

CENTRALNA BANKA
BOSNE I HERCEGOVINE



ЦЕНТРАЛНА БАНКА
БОСНЕ И ХЕРЦЕГОВИНЕ



Annual Report

2015

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ABBREVIATIONS:

AAA	Triple A/the highest possible rating assigned to a financial institution or financial instrument by credit rating agencies
ABSPP	Asset-backed securities purchase programme
ATM	automatic teller machine
BAM	currency code of convertible mark
BCC	Bilateral Assistance and Capacity Building Program for Central Banks
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
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	United States of America
USD	US dollar , currency of USA
VAT	value added tax
WAIR	weighted average interest rate
WEO	World Economic Outlook

FOREWORD



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 the 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; and
- Financial Statement verified by external auditor;

The Annual Report of the CBBH for 2015 was adopted at the meeting of the CBBH Governing Board, held in Sarajevo, on 31 March 2016.

During 2015, too, the Central Bank of Bosnia and Herzegovina successfully fulfilled all its Law obligations. It provided the full convertibility of the local currency, and the currency board arrangement, ensured monetary stability which is extremely important in the current situation in the country.

In complex and, from the investors point of view, extraordinary adverse conditions at international markets, the Central Bank of Bosnia and Herzegovina implemented a policy of managing foreign exchange reserves in a safe manner, while maintaining the adequate capitalization. For illustration, the average weighted interest rate on the CBBH foreign exchange reserves in 2015 was lower 12 times than the one recorded in 2008, and the average yields on one year and two year bonds denominated in EUR with AAA rating became negative. In doing so, remaining within the limits of the acceptable level of risk in the investment and adhering to the principle of safety, and then profitability, the Central Bank of Bosnia and Herzegovina in 2015, made a profit in the amount of BAM 31,377,906.94. Out of that amount, in accordance with Article 27 of the Law on the Central Bank of Bosnia and Herzegovina, the amount of BAM 18,826,744.14 has been transferred to the account of liabilities towards the budget of Bosnia and Herzegovina institutions.

As part of its mandate, the Central Bank of Bosnia and Herzegovina carried out the activities to maintain appropriate financial infrastructure, thus the payment transactions in the country and abroad were carried out smoothly. Also, during 2015, the Central Bank of Bosnia and Herzegovina completed all the obligations arising from its role of fiscal agent in servicing the external liabilities. As state fiscal agent, the Central Bank of Bosnia and Herzegovina made the necessary preparations for the missions of credit rating agencies, providing all the conditions and relevant information necessary for the assessment of the sovereign rating, which remained unchanged for 2015.

Given the relatively low rate of economic growth, the weak credit activity and continuation of the trend of deleveraging banks, the Central Bank of Bosnia and Herzegovina took into account the stability of BH financial system and decided in 2015 not to introduce the negative remuneration rate on funds above the required reserves, taking on its charge the costs arising from such decision. Therefore, the only change in the required reserves policy in 2015 was setting the bottom limit on the remuneration rate on required reserves to 0%. Current macroeconomic framework is significantly different from the last modified policy of required reserves in 2011, especially in relation to the period before 2008. Central Bank of Bosnia and Herzegovina closely monitors the macro-economic trends and systemic risks, and in 2016, there will be discussed the possible changes in the required reserves policy.

All possible changes to policies of the Central Bank of Bosnia and Herzegovina are considered in the context of the current macroeconomic environment and expected trends, and taking into account the potential impact of regulatory changes in the financial sector. In this regard, the Central Bank of Bosnia and Herzegovina in 2015, in accordance with the responsibilities defined by the Law, had the regular exchange of information on systemic risks and the views of the Entities' Banking Agencies through the coordination process of banking supervision, and in extended membership, through the Standing Committee on Financial Stability of Bosnia and Herzegovina.

During 2015, in addition to regular publications, such as the Annual Report, Financial Stability Report, the quarterly Bulletins and Monthly economic reviews, the Central Bank of Bosnia and Herzegovina was exchanging the information on economic trends and systemic risks with the relevant national and international institutions, through specialized reports and expanding the standard set of statistical data, and the publication of target texts in media in order to inform and educate the general public.

Having in mind the process of European integration of Bosnia and Herzegovina, the Central Bank of Bosnia and Herzegovina wishes to confirm its commitment to further improve its business processes and work on introducing the modern standards.

In 2015, there was a change in the governance structure of the Central Bank of Bosnia and Herzegovina. Specifically, on 11 August 2015, the mandate of the former members of the Governing Board expired, and the duties were taken over by the newly appointed members: Senad Softić, Ph.D., Kemal Kozarić, Ph.D., Ljubiša Vladušić, Ph.D., Trivo Marinković, M.Sc. and Ankica Kolobarić, M.Sc. who, between them, elected a new Governor of the Central Bank of Bosnia and Herzegovina for a period of six years. Newly appointed Governing Board of the Central Bank of Bosnia and Herzegovina adopted the Strategic Plan of the Central Bank of Bosnia and Herzegovina for a six-year period, which defines the mission, vision and common values.

Therefore, for the first time from the position of the Governor, I want to thank the members of the new and the former Governing Board, as well as all employees of the Central Bank of Bosnia and Herzegovina for the professional approach and contribution to the achievement of the results achieved.

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 1997¹ 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 the 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 or authority with the aim of the objective performance of its tasks. The Central Bank of Bosnia and Herzegovina conducts 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 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.

Business 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„Official Gazette of BH“, No: 1/97,29/02,13/03,14/03,9/05,76/06 and 32/07.

1 ECONOMIC TRENDS IN 2015

1.1 INTERNATIONAL ECONOMIC ENVIRONMENT

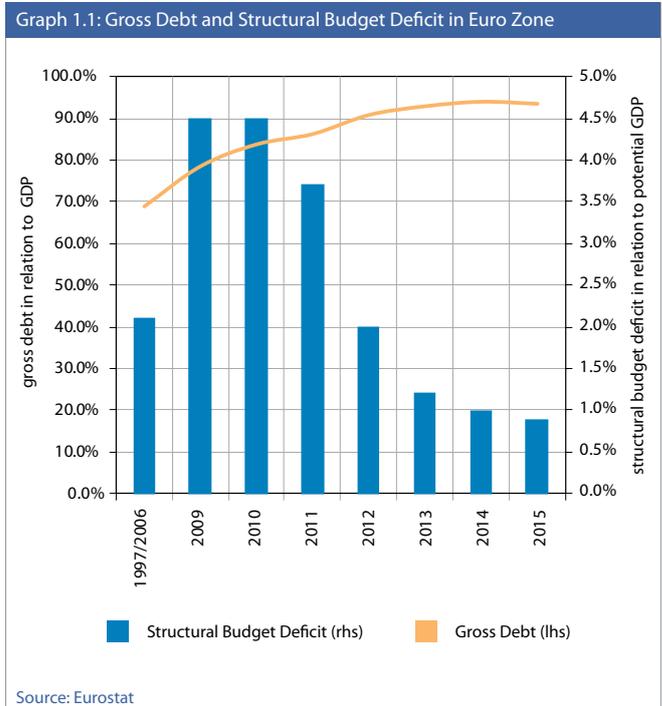
1.1.1 Trends in Real Sector

Unlike the global economic growth which in 2015 was below the one recorded in 2014 (3.1% compared to 3.4%), the rates of the economic growth in the USA and the euro area were higher than in the previous year. The US economy growth was around 2.5% (in 2014, the growth was 2.4%), and the growth of the economy of the euro area in 2015 was higher by 0.7 pp than in 2014, amounting to 1.6%.

The main trends in 2015, which determined the economic trends at the global level, and partly those in Bosnia and Herzegovina, were the continued decline of all the prices of goods, the slow-down of the economic growth in China (from 7.3% in 2014 to around 6.9% in 2015) and other emerging markets, and the expectations related to the growth of the FED Fund Rates (FFR) i.e. moving to restrictive monetary policy. Due to the deflation pressures brought about by low prices of raw materials and food at the global markets, the inflation in the euro area in 2015 was quite low (Table 1.1), which caused a real growth of domestic demand which stimulated economic growth. Both the EU and the euro area, and also the selected countries, in 2015 recorded an economic growth. The growth in the euro area in 2015 was almost two times higher than in 2014, and, observing the economic growth rates in 2015, Sweden stood out with the real GDP growth rate of 4.1%. Compared to 2009, when economic- financial crisis, measured by the decline of real GDP, was the strongest, the EU countries recorded different results. In Croatia and Slovenia, the economic growth in 2015 compared to 2009 was higher by 9 pp, i.e. 10.7 pp, in Austria it was higher by 4.7 pp, whereas the real GDP of the EU in this period increased by 6.3 pp. Serbia, as the most important foreign trade partner of Bosnia and Herzegovina, outside the EU, in 2015, recorded a very low growth rate of real GDP of 0.8% (in 2014, the growth was -1.8%), which was higher by 3.92 pp than the growth rate of real GDP in 2009.

The economic growth in the euro area was achieved in the circumstances of very restrictive fiscal policy, i.e. savings measures, which brought about the decrease of budget deficits,

but also the growth of public debt in relation to GDP (Graph 1.1). In 2016, gross debt is expected to decrease to 92.8% of GDP (from 93.7% of GDP in 2015), and by the end of 2020, the gross debt of the euro area should decline to 85.2 % of GDP (WEO, 10/2015).



Note: Structural budget deficit is a part of the budget deficit which exists regardless of the stage of economic cycle. Budget deficit is a sum of the structural budget deficit and the cyclic deficit.

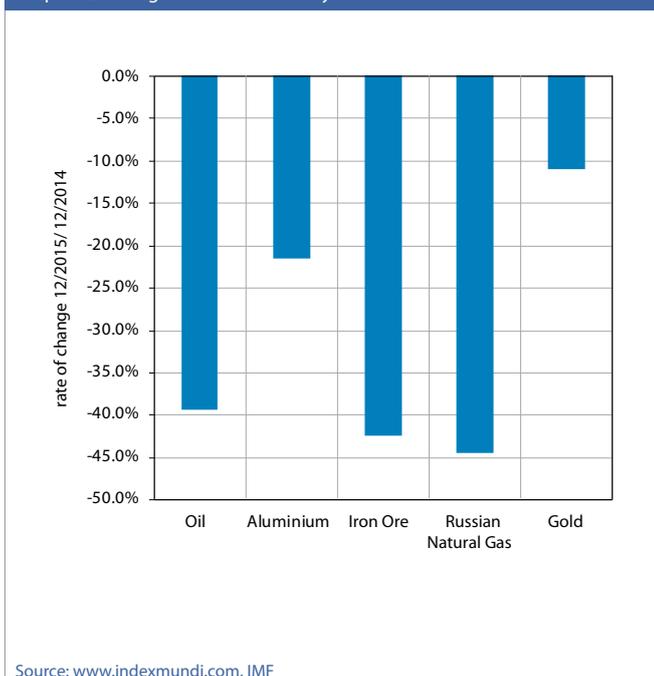
At stock exchanges in the world, the prices of basic commodities during 2015 decreased (Graph 1.2). The oil price decreased by 39.3%, and the downward trend spilled over, but not proportionally, to the BH market of oil and oil derivatives, and consequently, it caused deflation pressures in the country. The prices of iron ore and aluminium decreased by 42.4% and 21.6% respectively, which, due to the production and exports of these raw materials (iron ore) in BH companies, and the share of the aluminium price in determining the prices of bauxite and alumina produced in Bosnia and Herzegovina, has a negative impact on this sector of BH economy. The continuous decline of gas price represents a positive trend for BH economy. The downward trend of the prices in case of gold was much less intensive (December 2015 / December 2014 = 11%). In the end of 2015, the prices of oil, aluminium, iron ore, Russian natural gas and gold amounted to USD 37.7, USD 1,497.2, USD 39.6, USD 5.81 and USD 1,068.25, per measuring unit respectively.

Table 1.1: Inflation and the Growth Rate of Real GDP in 2015

	EU 28	Euro Area	Denmark	Germany	Croatia	Austria	Slovenia	Sweden
Inflation	-0.01%	0.03%	0.25%	0.11%	-0.26%	0.80%	-0.75%	0.70%
Growth Rate of GDP	1.90%	1.60%	1.20%	1.70%	1.60%	0.90%	2.90%	4.10%

Source: Eurostat. All inflation rates are derived from Harmonized Index of Consumer Prices/HICP.

Graph 1.2: Change of the Prices of Key Goods



Note: Crude Oil (petroleum), Dated Brent, light blend 38 API, fob U.K., US Dollars per Barrel; Gold (UK), 99.5% fine, London afternoon fixing, average of daily rates; China import Iron Ore Fines 62% FE spot (CFR Tianjin port), US Dollars per Dry Metric Ton; Aluminum, 99.5% minimum purity, LME spot price, CIF UK ports, US Dollars per Metric Ton; Natural Gas, Russian Natural Gas border price in Germany, US Dollars per Million Metric British Thermal Unit.

In European countries during 2015, unemployment decreased (EU), and on the average, there was also a significant decline of unemployment in the countries where BH diaspora works (Table 1.2). In the euro area, unemployment decreased by 1 pp, and in the EU by 0.9 pp. In all the countries where our diaspora works, unemployment decreased, except in Austria. The unemployment rate slightly decreased in the countries in our immediate neighbourhood Croatia and Slovenia, by 1.2 pp and 0.5 pp, respectively. The unemployment rate in Serbia decreased from 17.3% (Q3 2014) to 16.7% (Q3 2015). The unemployment rate in Slovenia is below the average level in the EU, unlike the unemployment rates recorded in Croatia and Serbia.

1.1.2 Real Sector Trends

The ECB in 2015 continued its policy of introducing non-conventional measures of monetary policy and started purchasing bonds issued by the central governments of the euro area and some agencies and international institutions seated in the euro area within the Public Sector Purchase Programme (PSPP)². The interest rates on the main refinancing operations and the ECB marginal lending facility remained the same compared to 2014 (0.05% and 0.30% respectively), while in December 2015, with purpose of further discouraging the holding of overnight deposits with the ECB, the ECB deposit facility rate was decreased by 10 basis points to -0.30%.

The FED FOMC (Federal Open Market Committee) in December, for the first time after nine years, increased the spread of the reference interest rate by 25 basis points, to the level 0.25%-0.50%, guided by the indicators of the moderate growth of the US economy, coming closer to the target inflation level and the full employment situation. The opinion of the market participants are still different on the question if the economic recovery of the USA is a direct consequence of the several year long implementation of expansive monetary policy through the quantitative easing programme, but such trends brought about divergent trends in the monetary policies of the USA and the EU as early as in the beginning of 2016.

Despite the expansive monetary policy, the euro area continued to experience an unusual phenomenon of a deflation risk and weak economic growth, which made pressure on the ECB to additionally decrease the reference interest rates and expand the securities purchase programme. As early as at the meeting in March 2016, a number of significant changes in the ECB monetary policy was adopted. The interest rates on the main refinancing operations and the ECB marginal lending facility were decreased by 5 bp to the levels of 0% and 0.25% respectively, and the ECB deposit facility rate was decreased by 10 basis points to -0.40%.

Table 1.2: Unemployment Rate in EU and Countries of Euro Area

	EU 28	Euro Area	Denmark	Germany	Croatia	Austria	Slovenia	Sweden
12/2015	9.0%	10.4%	6.0%	4.5%	16.5%	5.8%	8.8%	7.2%
12/2014	9.9%	11.4%	6.2%	4.9%	17.7%	5.6%	9.3%	7.5%

Source: Eurostat

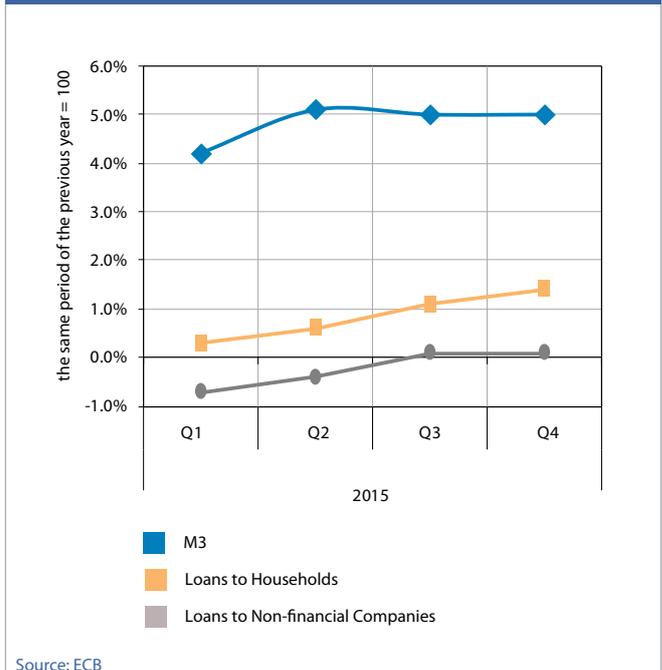
²The total monthly value of purchase programme based on PSPP, Third Covered Bond Purchase Programme – CBPP3 and asset-backed securities – ABSPP was EUR 60 billion. The estimated value of purchases during the programme was around EUR 1.1 billion. Initially, the programme duration was planned until September 2016, and at the December meeting, the duration was prolonged at least by March 2017, to be further prolonged if necessary.

The monthly values of the purchase programme increased to EUR 80 billion, and the list of securities covered by the programme would also include the euro denominated bonds issued by non-banking corporations from the euro area. A new series of targeted long-term refinancing operations, TLTRO II, was announced, to be started in June, at the ECB deposit facility rate. Such ECB policy created an additional pressure on the yields of the debt securities of the euro area governments, which had been at the record low levels for a while, at the time when the FED forecasted a considerable growth of interest rates in the USA for the next three years.

How much divergent the policies of the leading central banks will remain to be and for how long, will depend on a number of factors. In the euro area, the markets, after the very announcement of the policy change, questioned the efficiency of non-conventional measures, as EUR became weaker against USD after a very announcement of the policy change (which is the purpose of quantitative easing), to increase immediately after the statements of the ECB officials that further decrease of the interest rates in the euro area was not expected. On the other hand, USD appreciated against most of the currencies of the main trade partners, which could have a negative impact on the business of exporters and slow down the economic growth unless the growth of competitiveness of US companies was recorded as well. Also, China in March confirmed its determination to implement a flexible monetary policy with purpose of mitigating economic shocks, announcing also the restraint from exaggerated monetary stimulations which could strengthen depreciation pressures. Finally, one of the effects of a strong dollar on the global economy (and consequently, the exports of both European and US companies) was also through the oil prices on the world markets, particularly in the periods of higher offer than demand of this energy source.

Due to the expansive monetary policy of the ECB in 2015, the loans to households and economy in the euro area again started to grow (Graph 1.3). Yet, the growth of credit aggregates was not even near to proportional to the growth of monetary aggregate M3. The decrease of the reference

Graph 1.3: Monetary and Credit Aggregates in the Euro Area



rate by itself was not sufficient for a considerable stimulation of credit growth, quantitative easing was, and the result of the effects of deposit rate decrease is expected to be seen.

Due to strong depreciation pressures, EUR at the annual level, in the first quarter of 2015, lost 9.9% of its value against USD, and the pressures remained present, but only at a lower intensity, until the end of the year. Despite a considerable weakening of euro and decrease of import prices, consumer prices in the euro area remained considerably below the target inflation of the ECB. At the annual level, the inflation in the euro area was 0.2%, core inflation was 0.9%, and the prices of import products, despite euro depreciation, were lower by 1.1%, which implies that the inflation in the euro area during 2015 was under a dominating influence of low prices of food and energy sources, primarily oil, at the global market. A very low inflation, and the maintaining of low reference interest rates decreased the price of money in the euro area to the historically lowest level, and they decreased the yield to maturity on public debts of most countries of the euro area, even those which had been or were still going through the public debt crisis (Table 1.3).

Table 1.3: Yields of Ten-year Bonds and Three-month T-bills

		Greece	Italy	Portuguese	Spain	Germany
Bonds	31/12/2014 (in %)	9.745	1.890	2.687	1.611	0.541
	31/12/2015 (in %)	8.285	1.596	2.516	1.771	0.629
T-bills	31/12/2014 (in %)	4.072	0.114	0.147*	0.059	-0.164
	31/12/2015 (in %)	4.022	-0.087	0.024	-0.172	-0.539

Source: Bloomberg. Note: Yield of Portuguese three-month T-bills is used as of 30 December, 2014.

Table 1.4: Values of EURIBOR

	1N	1M	3M	6M	12M
12/2014 (in %)	-0.015	0.018	0.078	0.171	0.325
12/2015 (in %)	-0.249	-0.205	-0.131	-0.040	0.060
Difference (in pp)	-0.234	-0.223	-0.209	-0.211	-0.265

Source: Bank of Finland. Note: one-week, one-month, three-month, six-month and twelve-month EURIBORs are presented in the columns.

Twelve month EURIBOR (Table 1.4), the European interbank market rate, which is mostly used as the reference interest rate in loan agreements with variable interest rate on BH market, decreased from 0.325% (December 2014) to 0.06% (December 2015). All the values of EURIBOR in the maturity segment from one week to 6 months were negative in the end of 2015.

1.2 REPORT ON THE SITUATION IN BH ECONOMY

Real sector of BH economy in 2015 was characterized by the growth of industrial production in relation to 2014, when a slight growth was recorded due to the floods. The growth of extracted ores and stone and a strong growth of manufacturing industry but also decline in the area related to the production and supply of electric energy, gas, steam and air conditioning were recorded. Accordingly, a strong nominal growth of the exports of manufacturing industry was recorded, as well as a decline of the exports of ores and stone.³ A particularly unfavourable fact was that in 2015, the downward trend of the production and exports of electric energy was continued. In construction, unlike the previous year, a decline of the production output was recorded. In 2014, the works on the construction of road infrastructure (particularly Vc corridor) were significantly increased, whereas in 2015, there was a slow-down of these activities and appropriate decrease of the volume of construction works in the part related to civil engineering construction. The trend of the general price level in BH, measured by the consumer price index, showed the strengthening of the deflation pressure in 2015 and it was mainly caused by the decrease of external prices (food and oil). At the same time, domestic prices measured by GDP deflator were in the inflation zone, but a slight decrease of prices was their feature.

On the labour market, measured by the administrative data, a decrease of the number of the unemployed and the growth of the number of the employed was recorded. The Survey on Labour from 2015 showed a slow growth of the rate of the unemployed and the growth of the employed (the same as in the administrative data). Significant differences in the number and the rate of the unemployed, according to administrative data and the data from the Survey on Labour in 2015, reflected different methodologies of calculating and determining the status of the employed and the unemployed. In 2015, a high growth rate of real retail turnover was recorded, followed by a considerably slower growth of the revenues on the basis of VAT.

According to the CBBH assessment, the nominal gross domestic product (GDP) in 2015 was BAM 28.148 billion (Table 01)⁴, which is a growth of 3.26% compared to 2014. With the assumed GDP deflator (4.47%) for 2015, the real GDP was estimated at BAM 26.943 billion (+2.77% compared to the previous year).

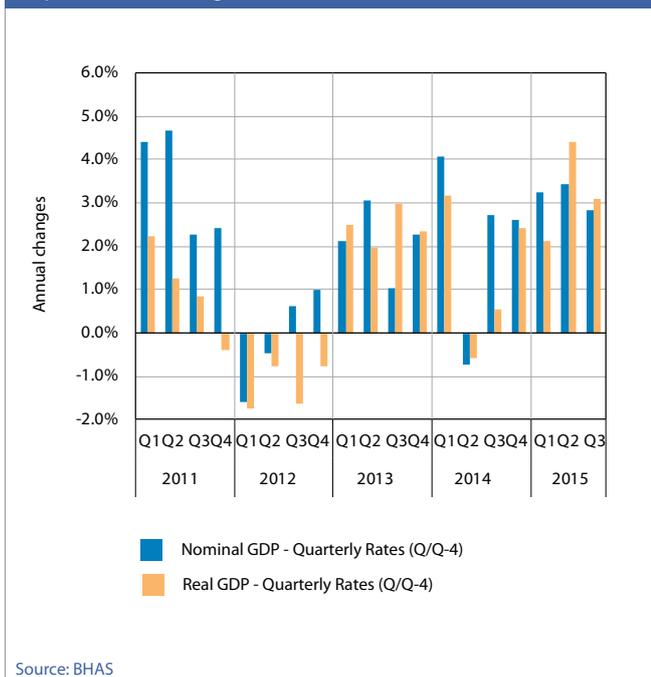
According to the data of the Agency for Statistics of BH (BHAS), the economy in the first three quarters of 2015, compared to the first three quarters of 2014, increased in nominal terms at the rate of 3.16%.⁵ According to the same source, the growth of real GDP in the first three quarters of 2015 was estimated at 3.21% (Graph 1.4). This implies that the GDP deflator in the first three quarters was lower than in the same period of the previous year and that the average growth of the produced products and supplied services in the domestic economy was based on the growth of the production output, not on the price effects.

³ The growth of exports of manufacturing industry by 5.1% and the decline of exports of ore and stone by 14.9%. Source: Statistics of exchange of goods between BH and foreign countries, January – December 2015. www.bhas.ba

⁴ Statistical tables in Chapter 5 of this Report are marked in the text according to their order in Chapter 5, like Table 01. Additional tables in the text are marked by the order number of the Chapter and the order number of the Table in that Chapter, for example Table 1.1. Graphs in the text are numbered by using this analogy.

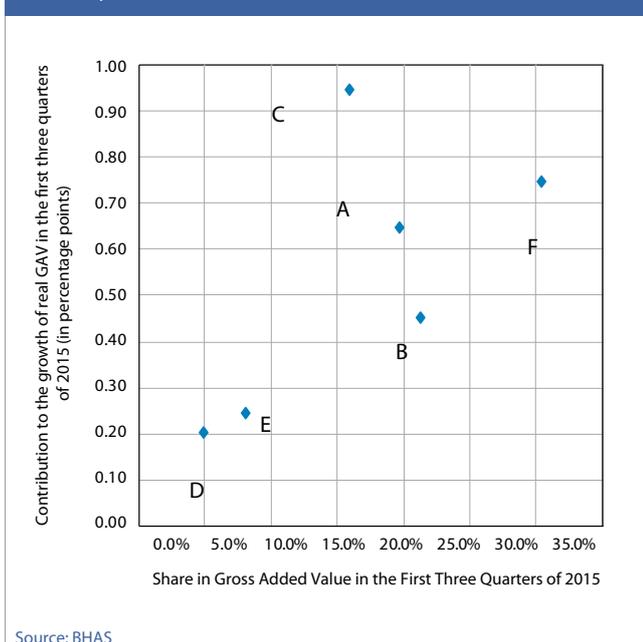
⁵ GDP growth in the first three quarters of 2015 and the industrial production growth (annual growth rate 3.12%), the growth of the average real retail turnover (8.09%), and the growth of exports (growth of 3.5%) are the facts which should make possible that the growth of real GDP in 2015 should be higher several times than the growth of real GDP in the previous year.

Graph 1.4: Annual Changes of Nominal and Real GDP



In the first three quarters of 2015, the growth of real gross added value (3.21%) was mainly generated by the growth of the activities in four (out of the total of 19) economic activities (Graph 1.5).

Graph 1.5: Contribution to Changes in Real GDP in the First Three Quarters of 2015 Compared to the Same Period of the Previous Year



Legend:

Group A: industrial production, statistical areas of activity 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).

F: other.

Activity of retail and wholesale trade which includes also the repair of motor vehicles and motorcycles contributed 0.94 percentage points to the growth rate of real gross added value (GAV) in the first three quarters. The contribution of manufacturing industry (in the Graph it is shown within group A – industrial production) was very significant, because it showed the growth of production activities and it amounted to 0.56 pp. Financial activities and insurance activities contributed to the growth of real GAV 0.31 pp (in the Graph, it is shown within group F- other), while the activity which includes agriculture, forestry and fishing contributed to the growth of real GAV 0.25 pp, unlike the previous year when it had a negative contribution of 1.06 pp. The mentioned activities participated in real gross added value with 42.0%, and in them, 64.16% of the total growth of real GAV was realized.

1.2.1 Real Sector

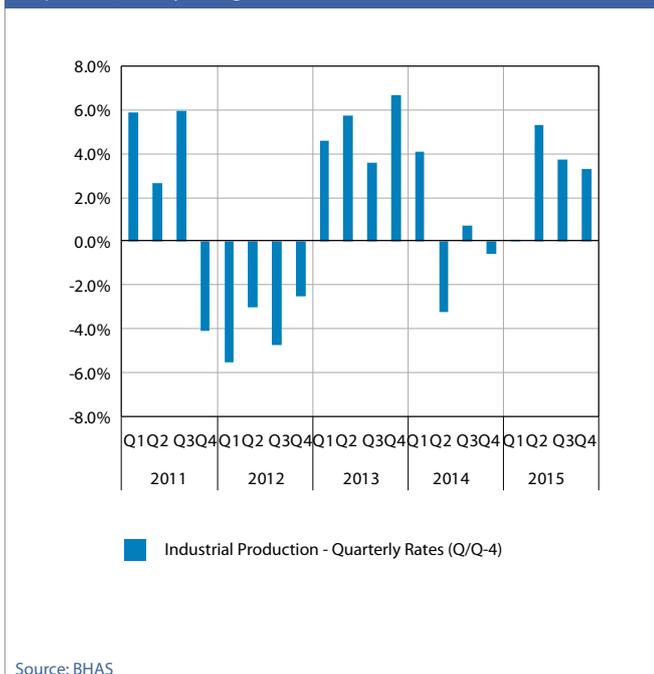
Within this Section, and having in mind the significance for the overall economic activities of BH economy, a special focus was placed on industrial production and construction. In addition to the activities in these areas, the basic trends were presented in the general price level and also the basic features of the labour market (employment and wages) in 2015.

1.2.1.1 Industrial Production and Construction

All the four quarters of 2015, observed at the annual level, were characterized by the growth of industrial production. In the first quarter, a slight growth was recorded (0.1%), mainly due to a high base, while in the following three quarters, rather high growth rates were recorded, which can be partly explained by low bases (due to the floods) in the same periods of the previous year. Due to such quarterly trend, the industrial production volume recorded in 2015 was higher by 3.1% (Graph 1.6).⁶ The growth of industrial production in 2015, measured in relation to the base year 2010, was more than two times higher than the average growth recorded in the period 2011-2015 and it can be considered to be quite favourable.

⁶ Annual change rate calculated from calendar adjusted indices of industrial output shows the growth of 2.6%. Source: Monthly indices of industrial production for BH December 2014 - December 2015. www.bhas.ba

Graph 1.6: Quarterly Changes of Industrial Production Index



In 2015, in two industrial areas (mining and manufacturing industry), the growth of production was recorded, while in the production and supply of electric energy and gas (except for the branch 35.3 – production and supply of steam and air conditioning), a decline of production output was recorded (Graph 1.7). The generator of growth of industrial production in 2015, observed by the areas of activities, was manufacturing industry and compared to the previous year, it strongly increased (4.8%).⁷ The key contribution to the growth of manufacturing industry was recorded in the following branches: production of finished metal products, except for machines and equipment, production of food products, production of paper and paper products and production of furniture.⁸ The growth of production in these activities had a positive impact on the export growth.

The other area where the growth in the amount of 2.9% was recorded is extraction of ores and stone. Within this area, the growth of all the activities was recorded.⁹ The growth of the quantity of the extracted metal ore followed the growth of the production of base metals (the annual growth of 1.9%). The exports of steel and nonferrous metals decreased by 10.1%, i.e. 3.9% and it was probably closely related to the decline of the prices of these products on the global markets.¹⁰

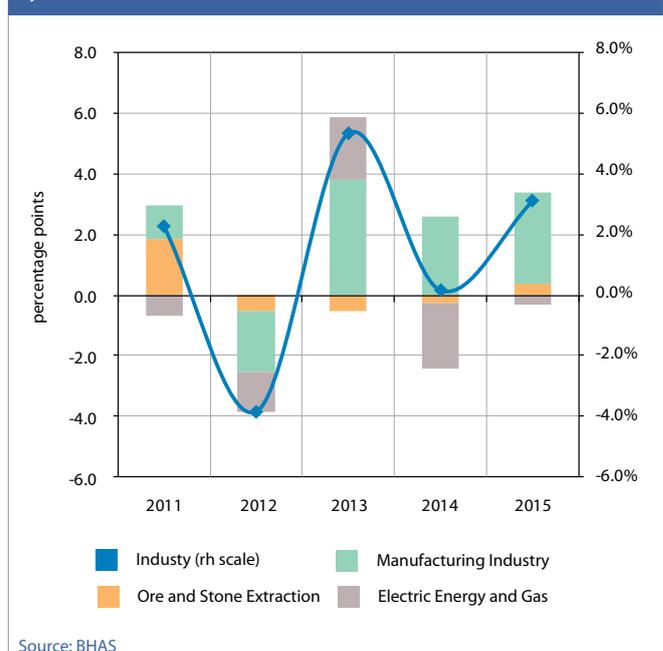
⁷ Manufacturing industry contributed 3.03 percentage points to the growth rate of the overall industry of 3.1%.

⁸ Production of finished metal products, except for machines and equipment, contributed to the growth of manufacturing industry 1.05 percentage points, production of food products 1.04 pp, production of paper and paper products 0.99 pp and production of furniture 0.74 pp.

⁹ Ore and stone extraction contributed to the growth rate of the overall industry with 0.38 pp. The growth rate of the extracted coal and brown coal was 0.6%, the extracted metal ores 11.6% and the extracted other ores and stone 6.3%.

