, financial market development/promotion of the process of foreign-exchange reserve management and statistics. The direct cooperation with renowned international experts which are key for knowledge transfer and the network of contacts for cooperation is of particular importance and thus an exchange of experiences with the Swiss Central Bank was realized in 2016. In the context of academic cooperation with the Graduate Institute of International Studies - GIIIS in Geneva, four officials of the Central Bank participate in a research programme under the supervision of a professor of the Institute.

The Central Bank continued the long-term cooperation with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) within the Programme of Strengthening of Public Institutions. In 2016, the project "Electronic Document Management System (DMS)" and phase II of the project "Quality Management System Implementation According to ISO 9001 and ISO 27001 Standards". These two new systems will be used at all locations of the Central Bank. The main objectives of this Programme are to improve the transparency of institutions and the results, raising awareness on quality along with an increased involvement of the employees in the processes of the institution.

Organized by the CBBH, during 2016 missions of the international rating agencies Standard & Poor's and Moody's Investors Services were held, with relevant international and domestic institutions in BH in order to assess BH's sovereign credit rating. The main topics discussed to determine the credit rating are usually the political situation, budget, external debt, relations with international financial institutions and financial stability. During 2016, both international rating agencies engaged by Bosnia and Herzegovina to assess the sovereign credit rating confirmed the previously established credit rating, as follows: Standard & Poor's "B/with a stable outlook" and Moody's Investors Service "B3/with a stable outlook".

2.10 INTERNAL AUDIT PROCESS

The internal audit function in the CBBH is performed by the Office of the Chief Internal Auditor, organized as an independent organizational form of the CBBH. The activities of the Office in 2016 were focused on the performance of duties defined by Article 20 of the Law on the Central Bank,

the performance of functions and tasks laid down in the Work Plan of the Central Bank for the year 2016, the Strategic Internal Audit Plan for the period from 2014 to 2017 and the Annual Internal Audit Plan for the 2016. The regulatory framework for the internal audit function are: the Law on the Central Bank, the Regulations on the Internal Audit in the Central Bank, the Handbook on the Work of the Internal Auditor in the Central Bank, the International of Internal Auditor's International Professional Practices Framework - The IIA IPPF (hereinafter: International Framework).

The main objective of the work of the Office is to contribute with its activities to the improvement of the operations of the Central Bank, the realization of formulated plans and established strategic objectives, the establishment of an effective risk management system, the protection of resources and taking measures against possible losses and ensure the consistent application of legal regulations and acts of the business policy of the Central Bank. Taking into account these objectives, the Office is continuously working on the improvement of work techniques and methods, on the assessment of the efficiency and effectiveness of the internal control system and the establishment of certain procedures and instruments to identify, measure, monitor and control risks the Central Bank is exposed to in carrying out business activities.

In order to achieve the established tasks, the Chief Internal Auditor, on the basis of a risk assessment, develops a strategic and annual internal audit plan, according to the Risk Assessment Methodology in the Central Bank. Acting on the Internal Audit Plan for 2016, audit of certain functions, business processes and activities of the Central Bank were performed, prioritizing processes with a high level of risk, such as the management of foreign-exchange reserves, cash, reserve accounts of commercial banks, the buying and selling domestic BAM currency, the functionality and security of information systems and overall information security and the functioning of the physical and technical security in the facilities of the Central Bank.

The audit is carried out in a manner and according to the procedures defined by the Internal Audit Manual issued by the Chief Internal Auditor. Legal and international professional regulations in the field of internal audit are continuously monitored, and, in accordance with the changes, the harmonization of this manual is performed.

Through written reports on completed audits, which are discussed at meetings of the Audit Committee and adopted at meetings of the Governing Board of the Central Bank, the auditor's opinion is given in relation to the assessment of the adequacy and effectiveness of the internal control system, assessment of the conformity of the work with laws and regulations regarding the Central Bank and internal documents, plans, established procedures, instructions, guidance and assessment of risk exposure of business processes. With the Internal Audit Plan for 2016, ten audits are planned and implemented in the manner and within the time limits set out in the dynamic plan of conducting the audit. In the reports on conducted audits, 21 recommendations were given.

The Chief Internal Auditor adopted the Programme of providing and improving the quality of the internal audit function in 2016, which consists of internal and external evaluations. The internal evaluation includes the continuous and periodical evaluation of the quality of the internal audit function. The external evaluation of the quality of the internal audit function assesses and presents an opinion on the compliance of the internal audit with the international framework. It is performed at least once every five years by a qualified and independent external evaluator. In this context, a "Letter of Intent" was submitted to the experts of the National Bank of the Netherlands, and their arrival was confirmed in the first quarter of 2017. The assessment of the internal audit function in the Central Bank in 2016 was carried out by the International Monetary Fund (IMF) as part of the "Safeguard Assessment" mission. The internal audit function has received the score "Low Risk Rating" (low risk) and in the Mission Report no comments and recommendations were found. In accordance with the criteria of the IMF, the internal audit function does not represent a risk for the operations of the CBBH.

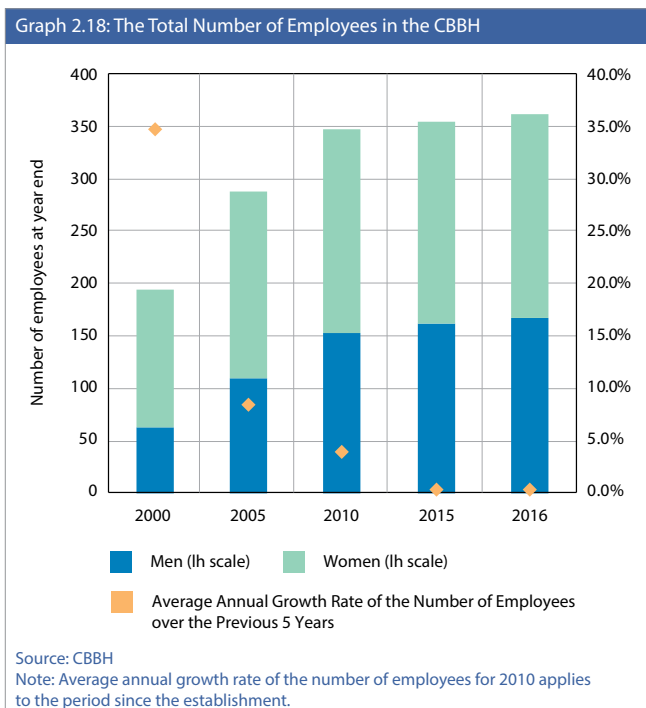
The Office is working on the professional development of its personnel through various forms of training in the area of internal audit, application of the International Framework, International Accounting Standards and International Financial Reporting Standards. The training is conducted through international professional associations and institutions, professional associations of internal auditors, accountants and auditors at the state and regional level.

2.11 OTHER

2.11.1 Human Resource Management

The highest body of the CBBH is the Governing Board, which is responsible for determining the monetary policy and the control of its implementation, organization and the strategy of the CBBH in accordance with the authorizations defined by Law. The Governing Board consists of the Governor, who chairs the Board, and four members (Table 2.7). The Management of the Central Bank consists of the Governor and three Vice Governors appointed by the Governor with the approval of the Governing Board. The task of the Board is the operational management of the Central Bank. Each Vice Governor is directly responsible for the work of one sector of the Central Bank (see the organizational chart of the CBBH).

On 31 December 2016, 361 officers (Graph 2.18) were employed in the CBBH. The number of employees in the years immediately after the establishment of the CBBH, grew quite rapidly due to the growing number of functions the CBBH took over. A moderate growth in the number of employees in the period from 2002 to 2010 enabled the development of the basic functions of the CBBH through the strategic selection of the profile of the personnel that was necessary for the further improvement of the efficiency of operations. In the period from 2011 to 2016, the number of employees is almost unchanged, which is partly a consequence of the policy of the rational use of available resources. The Graph also suggests that the initial gender misbalance in the structure of employees was corrected eventually. Of the total number of employees at the end of 2016, 53.46% were women and 46.54% are men, and the average age of the employees was 45 years.



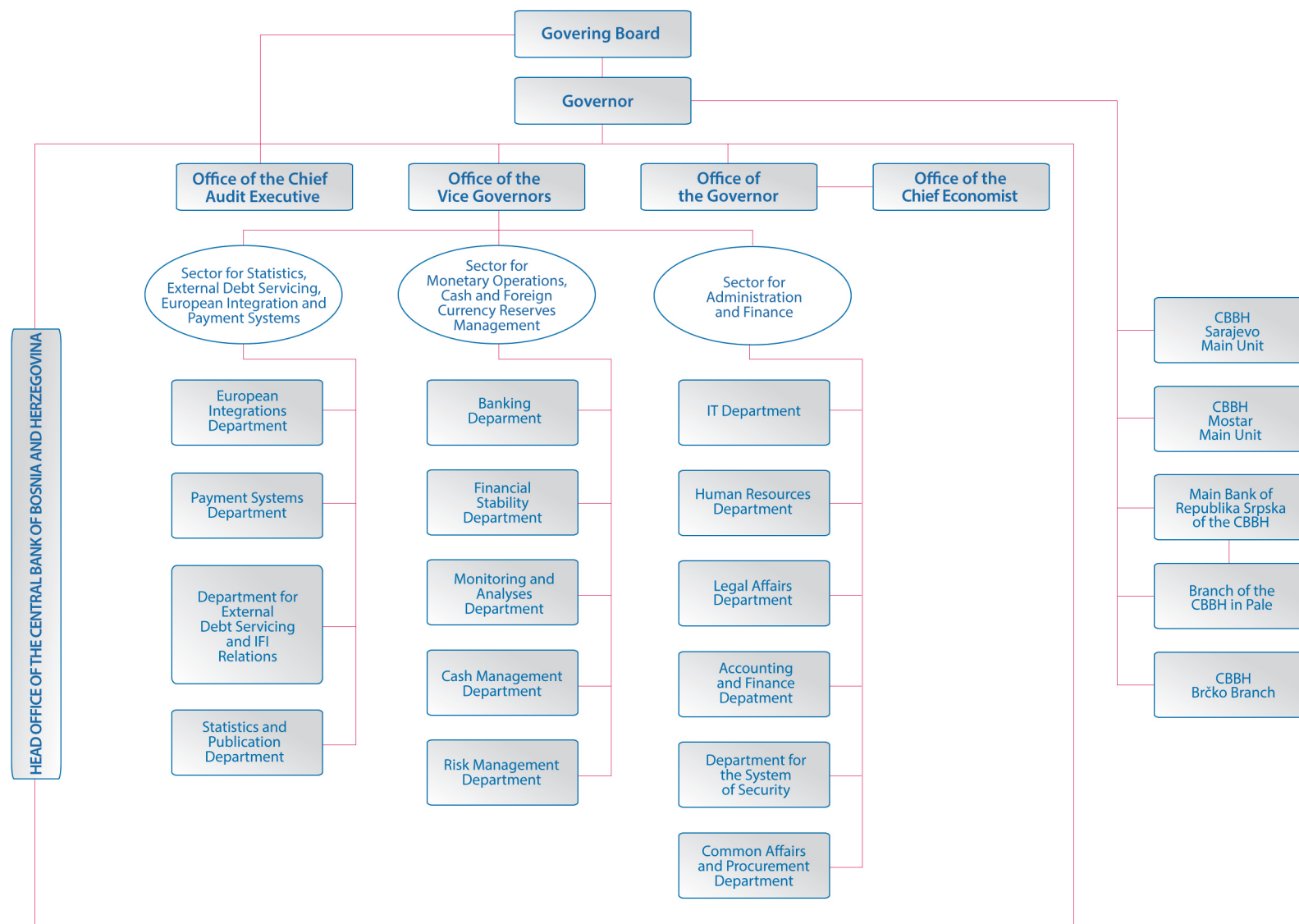
Of the total number of employees, 75.07% held a university degree, of which eight a PhD and 56 a master's degree. Intensive training of employees, in the form of seminars (a significant part of the seminars were held in the CBBH), conferences and lectures also continued in 2016. During 2016, 50 students of Faculties of Economics from across the country were provided with a trainee's practice in the CBBH premises. In this way, students fulfilled their obligations but also gained knowledge and insight into the work of this institution, which they will be able to use in further education.

Table 2.7 Management Structure of the CBBH at 2016 End

| | |
|-----------------------------|--|
| Governing Board of the CBBH | Senad Softić, Ph.D., Chairman |
| | Ankica Kolobarić, M.Sc., Member |
| | Kemal Kozarić, Ph.D., Member |
| | Trivo Marinković, M.Sc., Member |
| | Ljubiša Vladušić, Ph.D., Member |
| Management of the CBBH | Senad Softić, Ph.D., Chief Executive Officer of the CBBH |
| | Ernadina Bajrović, M.A., Vice Governor in charge of Administration and Finance Sector |
| | Milica Lakić, Ph.D., Vice Governor in charge of the Sector for Monetary Operations, Foreign Exchange Reserve Management and Cash Management |
| | Ankica Kolobarić, M.Sc., Vice Governor in charge of the Sector for Statistics, Foreign Debt Servicing, European Integrations and Payment Systems |

Source: CBBH

Organizational chart of the Central bank of Bosnia and Herzegovina



2.11.2 Communication with the Public and Corporate Social Responsibility

During 2016, the CBBH intensively informed the public of its regular activities, but also other events the BH media were interested in. In public statements, the CBBH tried to present to the public its role in preserving monetary and financial stability, particularly in the complex and difficult conditions of investment of foreign-exchange reserves in international financial markets which were pronounced during 2016 and which also reflected on the income of the CBBH. Given the fact that negative trends are expected also in 2017, the CBBH Governing Board adopted the Strategy of communication about the impact of developments on financial markets on the financial operations of the CBBH, and the Action Plan for the implementation of this Strategy. The main objective of this Strategy is to inform the public and provide understanding as well as support activities of the CBBH in respect of foreign-exchange investments of the CBBH in the changed, complex circumstances. On the whole, with its activities related to public relations, the CBBH tried to preserve the reputation of a responsible and professional institution which enjoys the confidence of the greatest number of citizens and businesses.

In view of the fact that 2016 was marked by intense activities related to European integration at the BH level, at the initiative of the Directorate for European Integration, the CBBH has contributed to the development of the Action Plan for the implementation of the Communication Strategy for informing the public about the process of BH' accession to the European Union for 2017.

In 2016, the project of redesigning the CBBH website was implement, due to the fact that there was a need for the acquisition of a more current system for content management. The CBBH improved the design and technological solution so that it could be used with all currently available technologies. In this way, the website was modernized and harmonized with currently available technologies, while at the same time a higher level of content protection from intrusion was ensured.

The younger population showed a growing interest in the work of the CBBH, and, within the activities of the institution on financial education, visits of pupils of primary and secondary schools and students of faculties from all parts of Bosnia and Herzegovina were organized, and during the lectures, which were adapted to different age groups and areas of interest, it was tried to bring young people closer to the CBBH, its role and activities. In this way, by adequate information, a significant part of the population was covered that will be an important participant in financial and other activities in the future. Traditionally, World Savings Day was marked on October 31.

The Central Bank continued to offer scholarships to the children of its deceased staff, and, also in 2016, it organized regular campaigns of voluntary blood donation.

3. FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT EXTERNAL AUDITOR

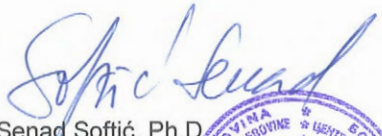
Responsibility of the Management and Governing Board for the preparation and approval of the annual financial statements


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. 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 66 to 106 were authorised by the Governing Board on 29 March 2017 and are signed below to signify this, on its behalf by:


Senad Softić, Ph.D.
Governor



**Grant Thornton**

Independent Auditor's Report

Grant Thornton d.o.o. Banja**Luka**

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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 2016, and the Income statement, 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 Bank as at 31 December 2016, 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") effective for audits of financial statements for period ending on or 15 December 2016. 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 and the IESBA Code. 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

The Management of the Bank 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.

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, our responsibility as auditors is to 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.

Other matter

The financial statements of the Central Bank of Bosnia and Herzegovina as of and for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2016.

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

Banja Luka, 29 March 2017

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

Skopje, 29 March 2017

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

Banja Luka, 29 March 2017

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

Tirana, 29 March 2017

INCOME STATEMENT

| In thousands of KM | Note | <i>For the year ended 31 December</i> | |
|---|------|---------------------------------------|-----------------|
| | | 2016 | 2015 |
| Interest income | 18 | 28,740 | 28,475 |
| Effects of negative interest rates from interest-bearing financial assets | 18 | (8,565) | (1,098) |
| Effects of negative deposit interest rate on deposits from local commercial banks | 18 | 2,169 | - |
| NET INTEREST INCOME | | 22,344 | 27,377 |
| Fee and commission income | 19 | 10,072 | 9,188 |
| Fee and commission expenses | 19 | (533) | (619) |
| NET FEE AND COMMISSION INCOME | | 9,539 | 8,569 |
| Net realized gains from sale of financial assets available-for-sale | 6 | 8,383 | 24,266 |
| Net foreign exchange gains | 20 | 60 | 858 |
| Other income | 21 | 1,571 | 815 |
| OPERATING INCOME | | 41,897 | 61,885 |
| Personnel expenses | 22 | (18,929) | (20,433) |
| Administrative and other operating expenses | 23 | (6,793) | (7,824) |
| Depreciation and amortisation | 10 | (2,113) | (2,250) |
| OPERATING EXPENSES | | (27,835) | (30,507) |
| NET PROFIT FOR THE YEAR | | 14,062 | 31,378 |

The accompanying notes on pages 66 to 106 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> | |
|---|------|---------------------------------------|----------------|
| | | 2016 | 2015 |
| NET PROFIT FOR THE YEAR | | 14,062 | 31,378 |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to the income statement:</i> | | | |
| Monetary gold | | | |
| Net changes in fair value of monetary gold | 7 | 22,788 | (435) |
| | | <u>22,788</u> | <u>(435)</u> |
| Financial assets available-for-sale | | | |
| Net changes in fair value of financial assets available-for-sale | 6 | 53,673 | 20,837 |
| Realized fair value gains from financial assets available-for-sale reclassified to the income statement | 6 | (8,383) | (24,266) |
| | | <u>45,290</u> | <u>(3,429)</u> |
| Total other comprehensive income / (loss) | | 68,078 | (3,864) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 82,140 | 27,514 |

The accompanying notes on pages 66 to 106 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

| In thousands of KM | Note | 31 December 2016 | 31 December 2015 |
|---|------|---------------------|---------------------|
| ASSETS | | | |
| Foreign currency in cash | 4 | 194,846 | 128,520 |
| Deposits with foreign banks | 5 | 2,970,397 | 1,003,635 |
| Special Drawing Rights with the International Monetary Fund | 29 | 2,642 | 3,778 |
| Financial assets available-for-sale | 6 | 5,025,829 | 6,145,872 |
| Monetary gold | 7 | 205,102 | 182,315 |
| Held-to-maturity investments | 8 | 1,132,328 | 1,142,191 |
| Other assets | 9 | 4,626 | 3,955 |
| Property, equipment and intangible assets | 10 | 45,475 | 44,828 |
| Other investments | 11 | 27,813 | 27,813 |
| TOTAL ASSETS | | 9,609,058 | 8,682,907 |
| LIABILITIES, EQUITY AND RESERVES | | | |
| Currency in circulation | 12 | 4,066,804 | 3,499,468 |
| Deposits from banks | 13 | 4,269,143 | 4,063,537 |
| Deposits from the Government and other depositors | 14 | 590,392 | 501,594 |
| Provisions for liabilities and charges | 15 | 1,611 | 1,452 |
| Other liabilities | 16 | 13,676 | 23,127 |
| Total liabilities | | 8,941,626 | 8,089,178 |
| Initial capital | | 25,000 | 25,000 |
| General reserves (Retained earnings) | | 537,892 | 532,267 |
| Other reserves | | 31,300 | 31,300 |
| Fair value reserves – monetary gold | | (38,357) | (61,145) |
| Fair value reserves – financial assets available-for-sale | | 111,597 | 66,307 |
| Total equity and reserves | 17 | 667,432 | 593,729 |
| TOTAL LIABILITIES, EQUITY AND RESERVES | | 9,609,058 | 8,682,907 |

The accompanying notes on pages 66 to 106 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 reserves – monetary gold | Fair value reserves – financial assets available-for-sale | Total |
|--|-----------------|--------------------------------------|----------------|-------------------------------------|---|---------|
| Balance as of 1 January 2016 | 25,000 | 532,267 | 31,300 | (61,145) | 66,307 | 593,729 |
| Total comprehensive income for the year | | | | | | |
| Profit for the year | - | 14,062 | - | - | - | 14,062 |
| Other comprehensive income | - | - | - | 22,788 | 45,290 | 68,078 |
| | - | 14,062 | - | 22,788 | 45,290 | 82,140 |
| Distribution of profit | | | | | | |
| Distribution of profit to the state budget (Note 24) | - | (8,437) | - | - | - | (8,437) |
| Balance as of 31 December 2016 | 25,000 | 537,892 | 31,300 | (38,357) | 111,597 | 667,432 |

The accompanying notes on pages 66 to 106 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 – monetary gold | Fair value reserves – financial assets available-for-sale | Total |
|--|-----------------|--------------------------------------|----------------|-------------------------------------|---|----------|
| Balance as of 1 January 2015 | 25,000 | 519,716 | 31,300 | (60,710) | 69,736 | 585,042 |
| Total comprehensive income for the year | | | | | | |
| Profit for the year | - | 31,378 | - | - | - | 31,378 |
| Other comprehensive income | - | - | - | (435) | (3,429) | (3,864) |
| | - | 31,378 | - | (435) | (3,429) | 27,514 |
| Distribution of profit | | | | | | |
| Distribution of profit to the state budget (Note 24) | - | (18,827) | - | - | - | (18,827) |
| Balance as of 31 December 2015 | 25,000 | 532,267 | 31,300 | (61,145) | 66,307 | 593,729 |

The accompanying notes on pages 66 to 106 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

| | | For the year ended 31 December | |
|--|------|--------------------------------|--------------------|
| | Note | 2016 | 2015 |
| In thousands of KM | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit for the year | | 14,062 | 31,378 |
| Adjustments for: | | | |
| Depreciation and amortisation | | 2,113 | 2,250 |
| Net realized gains from sale of financial assets available-for-sale | | (8,383) | (24,266) |
| Income from grants | | (218) | (122) |
| Provisions for liabilities and charges | | 219 | 341 |
| Loss on disposal of property and equipment | | 4 | 2 |
| Dividend income recognized in the income statement | | (562) | (586) |
| Interest income from held-to-maturity investments and financial assets available-for-sale recognized in the income statement | | (28,726) | (28,344) |
| Net cash flows from operating activities before changes in operating assets and liabilities | | (21,491) | (19,347) |
| Changes in operating assets and liabilities | | | |
| (Increase) in deposits with foreign banks | | (195,444) | - |
| (Increase) / decrease in other assets | | (283) | 1,632 |
| Increase of currency in circulation | | 567,336 | 288,960 |
| Increase in deposits | | 294,404 | 482,546 |
| Increase / (decrease) in other liabilities | | 1,157 | (15) |
| Pay-out of severance payments | | (60) | (183) |
| Net cash from operating activities | | 645,619 | 753,593 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of property, equipment and intangible assets | | (2,764) | (890) |
| Collected principal and interest from available-for-sale financial assets | | 5,203,667 | 4,975,016 |
| Purchases of available-for-sale financial assets | | (4,342,772) | (7,418,276) |
| Sales of available-for-sale financial assets | | 330,016 | 1,294,539 |
| Collected principal and interest from held-to-maturity investments | | 21,395 | 14,444 |
| Purchases of held-to-maturity investments | | - | (720,508) |
| Dividends received | | 562 | 586 |
| Net cash used in investing activities | | 1,210,104 | (1,855,089) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Distribution of profit to the state budget | | (18,827) | (21,247) |
| Net cash used in financing activities | | (18,827) | (21,247) |
| Net increase / (decrease) in cash and cash equivalents | | 1,836,896 | (1,122,743) |
| Cash and cash equivalents at 1 January | | 1,136,185 | 2,258,928 |
| Cash and cash equivalents at 31 December | 25 | 2,973,081 | 1,136,185 |

The accompanying notes on pages 66 to 106 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 ("BiH") on 20 June 1997, according to the General Framework Peace Agreement in Bosnia and Herzegovina.