¹⁰ In December 2015, compared to December 2014, the prices of iron ore were lower by 42.4%, those of aluminium by 21.6% and copper by 28.0%. Source: www.indexmundi.com

Graph 1.7: Contribution to Annual Changes of Industrial Production by Areas



On the other hand, the volume 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) decreased by 1.2% and it had a negative effect of 0.29 pp on the growth rate of industrial production. The graph shows that this area in the previous years was one of the factors determining the industrial production trend. Within this area, a particularly important part is related to the production of electric energy. Net production of electric energy in 2013 strongly increased (25.8%) to decline in 2014 (-8.0%), and such decline was also continued in the first half of 2015 (-0.5%).¹¹ The decrease of the production in 2015 had a negative impact on the exports of electric energy, so compared to the previous year, the exports were lower by 7.9%.¹²

It further implies that a decline in the production of electric energy influenced in a high extent the decrease of the production output in the main industrial group related to energy in 2015, participating in the total industry with 35.7% (Graph 1.8). In 2015, there was a decrease in the energy production by 0.7%. At the same time, in most activities classified in the group energy, there was a growth of the production output.¹³ Growth in these activities partly mitigated a decline of the total produced energy.¹⁴

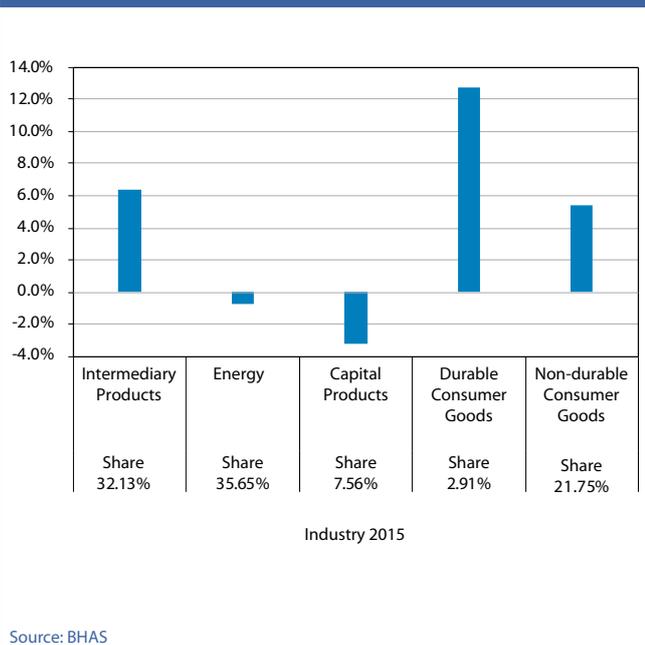
¹¹ According to preliminary data, gross production is expected to be lower by around 4.0% than in the previous year. Source: www.bhas.ba

¹² Exports of electric energy compared to 2013 were lower by even 39.7%. Source: Statistics of goods exchange of BH with foreign countries, January – December 2015. www.bhas.ba

¹³ So, e.g. in coal and brown coal extraction, the growth of 0.6% was recorded, and in the production of coke and refined oil products, the growth of 9.0% was recorded.

¹⁴ Due to the size of the area of activity and insufficient depth of analysis of the available statistical data, the rates of trends in some areas within main product groups cannot be exactly determined.

Graph 1.8: Growth Rates and Shares of Main Product Groups of Industrial Production



The next main product group by the size of its share in the total industry, following energy, are intermediary products. The production of intermediary products is important, both for domestic final production and exports, due to the fact that intermediary products in the total exports in 2015 participated with 39.5%.¹⁵ Within this group, a very high growth rate of production output was recorded in the production of paper and paper products (annual growth of 27.6%). The exports of these products in 2015 increased by 12.4%.¹⁶

Besides intermediary products, the highest contribution to the industry growth was realized in the production of non-durable consumer goods. Within this product group, high growth rates were recorded in the production of tobacco and tobacco products, production of clothes and production of food products.¹⁷ The growth of non-durable consumer products followed the growth of retail turnover which according to real annual rates in 2015 increased by 8.09%. At the same time, the realized growth of the revenues from VAT amounted to only 1.5% at the annual level and

¹⁵ Exports of intermediary products in 2015 were higher in nominal terms by 6.1% compared to the previous year.

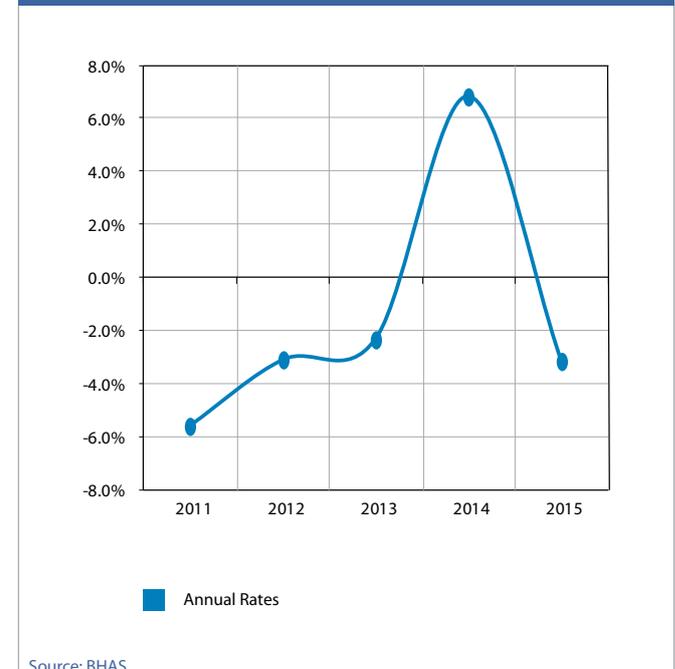
¹⁶ High growth rates of production output within this product group were recorded in the areas related to metal ore extraction (11.6%), production of rubber and plastic products (6.3%), extraction of other ores and stone (6.3%), and production of base metals (1.9%).

¹⁷ So, the production of tobacco and tobacco products increased by 26.3%, production of clothes by 14.0% and production of food products by 7.4%. The highest contribution to the growth of the total manufacturing industry came from the production of food products (1.04 pp) and production of clothes and footwear (0.50 pp), and they were mainly included in the group of non-durable consumer products. However, a part of products within food production was included in the production of intermediary products, such as cereals, flour etc....

it illustrated one of negative deflation effects.¹⁸ Within main product groups in 2015, the highest growth rate was recorded with durable consumer goods, but due to their low share in the total industry (2.9%), the contribution to growth was negligible. Besides energy, a decreased production output in 2015 was also recorded in the group related to the production of capital products. Although a decline of production was recorded in this group, due to a rather low weight (the share in the total industry 7.6%), it did not have a significant effect on the total trend of industrial production in 2015.

In the economic activity of construction, there was a growth of the production output only in the first quarter of 2015 of 1.5% compared to the same period of 2014, while a decline of the production output was recorded in the next three quarters. Such quarterly production trend brought about a lower production output in construction in 2015 compared to the previous year by 3.2% (Graph 1.9). In the segment of building construction, a growth of production output was recorded of 9.9%, while in the construction segment related to civil engineering construction, a decrease of production of 5.3% was recorded.¹⁹ In the previous year, works in the construction of road infrastructure (particularly Vc corridor) increased, while in 2015, these activities slowed down and the volume of construction works related to civil engineering construction decreased accordingly.

Graph 1.9: Annual Changes of Production Output in Construction



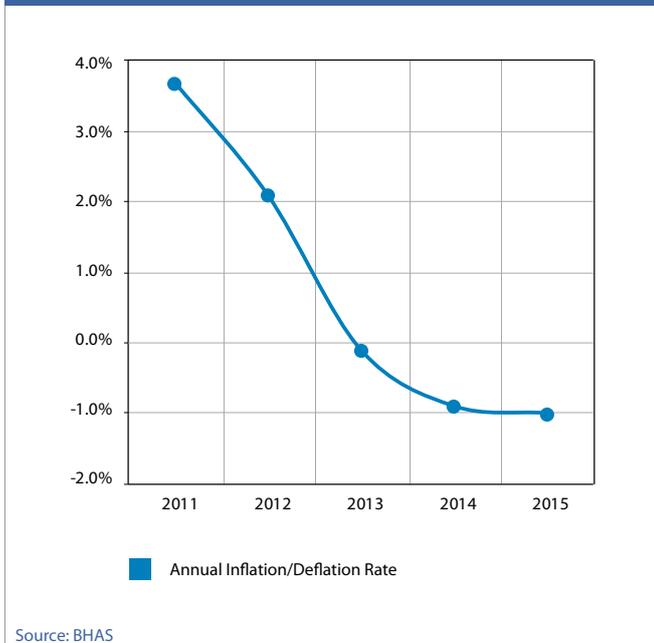
¹⁸ Decline of the prices of consumer goods in BH brought about the slow-down of the growth of revenues on the basis of VAT. This made the governments decide to increase other kinds of indirect taxes (e.g. excise duties) in attempts to provide for the appropriate inflows in the budget.

¹⁹ Although the number of finished flats in 2015 was lower compared to 2014 (-23.3%), the number of unfinished flats in 2015 was higher by 80.2%, which had a positive impact on the volume of works in the segment of building construction in 2015. Source: Release, Housing construction in Bosnia and Herzegovina, period January - December 2015, BHAS www.bhas.ba

1.2.1.2 Prices

Deflation pressures, present since the third quarter of 2013, strengthened in the third and fourth quarter of 2015, so the average consumer prices in 2015 recorded a decline higher by 0.10 percentage points than the decline of the prices recorded in 2014. Deflation, measured by the consumer price index, recorded in 2015, amounted to 1.0% (Graph 1.10). 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%). Such price trend in BH was mainly determined by external prices of food and oil.²⁰

Graph 1.10: Rates of Change in the Level of Prices Measured by the Consumer Price Index - Inflation

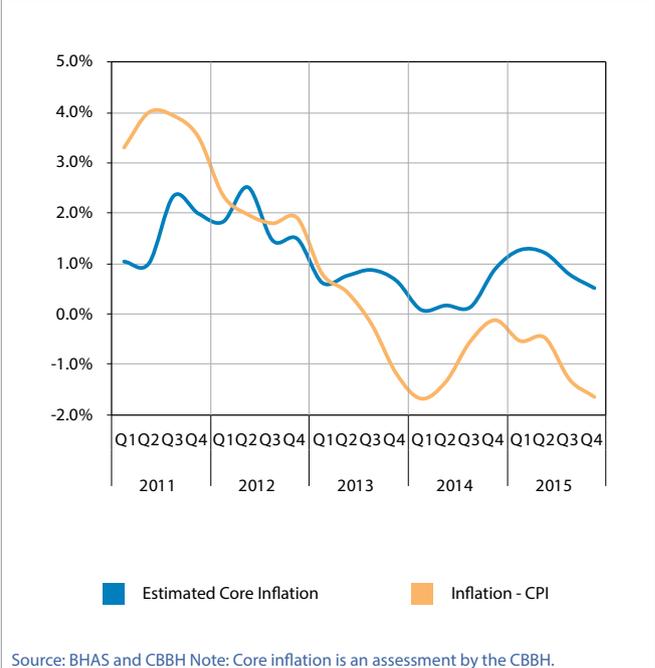


Over the entire observed period (2011-2015) actual inflation/deflation was under a strong impact of two price sections within the consumer price index, food and non-alcohol beverages (due to food prices) and transport (due to oil prices).²¹ The values of actual and estimated core inflation in 2015 show that the changes in the prices of goods and services which were not under a significant impact of external prices were in the inflation zone and that the values of actual inflation were in the deflation zone (Graph 1.11).

²⁰ GDP deflator shows that the prices of domestic goods and services increased both in 2014 and in 2015. Yet, we need to notice that the GDP deflator in 2015 was lower than the GDP deflator in 2014 which shows that deflation pressures, reflected in the decline of external prices, were transferred into domestic economy.

²¹ Estimated core inflation was obtained by decreasing the headline inflation by the effects of the changes of the prices in these two sections. As weights, official annual weights were used for the price sections as published by the BHAS. As in the moment of writing the Annual Report, the weights for 2013, 2014 and 2015 were not published, the price weights for 2012 were used.

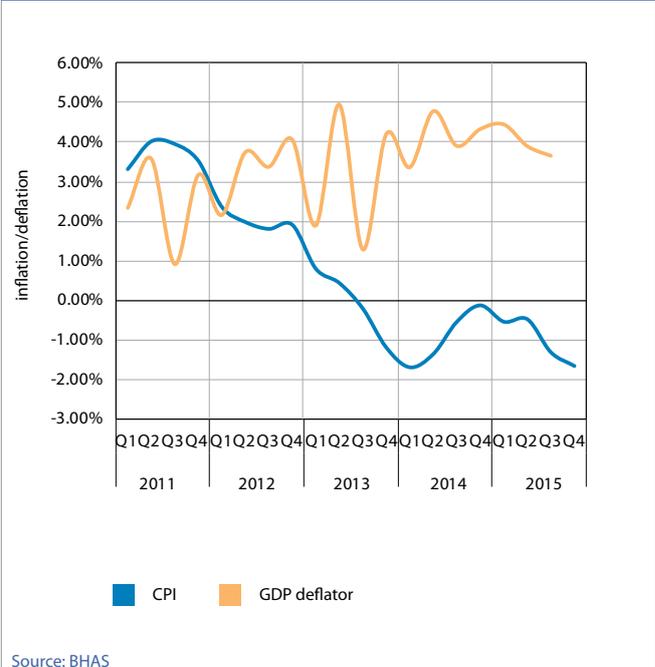
Graph 1.11: Actual and Estimated Core Inflation



Source: BHAS and CBBH Note: Core inflation is an assessment by the CBBH.

It is interesting that the inflation measured by the GDP deflator and the estimated core inflation had similar trends at different levels in 2014 and 2015 (Graphs 1.11 and 1.12). The core inflation oscillated around 1%, whereas the inflation measured by the GDP deflator oscillated around 4%. Both measures were in the inflation zone, and they showed a slow growth of prices in the first quarter of 2015 and then a slow decline of prices in the next two quarters.

Graph 1.12: Annual Changes in the Price Level



Source: BHAS

As deflation by its nature can have devastating effects on economy, like high inflation, in the following text, attention will be paid to the basic causes of this price phenomenon in BH.

Although conceptually different measures, the comparison of the inflation measured by CPI and the inflation measured by the GDP deflator results in important information on the causes of price changes (Graph 1.12).²² It was concluded that the basic causes of the deflation measured by the consumer price index, in the period August 2013 – December 2015, were the decline of food prices (indirect impact on the prices in the section of food and non-alcohol beverages) and oil (direct impact on transportation prices). Both categories of these costs had high percentages of shares in household consumption and therefore they mainly determined the trend of inflation/deflation in BH economy.²³ Due to the decline of the food prices on the world markets in 2015, and having in mind a high trade deficit in the category of food and food products, the price section food and non-alcoholic beverages during 2015 (the exception was the first quarter of 2015 when a slow growth of the prices in this section was recorded) made deflation pressures on the general level of consumer prices. At the same time, transport as the following category of costs with the highest share in the household consumption, due to a decline of oil prices on external markets, made additional deflation pressures on the general level of consumer prices during the entire 2015.

On the other hand, GDP deflator represents a price per unit of GDP, and those goods and services are produced in the national economy. The growth of GDP deflator in the first three quarters of 2015 compared to the same period of the previous year was recorded in ten activities, those mainly being the activities related to industrial production, construction and the activities financed from the budget (public spending), while a significant decline of deflator was recorded in the activity of agriculture, forestry and fishing and the activity of transport and warehousing.

GDP deflator in the activity of agriculture, forestry and fishing in the first three quarters of 2015, compared to the same period of the previous year, points out a decline of the prices of domestic food products by 7.5 percentage points. Such decline was probably to a considerable extent the result of modification of high prices in the first three quarters of 2014, when, due to the floods, the growth of the prices of agricultural products was recorded and the pressure of low import agricultural prices. It is interesting that, 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 food and non-alcohol beverages. So, both measures showed the growth of the prices in the first quarter and their decline in the next two quarters.

²² CPI is a measure of change in the general level of prices of goods and services in one economy, while GDP deflator is a measure of change of the prices of goods and services produced in the domestic economy.

²³ Food and non-alcohol beverages participated with 35.12%, and transport with 14.33% in the total costs of households. Source: Consumer price index 2012, www.bhas.ba

This indicates that the level of the domestic prices adjusted to the level of imported prices and that the domestic prices made the deflation pressure in this segment.

Unlike the previous year, when the decline of oil price on the global markets was not followed by the appropriate decline of the prices in the activity of transport and warehousing, the trends in the first three quarters of 2015 were quite different. GDP deflator in the activity of transport and warehousing showed a sharp decline of the prices in this activity of 5.2 percentage points compared to the first three quarters of 2014. This means that the prices in this activity, as well as in the activity of agriculture, forestry and fishing, adjusted to the changes of the prices on the global markets.

1.2.1.3 Employment and Wages

According to the data from the Survey on Labour in 2015, the unemployment rate in BH was 27.70% and it was higher compared to 2014 by 20 basis points (Table 1.5).²⁴ At the same time, the administrative unemployment rate in December 2015 was 42.90% and it was lower by 70 basis points compared to December 2014. The rates and trends of unemployment differ significantly due to different approaches in definition and records, i.e. the way of defining their status.²⁵ According to the Survey on Labour, the number of the unemployed in BH in 2015 was 315 thousand persons, while according to administrative registered number in employment bureaus, the number of the unemployed was significantly higher (675 thousand unemployed persons) which best illustrates the mentioned differences in the definition and records, i.e. treating the employed and the unemployed.

Analysing the administrative data, the downward trend of the number of the unemployed can be noticed at the annual level, which was present throughout 2015 and during the previous year 2014 (Graph 1.13). Although those were changes in the number of the unemployed according to administrative data (i.e. the unemployment rates exceeding 40%), the encouraging fact is that in 2015 and 2014, for the first time after the crisis which took place in the end of 2008, which had global negative consequences on the economy, the number of the unemployed creased compared to the previous year.²⁶

²⁴ Survey on Labour is carried out once a year by the BH Agency for Statistics, together with Statistics Institutes of both Entities, according to the ILO (International Labour Organization) methodology.

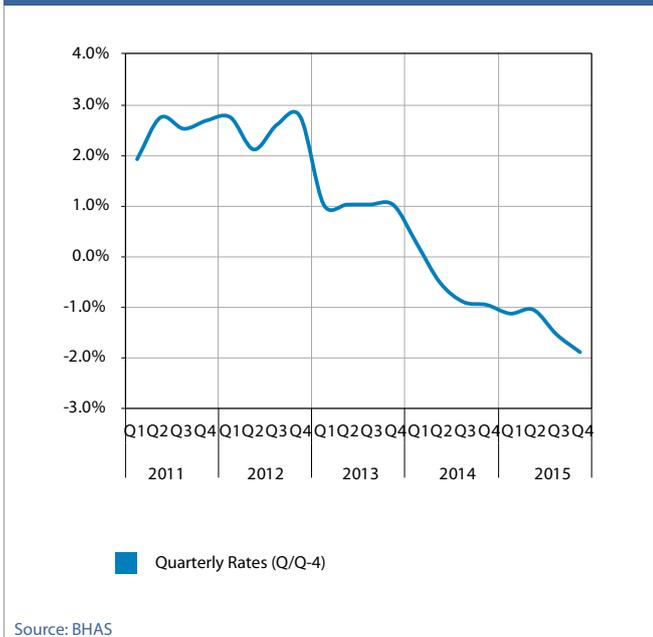
²⁵ Administrative data on unemployed persons include the total number of the unemployed kept in the records of the BH Employment Bureaus, while the data on unemployment from the Survey on Labour are derived from the data compiled by conducting a poll in the households, according to international definitions. Source: Survey on Labour 2015. www.bhas.ba

²⁶ In December 2015, compared to December 2014, the number of the unemployed decreased by 9,544 persons, and in December 2014 compared to December 2013, the number of the unemployed was lower by 6,650 persons.

Table 1.5: Activity Rates of Population (in %)

		BH				
		2011	2012	2013	2014	2015
1	Activity Rate	44.0	44.0	43.6	43.7	44.1
2	Employment Rate	31.9	31.7	31.6	31.7	31.9
3	Unemployment Rate	27.6	28.0	27.5	27.5	27.7

Graph 1.13: Rates of Change of the Number of the Unemployed Compared to the Same Quarter of the Previous Year



Source: BHAS

According to the Survey, in BH in 2015, within labour force, there were 822,000 employees, which was higher by around 10,000 persons compared to the previous year.²⁷ According to the growth of the number of employees, the employment rate was higher by 0.2 percentage points and in BH, in 2015, it amounted to 31.9% of working population (Table 1.5). At the same time, according to administrative data, the growth of employment was recorded parallel with the decrease of the number of the unemployed.²⁸

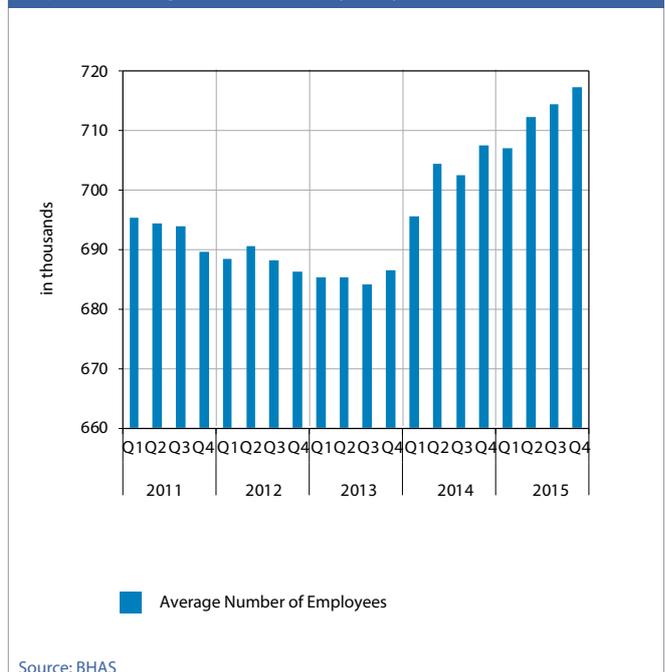
Annual changes in the amount of the average net wage imply that nominal wages stagnated from 2013, although their growth was not considerable in the previous two years either (Graph 1.15). The growth of the number of employees in 2015, with the wage stagnation, indicates that most of newly employed workers received the wage amounting to the average wage. As this is almost impossible, the conclusion is that some other rules affect wages which are not closely related to economic reasons.

27 The structure of employees according to the employment status shows that persons with paid employment (employees) had the highest share (75.8%). The share of self-employed persons was 20.7% and that of unpaid assisting members was 3.5%.

28 In December 2015 compared to December 2014, the number of employees increased by 7,700 persons, and in December 2014 compared to December 2013, the number of employees was higher by even 18,455 persons.

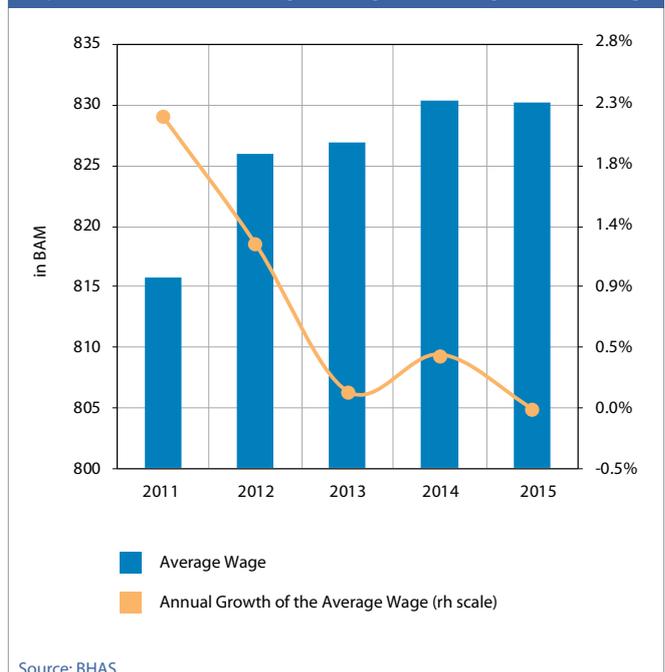
Theoretically, in deflation circumstances, the wages should be decreasing, but the number of the unemployed should also be increasing. In addition, it would be expectable that activities in economy decrease, which according to GDP trend, did not take place.

Graph 1.14: Average Number of Employees by Quarters



Source: BHAS

Graph 1.15: Amount and Percentage of Change of the Average Annual Net Wage

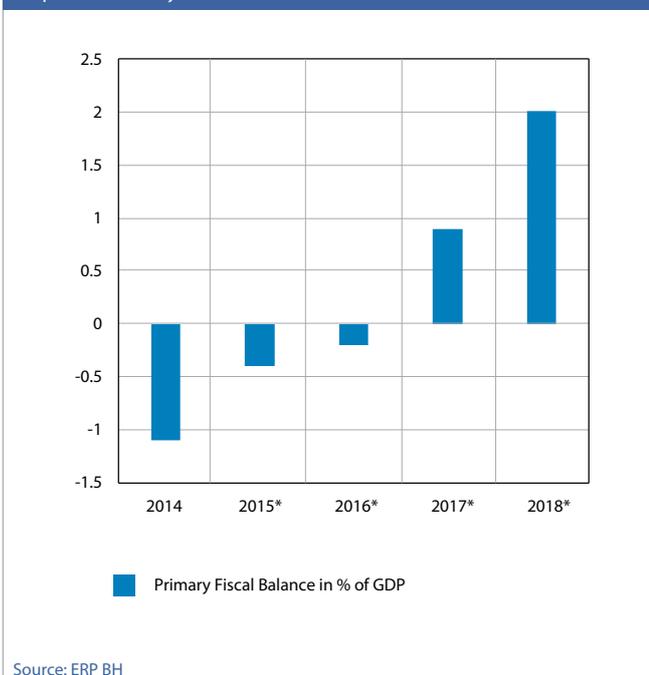


Source: BHAS

1.2.2 Fiscal Sector

In 2015, the governments at all the levels in Bosnia and Herzegovina committed themselves to carry out fiscal consolidation. According to the Economic Reform Programme for the period 2016-2018, the primary deficit in the amount of 0.4% of GDP was projected for 2015, and its further decrease was planned for the following years (Graph 1.16). The mentioned projections will be a great challenge for BH authorities at all the levels, particularly taking into account additional items of financing in the Entity budgets (in Republika Srpska, pensions will be financed directly from the budget) which will represent a large burden on the budget.

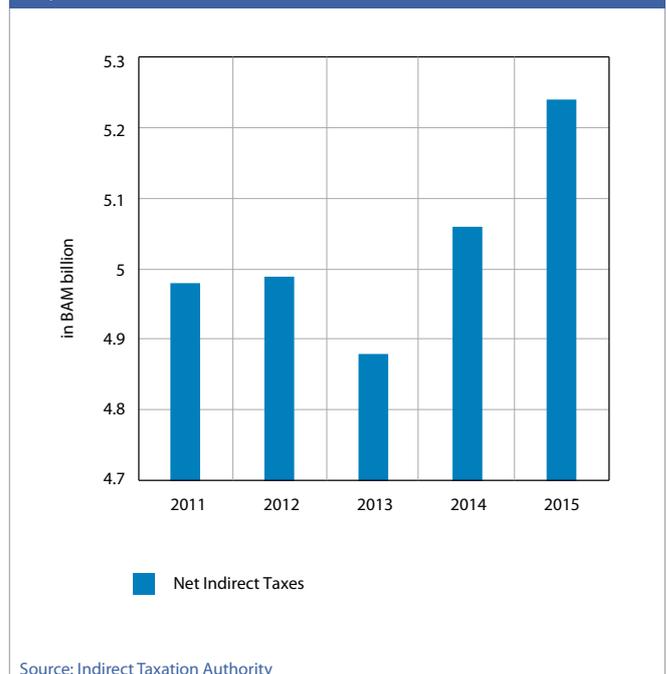
Graph 1.16: Primary Fiscal Balance in % of GDP



Although positive trends in the collection of the revenues from indirect taxes continued in 2015, such growth was not sufficient to meet the budget spending of the governments at all the levels, which were burdened by allocating significant funds for social payments and also high costs in the area of wages in the public sector, which brought about new debts of governments both with foreign lenders and also at the domestic capital market.

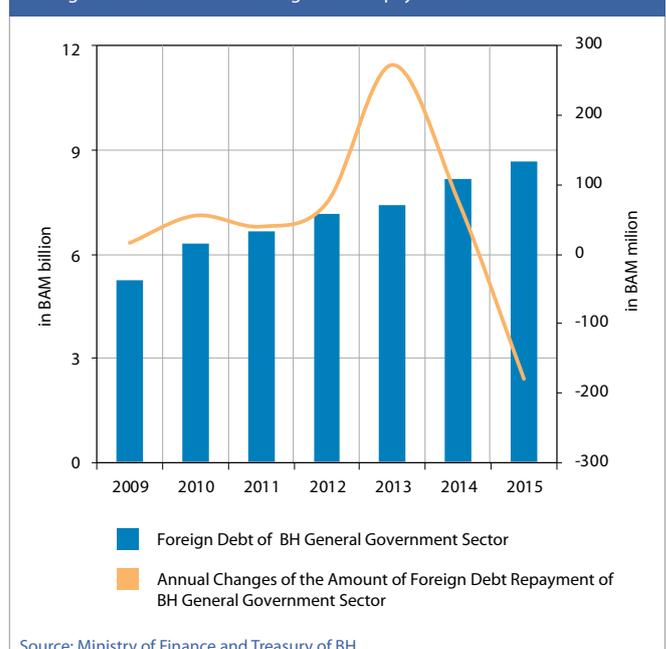
Indirect taxes, as the main source of budget financing, recorded an annual growth in the amount of 3.7% (BAM 189.8 million). The main contribution to such trends were positive effects of the Law on Excise Duties in tobacco taxation, while continuous growth of the revenues from tolls indicates that in the growth of excise duties, the key growth was that of excise duties on oil derivatives. The total revenues from indirect taxes in 2015 amounted to BAM 5.24 billion (Graph 1.17).

Graph 1.17: Revenues from Indirect Taxes



Although it was agreed within the Reform Agenda to decrease the public debt of Bosnia and Herzegovina in relation to gross domestic product, it still recorded an upward trend in the percentages of GDP, for both external and internal debt. Foreign debt of the general government sector at the end of 2015 amounted to BAM 8.69 billion (Graph 1.18) which, compared to the previous year, was a growth of BAM 248.9 million (2.9%).

Graph 1.18: Foreign Debt of the General Government Sector and Annual Changes of the Amount of Foreign Debt Repayment

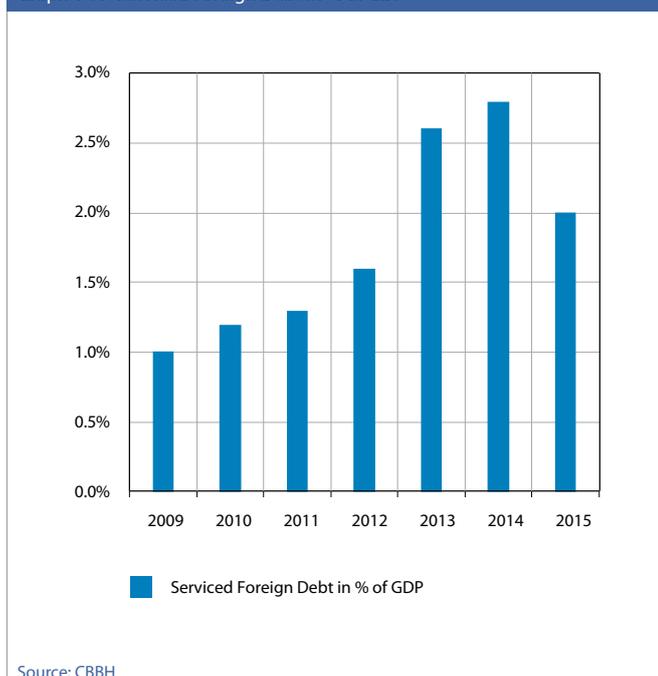


The contribution to the growth of debt from exchange rate differences was around BAM 140 million. Although the repayment of foreign debt in 2015 was lower compared to the previous years and amounted to BAM 595.8 million,

the planned allocations for these purposes are significant in the years to come, which will represent additional challenges and pressures on the Entity budgets. According to the data of the Ministry of Finance and Treasury of BH, the planned allocations for the general government foreign debt servicing in 2016 amount to BAM 771.6 million, out of it, BAM 169.0 million is related to the repayment of the Stand-by Arrangement with the IMF. At the same time, the projections of the growth of the revenues from indirect taxes for the following years do not follow the growth trend of the allocation of funds for foreign debt repayment.

In presenting the servicing of liabilities based on foreign debt in the percentage of GDP, it decreased in 2015, mainly as a consequence of the GDP growth (Graph 1.19). However, the amount of servicing the liabilities remained high, and according to the repayment plan of the Ministry of Finance and Treasury of BH, the repayments will be higher in the years to come.

Graph 1.19: Serviced Foreign Debt in % of GDP



During 2015, the general government sector borrowed from foreign lenders the total amount of BAM 425.9 million. Unlike the previous year, there was no withdrawal of funds from the IMF on the basis of the Stand-by Arrangement

during this year. Also, in 2015, the investment of funds in the area of construction works on Vc corridor and the projects of regional roads reconstruction significantly decreased. According to the objectives from the Reform Agenda, which among other, include the improvement of business environment and increasing competitiveness in order to attract investment, considerable funds were withdrawn (Table 1.6).

Debt of the general government with commercial banks, based on loans and based on securities, recorded a growth during the years (Graph 1.20), and in the end of 2015, the total debt of the general government with banks on these two bases, amounted to BAM 2.12 billion, which compared to 2010, was a growth of BAM 1.66 billion. As a large part of the issued securities was concentrated in commercial banks portfolio, the exposure in banking sector increased. If governments continue such borrowing trend, it might lead to some sensitivity in the banking sector.

Graph 1.20: Debt of the General Government with Commercial Banks

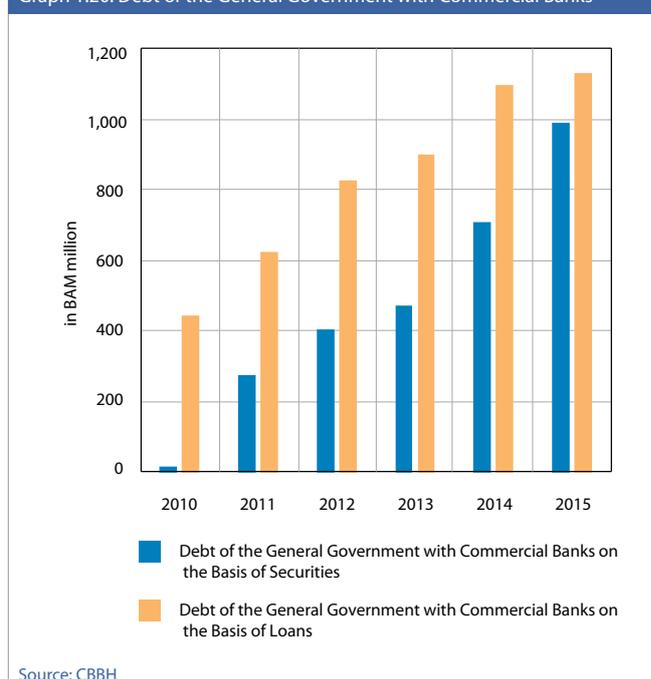


Table 1.6: Key Earmarking of Newly Borrowed Funds in 2015 (in BAM million)

Development of Small And Midsize Enterprises and Development Policy of Business Ambience	131.3
Infrastructure Projects (Vc Corridor , Regional and Urban Infrastructure, Railways)	107.2
Flood Recovery and Flood Prevention Projects	49.2
Energy Sector, Water and Sewerage	40.6
Health Sector	40.3

Source: BH Ministry of Finance and Treasury

Text Box 1: Impact of Demographic and Pension Changes on Budget Spending

In the circumstances when data obtained by the census from 2013 are not published in BH and cannot be declared valid, i.e. they are still not accepted by the Entities and Brčko District, it is not convenient to consider possible impacts of the expected demographic changes on the budget spending. Yet, the depopulation problem and the increase of the share of elderly population, which are, according to the World Bank data, stressed most in Europe, point out the increasing importance of demographic changes on the creation of economic strategy.

Demographic changes and the increase of the expected age of the population additionally complicate the operations of health and pension funds, the operating costs of which continuously increase. Having in mind that the average age of the deceased in 2000 was 66.8 years (69.7 for women; 64.2 for men), while in 2014 it was 73.0 years (75.8 for women; 70.4 for men), the conclusion is that the expected age over the observed period increased by almost 7 years, which made the financial sustainability of the funds more difficult. The continuation of such demographic trends (primarily low fertility) will cause an even faster decline of the total number of citizens and the increase of the share of the population at the age of 65 and older. The mentioned data undoubtedly show that in BH demographic changes are reflected in increasingly unfavourable relations among functional age groups (pre-working, working and post-working group). In such circumstances, two demographic variables are crucial in estimating the influence of demographic on macroeconomic indicators (and consequently budget spending), and they are showed in the increase of the old age group and decrease and ageing of the working group of population.

Although official data on demographic changes do not include external migrations, it is clear that slower economic recovery, lower standard of population and high unemployment, particularly that of young people, contribute to the rapid trend of the population moving away. Also, by the entry of Croatia in the EU, BH citizens who have double citizenship use the possibility of easier employment in some EU countries, without obtaining a working permit, which results in the decrease of the population in BH.

Such situation is not likely to be sustainable in long-term, so it is necessary to observe possible economic and social effects of such tendencies in a serious research. It is quite certain that demographic changes will have a significant influence on the economic development and macroeconomic variables, primarily

on: aggregate spending, savings, investment, public expenses and economic growth. Demographic changes will represent a great challenge for the public policy makers and the society in general, in the decades to come, and they will require the creation of new economic, tax, educational, health, pension and other policies.

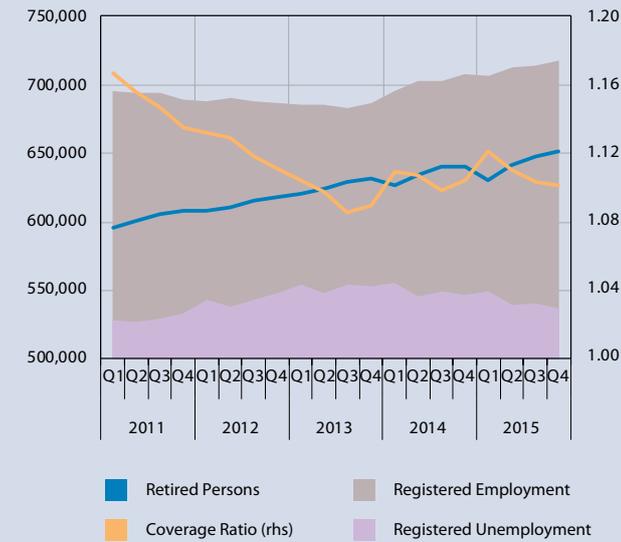
Regarding the current pressure on the budget spending, the increased imbalance between the retired and economically active population appears to be a key issue. The announcement of the pension system reform made a significant number of employees in the end of 2015 to submit requests for premature retirement, which could make the number of employees and the number of retired persons equal soon. In addition, the pension fund in RS has been transferred from off-budget into the budget financing, which is also included in the proposed new law in FBH, which opens a number of questions related to the status of the funds.

The increase of the expected age of the population, under the influence of health and economy progress, and a lower fertility rate represent a great challenge for most pension funds in the world, which is particularly stressed in BH where the funds are based only on the intergenerational solidarity, i.e. financing from the payments of contributions of employees. The pension system in BH has been organized at the Entity level, where fund operations generally differ in legislation and the tax rate which contributions for pension funds are collected from. The mentioned rate from/on gross wages in FBH amounts to 23%, while in RS it amounts to 18.5%. Although legal enactments or direct taxes are not harmonized, the fund operations in the previous years recorded the same trend, reflected in a large increase of the retired persons number with a slight increase of employees. For this reason, a significant pressure was made not only on the fund budgets but also the Entity budgets, which partly finance excess expenses over revenues from contributions. Graph 1.21 indicates the deterioration of the coverage ratio in the period 2011 to 2015, which is under the impact of a faster growth of retired persons number, so at BH level, it amounts to 1.10 employee to one retired person. Over the observed period, the number of employees increased by 3.2%, while the number of the retired persons increased by 9.3%.

Collecting the funds in BH mainly depends on the payment of contributions, which, despite a slight increase of gross wage and the number of the employed persons insufficiently compensate for the increase of the funds needed for pension disbursements. With the mentioned increase of the number of retired persons, the total expenses of the funds were under a negative impact of the increase of the average pension in the mentioned period,

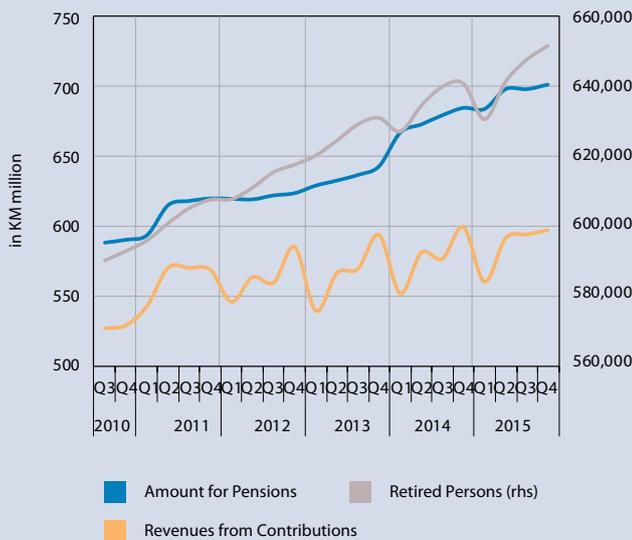
which was mainly a reflection of the increase of the coefficient for the pension disbursements, by which the disbursement of pensions in the past was adjusted to the inflation growth, although insufficiently. Observing the Graph 1.22, it is visible that the revenues from contributions (+13.0% in Q4 2015 compared to Q4 2010) recorded a small increase compared to the costs of disbursements of pensions (+18.8% in Q4 2015 compared to Q4 2010).

Graph 1.21: Ratio of Pension Funds Coverage



Source: BHAS, FIPDI, RS PDIF

Graph 1.22: Funds for the Disbursements of Pensions and Payment of Contributions

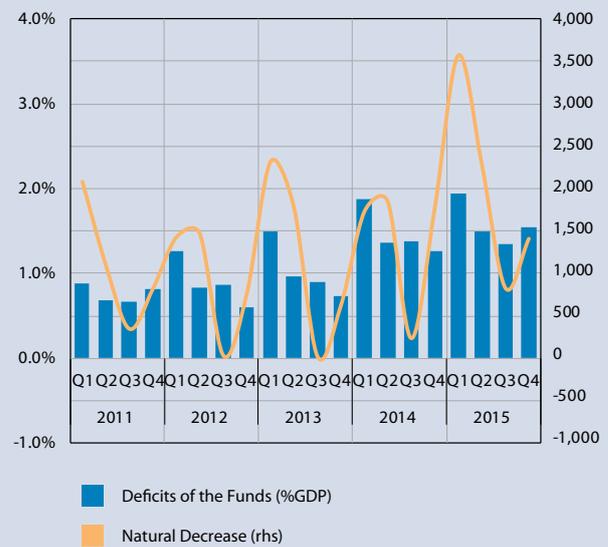


Source: FIPDI, RS PDIF, IS FBH

Note: Revenues from contributions for FBH include the average gross wage in FBH and employees, where revenues from the employees in Brčko District who pay their contributions in FIPDI are added. The data on voluntary contributions in FBH are not available.

Taking into account the data on the natural growth in BH (Graph 1.23), it is visible that the demographic picture recorded a negative growth, i.e. the natural decrease of population, which also represents a future challenge for pension funds. Over the observed period, the number of deceased persons was higher by 3.4% while the number of born persons was lower by 11.1%. The decrease of the fertility rate with the expected increase of the living age can have significant consequences on the increase of the share of elderly population, and sustainability of pension funds, which in the end of 2015 recorded surplus expenses based on the payment of pensions compared to the payment of contributions in the amount of 1.57% of GDP. Also, we should take into account that the projection of revenues assumes that all the contributions were collected and any possible claims of the funds additionally endanger the mentioned ratio. Regarding the share of the total expenses based on pensions in GDP, it amounted to 9.97% in the end of 2015, while the share of the collected contributions for pension funds was 8.40% of GDP.

Graph 1.23: Natural Decrease of Population and Deficits of the Funds



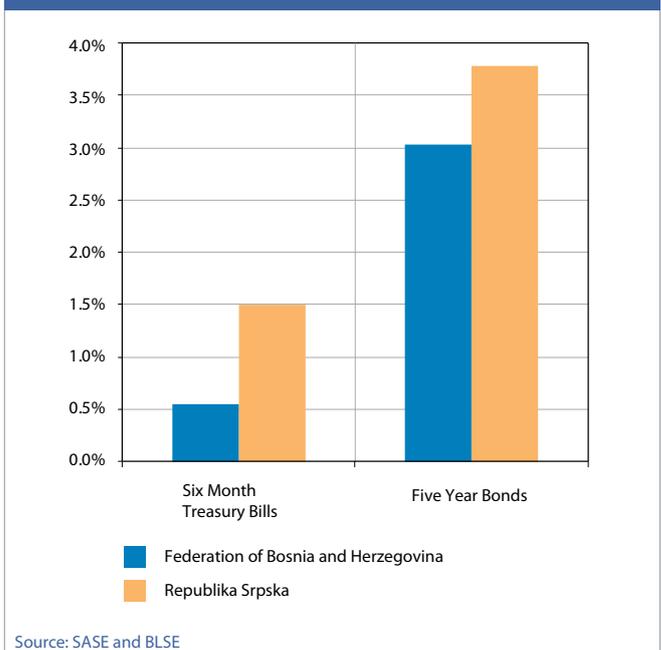
Source: BHAS, FIPDI, RS PDIF

Note: GDP for Q4 2015 taken over from the GDP value in the last quarter of 2014.

In 2015, the governments of the Federation of BH and Republika Srpska intensified their borrowing on the domestic capital market, where they issued securities in the total amount of BAM 1.01 billion, which was higher by BAM 310 million than in the previous year. There are indications that the governments borrowed on a longer period by issuing bonds, in order to finance the mature short-term liabilities. In the reporting period, BH entities performed the total of 37 issues of public debt, out of it, Republika Srpska 16 and the Federation of Bosnia and Herzegovina 21 (Table 1.7). Republika Srpska limited its issues to three maturity segments, 6, 48 and 60 months, and in the shortest maturity segment, six-month treasury bills, 68.75% of the total number of issues was performed. Through these 16 issues, Republika Srpska collected BAM 407.34 million for the needs of the budget financing of Republika Srpska. The Federation of Bosnia and Herzegovina performed more issues (21), collected more funds (BAM 607.98 million), and was present in more maturity segments on the primary market of public debt, the total of seven. Just like Republika Srpska, the Federation of BH issued mainly six month treasury bills. Out of the total of 21 issues, 7 or 33% was related to six month treasury bills. 66.6% of the issues was related to the issues of short-term public debt of the Federation of Bosnia and Herzegovina with maturity up to one year, 14.3% was related to medium-term debt (maturity period between one and three years) and 19.04% of the issues was related to long-term debt (maturity above 3 years).

Although during 2014 and 2015, the primary market yield rates on the treasury bills and bonds of the Federation of Bosnia and Herzegovina and Republika Srpska showed the tendency of convergence, in the second part of the year, and particularly in the end of 2015, there were significant, negative changes in the conditions of the Republika Srpska borrowing. During 2015, the average yield rate on the six month treasury bills of the Federation of Bosnia and Herzegovina and Republika Srpska was 0.547% and 1.495% respectively, and the average issue rate of yield on the five year bonds of the Federation of Bosnia and Herzegovina and Republika Srpska was 3.026% and 3.78% respectively (Graph 1.24).

Graph 1.24: Yield to Maturity Rate on the Primary Market of Public Debt of BH Entities



The largest difference in the yield rates on the five year bonds of Republika Srpska and the Federation of Bosnia and Herzegovina occurred in the December issues for this maturity segment. The degree of successfulness of the last issue of the five year bonds of Republika Srpska was 78.35% (RSBD_O_L dated 28.12.2015). Out of the planned issue amount, BAM 45 million, BAM 34.7 million was sold at the yield rate of 4%, and the coupon interest rate was 3.5%. The issue of the five year bonds of the Federation of Bosnia and Herzegovina (FBH5O125, dated 08.12.2015) was sold with the bid to coverage ratio of 2.04, and the yield rate of 2.71%.

The Federation of Bosnia and Herzegovina during the entire reporting period, issue after issue, managed to lower the costs of short-term public debt, particularly in the segment of six month treasury bills (Graph 1.25). In the beginning of the reporting period, the issue rate of yield on six month treasury bills of the Federation of Bosnia and Herzegovina was 0.75, and in the end it was 0.32, which was a decrease of 0.43 pp. The decrease of the costs of financing of public debt took place with a very high demand for this segment

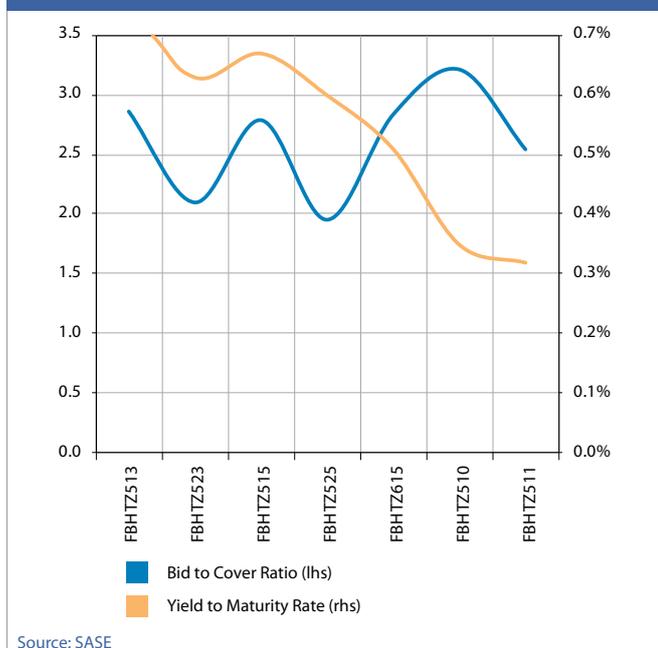
Table 1.7: Issue of the Public Debt of BH Entities in 2015

	3 m	6 m	9 m	12 m	36 m	48 m	60 m	84 m	Total
RS		11				2	3		16
FBiH	4	7	2	1	3		3	1	21
Total	4	18	2	1	3	2	6	1	37

Source: SASE, BLSE

of the issues of public debt of the Federation of Bosnia and Herzegovina, which, measured by the relation of the received and accepted offers was never below 2.

Graph 1.25: Yield to Maturity Rate on the Primary Market of Six Month Treasury Bills of FBH



Note: The ratio of an issue coverage is presented as a ratio of received and accepted bids.

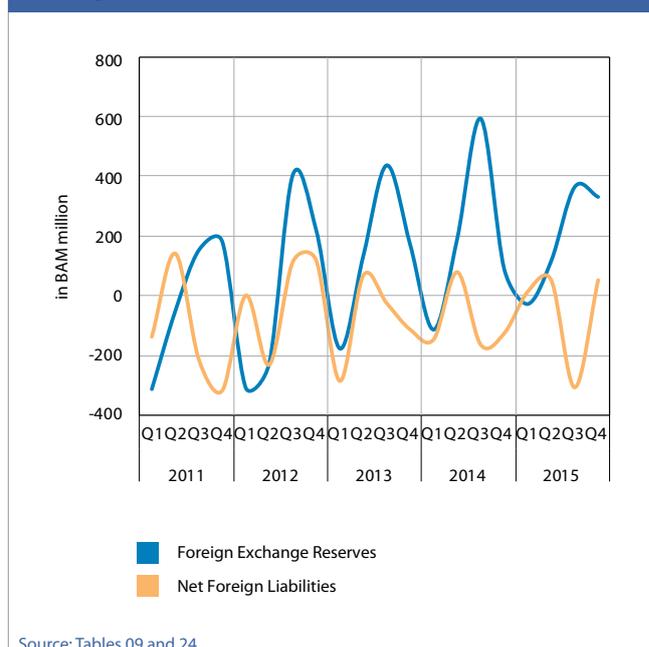
1.2.3 Banking Sector

The stagnation of BH banking sector was continued in 2015 due to the fact that the banking sector did not follow a part of the economy which contributed to the growth of industrial production. In 2015, the foreign debt of commercial banks continued to decrease, which had a negative impact on the trend of the foreign exchange reserves. However, other factors had a more dominating impact on the foreign exchange reserves during the observed year (Chapter 1.1.2), which neutralized the impact of the deleverage (Graph 1.26). Credit growth was mainly the result of the growth of loans approved to households, while the lending activity decreased primarily towards non-financial companies. During the entire year, deposits had an upward trend, which directed the banks to domestic sources of financing.

New regulations in the EU²⁹ took effect in the beginning of 2015, which regulated the operations and supervision

²⁹ DIRECTIVE 2013/36/EU of the EUROPEAN PARLIAMENT AND OF THE COUNCIL on access to the activities of credit institutions and prudential supervision of credit institutions and investment firms and REGULATION (EU) No. 575/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on prudential requirements for credit institutions and investment firms of 26 June 2013. OFFICIAL JOURNAL OF THE EUROPEAN UNION: L 176/1, L 176/338.

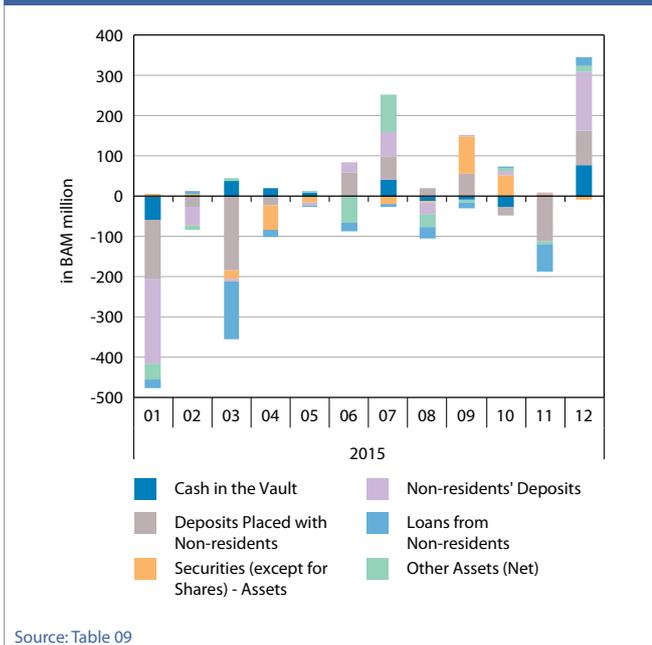
Graph 1.26: Quarterly Changes in Foreign Exchange Reserves and Net Foreign Liabilities of Commercial Banks



of banks. According to these regulations, BH, taking into account its sovereign rating, is subject to the rules that mother banks have to allocate capital reserves for all the funds which their subsidiaries keep in the accounts with the CBBH. It could be expected that BH banks, in majority ownership of European groups, would be decreasing the funds which they keep in the reserve accounts and direct excess funds in the investments with higher yields. However, there were no such changes due to the absence of intensive lending activities in the country, regulations on liquidity and internal policies of banking groups on risk concentration – it is primarily related to domestic debt securities. It also explains the continuation of the deleverage process. Therefore, the trend of decrease of leverage with non-residents was continued during 2015, as BH banks borrowed less in foreign countries and by paying their due loans towards non-residents, those liabilities decrease.

Net foreign liabilities of the banking sector decreased by BAM 191.5 million in December 2015 compared to December 2014. Deposits of non-residents denominated mainly in foreign currency decreased by BAM 58.5 million. At the same time, loan repayment due to maturity and insufficient new debts additionally decreased the level of debt on the basis of taken loans by BAM 289.6 million. Loans from non-residents accounted for 83.5% of changes in foreign liabilities, i.e. the liabilities of commercial banks towards non-residents (Graph 1.27). Deposits in foreign assets of banks decreased compared to the end of 2014 by BAM 235.9 million, due to very low, even negative rates at the European market.

Graph 1.27: Monthly Changes in Items of Foreign Assets and Liabilities of Commercial Banks

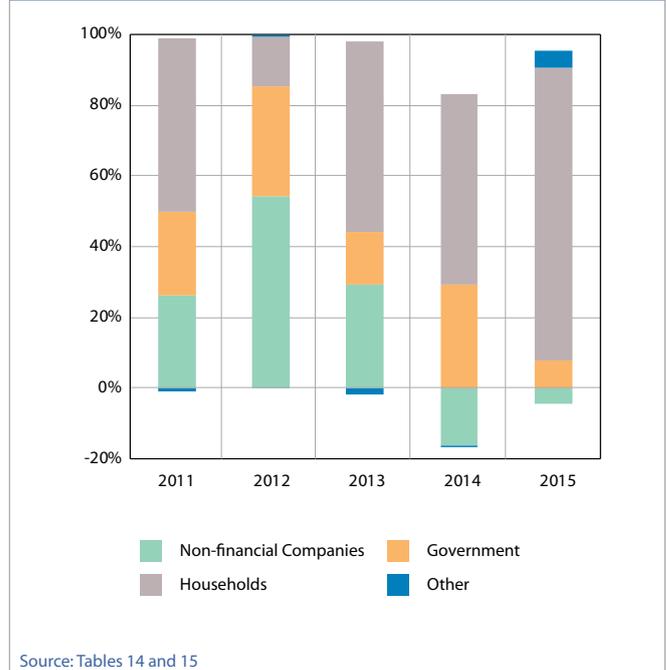


- A: Cash in the Vault
- B: Deposits Placed with Non-residents
- C: Securities (except for Shares) – Assets
- D: Deposits of Non-residents
- E: Loans Taken from Non-residents
- F: Other Assets (Net)

The balance sheet amount of BH banking sector increased by 5.2%, and the entire banking system operated with one bank less compared to the previous year. Bobar banka was excluded from the system from January 2015³⁰. The growth of the total placements was very modest since the beginning of the year and it was around 2%. However, apart from the effect of the excluding of Bobar banka from the system, the annual growth rate of the total loans was up to 4%. The change in the pace of growth of loans by sectors which occurred in an earlier period was continued during 2015, so the loans to the household sector increased at significantly higher rates than the loans to non-financial companies. Graph 1.28 illustrates the contribution to the growth of the total loans by sectors and it clearly presents a domination of contributions of the household sector to the total growth of loans. The level of new contracted loans to domestic sectors was slightly lower (0.5%) compared to the previous year, the reasons being decreased demand for loans and more strict conditions for granting new ones. The share of non-performing loans in the total loans was decreased by 0.5 percentage points compared to the previous year amounting to 13.7% in the end of 2015. The annual growth rate of loans to private non-financial companies was mainly negative during 2015, which indicates the stagnation of investment and more strict conditions for extending new loans.

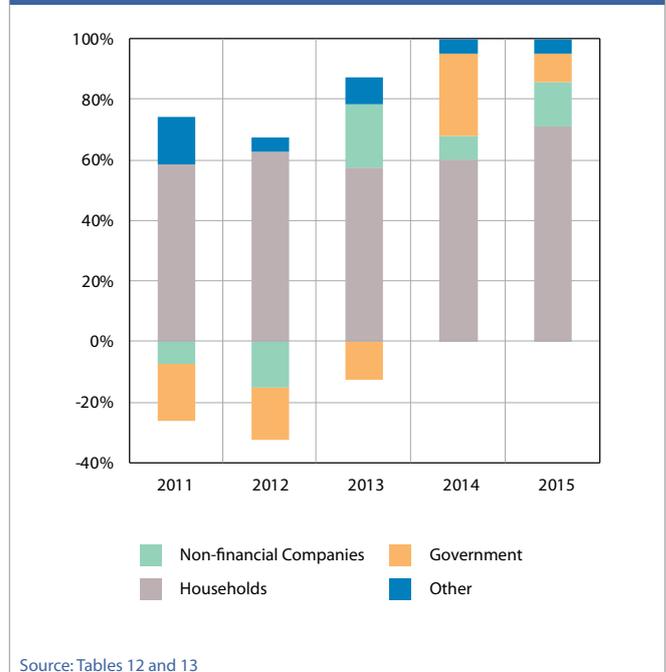
³⁰ According to the Decision of the RS Banking Agency, the operating license of Bobar banka ad Bijeljina was revoked on 23 December 2015.

Graph 1.28: Contribution to the Total Growth of Loans by Sectors



The total deposits continued their upward trend and they increased by BAM 1.15 billion in the end of 2015 compared to the end of 2014. The mentioned growth was brought about mainly by the continuation of the growth of deposits of private domestic sector, primarily households (Graph 1.29).

Graph 1.29: Contribution to the Total Growth of Deposits by Sectors



The largest increase at the annual level, BAM 822.7 million or 9.1%, was recorded by the household sector. The growth of deposits of households was partly based on the payment of old foreign exchange savings.

Table 1.8 Indicators of the Banking Sector Liquidity in BH

		Liquid Funds against Total Funds	Liquid Funds against Short-term Financial Liabilities	Deposits against Loans	Short-term Financial Liabilities against Total Financial Liabilities
2014	Q1	24.7%	43.6%	87.0%	67.0%
	Q2	24.7%	43.4%	86.3%	67.3%
	Q3	26.8%	47.0%	91.1%	67.4%
	Q4	26.8%	46.1%	92.4%	68.5%
2015	Q1	24.7%	43.3%	91.4%	67.8%
	Q2	25.2%	43.7%	91.7%	68.5%
	Q3	28.8%	43.4%	94.6%	70.5%
	Q4	26.4%	44.1%	96.9%	70.7%

Source: CBBH³¹

The upward trend of household deposits was present for a longer period, and the interest rates bearing yield on household term-deposits over one year were decreased to the levels below 3% in 2015. In the end of the year, government sector deposits recorded an increase due to the issuing of treasury bills and bonds of both Entities, which contributed to the growth of the total deposits. The graph also illustrates the contribution to the growth of the total deposits from non-financial companies, which was not negligible amounting to BAM 170.1 million at the annual level.

The banking sector achieved a positive financial result in 2015 and the net profit according to preliminary data amounted to BAM 69.9 million. Foreign owned banks achieved a considerable profit (BAM 146.7 million), but some of the banks in this group operated with a loss. At the same time, state owned banks recorded a negative financial result (BAM -89.9 million), however, all the banks in this group did not operate with a loss.

The prolonged effect of the financial crisis was reflected both in real and banking sector in BH. The share of non-performing loans in the total loans was slightly lower (13.7) compared to the previous year (14.2), but still it was very high. The late loan repayments by debtors could lead to the transforming of the credit risk into liquidity risk, in respect of decreasing the inflow of liquid assets. While banks, on one hand, were trying to improve the quality of their assets, carrying the burden of a high share of non-performing loans, private sector, particularly companies, on the other hand, still did not show sufficient demand for loans which would result in considerable rates of credit growth. Preferences towards liquid assets in respect of short-term deposits but also cash were shown by both economy and households.

Liquid assets to the total assets, as one of the main liquidity indicators, showing the sensitivity of the banking sector to liquidity crisis, i.e. its capacity to meet the unexpected demand for cash, was at approximately the same level as in the previous year. The above mentioned increase of short-term deposits in the balance sheet amount of banks influenced the deterioration of liquidity indicators related to the ratio of liquid assets to short-term financial liabilities and the ratio of short-term financial to the total financial obligations. The first of these indicators shows the extent to which banks can bear the withdrawal of short-term assets, without facing the liquidity problem. One of the regulators of the banking sector in BH (FBH Banking Agency) pointed out in its regular report for the third quarter that banks, missing good quality long-term sources, and with purpose of adhering to regulatory requirements, approve short-term loans which are renewed. It actually means long-term lending from short-term sources, which can significantly endanger the liquidity position of the banking sector³². Although currently at the satisfactory level, the liquidity risk should receive increased attention in the period ahead, particularly due to the expected continued growth of short-term deposits. The deposit growth brought about the increase in deposit to loan ratio.

31 The methodology for compiling financial soundness indicators, CBBH (January 2014), 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.

32 Information on the Banking System in FBH 30.09.2015, Federal Banking Agency (November 2015), www.fba.ba

Text Box 2: Interest Rates

Over the previous four years, the average weighted nominal interest rates recorded a slow downward trend both on deposits and loans. However, such trends of interest rates were opposite to the situation on BH banking market in respect of deposit and lending activities. Lending activities were at a quite low level, primarily those to non-financial companies, which might imply that the cause of the credit stagnation to this sector was related to demand for loans. Weak demand for loans of the corporate sector was a reflection of macro-economic and political circumstances where stagnation of economic activities prevailed, arising from the lack of large investments and quite strict conditions for obtaining loans. The growth of loans of the household sector in 2015 which was from 5 to 6% at the annual level, mainly caused the growth of the total loans. According to the CBBH data, the largest part of new loans was related to non-specified purpose spending. The level of the interest rates on loans to households was mainly determined by the level of the interest rates on non-specified purpose loans, which are included in the category of other loans. As most of non-specified purpose loans were intended for spending, this can indicate that a part of new contracted loans was used for the rescheduling of the existing liabilities. In addition, it can be assumed that the household sector is heavily in debt for further borrowing by loans regardless of the interest rates being at the lowest level in the previous four years. Nominal interest rates on sight deposits to all domestic sectors were constantly at a very low level, the value being close to 0%.

In case of savings deposits, the interest rates mainly recorded a slow downward trend over the previous four years. Observing the household deposits with contracted maturities, the interest rates on euro deposits were slightly higher compared to the deposits in the domestic currency and they were at the level from 1% to 3%. Over the previous four years, two thirds of newly agreed deposits with agreed maturities were deposits in EUR currency. Despite the downward trends of the nominal interest rates on household deposits, and consequently lower yields on the basis of term-deposits, in 2015, a significant growth of the deposits of this sector was recorded.

Graph 1.30: Nominal Interest Rates on Deposits



Source: Table 10c

Note: The CBBH publishes nominal interest rates and deposits and loans of households and non-financial companies on the CBBH web site on the monthly basis. The methodology applied since 2012 is also published on the web site. Accordingly, the interest rates published on the CBBH web site are official.

The interest rates presented in the graph are illustrative and aimed at showing the average values by quarters for the interest rates paid by banks to domestic sectors on sight deposits and term deposits in the local currency.

Graph 1.31: Nominal Interest Rates on Loans



Source: Tables 10a and 10b

Note: The CBBH publishes nominal interest rates and deposits and loans of households and non-financial companies on the CBBH web site on the monthly basis. The methodology applied since 2012 is also published on the web site. Accordingly, the interest rates published on the CBBH web site are official.

The interest rates presented in the graph are illustrative and aimed at showing the average values by quarters for the interest rates on the loans by which banks place funds in the local currency with and without the currency clause to companies and households.

1.2.4 External Sector

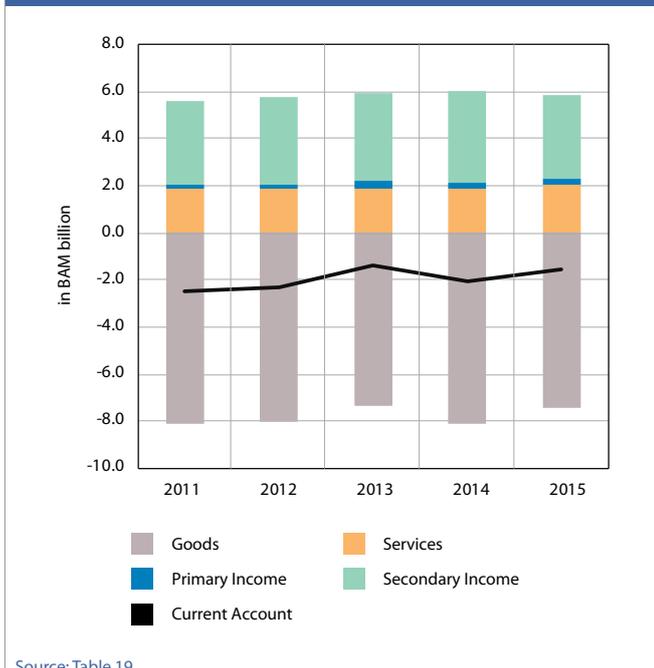
1.2.4.1 Balance of Payments

Balance of payments position in 2015 was improved. Current account deficit decreased by BAM 447.0 million or by more than one fourth and it amounted to BAM 1.59 billion (Graph 1.32). The largest contribution to the decrease of the current account deficit came from the sub-balance of goods, where the increase of exports and the decrease of imports brought about the decrease of trade deficit. The decrease of the current account deficit was under a positive impact of the increase of the surplus in the account of services by 6.1%. The inflow on the basis of all kinds of services increased, and the largest increase was recorded in the inflow on the basis of services of processing of goods (7.0%), while the inflow on the basis of accommodation of foreign tourists was higher by 11.0%. The surplus in the primary income account was also increased by 50.0%. In the previous year, the payments based on the dividends of companies in foreign ownership were lower by one fifth compared to 2014, and reinvested earnings were lower compared to 2014 and expenses on the basis of interest repayment on the debts of government and private sectors. Unfavourable impact on the current account deficit came from the decrease of inflows in the secondary account which financed around half of the deficit in goods. The inflows in the secondary account decreased by 8.7% but the inflow on the basis of remittances from foreign countries was stable and recorded a slight increase, so the main reason of the decrease in this sub-account was a lower inflow of pensions from foreign countries by one fourth. In addition, fewer inflows were

recorded in the capital account compared to the previous year due to a low base (the floods that took place in 2014).