The Central Bank of Bosnia and Herzegovina started its operations on 11 August 1997.

The main objectives and tasks of the Central Bank of Bosnia and Herzegovina are:

- to define, adopt and control the implementation of monetary policy of BiH 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 BiH 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 BiH;
- to take part in the operations of international organisations working on strengthening the financial and economic stability of the country;
- to represent BiH 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 2015 and 2016 and up to the date of this report, the Governing Board, Management, Office of the Chief Audit Executive and Audit Committee members were:

Governing Board

| | |
|-------------------------|---------------------------------|
| Senad Softić Ph.D. | Chairman (from 11 August 2015) |
| Ankica Kolobarić M.Sc. | Member (from 11 August 2015) |
| Kemal Kozarić Ph.D. | Member (from 11 August 2015) |
| Trivo Marinković M.Sc. | Member (from 11 August 2015) |
| Ljubiša Vladušić Ph.D. | Member (from 11 August 2015) |
| Kemal Kozarić Ph.D. | Chairman (until 10 August 2015) |
| Fikret Čaušević Ph.D. | Member (until 10 August 2015) |
| Milenko Krajišnik Ph.D. | Member (until 10 August 2015) |
| Željko Šain Ph.D. | Member (until 10 August 2015) |
| Vasilj Žarković Ph.D. | Member (until 10 August 2015) |

Management

| | |
|-------------------------|--|
| Senad Softić Ph.D. | Governor (from 11 August 2015) |
| Kemal Kozarić Ph.D. | Governor (until 10 August 2015) |
| Ernadina Bajrović M.Sc. | Vice-Governor |
| Radomir Božić Ph.D. | Vice-Governor (until 16 February 2016) |
| Ankica Kolobarić M.Sc. | Vice-Governor |
| Milica Lakić Ph.D. | Vice-Governor (from 1 June 2016) |

1. GENERAL INFORMATION (CONTINUED)

Office of the Chief Audit Executive

| | |
|----------------------|---------------------------------|
| Edis Kovačević M.Sc. | Chief Audit Executive |
| Angela Medić | Deputy to Chief Audit Executive |
| Jasmina Novalija | Deputy to Chief Audit Executive |
| Krstinja Tošović | Deputy to Chief Audit Executive |

Audit Committee

| | |
|-------------------|--------------------------------|
| Mila Gadžić Ph.D. | Member |
| Sead Kreso Ph.D. | Member |
| Radomir Repija | Member (from 1 September 2015) |
| Gordana Ković | Member (until 31 August 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.

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. BASIS FOR PREPARATION (CONTINUED)

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 indicated).

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:

- IFRS 14: "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 10: "Consolidated Financial Statements", IFRS 12: "Disclosure of Interests in Other Entities" and IAS 28: "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 11: "Joint Arrangements" - Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1: "Presentation of Financial Statements" - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16: "Property, Plant and Equipment" and IAS 38: "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16: "Property, Plant and Equipment" and IAS 41: "Agriculture" - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 27: "Separate Financial Statements" - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2017),
- Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The adoption of these standards, amendments and interpretations has not led to any changes in the Bank's accounting policies.

2.6. Standards and Interpretations in issue not yet adopted

At the date of authorization of these financial statements the following standards, revisions and interpretations were in issue but not yet effective:

- 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 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 date postponed indefinitely),

2. BASIS FOR PREPARATION (CONTINUED)

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

- 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 from non-performed losses (effective for annual periods beginning on or after 1 January 2017),
- 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),
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IAS 40: "Investment Property"- Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),
- Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and amendments for IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018).

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 have no material impact on the financial statements of the Bank in the period of initial application, except for IFRS 9. Management is currently analysing the impact of IFRS 9 on the Bank's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1. Interest income and expenses

Interest income and expenses are recognized in the income statement 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 income statement 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 for financial instruments issued and received by the Bank, respectively and are recognized in the income statement upon performance of the relevant service.

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

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 income statement.

| Middle exchange rate: | 31 December 2016 | 31 December 2015 |
|-----------------------|------------------|------------------|
| | KM | KM |
| USD | 1.85545 | 1.79007 |
| SDR | 2.494348 | 2.489439 |

3.4. **Dividend income**

Dividend income from equity securities is recognized in the income statement 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.

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 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 2016 and 2015, the Bank has no financial assets at FVTPL.

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

3.5. **Financial instruments (continued)**

3.5.1 **Financial assets (continued)**

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 28. 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.

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.

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

3.5. **Financial instruments (continued)**

3.5.1 **Financial assets (continued)**

Impairment of financial assets (continued)

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 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.

Derecognition 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 2016 and 2015, the Bank has no financial liabilities at FVTPL.

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.

Derecognition 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 income statement.

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. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. The purchase 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.

Property, equipment and intangible assets are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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 2015 and 2016 were as follows:

| | |
|-------------------------|----------------|
| 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 income statement.

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 income statement.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 income statement 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.

3.13. 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 a deferred cost and subsequently amortized through other operating expenses over a period of three 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 income statement 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 29).

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. FOREIGN CURRENCY IN CASH

Foreign currency in cash relates to:

| In thousands of KM | 31 December 2016 | 31 December 2015 |
|------------------------------|---------------------|---------------------|
| Cash in vaults per currency: | | |
| - EUR | 194,768 | 128,440 |
| - CHF | 40 | 39 |
| - USD | 21 | 21 |
| - GBP | 17 | 20 |
| TOTAL | 194,846 | 128,520 |

5. 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 2016 | 31 December 2015 |
|--------------------|---------------------|---------------------|
| Term deposits: | | |
| - EUR | 2,265,332 | - |
| | 2,265,332 | - |
| Demand deposits: | | |
| - EUR | 699,285 | 1,001,986 |
| - USD | 4,286 | 1,606 |
| - Other currencies | 1,494 | 43 |
| | 705,065 | 1,003,635 |
| TOTAL | 2,970,397 | 1,003,635 |

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

| In thousands of KM | 31 December 2016 | 31 December 2015 |
|---------------------|---------------------|---------------------|
| Up to 1 month | 742,008 | - |
| From 1 to 2 months | 644,529 | - |
| From 2 to 3 months | 683,351 | - |
| From 4 to 12 months | 195,444 | - |
| TOTAL | 2,265,332 | - |

5. DEPOSITS WITH FOREIGN BANKS (CONTINUED)

During 2016 the interest rates on demand deposits ranged from (0.68%) p.a. to (0.20%) p.a. (2015: from (0.50%) p.a. to (0.21%) p.a.) and on term deposits from (0.54%) p.a. to (0.34%) p.a. (2015: from 0.01% p.a. to 0.03% p.a.).

Deposits with foreign banks include negative accrued interest in the amount KM (1.679) thousand as at 31 December 2016 (2015: included negative accrued interest in the amount KM (110) thousand).

The average effective yield rate on deposits amounted to (0.39%) (2015: (0.08%)).

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

| In thousands of KM | 31 December 2016 | 31 December 2015 |
|--------------------|---------------------|---------------------|
| Central banks | 1,855,646 | 783,544 |
| Commercial banks | 1,114,751 | 220,091 |
| TOTAL | 2,970,397 | 1,003,635 |

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

| In thousands of KM | 31 December 2016 | 31 December 2015 |
|------------------------------|---------------------|---------------------|
| Germany | | |
| Term deposits | 664,357 | - |
| Demand deposits | 329,620 | 630,582 |
| | 993,977 | 630,582 |
| Luxembourg | | |
| Term deposits | 624,880 | - |
| Demand deposits | 293,192 | 293,307 |
| | 918,072 | 293,307 |
| Switzerland | | |
| Term deposits | 586,048 | - |
| Demand deposits | 4,180 | 1,531 |
| | 590,228 | 1,531 |
| Netherlands | | |
| Term deposits | 390,047 | - |
| Demand deposits | - | - |
| | 390,047 | - |
| France | | |
| Term deposits | - | - |
| Demand deposits | 78,073 | 78,215 |
| | 78,073 | 78,215 |
| Total term deposits | 2,265,332 | - |
| Total demand deposits | 705,065 | 1,003,635 |
| TOTAL | 2,970,397 | 1,003,635 |

6. 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 2016 | 31 December 2015 |
|--------------------|---------------------|---------------------|
| Debt securities | 4,986,018 | 6,096,823 |
| Accrued interest | 39,811 | 49,049 |
| TOTAL | 5,025,829 | 6,145,872 |

The average effective yield rate on financial assets available-for-sale amounted to 0.48% (2015: 0.76%).

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

| | 31 December 2016 | | 31 December 2015 | |
|--------------------|--------------------|---------------|--------------------|---------------|
| | In thousands of KM | % | In thousands of KM | % |
| <i>France</i> | 1,136,535 | 22.61 | 953,567 | 15.52 |
| <i>Belgium</i> | 1,011,011 | 20.12 | 589,354 | 9.59 |
| <i>Spain</i> | 900,412 | 17.92 | 1,701,072 | 27.68 |
| <i>Italy</i> | 585,423 | 11.64 | 1,363,912 | 22.18 |
| <i>Germany</i> | 541,175 | 10.77 | 531,970 | 8.66 |
| <i>Austria</i> | 438,424 | 8.72 | 341,098 | 5.55 |
| <i>Finland</i> | 229,082 | 4.56 | 232,366 | 3.78 |
| <i>Netherlands</i> | 177,704 | 3.54 | 426,402 | 6.94 |
| <i>Slovakia</i> | 6,063 | 0.12 | 6,131 | 0.10 |
| TOTAL | 5,025,829 | 100.00 | 6,145,872 | 100.00 |

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

| In thousands of KM | 2016 | 2015 |
|--|------------------|------------------|
| Opening balance as of 1 January | 6,145,872 | 4,955,537 |
| Purchases during the year | 4,342,772 | 7,418,276 |
| Sales during the year | (330,016) | (1,294,539) |
| Interest income recognized during the year (Note 18) | 17,194 | 20,777 |
| Collected principal and interest | (5,203,667) | (4,975,016) |
| Fair value adjustment | 53,674 | 20,837 |
| Closing balance as of 31 December | 5,025,829 | 6,145,872 |

Net realized gains from the sale of financial assets available-for-sale in 2016 amounted to KM 8,383 thousand (2015: KM 24,266 thousand).

7. 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 of 31 December 2016 amounts to KM 205,102 thousand, representing 96,000.000 ounces of gold at KM 2,136 per ounce (2015: KM 182,315 thousand representing 96,000.000 ounces of gold at KM 1,899 per ounce).

7. MONETARY GOLD (CONTINUED)

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

In thousands of KM

| | 2016 | 2015 |
|---|----------------|----------------|
| Opening balance as of 1 January | 182,315 | 182,750 |
| Purchases during the year | - | - |
| - Changes in prices of gold | 14,307 | (22,418) |
| - Foreign exchange gains from conversion USD / KM | 8,480 | 21,983 |
| Closing balance as of 31 December | 205,102 | 182,315 |

8. 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 2016 | 31 December 2015 |
|------------------|---------------------|---------------------|
| Debt securities | 1,124,596 | 1,134,453 |
| Accrued interest | 7,732 | 7,738 |
| TOTAL | 1,132,328 | 1,142,191 |

The average effective yield rate on held-to-maturity investments amounted to 1.01% (2015: 0.96%).

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

| | 31 December 2016 | | 31 December 2015 | |
|--------------|--------------------|---------------|--------------------|---------------|
| | In thousands of KM | % | In thousands of KM | % |
| France | 321,083 | 28.36 | 322,089 | 28.20 |
| Italy | 221,688 | 19.57 | 226,894 | 19.86 |
| Belgium | 204,721 | 18.08 | 205,831 | 18.02 |
| Finland | 181,263 | 16.01 | 181,877 | 15.92 |
| Austria | 162,106 | 14.32 | 162,938 | 14.27 |
| Netherlands | 41,467 | 3.66 | 42,562 | 3.73 |
| TOTAL | 1,132,328 | 100.00 | 1,142,191 | 100.00 |

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

In thousands of KM

| | 2016 | 2015 |
|--|------------------|------------------|
| Opening balance as of 1 January | 1,142,191 | 428,560 |
| Purchases during the year | - | 720,508 |
| Interest income recognized during the year (Note 18) | 11,532 | 7,567 |
| Collected principal and interest | (21,395) | (14,444) |
| Closing balance as of 31 December | 1,132,328 | 1,142,191 |

9. OTHER ASSETS

In thousands of KM

| | 31 December 2016 | 31 December 2015 |
|--|---------------------|---------------------|
| Prepaid expenses | 1,306 | 1,080 |
| Receivables from domestic banks | 1,036 | 943 |
| Numismatic collections | 885 | 772 |
| Giro accounts | 640 | 252 |
| Loans to employees | 378 | 518 |
| Other miscellaneous assets | 376 | 387 |
| Advances | 5 | 3 |
| Receivables from employee based on domestic currency deficit | 600 | 600 |
| Less: Impairment of other receivables | (600) | (600) |
| TOTAL | 4,626 | 3,955 |

As of 31 December 2016, prepaid expenses include expenditure of KM 141 thousand incurred on the production of coins (31 December 2015: KM 740 thousand incurred on the production of banknotes and coins). As explained in Note 3.13 such costs are initially deferred and subsequently amortized over a period of three years.

Other assets include receivable from employee in the amount of KM 600 thousand related to domestic currency deficit as at reporting dates. This receivable was fully impaired. This receivable is associated with the fraud executed by the employee in the vault of the Central Bank of Bosnia and Herzegovina, Sarajevo – Main Unit. The fraud was revealed on 8 December 2014.

10. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

| In thousands of KM | Software and other intangible assets | Land and buildings | Equipment and furniture | Vehicles | Other | Assets under construction | TOTAL |
|--|---|--------------------------|-------------------------------|--------------|------------|------------------------------|---------------|
| Cost | | | | | | | |
| As at 1 January 2015 | 13,700 | 42,987 | 24,089 | 1,826 | 930 | 323 | 83,855 |
| Additions | 451 | 5 | 311 | 1 | 16 | 106 | 890 |
| Write offs | - | - | (830) | - | (2) | - | (832) |
| Transfers | 68 | - | 246 | - | 1 | (315) | - |
| As at 31 December 2015 | 14,219 | 42,992 | 23,816 | 1,827 | 945 | 114 | 83,914 |
| Additions | 147 | - | 800 | - | 9 | 1,808 | 2,764 |
| Write offs | (103) | - | (2,040) | - | (34) | - | (2,177) |
| Transfers | - | - | 48 | - | - | (48) | - |
| As at 31 December 2016 | 14,263 | 42,992 | 22,624 | 1,827 | 920 | 1,874 | 84,500 |
| Accumulated depreciation and amortization | | | | | | | |
| As at 1 January 2015 | 13,045 | 3,110 | 19,327 | 1,591 | 592 | - | 37,665 |
| Charge for the year | 265 | 506 | 1,331 | 90 | 58 | - | 2,250 |
| Write offs | - | - | (828) | - | (2) | - | (830) |
| As at 31 December 2015 | 13,310 | 3,616 | 19,830 | 1,681 | 648 | - | 39,085 |
| Charge for the year | 307 | 506 | 1,189 | 57 | 54 | - | 2,113 |
| Write offs | (103) | - | (2,037) | - | (33) | - | (2,173) |
| As at 31 December 2016 | 13,514 | 4,122 | 18,982 | 1,738 | 669 | - | 39,025 |
| Net book value | | | | | | | |
| As at 1 January 2016 | 909 | 39,376 | 3,986 | 146 | 297 | 114 | 44,828 |
| As at 31 December 2016 | 749 | 38,870 | 3,642 | 89 | 251 | 1,874 | 45,475 |

As at 31 of December 2016 and 2015, the Bank has no encumbrances over its property, equipment and intangible assets.

11. OTHER INVESTMENTS

The structure of other investments is as follows:

| In thousands of KM | 31 December 2016 | 31 December 2015 |
|---|---------------------|---------------------|
| <i>Equity securities:</i> | | |
| Shares in Bank for International Settlements (BIS), Basel (Note 17) | 27,803 | 27,803 |
| Shares in SWIFT | 10 | 10 |
| TOTAL | 27,813 | 27,813 |

Equity securities are composed of ordinary Bank for International Settlements (hereinafter: BIS) shares with a nominal value of 5,000 SDR 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 562 thousand (2015: KM 586 thousand) (Note 21).

12. CURRENCY IN CIRCULATION

Currency in circulation can be analysed as follows:

| In thousands of KM | 2016 | 2015 |
|---|------------------|------------------|
| Currency placed into circulation - opening balance as of 1 January | 3,499,468 | 3,210,508 |
| Increase in currency in circulation during the year | 567,336 | 288,960 |
| Currency placed into circulation - balance as of 31 December | 4,066,804 | 3,499,468 |

Of the total currency placed into circulation of KM 4,066,804 thousand as at 31 December 2016, KM 605 thousand was placed into circulation outside of Bosnia and Herzegovina (2015: KM 605 thousand out of KM 3,499,468 thousand).

| | Nominal value | 31 December 2016 | | 31 December 2015 | |
|--------------|------------------|--------------------|-----------------------------|--------------------|-----------------------------|
| | | Pieces | Value in thousands of KM | Pieces | Value in thousands of KM |
| Coins | 0.05 | 58,005,994 | 2,900 | 52,262,527 | 2,613 |
| Coins | 0.10 | 90,219,478 | 9,022 | 83,943,760 | 8,394 |
| Coins | 0.20 | 65,465,345 | 13,093 | 60,740,117 | 12,148 |
| Coins | 0.50 | 31,728,243 | 15,864 | 29,558,189 | 14,779 |
| Coins | 1 | 44,751,826 | 44,752 | 41,870,560 | 41,871 |
| Coins | 2 | 12,654,299 | 25,309 | 11,578,832 | 23,158 |
| Coins | 5 | 9,212,158 | 46,061 | 8,509,335 | 42,547 |
| Banknotes | 10 | 10,635,610 | 106,356 | 9,894,614 | 98,946 |
| Banknotes | 20 | 8,483,902 | 169,678 | 7,947,931 | 158,959 |
| Banknotes | 50 | 18,230,190 | 911,510 | 16,590,165 | 829,508 |
| Banknotes | 100 | 19,475,164 | 1,947,515 | 17,141,506 | 1,714,150 |
| Banknotes | 200 | 3,873,719 | 774,744 | 2,761,975 | 552,395 |
| TOTAL | | 372,735,928 | 4,066,804 | 342,799,511 | 3,499,468 |

13. DEPOSITS FROM BANKS

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

| In thousands of KM | 31 December 2016 | 31 December 2015 |
|---|---------------------|---------------------|
| Deposits of local commercial banks | 4,268,467 | 4,063,249 |
| Reserve accounts of organizational units of the Bank | 640 | 252 |
| Special deposit of local commercial banks – blocked funds | 36 | 36 |
| TOTAL | 4,269,143 | 4,063,537 |

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 Central Bank of Bosnia and Herzegovina. On 31 December 2016 the total amount of KM 4,268,467 thousand (2015: KM 4,063,249 thousand represented deposits of 24 banks (2015: 27 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 01/01/2015-30/06/2016 and in the period 01/07/2016-31/12/2016 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 18.

Deposits from banks include negative accrued interest in the amount KM (376) thousand as at 31 December 2016 (31 December 2015: did not include accrued interest).

14. 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 2016 | 31 December 2015 |
|--|---------------------|---------------------|
| Deposits for the budget of BiH Institutions | 460,478 | 344,709 |
| Deposits of other governments and government institutions | 77,940 | 105,137 |
| Deposits of public institutions | 51,968 | 51,743 |
| Deposit account under International Monetary Fund transactions | 6 | 5 |
| TOTAL | 590,392 | 501,594 |

15. 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 (Note 23).

Movement in provisions for liabilities and charges is presented below:

| In thousands of KM | 2016 | 2015 |
|--|--------------|--------------|
| Opening balance as of 1 January | 1,452 | 1,294 |
| Compensations paid | (60) | (183) |
| Net charge to the income statement (Note 22) | 69 | 341 |
| Provisions for employees' payments | 1,461 | 1,452 |
| Provisions for litigations (Note 23) | 150 | - |
| Closing balance as of 31 December | 1,611 | 1,452 |

16. OTHER LIABILITIES

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

| In thousands of KM | 31 December 2016 | 31 December 2015 |
|---|---------------------|---------------------|
| Liabilities based on allocation of profit to the state budget (Note 24) | 8,437 | 18,827 |
| IMF Accounts No. 1 and 2 (Note 29) | 1,711 | 1,095 |
| Suppliers | 1,493 | 752 |
| Liabilities to employees | 943 | 1,346 |
| Deferred income | 416 | 617 |
| World Bank deposits | 447 | 232 |
| Accrued expenses and other liabilities | 229 | 258 |
| TOTAL | 13,676 | 23,127 |

17. EQUITY AND RESERVES

The structure of equity is presented in the following table:

| In thousands of KM | 31 December 2016 | 31 December 2015 |
|---|---------------------|---------------------|
| Initial capital | 25,000 | 25,000 |
| General reserves (Retained earnings) | 537,892 | 532,267 |
| Other reserves | 31,300 | 31,300 |
| Fair value reserves – financial assets available-for-sale | 111,597 | 66,307 |
| Fair value reserves – monetary gold | (38,357) | (61,145) |
| TOTAL | 667,432 | 593,729 |

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 Central Bank of Bosnia and Herzegovina with the approval of the Presidency of Bosnia and Herzegovina. The right to utilise the reserves from grants fall within the competence of the Governing Board of the Central Bank of Bosnia and Herzegovina.
- 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 11).

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.

18. INTEREST INCOME AND EXPENSES

| In thousands of KM | For the year ended 31 December | |
|--|-----------------------------------|----------------|
| | 2016 | 2015 |
| Interest income arising from: | | |
| - financial assets available-for-sale (Note 6) | 17,194 | 20,777 |
| - held-to-maturity investments (Note 8) | 11,532 | 7,567 |
| - deposit with foreign banks | 11 | 128 |
| - other | 3 | 3 |
| | 28,740 | 28,475 |
| Effects of negative interest rates from interest bearing financial assets from: | | |
| - term deposits held with foreign banks | (6,138) | - |
| - demand deposits held with foreign banks | (2,427) | (1,098) |
| | (8,565) | (1,098) |
| Effects of negative deposit interest rates on deposits from local commercial banks | 2,169 | - |
| Net interest income | 22,344 | 27,377 |

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 01/01/2015-30/06/2016 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 01/01/2015-30/06/2016 were as follows:

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

Until 30 April 2015 the interest rate calculated on the required reserves is 70% of the rate based on weighted average of interest rates achieved by the Bank in the same period on deposits invested up to one month while the interest rate calculated on the amount exceeding the required reserves is 90% of the rate based on weighted average of interest rates achieved by the Bank in the same period on deposits invested up to one month. In the period 01/01/2015-30/06/2016 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 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.