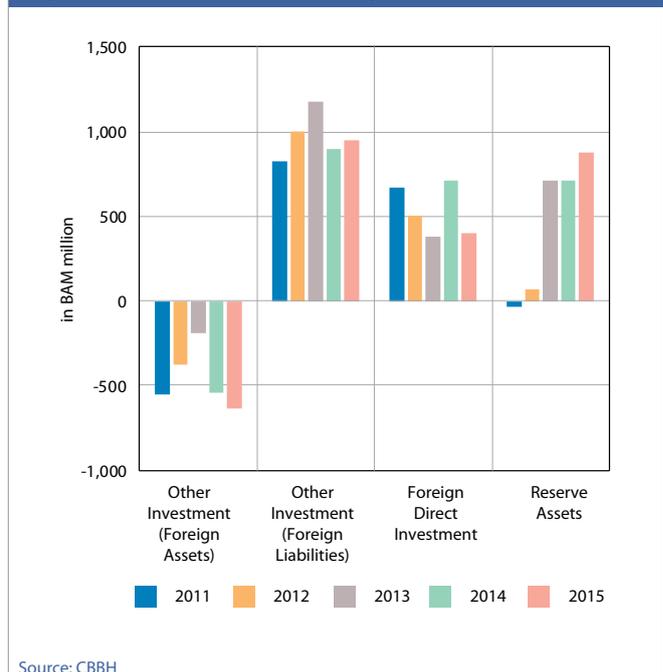
Decrease of the current account deficit also decreased inflows in the financial account, which were lower by almost one fifth compared to 2014. The inflow based on foreign direct investment in 2015 amounted to BAM 402.8 million and it was lower by almost half compared to the previous year. Reinvested earnings accounted for around 15% of this amount, although the inflow on this basis was lower compared to the previous year. Lower inflow on the basis of foreign direct investment was mainly the reason of the decrease of inflows in the financial account. Debt based on other investment was higher by 10.0%. The banking sector continued the deleverage process in 2015, while, on the other hand, foreign currency in the vault increased, but there was a decrease of funds which banks held in accounts abroad. The government sector in 2015 borrowed an amount of BAM 21.2 million, while the other sectors considerably increased their debts. The growth of reserve assets amounted to BAM 880.8 million and it was higher by 23.6% compared to the previous year (Graph 1.33).

Graph 1.32: Current Account and its Components



Source: Table 19

Graph 1.33: Financial Account and its Components



Source: CBBH

In the previous year, the characteristic of foreign trade exchange was the increase of exports and decrease of imports and the consequential decrease of trade deficit by BAM 653.0 million or 8.7%, which eventually had a positive effect on the foreign exchange reserves. In 2015, the total exports amounted to BAM 8.98 billion. Compared to the previous year, the value of exports increased by 3.5%. Although the annual rates of export growth in the previous five years were positive, with the exception of 2012, in the previous two years, there was a slow-down of export growth, i.e. stagnation.

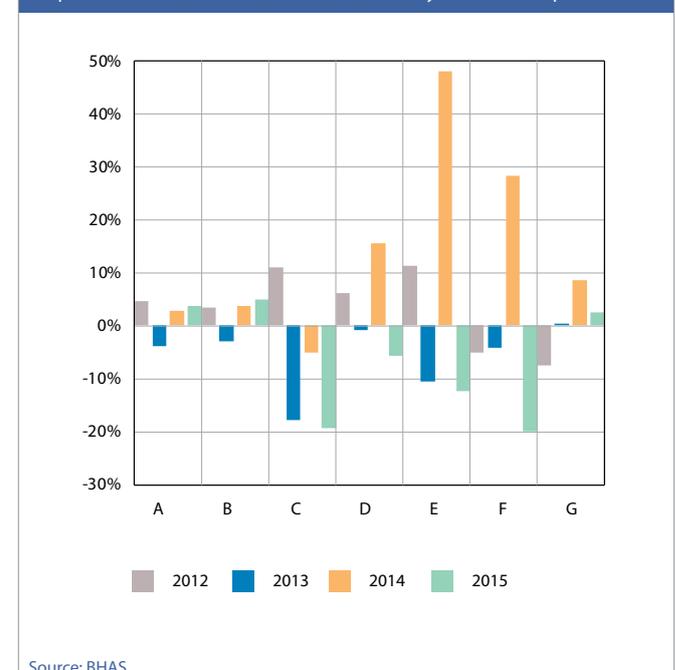
The exports of electric energy were lower by 7.8%, while the exports of the entire group of mineral products were lower by 22.1%, so the contribution of this product group to the total growth of exports was negative and amounted to 2.4%. In addition, the decline of exports of base metals continued, with the stressed dependence of domestic exports and imports on the trend of the prices of these goods on the world markets. Base metals which in the previous years accounted for around one fifth of the exports, recorded a downward tendency of their share in the total exports in the previous two years. So in 2015, their share in the total exports decreased to 18.5%. During the entire year, the index of metal prices was decreasing which was reflected in the value of base metal exports, so the annual rate was negative amounting to 5.6%.

The aluminium price on the global markets was declining throughout the year, while the price of iron ore in the second quarter increased, but a considerable decline followed in the remaining part of the year. Therefore, the exports of base metals had a negative contribution to the growth of exports by 1.1%. The highest growth rate of exports was recorded by chemical industry products and their contribution to the total growth of exports was 1.0%. The growth was recorded by inorganic products in the chemical industry products, where exported quantity was increased but the price effect had a dominating impact. On the other hand, the exports of pharmaceutical products recorded a decrease both in the value and in the quantity of exported goods. The exports of furniture had high growth rates for years, but in the previous year, the growth rate was slightly lower 5.8%, so the contribution to the total growth of exports was lower amounting to 0.6%. The exports of machines, appliances and electric devices for a number of years had stable and high growth rates (in 2015, 8.4%).

Observed at the level of the total exports, the export prices increased by 5.8% compared to the base level in 2010. The export prices of fuel, electric energy and base metals were quite below the base values, while the prices of chemical products and raw materials were above the base levels, which suited the growth of exports of these product groups. From the view of demand of our products by the main trade partners, there was an increase of exports to the EU countries by 3.0%, while the exports to CEFTA were decreased by 1.8%. Finally, the data analysis shows that the demand for our products was stable and increasing. The increase of exports to Germany was a result of the increased demand for clothes and clothes accessories, and electric machines and devices. The growth of exports to Slovenia and Italy was caused by the growth of exports of inorganic chemical products. The demand for the exports of aluminium to Germany and Italy increased, while the exports of aluminium to Croatia were lower by half.

In 2015, the value of imports amounted to BAM 15.8 billion, and imports were lower by BAM 347.5 million or 2.1%. The basic feature of the trend in imports is that the downward trend in the value of the imports of oil and oil derivatives continued, which was completely the result of the decrease of the prices of this energy source on the global markets, while the imported quantity was almost at the same level as in the previous year, so the value of imports of mineral origin products was lower by one fifth. The imports of machines and devices and electric appliances also had a negative growth rate, due to the high base, as due to the floods in the previous year, the imports of this product group recorded a considerable increase. The other import groups of products had positive growth rates, so the average growth rate amounted to around 4.0%. Although imports decreased, domestic demand did not decrease, which is showed by the data of banking and real sectors, so the decrease was only the result of the price trend at the world market. The decrease of trade deficit by product groups was mainly influenced by the mentioned decrease of the deficit of the group of mineral fuels, mineral oils and electric energy, pharmaceutical products and machines, appliances and electric machines, while the deficit deepened in the exchange of food products, beverages, alcohol and vinegar and in trade in vehicles (Graph 1.34).

Graph 1.34: Decrease/Increase of Trade Deficit by Product Groups



- A Beverages, Alcohol and Vinegar
- B Various Food Products
- 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

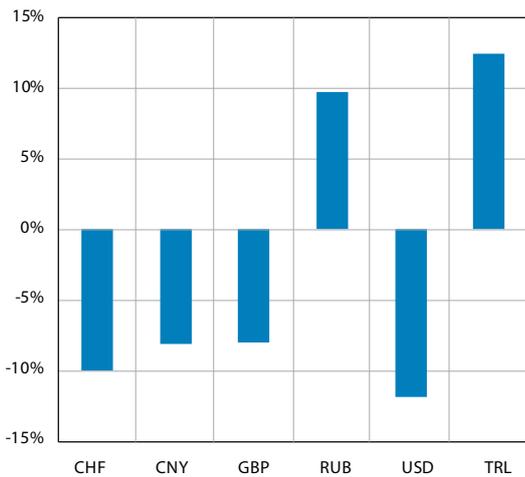
1.2.4.2 Nominal and Real Effective Exchange Rate

In 2015, the nominal effective exchange rate (NEER) as in the previous years kept its appreciation trend, but in the second quarter there was a significant depreciation of the exchange rate by 2.5 pp compared to the end of the year. In December, NEER was higher by 7.7 pp compared to the base level (Graph 1.36). All the trends of NEER were caused by the trend of the nominal exchange rates of our trade partners compared to EUR, our peg currency. The first half of the year was characterized by the weakening of euro caused by the new ECB quantitative easing policy, in relation to the leading currencies in the world, particularly US dollar. In the second half of the year, the EUR depreciation trend was still present, and the same applied for BAM in relation to US dollar. BAM depreciated also against Swiss franc and Chinese yuan (Graph 1.35).

On the other hand, the appreciation trend of NEER, which was finally present throughout the year (except in the second quarter) was a result of a significant weakening of the Russian ruble and, to a lower extent, Turkish lira.

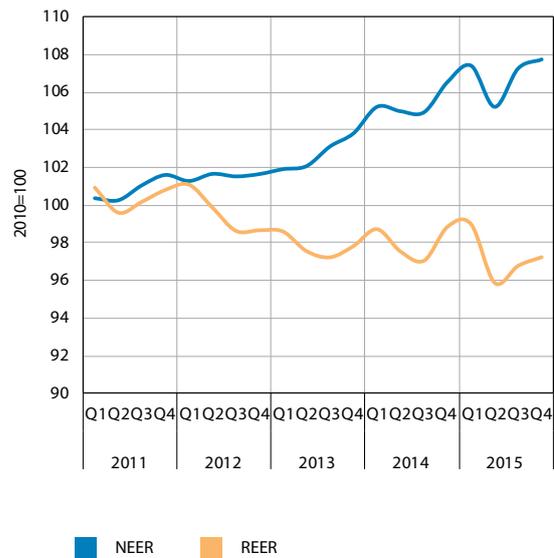
Real effective exchange rate of BAM (REER) in December 2015 was lower by 1.6pp compared to the same month of the previous year (Graph 1.36). Although REER had a declining trend in the previous four years, in 2015, after a decline in the first quarter, REER had a tendency of slow growth and coming closer to the base level. A large spread between NEER and REER was a result of a lower inflation compared to the countries which are the main trade partners.

Graph 1.35: Annual Changes of Exchange Rate of BAM against the Selected Currencies in December



Source: CBBH

Graph 1.36: Nominal and Real Effective Exchange Rate of BAM



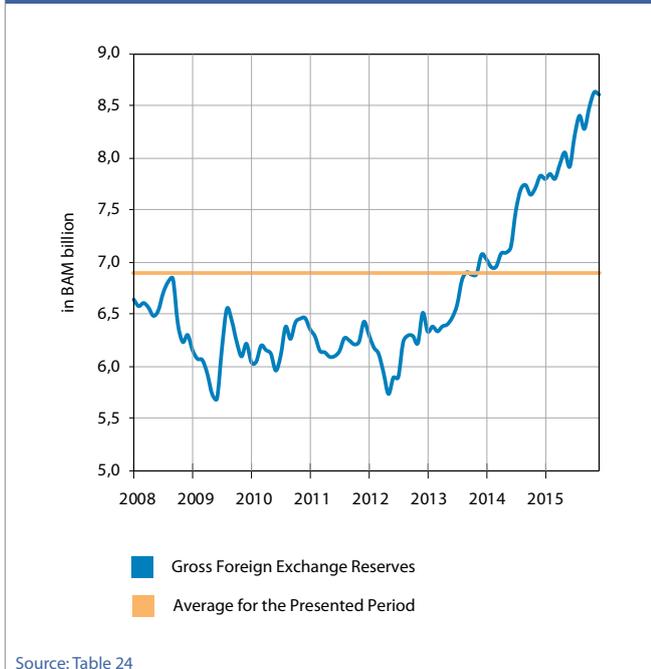
Source: CBBH

**2 REPORT ON THE
CBBH OPERATIONS
IN 2015**

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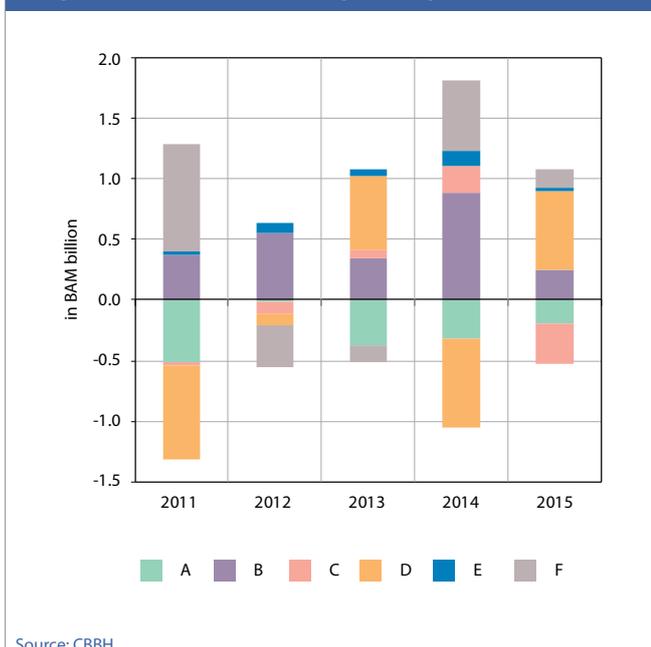
The strong growth of the foreign exchange reserves which lasted from 2012 was continued during 2015. So, gross foreign exchange reserves at 2015 end amounted to BAM 8.61 billion, with the annual growth in the amount of BAM 780.7 million (10.0%) (Table 24).

Graph 2.1: CBBH Foreign Exchange Reserves



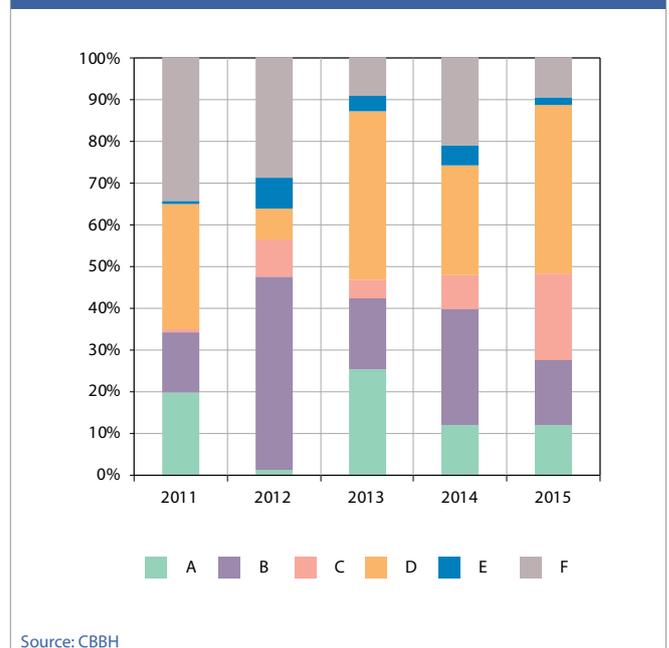
Graphs 2.2 and 2.3 illustrate the changes in the factors determining the level of the foreign exchange reserves. Historically, changes in domestic demand, and changes in foreign debt of banking and public sector were the basic

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



reasons which determined the changes in the foreign exchange reserves in the previous years.

Graph 2.3: The Relative Significance of the Factors which Influenced the Changes in the CBBH Foreign Exchange Reserves



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 Deficit in Goods
- E: Changes in Remittances
- F: Other

The decrease of the trade deficit, due to a lower demand for foreign exchange funds had a positive impact on the growth of foreign exchange reserves compared to the previous year. On the other hand, the inflow of foreign exchange funds on the basis of foreign direct investment was considerably lower compared to 2014, so their significance this year was lower, while the remittances remained at approximately the same level.

In the period of economic expansion and credit boom before the economic crisis, leverage from foreign countries was used as the basic source of financing of banking sector in BH, which is in majority foreign ownership, which had a positive impact on the growth of foreign exchange reserves. After unfavourable macroeconomic conditions occurred, the bank deleverage started, with a negative impact on foreign exchange reserves. The deleverage was continued in 2015 (Section 1.2.3) although a negative impact on the foreign exchange reserves was lower compared to the previous years.

2.1 MONETARY POLICY

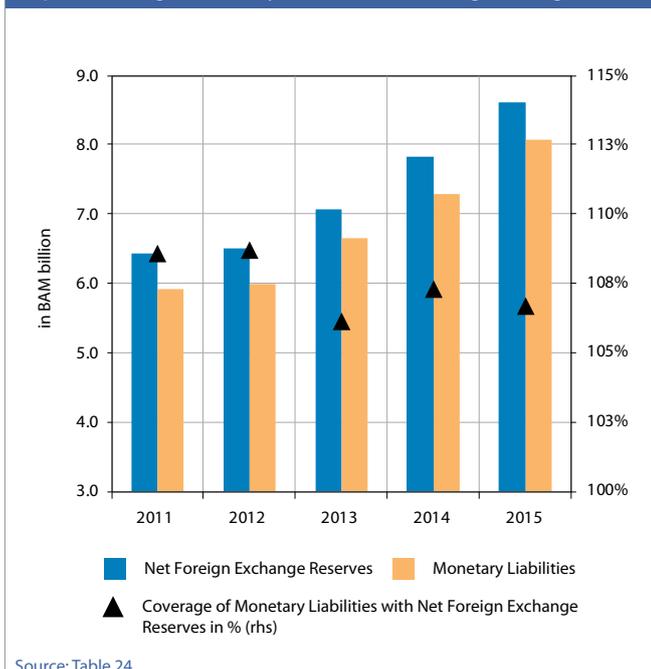
In 2015, the CBBH achieved the Law defined objective on the issuance of local currency in line with the currency board arrangement. In accordance with Article 31 of the Law, the CBBH is required to ensure that the aggregate amount of its monetary liabilities shall never exceed the equivalent of its net foreign exchange reserves, which has been completely met. In addition, the Central Bank is required to maintain the general reserves to the level of the authorized capital of the Bank, which must amount, at least, five percent of the total amount of financial liabilities shown in the accounts of the Central Bank for the end of that financial year. In accordance with the Law, the total amount of the monetary liabilities of the Central Bank is always the sum of:

(A) all the banknotes and coins which are put in circulation by Head Office, Main Units, and other Branches of the Central Bank and

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

At the end of 2015, coverage of monetary liabilities with the net foreign exchange reserves amounted to 106.7% and it was slightly less than during the previous year.

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



Source: Table 24

2.2 RESERVES ACCOUNTS WITH THE CBBH

CBBH applies the orthodox currency board, thus, the required reserve is the only instrument of monetary policy that the CBBH has at its disposition. During 2015, there were neither changes of the required reserves rate, nor the changes in the structure of the base. The CBBH Decisions to exempt the funds borrowed from abroad and deposits of the Governments for development projects from 2008 have still remained in force. On 31 March 2015, the Governing Board delivered the Decision on changes of the remuneration policy on funds in the reserves account, being effective as of 01 May 2015. The calculation of the remuneration rate is done as it follows:

(A) the amount of required reserves - average EONIA, which, in the same period, is recorded in the market, decreased by 10 basis points, or a minimum zero,

(B) the amount of excess reserves - zero remuneration rate.

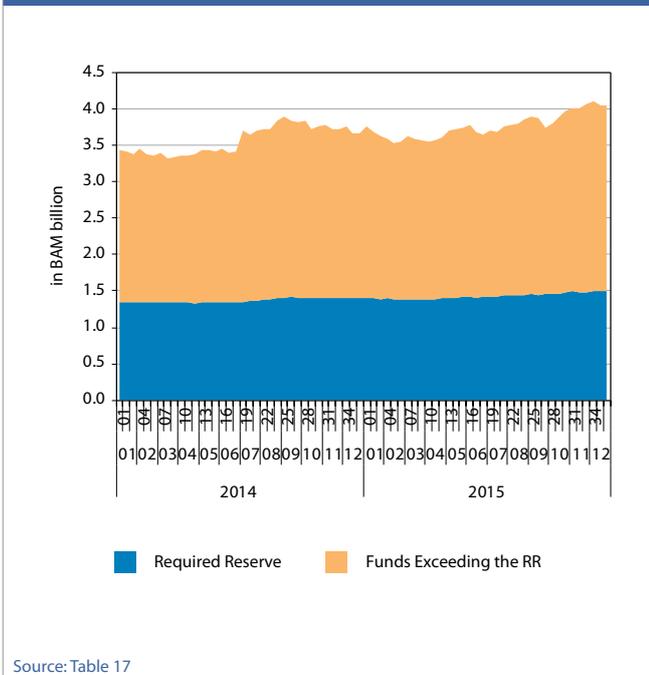
Zero remuneration rate on required reserves is applied if the average EONIA, being decreased by 10 bp, recorded a negative value. Due to unfavorable market rates in the European market, and the Decision of the ECB on the application of negative interest rates on overnight deposits with the central bank, during 2015, banks in BH did not receive the remuneration based on the assets in the reserves account.

All 27 banks in the system of required reserves were properly fulfilling this requirement during 2015. The base for the calculation of required reserves recorded an annual increase in the amount of BAM 1.02 billion (6.2%). Increase of the base in local currency amounted to BAM 839.5 million (9.8%), and the base in foreign currency decreased by BAM 177.0 million (2.3%). The complete increase of the base refers to short-term sources which recorded an increase of BAM 1.03 billion (12.0), while the long-term sources recorded a decrease of BAM 12.2 million (0.2%). Deposit growth, especially the household deposits is the main driver of the base's growth. A significant contribution came from the public foreign debt, recording an annual increase in the amount of BAM 473.0 million.

Although the base for calculating RR increased annually, the balances on the reserve account with the Central Bank are determined primarily by the excess reserves held by banks with the Central Bank over the RR (Graph 2.5). Thus, including the last decade of 2015,

the total balance of reserves account amounted to BAM 4.05 billion and it is higher by BAM 373.2 million (10.2%) compared to the end of the previous year. In addition, due to the above changes in the base for calculation, the average required reserves increased by BAM 102.0 million (7.3%), and the funds above the required reserves by BAM 271.2 million (11.9%).

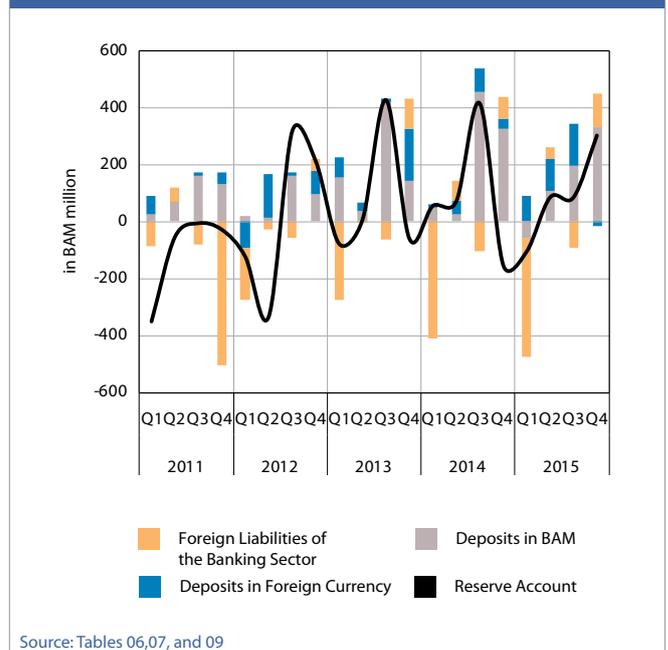
Graph 2.5: Balance in Reserve Account with the CBBH



Source: Table 17

Balance on the required reserves account is one of the indicators of banks' liquidity (a more detailed analysis of liquidity of the banking sector, see in Section 1.2.3). In terms of meeting the regulations on liquidity, the same treatment is given to cash in the vault, funds in the account with the Central Bank and in the accounts with nonresident banks. In conditions of low and even negative interest rates in the European banking market, with constant analysis of rating, the business decision of banks for keeping funds in the country has been logical. The current liquidity position of the banking sector in BH was influenced by the regulatory requirements and also by the weak lending activity, by the changes in the structure of the banking sector liabilities, being reflected in the deleveraging towards abroad and in the growth of deposits of domestic sectors, specifically in the local currency and at short term period (Graph 2.6).

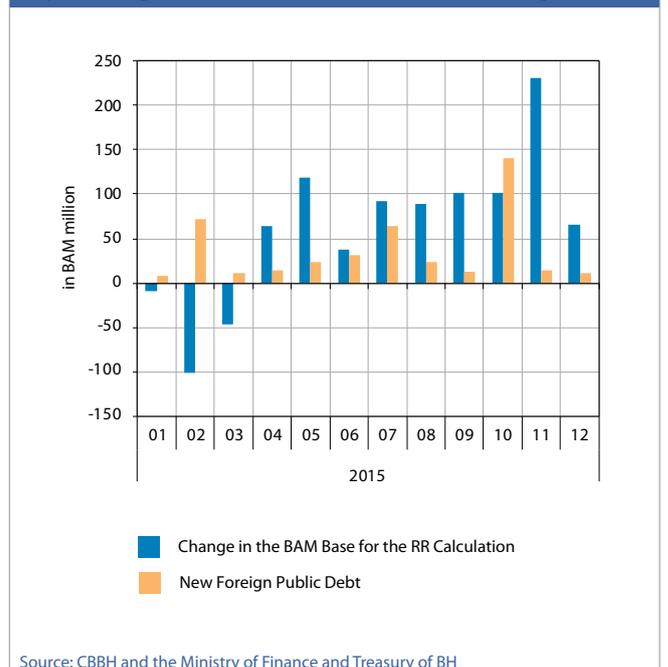
Graph 2.6: Quarterly Changes in Banks' Liabilities and Reserve Account with the CBBH



Source: Tables 06,07, and 09

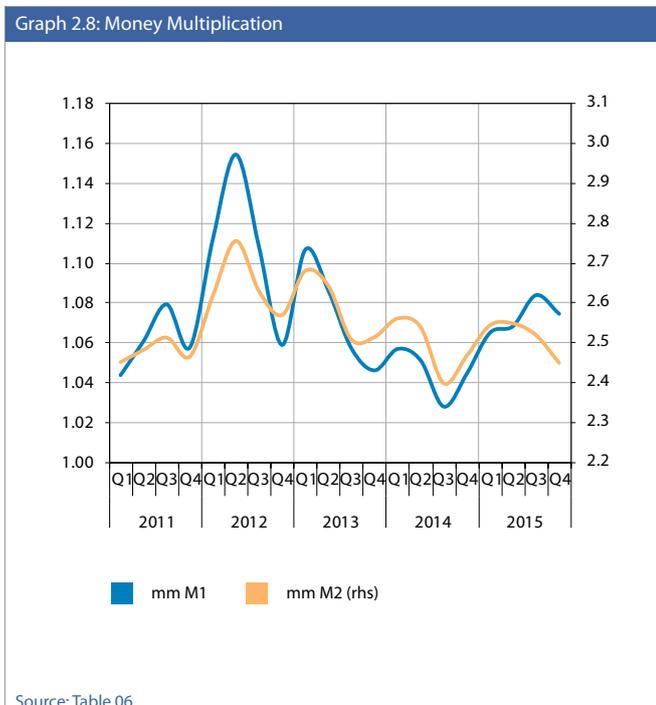
Graph 2.7 below illustrates the changes in the BAM base for the RR calculation and in new external public debt (Section 1.2.2). Although this influence is not as pronounced as the last year, when the largest influence came from the allocation of IMF SBA funds and the funds for the recovery after the flood damages, a new external debt significantly affects the deposits of different sectors in the economy, because it is distributed in accordance with its purpose.

Graph 2.7: Changes in BAM Base for the RR Calculation and New Foreign Public Debt



Source: CBBH and the Ministry of Finance and Treasury of BH

It was the growth of local currency deposits which mostly contributed to the growth of money supply, both in the narrow and in the broader terms in relation to the growth of the monetary base. Thus, there has been an acceleration of the money multiplication process.



2.3 FOREIGN EXCHANGE RESERVES MANAGEMENT

Since the outbreak of the global financial crisis until the period covered by this Annual Report, the process and results of the CBBH foreign exchange reserves management were largely determined by developments in the financial markets on which, in accordance with the Law on CBBH, we invest the foreign exchange reserves. During 2015, there was a decline in interest rates and the yield rates on the European financial market, which further aggravated the process of managing the CBBH foreign exchange reserves compared to 2014. In complex and, from the investors point of view, extraordinary adverse conditions at international markets, the CBBH investment policy ensured the managing of foreign exchange reserves in a safe manner, which maintained the adequate capitalization. By doing so, a profit has been made, while taking the acceptable level of investment risk.

Average weighted interest rate (AWIR) on the CBBH foreign reserves in 2008 was 4.18%, while in 2014 it fell to 0.43% and it continued to decline to 0.35% in 2015 (i.e. AWIR in 2008 was almost ten times higher than in 2014, and twelve times higher than in 2015). This decline is largely

determined by the decline in interest rates and the yields, which was the basic characteristic of the market of the euro area in the last eight years. For example, the average one-month Euribor (Euribor 1m) in 2008 was 4.28%, which means that it was 33 times higher than in 2014, when it amounted to 0.13%. Average one-month Euribor (Euribor 1m) in 2015 amounted to -0.07%. The average three-month Euribor (Euribor 3m) in 2008 was 4.63%, which means that it was 22 times higher than in 2014, when it amounted to 0.21%. Average Euribor 3m in 2015 amounted to -0.02%.

Average yields on one-year and two-year bonds denominated in EUR, with the AAA rating, in 2008, amounted to 3.62% and 3.60% respectively, while the average yield on EUR denominated three-year bonds of all rating levels was 3.78% in 2008. The fall in yields in the last eight years has been very strong, thus in 2015, the average yields on one-year and two-year bonds denominated in EUR with the AAA rating became negative (-0.27% and -0.24%, respectively), and the average yield on three-year bonds denominated in EUR, of all rating levels in 2015, amounted to 0.07%. In other words, the average yield on three-year bonds denominated in EUR, of all rating levels, in 2008, was eight times higher than in 2014 (when it amounted to 0.46%), i.e. 54 times higher than in 2015.

During the observed period, the CBBH continuously adapted to the changed yield rates and interest rates in the financial market of EUR denominated instruments. Because the interest rates on short-term deposits denominated in euro became negative, more and more foreign exchange reserves funds have been redirected in securities denominated in EUR and especially securities maturing in longer timeframes and / or in securities which have slightly lower levels of credit rating. In the process of foreign exchange reserves management, it is applied more active approach to managing the portfolio of foreign exchange reserves, trying to compensate for the low level of accrued interest income. Since the available projections and expectations on trends of the interest rates and yields, and volatility of the gold price 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 in the coming years will not be able to generate significantly higher levels of annual foreign currency interest income, and therefore not significantly higher 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 currency reserves adhering primarily to 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 attempts to achieve favourable yields on invested foreign reserves, while ensuring a high level of safety. Decisions on the management and investment of foreign exchange reserves are made on three levels within the CBBH organization: (1) strategic - the Governing Board, (2) tactical - Investment Committee and (3) operational - the Banking Department, Front Office. The Governing Board approves the Guidelines on the CBBH Foreign Exchange Reserves Management, which determine the type and level of risks that CBBH is willing to assume, and the discretionary space for tactical and operational levels. The Governing Board, as the highest management body of the CBBH, continuously follows up with the situation on financial markets and takes proactive attitude in the creation of the investment policy and defining conditions for managing foreign exchange reserves, with purpose of maintaining foreign exchange reserves and achieving positive results. The Investment Committee directs the process of managing the foreign exchange reserves in the context of the Guidelines and delivers the Operational Rules on the Investment. Organizational units in charge of foreign reserves investment, risk management, and monitoring and analysis, have been operating in accordance with the Guidelines and Operational Rules, including the adoption of operational decisions on investments.

During 2015, in the process of managing foreign exchange reserves, we continuously discussed the available information from the relevant money and capital markets in the euro area and globally, as well as the available projections that could affect the investment of foreign exchange reserves in the current year, but also in the future. We also analyzed the possibilities and modalities of investment and management policy of the Central Bank foreign exchange reserves and initiated corresponding amendments to the investment policy in order to adapt to the market conditions in the euro area. In addition, in order to minimize the credit risk, we have continuously analyzed the information related to the movement of yields on financial markets, where we invest the foreign exchange reserves, then the main macroeconomic indicators and projections for the relevant countries, the euro area and the global economy, as well as the information related to the ratings of foreign banks, where the CBBH has term deposits and funds in the current account and the information on the states - issuers of securities represented within the portfolio of foreign exchange reserves.

Foreign reserves portfolio is exposed primarily to the financial risks: credit, market (interest rate and foreign exchange risks) and liquidity risk. The CBBiH limits exposure to credit risk by investing primarily in bonds of the selected euro area countries, and the placement of deposits in the selected central banks in the euro area, the selected commercial foreign bank and the Bank for International Settlements (BIS), provided that they meet the standards of eligible counterparties. Credit risk management is carried out by defining the standards of eligibility for the instrument / contracting parties and by limiting the concentration of investment in each specific country and each specific commercial foreign bank. Those standards and restrictions are reviewed and if necessary they are updated, too, taking into account the official assessments of the global leading rating agencies, as well as indicators obtained using internal methods for assessing the credit risk. Interest rate risk, i.e. the impairment risk of the foreign exchange reserves portfolio caused by changes in interest rates, is controlled with the application of the so-called benchmark portfolios, as well as, with setting the durations of the total foreign exchange reserves portfolio. Foreign currency risk is the possibility that the CBBH realized loss caused by changes in the value of foreign currency assets and liabilities, due to potential unfavorable trends in exchange rates of currencies in which foreign exchange reserves are denominated, in relation to the local currency. The CBBH minimizes this risk through holding the CBBH foreign exchange reserves mainly in euro, given that the exchange rate of the convertible mark is fixed against the euro.

During 2015, the CBBH foreign exchange reserves were invested in accordance with the Law on the Central Bank of Bosnia and Herzegovina, the Guidelines on the Management of Foreign Exchange Reserves and Operational Rules for Investment. In 2015, an average daily balance of foreign exchange reserves amounted to BAM 8.13 billion app., which is BAM 797 million more than the average daily balance of foreign exchange reserves in 2014, when it amounted to BAM 7.34 billion.

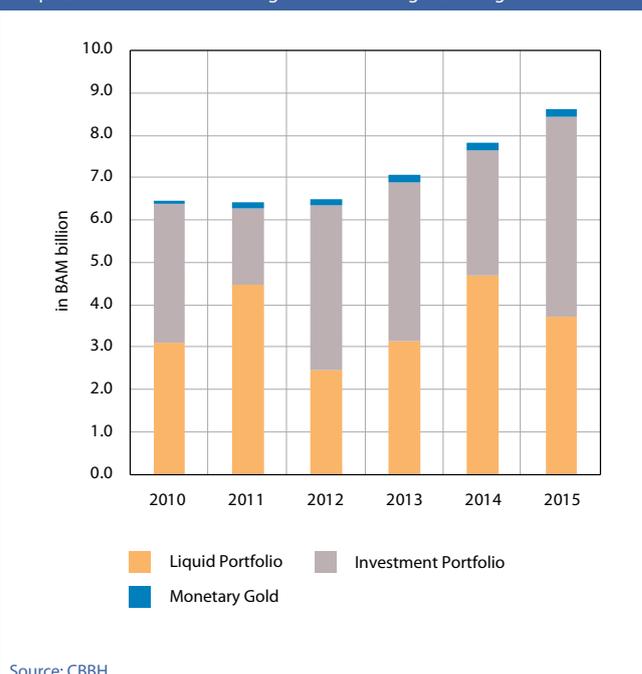
During 2015, the amount of net foreign assets, which is the positive difference of foreign currency reserves after covering monetary liabilities (currency in circulation and commercial bank deposits) and liabilities to non-residents, fluctuated due to changes in the level, as of the foreign exchange reserves, so as of the monetary liabilities. At the end of the year, net foreign assets amounted to BAM 540.38 million, which is BAM 8.96 million, or 1.69% more than the balance at the end of 2014. Net foreign assets is a buffer for shocks that may have a negative impact on the market value of financial instruments in which the foreign currency reserves have been invested,

which can reduce the value of foreign currency reserves and undermine the principle of full coverage of monetary liabilities with the foreign reserves, as one of the basic principles underlying stability and sustainability of the currency board. At the end of 2015, the foreign exchange reserves amounted to BAM 8,606.31 million and increased by 9.98% or BAM 780.72 million compared to the end of 2014, while monetary liabilities in the same period increased by 10, 58% or BAM 771.51 million.

At the end of 2015, the structure of foreign exchange reserves consisted of: the investment portfolio with a share of 54.83%, the liquid portfolio with a share of 43.05% and the monetary gold, accounting for 2.12%. Liquid portfolio consists of: deposits with the central banks, BIS and foreign banks (11.66% of the total foreign exchange reserves), cash in the CBBH vault (1.49% of total foreign exchange reserves), special drawing rights (SDRs) with the IMF (0.04% of total foreign exchange reserves), and securities with a remaining maturity period of one year and less (29.85% of the total foreign exchange reserves). The balance of securities with the remaining maturity period of one year and less, as the largest item of the liquid portfolio amounted to BAM 2.57 billion, at the end of 2015. Balance of demand deposits with non-resident banks, as the second largest item of the liquid portfolio, at the end of 2015, amounted to BAM 1.00 billion. The investment portfolio consists of: securities with a residual maturity of more than one year, which are available for sale (41.56% of the total foreign exchange reserves) and securities to hold to maturity (13.27% of total foreign exchange reserves). In order to ensure the protection from the credit risk, the CBBH has invested in securities of European countries with high ratings, with restrictions on the maximum share of debt instruments for each specific state. The share of the liquid portfolio decreased to 43.05% from the last year's 59.89%, while the share of the investment portfolio increased to 54.83% from the last year's 37.78% out of the total foreign exchange reserves, because as a result of the offered negative interest rates, during the most part of the year, there was no fix terms of new deposits and the proceeds from due deposits were directed to purchase securities. The level of the liquid portfolio was adequate in terms of meeting the CBBH needs on liquidity, and its share in foreign exchange reserves has been reduced compared to 2014 in order to improve the portfolio management.

Observing the market trends, compared to the end of 2014, the funds deposited with non-resident banks, at the end of 2015, decreased by BAM 1.178 billion (54%), while the funds invested in securities (securities with the remaining maturity period of one year and less, securities with the remaining maturity period over a year and securities to hold until maturity) increased by BAM 1.904 billion (35.36%).

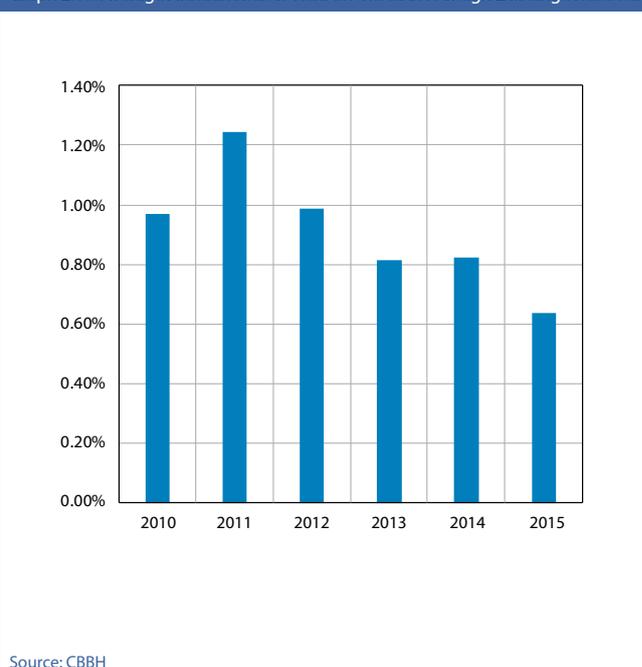
Graph 2.9: Structure of Investing the CBBH Foreign Exchange Reserves



Source: CBBH

Part of the profit earned in 2014, in the amount of BAM 21.25 million was allocated, in April 2015, at the account of BH Ministry of Finance and Treasury, which is responsible for the budget of the institutions of Bosnia and Herzegovina. The combined effect on the income statement of all CBBH foreign exchange investments in convertible foreign currency and monetary gold (profit) amounts to BAM 51.64 million and expressed in effective yield rate³³ it amounts to 0.63% for the period: January 1 to December 31, 2015.

Graph 2.10: Average Annual Rates of Yield on the CBBH Foreign Exchange Reserves



Source: CBBH

³³ Effective yield rate is calculated in a way that the total effects of the foreign currency reserves investments (in gold and in convertible foreign currency) are divided with the average balance of foreign currency reserves in the observed period. While counting the total effects of the foreign currency investments, we took in account all net incomes from the securities' and deposits' interests, as well as realized net capital gains/losses from sale of the securities from the CBBH foreign currency portfolio.

The relatively low rate of return earned on investments in convertible foreign currencies are result of the low rate of return on securities and mostly negative interest rates on short-term deposits in euros, which, in 2015, prevailed in the financial markets, and they were caused by poor macroeconomic performances of the euro area. The slow economic growth or even recession, and high unemployment rate are tendencies that have continued in the euro area during 2015, too. Foreign exchange markets, money markets and capital markets during 2015, as in the previous three years, were largely under pressure of the global developments.

According to the model of the CBBH functioning, as defined by the Law on the Central Bank, the basic source of generating income and financial result of the CBBH is a process of foreign exchange reserve management. This process and its results, since the outbreak of the global

financial crisis until the period covered by the CBBH Annual Report for 2015, were mainly determined by the trends on the financial markets where, according to the CBBH Law, the foreign exchange reserves are invested. Such impact is shown by the level of the weighted average interest rate (WAIR), calculated as a quotient of interest income on invested foreign exchange reserves and the average balance of foreign exchange reserves over the observed year, which is systematized in table 2.1:

Despite the mentioned unfavourable conditions of investing foreign exchange reserve funds, and consequently, unfavourable conditions for operations, in the period 2008-2015, the CBBH achieved around KM 505 million of profit, out of it around KM 303.2 million was transferred to the account of the Ministry of Finance and Treasury of BH in charge of the budget of the institutions of Bosnia and Herzegovina, which is shown in table 2.2:

Table 2.1: Average Weighted Interest Rate on Foreign Currency Reserves and the Accrued Interest Income of the CBBH

Year	Average Balance of the Foreign Currency Reserves, in BAM million	Interest Income, in BAM million	AWIR(%)	Net- Monetary Foreign Currency Income (NMFCI), in BAM million	Total Income of the CBBH, in BAM	Financial Results of the CBBH, in BAM million	Share of Interest Income in NMI
	1	2	3=2/1	4	5	6	7=2/4
2008	6,569.78	274.57	4.18	280.78	291.26	199.42	98%
2009	6,072.94	100.96	1.66	136.3	150.15	95.79	74%
2010	6,112.87	38.31	0.63	62.2	77.05	33.18	62%
2011	6,114.18	56.84	0.93	86.51	95.83	45.93	66%
2012	6,094.09	32.15	0.53	56.48	70.32	34.13	57%
2013	6,572.74	31.33	0.48	53.78	63.17	30.09	58%
2014	7,336.75	31.8	0.43	60.96	71.77	35.41	52%
2015	8,134.16	28.48	0.35	52.53	63.63	31.38	54%
Period 2008-2015	6,625.94	594.44	1.12	789.54	883.18	505.33	75%

Source: CBBiH

Table 2.2: Allocation of the CBBH Profit for the Financial Years of 2008-2015 (All Amounts are in BAM thousand)

	2008	2009	2010	2011	2012	2013	2014	2015	Total 2008-2015.
PROFIT	199,423	95,786	33,179	45,931	34,134	30,086	35,411	31,378	505,328
Allocation of Part of the Profit into Budget of BH Institutions	119,654	57,472	19,907	27,559	20,480	18,052	21,247	18,827	303,197
Allocation of Part of Profit in General Reserves of the Capital	79,769	38,314	13,272	18,372	13,654	12,034	14,164	12,551	202,131

Izvor: CBBiH

We hereby mention that in the period 1997-2015, the CBBH recorded the total profit in the amount of KM 953 million, out of it, around KM 421 million was transferred to the account of the Ministry of Finance and Treasury of BH, which is in charge of the budget of the institutions of Bosnia and Herzegovina.

According to legal and internal regulations of the CBBH, the funds of foreign exchange reserves are mainly invested in securities and deposits denominated in EUR, therefore, the largest impact on the CBBH interest income comes from the trend of the market interest rates on money market (which is a relevant indicator of the interest rate trend for EUR deposits) and yields on the market of government securities of the euro area members (for the current structure of securities portfolio of the CBBH foreign exchange reserves, the best indicator is the yield rate trend on one year, two year and three year government bonds denominated in EUR), taking into account that the CBBH invests more than 95% of foreign exchange reserves in the government securities of the euro area countries. The text below includes detailed indicators of the decline of market interest rates and yields over the observed period:

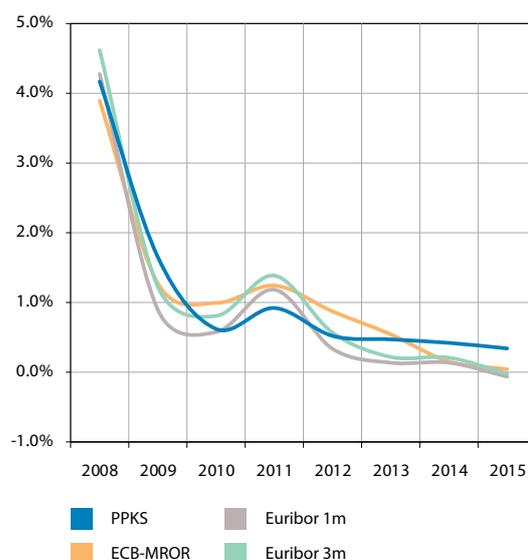
The previously mentioned data indicate that the weighted average interest rate on the CBBH foreign exchange reserves in 2008 was 4.18% and it declined to 0.43% in 2014 and continued to go down to 0.35% in 2015 (WAIR in 2008 was almost ten times higher than in 2014, i.e. twelve times higher than in 2015). Such decline was mainly determined by the decline of interest rates and yields, which was the basic feature of the euro area market over the previous eight years (see Table T2.3 and Graph G2.11). For example, the average one month EURIBOR (EURIBOR 1 M) in 2008 was 4.28% meaning it was 33 times higher than in 2014 (when it amounted to 0.13%), while the average one month EURIBOR in 2015 was negative (it amounted to -0.07%) The average three month EURIBOR³⁴ in 2008 was 4.63% meaning it was 22 times higher than in 2014 (when it amounted to 0.21%), while the average three month EURIBOR in 2015 was negative (it amounted to -0.02%).

The market yields on the government securities of the euro area countries had frequent turbulent periods, with a prominent declining trend. The trend of the yield on ten year government bonds³⁵ is usually used as the benchmark of trends on the bond market,

³⁴ Just like EURIBOR, other interest rates on the money market of the euro area recorded large decreases and entered the „negative zone“ (such as overnight EONIA rate, the average of which in 2015 was -0.11% and the average EONIA rate in 2008 was 3.87%).

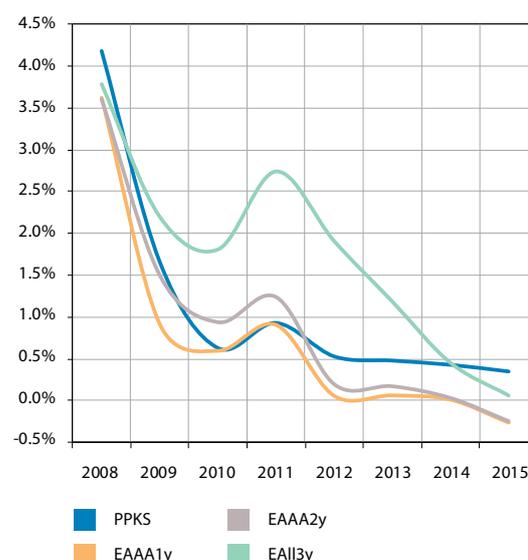
³⁵ It is important to mention that the yields on 10 year bonds (considered to be the best indicator of the trends on the bond market) denominated in the most significant currencies in the world are currently at the levels close to historical minimum levels.

Graph 2.11 a: Trend of the Average Weighted Interest Rate on the CBBH Foreign Exchange Reserves and the Market Interest Rates on the Euro Area Financial Market (Annual Average Values)



Source: ECB - Statistics Data Warehouse, accessed on 01 February 2016

Graph 2.11 b: Trend of the Average Weighted Interest Rate on the CBBH Foreign Exchange Reserves and the Market Interest Rates on the Euro Area Financial Market (Annual Average Values)



Source: ECB - Statistics Data Warehouse, accessed on 01 February 2016

but taking into account the structure and features of the CBBH foreign exchange reserve portfolio, the most suitable benchmarks for comparing WAIR with the trend of market yields on the government bonds in EUR are the trend of market yields on the highest rating bonds (AAA) with residual maturity of 1 year (in the period 2008-2010), the bonds with AAA rating with residual maturities of 2 years (in the period 2011-2012) and the bonds of all the levels of rating with residual maturities of 3 years (in the period 2013-2015).

Table 2:3: CBBH AWIR and Market Interest Rates in the period: 2008-2015

Year	AWIR	ECB-MROR	Average Values of Market Interest Rates				
			Euribor 1m	Euribor 3m	EAAA1y	EAAA2y	EAll3y
2008	4.18	3.9	4.28	4.63	3.62	3.6	3.78
2009	1.66	1.28	0.89	1.23	0.91	1.5	2.2
2010	0.63	1	0.57	0.81	0.59	0.94	1.81
2011	0.93	1.25	1.18	1.39	0.9	1.24	2.74
2012	0.53	0.88	0.33	0.57	0.0507	0.2	1.91
2013	0.48	0.55	0.13	0.22	0.0562	0.18	1.19
2014	0.43	0.16	0.13	0.21	0.0054	0.0365	0.46
2015	0.35	0.05	-0.07	-0.02	-0.27	-0.24	0.07
Period 2008-2015	1.26	1.13	0.93	1.13	0.73	0.93	1.77
Ratio 2008/2014	10	24	33	22	670	99	8
Ratio 2008/2015	12	78	-61	-232	-13	-15	54

Source: for AWIR: the CBBH, for other data: ECB – Statistics Data Warehouse, accessed on February 1, 2016

The average yields on one year and two year bonds denominated in EUR with AAA rating (EUR AAA 1y, EUR AAA 2y) in 2008 amounted to 3.62%, i.e. 3.60%, and the average yields on three year bonds denominated in EUR at all levels of rating (EUR All 3y) in 2008 amounted to 3.78%. The decline of the yield in the previous eight years was very intensive, so in 2015, the average yields on one year and two year bonds denominated in EUR with ratings AAA became negative (-0.27% and -0.24%, respectively), and the average yield on three year bonds denominated in EUR at all levels of rating in 2015 was 0.07%. In other words, the average yield on three year bonds denominated in EUR, at all levels of rating, in 2008, was eight times higher than in 2014 (when it amounted to 0.46%), i.e. 54 times higher than in 2015 (when it amounted to 0.07%) as shown in the table 2:3.

The Central Bank of Bosnia and Herzegovina over the observed and analysed period continuously adjusted to the changing rates of yields and interest rates on the financial markets of instruments denominated in EUR³⁶. As the interest rates on EUR denominated short-term deposits became negative, more and more foreign exchange reserve funds were directed to EUR denominated securities maturing in longer time periods and/or securities with lower levels of credit rating. In order to achieve the satisfactory level of interest income, the structure of foreign exchange reserves was changed in terms of higher exposure to market risks (primarily

interest risk through the investment in instruments of longer residual maturities) and higher exposure to credit risk through the investment in instruments with lower ratings).

The process of restructuring foreign exchange reserves still lasts, and attention is paid to liquidity, safety and profitability of the CBBH, and more active approach is applied in managing the portfolio of the foreign exchange reserves, which is an attempt to compensate for a low level of the recorded interest income. As available forecasts and expectations of the trends of interest rates and yields and the trend of gold price and dollar exchange rate indicate that the recovery in the euro area will be slowed down and unbalanced, it is expected that the existing structure of the portfolio of foreign exchange reserves in the years ahead will not be able to generate a significantly higher level of the annual interest foreign exchange income, or a significantly higher level of the total CBBH income.

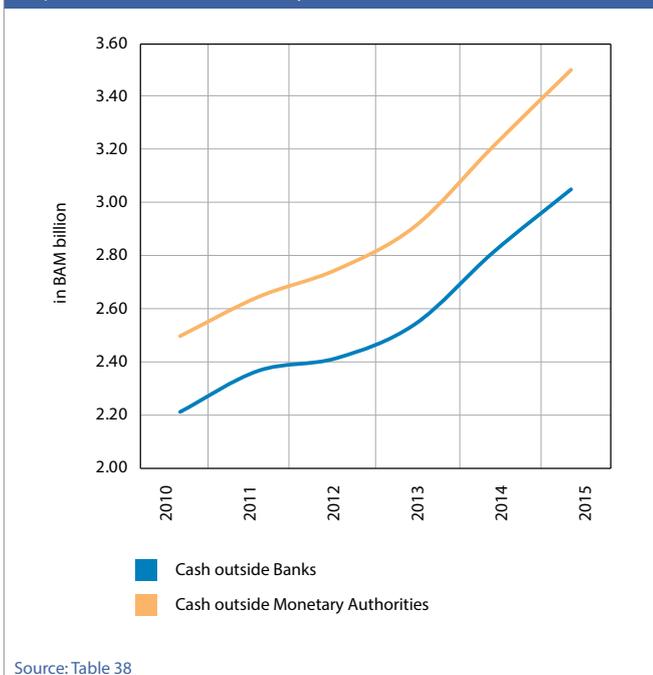
³⁶ According to the CBBH Law, the possibility of investing in foreign financial assets denominated in the currencies other than EUR is actually reduced to below 5% of the foreign exchange reserves.

2.4 CASH MANAGEMENT

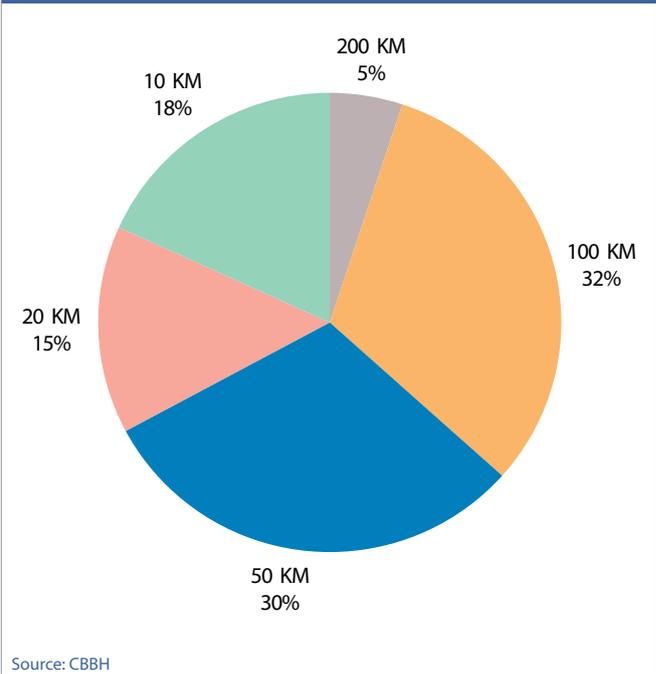
On 31 December 2015, the balance of cash in circulation (outside banks) amounted to BAM 3.05 billion (Graph 2.12), which is by 8.51% higher than in 2014. This illustrates the continuation of the upward trend from the previous years. The demand for cash by banks is a result of increased customers' demands for cash. This is illustrated also by the data on the card business, pointing to a still expressed preference of the population to a cash payment. More specifically, out of the total value of cards based transactions in the country and abroad in the amount of BAM 7.67 billion, cash in the amount of BAM 5.71 billion or 74 percent was withdrawn through the ATMs, at home and abroad, while at the POS it was turned over BAM 1.96 billion or 26 percent of the value. Additional demand for cash is stimulated by extremely low interest rates on deposits, particularly the short term ones, which minimizes the opportunity cost of holding cash.

Outside the CBBH, there were 54.34 million of KM banknotes and 288.46 million of KM coins with a total value of BAM 3.50 billion, which is 9% more than in 2014. In the denomination structure of money out of the CBBH, the most common are banknotes of 100 KM and 50 KM denominations, and as for coins, the denomination of 10 F (Graphs 2.13 and 2.14).

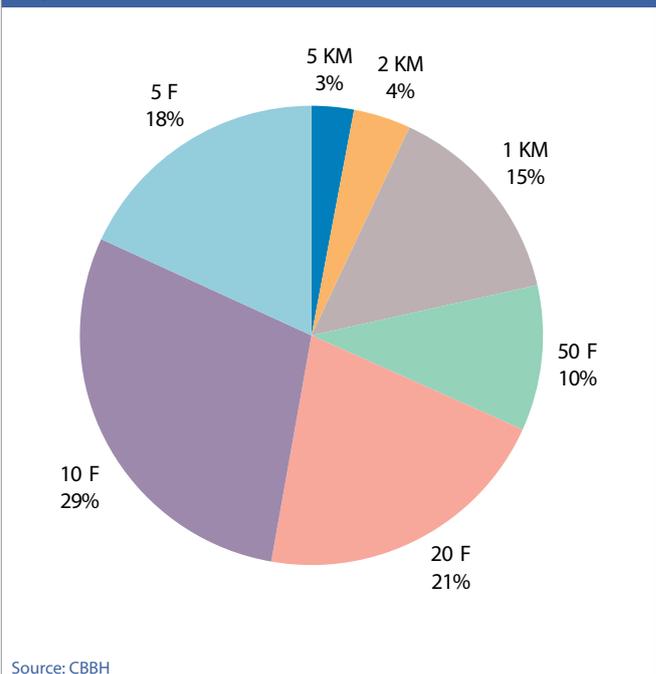
Graph 2.12: Cash outside Monetary Authorities and Banks



Graph 2.13: Denomination Structure of the Banknotes

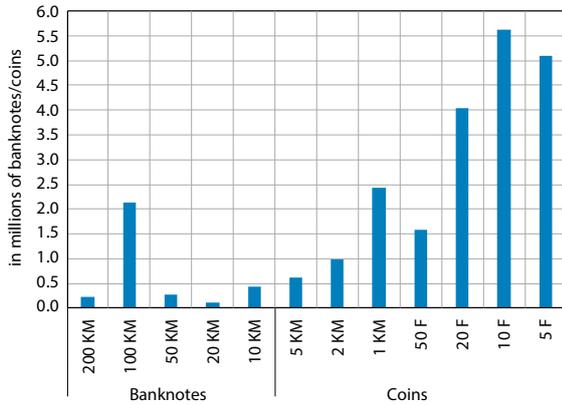


Graph 2.14: Denomination Structure of the Coins



Compared to 2014, the quantity of banknotes outside the CBBH increased by 3.19 million pieces (6.23%), with the total value of BAM 279.04 million (Graph 2.15). In the same period, the coins' quantity outside the CBBH increased by 20.37 million pieces (7.6%), with the total value of BAM 9.92 million (Graph 2.16).

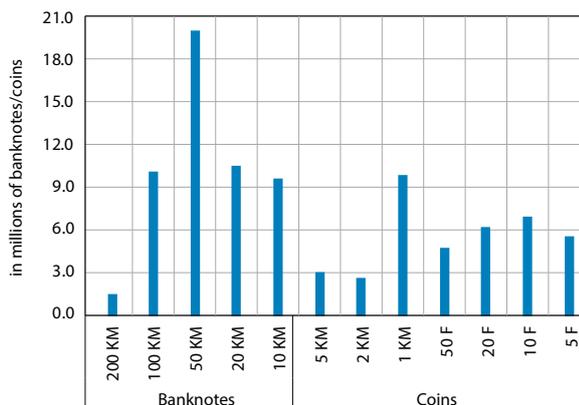
Graph 2.15: Increase of the Number of the Banknotes and Coins by Denominations in Relation to 2014



Source: CBBH

Supplying commercial banks with cash is done through the vaults of the CBBH Main Units and Branches, located in Sarajevo, Banja Luka, Mostar and Brčko, with strict observance of the currency board arrangement. During 2015, commercial banks received 51.82 million banknotes' pieces and 39.26 million pieces of coins with a total value of BAM 2.67 billion (Graph 2.16).

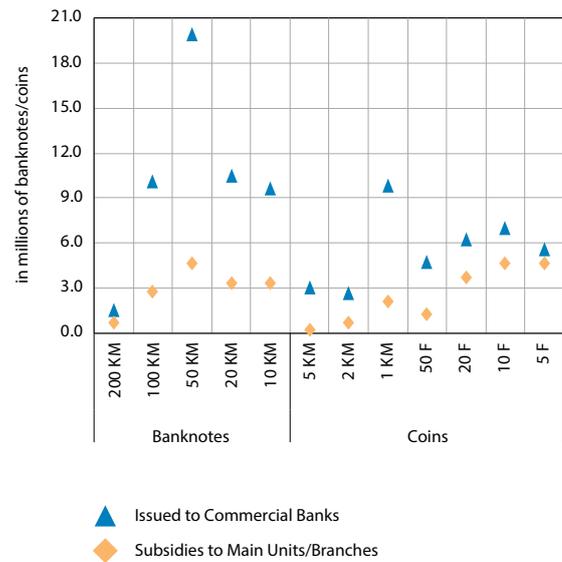
Graph 2.16: Issued Banknotes and Coins by Denominations in 2015



Source: CBBH

In the same period, the Cash Management Department issued (allocated) to the Main Units and Brčko Branch 14.81 million of KM banknotes' pieces and 17.37 million of KM coins' pieces, with the total value of BAM 753.51 million. Graph 2.17 below implies that the CBBH took care on the demands of commercial banks for cash in the appropriate denomination structure. Since the commercial banks also return the significant part of cash in the CBBH vaults, the allocations to Main Units / CBBH Branches, are, as a rule, much less.

Graph 2.17: Outflows of Cash (KM) in 2015

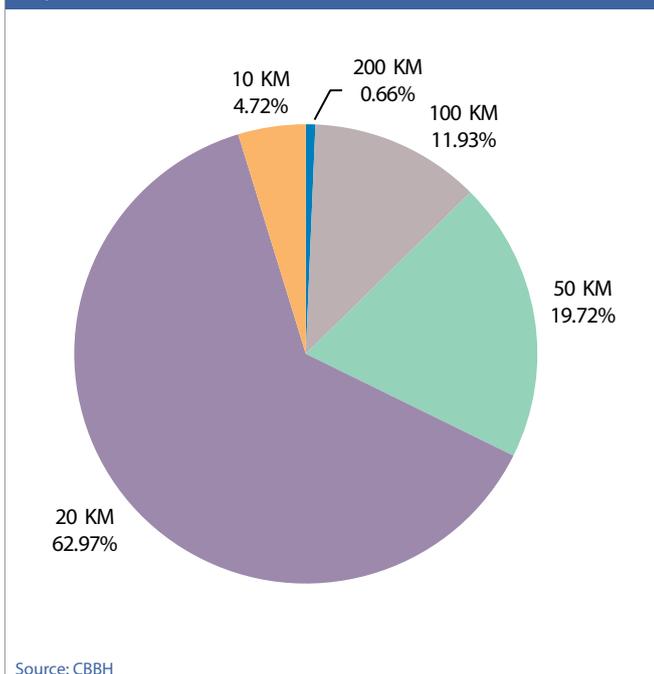


Source: CBBH

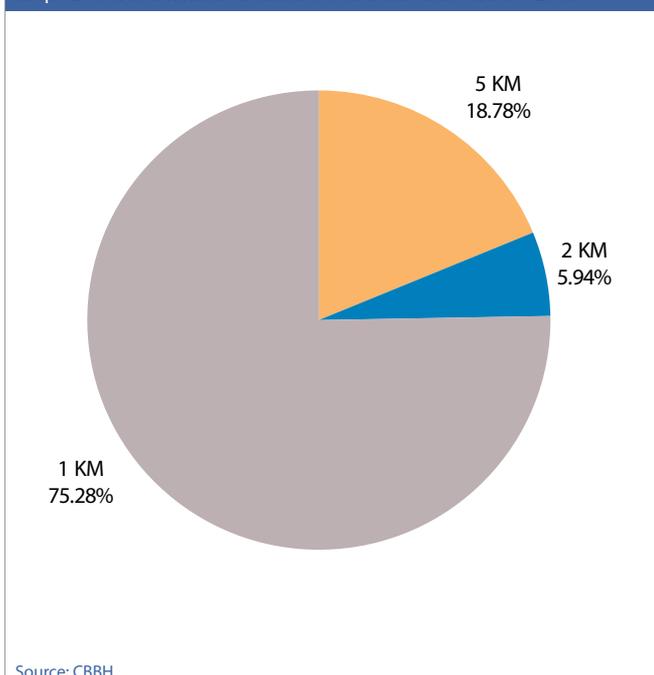
CBBH continuously withdraws banknotes unfit for the circulation, which are destroyed in accordance with the applicable regulations. While withdrawing the unfit banknotes, and putting into circulation banknotes of the new series, the CBBH maintains a satisfactory quality of currency in circulation. In 2015, it was destroyed 8.65 million pieces of KM banknotes and 6,646 KM coins unfit for the circulation, in the total value of BAM 264.95 million. Quantity of destroyed banknotes represents 15.92% of the total amount of KM banknotes outside the CBBH.

During 2015, in the CBBH, there were 1,207 registered counterfeited banknotes of convertible mark, which is by 26.92% more than in 2014, when there were registered 951 counterfeits. There were 1,853 pieces of convertible mark counterfeited coins, which is by 14.88% more than in 2014, when there were registered 1,613 counterfeited KM coins. According to the denomination structure, the most counterfeited banknotes were in denomination of KM 20 (Graph 2.18), and counterfeited coins in denomination of 1 KM (Graph 2.19).

Graph 2.18: Denomination Structure of Counterfeited Banknotes in 2015



Graph 2.19: Denomination Structure of Counterfeited Coins in 2015



2.5 PAYMENT SYSTEMS MAINTENANCE

In 2015, too, the CBBH 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 abroad was also performed.