From 1 July 2016 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.

18. INTEREST INCOME AND EXPENSES (CONTINUED)

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 01/07-31/12/2016.

19. FEE AND COMMISSION INCOME AND EXPENSES

| In thousands of KM | For the year ended 31 December | |
|--|-----------------------------------|--------------|
| | 2016 | 2015 |
| Fee and commission income: | | |
| - from local commercial banks | 9,592 | 8,692 |
| - from services for the Government and other non-banking clients | 480 | 496 |
| | 10,072 | 9,188 |
| Fee and commission expenses: | | |
| - transactions with foreign banks | (533) | (619) |
| | (533) | (619) |
| Net fee and commission income | 9,539 | 8,569 |

20. NET FOREIGN EXCHANGE GAINS

| In thousands of KM | For the year ended 31 December | |
|--|-----------------------------------|------------|
| | 2016 | 2015 |
| Income from foreign exchange differences | 1,078 | 1,906 |
| Expenses from foreign exchange differences | (1,018) | (1,048) |
| Net gains | 60 | 858 |

21. OTHER INCOME

| In thousands of KM | For the year ended 31 December | |
|---------------------------|-----------------------------------|------------|
| | 2016 | 2015 |
| Dividend income (Note 11) | 562 | 586 |
| Income from grants | 218 | 122 |
| Other income | 791 | 107 |
| TOTAL | 1,571 | 815 |

22. PERSONNEL EXPENSES

| In thousands of KM | For the year ended 31 December | |
|---|-----------------------------------|---------------|
| | 2016 | 2015 |
| Salaries | 10,543 | 11,375 |
| Taxes and contributions | 6,013 | 6,516 |
| Other employee benefits | 2,304 | 2,201 |
| Provisions for severance payments (Note 15) | 69 | 341 |
| TOTAL | 18,929 | 20,433 |

Personnel costs include KM 3,541 thousand (2015: KM 3,775 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 2016 the Bank had 361 employees (2015: 354 employees).

23. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

| In thousands of KM | For the year ended 31 December | |
|---|-----------------------------------|--------------|
| | 2016 | 2015 |
| Maintenance costs | 2,587 | 2,340 |
| Expenses for production and design of banknotes and coins | 599 | 1,563 |
| Other administrative and operating expenses | 3,607 | 3,921 |
| TOTAL | 6,793 | 7,824 |

Other administrative and operating expenses include expenses related to provisions on litigations in the amount 150 thousand (2015: the Bank did not have expenses of provisions on litigations).

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 or higher than 5.00% of the total monetary liabilities.

This ratio, before the profit allocation in 2016 amounted to 6.24% (2015: 6.75%). According to the Decision of the Governing Board 60% of the net profit for the financial year of 2016 in the amount of KM 8,437 thousand (2015: KM 18,827 thousand) was allocated to the state budget, and 40%, i.e. the amount of KM 5,625 thousand was allocated to the general reserves (retained earnings) of the Bank (2015: KM 12,551 thousand).

2016**Before profit allocation**

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

24. PROFIT ALLOCATION (CONTINUED)**Profit allocation**

(in thousands of KM)

| | |
|--|---------------|
| Net profit before allocation | 14,062 |
| 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 |
| Ratio - Initial capital and general reserves (retained earnings) / monetary liabilities | 6.31% |

2015**Before profit allocation**

(in thousands of KM)

| | |
|--|------------------|
| Monetary liabilities (Currency in circulation and domestic deposits) | 8,064,599 |
| Initial capital and general reserves (retained earnings) | 544,716 |
| Ratio - initial capital and general reserves (retained earnings) / monetary liabilities | 6.75% |

Profit allocation

(in thousands of KM)

| | |
|--|---------------|
| Net profit before allocation | 31,378 |
| Allocation of profit to the state budget | 18,827 |
| Allocation of profit to general reserves (retained earnings) | 12,551 |

After profit allocation

(in thousands of KM)

| | |
|--|--------------|
| Initial capital and general reserves (retained earnings) | 557,267 |
| Ratio - Initial capital and general reserves (retained earnings) / monetary liabilities | 6.91% |

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 2016 | 31 December 2015 |
|---|---------------------|---------------------|
| Foreign currency deposits with maturity up to three months or less from the date of acquisition | 2,069,888 | - |
| Foreign currency demand deposits | 705,065 | 1,003,635 |
| Foreign currency in cash | 194,846 | 128,520 |
| Special Drawing Rights in the International Monetary Fund | 2,642 | 3,778 |
| Giro accounts | 640 | 252 |
| TOTAL | 2,973,081 | 1,136,185 |

26. 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:

In thousands of KM

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

In thousands of KM

| 2015 | Exposure | Liabilities | Income | Expenses |
|---|----------|----------------|----------|----------|
| State | - | 412,719 | - | - |
| <i>State institutions</i> | | | | |
| Indirect taxation authority of Bosnia and Herzegovina | - | 8,508 | - | - |
| Deposit Insurance Agency | - | 18,972 | - | - |
| TOTAL | - | 440,199 | - | - |

Remuneration of key management members

The total remuneration of the members of the key personnel (members of Management and Governing Board) in 2016 amounted to KM 898 thousand, out of which KM 562 thousand was related to salaries and other remuneration and KM 336 thousand to taxes and contributions (in 2015 out of total amount of KM 988 thousand the amount of KM 620 thousand was related to salaries and other remuneration and KM 368 thousand was related to taxes and contributions).

27. RISK MANAGEMENT

The major financial risks to which the Bank is exposed are as follows:

- Liquidity risk
- Market risk
- Credit risk.

This note presents information about the Bank's exposure to each of the above risks, the Bank's objective, policies and procedures for measuring and managing risks.

Given that the primary purpose of the Bank is to preserve monetary stability in Bosnia and Herzegovina, its financial risk framework is different from the framework of commercial banks. The majority of financial risks in the Bank occur based on the management of foreign currency reserves and based on financial market operations.

The Bank seeks to ensure that strong and effective risk management and control system are in place for identifying, assessing, monitoring and managing risk exposures. Risk management and estimation of the level of acceptable risk is a continuous process and the integral element of the Bank's business strategy. By instruments of business policy and control mechanisms through the level of the Governing Board of the Bank, the Management, the Audit Committee and the Investment Committee of the Bank, completeness in risk management is provided. Holding foreign exchange reserves in convertible currency at fixed exchange rate arrangement, investing in short term deposits with fixed interest rate in foreign banks with high credit ratings and in quality securities are the basic principles of managing liquidity risk, foreign exchange risk, interest rate risk and credit risk.

27.1. 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 2016 and 2015 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.

27. RISK MANAGEMENT (CONTINUED)**27.1. Liquidity 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 | Without specified maturity | Total |
|--|-------------------|---------------------------|----------------------|-----------------|----------------------------------|------------------|
| 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 |
| TOTAL FINANCIAL LIABILITIES | 8,930,945 | 8,437 | - | - | - | 8,939,382 |

31 December 2015**In thousands of KM**

| | Up to 3 months | From 3 to 12 months | From 1 to 3 years | Over 3 years | Without specified maturity | Total |
|--|-------------------|---------------------------|----------------------|-----------------|----------------------------------|------------------|
| Currency in circulation | 3,499,468 | - | - | - | - | 3,499,468 |
| Deposits from banks | 4,063,537 | 70 | - | - | - | 4,063,607 |
| Deposits from the Government and other depositors | 501,594 | - | - | - | - | 501,594 |
| Other financial liabilities | 3,431 | 18,827 | - | - | - | 22,258 |
| TOTAL FINANCIAL LIABILITIES | 8,068,030 | 18,897 | - | - | - | 8,086,927 |

27. RISK MANAGEMENT (CONTINUED)

27.2. Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures with acceptable parameters, while optimising the return on risk.

27.2.1. 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 deposit 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 Central 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 2016 and 31 December 2015.

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 |
| Total financial assets | 9,317,552 | 209,409 | 4,193 | 30,020 | 9,561,174 |
| 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 |
| Total financial liabilities | 483 | 3 | 39 | 8,938,857 | 8,939,382 |
| NET FOREIGN EXCHANGE POSITION | 9,317,069 | 209,406 | 4,154 | (8,908,837) | 621,792 |

27. RISK MANAGEMENT (CONTINUED)**27.2. Market risk (continued)****27.2.1. Foreign exchange risk (continued)****31 December 2015**

| In thousands of KM | EUR | USD | Other foreign currencies | KM | Total |
|--|------------------|----------------|--------------------------------|--------------------|------------------|
| Foreign currency in cash | 128,440 | 21 | 59 | - | 128,520 |
| Deposits with foreign banks | 1,001,986 | 1,606 | 43 | - | 1,003,635 |
| Special Drawing Rights with the International Monetary Fund | - | - | 3,778 | - | 3,778 |
| Financial assets available-for-sale | 6,145,872 | - | - | - | 6,145,872 |
| Monetary gold | - | 182,315 | - | - | 182,315 |
| Held-to-maturity investments | 1,142,191 | - | - | - | 1,142,191 |
| Other investments | 10 | - | - | 27,803 | 27,813 |
| Other financial assets | - | - | - | 1,876 | 1,876 |
| Total financial assets | 8,418,499 | 183,942 | 3,880 | 29,679 | 8,636,000 |
| Currency in circulation | - | - | - | 3,499,468 | 3,499,468 |
| Deposits from banks | - | - | - | 4,063,537 | 4,063,537 |
| Deposits from the Government and other depositors | - | - | - | 501,594 | 501,594 |
| Other financial liabilities | 506 | 3 | 1 | 21,748 | 22,258 |
| Total financial liabilities | 506 | 3 | 1 | 8,086,347 | 8,086,857 |
| NET FOREIGN EXCHANGE POSITION | 8,417,993 | 183,939 | 3,879 | (8,056,668) | 549,143 |

27. RISK MANAGEMENT (CONTINUED)

27.2. Market risk (continued)

27.2.1.1. Foreign exchange risk - Sensitivity analysis

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.

The sensitivity analysis includes outstanding foreign currency denominated monetary items at the statement of financial position date and indicates the effects of the assumed changes in foreign currency rates on the reported profit and equity. The table below provides an analysis of the Bank's main currency exposures. A positive number indicates an increase in income statement and increase in equity where the KM weakens i.e. strengthens against the relevant currency.

| 2016 | USD | SDR | Other |
|--|---------------|---------|---------|
| In thousands of KM | +/- 3% | +/- 2% | +/- 2% |
| Foreign exchange rate risk (on P&L) | 129/(129) | 53/(53) | 30/(30) |
| 2015 | USD | SDR | Other |
| In thousands of KM | +/- 3% | +/- 2% | +/- 2% |
| Foreign exchange rate risk (on P&L) | 49/(49) | 76/(76) | 2/(2) |
| 2016 | USD | SDR | Other |
| In thousands of KM | +/- 3% | +/- 2% | +/- 2% |
| Foreign exchange rate risk (on Equity) | 6,153/(6,153) | 0/(0) | 0/(0) |
| 2015 | USD | SDR | Other |
| In thousands of KM | +/- 3% | +/- 2% | +/- 2% |
| Foreign exchange rate risk (on Equity) | 5,469/(5,469) | 0/(0) | 0/(0) |

27. RISK MANAGEMENT (CONTINUED)

27.2. Market risk (continued)

27.2.2. 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 reprice 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 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 |
| Total financial assets | 4,993,594 | 4,091,886 | 195 | 61 | 475,438 | 9,561,174 |
| 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 |
| Total financial liabilities | 2,039,880 | - | - | - | 6,899,502 | 8,939,382 |
| INTEREST RATE GAP | 2,953,714 | 4,091,886 | 195 | 61 | (6,424,064) | 621,792 |

27. RISK MANAGEMENT (CONTINUED)**27.2. Market risk (continued)****27.2.2. Interest rate risk (continued)****31 December 2015****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 | - | - | - | - | 128,520 | 128,520 |
| Deposits with foreign banks | 1,003,745 | - | - | - | (110) | 1,003,635 |
| Special Drawing Rights with the International Monetary Fund | 3,778 | - | - | - | - | 3,778 |
| Financial assets available-for-sale | 2,748,514 | 3,348,309 | - | - | 49,049 | 6,145,872 |
| Monetary gold | - | - | - | - | 182,315 | 182,315 |
| Held-to-maturity investments | 120,759 | 1,013,693 | - | - | 7,739 | 1,142,191 |
| Other investments | - | - | - | - | 27,813 | 27,813 |
| Other financial assets | 38 | 114 | 277 | 133 | 1,314 | 1,876 |
| Total financial assets | 3,876,834 | 4,362,116 | 277 | 133 | 396,640 | 8,636,000 |
| Currency in circulation | - | - | - | - | 3,499,468 | 3,499,468 |
| Deposits from banks | 1,508,789 | - | - | - | 2,554,748 | 4,063,537 |
| Deposits from the Government and other depositors | 5 | - | - | - | 501,589 | 501,594 |
| Other financial liabilities | - | - | - | - | 22,258 | 22,258 |
| Total financial liabilities | 1,508,794 | - | - | - | 6,578,063 | 8,086,857 |
| INTEREST RATE GAP | 2,368,040 | 4,362,116 | 277 | 133 | (6,181,423) | 549,143 |

27. RISK MANAGEMENT (CONTINUED)

27.2. Market risk (continued)

27.2.2.1 Interest rate risk - Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for financial assets and financial liabilities at the statement of financial position date and the assumed change of interest rate taking place at the beginning of the financial year and held constant throughout the reporting period.

The table below provides a sensitivity analysis of the Bank's interest rate exposures in main currencies based on the sensitivity range of +10/-10bp (2015: +5/-5bp) depending on the currency (which reflects Bank's assessment of the possible change in interest rates). A positive number indicates an increase in income statement and increase in equity where the rates according to new scenario are higher, i.e. lower then as of reporting dates.

| 2016 | KM | EUR | SDR |
|-----------------------------|---------------|-----------------|-----------|
| In thousands of KM | +10/-10bp | +10/-10bp | +10/-10bp |
| Interest rate risk (on P&L) | (2,229)/2,229 | (14,322)/14,418 | 3/(3) |

| 2015 | KM | EUR | SDR |
|-----------------------------|-----------|---------------|---------|
| In thousands of KM | +1/-1bp | +5/-5bp | +1/-1bp |
| Interest rate risk (on P&L) | (151)/151 | (8,211)/8,238 | 0/(0) |

| 2016 | KM | EUR | SDR |
|--------------------------------|-----------|-----------|-----------|
| In thousands of KM | +10/-10bp | +10/-10bp | +10/-10bp |
| Interest rate risk (on equity) | 0/0 | (658)/663 | 0/(0) |

| 2015 | KM | EUR | SDR |
|--------------------------------|---------|-----------|---------|
| In thousands of KM | +1/-1bp | +5/-5bp | +1/-1bp |
| Interest rate risk (on equity) | 0/0 | (180)/181 | 0/(0) |

27. RISK MANAGEMENT (CONTINUED)

27.3. 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, by limiting the maturity, and by controlling the volume and the dynamics of investment. The credit ratings are continuously 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 29).

27.3.1. 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 2016 | 31 December 2015 |
| Carrying amounts | | |
| Foreign currency in cash | 194,846 | 128,520 |
| Deposits with foreign banks | 2,970,397 | 1,003,635 |
| Special Drawing Rights with the International Monetary Fund | 2,642 | 3,778 |
| Financial assets available-for-sale | 5,025,829 | 6,145,872 |
| Monetary gold | 205,102 | 182,315 |
| Held-to-maturity investments | 1,132,328 | 1,142,191 |
| Other investments | 27,813 | 27,813 |
| Other financial assets | 2,217 | 1,876 |
| TOTAL | 9,561,174 | 8,636,000 |

The Bank does not hold any collateral or other credit enhancements to cover this credit risk as the Bank invests its assets with the counterparties that have the highest credit ratings.

As of 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 2,970,397 thousand as at 31 December 2016 (2015: KM 1,003,635 thousand). The largest portion of these funds is invested in two foreign banks with individual exposures exceeding total equity and reserves of the Bank (2015: none of the 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:

| Bank rating | 31 December 2016 | | Bank rating | 31 December 2015 | |
|-------------|--------------------|------------|-------------|--------------------|------------|
| | In thousands of KM | % of total | | In thousands of KM | % of total |
| AAA | 918,072 | 30.91 | - | - | - |
| AAA | 859,501 | 28.94 | - | - | - |

The largest individual risk exposure as at 31 December 2016 amounted to KM 918,072 thousand (2015: KM 412,022 thousand)

27. RISK MANAGEMENT (CONTINUED)

27.3. Credit risk (continued)

27.3.1. 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 2016 (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 | - | 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 ¹ | - | 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 |
| TOTAL | 194,846 | 2,970,397 | 2,642 | 5,025,829 | 205,102 | 1,132,328 | 27,813 | 2,217 | 9,561,174 |

The table below presents an analysis of the Bank's concentration per credit rating for its financial assets as at 31 December 2015 (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 | - | 783,544 | - | 1,190,738 | - | 224,439 | - | - | 2,198,721 |
| AA+ | - | - | - | 341,098 | - | 162,938 | - | - | 504,036 |
| AA | - | - | - | 1,542,920 | - | 527,920 | - | - | 2,070,840 |
| AA- | - | - | - | - | - | - | - | - | - |
| A+ | - | - | - | 6,131 | - | - | - | - | 6,131 |
| A | - | - | - | - | - | - | - | - | - |
| A- | - | 208,750 | - | - | - | - | - | - | 208,750 |
| II ² | - | 1,531 | 3,778 | - | 182,315 | - | 27,813 | - | 215,437 |
| BBB+ | - | 9,810 | - | 1,701,072 | - | - | - | - | 1,710,882 |
| BBB | - | - | - | 1,363,913 | - | 226,894 | - | - | 1,590,807 |
| Unrated | 128,520 | - | - | - | - | - | - | 1,876 | 130,396 |
| TOTAL | 128,520 | 1,003,635 | 3,778 | 6,145,872 | 182,315 | 1,142,191 | 27,813 | 1,876 | 8,636,000 |

¹ International institutions

² International institutions

27. RISK MANAGEMENT (CONTINUED)**27.3. Credit risk (continued)****27.3.1. Credit risk concentration (continued)****Geographical concentration**

The following table provides the information about geographical concentration of Bank's financial assets as at 31 December 2016.

| In thousands of KM | EU countries | Non-EU member countries | Bosnia and Herzegovina | Total |
|-------------------------------------|---------------------|--------------------------------|-------------------------------|------------------|
| Foreign currency in cash | - | - | 194,846 | 194,846 |
| Deposits with foreign banks | 2,380,169 | 590,228 | - | 2,970,397 |
| SDR with the IMF | - | 2,642 | - | 2,642 |
| Available-for-sale financial assets | 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 |
| 31 December 2016 | 8,538,336 | 825,775 | 197,063 | 9,561,174 |
| 31 December 2015 | 8,290,177 | 215,427 | 130,396 | 8,636,000 |

28. FAIR VALUE MEASUREMENT

28.1 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 and financial liabilities 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 and financial liabilities 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 2016 | 31 December 2015 | | |
| 1) Financial assets available for sale (see Note 6) | <p>Listed debt securities on stock exchanges in other countries:</p> <ul style="list-style-type: none"> • France – KM 1,136,535 thousand • Belgium – KM 1,011,011 thousand • Spain – KM 900,412 thousand • Italy – KM 585,423 thousand • Germany – KM 541,175 thousand • Austria – KM 438,424 thousand • Finland – KM 229,082 thousand • Netherlands – KM 177,704 thousand • Slovakia – KM 6,063 thousand | <p>Listed debt securities on stock exchanges in other countries:</p> <ul style="list-style-type: none"> • France – KM 953,567 thousand • Belgium – KM 589,354 thousand • Spain – KM 1,701,072 thousand • Italy – KM 1,363,912 thousand • Germany – KM 531,970 thousand • Austria – KM 341,098 thousand • Finland – KM 232,366 thousand • Netherlands – KM 426,402 thousand • Slovakia – KM 6,131 thousand | 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 7) | <p>Listed precious metals on stock exchanges in other countries:</p> <ul style="list-style-type: none"> • Switzerland – KM 205,102 thousand | <p>Listed precious metals on stock exchanges in other countries:</p> <ul style="list-style-type: none"> • Switzerland – KM 182,315 thousand | Level 1 | Quoted bid prices in an active market. |

28. FAIR VALUE MEASUREMENT (CONTINUED)

28.2 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 2016 | | 31 December 2015 | |
|---|------------------|------------|------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| <i>Loans and receivables</i> | | | | |
| - Foreign currency in cash | 194,846 | 194,846 | 128,520 | 128,520 |
| - Deposits with foreign banks | 2,970,397 | 2,963,885 | 1,003,635 | 1,001,637 |
| - Special Drawing Rights with the International Monetary Fund | 2,642 | 2,642 | 3,778 | 3,778 |
| <i>Held-to-maturity investments</i> | | | | |
| - Held-to-maturity investments | 1,132,328 | 1,185,052 | 1,142,191 | 1,157,370 |
| <i>Available-for-sale financial assets</i> | | | | |
| - Available-for-sale financial assets | 5,025,829 | 5,025,829 | 6,145,872 | 6,145,872 |
| - Monetary gold | 205,102 | 205,102 | 182,315 | 182,315 |
| - Other investments | 27,813 | 27,813 | 27,813 | 27,813 |
| - Other financial assets | 2,217 | 2,217 | 1,876 | 1,876 |
| Financial liabilities | | | | |
| <i>Financial liabilities held at amortized cost:</i> | | | | |
| - Currency in circulation | 4,066,804 | 4,066,804 | 3,499,468 | 3,499,468 |
| - Deposits from banks | 4,269,143 | 4,261,731 | 4,063,537 | 4,056,286 |
| - Deposits from the Government and other depositors | 590,392 | 589,367 | 501,594 | 500,699 |
| - Other financial liabilities | 13,043 | 13,043 | 22,258 | 22,258 |

| In thousands of KM | Fair value hierarchy as at 31 December 2016 | | | |
|--|---|------------------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | |
| <i>Loans and receivables:</i> | | | | |
| - Deposits with foreign banks | - | 2,963,885 | - | 2,963,885 |
| - Held-to-maturity investments | - | 1,185,052 | - | 1,185,052 |
| | - | 4,148,937 | - | 4,148,937 |
| Financial liabilities | | | | |
| <i>Financial liabilities held at amortized cost:</i> | | | | |
| - Deposits from banks | - | 4,261,731 | - | 4,261,731 |
| - Deposits from the Government and other depositors | - | 589,367 | - | 589,367 |
| | - | 4,851,098 | - | 4,851,098 |

28. FAIR VALUE MEASUREMENT (CONTINUED)**28.2 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) (continued)**

In thousands of KM

| | Fair value hierarchy as at 31 December 2015 | | | |
|--|---|------------------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | |
| <i>Loans and receivables:</i> | | | | |
| - Deposits with foreign banks | - | 1,001,637 | - | 1,001,637 |
| - Held-to-maturity investments | - | 1,157,370 | - | 1,157,370 |
| | - | 2,159,007 | - | 2,159,007 |
| Financial liabilities | | | | |
| <i>Financial liabilities held at amortized cost:</i> | | | | |
| - Deposits from banks | - | 4,056,286 | - | 4,056,286 |
| - Deposits from the Government and other depositors | - | 500,699 | - | 500,699 |
| | - | 4,556,985 | - | 4,556,985 |

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 2016 and 2015, 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 BiH.