In 2015, there was an increase in the number and value of total transactions in the payment transactions (Table 2.4), mainly due to the increase in the number and value of intrabank transactions. Compared to 2014, it was recorded the decrease in the total value of interbank transactions, despite the increase in the number of transactions and it is primarily caused by a decline in the value of transactions through the RTGS system (Table 18). On the other hand, number, and in particular, the value, of intrabanks transactions significantly increased compared to 2014. Bearing in mind the stronger economic activity than in 2014, but also, a significant increase in the value of intrabank transactions, reducing the value of inter-bank transactions was probably a consequence of strengthening the concentration of customers who perform payments through RTGS in a small number of banks compared to earlier periods. As in the previous periods, the majority of transactions in the interbank payments transactions is performed in a small number of banks; through five banks it was carried out 49.4% of the total value and 49.2% of the total number of payment transactions in 2015.

Card payment recorded a significant increase compared to 2014 (Table 2.5), mainly due to the strong growth of turnover on POS (point of sale) terminals. Both residents and non-residents are, as compared to 2014, more used card payment for goods and services at POS terminals. Of the total increase in turnover on POS terminals in comparison to 2014, BAM 76.53 million (59.5%) refers to turnover with cards issued in BH. Although there is lower contribution (BAM 52.08 million) to the increase of turnover at POS with cards issued abroad, compared to the previous year, it is important to note that the payment for goods and services in Bosnia and Herzegovina with this type of cards recorded an increase of 23.21% compared to 2014 (Table 2.6). The significant increase compared to 2014 (BAM 44.8 million or 19.27%) was recorded in the case of payment for goods and services with cards issued in BH at POS terminals abroad.

Similarly, with the increasing cards' turn over at ATMs; most of the increase in turnover of BAM 359.8 million compared to 2014 was caused by cash withdrawal with cards issued in BH (71.12%), but, compared to the previous year, it was recorded a significant increase in cash withdrawals with foreign cards at ATMs (automated teller machine) in the country (12.86%).

Table 2.4: Payment Transactions via Commercial Banks

	Interbanks' Transactions	Change Compared to the Previous Year	Intrabanks Transactions	Change Compared to the Previous Year	Total	Change Compared to the Previous Year
Number, in million						
2013	35.8	5.8%	58.2	-10.1%	94.0	-4.6%
2014	37.9	6.0%	59.7	2.6%	97.7	3.9%
2015	39.1	3.0%	63.2	5.8%	102.3	4.7%
Value, in BAM 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%

Source: CBBH

Table 2.5: Cards Turnover at ATM and POS

	2011	2012	2013	2014	2015
POS, in BAM billion	1.71	1.70	2.27	1.83	1.96
Change Compared to the Previous Year	9.3%	-0.7%	33.3%	-19.3%	7.0%
ATM, in BAM billion	4.32	4.63	4.92	5.35	5.71
Change Compared to the Previous Year	10.7%	7.2%	6.3%	8.7%	6.7%
Total, in BAM billion	6.03	6.33	7.18	7.18	7.66
Change Compared to the Previous Year	10.3%	4.9%	13.5%	-0.1%	6.8%

Source: CBBH

Table 2.6: Turnover per Cards, at the Residence Principle

Year	Withdrawal of Cash		Purchase of Goods and Services at POS	Total
	ATM	POS		
Value of Foreign Cards' Turnover Performed in BH, in BAM million				
2011	560.6	74.7	186.0	821.2
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
Value of Abroad Performed Turnover of Cards, Being Issued in BH, in BAM million				
2011	103.4	1.7	181.2	286.2
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

Source: CBBH

Table 2.7: Share of Cards per Brands

Year	Visa	Mastercard	American	BamCard	Diners	Other	Total
2011	1,258,923	506,181	7,390	17,649	902	0	1,791,045
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

Source: CBBH

Traditionally, the most common brand of cards in BH is Visa (Table 2.7). The highest turnover was recorded on debit cards, where the share of Visa debit cards in the total turnover on ATMs and POS terminals was 49.84% in 2015.

The increase in the cards turnover in 2015 is partly a consequence of the increase in the number of installed ATM and POS terminals. Out of total 24,420 machines for card payments and cash withdrawals, 1,509 were ATMs (+ 5.82% compared to 2014), 24,421 are POS terminals for trade (+ 12.6% compared to 2014), and 1,158 devices are POS terminals for cash (-3.66% compared to 2014). The upward trends in the number of internet banking users or any type of the e-banking users are still present, especially in the segment of the households. Compared to 2014, the number of users of e-banking increased by over 100,000 clients (47.39%), and in 2015, every sixth card issued in BH was used, among other things, for the e-banking services, too.

CBBH contributed to the financial stability while maintaining the Central Registry of Credits (CRC), which, in 2015, on a daily basis, was updated by data of 29 commercial banks, 18 microcredit organizations, 15 leasing companies and other institutions. During 2015, CRC was accessed 2.75 million times (+ 11.09% compared to 2014). Number of the access points to the Registry is considerably reduced in 2015 (by 22.94% to 1,317 access points), especially due to the reduction of access points in the commercial banks, which, having 1,114 access points, are still the most significant users of information stored in the CRC.

At the end of 2015, in the Single Registry of Transaction Accounts (SRTA), there were stored data on 634,116 transaction accounts, of which 222,887 active (+ 0.24% compared to 2014), 69,911 blocked (+ 3.09% compared to 2014) and 341,318 closed accounts. SRTA was accessed from 1,265 access points that were used by: 27 banks, 19 microcredit organizations, leasing companies and insurance companies, and 60 other institutions. In the past year, the organizational units of the CBBH issued a total 9,878 statements (-12.27%

compared to 2014) from SRTA as follows: Main Unit Sarajevo 7,103; Main Bank of Republika Srpska of the Central Bank of BH 870; and Mostar Main Unit 1,905.

During 2015, the CBBH carried out an international clearing of the payments between BH and Serbian banks. Through the clearing system of international payments with Serbia it was invested a total of 9,637 orders (+ 9.90% compared to 2014), whose value was 176.28 million euros (+ 34.51% compared to 2014). Four banks from BH participated in the system of payments between the two countries, out of which two belong to the same banking group and the majority of the turnover refers to them.

2.6 THE FISCAL AGENT ROLE

CBBH role as the fiscal agent of Bosnia and Herzegovina, related to BH foreign debt servicing, is derived from the provisions of the Law on Borrowing, Debt and Guarantees of Bosnia and Herzegovina, the CBBH Law, the Law on Financing of BH Institutions, the Law on Indirect Taxation System in BH and the Law on Payments to Single Account and Revenues Allocation. According to the Agreement on Servicing the Foreign Debt of Bosnia and Herzegovina, the Central Bank is responsible for: timely provision of foreign currency for the payment of due liabilities; timely and accurate payment on the basis of orders / instructions from the Ministry; correspondence with foreign banks and creditors, and reporting to the Ministry on all executed transactions.

Since 2002, the CBBH has been the fiscal agent for membership and BH relations with the IMF. The Central Bank role, related to this issue, was regulated on 2002 with the Letter of Intent of BH authorities for the second Stand-by arrangement, the Decision of BH Council of Ministers, the IMF Articles of Agreement and the Memorandum of Understanding³⁷, which was signed with BH Ministry of Finance and Treasury, Entities Ministries of Finance and the Indirect Taxation Authority.

³⁷ Firstly, adopted on 2002, and then amended and supplemented on 2013.

Service of the electronic banking, provided to the depositors since 2011, with the aim of improvement and upgrading of the services of banking and fiscal agent, was also provided during 2015. On daily basis, the CBBH has taken actions to improve the business of dealing with its depositors, automating of the process, the mutual communication, all with the aim of maximizing operational efficiency.

In accordance with the Statute of the World Bank, the CBBH is the depositary for the members of the World Bank group: the International Bank for Reconstruction and Development-IBRD, the International Development Association-IDA and the Multilateral Investment Guarantee Agency-MIGA. By order of the a.m. members, the financial transactions are carried out on their deposit accounts in the CBBH.

According to the concluded Agreement on Performing the Tasks of Banking and Fiscal Agent between the CBBH and Indirect Taxation Authority of BH (ITA), on the basis of the Law on Payments in the Single Account and Revenues Allocation, during 2015, we continued the maintenance of single account of ITA for collection of revenues from indirect taxes. According to this arrangement, commercial banks on daily basis transferred all the collected revenues to the account for recording, holding and allocating ITA revenues with the CBBH, and then, those revenues, at the order of ITA were allocated to several different purposes accounts according to legal regulations and orders of ITA. In 2015, on the basis of the Law on Excise Duties, it was continued the collection of the tolls' funds into the account of ITA with the CBBH, and upon the order of ITA, the distribution of these funds towards the Entities and Brčko District. The a.m. transactions are also performed on daily basis.

In accordance with the concluded agreements, the CBBH continued to operate as banking and fiscal agent of the Entities' Banking Agencies, Brčko District's and the Entities' Registries of Securities. According to the Agreement concluded with the Deposit Insurance Agency of BH, the recording of this institution securities' portfolio was continued. The portfolio is managed by the portfolio manager, in line with the Agreement of the Deposit Insurance Agency with a foreign portfolio manager.

2.7 COMPILING AND CREATING OF STATISTICAL DATA

In 2015, the compilation and publication of statistics being within the CBBH competence is continued in accordance with the planned deadlines and applying the current methodology and practices from three areas of macroeconomic statistics: statistics of the monetary and financial sector, balance of payments statistics, and statistics of government finance and the financial accounts. CBBH official statistics are the integral parts of macroeconomic statistics which are produced within the statistical system in BH. Within each of these statistical areas, a set of separate statistical surveys has been conducted, and they are made available to the general public through publications, websites and international distribution of statistical data. Respecting the obligation on the application of relevant international methodologies and standards of compilation, through its statistical activities, the CBBH is capable of producing high-quality and timely statistical indicators, which are comparable with the data from the other economies. Data users are numerous local government institutions, the academic community, business community, international organizations, and the overall general public. The data are aimed at observing the economic trends in the country, as well as, at the economic policies planning.

The collection of the original data is very complex and is based on the use of available administrative data and direct data collection from the reporting units, as well as adapting of the available official statistics of other statistical institutions in BH and abroad. In order to improve the quality, consulting and controls of input data are continuously done with data sources, while the data users are provided with the explanations and new requests have been met all the time. Work is continued to strengthen cooperation in the framework of domestic statistical system in BH, but also at the international level (Eurostat, ECB, BIS, countries in the Region).

In order to raise the quality, to expand the statistics and harmonize them with international statistical standards (primarily methodologies and standards in the EU), we have undertaken a number of activities to implement several technical assistance programs. In the area of balance of payments statistics, it has been successfully implemented the multi-user IPA 2012 project related to the field of statistics services with abroad, which, among other things, included the measurement of services per partner countries, the data submission to Eurostat, at the GEO6 level of geographical breakdown and the development and verification of relevant methodology. In terms of the government finance statistics, we continued to work on the project (funded by SECO)

related to identification of the source and preparation of the balance sheet of the government sector and public debt, and on which basis there have been established and published statistics of gross government debt (as defined by the Treaty of Maastricht) on quarterly basis since 2000.

It has been completed a new IT application for portfolio investment (with the assistance of the German GIZ). This application will enable for the portfolio investments with abroad to be statistically recorded and reported for the purposes of balance of payments, but also the independent statistics, while observing the international standards. Cooperation and coordination with banks and institutions which report or should report are continued in order to have the data compilation fully completed. Work has started on a new statistical area - statistics of financial accounts, as part of IPA 2012 Twinning program, which is continuing during 2016. The financial accounts are the integral part of the statistics in the EU, and with their development, we will have a complete overview of financial position (payables and receivables) for all sectors of the domestic economy. Within monetary and financial statistics (MFS), existing data sets are supplemented with the amounts of newly contracted loans and deposits, providing to users the additional information regarding the interest rate statistics. In arrangements with the banks, the reporting deadlines were shortened and time limits for reporting, too, thus, the monthly statistics are now available 5-7 days earlier than before.

CBBH has also been involved, with other statistical institutions, in the component related to the sectorization of the economy (within IPA 2012 Twinning Program), and with the aim of a precise definition of the sectors in accordance with ESA 2010. Precise sectorisation of institutional units in the economy is an essential precondition for other statistical activities, and the sectorisation is planned to be completed during 2016.

Beside the regular data dissemination, the CBBH continued to fulfil special statistical requests of the local institutions (Directorate for Economic Planning, BH Agency for Promotion of Foreign Investments, Directorate for European Integration, Ministry of Finance and Treasury of BH, RS Ministry for Economic Relations and Regional Cooperation), as well as permanent data exchange with BH Agency for Statistics. Within its international obligations, the CBBH regularly provides a huge set of data, in accordance with the calendar of publishing, to the international institutions (IMF, World Bank, ECB, EBRD, UNCTAD, Eurostat, BIS, UN Statistical Department), which are then published at their web sites and in their publications.

2.8 MONITORING SYSTEMIC RISKS IN THE FINANCIAL SYSTEM

The CBBH performs the function of monitoring financial stability, which means timely identification of vulnerabilities in the financial system of the country. The goal of the CBBH operations in this area is to improve understanding of the cause-consequence links between the financial system and macroeconomic environment, to warn the financial institutions and other market participants about the existing risks, to initiate a dialogue about the risks and take corrective measures to reduce the consequences of risk realization. The CBBH activities in the field of monitoring the financial system stability also include the specialized communication with relevant national and international institutions, in order to ensure continuity in the process of monitoring systemic risks, as well as the communication about the financial stability risks with the general public. The CBBH contributes to the maintenance of financial stability through its membership in BH Standing Committee for Financial Stability, which, besides the CBBH Governor and Directors of the Banking Agencies, is featured also by members of the Fiscal Council and Director of the Deposit Insurance Agency.

The CBBH informs the general public about the financial stability risks through its regular annual publication, Financial Stability Report, which has been published on the CBBH website since 2007. While publishing the Financial Stability Report, the CBBH wants to withdraw the public attention to the effects of the up-to-date macroeconomic trends and the trends in the financial, primarily banking sector, to the risks and challenges that the financial system will face in the coming periods.

The compilation and publication of a set of basic financial soundness indicators, according to the IMF methodology, are also important channels of the CBBH communication with the general public. Financial soundness indicators have been published quarterly on the website of the Central Bank from mid-2009, and since September 2011 also on the website of the IMF.

In 2015, the CBBH continued its activities on performing macroeconomic stress tests. Stress tests in the CBBH have been carried out quarterly and they are the basic tools for the quantification of the effects of systemic risks on the banking system. Detailed results of stress tests are distributed to the Banking Agencies, which also receive the Report on the results of stress tests, in which the systemic risks and future trends are presented in a descriptive way. The results of stress tests, through the appropriate form of the Report on the results of stress tests,

are also submitted to the Standing Committee for Financial Stability (SCFS). The aggregated results of stress tests on the basis of the end year data are published in the Financial Stability Report.

Among other information and reports which are in the function of monitoring the financial system stability, we can underline the information for SCFS and the set of internal standardized or ad hoc information, which are primarily created for the needs of the CBBH, but they can be also distributed to other relevant institutions. The information prepared for SCFS presents, to the member institutions, the situation and the existing risks in BH banking system, and the influences of systemic risks from the real, fiscal and financial sectors, and the international environment on the banking sector, which ensures the exchange of opinions and more comprehensive consideration of the relationships in the economy. The internal character information serves as the early warning indicator on the misbalance occurring or risk strengthening in any segment of the economy.

Continuous exchange of information, opinions and experiences with other relevant national and international institutions and upgrading of the CBBH existing analytical capacities in the field of financial stability through education and technical assistance programs ensure the compliance of the approach to analyzing the systemic risk with best practices and current trends, as well as, timely identification of systemic risk.

In 2015, the CBBH continued to cooperate with the ECB in order to exchange the information and opinions in the field of financial stability, which contribute to a better understanding of systemic risk in the region and the position of BH in relation to other countries. During 2015, the CBBH participated in the project of the World Bank entitled "The Financial System of the Western Balkans in 2025", whose aim was to encourage the relevant institutions in charge of policy making and regulation of financial markets to expand the horizons of observation in order to be ready for an adequate response to the future in terms of dealing with the challenges and / or use of the opportunities.

By signing the Memorandum on the Adoption of Methodology for Determining a List of Systemically Important Banks in BH between the CBBH and Banking Agencies in June 2013, the CBBH made a commitment to update the list of systemically important banks in BH annually. A list of systemically important banks is prepared from the end year data, which the Banking Agencies submit to the CBBH, and in extraordinary situation, if significant changes happen in the banking system. By identification of systemically important banks in the country it was created the opportunity to

use different approaches to the supervision of these institutions, as well as, to acting according to Comprehensive Contingency Plan.

In 2015, the CBBH performed the tasks of coordination activities of the Banking Agencies, which relate to the activities of the Entities' Banking Agencies on issues of banking supervision, microcredit organizations and leasing companies and information on the situation in these institutions. The coordination included regular meetings with representatives of the Banking Agencies in accordance with the Law on the CBBH, the Memorandum on Principles of Banking Supervision Coordination, cooperation and the exchange of data and information, which resulted in the establishment of stronger coordination and expansion of the Agencies' cooperation with organizational units of the CBBH. Information about the situation in the banking sector, microcredit organizations and leasing companies was exchanged quarterly, and the coordination meetings were addressing the issues related to the regulations from the area of banks' supervision and the CBBH activities which can contribute to the quality supervision and the analyses of the banking sector. It was also established a continuous cooperation with BH Deposit Insurance Agency, the Association of Banks, Association of Micro - finance Institutions and the Association of Leasing Companies.

In 2015, the Central Bank was involved in the process of monitoring activities on the development of new Entities' Laws on Banks, which is run by a working group established by the competent institutions. 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

With the adoption of the Strategic Plan for the period 2016-2021, in the atmosphere of anticipation of submitting applications for membership in the European Union, the CBBH has confirmed a strong commitment to the European perspective and strengthening cooperation with the EU institutions and central banks in order to improve performance in all aspects of work in accordance with generally accepted standards and best practices of EU central banks. Through proactive approach to the challenges and requirements of EU pre-accession process, the activities were continued to improve the professional, technical and institutional capacities, with special emphasis on investment in human resources and development of professional skills of staff,

including specialized training, but also training the leadership and negotiation skills of staff. At the same time, the CBBH has provided the necessary stability and positive business continuity through the currency board arrangement. In all its reports and assessments, the European Commission (EC) emphasizes the support and commitment to the monetary policy of the currency board, as a factor of stability in a challenging external and domestic environment.

During 2015, the CBBH continued to contribute to the European integration process of Bosnia and Herzegovina through the preparation of information, data and its contributions for the Annual Progress Report of the European Commission. In addition to contributions in the areas of monetary policy, balance of payments, free movement of capital and financial sector, for the first time, there were prepared the specific contributions by new EC methodology on two pilot areas within the European standards: Financial control - Protection of the euro against counterfeiting and Statistics.

As one of the co-authors' institution, the CBBH participated in the preparation of the Program of BH Economic Reforms, as well as in the process of consultations and dialogue with the EC. In the context of the new EU initiative, which includes the strengthening of economic governance, the CBBH attended the meeting of the Economic and Financial Affairs Council in the context of the annual dialogue on economic policies. The goal is to prepare the country to meet the economic criteria for EU membership and better communication and coordination of economic policies and measures that the country needs to implement, including the interaction of monetary and fiscal policy. Since the Economic Reform Program in one document integrates the measures of fiscal and monetary policy, as well as structural measures within the evaluation process of the Economic Reforms Program, there were also held the meetings with the ECB.

Continued implementation of EU standards in CBBH operations is realized with the own capacities, using internal resources, but also through access to the EU IPA funds and contacts with the European Central Bank (ECB) and the central banks of the Eurosystem. Bilateral and multilateral cooperation with other central banks, then the support of the Government of Germany (Deutsche Gesellschaft für Internationale Zusammenarbeit, GIZ), the Government of Switzerland (BCC - SECO) and the direct cooperation with experts of the Institute in Geneva and Eurostat, are crucial for knowledge transfer and creation of the systemic network of contacts.

In 2015, too, the CBBH continued successful cooperation with GIZ. In addition to the a.m. application for better coverage of statistical data, we completed the implementation of the project on establishing a unique Human Resources Management Information System - HRMIS, which was officially put into production. HRMIS replaced an existing MS Access database and Oracle Workflow application, and it was expanded with additional modules for management of human resources, automating the business processes in the CBBH. As part of the Program to strengthen the public institutions, the first phase of the project ("Quality Management System") was completed on schedule and resulted in the Report on the Analysis of Situation in the CBBH Processes, which includes a number of recommendations for improvement. The second phase of the project, "The implementation of a quality management system in accordance with ISO 9001 and ISO 27001" will be realized during 2016, and the main expected results are clearly identified, adjusted and interconnected processes of the institution, with clearly defined roles and responsibilities.

Within the GIZ SPI program there have been started the activities on the project of Electronic document management system. These two new systems for the operations quality management and documents management will be used at all locations of the CBBH.

The program of academic cooperation with the Institute for International Studies (Graduate Institute of International Studies - GIIS) from Geneva was realized within the Program of bilateral assistance and capacity building of central banks on the basis of the Agreement between the Government of Switzerland and the CBBH. During 2015, as part of this multi-year program of cooperation, from 2014 to 2016, the CBBH held workshops according to specific requirements and needs of the Central Bank for improvement, which were attended by around forty employees. CBBH participated in III regular annual conference within the Program of bilateral assistance and capacity building of central banks held in Geneva in October 2015. In addition, in researching part of the project, the CBBH participated with the research papers, the production of which involved also the attendance at the semester at GIIS in Geneva, and the CBBH additionally applied two research papers, engaging four CBBH employees on the topics of relevance for the central banking. Strengthening of the capacities with the transfer of knowledge in this project will enable strengthening of the CBBH analytical functions and the adequate monitoring of the macroeconomic trends and relationships among the segments of the economy.

During 2015, the CBBH organized the missions of international rating agencies: Standard & Poor's and Moody's Investors Services with the relevant international and domestic institutions in BH in order to assess BH sovereign credit rating. The political situation, budget, external debt servicing, relations with international financial institutions and the financial system were the main topics of conversation in assessing the credit rating of Bosnia and Herzegovina. In September 2015, the international rating agency Standard & Poor's affirmed the credit rating of Bosnia and Herzegovina, this being "B/ with stable outlook", and the international rating agency Moody's Investors Service did not change BH sovereign rating, i.e. since July 2012, Bosnia and Herzegovina has been assigned the credit rating of "B3 / with stable outlook" by this Agency.

2.10 INTERNAL AUDIT PROCESS

The function of internal audit in the Central Bank of Bosnia and Herzegovina is performed by the Office of Chief Audit Executive, organized as the independent organizational form of the CBBH. In 2015, the Activities of the Office of Chief Audit Executive (OCAE) were aimed at performing the duties defined by the Law on the CBBH and realization of tasks and activities defined by the CBBH Plan of Operations for 2015, Strategic Internal Audit Plan for the period 2014-2017 and the Annual Internal Audit Plan for 2015.

Regulatory framework for the performance of the internal audit function includes: Law on the Central Bank, By-Law on the Internal Audit in the Central Bank, Manual on Internal Audit Operations in the Central Bank, International Standards on Professional Performance of the Internal Audit and the code of professional practices and ethics.

The main objective of the Office is that its activity contributes to improving the operations of the Central Bank, the realization of the formulated plans and strategic objectives, the establishment of an effective system of risk management, asset protection, ensuring consistent application of legal regulations and business policy acts of the Central Bank. Taking into account these objectives, the Office is continuously working on improving techniques and methods of work, the assessment of the efficiency and effectiveness of the internal control system and on establishing certain procedures and instruments to identify, measure, monitor and control the risks that CBBH is exposed to in the performance of business activities.

Risk assessment is performed in accordance with the Methodology of Risk Assessment in the Central Bank, which provides a framework for identifying the risk processes and activities in the CBBH and the establishment of appropriate risk management measures. Audit is carried out in the way and according to the procedures defined by the Manual on Internal Audit Operations, passed by Chief Audit Executive. The legal and international professional regulations for internal audit area are continuously observed and in line with their supplements and additions, the Manual has been adjusted.

Proceeding in line with the Internal Audit Plan for 2015, as well as by orders of the Governing Board, the audit of some functions, business processes and activities of the CBBH was carried out, giving the priority to high level risk processes, such as: management of foreign exchange reserves, cash, reserve accounts of commercial banks; Buying and selling of local currency KM, functionality and safety of information and payments systems; and the overall information security, as well as functioning of the physical and technical protection systems in the CBBH premises. Through the written reports on performed audits, considered at the Audit Committee sessions and adopted at the Governing Board session, the auditors' opinion is provided related to the estimate on efficiency and functioning of internal control system, with the proposal of measures for their improvement.

Work is continued related to the professional development of staff through various forms of training in the field of internal audit, implementation of international standards for the professional performance of internal audit, International Accounting Standards and International Financial Reporting Standards. The education is conducted through international professional associations and institutions, professional associations and associations of the internal auditors, accountants and auditors at the state and regional level.

2.11 OTHER

2.11.1 Human Resources Management

The CBBH highest authority is the Governing Board (GB), which is in charge of defining monetary policy and control of its implementation, the CBBH organization and strategy according to the powers defined by the Law. The Governing Board includes Governor, who is a Chairman, and four Members (Table 2.8 below).

Table 2.8: Management Structure of the CBBH

	until August 10, 2015:	since August 11, 2015:
CBBH Governing Board	Kemal Kozarić, Ph.D., Chairman	Senad Softić, Ph.D., Chairman
	Fikret Čaušević, Ph.D., Member	Ankica Kolobarić, M.Sc., Member
	Milenko Krajišnik, Ph.D., Member	Kemal Kozarić, Ph.D., Member
	Željko Šain, Ph.D., Member	Trivo Marinković, M.Sc., Member
	Vasilj Žarković, Ph.D., Member	Ljubiša Vladušić, Ph.D., Member
CBBH Management	until August 10, 2015:	since August 11, 2015:
	Kemal Kozarić, Ph.D., Governor	Senad Softić, Ph.D., Governor
	Ernadina Bajrović, M.A. Vice Governor	
	Radomir Božić, Ph.D., Vice Governor	
Office of the Chief Audit Executive	Ankica Kolobarić, M.Sc., Vice Governor	
	Edis Kovačević, M.Sc., Chief Audit Executive	
	Angela Medić, Deputy of Chief Audit Executive	
	Jasmina Novalija, Deputy of Chief Audit Executive	
Audit Committee	Krstinja Tošović, Deputy of Chief Audit Executive	
	until 31 August 2015:	since 1 September 2015:
	Mila Gadžić, Ph.D., Member	Mila Gadžić, Ph.D., Member
	Gordana Ković, Member	Sead Kreso, Ph.D., Member
	Sead Kreso, Ph.D., Member	Radomir Repija, Member

Source: CBBH

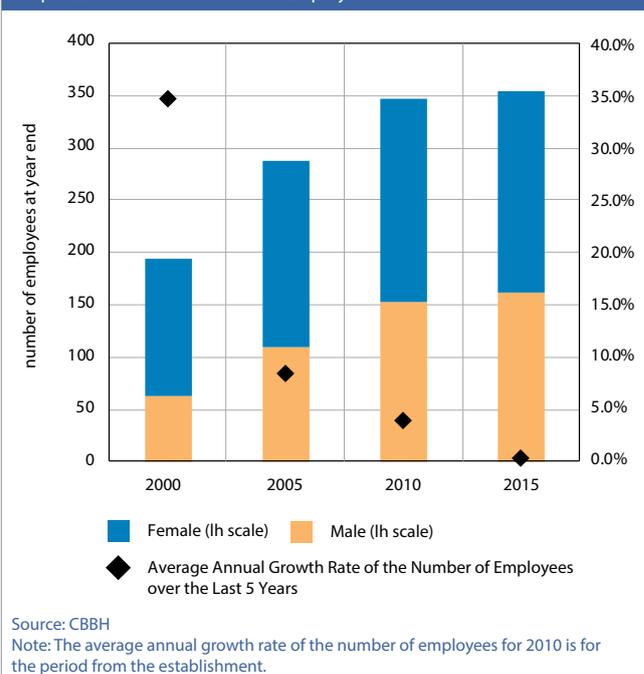
The Management of the Central Bank includes Governor and three Vice Governors appointed by Governor with the approval of the Governing Board. The task of the Management is operative management of the CBBH operations. Each Vice Governor is directly responsible for the operations of one Central Bank sector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

On 31 December 2015, 354 employees were employed in the CBBH (Graph 2.20). In the years immediately upon the establishment of the CBBH, the number of employees increased rather quickly, because the number of functions taken over by the CBBH also increased.

Moderate employment growth in the period 2002-2010 enabled the development of the basic functions of the CBBH through the strategic selection of staff profiles, which were necessary for further improvement of business efficiency. In the period 2011-2015, the number of employees was almost unchanged, which is partly a consequence of the policy of rational use of available resources. The Graph also suggests that the initial gender misbalance in the staff members structure was corrected eventually. Of the

total number of employees at the end of 2015, 54.24% were women, and 45.76% are men and the average age of employees was 45 years.

Graph 2.20: The Total Number of Employees in the CBBH



Of the total number of employees, 75.42% were with a university degree, of which eight Ph.D. and 51 M.Sc. Intensive training of employees, in the form of seminars (significant part of the seminars is held in the CBBH), conferences and lectures continued in 2015, too. During 2015, 50 students of the Faculties of Economics from entire Bosnia and Herzegovina were provided with the trainees practice in the CBBH premises. In this way, students fulfilled their obligations, but also gained knowledge and insight into the work of the institution, which they can use in further education.

2.11.2 Communication with the General Public and Corporate Social Responsibility

During 2015, the CBBH completed the project on education of the public, which began in 2014. The headlines in the media in 2014 showed that the majority of the population is still not sufficiently informed about the basic tasks and objectives of the CBBH, which creates a false image in public, which can have a serious impact on the reputation of the institution. Activities have started to intensify education of general and professional public in a proactive sense, and accordingly, the CBBH prepared the Plan of strategic communication and education of the public.

Education project was implemented through 11 print media and portals, from both BH Entities, covering all levels of the population. Within the project, which lasted

a year, it was published 155 articles and nine special articles, in which we analyzed the basic functions and tasks of the CBBH. Through the texts we have tried to explain to the public the CBBH role as simple as possible. Informing of the public was contributed by the other forms of placing information about the CBBH operations, which, in addition to print ones, were published by electronic media.

The CBBH traditionally marked 31 October, World Savings Day. There was an entertaining - educating class for the primary school pupils, through games and a presentation on savings, we have provided education about the world of finance. In 2015, too, we promoted the policy of open doors, especially when it comes to financial education of young people, and thus, the Bank was visited by the high school pupils from Maglaj.

In 2015, we launched the redesigning of the CBBH website, with the intention of modernizing the website and align it with the current technologies, which is consistent with the management of the institution's reputation.

The Central Bank continued to offer scholarships for the children of its deceased staff members, and in 2015, we organized regular campaign of voluntary blood donation.

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

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

The Management is required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Central Bank of Bosnia and Herzegovina (the "Bank") and of the results of its operations and cash flows, in accordance with International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB"). The Management is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. 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 financial statements set out on pages 3 to 48 were authorised by the Governing Board on 31 March 2016 and are signed below to signify this, on behalf of the Bank, by:


Senad Softić, PhD
Governor





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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Central Bank of Bosnia and Herzegovina ("the Bank"), which comprise of balance sheet as at 31 December 2015, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

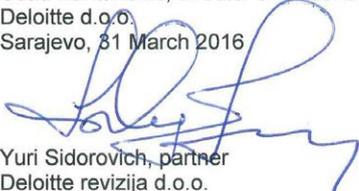
Opinion

In our opinion, the financial statements present fairly, in all material respect the financial position of the Central Bank of Bosnia and Herzegovina as of 31 December 2015, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.


Sead Bahtanović, director and licensed auditor
Deloitte d.o.o.
Sarajevo, 31 March 2016




Sabina Softić, partner and licensed auditor
Deloitte d.o.o.
Sarajevo, 31 March 2016


Yuri Sidorovich, partner
Deloitte revizija d.o.o.
Ljubljana, 31 March 2016

INCOME STATEMENT

for the year ended 31 December

In thousands of KM	Note	2015	2014
Interest income	18	28,475	32,386
Interest expenses	18	-	(2,086)
Effects of negative interest rates from interest-bearing financial assets	18	(1,098)	(5)
NET INTEREST INCOME		27,377	30,295
Fee and commission income	19	9,188	9,160
Fee and commission expenses	19	(619)	(848)
NET FEE AND COMMISSION INCOME		8,569	8,312
Net realized gains from sale of financial assets available-for-sale	6	24,266	28,732
Net foreign exchange gains	20	858	534
Other income	21	815	959
OPERATING INCOME		61,885	68,832
Personnel expenses	22	(20,433)	(19,975)
Administrative and other operating expenses	23	(7,824)	(11,259)
Depreciation and amortisation	10	(2,250)	(2,187)
OPERATING EXPENSES		(30,507)	(33,421)
NET PROFIT FOR THE YEAR		31,378	35,411

The accompanying notes on pages 68 to 107 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

In thousands of KM	Note	2015	2014
NET PROFIT FOR THE YEAR		31,378	35,411
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	3.6., 7	(435)	18,606
		(435)	18,606
Financial assets available-for-sale			
Net changes in fair value of financial assets available-for-sale	6	20,837	114,659
Realized fair value gains from financial assets available-for-sale reclassified to the income statement	6	(24,266)	(28,732)
		(3,429)	85,927
Total other comprehensive (loss) / income		(3,864)	104,533
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		27,514	139,944

The accompanying notes on pages 68 to 107 are an integral part of these financial statements.

BALANCE SHEET*as at*

In thousands of KM	Note	31 December 2015	31 December 2014
ASSETS			
Foreign currency in cash	4	128,520	71,811
Deposits with foreign banks	5	1,003,635	2,181,732
Special Drawing Rights with the International Monetary Fund	25	3,778	5,203
Financial assets available-for-sale	6	6,145,872	4,955,537
Monetary gold	7	182,315	182,750
Held-to-maturity investments	8	1,142,191	428,560
Other assets	9	3,955	5,517
Property, equipment and intangible assets	10	44,828	46,190
Other investments	11	27,813	27,813
TOTAL ASSETS		8,682,907	7,905,113
LIABILITIES, CAPITAL AND RESERVES			
Currency in circulation	12	3,499,468	3,210,508
Deposits from banks	13	4,063,537	3,751,149
Deposits from the Government and other depositors	14	501,594	331,436
Provisions for liabilities and charges	15	1,452	1,294
Other liabilities	16	23,127	25,684
Total liabilities		8,089,178	7,320,071
Initial capital		25,000	25,000
General reserves (Retained earnings)		532,267	519,716
Other reserves		31,300	31,300
Fair value reserves – monetary gold		(61,145)	(60,710)
Fair value reserves – financial assets available-for-sale		66,307	69,736
Total capital and reserves	17	593,729	585,042
TOTAL LIABILITIES, CAPITAL AND RESERVES		8,682,907	7,905,113

The accompanying notes on pages 68 to 107 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

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 68 to 107 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the year ended 31 December 2014

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 2014	25,000	505,552	31,300	(79,316)	(16,191)	466,345
Total comprehensive income for the year						
Profit for the year	-	35,411	-	-	-	35,411
Other comprehensive income	-	-	-	18,606	85,927	104,533
	-	35,411	-	18,606	85,927	139,944
Distribution of profit						
Distribution of profit to the state budget (Note 24)	-	(21,247)	-	-	-	(21,247)
Balance as of 31 December 2014	25,000	519,716	31,300	(60,710)	69,736	585,042

The accompanying notes on pages 68 to 107 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December

In thousands of KM	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		31,378	35,411
Adjustments for:			
Depreciation and amortisation		2,250	2,187
Net realized gains from sale of financial assets available-for-sale		(24,266)	(28,732)
Income from grants		(122)	(76)
Provisions for liabilities and charges		341	314
Loss on disposal of property and equipment		2	20
Deficit currency expenses		-	600
Dividend income recognized in the income statement		(586)	(504)
Interest income from held-to-maturity investments and financial assets available-for-sale recognized in the income statement		(28,344)	(29,954)
Interest expense recognized in the income statement		-	2,086
Net cash flows from operating activities before changes in operating assets and liabilities		(19,347)	(18,648)
Changes in operating assets and liabilities			
Decrease in other assets		1,632	2,502
Increase of currency in circulation		288,960	300,650
Increase in deposits		482,546	333,583
(Decrease) / increase in other liabilities		(15)	839
Pay-out of severance payments		(183)	(11)
Interest paid		-	(2,425)
Net cash from operating activities		753,593	616,490
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, equipment and intangible assets		(890)	(4,859)
Proceeds from sale of assets available-for-sale financial assets		4,975,016	6,697,122
Increase in available-for-sale financial assets		(6,123,737)	(7,023,196)
Collected principal and interest from held-to-maturity investments		14,444	2,709
Purchases of held-to-maturity investments		(720,508)	(323,859)
Dividends received		586	504
Net cash used in investing activities		(1,855,089)	(651,579)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution of profit to the state budget		(21,247)	(18,052)
Net cash used in financing activities		(21,247)	(18,052)
Net (decrease) in cash and cash equivalents		(1,122,743)	(53,141)
Cash and cash equivalents at 1 January		2,258,928	2,312,069
Cash and cash equivalents at 31 December	25	1,136,185	2,258,928

The accompanying notes on pages 68 to 107 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 2014 and 2015 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

1. GENERAL INFORMATION (CONTINUED)

Office of the Chief Audit Executive

Edis Kovačević M.Sc.	Chief Audit Executive
Jasmina Novalija	Deputy to Chief Audit Executive
Angela Medić	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 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.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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:

- Amendments to IAS 19: "Employee Benefits" – Defined employee benefit plans: employee contributions (effective for annual periods beginning on or after 1 July 2014);
- Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 July 2014);
- Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 July 2014);

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 14: "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016),
- 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 10: "Consolidated Financial Statements" and IAS 28: "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016),
- 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),
- Amendments to IAS 1: "Presentation of Financial Statements" - Disclosure Initiative (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 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),

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 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 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 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.

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. Currently, 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, except for short-term receivables when the recognition of interest would be immaterial.

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 directly in equity 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 equity 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 directly in equity.

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”. Currently, 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, plus 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 directly in the fair value reserve in equity and reported as other comprehensive income, until the asset 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 directly in the fair value reserve in equity.

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 balance sheet categories: giro accounts, foreign currency in cash, foreign currency demand deposits, and deposits with remaining maturity up to three months 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 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 is provided on all assets except 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 rates during 2014 and 2015 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.

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 is not subject to any taxes and duties on its assets, property and income, and on its operations and transactions. Payroll taxes and other taxes and duties on salaries are not covered by this exemption.

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 balance sheet.

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 local legislation. 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 balance sheet 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 balance sheet 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 2015	31 December 2014
Cash in vaults per currency:		
- EUR	128,440	71,737
- CHF	39	36
- USD	21	19
- GBP	20	19
TOTAL	128,520	71,811

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 2015	31 December 2014
Term deposits:		
- EUR	-	1,926,816
	-	1,926,816
Demand deposits:		
- EUR	1,001,986	252,607
- USD	1,606	709
- Other currencies	43	1,600
	1,003,635	254,916
TOTAL	1,003,635	2,181,732

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

In thousands of KM	31 December 2015	31 December 2014
Up to 1 month	-	674,882
From 1 to 2 months	-	606,387
From 2 to 3 months	-	645,547
TOTAL	-	1,926,816

5. DEPOSITS WITH FOREIGN BANKS (CONTINUED)

During 2015 the interest rates on demand deposits ranged from (0.50%) p.a. to 0.21% p.a. (2014: from (0.13%) p.a. to 0.16% p.a.) and on term deposits from 0.01% p.a. to 0.03% p.a. (2014: from 0.01% p.a. to 0.23% p.a.).

Deposits with foreign banks include negative accrued interest in the amount KM (110) thousand as at 31 December 2015 (2014: included accrued interest in the amount KM 94 thousand).

The average effective yield rate on deposits amounted to (0.08%) (2014: 0.09%).

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

In thousands of KM	31 December 2015	31 December 2014
Central banks	783,544	526,428
Commercial banks	220,091	1,655,304
TOTAL	1,003,635	2,181,732

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

In thousands of KM	31 December 2015	31 December 2014
Germany		
Term deposits	-	-
Demand deposits	630,582	132,586
	630,582	132,586
Luxembourg		
Term deposits	-	332,495
Demand deposits	293,307	122,066
	293,307	454,561
France		
Term deposits	-	371,645
Demand deposits	78,215	-
	78,215	371,645
Switzerland		
Term deposits	-	254,317
Demand deposits	1,531	264
	1,531	254,581
Great Britain		
Term deposits	-	577,080
Demand deposits	-	-
	-	577,080
Netherlands		
Term deposits	-	391,279
Demand deposits	-	-
	-	391,279
Total term deposits	-	1,926,816
Total demand deposits	1,003,635	254,916
TOTAL	1,003,635	2,181,732

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 2015	31 December 2014
Debt securities	6,096,823	4,900,653
Accrued interest	49,049	54,884
TOTAL	6,145,872	4,955,537

The average effective yield rate on financial assets available-for-sale amounted to 0.76% (2014: 1.15%).

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

	31 December 2015		31 December 2014	
	In thousands of KM	%	In thousands of KM	%
<i>Spain</i>	1,701,072	27.68	1,095,926	22.12
<i>Italy</i>	1,363,912	22.18	1,150,425	23.21
<i>France</i>	953,567	15.52	387,507	7.82
<i>Belgium</i>	589,354	9.59	795,832	16.06
<i>Germany</i>	531,970	8.66	377,192	7.61
<i>Netherlands</i>	426,402	6.94	472,726	9.54
<i>Austria</i>	341,098	5.55	440,070	8.88
<i>Finland</i>	232,366	3.78	235,859	4.76
<i>Slovakia</i>	6,131	0.10	-	-
TOTAL	6,145,872	100.00	4,955,537	100.00

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

In thousands of KM	2015	2014
Opening balance as of 1 January	4,955,537	4,486,402
Purchases during the year	7,418,276	9,474,894
Sales during the year	(1,294,539)	(2,451,698)
Interest income recognized during the year (Note 18)	20,777	28,402
Collected principal and interest	(4,975,016)	(6,697,122)
Fair value adjustment	20,837	114,659
Closing balance as of 31 December	6,145,872	4,955,537

Net realized gains from the sale of financial assets available-for-sale in 2015 amounted to KM 24,266 thousand (2014: KM 28,732 thousand).

7. MONETARY GOLD

The Bank holds monetary gold in a bank in Switzerland with a credit rating of AAA (Fitch), which is physically held in a vault at the Bank of England. The value of the monetary gold as of 31 December 2015 amounts to KM 182,315 thousand, representing 96,000.000 ounces of gold at KM 1,899 per ounce (2014: KM 182,750 thousand representing 96,000.000 ounces of gold at KM 1,904 per ounce).

7. MONETARY GOLD (CONTINUED)

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

In thousands of KM

	2015	2014
Opening balance as of 1 January	182,750	164,144
Purchases during the year	-	-
Fair value adjustments through other comprehensive income	(435)	18,606
- <i>Changes in prices of gold</i>	(22,418)	(4,119)
- <i>Foreign exchange gains from conversion USD / KM</i>	21,983	22,725
Closing balance as of 31 December	182,315	182,750

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 2015	31 December 2014
Debt securities	1,134,453	424,794
Accrued interest	7,738	3,766
TOTAL	1,142,191	428,560

The average effective yield rate on held-to-maturity investments amounted to 0.96% (2014: 1.11%).

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

	31 December 2015		31 December 2014	
	In thousands of KM	%	In thousands of KM	%
<i>France</i>	322,089	28.20	170,568	39.80
<i>Italy</i>	226,894	19.86	-	-
<i>Belgium</i>	205,831	18.02	112,078	26.15
<i>Finland</i>	181,877	15.92	-	-
<i>Austria</i>	162,938	14.27	102,227	23.86
<i>Netherlands</i>	42,562	3.73	43,687	10.19
TOTAL	1,142,191	100.00	428,560	100.00

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

In thousands of KM

	2015	2014
Opening balance as of 1 January	428,560	105,858
Purchases during the year	720,508	323,859
Interest income recognized during the year (Note 18)	7,567	1,552
Collected principal and interest	(14,444)	(2,709)
Closing balance as of 31 December	1,142,191	428,560

9. OTHER ASSETS

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

In thousands of KM	31 December 2015	31 December 2014
Prepaid expenses	1,080	2,499
Receivables from domestic banks	943	894
Numismatic collections	772	783
Loans to employees	518	683
Other miscellaneous assets	387	475
Giro accounts	252	182
Advances	3	1
Receivables from employee based on domestic currency deficit	600	600
Less: Impairment of other receivables (Note 23)	(600)	(600)
TOTAL	3,955	5,517

As of 31 December 2015, prepaid expenses include expenditure of KM 740 thousand incurred on the production of banknotes and coins (31 December 2014: KM 2,303 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 (see Note 23 Other administrative and operating expenses). 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 2014	13,503	25,457	22,365	1,864	776	15,761	79,726
Additions	405	2,452	1,626	-	96	280	4,859
Write offs	(208)	-	(429)	(38)	(37)	(18)	(730)
Transfers	-	15,078	527	-	95	(15,700)	-
As at 31 December 2014	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
Accumulated depreciation and amortization							
As at 1 January 2014	12,987	2,723	18,387	1,495	596	-	36,188
Charge for the year	266	387	1,353	134	47	-	2,187
Write offs	(208)	-	(413)	(38)	(51)	-	(710)
As at 31 December 2014	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
Net book value							
As at 1 January 2015	655	39,877	4,762	235	338	323	46,190
As at 31 December 2015	909	39,376	3,986	146	297	114	44,828

11. OTHER INVESTMENTS

The structure of other investments is as follows:

In thousands of KM	31 December 2015	31 December 2013
<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

During the year the Bank received dividend income from BIS in the amount of KM 586 thousand (2014: KM 504 thousand) (Note 21).

12. CURRENCY IN CIRCULATION

Currency in circulation can be analysed as follows:

In thousands of KM	2015	2014
Currency placed into circulation - opening balance as of 1 January	3,210,508	2,909,858
Increase in currency in circulation during the year	288,960	300,650
Currency placed into circulation - balance as of 31 December	3,499,468	3,210,508

Of the total currency placed into circulation of KM 3,499,468 thousand as at 31 December 2015, KM 605 thousand was placed into circulation outside of Bosnia and Herzegovina (2014: KM 605 thousand out of KM 3,210,508 thousand).

	Nominal value	31 December 2015		31 December 2014	
		Pieces	Value in thousands of KM	Pieces	Value in thousands of KM
Coins	0.05	52,262,527	2,613	47,171,008	2,359
Coins	0.10	83,943,760	8,394	78,327,610	7,833
Coins	0.20	60,740,117	12,148	56,700,122	11,340
Coins	0.50	29,558,189	14,779	27,975,084	13,988
Coins	1	41,870,560	41,871	39,434,542	39,434
Coins	2	11,578,832	23,158	10,603,352	21,207
Coins	5	8,509,335	42,547	7,885,767	39,429
Banknotes	10	9,894,614	98,946	9,460,442	94,604
Banknotes	20	7,947,931	158,959	7,834,425	156,688
Banknotes	50	16,590,165	829,508	16,307,726	815,386
Banknotes	100	17,141,506	1,714,150	15,009,750	1,500,975
Banknotes	200	2,761,975	552,395	2,536,326	507,265
TOTAL		342,799,511	3,499,468	319,246,154	3,210,508

13. DEPOSITS FROM BANKS

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

In thousands of KM	31 December 2015	31 December 2014
Deposits of local commercial banks	4,063,249	3,747,104
Reserve accounts of organizational units of the Bank	252	182
Special deposit of local commercial banks – blocked funds	36	3,863
TOTAL	4,063,537	3,751,149

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 2015 the total amount of KM 4,063,249 thousand represented deposits of 27 banks (2014: 27 banks and one bank in the liquidation status).

Interest on deposits from local commercial banks is calculated according to the Law on the Central Bank of Bosnia and Herzegovina, but the interest rate was not calculated during the year (2014: the interest rate ranged from 0.00% p.a. to 0.17% p.a.). Calculation policy changes on interest rates on deposits placed by local commercial banks during the year are given in Note 18.

Deposits from banks did not include accrued interest as at reporting dates.

14. DEPOSITS FROM THE GOVERNMENT AND OTHER DEPOSITORS

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

In thousands of KM	31 December 2015	31 December 2014
Deposits for the budget of BiH Institutions	344,709	283,402
Deposits of other governments and government institutions	105,137	9,750
Deposits of public institutions	51,743	38,280
Deposit account under International Monetary Fund transactions	5	4
TOTAL	501,594	331,436

Deposits from the Government and other depositors are non-interest bearing, except for the deposit account under IMF transactions.

15. PROVISIONS FOR LIABILITIES AND CHARGES

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

Movement in provisions for liabilities and charges is presented below:

In thousands of KM	2015	2014
Opening balance as of 1 January	1,294	991
Compensations paid	(183)	(11)
Net charge to the income statement (Note 22)	341	314
Closing balance as of 31 December	1,452	1,294

16. OTHER LIABILITIES

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

In thousands of KM	31 December 2015	31 December 2014
Liabilities based on allocation of profit to the state budget (Note 24)	18,827	21,247
Liabilities to employees	1,346	1,369
IMF Accounts No. 1 and 2	1,095	1,026
Suppliers	752	1,402
Deferred income	617	394
Accrued expenses and other liabilities	258	184
World Bank deposits	232	53
Monetary liabilities – non resident	-	9
TOTAL	23,127	25,684

17. CAPITAL

The structure of capital is presented in the following table:

In thousands of KM	31 December 2015	31 December 2014
Initial capital	25,000	25,000
General reserves (Retained earnings)	532,267	519,716
Other reserves	31,300	31,300
Fair value reserves – financial assets available-for-sale	66,307	69,736
Fair value reserves – monetary gold	(61,145)	(60,710)
TOTAL	593,729	585,042

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	
	2015	2014
Interest income arising from:		
- financial assets available-for-sale (Note 6)	20,777	28,402
- held-to-maturity investments (Note 8)	7,567	1,552
- deposit with foreign banks	128	1,843
- penalty interest from domestic commercial banks	-	584
- other	3	5
	28,475	32,386
Interest expenses arising from:		
- deposits from local commercial banks	-	(2,086)
	-	(2,086)
Effects of negative interest rates from interest bearing financial assets	(1,098)	(5)
Net interest income	27,377	30,295

The base for calculation of interest on commercial banks' deposits includes the total deposits of commercial banks on reserve accounts, which consists of obligatory reserve amounts and excess amounts above the obligatory reserve requirement. The base for calculation of the obligatory reserve of commercial banks consists of deposits and borrowings, except borrowings received from non-residents and all funds placed by governments of entities into development projects.

The rate of eligible deposits and borrowings required to be held in obligatory reserve accounts was 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 obligatory 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 obligatory 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.

From 1 September 2014, the policy of calculating fees on the obligatory reserves and on the amount exceeding the obligatory reserves to commercial banks has been amended in a way that the Bank does 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 obligatory reserves is 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 is calculated on the amount exceeding the obligatory reserve.

Effects of negative interest rates from interest-bearing financial assets are the result of negative interest rates calculated on current accounts, which are necessary for liquidity maintenance that could not be avoided according to current market circumstances.

19. FEE AND COMMISSION INCOME AND EXPENSES

In thousands of KM	For the year ended 31 December	
	2015	2014
Fee and commission income:		
- from local commercial banks	8,692	8,647
- from services for the Government and other non-banking clients	496	513
	9,188	9,160
Fee and commission expenses:		
- transactions with foreign banks	(619)	(848)
	(619)	(848)
Net fee and commission income	8,569	8,312

20. NET FOREIGN EXCHANGE GAINS

In thousands of KM	For the year ended 31 December	
	2015	2014
Income from foreign exchange differences	1,906	1,024
Expenses from foreign exchange differences	(1,048)	(490)
Net gains	858	534

21. OTHER INCOME

In thousands of KM	For the year ended 31 December	
	2015	2014
Dividend income (Note 11)	586	504
Income from grants	122	76
Other income	107	379
TOTAL	815	959

22. PERSONNEL EXPENSES

In thousands of KM	For the year ended 31 December	
	2015	2014
Salaries	11,375	11,103
Taxes and contributions	6,516	6,349
Other employee benefits	2,201	2,209
Provisions for severance payments (Note 15)	341	314
TOTAL	20,433	19,975

Personnel costs include KM 3,775 thousand (2014: KM 3,690 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 2015 the Bank had 354 employees (2014: 356 employees).

23. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

In thousands of KM	For the year ended 31 December	
	2015	2014
Maintenance costs	2,340	2,773
Expenses for production and design of banknotes and coins	1,563	3,626
Deficit currency expenses (Note 9)	-	600
Other administrative and operating expenses	3,921	4,260
TOTAL	7,824	11,259

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 2015 amounted to 6.75% (2014: 7.27%). According to the Decision of the Governing Board 60% of the net profit for the financial year of 2015 in the amount of KM 18,827 thousand (2014: KM 21,247 thousand) was allocated to the state budget, and 40%, i.e. the amount of KM 12,551 thousand was allocated to the general reserves (retained earnings) of the Bank (2014: KM 14,164 thousand).

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%

2014**Before profit allocation**

	(in thousands of KM)
Monetary liabilities (Currency in circulation and domestic deposits)	7,293,093
Initial capital and general reserves (retained earnings)	530,552
Ratio - initial capital and general reserves (retained earnings) / monetary liabilities	7.27%

Profit allocation

	(in thousands of KM)
Net profit before allocation	35,411
Allocation of profit to the state budget	21,247
Allocation of profit to general reserves (retained earnings)	14,164

24. PROFIT ALLOCATION (CONTINUED)**After profit allocation**

Initial capital and general reserves (retained earnings)	(in thousands of KM) 544,716
Ratio - Initial capital and general reserves (retained earnings) / monetary liabilities	7.47%

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 2015	31 December 2014
Foreign currency demand deposits	1,003,635	254,916
Foreign currency in cash	128,520	71,811
Special Drawing Rights in the International Monetary Fund	3,778	5,203
Giro accounts	252	182
Foreign currency deposits with remaining maturity under three months	-	1,926,816
TOTAL	1,136,185	2,258,928

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

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	-	-

In thousands of KM

2014	Exposure	Liabilities	Income	Expenses
State	-	292,293	-	-
<i>State institutions</i>				
Indirect taxation authority of Bosnia and Herzegovina	-	17,949	-	-
Deposit Insurance Agency	-	400	-	-
TOTAL	-	310,642	-	-

26. RELATED PARTY TRANSACTIONS (CONTINUED)

Remuneration of key management members

The total remuneration of the members of the key personnel (members of Management and Governing Board) in 2015 amounted to KM 901 thousand, out of which KM 568 thousand was related to salaries and other remuneration and KM 333 thousand to taxes and contributions (in 2014 out of total amount of KM 1,024 thousand the amount of KM 653 thousand was related to salaries and other remuneration and KM 371 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, Audit Committee and 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, interest rate and credit risk.

27.1. Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulties in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The ultimate responsibility for liquidity risk management lies with the Management, which has created an adequate framework for the management of liquidity risk. The Bank manages this type of risk by investing mainly in short-term deposits with foreign banks and in securities with maturities within ten years and by constantly monitoring the projected and actual cash flows.

27. RISK MANAGEMENT (CONTINUED)

27.1. Liquidity risk (continued)

The following tables present the Bank's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Bank can be required to pay. The table includes both interest and principal cash flows.

In thousands of KM	Up to 3 months	From 3 to 12 months	From 1 year to 3 years	Over 3 years	Total
31 December 2015					
Non-interest bearing	6,559,409	18,897	-	-	6,578,306
Variable interest rate instruments	1,508,795	-	-	-	1,508,795
TOTAL	8,068,204	18,897	-	-	8,087,101
31 December 2014					
Non-interest bearing	3,549,953	22,037	-	-	3,571,990
Variable interest rate instruments	3,747,108	-	-	-	3,747,108
TOTAL	7,297,061	22,037	-	-	7,319,098

The following tables present the Bank's remaining contractual maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of the financial assets including interest that will be earned on those assets except where the Bank anticipates that the cash flow will occur in a different period. This excludes the treatment of derivatives, since the Bank is not exposed to derivative financial instruments as of 31 December 2015 and 2014 respectively.

In thousands of KM	Up to 3 months	From 3 to 12 months	From 1 year to 3 years	Over 3 years	Total
31 December 2015					
Non-interest bearing	314,039	-	-	-	314,039
Variable interest rate instruments	1,007,413	586	-	-	1,007,999
Fixed interest rate instruments	6,180,103	84,409	234,067	1,320,528	7,819,107
TOTAL	7,501,555	84,995	234,067	1,320,528	9,141,145
31 December 2014					
Non-interest bearing	257,538	-	-	-	257,538
Variable interest rate instruments	260,123	504	-	-	260,627
Fixed interest rate instruments	6,919,048	80,204	133,970	597,040	7,730,262
TOTAL	7,436,709	80,708	133,970	597,040	8,248,427

27. RISK MANAGEMENT (CONTINUED)**27.1. Liquidity risk (continued)***Maturity analysis*

Tables below present the assets and liabilities of the Bank as at 31 December 2015 and 2014 classified into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date, except for debt securities available for sale which have been classified in accordance with their secondary liquidity characteristics as maturing within three months and whose corresponding coupon inflows have been classified in the defined maturity categories based on expected cash flows. Currency in circulation has been classified in the maturity period within three months. Equity securities, that are part of assets and liabilities which do not have contractual maturity, are classified as without specified maturity.

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
Foreign currency in cash	128,520	-	-	-	-	128,520
Deposits with foreign banks	1,003,635	-	-	-	-	1,003,635
Special Drawing Rights with the International Monetary Fund	3,778	-	-	-	-	3,778
Financial assets available-for-sale	6,177,620	65,344	151,948	186,361	-	6,581,273
Monetary gold	182,315	-	-	-	-	182,315
Held-to-maturity investments	2,445	18,951	81,842	1,134,034	-	1,237,272
Other assets	3,242	701	277	133	1,489	5,842
Property, equipment and intangible assets	-	-	-	-	44,828	44,828
Other investments	-	-	-	-	27,813	27,813
TOTAL ASSETS	7,501,555	84,996	234,067	1,320,528	74,130	9,215,276
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
Provisions for liabilities and charges	31	28	278	1,115	-	1,452
Other liabilities	3,606	18,827	-	-	694	23,127
Initial capital	-	-	-	-	25,000	25,000
General reserves (Retained earnings)	-	-	-	-	532,267	532,267
Other reserves	-	-	-	-	31,300	31,300
Fair value reserves – monetary gold	(61,145)	-	-	-	-	(61,145)
Fair value reserves - financial assets AFS	66,305	-	-	-	2	66,307
Total capital and reserves	5,160	-	-	-	588,569	593,729
Total liabilities, capital and reserves	8,073,396	18,925	278	1,115	589,263	8,682,977
LIQUIDITY GAP	(571,841)	66,071	233,789	1,319,413	(515,133)	532,299

27. RISK MANAGEMENT (CONTINUED)**27.1. Liquidity risk (continued)**

31 December 2014						
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
Foreign currency in cash	71,811	-	-	-	-	71,811
Deposits with foreign banks	2,181,806	-	-	-	-	2,181,806
Special Drawing Rights with the International Monetary Fund	5,203	-	-	-	-	5,203
Financial assets available-for-sale	4,992,120	71,151	115,790	158,222	-	5,337,283
Monetary gold	182,750	-	-	-	-	182,750
Held-to-maturity investments	-	8,928	17,857	438,556	-	465,341
Other assets	3,018	629	323	263	3,072	7,305
Property, equipment and intangible assets	-	-	-	-	46,190	46,190
Other investments	-	-	-	-	27,813	27,813
TOTAL ASSETS	7,436,708	80,708	133,970	597,041	77,075	8,325,502
Currency in circulation	3,210,508	-	-	-	-	3,210,508
Deposits from banks	3,751,149	790	-	-	-	3,751,939
Deposits from the Government and other depositors	331,436	-	-	-	-	331,436
Provisions for liabilities and charges	38	146	190	920	-	1,294
Other liabilities	3,968	21,247	-	-	469	25,684
Initial capital	-	-	-	-	25,000	25,000
General reserves (Retained earnings)	-	-	-	-	519,716	519,716
Other reserves	-	-	-	-	31,300	31,300
Fair value reserves – monetary gold	(60,710)	-	-	-	-	(60,710)
Fair value reserves – financial assets AFS	69,734	-	-	-	2	69,736
Total capital and reserves	9,024	-	-	-	576,018	585,042
Total liabilities, capital and reserves	7,306,123	22,183	190	920	576,487	7,905,903
LIQUIDITY GAP	130,585	58,525	133,780	596,121	(499,412)	419,599

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 2015 and 31 December 2014.

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 assets	18	-	-	3,937	3,955
Property, equipment and intangible assets	-	-	-	44,828	44,828
Other investments	10	-	-	27,803	27,813
Total assets	8,418,517	183,942	3,880	76,568	8,682,907
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
Provisions for liabilities and charges	-	-	-	1,452	1,452
Other liabilities	517	3	2	22,605	23,127
Initial capital	25,000	-	-	-	25,000
General reserves (Retained earnings)	-	-	-	532,267	532,267
Other reserves	3,497	-	-	27,803	31,300
Fair value reserves – monetary gold	-	-	-	(61,145)	(61,145)
Fair value reserves – financial assets available-for-sale	66,307	-	-	-	66,307
Total capital and reserves	94,804	-	-	498,925	593,729
Total liabilities, capital and reserves	95,321	3	2	8,587,581	8,682,907
NET FOREIGN EXCHANGE POSITION	8,323,196	183,939	3,878	(8,511,013)	-

27. RISK MANAGEMENT (CONTINUED)**27.2. Market risk (continued)****27.2.1. Foreign exchange risk (continued)****31 December 2014**

In thousands of KM	EUR	USD	Other foreign currencies	KM	Total
Foreign currency in cash	71,737	19	55	-	71,811
Deposits with foreign banks	2,179,423	709	1,600	-	2,181,732
Special Drawing Rights with the International Monetary Fund	-	-	5,203	-	5,203
Financial assets available-for-sale	4,955,537	-	-	-	4,955,537
Monetary gold	-	182,750	-	-	182,750
Held-to-maturity investments	428,560	-	-	-	428,560
Other assets	15	-	-	5,502	5,517
Property, equipment and intangible assets	-	-	-	46,190	46,190
Other investments	10	-	-	27,803	27,813
Total assets	7,635,282	183,478	6,858	79,495	7,905,113
Currency in circulation	-	-	-	3,210,508	3,210,508
Deposits from banks	-	-	-	3,751,149	3,751,149
Deposits from the Government and other depositors	-	-	-	331,436	331,436
Provisions for liabilities and charges	-	-	-	1,294	1,294
Other liabilities	457	3	82	25,142	25,684
Initial capital	25,000	-	-	-	25,000
General reserves (Retained earnings)	-	-	-	519,716	519,716
Other reserves	3,497	-	-	27,803	31,300
Fair value reserves – monetary gold	-	-	-	(60,710)	(60,710)
Fair value reserves – financial assets available-for-sale	69,736	-	-	-	69,736
Total capital and reserves	98,233	-	-	486,809	585,042
Total liabilities, capital and reserves	98,690	3	82	7,806,338	7,905,113
NET FOREIGN EXCHANGE POSITION	7,536,592	183,475	6,776	(7,726,843)	-

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 balance sheet 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.

2015	USD	CHF	GBP	SDR	Other
In thousands of KM	+/- 3%	+/- 2%	+/- 2%	+/- 2%	+/- 2%
Foreign exchange rate risk (on P&L)	49/(49)	1/(1)	1/(1)	76/(76)	0/(0)
2014	USD	CHF	GBP	SDR	Other
In thousands of KM	+/- 4%	+/- 1%	+/- 2%	+/- 2%	+/- 1%
Foreign exchange rate risk (on P&L)	29/(29)	16/(16)	0/(0)	104/(104)	0/(0)
2015	USD	CHF	GBP	SDR	Other
In thousands of KM	+/- 3%	+/- 2%	+/- 2%	+/- 2%	+/- 2%
Foreign exchange rate risk (on Equity)	5,469/(5,469)	0/(0)	0/(0)	0/(0)	0/(0)
2014	USD	CHF	GBP	SDR	Other
In thousands of KM	+/- 4%	+/- 1%	+/- 2%	+/- 2%	+/- 1%
Foreign exchange rate risk (on Equity)	7,310/(7,310)	0/(0)	0/(0)	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 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	1,003,635	-	-	-	-	1,003,635
Special Drawing Rights with the International Monetary Fund	3,778	-	-	-	-	3,778
Available for sale financial assets	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 assets	33	101	257	127	3,437	3,955
Property, equipment and intangible assets	-	-	-	-	44,828	44,828
Other investments	-	-	-	-	27,813	27,813
Total assets	3,876,719	4,362,103	257	127	443,701	8,682,907
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
Provisions for liabilities and charges	-	-	-	-	1,452	1,452
Other liabilities	-	-	-	-	23,127	23,127
Initial capital	-	-	-	-	25,000	25,000
General reserves (Retained earnings)	-	-	-	-	532,267	532,267
Other reserves	-	-	-	-	31,300	31,300
Fair value reserves – monetary gold	-	-	-	-	(61,145)	(61,145)
Fair value reserves – financial assets available-for-sale	-	-	-	-	66,307	66,307
Total capital and reserves	-	-	-	-	593,729	593,729
Total liabilities, capital and reserves	1,508,794	-	-	-	7,174,113	8,682,907
INTEREST RATE GAP	2,367,925	4,362,103	257	127	(6,730,412)	-

27. RISK MANAGEMENT (CONTINUED)**27.2. Market risk (continued)****27.2.2. Interest rate risk (continued)****31 December 2014**

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	-	-	-	-	71,811	71,811
Deposits with foreign banks	2,181,638	-	-	-	94	2,181,732
Special Drawing Rights with the International Monetary Fund	5,203	-	-	-	-	5,203
Financial assets available-for-sale	1,722,461	3,139,060	39,132	-	54,884	4,955,537
Monetary gold	-	-	-	-	182,750	182,750
Held-to-maturity investments	-	424,793	-	-	3,767	428,560
Other assets	35	107	291	249	4,835	5,517
Property, equipment and intangible assets	-	-	-	-	46,190	46,190
Other investments	-	-	-	-	27,813	27,813
Total assets	3,909,337	3,563,960	39,423	249	392,143	7,905,113
Currency in circulation	-	-	-	-	3,210,508	3,210,508
Deposits from banks	3,747,104	-	-	-	4,045	3,751,149
Deposits from the Government and other depositors	4	-	-	-	331,432	331,436
Provisions for liabilities and charges	-	-	-	-	1,294	1,294
Other liabilities	-	-	-	-	25,684	25,684
Initial capital	-	-	-	-	25,000	25,000
General reserves (Retained earnings)	-	-	-	-	519,716	519,716
Other reserves	-	-	-	-	31,300	31,300
Fair value reserves – monetary gold	-	-	-	-	(60,710)	(60,710)
Fair value reserves – financial assets available-for-sale	-	-	-	-	69,736	69,736
Total capital and reserves	-	-	-	-	585,042	585,042
Total liabilities, capital and reserves	3,747,108	-	-	-	4,158,005	7,905,113
INTEREST RATE GAP	162,229	3,563,960	39,423	249	(3,765,861)	-

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 balance sheet 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 (2014: +10/-10bp) 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 than as of reporting dates.

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)

2014	KM	EUR	SDR
In thousands of KM	+10/-0bp	+10/-10bp	+5/-5bp
Interest rate risk (on P&L)	(3,747)/0	(11,584)/11,652	3/(3)

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)

2014	KM	EUR	SDR
In thousands of KM	+10/-0bp	+10/-10bp	+5/-5bp
Interest rate risk (on equity)	0/0	(434)/438	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 deposits with foreign banks, available-for-sale financial assets and held to maturity investments.