29. 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 Central Bank of Bosnia and Herzegovina, 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 of commercial banks, for which the Bank acts as an agent.

29. OFF-BALANCE SHEET ITEMS (CONTINUED)

Off-balance sheet items consist of:

| In thousands of KM | 31 December 2016 | 31 December 2015 |
|--|---------------------|---------------------|
| Third party securities and funds held with foreign banks | 356,294 | 308,646 |
| Deposits of USAID | 2,539 | 2,256 |
| Deposits of non-residents | 2,539 | 2,256 |
| Deposits of the Council of Ministers of BiH | 20,941 | 18,661 |
| Deposits of the Council of Ministers of BiH on the basis of succession | 39 | 35 |
| Deposits of the Council of Ministers of BiH regarding the servicing of foreign debt | 7,943 | 6,414 |
| Deposits of the Council of Ministers of BiH regarding the Budget of BiH institutions | 874 | 6,422 |
| Other deposits of the Council of Ministers of BiH | 12,085 | 5,790 |
| Deposits of other residents | 7,131 | 6,069 |
| Deposits - Retirement allowance from Germany | 375 | - |
| Deposit accounts of banks | 6,756 | 6,069 |
| Deposits of residents | 28,072 | 24,730 |
| Investments related to securities – Deposit Insurance Agency | 325,683 | 281,660 |
| Investments of residents related to securities | 325,683 | 281,660 |
| Liability for third party securities and funds | 356,294 | 308,646 |

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 with the Bank of America. 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 or fees on such accounts.

Bosnia and Herzegovina membership in the IMF

As depositary for BiH membership in the IMF, the Central Bank of Bosnia and Herzegovina maintains the IMF No. 1 and 2 accounts and provides a custodian service for the BiH 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 BiH in dealing with the IMF but does not have any responsibility for assets and liabilities related to the membership.

29. OFF-BALANCE SHEET ITEMS (CONTINUED)

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

Consolidated position of BiH membership in the IMF as at 31 December 2016

(In thousands of KM)

| Assets | | |
|---|------------------|------------------|
| Quota | 661,501 | |
| SDR holdings | 2,641 | |
| Accrued interest on SDR holdings | 1 | |
| Total assets | 664,143 | |
| Liabilities | | |
| IMF No. 1 account (Note 16) | | 1,654 |
| IMF No. 2 account (Note 16) | | 57 |
| Securities | | 1,687,755 |
| Accounts of payable charges | | 2,157 |
| SDR allocation | | 401,306 |
| Accrued interest on SDR allocation | | 144 |
| Total liabilities | | 2,093,073 |
| Net member position with the IMF | | |
| BiH obligations to the IMF arising principally from repurchase and currency valuation adjustments | 1,428,930 | |
| Net member position | 1,428,930 | |
| | 2,093,073 | 2,093,073 |
| Total consolidated position - assets and liabilities | | |
| IMF No. 1 account | (1,654) | (1,654) |
| IMF No. 2 account | (57) | (57) |
| Total gross position of BiH with the IMF - assets and liabilities | 2,091,362 | 2,091,362 |

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 BiH is increased by the IMF No. 1 and 2 accounts.

29. OFF-BALANCE SHEET ITEMS (CONTINUED)

Consolidated position of BiH membership in the IMF as at 31 December 2015

(In thousands of KM)

| | | |
|---|------------------|------------------|
| Assets | | |
| Quota | 420,964 | |
| SDR holdings | 3,778 | |
| Accrued interest on SDR holdings | - | |
| Total assets | 424,742 | |
| Liabilities | | |
| IMF No. 1 account (Note 16) | | 1,058 |
| IMF No. 2 account (Note 16) | | 37 |
| Securities | | 1,456,417 |
| Accounts of payable charges | | 1,843 |
| SDR allocation | | 400,516 |
| Accrued interest on SDR allocation | | 34 |
| Total liabilities | | 1,859,905 |
| Net member position with the IMF | | |
| BiH obligations to the IMF arising principally from repurchase and currency valuation adjustments | 1,435,163 | |
| Net member position | 1,435,163 | |
| | 1,859,905 | 1,859,905 |
| Total consolidated position - assets and liabilities | | |
| | 1,859,905 | 1,859,905 |
| IMF No. 1 account | (1,058) | (1,058) |
| IMF No. 2 account | (37) | (37) |
| Total gross position of BH with the IMF - assets and liabilities | 1,858,810 | 1,858,810 |

30. 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 2016 | 31 December 2015 |
|--|---------------------|---------------------|
| Foreign assets | 9,531,144 | 8,606,311 |
| Liabilities to non-residents | 2,158 | 1,327 |
| Net foreign exchange reserves (foreign assets minus liabilities to non-residents) | 9,528,986 | 8,604,984 |
| Monetary liabilities | 8,926,339 | 8,064,599 |
| Net foreign assets (net foreign exchange reserves minus monetary liabilities) | 602,647 | 540,385 |

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.

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 Central 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 credit 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, which has never been jeopardised since the implementation of the system.

32. POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the 31 December 2016 and the date of authorization of these financial statements.

4. PUBLICATIONS AND WEB SERVICES

| | |
|--|--|
| Monthly Economic Report | A brief information on the latest trends in macroeconomic environment which has been published on the CBBH web site since May 2013. Publication was internal by that time. |
| Bulletin | Quarterly publication, includes monetary and financial statistics, information on payment transactions, data on real sector and balance of payments data of Bosnia and Herzegovina |
| Annual Report | The publication contains the report on business operations of the CBBH during the year and the financial statement, which the CBBH submits to the Presidency of BH and the Parliamentary Assembly of Bosnia and Herzegovina. |
| Financial Stability Report | Annual publication contains assessment of risks arising from macroeconomic environment and the trends in the financial system, and assessment of the system resistance to identified risks. |
| Special Research Topics | Occasional publication published on the CBBH web site. |
| <p>WEB SITE</p> <p>www.cbbh.ba</p> <p>e-mail:</p> <p>contact@cbbh.ba</p> <p>pr@cbbh.ba</p> <p>TWITTER @CBBiH</p> | <p>The CBBH considers transparency and disclosure of business operations to be very important for credibility, public accountability and confidence that the CBBH enjoys among the population and in BH institutions as well as among international institutions. On the basis of the CBBH Rule Book on Operations, the CBBH is required to inform the public about its operations by providing timely information, publishing reports, issuing official publications, organizing press conferences.</p> <p>Web site of the CBBH has existed since 1998. It contains the basic data on the CBBH, the CBBH Law, presents the banknotes and coins of Bosnia and Herzegovina and numismatic issues of the CBBH, and also a high number of publications and statistical data (annual reports, monthly balance sheets, quarterly bulletins, financial stability report, BH balance of payments, payment system data....) and the list of all commercial banks in BH.</p> <p>Publications and statistics are published in generally accepted formats, DOC, XLS and PDF. The site also includes the exchange rate list, which is changed on daily basis and other relevant news and press releases.</p> <p>Documents are published in Bosnian, Croatian, Serb and English.</p> <p>In 2013, with purpose of increasing openness and transparency, and communicating with wider public, the CBBH has created its official profile on the social network Twitter.</p> <p>Via that profile, the data, also published on the web site of the bank www.cbbh.ba are republished, with the additional information and data which are estimated to be relevant.</p> <p>The way of communicating is adjusted to the target public.</p> |

5. STATISTICAL TABLES

| T01 | Main Economic Indicators | | | | | | | |
|---|--------------------------|--------|--------|--------|--------|--------|--------|--------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 * |
| BH Nominal GDP (in KM million) ¹⁾ current prices | 24,780 | 25,346 | 26,210 | 26,193 | 26,743 | 27,304 | 28,659 | 30,389 |
| Real GDP annual growth (in %) ¹⁾ | -2.9 | 0.8 | 0.9 | -0.9 | 2.4 | 1.1 | 3.1 | 3.0 |
| Consumer prices growth rate in BH ²⁾ | in percentage | | | | | | | |
| Average annual growth rate of CPI | -0.4 | 2.1 | 3.7 | 2.1 | -0.1 | -0.9 | -1.0 | -1.1 |
| Annual growth rate of CPI for December | 0.0 | 3.1 | 3.1 | 1.8 | -1.2 | -0.4 | -1.3 | -0.3 |
| General government budget ³⁾ | as percentage of GDP | | | | | | | |
| Revenues | 41.7 | 42.9 | 43.3 | 43.8 | 42.7 | 43.8 | 43.0 | ... |
| Expenditures ⁴⁾ | 46.1 | 45.3 | 44.6 | 45.8 | 44.8 | 45.8 | 40.4 | ... |
| Overall balance | -4.3 | -2.4 | -1.2 | -2.0 | -2.2 | -2.0 | 0.7 | ... |
| Money and credit | as percentage of GDP | | | | | | | |
| Broad money (M2) | 51.3 | 53.8 | 55.0 | 56.9 | 60.2 | 63.2 | 65.0 | 66.5 |
| Credit to non-government sector | 53.8 | 54.1 | 54.5 | 56.2 | 56.6 | 56.3 | 54.8 | 53.4 |
| Balance of payments | | | | | | | | |
| Gross official reserves | | | | | | | | |
| In KM million | 6,212 | 6,458 | 6,424 | 6,509 | 7,068 | 7,826 | 8,606 | 9,531 |
| In USD million | 4,416 | 4,372 | 4,569 | 4,274 | 4,797 | 5,309 | 4,883 | 5,391 |
| In months of imports of goods and services | 6.2 | 6.0 | 5.3 | 5.3 | 5.9 | 6.1 | 6.8 | 7.3 |
| Current account balance | | | | | | | | |
| In KM million | -1,588 | -1,531 | -2,483 | -2,269 | -1,415 | -2,006 | -1,576 | -1,310 |
| In USD million | -1,129 | -1,037 | -1,766 | -1,490 | -960 | -1,361 | -894 | -741 |
| As a percentage of GDP | -6.4 | -6.0 | -9.5 | -8.7 | -5.3 | -7.3 | -5.5 | -4.3 |
| Trade balance | | | | | | | | |
| In KM million | -7,632 | -7,426 | -8,080 | -8,002 | -7,316 | -8,101 | -7,418 | -7,199 |
| In USD million | -5,425 | -5,028 | -5,747 | -5,255 | -4,965 | -5,496 | -4,208 | -4,072 |
| As a percentage of GDP | -30.8 | -29.3 | -30.8 | -30.5 | -27.4 | -29.7 | -25.9 | -23.7 |
| External debt of government sector* | | | | | | | | |
| In KM million | 5,236 | 6,291 | 6,663 | 7,212 | 7,563 | 8,442 | 8,691 | 8,871 |
| In USD million | 3,839 | 4,272 | 4,408 | 4,861 | 5,330 | 5,249 | 4,855 | 4,781 |
| As a percentage of GDP | 21.1 | 24.8 | 25.4 | 27.5 | 28.3 | 30.9 | 30.3 | 29.2 |
| External debt servicing ⁵⁾ | | | | | | | | |
| In KM million | 246 | 301 | 340 | 413 | 685 | 761 | 581 | 723 |
| In USD million | 175 | 204 | 242 | 271 | 465 | 516 | 330 | 409 |
| As a percentage of exports of goods and services | 4.0 | 4.0 | 4.0 | 4.9 | 7.6 | 8.2 | 5.9 | 6.8 |

Note:

1) Source: BH Statistics Agency, „Gross Domestic Product for BH 2016 – Production Approach“

*GDP for 2016 is an assessment of Economic Planning Directorate 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 17th. February 2017 and include the loan of PC Roads RS and direct debt of Brčko District.

| T02 | Gross Domestic Product of Bosnia and Herzegovina (Current Prices) | | | | | | | |
|---|--|----------|----------|----------|----------|----------|----------|----------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 * |
| Nominal GDP (in KM million) | 24,780 | 25,346 | 26,210 | 26,193 | 26,743 | 27,304 | 28,659 | 30,389 |
| Nominal GDP (in USD million) | 17,614 | 17,162 | 18,640 | 17,202 | 18,149 | 18,524 | 16,259 | 17,188 |
| GDP per capita (in KM) | 6,996 | 7,158 | 7,408 | 7,410 | 7,574 | 7,744 | 8,146 | 8,646 |
| GDP per capita (in USD) | 4,973 | 4,847 | 5,269 | 4,866 | 5,140 | 5,253 | 4,622 | 4,890 |
| Real GDP annual growth (in %) | -2.9 | 0.8 | 0.9 | -0.9 | 2.4 | 1.1 | 3.1 | 3.0 |
| Population (in thousands) ¹⁾ | 3,542 | 3,541 | 3,538 | 3,535 | 3,531 | 3,526 | 3,518 | 3,515 |
| Annual average exchange rate of BAM/USD | 1.406800 | 1.476900 | 1.406117 | 1.522700 | 1.473557 | 1.474019 | 1.762605 | 1.768011 |

Source:

BH Statistics Agency „Gross Domestic Product – Production Approach –the first data“. 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_2006-2015, 2015. The estimate of the number of citizens for 2016 includes the available data on the natural growth in the end of March 2016; Source: BH Statistics Agency.

* GDP for 2016 is an assessment of Economic Planning Directorate and it is used as preliminary data, until the announcement of the official GDP by the BH Statistics Agency.

| T03 Index of Industrial Production | | | | | | | |
|---------------------------------------|-------|-------|-------|-------|---|-------|-------|
| Month/Same Month of the Previous Year | | | | | Period/Same Period of the Previous Year | | |
| Year | Month | 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 | 105.6 |
| 2012 | 12 | 99.6 | 98.5 | 95.2 | 95.7 | 95.8 | 94.8 |
| 2013 | 12 | 107.7 | 104.7 | 107.0 | 107.4 | 104.1 | 106.4 |
| 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 | 101.9 |
| 2016 | 12 | 103.0 | 120.0 | 104.4 | 102.6 | 108.2 | 103.4 |
| 2016 | 01 | 96.4 | 93.7 | 96.8 | 96.3 | 93.7 | 96.8 |
| | 02 | 104.9 | 104.8 | 106.1 | 100.5 | 99.5 | 101.4 |
| | 03 | 105.3 | 122.1 | 111.2 | 102.7 | 107.5 | 104.9 |
| | 04 | 104.3 | 102.9 | 102.7 | 102.3 | 106.3 | 104.3 |
| | 05 | 103.0 | 106.7 | 104.0 | 102.5 | 106.4 | 104.2 |
| | 06 | 109.0 | 104.1 | 107.0 | 103.6 | 106.0 | 104.7 |
| | 07 | 98.2 | 106.8 | 99.8 | 102.8 | 105.8 | 104.0 |
| | 08 | 100.8 | 107.9 | 103.8 | 102.5 | 106.1 | 103.9 |
| | 09 | 99.6 | 114.3 | 104.1 | 102.2 | 107.0 | 104.0 |
| | 10 | 104.9 | 106.2 | 104.2 | 102.4 | 106.9 | 104.0 |
| | 11 | 104.0 | 109.2 | 105.3 | 102.6 | 107.1 | 104.1 |
| | 12 | 103.0 | 120.0 | 107.5 | 102.6 | 108.2 | 104.4 |

Source:

BH Agency for Statistics, Federal Statistics Bureau of FBH and RS Republic Statistics Bureau

Industrial production index for a period/the same period of the previous year for December represents annual index in comparison to the previous year

| T04 Consumer Price Index for BH (CPI) | | | | |
|---------------------------------------|-------|--|---------------------------------------|---|
| Year | Month | Month/Previous Month of the Current Year | Month/The Same Month of Previous Year | Period/The Same Period of Previous Year |
| 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 |
| 2016 | 01 | 100.2 | 99.2 | 99.2 |
| | 02 | 99.8 | 98.7 | 99.0 |
| | 03 | 100.0 | 98.2 | 98.7 |
| | 04 | 99.7 | 98.4 | 98.6 |
| | 05 | 100.1 | 98.5 | 98.6 |
| | 06 | 99.7 | 98.5 | 98.6 |
| | 07 | 99.7 | 99.0 | 98.7 |
| | 08 | 99.7 | 98.8 | 98.7 |
| | 09 | 100.0 | 98.9 | 98.7 |
| | 10 | 100.8 | 99.3 | 98.7 |
| | 11 | 100.2 | 99.7 | 98.8 |
| | 12 | 99.9 | 99.7 | 98.9 |

Source:

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

Note:

The 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 GDP (note T01).

For 2006 and the following periods Consumer Price Index is presented (CPI).

Price index for a period/the same period of the previous year for December represents annual index in comparison to the previous year.

| T05 | | Average Gross and Net Wages and Pensions (in KM) | | | | | | | | | | |
|------|-------|---|-------|-------|-------|-----------|-----|-------|-----|----------|-----|-------|
| | | Gross Wages | | | | Net Wages | | | | Pensions | | |
| Year | Month | FBH | RS | Brčko | BH | FBH | RS | Brčko | BH | FBH | RS | Brčko |
| 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 | 1,232 | 1,290 | 1,301 | 839 | 836 | 830 | 838 | 370 | 342 | 326 |
| 2016 | 01 | 1,275 | 1,313 | 1,289 | 1,286 | 834 | 816 | 830 | 829 | 368 | 343 | 326 |
| | 02 | 1,260 | 1,349 | 1,294 | 1,286 | 825 | 838 | 833 | 829 | 373 | 343 | 327 |
| | 03 | 1,292 | 1,346 | 1,313 | 1,308 | 845 | 837 | 842 | 843 | 372 | 342 | 328 |
| | 04 | 1,268 | 1,339 | 1,292 | 1,290 | 830 | 832 | 829 | 830 | 371 | 342 | 326 |
| | 05 | 1,279 | 1,351 | 1,296 | 1,300 | 837 | 841 | 833 | 838 | 370 | 342 | 326 |
| | 06 | 1,268 | 1,358 | 1,297 | 1,299 | 834 | 845 | 833 | 837 | 370 | 342 | 326 |
| | 07 | 1,270 | 1 350 | 1275 | 1,293 | 831 | 838 | 817 | 832 | 369 | 342 | 326 |
| | 08 | 1,294 | 1,349 | 1271 | 1,309 | 846 | 838 | 818 | 843 | 369 | 342 | 326 |
| | 09 | 1,283 | 1,341 | 1287 | 1,299 | 839 | 834 | 833 | 837 | 369 | 342 | 327 |
| | 10 | 1,282 | 1,344 | 1270 | 1,299 | 838 | 837 | 819 | 837 | 369 | 342 | 327 |
| | 11 | 1,303 | 1,345 | 1291 | 1,315 | 851 | 839 | 831 | 847 | 369 | 342 | 326 |
| | 12 | 1,318 | 1,343 | 1303 | 1,325 | 861 | 835 | 838 | 853 | 369 | 341 | 326 |

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 | Banks 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 |
| 2016 | 01 | 3,449.1 | 4,116.9 | 44.3 | 3,017.1 | 5,085.4 | 3,581.6 | 1,370.8 | 5,546.4 | 7,610.3 | 8,102.5 | 10,498.9 | 18,601.3 |
| | 02 | 3,484.3 | 3,987.6 | 49.4 | 3,013.8 | 5,119.9 | 3,574.6 | 1,396.8 | 5,523.3 | 7,521.4 | 8,133.7 | 10,494.7 | 18,628.4 |
| | 03 | 3,503.2 | 3,942.2 | 50.4 | 3,035.4 | 5,193.0 | 3,631.1 | 1,419.9 | 5,510.5 | 7,495.8 | 8,228.4 | 10,561.5 | 18,789.8 |
| | 04 | 3,543.6 | 4,002.9 | 60.0 | 3,102.1 | 5,221.3 | 3,671.2 | 1,431.8 | 5,496.7 | 7,606.5 | 8,323.3 | 10,599.7 | 18,923.0 |
| | 05 | 3,597.1 | 3,922.6 | 6.0 | 3,103.9 | 5,275.9 | 3,629.6 | 1,438.1 | 5,468.3 | 7,525.7 | 8,379.8 | 10,536.0 | 18,915.8 |
| | 06 | 3,622.2 | 3,949.4 | 34.8 | 3,155.7 | 5,330.8 | 3,647.9 | 1,429.9 | 5,457.9 | 7,606.4 | 8,486.5 | 10,535.7 | 19,022.2 |
| | 07 | 3,773.3 | 3,921.8 | 27.2 | 3,318.4 | 5,484.9 | 3,581.7 | 1,529.9 | 5,452.2 | 7,722.2 | 8,803.2 | 10,563.8 | 19,367.0 |
| | 08 | 3,907.9 | 4,032.2 | 27.8 | 3,323.1 | 5,646.6 | 3,617.7 | 1,529.7 | 5,467.5 | 7,967.8 | 8,969.7 | 10,614.9 | 19,584.7 |
| | 09 | 3,985.4 | 4,160.1 | 31.2 | 3,361.1 | 5,636.9 | 3,706.1 | 1,503.7 | 5,460.2 | 8,176.8 | 8,998.1 | 10,670.0 | 19,668.0 |
| | 10 | 4,004.2 | 4,092.3 | 43.0 | 3,318.6 | 5,789.3 | 3,685.6 | 1,544.2 | 5,448.5 | 8,139.5 | 9,107.9 | 10,678.4 | 19,786.2 |
| | 11 | 3,980.2 | 4,245.3 | 48.3 | 3,289.5 | 5,882.5 | 3,758.2 | 1,604.6 | 5,452.0 | 8,273.8 | 9,172.0 | 10,814.8 | 19,986.8 |
| | 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 |

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.
See note on page 155

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 10) 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 09). 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 09). 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 10). 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 09). 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, KM million) | | | | | | | | | | | |
|--------|---|----------------------|---------------------|---------|------------------------------------|--------------------------------------|--|---|--|----------------------------------|-------------|-----------|
| ASSETS | | | | | | | | | | | | |
| | | Foreign Assets (net) | | | Claims on Domestic Sectors | | | | | | | |
| Year | Month | Foreign Assets | Foreign Liabilities | | Claims on Central Government (net) | Claims on Cantons and Municipalities | Claims on Public Non-financial Enterprises | Claims on Private Non-financial Enterprises | Claims on Other Financial Institutions | Claims on Other Domestic Sectors | | Total |
| 1 | 2 | 3 | 4 | 5 = 3+4 | 6 | 7 | 8 | 9 | 10 | 11 | 12=6+...+11 | 13 = 5+12 |
| 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 |
| 2016 | 01 | 10,885.7 | -2,362.4 | 8,523.3 | 234.0 | 530.8 | 404.7 | 7,419.8 | 68.5 | 7,853.4 | 16,511.2 | 25,034.5 |
| | 02 | 10,773.3 | -2,261.9 | 8,511.4 | 242.4 | 531.3 | 393.8 | 7,516.4 | 70.2 | 7,866.1 | 16,620.1 | 25,131.4 |
| | 03 | 10,831.5 | -2,316.2 | 8,515.3 | 307.3 | 525.7 | 384.6 | 7,537.8 | 80.6 | 7,920.8 | 16,756.9 | 25,272.2 |
| | 04 | 10,853.2 | -2,218.2 | 8,634.9 | 251.5 | 523.2 | 383.5 | 7,573.4 | 70.4 | 7,957.9 | 16,759.8 | 25,394.8 |
| | 05 | 10,887.8 | -2,232.6 | 8,655.3 | 269.8 | 523.9 | 377.6 | 7,486.5 | 69.4 | 7,961.8 | 16,689.0 | 25,344.2 |
| | 06 | 11,049.1 | -2,385.3 | 8,663.8 | 228.4 | 525.4 | 378.2 | 7,553.4 | 81.6 | 7,993.1 | 16,760.1 | 25,423.9 |
| | 07 | 11,275.8 | -2,233.9 | 9,041.8 | 188.0 | 519.4 | 378.2 | 7,629.5 | 76.8 | 8,017.3 | 16,809.3 | 25,851.1 |
| | 08 | 11,596.6 | -2,179.0 | 9,417.5 | 168.2 | 502.7 | 377.3 | 7,526.4 | 66.4 | 8,031.7 | 16,672.8 | 26,090.3 |
| | 09 | 11,713.4 | -2,172.2 | 9,541.2 | 63.6 | 538.7 | 389.6 | 7,527.6 | 66.7 | 8,056.9 | 16,643.0 | 26,184.2 |
| | 10 | 11,857.4 | -2,180.8 | 9,676.6 | -23.4 | 529.1 | 385.0 | 7,573.1 | 66.2 | 8,111.7 | 16,641.9 | 26,318.5 |
| | 11 | 11,896.5 | -2,162.8 | 9,733.6 | 29.6 | 527.4 | 384.6 | 7,613.7 | 64.9 | 8,136.6 | 16,756.8 | 26,490.4 |
| | 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 |

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.
See note on page 155

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 | | | | | | | | | | | | | | |
| Broad money (M2) | | | | | | | | | | | | | | |
| Money (M1) | | | | | Quasi money (QM) | | | | | | | | | |
| Year | Month | Cash Outside Banks | Transferable Deposits in Dom. Curr. | | Transferable Deposits in Foreign Curr. | Other Deposits in Dom. Curr. | Other Deposits in Foreign Curr. | | | Securities | Loans | Shares and Other Equity | Other Items (net) | Total |
| 1 | 2 | 3 | 4 | 5 = 3+4 | 6 | 7 | 8 | 9=6+7+8 | 10=5+9 | 11 | 12=6+...+11 | 13 = 5+12 | 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 |
| 2016 | 01 | 3,017.1 | 5,085.4 | 8,102.5 | 1,370.8 | 3,581.6 | 5,546.4 | 10,498.9 | 18,601.3 | 8.0 | 597.0 | 4,227.7 | 1,600.4 | 25,034.5 |
| | 02 | 3,013.8 | 5,119.9 | 8,133.7 | 1,396.8 | 3,574.6 | 5,523.3 | 10,494.7 | 18,628.4 | 7.9 | 588.2 | 4,287.5 | 1,619.4 | 25,131.4 |
| | 03 | 3,035.4 | 5,193.0 | 8,228.4 | 1,419.9 | 3,631.1 | 5,510.5 | 10,561.5 | 18,789.8 | 7.9 | 585.3 | 4,310.5 | 1,578.6 | 25,272.2 |
| | 04 | 3,102.1 | 5,221.3 | 8,323.3 | 1,431.8 | 3,671.2 | 5,496.7 | 10,599.7 | 18,923.0 | 8.0 | 587.4 | 4,322.2 | 1,554.1 | 25,394.8 |
| | 05 | 3,103.9 | 5,275.9 | 8,379.8 | 1,438.1 | 3,629.6 | 5,468.3 | 10,536.0 | 18,915.8 | 8.0 | 537.6 | 4,399.5 | 1,483.3 | 25,344.2 |
| | 06 | 3,155.7 | 5,330.8 | 8,486.5 | 1,429.9 | 3,647.9 | 5,457.9 | 10,535.7 | 19,022.2 | 8.0 | 528.7 | 4,401.3 | 1,463.7 | 25,423.9 |
| | 07 | 3,318.4 | 5,484.9 | 8,803.2 | 1,529.9 | 3,581.7 | 5,452.2 | 10,563.8 | 19,367.0 | 8.0 | 533.9 | 4,495.4 | 1,446.8 | 25,851.1 |
| | 08 | 3,323.1 | 5,646.6 | 8,969.7 | 1,529.7 | 3,617.7 | 5,467.5 | 10,614.9 | 19,584.7 | 7.9 | 525.3 | 4,517.5 | 1,455.0 | 26,090.3 |
| | 09 | 3,361.1 | 5,636.9 | 8,998.1 | 1,503.7 | 3,706.1 | 5,460.2 | 10,670.0 | 19,668.0 | 7.9 | 520.6 | 4,541.4 | 1,446.1 | 26,184.2 |
| | 10 | 3,318.6 | 5,789.3 | 9,107.9 | 1,544.2 | 3,685.6 | 5,448.5 | 10,678.4 | 19,786.2 | 8.0 | 528.6 | 4,449.4 | 1,546.3 | 26,318.5 |
| | 11 | 3,289.5 | 5,882.5 | 9,172.0 | 1,604.6 | 3,758.2 | 5,452.0 | 10,814.8 | 19,986.8 | 8.0 | 511.9 | 4,456.6 | 1,527.1 | 26,490.4 |
| | 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 |

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.
See note on page 155

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 CBBH (end of period, in KM million) | | | | | | | | | | | |
|---|-------|----------------|----------------------------|---------|-----------------------------------|-------------|---------------------|--------------------------------|-------------------------|-------------------|---------------|
| ASSETS | | | | | | LIABILITIES | | | | | |
| Reserve Money | | | | | | | | | | | |
| Year | Month | Foreign Assets | Claims on Domestic Sectors | Total | Cash outside Monetary Authorities | | Foreign Liabilities | Deposits of Central Government | Shares and Other Equity | Other Items (net) | Total |
| 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 |
| 2016 | 01 | 8,665.5 | 1.2 | 8,666.8 | 3,449.1 | 7,610.3 | 1.3 | 436.0 | 643.1 | -23.8 | 8,666.8 |
| | 02 | 8,602.3 | 1.3 | 8,603.6 | 3,484.3 | 7,521.4 | 1.1 | 429.5 | 675.4 | -23.8 | 8,603.6 |
| | 03 | 8,621.1 | 1.5 | 8,622.6 | 3,503.2 | 7,495.8 | 2.0 | 478.4 | 670.2 | -23.8 | 8,622.6 |
| | 04 | 8,733.9 | 1.3 | 8,735.2 | 3,543.6 | 7,606.5 | 1.6 | 502.3 | 666.6 | -41.7 | 8,735.2 |
| | 05 | 8,664.1 | 1.4 | 8,665.5 | 3,597.1 | 7,525.7 | 1.1 | 508.9 | 672.2 | -42.5 | 8,665.5 |
| | 06 | 8,800.5 | 1.5 | 8,802.0 | 3,622.2 | 7,606.4 | 1.2 | 519.3 | 718.4 | -43.4 | 8,802.0 |
| | 07 | 8,969.7 | 1.3 | 8,971.0 | 3,773.3 | 7,722.2 | 2.8 | 561.1 | 727.4 | -42.5 | 8,971.0 |
| | 08 | 9,167.6 | 1.4 | 9,169.0 | 3,907.9 | 7,967.8 | 2.4 | 527.7 | 713.4 | -42.3 | 9,169.0 |
| | 09 | 9,473.1 | 1.4 | 9,474.5 | 3,985.4 | 8,176.8 | 1.8 | 620.7 | 718.6 | -43.4 | 9,474.5 |
| | 10 | 9,374.0 | 1.2 | 9,375.3 | 4,004.2 | 8,139.5 | 2.9 | 582.6 | 692.4 | -42.2 | 9,375.3 |
| | 11 | 9,448.1 | 1.3 | 9,449.4 | 3,980.2 | 8,273.8 | 2.8 | 550.8 | 665.5 | -43.6 | 9,449.4 |
| | 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 |

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/revaluation. 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 |
| 2016 | 01 | 4,552.7 | 2,220.2 | 2,132.5 | 404.7 | 7,419.8 | 68.5 | 7,852.8 | 24,651.2 |
| | 02 | 4,460.9 | 2,171.0 | 2,141.9 | 393.8 | 7,516.4 | 70.2 | 7,865.5 | 24,619.6 |
| | 03 | 4,412.9 | 2,210.3 | 2,163.7 | 384.6 | 7,537.8 | 80.6 | 7,920.2 | 24,710.2 |
| | 04 | 4,448.1 | 2,119.2 | 2,178.0 | 383.5 | 7,573.4 | 70.4 | 7,957.4 | 24,730.0 |
| | 05 | 4,387.6 | 2,223.8 | 2,206.7 | 377.6 | 7,486.5 | 69.4 | 7,961.3 | 24,712.8 |
| | 06 | 4,419.8 | 2,248.6 | 2,149.7 | 378.2 | 7,553.4 | 81.6 | 7,992.5 | 24,823.9 |
| | 07 | 4,380.6 | 2,306.0 | 2,133.5 | 378.2 | 7,629.5 | 76.8 | 8,016.9 | 24,921.5 |
| | 08 | 4,622.3 | 2,428.9 | 2,199.0 | 377.3 | 7,526.4 | 66.4 | 8,031.2 | 25,251.6 |
| | 09 | 4,788.8 | 2,240.3 | 2,174.9 | 389.6 | 7,527.6 | 66.7 | 8,056.4 | 25,244.3 |
| | 10 | 4,779.5 | 2,483.3 | 2,142.8 | 385.0 | 7,573.1 | 66.2 | 8,111.3 | 25,541.3 |
| | 11 | 4,937.6 | 2,448.3 | 2,153.7 | 384.6 | 7,613.7 | 64.9 | 8,136.1 | 25,739.0 |
| | 12 | 4,936.6 | 2,640.0 | 2,179.1 | 375.6 | 7,743.9 | 67.2 | 8,155.4 | 26,097.7 |

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.
See note on page 155

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 |
| 2016 | 01 | 931.8 | 5,041.1 | 1,370.8 | 3,581.6 | 5,546.4 | 8.0 | 597.0 | 2,361.1 | 3,584.7 | 1,628.7 | 24,651.2 |
| | 02 | 938.8 | 5,070.4 | 1,396.8 | 3,574.6 | 5,523.3 | 7.9 | 588.2 | 2,260.8 | 3,612.1 | 1,646.7 | 24,619.6 |
| | 03 | 852.2 | 5,142.5 | 1,419.9 | 3,631.1 | 5,510.5 | 7.9 | 585.3 | 2,314.2 | 3,640.3 | 1,606.2 | 24,710.2 |
| | 04 | 901.0 | 5,161.3 | 1,431.8 | 3,671.2 | 5,496.7 | 8.0 | 587.4 | 2,216.6 | 3,655.7 | 1,600.3 | 24,730.0 |
| | 05 | 904.1 | 5,269.9 | 1,438.1 | 3,629.6 | 5,468.3 | 8.0 | 537.6 | 2,231.4 | 3,727.3 | 1,498.5 | 24,712.8 |
| | 06 | 876.7 | 5,296.0 | 1,429.9 | 3,647.9 | 5,457.9 | 8.0 | 528.7 | 2,384.0 | 3,682.9 | 1,511.9 | 24,823.9 |
| | 07 | 865.1 | 5,457.7 | 1,529.9 | 3,581.7 | 5,452.2 | 8.0 | 533.9 | 2,231.1 | 3,768.0 | 1,493.9 | 24,921.5 |
| | 08 | 1,000.5 | 5,618.9 | 1,529.7 | 3,617.7 | 5,467.5 | 7.9 | 525.3 | 2,176.6 | 3,804.0 | 1,503.5 | 25,251.6 |
| | 09 | 952.0 | 5,605.7 | 1,503.7 | 3,706.1 | 5,460.2 | 7.9 | 520.6 | 2,170.4 | 3,822.8 | 1,494.8 | 25,244.3 |
| | 10 | 1,054.4 | 5,746.3 | 1,544.2 | 3,685.6 | 5,448.5 | 8.0 | 528.6 | 2,177.8 | 3,757.1 | 1,590.9 | 25,541.3 |
| | 11 | 1,045.9 | 5,834.2 | 1,604.6 | 3,758.2 | 5,452.0 | 8.0 | 511.9 | 2,160.0 | 3,791.1 | 1,573.1 | 25,739.0 |
| | 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 |

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.
See note on page 155

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 and 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 and 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 |
| 2016 | 01 | 7.251 | ... | 7.194 | 7.046 | ... | 7.231 | 5.491 | 5.895 | 6.053 | 5.552 | 8.082 | 7.233 | 7.729 | 12.270 | 14.783 | 12.606 |
| | 02 | 6.911 | 5.576 | 7.184 | 6.796 | ... | 7.149 | 5.680 | ... | 6.360 | 5.829 | 8.011 | 7.251 | 7.886 | 12.598 | 14.711 | 12.488 |
| | 03 | 6.652 | 5.783 | 7.013 | 6.704 | ... | 7.827 | 5.529 | 5.962 | 5.753 | 5.662 | 8.008 | 7.073 | 7.920 | 12.574 | 14.685 | 12.378 |
| | 04 | ... | 6.296 | 6.917 | 6.701 | ... | ... | 5.558 | 6.001 | 5.098 | 5.442 | 8.128 | 7.082 | 7.313 | 12.511 | 14.688 | 12.302 |
| | 05 | ... | 6.166 | 6.922 | 6.688 | ... | ... | 5.638 | 6.018 | 5.299 | 5.415 | 8.261 | 6.800 | 6.902 | 12.537 | 14.661 | 12.262 |
| | 06 | ... | 6.046 | 6.889 | 6.573 | ... | ... | 5.599 | 6.114 | 6.016 | 5.768 | 8.236 | 6.999 | 6.843 | 12.432 | 14.657 | 12.179 |
| | 07 | 6.595 | 6.014 | 7.051 | 6.573 | ... | ... | 5.472 | 6.042 | 5.934 | 5.767 | 8.314 | 7.002 | 6.825 | 12.480 | 14.594 | 12.169 |
| | 08 | 6.361 | 5.897 | 7.000 | 6.677 | ... | ... | 5.383 | 5.924 | 5.741 | 5.612 | 8.170 | 7.046 | 6.931 | 12.492 | 14.636 | 12.144 |
| | 09 | 7.888 | 6.291 | 6.751 | 6.407 | ... | 7.837 | 5.314 | 6.046 | 5.681 | 5.628 | 8.039 | 6.946 | 6.960 | 12.450 | 14.642 | 12.065 |
| | 10 | 7.934 | 5.818 | 6.796 | 6.190 | ... | 7.878 | 5.168 | 6.742 | 5.700 | 5.595 | 7.836 | 7.316 | 6.471 | 12.441 | 14.637 | 11.996 |
| | 11 | 8.219 | 6.387 | 6.729 | 6.068 | ... | ... | 5.400 | 6.318 | 5.654 | 5.270 | 7.628 | 6.868 | 6.418 | 12.420 | 14.704 | 11.868 |
| | 12 | 8.150 | 6.060 | 6.986 | 6.214 | ... | 7.349 | 5.156 | 5.981 | 5.330 | 5.277 | 7.584 | 6.714 | 6.450 | 12.346 | 14.688 | 11.680 |
| 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 |
| 2016 | 01 | 106 | ... | 27,962 | 12,542 | ... | 47 | 8,303 | 399 | 760 | 1,536 | 67,036 | 8,125 | 10,034 | 608,790 | 90,085 | 55,959 |
| | 02 | 137 | 150 | 36,456 | 20,165 | ... | 163 | 10,432 | ... | 757 | 2,436 | 88,195 | 13,178 | 10,472 | 523,505 | 97,932 | 56,062 |
| | 03 | 145 | 151 | 40,977 | 28,275 | ... | 65 | 11,456 | 671 | 899 | 5,019 | 105,742 | 15,351 | 11,208 | 523,751 | 92,649 | 56,313 |
| | 04 | ... | 83 | 42,521 | 31,441 | ... | ... | 9,799 | 244 | 1,469 | 5,152 | 97,587 | 13,037 | 9,931 | 517,271 | 93,208 | 56,560 |
| | 05 | ... | 72 | 50,531 | 28,658 | ... | ... | 10,949 | 460 | 1,193 | 4,033 | 78,711 | 12,729 | 10,782 | 526,270 | 96,098 | 56,521 |
| | 06 | ... | 107 | 65,966 | 30,280 | ... | ... | 12,461 | 1,444 | 5,434 | 12,288 | 86,531 | 14,591 | 17,930 | 519,983 | 95,912 | 56,731 |
| | 07 | 33 | 150 | 44,212 | 21,385 | ... | ... | 9,291 | 1,998 | 4,388 | 9,811 | 76,463 | 15,252 | 22,410 | 522,122 | 94,772 | 57,129 |
| | 08 | 36 | 114 | 41,490 | 21,072 | ... | ... | 8,700 | 665 | 2,099 | 8,145 | 84,949 | 10,320 | 19,093 | 526,818 | 94,421 | 57,888 |
| | 09 | 89 | 134 | 51,433 | 21,188 | ... | 456 | 10,611 | 471 | 2,142 | 6,245 | 74,711 | 13,858 | 22,524 | 522,764 | 94,377 | 58,313 |
| | 10 | 57 | 116 | 74,406 | 23,678 | ... | 352 | 11,090 | 527 | 2,311 | 6,486 | 58,257 | 20,462 | 28,227 | 534,928 | 93,846 | 58,377 |
| | 11 | 67 | 108 | 64,869 | 21,270 | ... | ... | 10,674 | 503 | 2,386 | 4,974 | 70,347 | 11,772 | 29,908 | 534,145 | 93,641 | 58,009 |
| | 12 | 37 | 207 | 55,519 | 23,435 | ... | 491 | 10,141 | 961 | 1,275 | 5,159 | 70,540 | 23,133 | 18,529 | 521,185 | 93,033 | 59,127 |

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 | | | | | | | | Revolving Loans and Overdrafts* | |
| | | 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 up to EUR 1 Million | | | Over an Amount ofEUR 1 Million | | | |
| 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 | 7.755 | 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 | 7.068 | 4.882 | 5.008 | 5.684 | 4.448 | 4.854 | 4.463 | 4.707 | 4.868 | |
| 2016 | 01 | 6.698 | 6.265 | 5.238 | ... | 7.916 | 6.384 | 5.905 | 5.940 | 5.878 | 6.424 | 5.670 | 5.469 | 5.949 | |
| | 02 | 6.593 | 6.935 | 5.240 | 3.917 | 7.700 | 5.594 | 5.705 | 6.019 | 5.079 | 4.684 | 5.197 | 5.364 | 5.908 | |
| | 03 | 6.055 | 6.370 | 4.592 | 4.251 | 7.256 | 5.751 | 5.571 | 5.795 | 5.313 | 5.388 | 5.866 | 5.345 | 5.824 | |
| | 04 | 6.295 | 6.048 | 5.157 | 4.281 | 7.819 | 5.496 | 5.424 | 5.857 | 5.580 | 4.985 | 4.967 | 5.232 | 5.801 | |
| | 05 | 6.298 | 6.075 | 4.682 | 4.391 | 7.674 | 5.214 | 5.213 | 5.531 | 5.231 | 5.513 | ... | 5.151 | 5.795 | |
| | 06 | 6.223 | 6.060 | 4.612 | 4.119 | 7.495 | 5.072 | 5.021 | 5.873 | 5.519 | 6.193 | 4.595 | 5.031 | 5.621 | |
| | 07 | 6.022 | 6.048 | 4.537 | 4.457 | 7.424 | 5.985 | 5.772 | 5.726 | 5.093 | 5.628 | 4.129 | 5.005 | 5.531 | |
| | 08 | 6.226 | 6.165 | 4.450 | 4.938 | 7.588 | 5.024 | 5.636 | 5.911 | 5.292 | 5.810 | 5.036 | 4.985 | 5.284 | |
| | 09 | 6.168 | 5.882 | 4.525 | 5.036 | 7.298 | 5.652 | 5.267 | 5.470 | 5.293 | 5.506 | 4.602 | 4.883 | 5.353 | |
| | 10 | 6.120 | 5.823 | 5.368 | 5.567 | 7.373 | 5.258 | 5.355 | 5.105 | 5.465 | 5.140 | 4.710 | 4.831 | 5.177 | |
| | 11 | 5.886 | 5.538 | 5.105 | 4.641 | 7.371 | 5.208 | 5.241 | 5.674 | 4.672 | 5.142 | 4.727 | 4.805 | 4.943 | |
| | 12 | 5.977 | 5.420 | 4.623 | 4.315 | 7.029 | 4.882 | 5.008 | 5.628 | 4.448 | 4.854 | 4.463 | 4.707 | 4.868 | |
| 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 | 23,978 | 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 | 25,201 | 15,794 | 5,580 | 21,231 | 6,238 | 18,458 | 45,779 | 1,865,259 | 461,392 | |
| 2016 | 01 | 26,177 | 7,529 | 18,920 | ... | 13,394 | 4,133 | 2,458 | 18,173 | 7,846 | 5,500 | 27,110 | 1,645,311 | 497,290 | |
| | 02 | 31,633 | 8,941 | 38,777 | 41,554 | 9,312 | 8,904 | 4,215 | 16,643 | 6,486 | 10,833 | 42,926 | 1,717,090 | 492,678 | |
| | 03 | 40,348 | 15,106 | 43,648 | 30,747 | 20,325 | 10,367 | 6,401 | 25,105 | 5,118 | 9,515 | 22,943 | 1,715,649 | 468,665 | |
| | 04 | 34,311 | 18,848 | 28,448 | 14,500 | 17,952 | 10,713 | 8,504 | 25,677 | 9,376 | 11,758 | 23,993 | 1,764,276 | 441,149 | |
| | 05 | 31,551 | 13,065 | 51,416 | 35,185 | 16,049 | 8,949 | 4,295 | 15,607 | 8,183 | 2,200 | ... | 1,837,080 | 412,853 | |
| | 06 | 37,450 | 11,794 | 58,083 | 37,319 | 18,506 | 13,256 | 7,728 | 14,875 | 10,205 | 6,899 | 29,138 | 1,864,156 | 422,212 | |
| | 07 | 34,232 | 9,458 | 51,329 | 9,934 | 16,645 | 6,420 | 6,623 | 11,908 | 6,967 | 18,396 | 62,460 | 1,874,842 | 414,861 | |
| | 08 | 32,087 | 10,076 | 43,172 | 25,794 | 15,254 | 6,923 | 3,164 | 8,994 | 11,523 | 10,602 | 37,894 | 1,793,609 | 420,991 | |
| | 09 | 33,249 | 9,941 | 49,295 | 19,410 | 14,380 | 8,986 | 4,637 | 17,609 | 10,300 | 15,309 | 19,055 | 1,859,846 | 435,694 | |
| | 10 | 32,604 | 17,014 | 60,436 | 23,179 | 14,230 | 15,500 | 4,311 | 23,751 | 10,063 | 11,665 | 31,267 | 1,842,842 | 464,659 | |
| | 11 | 34,887 | 15,929 | 52,760 | 48,505 | 20,394 | 11,341 | 7,487 | 20,020 | 10,275 | 6,443 | 28,760 | 1,839,820 | 470,812 | |
| | 12 | 48,482 | 19,022 | 68,596 | 35,951 | 23,726 | 15,794 | 5,580 | 10,638 | 6,238 | 18,458 | 45,779 | 1,865,259 | 461,392 | |

Notes:

* 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 (percentage per annum) | | | | | | | | | | | | | | | | | | | | |
|--|----|--|-----------------------------------|-----------------------|---------------------|-----------------------|-----------------------------------|-----------------------|---------------------|------------------------------|---------------------|--|-----------------------------------|-----------------------|---------------------|-----------------------|-----------------------------------|-----------------------|---------------------|------------------------------|
| Year Period | | Households | | | | | | | | | | Non-financial Corporations | | | | | | | | |
| | | Deposits in KM and Indexed to Foreign Currency | | | | Deposits in EUR | | | | Deposits in Foreign Currency | | Deposits in KM and Indexed to Foreign Currency | | | | Deposits in EUR | | | | Deposits in Foreign Currency |
| | | With Agreed Maturity | | | | With Agreed Maturity | | | | | | With Agreed Maturity | | | | With Agreed Maturity | | | | |
| 1 | 2 | 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* | With Agreed Maturity | Overnight Deposits* | Up to 1 Year Maturity | Over 1 and up to 2 Years Maturity | Over 2 Years Maturity | Overnight Deposits* | Up to 1 Year Maturity | Over 1 and up to 2 Years Maturity | Over 2 Years Maturity | Overnight Deposits* | Overnight Deposits* |
| 2012 | 12 | 2.079 | 3.163 | 4.407 | 0.140 | 2.384 | 3.298 | 3.993 | 0.342 | 1.953 | 0.092 | 3.467 | 4.540 | 4.063 | 0.176 | 1.456 | 4.026 | ... | 0.136 | 0.098 |
| 2013 | 01 | 1.973 | 3.189 | 3.754 | 0.116 | 2.068 | 3.127 | 3.927 | 0.240 | 1.232 | 0.075 | 1.686 | 3.862 | 3.933 | 0.219 | 2.458 | 3.517 | ... | 0.144 | 0.157 |
| 2014 | 12 | 1.263 | 2.764 | 2.973 | 0.089 | 1.431 | 2.901 | 3.170 | 0.181 | 0.916 | 0.064 | 0.760 | 2.867 | 3.369 | 0.203 | 1.890 | ... | 2.319 | 0.132 | 0.094 |
| 2015 | 01 | 1.062 | 2.164 | 2.358 | 0.091 | 1.236 | 2.128 | 2.684 | 0.129 | 0.966 | 0.061 | 0.930 | 1.428 | 1.937 | 0.122 | 0.609 | 2.469 | ... | 0.097 | 0.057 |
| 2016 | 12 | 0.548 | 1.698 | 2.102 | 0.093 | 0.545 | 1.525 | 2.211 | 0.106 | 0.423 | 0.057 | 0.456 | 1.393 | 1.822 | 0.085 | 0.915 | ... | 2.124 | 0.083 | 0.048 |
| 2016 | 01 | 0.887 | 1.973 | 2.586 | 0.098 | 0.886 | 2.135 | 2.396 | 0.121 | 0.744 | 0.066 | 0.858 | 1.484 | 1.884 | 0.099 | 0.348 | ... | 2.567 | 0.089 | 0.071 |
| | 02 | 0.828 | 2.073 | 2.269 | 0.086 | 0.868 | 2.199 | 2.565 | 0.115 | 0.648 | 0.066 | 0.997 | 1.371 | 2.102 | 0.103 | ... | ... | ... | 0.089 | 0.149 |
| | 03 | 0.854 | 1.889 | 2.123 | 0.084 | 0.858 | 2.243 | 2.524 | 0.124 | 0.748 | 0.064 | 0.844 | 2.169 | 2.483 | 0.091 | 0.254 | 2.269 | ... | 0.065 | 0.052 |
| | 04 | 0.738 | 1.947 | 2.092 | 0.078 | 0.756 | 2.012 | 2.245 | 0.123 | 0.576 | 0.068 | 0.756 | 2.881 | 2.897 | 0.097 | ... | 2.012 | ... | 0.080 | 0.046 |
| | 05 | 0.685 | 1.997 | 2.210 | 0.076 | 0.618 | 1.957 | 2.114 | 0.123 | 1.467 | 0.066 | 0.413 | 1.561 | ... | 0.087 | ... | ... | 2.214 | 0.081 | 0.056 |
| | 06 | 0.660 | 1.992 | 2.075 | 0.076 | 0.580 | 1.975 | 2.235 | 0.122 | 0.524 | 0.066 | 1.210 | 1.797 | 2.490 | 0.077 | ... | ... | ... | 0.085 | 0.056 |
| | 07 | 0.583 | 1.930 | 2.002 | 0.075 | 0.679 | 1.916 | 2.084 | 0.122 | 0.542 | 0.066 | 0.355 | 1.398 | 2.060 | 0.082 | ... | ... | ... | 0.084 | 0.050 |
| | 08 | 0.626 | 1.877 | 2.006 | 0.075 | 0.548 | 1.740 | 2.247 | 0.115 | 0.472 | 0.066 | 0.353 | 1.327 | 2.876 | 0.081 | ... | 1.184 | ... | 0.065 | 0.053 |
| | 09 | 0.609 | 2.101 | 1.873 | 0.073 | 0.602 | 1.791 | 2.344 | 0.114 | 0.590 | 0.067 | 0.306 | 1.697 | 2.191 | 0.081 | ... | 1.345 | ... | 0.076 | 0.065 |
| | 10 | 0.578 | 2.116 | 2.011 | 0.072 | 0.583 | 2.002 | 2.063 | 0.112 | 0.579 | 0.066 | 0.451 | 2.382 | 1.723 | 0.097 | ... | ... | ... | 0.080 | 0.068 |
| | 11 | 0.657 | 1.721 | 2.056 | 0.086 | 0.560 | 1.655 | 2.041 | 0.109 | 0.524 | 0.058 | 0.471 | 1.669 | 2.532 | 0.085 | ... | ... | 2.154 | 0.088 | 0.058 |
| | 12 | 0.548 | 1.698 | 2.102 | 0.093 | 0.545 | 1.531 | 2.211 | 0.106 | 0.423 | 0.057 | 0.456 | 1.393 | 1.822 | 0.085 | 0.915 | ... | 2.124 | 0.083 | 0.048 |
| 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 | 11,233 | 217,349 | 45,600 | 53,329 | 3,973 | 1,536,916 | 17,408 | 1,248 | ... | 319,103 | 44,031 |
| 2013 | 01 | 19,637 | 34,381 | 21,954 | 1,923,736 | 29,340 | 74,954 | 57,798 | 731,719 | 5,744 | 235,804 | 20,855 | 22,272 | 5,378 | 1,889,799 | 6,398 | 40,153 | ... | 427,605 | 42,477 |
| 2014 | 12 | 24,762 | 33,097 | 19,050 | 2,115,947 | 28,079 | 72,251 | 48,611 | 787,586 | 4,240 | 213,851 | 26,218 | 15,491 | 4,029 | 1,920,631 | 1,277 | ... | 1,381 | 494,367 | 63,957 |
| 2015 | 01 | 15,246 | 29,802 | 27,103 | 2,540,711 | 22,363 | 57,842 | 54,185 | 921,532 | 7,180 | 233,901 | 16,591 | 61,505 | 8,118 | 2,029,544 | 3,118 | 10,252 | ... | 475,393 | 63,119 |
| 2016 | 12 | 12,326 | 33,407 | 37,407 | 3,052,215 | 15,650 | 50,354 | 53,399 | 1,046,384 | 3,090 | 261,142 | 19,822 | 14,794 | 8,874 | 2,168,102 | 1,663 | ... | 17,116 | 523,643 | 75,169 |
| 2016 | 01 | 11,240 | 25,600 | 36,621 | 2,438,741 | 17,452 | 49,625 | 34,577 | 931,856 | 4,951 | 231,340 | 16,410 | 1,430 | 3,951 | 1,959,193 | 5,770 | ... | 9,847 | 465,256 | 72,389 |
| | 02 | 11,642 | 31,281 | 24,540 | 2,613,303 | 14,818 | 54,515 | 50,182 | 868,926 | 6,549 | 231,936 | 11,776 | 8,630 | 15,423 | 1,953,934 | ... | ... | ... | 504,575 | 139,199 |
| | 03 | 11,189 | 24,668 | 24,648 | 2,679,926 | 19,072 | 53,614 | 67,533 | 946,872 | 5,488 | 233,848 | 17,459 | 9,296 | 11,178 | 1,919,101 | 658 | 11,896 | ... | 520,804 | 61,682 |
| | 04 | 11,060 | 23,093 | 20,394 | 2,714,215 | 16,748 | 45,533 | 48,099 | 962,875 | 3,571 | 235,362 | 9,172 | 6,763 | 5,728 | 1,911,319 | ... | 10,768 | ... | 509,585 | 69,424 |
| | 05 | 11,677 | 27,193 | 23,482 | 2,729,426 | 17,089 | 50,884 | 45,533 | 968,498 | 8,333 | 240,701 | 13,036 | 4,835 | - | 2,000,896 | ... | ... | 24,188 | 509,343 | 64,471 |
| | 06 | 7,749 | 27,071 | 27,146 | 2,739,820 | 11,569 | 48,074 | 44,270 | 978,423 | 1,884 | 246,919 | 28,572 | 6,695 | 7,251 | 1,977,655 | ... | ... | ... | 506,733 | 58,391 |
| | 07 | 9,684 | 27,582 | 17,717 | 2,767,449 | 17,380 | 53,125 | 38,785 | 989,205 | 3,946 | 247,707 | 8,907 | 2,300 | 3,485 | 2,107,084 | ... | ... | ... | 586,939 | 65,339 |
| | 08 | 10,270 | 30,771 | 23,464 | 2,796,913 | 19,468 | 61,139 | 57,014 | 997,921 | 4,217 | 248,388 | 26,388 | 15,850 | 4,541 | 2,223,449 | ... | 7,913 | ... | 572,240 | 72,158 |
| | 09 | 8,073 | 40,047 | 19,619 | 2,810,542 | 13,746 | 51,271 | 59,906 | 1,000,674 | 4,301 | 248,149 | 5,405 | 48,860 | 19,773 | 2,146,882 | ... | 1,272 | ... | 535,139 | 75,709 |
| | 10 | 11,757 | 37,331 | 20,823 | 2,815,456 | 15,741 | 52,059 | 44,362 | 1,029,064 | 2,025 | 252,237 | 17,121 | 34,390 | 2,363 | 2,217,050 | ... | ... | ... | 538,920 | 71,230 |
| | 11 | 9,411 | 29,723 | 28,741 | 2,742,030 | 12,873 | 52,883 | 38,106 | 1,026,765 | 2,677 | 259,653 | 5,529 | 43,964 | 11,250 | 2,202,670 | ... | ... | 25,710 | 579,282 | 77,002 |
| | 12 | 12,326 | 33,407 | 37,407 | 3,052,215 | 15,650 | 50,354 | 53,399 | 1,046,384 | 3,090 | 261,142 | 19,822 | 14,794 | 8,874 | 2,168,102 | 1,663 | ... | 17,116 | 523,643 | 75,169 |

Notes:

* Interest rates on sight 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) | | | | | | | |
|--|-------|-----------------------|----------------|----------------|--------------------|-------------------|-------------|
| | | DEPOSITS | | | LOANS | | |
| Year | Month | 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 |
| 2016 | 01 | 6,940.0 | 9,508.6 | 16,448.6 | 4,125.4 | 12,646.9 | 16,772.3 |
| | 02 | 7,002.9 | 9,478.5 | 16,481.4 | 4,194.1 | 12,667.7 | 16,861.9 |
| | 03 | 7,071.1 | 9,464.1 | 16,535.2 | 4,195.1 | 12,732.6 | 16,927.7 |
| | 04 | 7,157.4 | 9,483.6 | 16,640.9 | 4,162.2 | 12,786.5 | 16,948.7 |
| | 05 | 7,268.7 | 9,420.7 | 16,689.4 | 4,095.7 | 12,749.1 | 16,844.9 |
| | 06 | 7,259.4 | 9,430.5 | 16,689.8 | 4,137.2 | 12,806.1 | 16,943.3 |
| | 07 | 7,515.3 | 9,352.6 | 16,868.0 | 4,156.9 | 12,872.4 | 17,029.3 |
| | 08 | 7,775.2 | 9,440.6 | 17,215.8 | 4,119.7 | 12,848.4 | 16,968.2 |
| | 09 | 7,683.0 | 9,528.6 | 17,211.6 | 4,114.8 | 12,907.6 | 17,022.5 |
| | 10 | 7,990.2 | 9,473.3 | 17,463.5 | 4,165.6 | 12,906.6 | 17,072.2 |
| | 11 | 8,115.4 | 9,564.3 | 17,679.7 | 4,151.3 | 12,997.2 | 17,148.5 |
| | 12 | 8,056.6 | 9,695.5 | 17,752.1 | 4,152.6 | 13,048.5 | 17,201.1 |

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.
See note on page 155

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 | 01 | 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 |
| 2016 | 01 | 111.9 | 379.3 | 308.8 | 225.3 | 36.8 | 190.7 | 466.1 | 2,076.5 | 251.7 | 2,869.5 | 23.4 | 6,940.0 |
| | 02 | 116.8 | 382.7 | 310.9 | 221.0 | 36.2 | 191.8 | 510.3 | 2,036.5 | 256.8 | 2,917.2 | 22.8 | 7,002.9 |
| | 03 | 101.1 | 367.9 | 317.6 | 228.2 | 39.6 | 220.6 | 515.6 | 2,011.3 | 259.7 | 2,984.8 | 24.5 | 7,071.1 |
| | 04 | 119.7 | 398.7 | 314.6 | 239.7 | 45.9 | 210.7 | 515.8 | 1,995.5 | 265.6 | 3,023.5 | 27.7 | 7,157.4 |
| | 05 | 118.9 | 392.7 | 320.1 | 248.3 | 49.0 | 220.5 | 494.0 | 2,093.3 | 267.6 | 3,038.0 | 26.3 | 7,268.7 |
| | 06 | 159.5 | 337.1 | 318.6 | 247.0 | 36.9 | 229.6 | 514.1 | 2,049.3 | 256.0 | 3,089.1 | 22.2 | 7,259.4 |
| | 07 | 152.1 | 328.5 | 313.2 | 256.7 | 47.2 | 231.1 | 571.7 | 2,208.4 | 263.5 | 3,120.1 | 22.8 | 7,515.3 |
| | 08 | 166.6 | 408.5 | 344.9 | 259.4 | 51.6 | 206.8 | 594.6 | 2,308.1 | 270.7 | 3,139.1 | 24.9 | 7,775.2 |
| | 09 | 117.9 | 401.6 | 396.6 | 242.3 | 54.2 | 236.7 | 524.5 | 2,261.7 | 264.0 | 3,162.7 | 20.8 | 7,683.0 |
| | 10 | 127.0 | 521.0 | 417.2 | 242.8 | 51.7 | 286.4 | 607.8 | 2,270.1 | 263.4 | 3,182.9 | 19.9 | 7,990.2 |
| | 11 | 105.0 | 491.6 | 408.1 | 248.9 | 80.1 | 322.9 | 569.4 | 2,359.2 | 263.6 | 3,247.4 | 19.2 | 8,115.4 |
| | 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 |

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.
See note on page 155

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 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 | 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 | 01 | 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 |
| 2016 | 01 | 138.9 | 202.4 | 25.3 | 32.7 | 39.3 | 714.1 | 698.9 | 481.3 | 118.6 | 7,041.5 | 15.7 | 9,508.6 |
| | 02 | 136.1 | 208.5 | 26.8 | 39.5 | 36.0 | 695.0 | 696.0 | 467.8 | 114.9 | 7,041.7 | 16.2 | 9,478.5 |
| | 03 | 85.9 | 200.1 | 26.8 | 39.0 | 36.4 | 684.4 | 688.3 | 479.2 | 112.9 | 7,089.5 | 21.6 | 9,464.1 |
| | 04 | 67.4 | 213.2 | 26.9 | 41.5 | 35.1 | 696.4 | 694.1 | 494.4 | 111.0 | 7,086.1 | 17.6 | 9,483.6 |
| | 05 | 64.3 | 217.0 | 21.9 | 40.8 | 41.5 | 693.5 | 687.1 | 484.4 | 111.5 | 7,042.7 | 15.9 | 9,420.7 |
| | 06 | 65.0 | 219.3 | 21.8 | 40.6 | 40.3 | 703.1 | 670.2 | 485.4 | 120.4 | 7,043.4 | 20.7 | 9,430.5 |
| | 07 | 64.0 | 218.7 | 21.9 | 39.9 | 36.0 | 710.6 | 600.0 | 485.8 | 119.9 | 7,035.7 | 20.1 | 9,352.6 |
| | 08 | 93.6 | 219.3 | 21.1 | 36.6 | 42.5 | 726.7 | 583.6 | 491.4 | 119.3 | 7,084.4 | 22.2 | 9,440.6 |
| | 09 | 107.1 | 222.9 | 24.2 | 35.8 | 32.3 | 725.0 | 649.3 | 494.2 | 125.1 | 7,090.6 | 22.2 | 9,528.6 |
| | 10 | 78.1 | 224.0 | 22.5 | 35.6 | 37.0 | 736.6 | 597.5 | 492.9 | 120.9 | 7,104.7 | 23.4 | 9,473.3 |
| | 11 | 74.7 | 237.2 | 27.9 | 30.1 | 42.2 | 736.6 | 669.2 | 477.8 | 119.7 | 7,130.5 | 18.4 | 9,564.3 |
| | 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 |

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.
See note on page 155

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 |
| 2016 | 01 | 0.0 | 64.3 | 5.2 | 21.6 | 35.2 | 22.7 | 92.1 | 2,913.5 | 6.4 | 938.2 | 26.0 | 4,125.4 |
| | 02 | 0.0 | 60.8 | 14.2 | 20.6 | 22.4 | 24.6 | 88.1 | 2,996.9 | 6.8 | 934.8 | 25.0 | 4,194.1 |
| | 03 | 0.1 | 62.1 | 14.8 | 20.2 | 22.1 | 36.1 | 80.4 | 2,987.9 | 6.6 | 940.5 | 24.5 | 4,195.1 |
| | 04 | 0.0 | 45.7 | 14.9 | 19.8 | 13.9 | 26.0 | 76.5 | 3,000.2 | 6.7 | 936.0 | 22.6 | 4,162.2 |
| | 05 | 0.0 | 46.9 | 17.6 | 19.9 | 9.6 | 25.5 | 71.6 | 2,954.6 | 8.5 | 922.8 | 18.6 | 4,095.7 |
| | 06 | 0.0 | 46.2 | 16.5 | 19.1 | 8.6 | 36.2 | 75.7 | 2,998.0 | 9.5 | 908.9 | 18.4 | 4,137.2 |
| | 07 | 0.0 | 45.9 | 17.1 | 18.4 | 8.7 | 31.4 | 76.3 | 3,021.8 | 9.6 | 909.2 | 18.4 | 4,156.9 |
| | 08 | 0.0 | 53.9 | 13.9 | 17.4 | 60.3 | 20.9 | 77.5 | 2,943.3 | 9.2 | 905.7 | 17.6 | 4,119.7 |
| | 09 | 0.0 | 47.4 | 14.0 | 20.4 | 60.4 | 21.8 | 92.5 | 2,936.9 | 8.9 | 897.5 | 15.1 | 4,114.8 |
| | 10 | 0.0 | 46.9 | 8.2 | 20.4 | 60.5 | 21.5 | 91.9 | 2,981.8 | 8.5 | 910.6 | 15.3 | 4,165.6 |
| | 11 | 0.0 | 52.1 | 3.8 | 20.2 | 60.0 | 22.0 | 93.1 | 2,972.9 | 7.9 | 904.7 | 14.7 | 4,151.3 |
| | 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 |

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.
See note on page 155

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 f 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 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 | 0.0 | 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 |
| 2016 | 01 | 0.0 | 407.7 | 221.5 | 279.2 | 96.5 | 31.2 | 309.3 | 4,471.9 | 13.8 | 6,813.5 | 2.1 | 12,646.9 |
| | 02 | 0.0 | 407.9 | 216.5 | 276.8 | 94.0 | 31.9 | 302.4 | 4,487.0 | 13.6 | 6,835.6 | 2.0 | 12,667.7 |
| | 03 | 0.0 | 400.7 | 213.0 | 274.6 | 91.5 | 30.8 | 300.8 | 4,517.5 | 13.6 | 6,888.0 | 2.1 | 12,732.6 |
| | 04 | 0.0 | 388.1 | 207.9 | 277.1 | 89.0 | 30.6 | 303.3 | 4,539.8 | 13.5 | 6,935.1 | 2.0 | 12,786.5 |
| | 05 | 0.0 | 371.6 | 207.1 | 274.5 | 91.0 | 29.8 | 302.6 | 4,501.6 | 11.9 | 6,958.7 | 0.5 | 12,749.1 |
| | 06 | 0.0 | 358.2 | 205.4 | 279.8 | 88.5 | 31.5 | 298.9 | 4,523.7 | 11.7 | 7,008.0 | 0.5 | 12,806.1 |
| | 07 | 0.0 | 351.2 | 199.2 | 277.0 | 106.2 | 30.9 | 298.3 | 4,575.4 | 11.5 | 7,022.3 | 0.5 | 12,872.4 |
| | 08 | 0.0 | 344.1 | 194.9 | 273.3 | 103.9 | 30.9 | 296.2 | 4,549.8 | 11.3 | 7,043.5 | 0.5 | 12,848.4 |
| | 09 | 0.0 | 325.0 | 229.1 | 272.0 | 104.6 | 30.0 | 293.3 | 4,561.5 | 11.0 | 7,080.6 | 0.5 | 12,907.6 |
| | 10 | 0.0 | 315.8 | 229.3 | 268.2 | 102.0 | 29.5 | 289.4 | 4,541.1 | 11.8 | 7,118.0 | 1.4 | 12,906.6 |
| | 11 | 0.0 | 309.3 | 235.4 | 264.9 | 99.5 | 28.0 | 287.8 | 4,608.4 | 12.1 | 7,151.3 | 0.5 | 12,997.2 |
| | 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 |

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.
See note on page 155

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 |
| | 2016 | 01 | 419,251 | 440,548 | -21,297 | 7,578,521 |
| | | 02 | 435,989 | 528,476 | -92,487 | 7,486,034 |
| | | 03 | 513,049 | 489,620 | 23,429 | 7,509,464 |
| | | 04 | 608,278 | 476,553 | 131,726 | 7,641,189 |
| | | 05 | 475,741 | 547,104 | -71,363 | 7,569,826 |
| | | 06 | 566,797 | 476,337 | 90,460 | 7,660,287 |
| | | 07 | 933,565 | 785,144 | 148,421 | 7,808,707 |
| | | 08 | 957,332 | 734,676 | 222,656 | 8,031,363 |
| | | 09 | 741,331 | 541,566 | 199,765 | 8,231,128 |
| | | 10 | 813,443 | 791,919 | 21,523 | 8,252,651 |
| | | 11 | 460,075 | 351,137 | 108,938 | 8,361,589 |
| | | 12 | 560,999 | 458,959 | 102,040 | 8,463,629 |

| T19 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 CBBiH | Balance |
| 1 | 2 | 3 | 4 | 5 | 6=5-4 |
| 2008 | 12 | 17,320,130 | 2,961,865 | 3,630,571 | 668,706 |
| 2009 | 12 | 16,194,265 | 1,754,398 | 3,010,417 | 1,256,019 |
| 2010 | 12 | 15,617,849 | 1,624,905 | 3,154,793 | 1,529,888 |
| 2011 | 12 | 15,227,393 | 1,323,886 | 2,959,315 | 1,635,429 |
| 2012 | 12 | 14,755,574 | 1,257,850 | 2,711,013 | 1,453,163 |
| 2013 | 12 | 15,162,241 | 1,290,758 | 3,103,865 | 1,813,107 |
| 2014 | 12 | 15,999,278 | 1,370,137 | 3,577,824 | 2,207,688 |
| 2015 | 12 | 16,664,525 | 1,432,593 | 3,770,500 | 2,337,907 |
| 2016 | 12 | 18,494,243 | 1,734,081 | 4,057,613 | 2,323,532 |
| 2016 | 01 | 17,382,721 | 1,504,274 | 4,110,684 | 2,606,410 |
| | 02 | 17,255,339 | 1,492,001 | 4,071,968 | 2,579,967 |
| | 03 | 17,205,002 | 1,489,635 | 3,985,339 | 2,495,704 |
| | 04 | 17,222,773 | 1,492,629 | 4,007,355 | 2,514,726 |
| | 05 | 17,256,308 | 1,497,435 | 3,980,385 | 2,482,950 |
| | 06 | 17,335,400 | 1,505,667 | 3,975,296 | 2,469,629 |
| | 07 | 19,259,784 | 1,925,978 | 3,964,489 | 2,038,511 |
| | 08 | 19,496,034 | 1,949,603 | 4,016,769 | 2,067,165 |
| | 09 | 19,732,227 | 1,973,223 | 4,082,200 | 2,108,977 |
| | 10 | 19,752,708 | 1,975,271 | 4,156,445 | 2,181,174 |
| | 11 | 19,961,910 | 1,996,191 | 4,152,193 | 2,156,002 |
| | 12 | 20,070,713 | 2,007,071 | 4,188,236 | 2,181,165 |

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.

| T20 | | Payments System Transactions (in KM million) | | | | | |
|------|-------|---|--------|--------------------|--------|--------------------|--------|
| | | RTGS | | GYRO CLEARING | | TOTAL | |
| Year | Month | No of Transactions | Amount | No of Transactions | Amount | No 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 |
| 2016 | 01 | 61,428 | 4,634 | 2,758,899 | 1,026 | 2,820,327 | 5,660 |
| | 02 | 69,090 | 5,173 | 3,162,753 | 1,181 | 3,231,843 | 6,353 |
| | 03 | 77,248 | 5,870 | 3,352,198 | 1,286 | 3,429,446 | 7,156 |
| | 04 | 77,383 | 5,847 | 3,232,082 | 1,295 | 3,309,465 | 7,142 |
| | 05 | 74,986 | 5,701 | 3,206,063 | 1,270 | 3,281,049 | 6,971 |
| | 06 | 79,334 | 6,069 | 3,340,414 | 1,329 | 3,419,748 | 7,398 |
| | 07 | 79,611 | 5,807 | 3,205,704 | 1,265 | 3,285,315 | 7,071 |
| | 08 | 81,492 | 6,604 | 3,371,203 | 1,370 | 3,452,695 | 7,968 |
| | 09 | 81,622 | 6,596 | 3,282,981 | 1,355 | 3,364,603 | 7,950 |
| | 10 | 79,148 | 6,422 | 3,302,032 | 1,320 | 3,381,180 | 7,742 |
| | 11 | 79,500 | 6,407 | 3,254,613 | 1,328 | 3,334,113 | 7,736 |
| | 12 | 94,477 | 7,747 | 3,599,941 | 1,485 | 3,694,418 | 9,233 |

| 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 | | | | |
| 2007 | -8,747 | 2,129 | 670 | 3,901 | 415 | -1,632 | -1,766 | -134 |
| 2008 | -10,472 | 2,186 | 943 | 3,827 | 383 | -3,132 | -3,300 | -167 |
| 2009 | -7,632 | 1,748 | 955 | 3,341 | 350 | -1,238 | -1,131 | 107 |
| 2010 | -7,426 | 1,953 | 413 | 3,529 | 389 | -1,142 | -957 | 184 |
| 2011 | -8,080 | 1,847 | 211 | 3,540 | 357 | -2,127 | -2,039 | 88 |
| 2012 | -8,002 | 1,849 | 204 | 3,679 | 336 | -1,934 | -1,799 | 135 |
| 2013 | -7,316 | 1,857 | 350 | 3,694 | 337 | -1,078 | -875 | 203 |
| 2014 | -8,101 | 1,923 | 203 | 3,969 | 442 | -1,564 | -1,406 | 159 |
| 2015 | -7,418 | 2,086 | 135 | 3,621 | 402 | -1,174 | -1,061 | 113 |
| 2016 | -7,199 | 2,151 | 160 | 3,578 | 355 | -955 | -783 | 172 |
| 2012 Q1 | -1,798 | 393 | 98 | 828 | 76 | -403 | -537 | -134 |
| Q2 | -1,924 | 476 | -108 | 930 | 80 | -546 | -410 | 135 |
| Q3 | -2,256 | 552 | 100 | 944 | 91 | -569 | -419 | 150 |
| Q4 | -2,024 | 427 | 115 | 978 | 89 | -416 | -432 | -16 |
| 2013 Q1 | -1,661 | 395 | 81 | 837 | 78 | -270 | -432 | -162 |
| Q2 | -1,676 | 498 | -108 | 926 | 80 | -279 | -215 | 65 |
| Q3 | -1,922 | 537 | 128 | 951 | 91 | -214 | -7 | 207 |
| Q4 | -2,058 | 426 | 248 | 980 | 89 | -314 | -222 | 93 |
| 2014 Q1 | -1,795 | 453 | 81 | 833 | 76 | -352 | -462 | -110 |
| Q2 | -1,967 | 453 | -86 | 989 | 85 | -526 | -357 | 169 |
| Q3 | -2,190 | 569 | 62 | 1,071 | 153 | -336 | -166 | 170 |
| Q4 | -2,150 | 448 | 147 | 1,076 | 128 | -351 | -420 | -70 |
| 2015 Q1 | -1,620 | 433 | 47 | 892 | 111 | -137 | -340 | -203 |
| Q2 | -1,939 | 561 | -42 | 915 | 111 | -395 | -364 | 30 |
| Q3 | -1,996 | 634 | -21 | 902 | 89 | -391 | -234 | 157 |
| Q4 | -1,864 | 458 | 150 | 912 | 92 | -251 | -123 | 128 |
| 2016 Q1 | -1,588 | 438 | 39 | 761 | 82 | -268 | -253 | 16 |
| Q2 | -1,898 | 557 | 4 | 923 | 92 | -322 | -245 | 77 |
| Q3 | -1,807 | 617 | 51 | 945 | 91 | -103 | 48 | 151 |
| Q4 | -1,905 | 539 | 66 | 949 | 90 | -262 | -333 | -72 |

| T22 | BH Balance of Payments: Current Account and Capital Account (in KM million) | | | | | | | | | | | | | |
|---------|--|--------|---------|--------|--------|----------|-------|----------------|-------|------------------|-------|-----------------|-------|---------|
| | CURRENT ACCOUNT | | | | | | | | | | | CAPITAL ACCOUNT | | |
| | Total | | | Goods | | Services | | Primary Income | | Secondary Income | | Credit | Debit | Balance |
| | Credit | Debit | Balance | Credit | Debit | Credit | Debit | Credit | Debit | Credit | Debit | | | |
| Period | | | | | | | | | | | | | | |
| 2007 | 11,764 | 13,811 | -2,047 | 3,275 | 12,022 | 2,836 | 707 | 1,553 | 883 | 4,101 | 200 | 415 | 0 | 415 |
| 2008 | 12,543 | 16,058 | -3,515 | 3,883 | 14,355 | 2,968 | 782 | 1,656 | 713 | 4,036 | 209 | 383 | 0 | 383 |
| 2009 | 11,046 | 12,634 | -1,588 | 3,560 | 11,193 | 2,642 | 894 | 1,265 | 309 | 3,579 | 238 | 350 | 0 | 350 |
| 2010 | 12,200 | 13,731 | -1,531 | 4,775 | 12,201 | 2,757 | 804 | 881 | 468 | 3,787 | 257 | 389 | 0 | 389 |
| 2011 | 13,157 | 15,640 | -2,483 | 5,776 | 13,856 | 2,628 | 781 | 935 | 725 | 3,818 | 278 | 357 | 0 | 357 |
| 2012 | 13,313 | 15,582 | -2,269 | 5,844 | 13,846 | 2,639 | 790 | 873 | 669 | 3,957 | 277 | 336 | 0 | 336 |
| 2013 | 13,873 | 15,288 | -1,415 | 6,427 | 13,743 | 2,610 | 753 | 863 | 512 | 3,973 | 279 | 337 | 0 | 337 |
| 2014 | 14,519 | 16,525 | -2,006 | 6,620 | 14,721 | 2,680 | 757 | 953 | 750 | 4,266 | 298 | 442 | 0 | 442 |
| 2015 | 14,776 | 16,352 | -1,576 | 6,968 | 14,385 | 2,917 | 831 | 931 | 797 | 3,960 | 339 | 402 | 0 | 402 |
| 2016 | 15,417 | 16,727 | -1,310 | 7,582 | 14,781 | 3,006 | 855 | 907 | 747 | 3,922 | 345 | 355 | 0 | 355 |
| 2012 Q1 | 2,904 | 3,383 | -479 | 1,284 | 3,082 | 526 | 132 | 199 | 101 | 895 | 67 | 76 | 0 | 76 |
| Q2 | 3,487 | 4,113 | -626 | 1,601 | 3,525 | 670 | 194 | 218 | 326 | 998 | 68 | 80 | 0 | 80 |
| Q3 | 3,589 | 4,249 | -660 | 1,491 | 3,747 | 848 | 296 | 233 | 133 | 1,017 | 73 | 91 | 0 | 91 |
| Q4 | 3,333 | 3,838 | -505 | 1,467 | 3,491 | 595 | 168 | 223 | 109 | 1,047 | 70 | 89 | 0 | 89 |
| 2013 Q1 | 3,082 | 3,430 | -348 | 1,437 | 3,098 | 533 | 138 | 206 | 125 | 906 | 70 | 78 | 0 | 78 |
| Q2 | 3,646 | 4,005 | -359 | 1,748 | 3,424 | 684 | 186 | 217 | 325 | 996 | 70 | 80 | 0 | 80 |
| Q3 | 3,689 | 3,994 | -305 | 1,630 | 3,552 | 808 | 271 | 231 | 103 | 1,019 | 68 | 91 | 0 | 91 |
| Q4 | 3,455 | 3,859 | -403 | 1,611 | 3,669 | 585 | 159 | 208 | -40 | 1,051 | 71 | 89 | 0 | 89 |
| 2014 Q1 | 3,198 | 3,626 | -428 | 1,485 | 3,279 | 586 | 133 | 224 | 144 | 903 | 70 | 76 | 0 | 76 |
| Q2 | 3,582 | 4,193 | -611 | 1,643 | 3,610 | 641 | 188 | 238 | 324 | 1,060 | 71 | 85 | 0 | 85 |
| Q3 | 3,989 | 4,478 | -489 | 1,736 | 3,927 | 845 | 276 | 257 | 195 | 1,151 | 80 | 153 | 0 | 153 |
| Q4 | 3,750 | 4,228 | -479 | 1,755 | 3,905 | 607 | 160 | 234 | 87 | 1,153 | 76 | 128 | 0 | 128 |
| 2015 Q1 | 3,393 | 3,642 | -248 | 1,610 | 3,230 | 580 | 147 | 239 | 192 | 964 | 72 | 111 | 0 | 111 |
| Q2 | 3,723 | 4,228 | -505 | 1,743 | 3,682 | 757 | 197 | 219 | 262 | 1,003 | 88 | 111 | 0 | 111 |
| Q3 | 4,004 | 4,484 | -480 | 1,811 | 3,807 | 953 | 318 | 250 | 271 | 990 | 88 | 89 | 0 | 89 |
| Q4 | 3,656 | 3,998 | -343 | 1,803 | 3,666 | 627 | 169 | 223 | 72 | 1,003 | 91 | 92 | 0 | 92 |
| 2016 Q1 | 3,267 | 3,617 | -350 | 1,615 | 3,203 | 590 | 152 | 216 | 177 | 847 | 85 | 82 | 0 | 82 |
| Q2 | 3,897 | 4,312 | -414 | 1,921 | 3,819 | 752 | 195 | 217 | 213 | 1,007 | 84 | 92 | 0 | 92 |
| Q3 | 4,209 | 4,403 | -194 | 1,977 | 3,784 | 952 | 335 | 251 | 200 | 1,029 | 84 | 91 | 0 | 91 |
| Q4 | 4,044 | 4,395 | -351 | 2,069 | 3,974 | 712 | 172 | 223 | 157 | 1,040 | 91 | 90 | 0 | 90 |

| T23 | BH Balance of Payments: Financial Account (in KM million) | | | | |
|---------|--|----------------------|------------------|----------------|--------|
| Year | 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 | -1,384 | 73 | -1,799 |
| 2013 | -342 | 144 | -1,387 | 709 | -875 |
| 2014 | -755 | 107 | -1,470 | 712 | -1,406 |
| 2015 | -433 | 109 | -1,618 | 881 | -1,061 |
| 2016 | -483 | 164 | -1,395 | 930 | -783 |
| 2012 Q1 | -26 | -6 | -191 | -314 | -537 |
| Q2 | -134 | 45 | -91 | -230 | -410 |
| Q3 | -107 | -18 | -688 | 394 | -419 |
| Q4 | -240 | -2 | -413 | 224 | -432 |
| 2013 Q1 | -295 | 51 | -20 | -168 | -432 |
| Q2 | -164 | 26 | -317 | 241 | -215 |
| Q3 | 4 | 21 | -479 | 447 | -7 |
| Q4 | 113 | 46 | -570 | 189 | -222 |
| 2014 Q1 | -239 | 13 | -76 | -161 | -462 |
| Q2 | -218 | 31 | -333 | 163 | -357 |
| Q3 | -108 | -20 | -663 | 625 | -166 |
| Q4 | -191 | 83 | -397 | 85 | -420 |
| 2015 Q1 | -98 | -13 | -177 | -52 | -340 |
| Q2 | -199 | -44 | -334 | 213 | -364 |
| Q3 | -110 | 76 | -578 | 378 | -234 |
| Q4 | -25 | 90 | -530 | 342 | -123 |
| 2016 Q1 | -161 | 1 | -30 | -62 | -253 |
| Q2 | -32 | 46 | -410 | 152 | -245 |
| Q3 | -132 | 82 | -595 | 692 | 48 |
| Q4 | -157 | 35 | -360 | 148 | -333 |

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

| T24 | Government Sector Foreign Debt Servicing (in KM thousand) | | | | | | |
|--|--|---------|---------|---------|---------|-----------|----------|
| | Creditor | 2012 | 2013 | 2014 | 2015 | 2016 | |
| | | | | | | Principal | Interest |
| | | | | | | | Total |
| Public creditors | | 339,601 | 617,207 | 693,718 | 515,617 | 529,726 | 118,290 |
| International and regional organizations | | 290,493 | 559,130 | 620,692 | 425,697 | 455,155 | 94,569 |
| European Investment Bank | | 38,236 | 40,804 | 51,583 | 59,051 | 58,951 | 20,395 |
| European Bank for Reconstr. and Development | | 75,034 | 90,998 | 112,436 | 121,045 | 106,003 | 6,890 |
| World Bank - IDA | | 49,547 | 51,296 | 56,489 | 67,968 | 65,737 | 38,826 |
| World Bank - IBRD ¹⁾ | | 51,290 | 45,057 | 43,490 | 51,235 | 42,910 | 9,925 |
| Council of Europe Development Bank ¹⁾ | | 991 | 1,818 | 3,086 | 4,112 | 3,702 | 1,039 |
| International Fund of Agriculture Development | | 2,341 | 6,412 | 2,902 | 3,784 | 3,540 | 573 |
| MMF | | 64,134 | 318,723 | 338,799 | 106,677 | 166,489 | 13,010 |
| EUROFIMA | | 0 | 0 | 0 | 0 | 0 | 0 |
| European Commision | | 8,919 | 4,022 | 11,907 | 11,824 | 7,823 | 3,911 |
| Government and government agencies | | 49,108 | 58,077 | 73,026 | 89,919 | 74,572 | 23,721 |
| Paris Club ¹⁾ | | 30,493 | 31,746 | 33,811 | 38,344 | 29,420 | 11,486 |
| Saudi Development Fund | | 3,050 | 4,808 | 4,505 | 6,698 | 5,911 | 1,907 |
| Other bilateral ²⁾ | | 15,566 | 21,523 | 34,710 | 44,877 | 39,241 | 10,327 |
| Private creditors | | 73,682 | 67,604 | 67,177 | 65,706 | 73,046 | 2,044 |
| London Club ¹⁾ | | 73,682 | 67,604 | 67,177 | 65,706 | 73,046 | 2,044 |
| Total | | 413,283 | 684,810 | 760,895 | 581,323 | 602,772 | 120,334 |

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.

| T25 Foreign Debt of BH General Government by Creditors** (in KM thousand) | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Creditor | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 31/12/2016* |
| Public creditors | | | | | | | |
| International and regional organizations | | | | | | | |
| European Investment Bank | 537,870 | 704,579 | 973,305 | 1,197,893 | 1,461,725 | 1,549,248 | 1,762,048 |
| European Bank for Reconstr. and Development | 427,819 | 481,540 | 677,713 | 895,992 | 1,012,997 | 982,148 | 947,254 |
| World Bank - IDA | 1,738,590 | 1,803,033 | 1,769,456 | 1,692,110 | 1,804,537 | 1,931,027 | 1,964,849 |
| World Bank - IBRD ⁵⁾ | 657,000 | 694,148 | 677,664 | 624,593 | 715,638 | 854,582 | 843,766 |
| European Development Bank | 35,843 | 37,180 | 36,776 | 35,180 | 63,239 | 74,890 | 80,361 |
| International Fund for Agriculture Development | 64,100 | 68,235 | 70,302 | 69,067 | 74,676 | 78,478 | 78,609 |
| International Monetary Fund | 767,071 | 784,851 | 950,444 | 851,771 | 1,061,656 | 1,036,624 | 1,028,123 |
| EUROFIMA ¹⁾ | 7,839 | 0 | 0 | 0 | 0 | 0 | 0 |
| European Commission | 74,322 | 70,410 | 62,587 | 250,346 | 242,523 | 234,700 | 226,876 |
| Others ²⁾ | 14,163 | 14,033 | 12,690 | 13,644 | 20,460 | 43,912 | 92,046 |
| Government and government agencies | | | | | | | |
| Saudi Development Fund | 24,519 | 33,780 | 49,628 | 68,419 | 86,457 | 101,893 | 103,034 |
| Paris Club ¹⁾ | 834,959 | 825,224 | 781,672 | 755,540 | 815,779 | 771,129 | 747,450 |
| Japan | 69,858 | 73,248 | 62,324 | 48,251 | 47,081 | 51,160 | 68,319 |
| Kuwait ³⁾ | 30,829 | 28,997 | 27,971 | 24,212 | 23,485 | 15,541 | 24,854 |
| Others ^{3/4)} | 316,369 | 395,378 | 446,030 | 468,033 | 498,354 | 511,800 | 534,955 |
| Private creditors | | | | | | | |
| London Club ¹⁾ | 599,205 | 541,875 | 479,306 | 416,737 | 354,168 | 291,599 | 218,554 |
| Others | 90,687 | 106,621 | 133,936 | 151,182 | 159,511 | 162,516 | 149,563 |
| Total | 6,291,044 | 6,663,132 | 7,211,804 | 7,562,971 | 8,442,288 | 8,691,248 | 8,870,661 |

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 17th. February 2017 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) | | | | | | | | | | | |
|--|-------|-------|-----------------|--------------------------------|----------------------------------|-------|--------------------------|-----------|----------------------|----------------------|----------------------------|
| GROSS FOREIGN RESERVES | | | | | | | | | Net Foreign Reserves | Monetary Liabilities | Net Foreign Assets of CBBH |
| Year | Month | Gold | Holdings of SDR | Foreign Currency in CBBH Vault | Deposits with Non-resident 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 |
| 2016 | 01 | 192.2 | 3.8 | 100.5 | 937.4 | 0.0 | 7,404.0 | 8,637.7 | 8,636.4 | 8,046.2 | 590.2 |
| | 02 | 211.2 | 3.9 | 100.1 | 656.0 | 0.0 | 7,603.2 | 8,574.5 | 8,573.3 | 7,950.8 | 622.5 |
| | 03 | 204.3 | 3.8 | 106.1 | 1,184.0 | 0.0 | 7,095.2 | 8,593.3 | 8,591.3 | 7,974.2 | 617.1 |
| | 04 | 213.0 | 3.8 | 111.3 | 1,966.5 | 0.0 | 6,411.5 | 8,706.1 | 8,704.5 | 8,108.8 | 595.7 |
| | 05 | 204.7 | 1.2 | 123.8 | 2,271.3 | 0.0 | 6,035.2 | 8,636.3 | 8,635.1 | 8,034.6 | 600.5 |
| | 06 | 223.8 | 3.9 | 129.1 | 2,357.5 | 0.0 | 6,058.4 | 8,772.7 | 8,771.5 | 8,125.7 | 645.8 |
| | 07 | 228.2 | 6.6 | 135.4 | 2,633.0 | 0.0 | 5,938.7 | 8,941.9 | 8,939.1 | 8,283.3 | 655.8 |
| | 08 | 220.0 | 4.0 | 151.0 | 2,834.5 | 0.0 | 5,930.3 | 9,139.8 | 9,137.4 | 8,495.5 | 641.9 |
| | 09 | 220.2 | 2.7 | 156.7 | 2,943.2 | 0.0 | 6,122.6 | 9,445.3 | 9,443.5 | 8,797.5 | 646.0 |
| | 10 | 219.6 | 2.7 | 163.3 | 2,880.7 | 0.0 | 6,079.9 | 9,346.2 | 9,343.3 | 8,722.2 | 621.1 |
| | 11 | 208.2 | 2.6 | 171.9 | 2,856.0 | 0.0 | 6,181.6 | 9,420.3 | 9,417.5 | 8,824.7 | 592.8 |
| | 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 |

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 | | 9,417 | 16,139 | -6,723 | 58.3 |
| | 2016 | 01 | 632 | 922 | -290 | 68.5 |
| | | 02 | 719 | 1,237 | -518 | 58.1 |
| | | 03 | 770 | 1,369 | -599 | 56.2 |
| | | 04 | 802 | 1,436 | -635 | 55.8 |
| | | 05 | 751 | 1,305 | -554 | 57.5 |
| | | 06 | 841 | 1,453 | -612 | 57.9 |
| | | 07 | 774 | 1,343 | -568 | 57.7 |
| | | 08 | 746 | 1,328 | -582 | 56.2 |
| | | 09 | 829 | 1,419 | -590 | 58.4 |
| | | 10 | 830 | 1,433 | -603 | 57.9 |
| | | 11 | 891 | 1,397 | -506 | 63.8 |
| | | 12 | 832 | 1,497 | -665 | 55.6 |

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 | 240,704 | 3,219,408 | 9,416,616 |
| 2016 | 01 | 115,705 | 54,552 | 36,235 | 93,984 | 53,320 | 52,627 | 11,245 | 214,043 | 631,711 |
| | 02 | 130,567 | 69,403 | 49,844 | 93,936 | 65,876 | 60,990 | 15,910 | 232,242 | 718,768 |
| | 03 | 127,607 | 82,059 | 62,097 | 93,648 | 65,518 | 59,578 | 17,785 | 261,259 | 769,550 |
| | 04 | 130,384 | 98,113 | 67,742 | 94,670 | 62,831 | 63,613 | 21,460 | 262,861 | 801,672 |
| | 05 | 126,752 | 80,657 | 59,500 | 93,717 | 65,635 | 61,377 | 22,290 | 240,868 | 750,796 |
| | 06 | 124,056 | 91,848 | 69,723 | 104,809 | 68,932 | 68,704 | 23,258 | 289,970 | 841,300 |
| | 07 | 123,464 | 92,677 | 73,414 | 99,362 | 64,793 | 58,842 | 19,204 | 242,451 | 774,206 |
| | 08 | 117,064 | 78,229 | 77,083 | 65,042 | 64,371 | 61,599 | 20,175 | 262,715 | 746,277 |
| | 09 | 122,524 | 74,930 | 77,771 | 92,293 | 75,905 | 63,188 | 24,100 | 297,946 | 828,659 |
| | 10 | 126,392 | 79,493 | 81,591 | 100,348 | 73,612 | 65,621 | 20,772 | 282,161 | 829,990 |
| | 11 | 126,476 | 87,323 | 84,930 | 103,042 | 77,756 | 67,246 | 21,997 | 322,616 | 891,386 |
| | 12 | 108,420 | 96,076 | 82,919 | 96,247 | 68,650 | 47,205 | 22,506 | 310,276 | 832,299 |

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.

| T29 | | 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 | | 1,617,692 | 1,828,073 | 1,998,877 | 1,899,614 | 707,993 | 831,403 | 1,091,966 | 556,399 | 327,745 | 405,278 | 4,874,287 | 16,139,326 |
| 2016 | 01 | 85,704 | 107,387 | 129,052 | 134,712 | 128,372 | 139,672 | 159,864 | 148,814 | 145,247 | 146,571 | 140,987 | 151,310 |
| | 02 | 105,173 | 135,825 | 169,711 | 170,642 | 144,451 | 147,506 | 147,874 | 156,839 | 166,495 | 161,984 | 158,075 | 163,498 |
| | 03 | 113,690 | 169,751 | 178,954 | 175,770 | 164,394 | 172,285 | 166,228 | 164,785 | 179,880 | 181,649 | 158,489 | 173,000 |
| | 04 | 108,889 | 139,892 | 162,075 | 176,203 | 164,566 | 177,504 | 168,351 | 126,956 | 158,474 | 175,470 | 163,292 | 177,941 |
| | 05 | 41,836 | 50,156 | 31,465 | 102,230 | 29,251 | 86,675 | 64,220 | 64,489 | 41,419 | 32,907 | 63,576 | 99,769 |
| | 06 | 49,380 | 60,893 | 71,228 | 74,301 | 68,094 | 81,889 | 73,850 | 62,037 | 74,285 | 72,441 | 68,837 | 74,167 |
| | 07 | 67,899 | 87,605 | 104,328 | 81,209 | 90,616 | 96,966 | 88,158 | 93,287 | 100,959 | 93,762 | 93,793 | 93,384 |
| | 08 | 31,495 | 41,976 | 51,051 | 48,142 | 45,695 | 52,389 | 43,806 | 44,781 | 49,828 | 48,621 | 47,785 | 50,828 |
| | 09 | 13,881 | 21,362 | 26,607 | 22,038 | 28,497 | 31,325 | 22,792 | 32,506 | 35,254 | 21,583 | 33,753 | 38,149 |
| | 10 | 23,999 | 31,618 | 30,864 | 34,492 | 32,007 | 34,768 | 34,207 | 34,617 | 38,178 | 36,192 | 37,013 | 37,324 |
| | 11 | 279,852 | 390,427 | 413,372 | 416,740 | 408,935 | 432,493 | 373,347 | 398,725 | 429,038 | 461,579 | 431,791 | 437,990 |
| | 12 | 921,798 | 1,236,892 | 1,368,707 | 1,436,478 | 1,304,879 | 1,453,471 | 1,342,699 | 1,327,837 | 1,419,057 | 1,432,758 | 1,397,390 | 1,497,360 |

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) | | | | | | | | | |
|--|---|---------|---------|---------|---------|------------------|----------|----------|----------|----------|
| | Exports of Goods | | | | | Imports of Goods | | | | |
| Products Group | 2012 | 2013 | 2014 | 2015 | 2016 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Total | 7,858.0 | 8,380.3 | 8,681.7 | 8,987.3 | 9,416.6 | 15,252.9 | 15,169.8 | 16,199.3 | 15,851.9 | 16,139.3 |
| Animals and animal origin products | 134.3 | 127.5 | 114.6 | 189.1 | 171.8 | 425.0 | 442.7 | 456.7 | 520.4 | 488.1 |
| Proizvodi biljnog porijekla | 91.1 | 128.8 | 158.9 | 202.1 | 264.7 | 705.8 | 663.6 | 710.3 | 756.8 | 765.6 |
| Vegetable origin products | 75.9 | 92.6 | 93.3 | 118.6 | 142.5 | 171.9 | 162.3 | 150.7 | 167.3 | 206.5 |
| Food products | 336.7 | 324.9 | 282.5 | 307.8 | 355.3 | 1,513.9 | 1,482.8 | 1,434.2 | 1,446.5 | 1,489.7 |
| Mineral origin products | 872.0 | 1,091.9 | 947.1 | 738.3 | 747.5 | 3,229.0 | 3,045.2 | 2,813.2 | 2,258.0 | 2,015.0 |
| Chemical products and related industry products | 533.2 | 531.6 | 604.5 | 705.0 | 772.3 | 1,522.5 | 1,475.4 | 1,565.5 | 1,571.9 | 1,594.0 |
| Plastic, caoutchouc and rubber products | 202.7 | 229.0 | 249.2 | 284.1 | 319.1 | 846.8 | 858.8 | 949.6 | 1,007.3 | 1,075.0 |
| Fur and leather | 179.8 | 170.8 | 147.2 | 161.8 | 155.6 | 397.8 | 426.1 | 482.3 | 462.8 | 465.8 |
| Wood and wood products | 507.4 | 579.5 | 645.0 | 668.9 | 729.0 | 158.0 | 165.3 | 191.3 | 206.2 | 237.1 |
| Cellulose, paper, cardboard and products thereof | 224.7 | 233.5 | 230.1 | 260.1 | 241.2 | 353.3 | 352.3 | 387.4 | 387.7 | 405.4 |
| Textile and textile products | 332.2 | 371.4 | 425.2 | 494.7 | 507.4 | 734.7 | 827.3 | 986.2 | 1,023.5 | 1,103.2 |
| Footwear, headwear and similar products | 476.3 | 557.2 | 666.2 | 639.9 | 673.4 | 251.1 | 276.7 | 329.2 | 335.7 | 330.1 |
| Stone, plaster, cement, ceramics, glass products and similar | 49.0 | 52.3 | 62.7 | 52.9 | 65.6 | 284.3 | 280.8 | 302.9 | 313.8 | 340.3 |
| Pearls, precious metals and products thereof, prec. or semi-prec. stones | 19.7 | 36.2 | 12.9 | 12.1 | 12.3 | 11.5 | 12.5 | 13.9 | 12.7 | 14.3 |
| Base metals and products thereof | 1,908.8 | 1,753.9 | 1,749.1 | 1,652.0 | 1,571.1 | 1,330.1 | 1,399.8 | 1,500.3 | 1,536.0 | 1,574.4 |
| Machinery and mechanical/electric appliances | 791.3 | 859.6 | 939.5 | 1,018.1 | 1,046.3 | 1,881.1 | 1,866.6 | 2,338.0 | 2,198.3 | 2,243.7 |
| Vehicles and transportation equipment | 203.0 | 260.4 | 299.9 | 317.2 | 319.7 | 909.9 | 936.7 | 1,037.8 | 1,070.5 | 1,160.6 |
| Watches, musical and medical instruments, measuring tools | 19.5 | 17.1 | 17.2 | 20.6 | 25.1 | 211.7 | 181.2 | 192.8 | 218.8 | 220.8 |
| Arms and ammunition; parts and accessories thereof | 79.0 | 63.5 | 92.1 | 136.1 | 171.2 | 4.5 | 7.9 | 6.3 | 7.0 | 10.4 |
| Miscellaneous products | 821.2 | 898.5 | 944.4 | 1,007.7 | 1,125.2 | 309.5 | 305.0 | 350.2 | 350.1 | 399.0 |
| Works of art, collectors' pieces and antiques | 0.0 | 0.2 | 0.1 | 0.2 | 0.1 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 |
| Unclassified | 0.0 | 0.0 | 0.0 | 0.0 | 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 Average Middle Exchange Rates of Convertible Mark | | | | | | | | | |
|---|-------|----------|-----------|----------|----------|-------------|----------|----------|----------|
| | | EMU | Croatia | Hungary | Turkey | Switzerland | UK | USA | Serbia |
| | | EUR | HRK | HUF | TRY | CHF | GBP | USD | RSD |
| Year | Month | 1 | 100 | 100 | 1 | 1 | 1 | 1 | 100 |
| 2006 | | 1.955830 | 26.703006 | 0.741214 | 1.090541 | 1.243337 | 2.869188 | 1.559433 | 2.327066 |
| 2007 | | 1.955830 | 26.653716 | 0.778418 | 1.095670 | 1.190857 | 2.858739 | 1.429542 | 2.446287 |
| 2008 | | 1.955830 | 27.072193 | 0.778567 | 1.030147 | 1.233196 | 2.462700 | 1.336615 | 2.406718 |
| 2009 | | 1.955830 | 26.641714 | 0.698858 | 0.904894 | 1.295257 | 2.195821 | 1.406763 | 2.083674 |
| 2010 | | 1.955830 | 26.836049 | 0.710646 | 0.979613 | 1.417637 | 2.280434 | 1.476950 | 1.903300 |
| 2011 | | 1.955830 | 26.296474 | 0.702511 | 0.840993 | 1.589068 | 2.253721 | 1.406117 | 1.918824 |
| 2012 | | 1.955830 | 26.003868 | 0.676389 | 0.845478 | 1.622699 | 2.412276 | 1.522668 | 1.732491 |
| 2013 | | 1.955830 | 25.806786 | 0.658705 | 0.775940 | 1.589326 | 2.304432 | 1.473557 | 1.729721 |
| 2014 | | 1.955830 | 25.619449 | 0.633710 | 0.673375 | 1.610337 | 2.426325 | 1.474019 | 1.668863 |
| 2015 | | 1.955830 | 25.688577 | 0.631327 | 0.650180 | 1.832914 | 2.694477 | 1.762605 | 1.619915 |
| 2016 | | 1.955830 | 25.960428 | 0.627987 | 0.586378 | 1.794449 | 2.396405 | 1.768011 | 1.588875 |
| 2016 | 01 | 1.955830 | 25.547063 | 0.621633 | 0.600289 | 1.789556 | 2.601235 | 1.800089 | 1.597809 |
| | 02 | 1.955830 | 25.614570 | 0.630369 | 0.598962 | 1.774315 | 2.522432 | 1.760907 | 1.591798 |
| | 03 | 1.955830 | 25.868195 | 0.628440 | 0.609762 | 1.792085 | 2.506126 | 1.763368 | 1.587994 |
| | 04 | 1.955830 | 26.088529 | 0.627680 | 0.608326 | 1.789367 | 2.465692 | 1.724799 | 1.592534 |
| | 05 | 1.955830 | 26.083784 | 0.621727 | 0.589550 | 1.768876 | 2.513716 | 1.728886 | 1.592696 |
| | 06 | 1.955830 | 26.011790 | 0.623129 | 0.596471 | 1.794719 | 2.484148 | 1.743092 | 1.585042 |
| | 07 | 1.955830 | 26.093416 | 0.621967 | 0.597912 | 1.800287 | 2.326581 | 1.765906 | 1.585492 |
| | 08 | 1.955830 | 26.122516 | 0.630563 | 0.588611 | 1.798182 | 2.286192 | 1.743797 | 1.586007 |
| | 09 | 1.955830 | 26.087186 | 0.633773 | 0.588171 | 1.789949 | 2.297091 | 1.744021 | 1.587066 |
| | 10 | 1.955830 | 26.049658 | 0.636784 | 0.577473 | 1.796719 | 2.193704 | 1.773097 | 1.587666 |
| | 11 | 1.955830 | 26.006607 | 0.633706 | 0.551629 | 1.818895 | 2.249695 | 1.809759 | 1.587767 |
| | 12 | 1.955830 | 25.940874 | 0.626430 | 0.530160 | 1.819632 | 2.315504 | 1.856330 | 1.584716 |

| 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 |
| 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 |

Note:

Administrative data collected from: Ministries of Finance of all levels of government, Social Security Funds of all levels of government, Entities' Public Companies for Roads and Entities' Public Companies for Motorways. Annual data for consolidated revenues/expenses include local level of government (municipalities and towns), Public Company for Roads of all levels of government of FBH, Public Company for Roads of RS, Public Company for Motorways of FBH and Public Company for Motorways of RS, while quarterly data do not include them as the source data are not available.

Difference between revenues on one side and expenses with net acquisition of non-financial assets on the other side, represents net surplus/deficit.

| T33 | Government Finance of BiH - 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 |
| 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 |

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 |
| 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 | 33.2 | -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 |

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 Non-financial Assets | Net Surplus /Deficit |
| 2006 | 1,211.3 | 950.2 | 2,525.6 | 1,049.1 | 944.1 | 2,187.5 | 212.0 | 126.2 |
| 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 |
| 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 |

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 | 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 | 178.8 | 26.3 | 86.0 | 24.0 | -11.4 | 195.7 | -0.4 | 19.6 | 5.9 | 9.5 | 246.0 | 779.9 |
| | 2015 | 36.6 | 86.8 | 161.4 | 30.0 | 2.3 | 28.4 | 19.4 | -9.1 | -34.8 | 64.0 | 91.7 | 476.7 |
| | Jan - Sep 2016 | 19.5 | -3.7 | 32.9 | 0.3 | 6.1 | 3.0 | 12.6 | -4.9 | -18.4 | 8.5 | 88.9 | 144.8 |

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 | -40 | 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 | -19.5 | -5.2 | 180.8 | 2.9 | -24.9 | 36.2 | -59.4 | 60.6 | 35.2 | 6.7 | 149.8 | 184.7 | 232.1 | 779.9 |
| 2015 | 5.2 | -0.2 | 24.0 | 56.2 | -4.8 | -53.3 | 6.7 | 47.3 | -27.5 | 56.8 | 161.4 | 48.2 | 156.6 | 476.7 |
| Jan-Sep 2016 | -3.0 | 1.1 | 2.6 | 15.0 | -10.7 | -18.7 | -0.8 | 21.9 | 4.5 | 7.4 | 77.4 | -64.3 | 112.3 | 144.8 |

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) | | | | | | | | | | | | | |
|--|-----------|--------------|-------|-----------------------------------|---------------------------------|----------------------|-----------------------|------------------|-----------------------|-------|----------------------------|--------------|----------------|
| ASSETS | | | | | | | | | | | | | |
| Direct investment | | | | | | | | Other investment | | | | | |
| Year | Net IIP | Total Assets | 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 | -14,815.2 | 12,772.8 | 679.0 | 275.0 | 404.0 | 538.6 | 0.0 | 4,459.0 | 2,997.8 | 117.6 | 1,181.3 | 162.4 | 7,096.1 |
| 2014 | -15,137.1 | 13,341.7 | 690.0 | 282.4 | 407.6 | 586.4 | 0.0 | 4,211.9 | 2,761.3 | 92.7 | 1,200.6 | 157.3 | 7,853.4 |
| 2015 | -15,281.2 | 13,826.9 | 772.7 | 325.6 | 447.1 | 657.4 | 0.1 | 3,762.6 | 2,553.7 | 35.5 | 1,025.8 | 147.6 | 8,634.1 |

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) | | | | | | | | | | |
|------|--|----------|-----------------------------------|---------------------------------|----------------------|-----------------------|------------------|-----------------------|----------|----------------------------|-------------------|
| | LIABILITIES | | | | | | | | | | |
| | Direct investment | | | | | | Other investment | | | | |
| | Total Liabilities | 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 |
| 2006 | 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 |
| 2007 | 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 |
| 2008 | 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 |
| 2009 | 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 |
| 2010 | 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 |
| 2011 | 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 |
| 2012 | 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 |
| 2013 | 27,588.0 | 11,783.2 | 8,408.4 | 3,374.8 | 548.8 | 0.0 | 15,256.0 | 1,934.3 | 10,571.4 | 2,230.4 | 519.9 |
| 2014 | 28,478.8 | 11,790.1 | 7,976.5 | 3,813.6 | 481.1 | 0.0 | 16,207.6 | 1,653.5 | 11,756.3 | 2,283.5 | 514.3 |
| 2015 | 29,108.0 | 12,400.0 | 8,991.7 | 3,408.3 | 353.4 | 0.0 | 16,354.6 | 1,595.3 | 12,108.1 | 2,118.1 | 533.1 |

| T39 Nominal and Real Effective Exchange Rate of Convertible Mark | | | |
|--|-------|--------|--------|
| Year | Month | NEER | REER |
| 2006 | | 96.92 | 101.23 |
| 2007 | | 96.37 | 98.45 |
| 2008 | | 96.36 | 100.02 |
| 2009 | | 100.38 | 100.94 |
| 2010 | | 99.98 | 100.00 |
| 2011 | | 100.86 | 100.39 |
| 2012 | | 101.57 | 99.58 |
| 2013 | | 102.76 | 97.84 |
| 2014 | | 104.97 | 97.74 |
| 2015 | | 105.38 | 96.16 |
| 2016 | | 107.02 | 95.90 |
| 2016 | 01 | 107.38 | 97.71 |
| | 02 | 107.79 | 97.75 |
| | 03 | 106.99 | 96.56 |
| | 04 | 106.80 | 96.01 |
| | 05 | 107.06 | 96.09 |
| | 06 | 106.95 | 95.61 |
| | 07 | 106.82 | 95.28 |
| | 08 | 106.99 | 95.08 |
| | 09 | 106.96 | 94.92 |
| | 10 | 106.73 | 95.17 |
| | 11 | 106.95 | 95.50 |
| | 12 | 106.85 | 95.15 |

Notes:

Due to the weight change for the period 2014, 2015 and 2016, NEER and REER data are revised from January 2014 until December 2016.

Shorter methodology notes for the calculation of NEER and REER are as follows:

In the calculation of NEER weight is calculated based on the total trade for three consecutive years (starting from 2005, 2006 and 2007 – the weight is calculated on the sum of total trade from 2005 to 2007, for 2008, 2009 and 2010, the sum of the total trade in 2008 – 2010, and for 2011, 2012 and 2013, using the values 2011 – 2013, and 2014, 2015 and 2016, using the values 2014 – 2016).

Also, by the applied methodology, exchange rate is expressed as the number of units of foreign currency per one KM.

To calculate REER, in addition to NEER, Consumer Price Index – CPI is also used. CPI index is set inversely and calculated on the basis of twenty trading partners (Austria, Czech Republic, France, Germany, Hungary, Italy, Lithuania, Netherlands, Poland, Slovenia, Croatia, China, United Kingdom, FYR Macedonia, Romania, Russian Federation, USA, Serbia and Montenegro – since 2007, only Serbia is observed, Switzerland and Turkey).

In accordance with the aforementioned increase in the index represents an appreciation of the exchange rate, while the decline in the index represents a depreciation of the exchange rate.

Detailed methodological explanations for compiling and calculating the nominal (NEER) and real (REER) effective exchange rate are available at the CBBH website.

| 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 | 1139.0% | 4,066,804,492 | 665,452,000 |

Note: 6,7,9,13,14,15,16, 17

The revised data for the period January 2006 – November 2015 are based on the active sub-balance of the banks with majority state owned capital from the Federation of BH, with the passive sub-balance excluded. Through such supplement of statistics, the users are provided with higher analytical usefulness of data and objective indicators on the current operations of banks in BH. Passive sub-balance includes the liabilities based on foreign loans and old foreign exchange savings of citizens until 31 March 1992 and it does not reflect the current operations of the bank, so this sub-balance in the privatization process will be taken over by the Ministry of Finance of FBH according to the Law on Initial Balance Sheets of Banks and the Law on Privatization, as it has been done for the previously privatized banks. The performed revision mainly influenced the decrease of loans to public companies in a foreign currency, decrease of foreign liabilities, decrease of other items of assets and liabilities on the basis of old foreign exchange savings, and in considerably lower amounts, on items of loans to the Entity Government, fixed assets, non-residents' deposits, shares and capital.

The data on the „complete“ balance sheet, with the included passive sub-balance, are still available at:

http://statistics.cbbh.ba:4444/Panorama/novaview/SimpleLogin_bs.aspx

In November 2014, two banks realized the sale and transfer of a part of the loan portfolio which resulted in the increase in reserves with monetary authorities in the total amount of KM 64 million and decreases in the following items: claims on private enterprises by KM 260 million, foreign liabilities by KM 101 million and other items (net) by KM 95 million.

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 KM 624 million, an increase in loan losses provisioning by KM 472 million and other liabilities increased by KM 7 million.

By order of the FBH Banking Agency, in June 2010, one bank made a reclassification of about KM 300 million claims based on securities of domestic institutional sector to the claims on nonresidents. In December 2010, the same bank made this reclassification retroactive in the respective amounts for the period from August 2009 when the error occurred, until May 2010. The above reclassification reflects an 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 loans to non-residents were reclassified in foreign securities of non-residents, 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 such amounts, per month, ranging from KM 50-150 million.

In accordance with new regulations of the RS Banking Agency, published in the Official Gazette of RS, no.136/10, which provides a new manner of recording receivables classified in category "E", accounting and bookkeeping of recording interest on non-performing assets and calculation of provisions for loan losses, RS banks implemented mentioned regulations in the data for December 2010, and the transfer of these items from off-balance records into balance sheet. The correction is reflected on the assets side, as increase of loans in the amount of about KM 144 million, and increase of accrued interest of approximately KM 36 million, and on the liabilities side, as increase in provisioning for loan losses amounting to about KM 180 million on the capital account.

CENTRALNA BANKA
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ЦЕНТРАЛНА БАНКА
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