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

The following table shows the maximum exposure of the Bank to the credit risk:

In thousands of KM	Maximum exposure	
	31 December 2015	31 December 2014
Balance sheet exposure		
Deposits with foreign banks	1,003,635	2,181,732
Financial assets available-for-sale	6,145,872	4,955,537
Held-to-maturity investments	1,142,191	428,560
TOTAL	8,291,698	7,565,829

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 2015 the Bank does not have any assets that are neither past due or impaired.

Concentration of credit risk

The deposits placed with foreign banks in total amounted to KM 1,003,635 thousand as at 31 December 2015 (2014: KM 2,181,732 thousand).

There were no foreign banks with individual exposure exceeding total capital and reserves of the Bank as at reporting dates.

The largest individual risk exposure as at 31 December 2015 amounted to KM 412,022 thousand (2014: KM 454,561 thousand).

27. RISK MANAGEMENT (CONTINUED)

27.3. Credit risk (continued)

27.3.1. Credit risk concentration (continued)

Concentration per credit rating

Deposits with foreign banks:

Bank rating	31 December 2015		31 December 2014	
	In thousands of KM	% of total	In thousands of KM	% of total
AAA	785,074	78.22	781,010	35.80
AA-	-	-	391,279	17.93
A	-	-	999,664	45.82
A-	208,751	20.80	9,779	0.45
BBB+	9,810	0.98	-	-
TOTAL	1,003,635	100.00	2,181,732	100.00

Financial assets available-for-sale:

Bank	31 December 2015		31 December 2014	
	In thousands of KM	% of total	In thousands of KM	% of total
AAA	1,190,738	19.37	1,525,847	30.79
AA+	341,098	5.55	-	-
AA	1,542,920	25.11	1,183,339	23.88
A+	6,131	0.10	-	-
BBB+	1,701,072	27.68	-	-
BBB	1,363,913	22.19	2,246,351	45.33
TOTAL	6,145,872	100.00	4,955,537	100.00

Held-to-maturity investments:

Bank	31 December 2015		31 December 2014	
	In thousands of KM	% of total	In thousands of KM	% of total
AAA	224,439	19.65	145,915	34.05
AA+	162,938	14.27	282,645	65.95
AA	527,920	46.22	-	-
BBB	226,894	19.86	-	-
TOTAL	1,142,191	100.00	428,560	100.00

Geographical concentration

	31 December 2015		31 December 2014	
	In thousands of KM	%	In thousands of KM	%
Spain	1,701,072	20.51	1,095,926	14.48
Italy	1,590,807	19.18	1,150,425	15.21
France	1,353,871	16.33	929,719	12.29
Germany	1,162,553	14.02	509,778	6.74
Belgium	795,185	9.59	907,910	12.00
Austria	504,035	6.08	542,297	7.17
Netherlands	468,963	5.66	907,693	12.00
Finland	414,243	5.00	235,859	3.12
Luxembourg	293,307	3.54	454,561	6.01
Slovakia	6,131	0.07	-	-
Switzerland	1,531	0.02	254,581	3.35
Great Britain	-	-	577,080	7.63
TOTAL	8,291,698	100.00	7,565,829	100.00

Geographical concentration per individual financial asset is disclosed in Note 5, 6 and 8 of these financial statements.

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 2015	31 December 2014		
1) Financial assets available for sale (see Note 6)	<p>Listed debt securities on stock exchanges in other countries:</p> <p>Spain – KM 1,701,072 thousand Italy – KM 1,363,912 thousand France – KM 953,567 thousand Belgium – KM 589,354 thousand Germany – KM 531,970 thousand Netherlands – KM 426,402 thousand Austria – KM 341,098 thousand Finland – KM 232,366 thousand Slovakia – KM 6,131 thousand</p>	<p>Listed debt securities on stock exchanges in other countries:</p> <p>Spain – KM 1,095,926 thousand Italy – KM 1,150,425 thousand France – KM 387,507 thousand Belgium – KM 795,832 thousand Germany – KM 377,192 thousand Netherlands – KM 472,726 thousand Austria – KM 440,070 thousand Finland – KM 235,859 thousand</p>	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> <p>• Switzerland – KM 182,315 thousand</p>	<p>Listed precious metals on stock exchanges in other countries:</p> <p>• Switzerland – KM 182,750 thousand</p>	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)

Except as detailed in the following table, the Management consider that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

In thousands of KM	31 December 2015		31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
<i>Loans and receivables</i>				
- deposits with foreign banks	1,003,635	1,001,637	2,181,732	2,172,716
- held-to-maturity investments	1,142,191	1,157,370	428,560	436,576
Financial liabilities				
<i>Financial liabilities held at amortized cost:</i>				
- deposits from banks	4,063,537	4,056,286	3,751,149	3,736,368
- deposits from the Government and other depositors	501,594	500,699	331,436	330,130

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

In thousands of KM	Fair value hierarchy as at 31 December 2014			
	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Loans and receivables:</i>				
- deposits with foreign banks	-	2,172,716	-	2,172,716
- held-to-maturity investments	-	436,576	-	436,576
	-	2,609,292	-	2,609,292
Financial liabilities				
<i>Financial liabilities held at amortized cost:</i>				
- deposits from banks	-	3,736,368	-	3,736,368
- deposits from the Government and other depositors	-	330,130	-	330,130
	-	4,066,498	-	4,066,498

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)

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 balance sheet.

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.

Off-balance sheet items consist of:

In thousands of KM	31 December 2015	31 December 2014
Third party securities and funds held with foreign banks	308,646	371,680
Deposits of USAID	2,256	1,947
Deposits of non-residents	2,256	1,947
Deposits of the Council of Ministers of BiH	18,661	73,364
<i>Deposits of the Council of Ministers of BiH on the basis of succession</i>	35	389
<i>Deposits of the Council of Ministers of BiH regarding the servicing of foreign debt</i>	6,414	6,080
<i>Deposits of the Council of Ministers of BiH regarding the Budget of BiH institutions</i>	6,422	37,289
<i>Other deposits of the Council of Ministers of BiH</i>	5,790	29,606
Deposits of other residents	6,069	3,295
<i>Deposits - Retirement allowance from Germany</i>	-	1
<i>Deposit accounts of banks</i>	6,069	3,294
Deposits of residents	24,730	76,659
Investments related to securities – Deposit Insurance Agency	281,660	293,074
Investments of residents related to securities	281,660	293,074
Liability for third party securities and funds	308,646	371,680

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.

29. OFF-BALANCE SHEET ITEMS (CONTINUED)

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.

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 2015

(In thousands of KM)

Assets		
Quota	420,964	
SDR holdings	3,778	
Total assets	424,742	
Liabilities		
IMF No. 1 account		1,058
IMF No. 2 account		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		
IMF No. 1 account	(1,058)	(1,058)
IMF No. 2 account	(37)	(37)
Total gross position of BiH with the IMF - assets and liabilities	1,858,810	1,858,810

SDR holdings, accrued interest on SDR holdings, IMF No. 1 account and IMF No. 2 account reflect accounts held on the balance sheet 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 2014

(In thousands of KM)

Assets		
Quota	394,668	
SDR holdings	5,203	
Total assets	399,871	
Liabilities		
IMF No. 1 account		992
IMF No. 2 account		35
Securities		1,455,226
Accounts of payable charges		1,917
SDR allocation		375,497
Accrued interest on SDR allocation		31
Total liabilities		1,833,698
Net member position with the IMF		
BiH obligations to the IMF arising principally from repurchase and currency valuation adjustments	1,433,827	
Net member position	1,433,827	
	1,833,698	1,833,698
Total consolidated position - assets and liabilities		
	1,833,698	1,833,698
IMF No. 1 account	(992)	(992)
IMF No. 2 account	(35)	(35)
Total gross position of BH with the IMF - assets and liabilities	1,832,671	1,832,671

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 2015	31 December 2014
Foreign assets	8,606,311	7,825,593
Liabilities to non-residents	1,327	1,088
Net foreign exchange reserves (foreign assets minus liabilities to non-residents)	8,604,984	7,824,505
Monetary liabilities	8,064,599	7,293,093
Net foreign assets (net foreign exchange reserves minus monetary liabilities)	540,385	531,412

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) payments 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.

**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								
	2008	2009	2010	2011	2012	2013	2014	2015
BH Nominal GDP (in KM million) ¹⁾ current prices	25,504	24,780	25,346	26,210	26,193	26,743	27,304	28,148
Real GDP annual growth (in %) ¹⁾	5.5	-2.9	0.8	0.9	-0.9	2.4	1.1	2.8
Consumer prices growth rate in BH ²⁾	as percentage							
Average annual growth rate of CPI	7.4	-0.4	2.1	3.7	2.1	-0.1	-0.9	-1.0
Annual growth rate of CPI for December	3.8	0.0	3.1	3.1	1.8	-1.2	-0.4	-1.2
	as percentage of GDP							
General government budget ³⁾								
Revenues	42.8	41.7	42.9	43.3	43.8	42.7	43.8	...
Expenditures ⁴⁾	44.9	46.1	45.3	44.6	45.8	44.8	45.8	...
Overall balance	-2.1	-4.3	-2.4	-1.2	-2.0	-2.2	-2.0	...
Money and credit	as percentage of GDP							
Broad money (M2)	48.8	51.3	53.8	55.0	56.9	60.2	63.2	66.2
Credit to non-government sector	54.4	53.8	54.1	54.5	56.2	56.6	56.3	55.9
Balance of payments								
Gross official reserves								
In KM million	6,296	6,212	6,458	6,424	6,509	7,068	7,826	8,606
In USD million	4,710	4,416	4,372	4,569	4,274	4,797	5,309	4,883
In months of imports of goods and services	5.0	6.2	6.0	5.3	5.3	5.9	6.1	6.8
Current account balance								
In KM million	-3,515	-1,588	-1,531	-2,483	-2,266	-1,417	-2,036	-1,589
In USD million	-2,630	-1,129	-1,037	-1,766	-1,488	-962	-1,381	-901
As a percentage of GDP	-13.8	-6.4	-6.0	-9.5	-8.7	-5.3	-7.5	-5.6
Trade balance								
In KM million	-10,472	-7,632	-7,426	-8,080	-8,002	-7,316	-8,103	-7,451
In USD million	-7,834	-5,425	-5,028	-5,747	-5,255	-4,965	-5,497	-4,227
As a percentage of GDP	-41.1	-30.8	-29.3	-30.8	-30.5	-27.4	-29.7	-26.5
External debt of government sector*								
In KM million	4,240	5,236	6,291	6,663	7,212	7,563	8,442	8,691
In USD million	3,056	3,839	4,272	4,408	4,861	5,330	5,249	4,855
As a percentage of GDP	16.6	21.1	24.8	25.4	27.5	28.3	30.9	30.9
External debt servicing ⁵⁾								
In KM million	230	246	301	340	413	685	761	581
In USD million	172	175	204	242	271	465	516	330
As a percentage of exports of goods and services	3.4	4.0	4.0	4.0	4.9	7.6	8.2	5.9

1) Source: Agency for Statistics of BH, „Gross Domestic Product for BH for 2014, Production Approach, „first results“, July 2015 and T 01 „Gross Domestic Product according to the Production, Income and Expense Approaches_2005-2014, 2015

2) Source: Agency for Statistics of BH

3) Source: GFS, the Central Bank of BH

4) Expenses include also the net procurement of fixed assets.

5) Source: Ministry of Finance and Treasury of BH

*The data revised from 2009, according to the received report from the Ministry of Finance and Treasury of BH dated 18 March 2016 and they include the loan of JP Putevi RS (PC Roads RS) and the direct debt of Brčko District.

T02	Gross Domestic Product of Bosnia and Herzegovina (Current Prices)							
	2008	2009	2010	2011	2012	2013	2014	2015*
Nominal GDP (in KM million)	25,504	24,780	25,346	26,210	26,193	26,743	27,304	28,148
Nominal GDP (in USD million)	19,080	17,614	17,162	18,640	17,202	18,148	18,524	15,970
GDP per capita (in KM)	6,638	6,448	6,595	6,825	6,828	6,979	7,135	7,355
GDP per capita (in USD)	4,966	4,584	4,466	4,854	4,484	4,736	4,840	4,173
Real GDP annual growth (in %)	5.5	-2.9	0.8	0.9	-0.9	2.4	1.05	2.77
Population (in thousands) ¹⁾	3,842	3,843	3,843	3,840	3,836	3,832	3,827	3,827
Annual average exchange rate of BAM/USD	1.336600	1.406800	1.476900	1.406117	1.522700	1.473557	1.474019	1.762605

Source:

Agency for Statistics of BH, „Gross Domestic Product for BH for 2014, Production Approach, „first results“, July 2015 and T 01 „Gross Domestic Product according to the Production, Income and Expense Approaches_2005-2014, 2015. Data on average annual BAM/USD exchange rate the source is CBBH.

1) Population number for 2014 is estimated with the 2013 population number corrected by the natural population growth for the first ten months of 2014. Source: Agency for Statistics of Bosnia and Herzegovina, Press release „Demography“, December 2014.

* GDP is the estimate of the CBBH used as the preliminary data until publishing of the official GDP statistics by the Agency for Statistics of Bosnia and Herzegovina

T03 Index of Industrial Production							
The Same Month of Previous Year				The Same Month of 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	
2015	01	99.3	99.0	99.0	99.3	99.0	99.0
	02	95.8	108.6	99.7	97.5	103.8	99.3
	03	99.4	105.1	101.6	98.2	104.3	100.1
	04	101.9	100.8	102.0	99.1	103.3	100.6
	05	109.0	109.7	109.9	101.0	104.6	102.4
	06	102.0	106.3	104.3	101.1	105.0	102.7
	07	102.0	101.6	102.4	101.3	104.4	102.6
	08	105.6	111.1	108.0	101.8	105.2	103.3
	09	102.3	96.3	101.1	101.9	104.1	103.0
	10	103.8	99.0	103.3	102.1	103.5	103.0
	11	104.2	102.3	104.8	102.3	103.4	103.2
	12	101.7	99.5	101.7	102.2	103.0	103.1

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
2015	01	99.7	99.1	99.1
	02	100.2	99.3	99.2
	03	100.5	99.8	99.4
	04	99.5	99.6	99.4
	05	100.0	99.6	99.5
	06	99.7	99.5	99.4
	07	99.1	98.9	99.4
	08	100.0	98.9	99.3
	09	99.9	98.2	99.2
	10	100.4	98.2	99.1
	11	99.8	98.1	99.0
	12	99.9	98.8	99.0

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	12	887	793	1,048	869	603	521	674	586	238	215	208
2007	12	974	875	1,088	935	662	585	684	645	284	230	243
2008	12	1,105	1,132	1,139	1,113	751	755	730	752	340	309	310
2009	12	1,204	1,204	1,194	1,204	792	788	769	790	346	335	326
2010	12	1,223	1,199	1,234	1,217	804	784	797	798	341	321	316
2011	12	1,248	1,326	1,262	1,271	819	809	800	816	349	321	319
2012	12	1,266	1,349	1,271	1,290	830	818	819	826	351	312	311
2013	12	1,275	1,333	1,266	1,291	835	808	817	827	348	318	310
2014	12	1,272	1,334	1,265	1,183	833	825	814	830	367	333	323
2015	12	1,269	1,339	1,275	1,289	830	831	821	830	368	343	327
2015	01	1,275	1,309	1,277	1,284	834	812	824	828	367	343	327
	02	1,244	1,344	1,255	1,271	815	834	811	820	373	343	329
	03	1,274	1,340	1,258	1,293	834	831	807	832	372	343	330
	04	1,272	1,346	1,275	1,294	833	835	822	833	370	343	328
	05	1,266	1,341	1,277	1,288	829	832	821	830	369	343	328
	06	1,269	1,360	1,264	1,295	831	843	816	834	368	342	327
	07	1,284	1,343	1,262	1,301	840	834	813	838	368	342	328
	08	1,257	1,345	1,271	1,283	823	834	819	826	367	342	327
	09	1,261	1,345	1,284	1,286	826	834	826	828	367	343	327
	10	1,263	1,326	1,297	1,282	827	824	831	826	367	343	327
	11	1,264	1,328	1,289	1,283	827	824	823	826	366	342	326
	12	1,295	1,340	1,294	1,309	846	834	836	842	366	342	326

Source:

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

Note:

Since 1 January 2006, gross and net salaries for BH level include the Brčko District.

T06 Monetary Aggregates (end of period, in KM million)													
Year	Month	Cash 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
2015	01	3,200.8	3,634.5	10.5	2,820.9	4,404.7	3,372.2	1,326.7	5,307.4	6,845.8	7,225.5	10,006.2	17,231.7
	02	3,217.9	3,598.7	19.0	2,834.3	4,419.5	3,411.0	1,279.4	5,357.1	6,835.5	7,253.8	10,047.5	17,301.3
	03	3,228.1	3,572.6	7.6	2,827.4	4,422.5	3,395.5	1,293.3	5,380.6	6,808.3	7,249.8	10,069.4	17,319.3
	04	3,270.7	3,694.6	4.1	2,885.6	4,487.5	3,397.7	1,343.5	5,401.1	6,969.4	7,373.1	10,142.3	17,515.4
	05	3,274.8	3,793.2	3.4	2,893.6	4,619.2	3,409.4	1,353.4	5,431.6	7,071.4	7,512.8	10,194.5	17,707.3
	06	3,310.8	3,642.4	4.2	2,874.0	4,557.8	3,445.6	1,385.5	5,469.9	6,957.4	7,431.7	10,301.0	17,732.8
	07	3,455.3	3,740.4	15.8	3,025.1	4,648.1	3,418.1	1,340.7	5,526.6	7,211.4	7,673.2	10,285.4	17,958.6
	08	3,498.3	3,915.8	16.5	3,033.6	4,803.6	3,481.3	1,348.0	5,539.6	7,430.6	7,837.2	10,368.9	18,206.1
	09	3,496.4	3,737.8	28.7	3,019.9	4,851.4	3,506.5	1,401.7	5,516.4	7,262.9	7,871.3	10,424.7	18,295.9
	10	3,449.3	3,998.4	35.6	3,005.2	4,956.0	3,525.9	1,391.5	5,549.7	7,483.3	7,961.2	10,467.1	18,428.3
	11	3,434.5	4,129.1	40.9	2,966.0	5,017.7	3,517.9	1,414.5	5,552.6	7,604.4	7,983.8	10,484.9	18,468.7
	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

Monetary data are updated based on the new methodology 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 Sector		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	11,105.1	-2,614.6	8,490.5	133.4	536.0	400.0	7,478.9	74.6	7,875.3	16,498.2	24,988.7
2015	01	10,211.6	-2,731.6	7,479.9	199.3	521.8	429.5	7,258.3	70.8	7,514.6	15,994.4	23,474.3
	02	10,235.5	-2,703.4	7,532.1	172.4	517.5	422.2	7,294.9	63.7	7,536.7	16,007.4	23,539.5
	03	10,021.4	-2,544.5	7,477.0	219.2	534.7	426.2	7,306.5	64.2	7,596.0	16,146.8	23,623.8
	04	10,098.0	-2,524.3	7,573.7	209.7	529.8	427.1	7,388.9	64.7	7,663.1	16,283.3	23,857.0
	05	10,205.2	-2,514.4	7,690.8	277.6	525.3	428.2	7,339.6	70.9	7,732.3	16,373.9	24,064.8
	06	10,126.5	-2,585.5	7,541.0	245.0	519.6	425.6	7,389.8	80.6	7,790.4	16,450.9	23,991.9
	07	10,530.1	-2,568.6	7,961.5	95.4	534.9	419.5	7,318.4	72.3	7,815.8	16,256.2	24,217.7
	08	10,699.1	-2,507.4	8,191.7	133.1	529.2	419.0	7,319.7	68.0	7,825.4	16,294.5	24,486.1
	09	10,707.0	-2,496.1	8,210.9	150.1	544.3	415.1	7,362.1	66.3	7,844.5	16,382.5	24,593.3
	10	10,926.5	-2,512.7	8,413.8	52.8	536.9	412.0	7,398.2	57.0	7,895.2	16,352.1	24,765.9
	11	10,955.1	-2,444.2	8,510.9	26.5	531.6	411.1	7,439.1	59.5	7,895.7	16,363.5	24,874.4
	12	11,105.1	-2,614.6	8,490.5	133.4	536.0	400.0	7,478.9	74.6	7,875.3	16,498.2	24,988.7

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 8) and the consolidated balance sheet of commercial banks of Bosnia and Herzegovina (table 9). 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	4,180.1	1,554.2	24,988.7	
2015	01	2,820.9	4,404.7	7,225.5	1,326.7	3,372.2	5,307.4	10,006.2	17,231.7	0.0	647.5	4,140.4	1,454.7	23,474.3	
	02	2,834.3	4,419.5	7,253.8	1,279.4	3,411.0	5,357.1	10,047.5	17,301.3	0.0	647.5	4,150.7	1,440.0	23,539.5	
	03	2,827.4	4,422.5	7,249.8	1,293.3	3,395.5	5,380.6	10,069.4	17,319.3	0.0	637.9	4,203.2	1,463.5	23,623.8	
	04	2,885.6	4,487.5	7,373.1	1,343.5	3,397.7	5,401.1	10,142.3	17,515.4	0.0	636.1	4,240.1	1,465.4	23,857.0	
	05	2,893.6	4,619.2	7,512.8	1,353.4	3,409.4	5,431.6	10,194.5	17,707.3	0.0	629.0	4,266.4	1,462.1	24,064.8	
	06	2,874.0	4,557.8	7,431.7	1,385.5	3,445.6	5,469.9	10,301.0	17,732.8	0.0	642.6	4,191.3	1,425.2	23,991.9	
	07	3,025.1	4,648.1	7,673.2	1,340.7	3,418.1	5,526.6	10,285.4	17,958.6	0.0	640.0	4,226.6	1,392.4	24,217.7	
	08	3,033.6	4,803.6	7,837.2	1,348.0	3,481.3	5,539.6	10,368.9	18,206.1	3.0	632.3	4,234.5	1,410.3	24,486.1	
	09	3,019.9	4,851.4	7,871.3	1,401.7	3,506.5	5,516.4	10,424.7	18,295.9	3.0	623.9	4,274.7	1,395.7	24,593.3	
	10	3,005.2	4,956.0	7,961.2	1,391.5	3,525.9	5,549.7	10,467.1	18,428.3	3.0	623.7	4,321.5	1,389.4	24,765.9	
	11	2,966.0	5,017.7	7,983.8	1,414.5	3,517.9	5,552.6	10,484.9	18,468.7	8.0	617.7	4,352.3	1,427.7	24,874.4	
	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	4,180.1	1,554.2	24,988.7	

Monetary data are updated based on the new methodology from January 2006.
See note on page 155

Note:

Money M1 includes cash outside banks, transferable deposits in domestic currency of all domestic sectors (except the deposits of the central government). Quasi money QM includes other deposits in 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 other than shares, loans, shares and other equity and other items (net). According to the new methodology, loans are presented on the liability side as separate financial instruments (with addition of accrued interest), as well as shares and other equity. Other items (net) are unallocated liability items after deduction of the unallocated asset items. Other items (net) also include restricted deposits, fund counter entries and public lending funds.

T08 Balance Sheet of the CBBH (end of period, in KM million)											
ASSETS						LIABILITIES					
Year	Month	Foreign assets	Claims on resident sectors	Total	Reserve Money		Foreign liabilities	Deposits of central government	Shares and other equity	Other items (net)	Total
					Cash outside monetary authorities						
1	2	3	4	5 = 3+4	6	7	8	9	10	11	12 = 7+...+11
2006.	12.	5,479.5	2.3	5,481.8	2,154.2	5,056.6	1.0	126.1	301.0	-2.9	5,481.8
2007.	12.	6,726.3	2.2	6,728.5	2,439.7	6,229.0	0.9	74.8	386.4	37.4	6,728.5
2008.	12.	6,323.6	2.1	6,325.6	2,552.4	5,704.0	1.0	23.4	499.3	97.9	6,325.6
2009.	12.	6,239.9	1.9	6,241.8	2,267.7	5,648.9	0.9	56.7	502.5	33.0	6,241.8
2010.	12.	6,485.5	1.8	6,487.3	2,497.5	5,899.7	1.4	69.8	533.9	-17.5	6,487.3
2011.	12.	6,451.4	1.6	6,453.0	2,645.1	5,848.9	1.1	66.2	547.6	-10.8	6,453.0
2012.	12.	6,536.4	1.6	6,538.0	2,747.5	5,801.7	1.2	185.3	575.7	-25.9	6,538.0
2013.	12.	7,096.2	1.7	7,097.8	2,909.9	6,401.0	1.0	258.2	466.3	-28.7	7,097.8
2014.	12.	7,853.4	1.6	7,855.1	3,210.5	6,999.9	1.1	293.2	585.0	-24.2	7,855.1
2015.	12.	8,634.1	1.5	8,635.7	3,499.5	7,614.7	1.3	449.9	593.7	-24.0	8,635.7
2015.	01.	7,822.9	1.3	7,824.2	3,200.8	6,845.8	1.1	361.4	640.6	-24.7	7,824.2
	02.	7,870.9	1.4	7,872.3	3,217.9	6,835.5	1.9	426.4	633.6	-25.1	7,872.3
	03.	7,824.6	1.5	7,826.1	3,228.1	6,808.3	1.6	401.0	639.9	-24.7	7,826.1
	04.	7,965.3	1.4	7,966.7	3,270.7	6,969.4	1.3	421.2	621.9	-47.1	7,966.7
	05.	8,079.0	1.4	8,080.3	3,274.8	7,071.4	1.4	438.3	614.5	-45.2	8,080.3
	06.	7,940.2	1.5	7,941.7	3,310.8	6,957.4	1.2	447.2	580.7	-44.9	7,941.7
	07.	8,236.7	1.4	8,238.1	3,455.3	7,211.4	2.1	468.5	600.5	-44.5	8,238.1
	08.	8,430.7	1.4	8,432.1	3,498.3	7,430.6	2.1	458.4	585.3	-44.2	8,432.1
	09.	8,303.8	1.5	8,305.3	3,496.4	7,262.9	1.8	479.7	604.7	-43.7	8,305.3
	10.	8,510.6	1.3	8,511.9	3,449.3	7,483.3	2.2	440.4	629.9	-43.9	8,511.9
	11.	8,655.9	1.4	8,657.3	3,434.5	7,604.4	1.8	455.2	639.4	-43.5	8,657.3
	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

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 Sheets 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	2,471.0	2,133.3	400.0	7,478.9	74.6	7,874.7	24,944.2
2015	01	4,016.0	2,388.7	1,869.7	429.5	7,258.3	70.8	7,513.9	23,546.9
	02	3,983.1	2,364.6	1,846.5	422.2	7,294.9	63.7	7,536.0	23,510.8
	03	3,975.8	2,196.8	1,924.5	426.2	7,306.5	64.2	7,595.3	23,489.3
	04	4,081.8	2,132.7	1,944.4	427.1	7,388.9	64.7	7,662.4	23,702.0
	05	4,175.5	2,126.3	1,963.0	428.2	7,339.6	70.9	7,731.6	23,835.1
	06	4,080.5	2,187.0	1,934.3	425.6	7,389.8	80.6	7,789.7	23,887.5
	07	4,171.4	2,293.4	1,964.0	419.5	7,318.4	72.3	7,815.2	24,054.1
	08	4,382.1	2,268.3	1,949.0	419.0	7,319.7	68.0	7,824.8	24,230.8
	09	4,216.5	2,403.1	1,979.9	415.1	7,362.1	66.3	7,843.9	24,287.0
	10	4,444.3	2,415.9	2,009.0	412.0	7,398.2	57.0	7,894.7	24,630.9
	11	4,599.4	2,299.2	2,037.3	411.1	7,439.1	59.5	7,895.1	24,740.6
	12	4,511.7	2,471.0	2,133.3	400.0	7,478.9	74.6	7,874.7	24,944.2

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 of Commercial Banks in BH (end of period, in KM million)												
LIABILITIES												
Year	Month	Deposits of Central Government	Transf. Dep. of Other Resident Sectors in Dom. Curr.	Transf. Dep. of Other Resident Sectors in For. Curr.	Other Dep. of Other Resident Sectors in Dom. Curr.	Other Dep. of Other Resident 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	3,586.4	1,583.1	24,944.2
2015	01	787.2	4,394.2	1,326.7	3,372.2	5,307.4	0.0	647.5	2,730.5	3,499.7	1,481.5	23,546.9
	02	730.3	4,400.6	1,279.4	3,411.0	5,357.1	0.0	647.5	2,701.4	3,517.1	1,466.4	23,510.8
	03	769.7	4,414.8	1,293.3	3,395.5	5,380.6	0.0	637.9	2,542.9	3,563.3	1,491.3	23,489.3
	04	783.8	4,483.4	1,343.5	3,397.7	5,401.1	0.0	636.1	2,523.0	3,618.2	1,515.1	23,702.0
	05	721.9	4,615.8	1,353.4	3,409.4	5,431.6	0.0	629.0	2,513.0	3,652.0	1,508.9	23,835.1
	06	722.7	4,553.6	1,385.5	3,445.6	5,469.9	0.0	642.6	2,584.3	3,610.5	1,472.6	23,887.5
	07	865.3	4,632.4	1,340.7	3,418.1	5,526.6	0.0	640.0	2,566.5	3,626.1	1,438.5	24,054.1
	08	828.4	4,787.1	1,348.0	3,481.3	5,539.6	3.0	632.3	2,505.3	3,649.2	1,456.8	24,230.8
	09	805.9	4,822.7	1,401.7	3,506.5	5,516.4	3.0	623.9	2,494.3	3,670.1	1,442.4	24,287.0
	10	978.9	4,920.4	1,391.5	3,525.9	5,549.7	3.0	623.7	2,510.5	3,691.6	1,435.8	24,630.9
	11	1,024.0	4,976.9	1,414.5	3,517.9	5,552.6	8.0	617.7	2,442.3	3,712.9	1,473.8	24,740.6
	12	1,014.1	5,073.9	1,360.4	3,562.6	5,543.3	8.0	599.2	2,613.3	3,586.4	1,583.1	24,944.2

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).

T10a		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 and 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	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 and 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	01	7,338	6,825	7,664	6,784	7,038	7,706	5,907	6,362	5,987	5,984	8,688	7,494	7,980	12,196	14,655	13,826
	02	7,808	6,220	7,477	6,844	7,368	7,349	6,075	6,741	6,447	5,846	8,012	7,259	8,002	12,500	14,800	13,799
	03	7,361	5,040	7,383	6,754	7,618	7,883	5,956	6,428	6,353	5,950	7,961	7,038	7,980	12,293	14,828	13,759
	04	7,745	...	7,077	6,766	7,476	7,686	5,795	6,268	5,570	5,712	7,813	7,077	7,607	12,307	14,824	13,698
	05	7,984	5,398	7,049	6,717	7,846	7,296	5,945	6,281	5,657	5,767	7,827	7,061	7,806	12,356	14,816	13,655
	06	7,484	5,510	6,869	6,768	...	7,849	5,743	6,883	5,956	5,654	8,183	6,996	7,700	12,351	14,773	13,531
	07	7,837	5,724	7,113	6,797	...	7,260	5,717	7,251	5,926	6,110	8,195	7,139	7,534	12,392	14,761	13,422
	08	7,613	...	6,963	6,686	...	6,915	5,812	6,757	6,257	5,489	7,962	7,350	7,851	12,323	14,682	13,300
	09	7,279	5,306	7,157	6,862	...	7,024	5,739	6,884	6,171	5,769	7,923	7,198	7,800	12,326	14,677	13,187
	10	6,839	...	7,218	6,886	...	7,647	5,740	6,198	5,611	5,805	7,766	7,285	7,934	12,067	14,670	13,038
	11	6,700	...	7,246	6,814	8,635	7,819	5,799	6,390	6,268	5,774	7,717	7,336	7,900	12,443	14,722	12,883
	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
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	01	123	147	21.604	6.410	23	130	8.494	616	1.012	3.648	77.838	17.248	5.754	538.570	103.743	46.237
	02	118	146	17.403	11.031	13	283	9.124	626	1.142	4.162	101.028	23.438	11.926	530.463	101.784	45.014
	03	103	192	21.645	11.621	18	375	12.205	774	1.654	3.610	109.813	35.084	30.941	534.392	100.663	44.567
	04	137	...	22.018	11.982	18	261	14.088	728	2.513	4.261	118.692	38.284	36.438	523.652	99.933	46.034
	05	119	198	17.664	11.245	25	68	11.312	811	1.325	2.858	103.758	31.767	28.816	537.189	100.637	48.912
	06	128	296	20.994	12.703	...	75	12.800	1.255	2.297	4.471	102.192	33.890	30.425	537.681	105.159	50.722
	07	108	332	21.669	9.330	...	178	10.829	973	1.202	3.039	103.867	28.919	21.155	534.556	104.817	52.549
	08	87	...	17.009	7.311	...	37	9.879	622	1.133	2.785	86.873	21.740	10.207	537.056	104.646	54.103
	09	121	349	38.753	22.310	...	73	10.827	365	1.895	3.693	86.055	15.632	13.605	543.281	104.880	54.731
	10	99	...	41.569	24.447	...	106	9.867	635	1.732	4.942	113.171	14.423	14.725	547.736	104.008	55.509
	11	151	...	32.238	17.665	58	253	9.163	283	933	2.716	106.895	10.757	10.397	541.760	102.494	55.431
	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

Revised data series on the interest rates for the period January 2012- November 2015, applying new rules of validation and editing for finding out and correction of inconsistency and significant deviations in the data series.

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.

T10b 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 EUR 0.25 Million to EUR 1 Million																
Over 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 of EUR 1 Million																
Year	Period	Floating Interest Rate and up to 1 Year IRF	Over 1 up to 5 Years IRF	Floating Interest Rate and up to 1 Year IRF	Floating Interest Rate up to 1 Year IRF	Floating Interest Rate up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Floating Interest Rate up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Floating Interest Rate up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years 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	01	7.123	6.736	5.632	6.408	7.382	7.351	7.451	6.660	6.738	6.929	5.769	6.256	6.301		
	02	7.006	6.704	5.824	...	7.571	7.519	7.761	6.201	6.566	7.235	5.456	6.288	6.250		
	03	7.126	6.476	5.387	...	7.539	7.354	7.227	6.217	6.150	6.976	6.433	6.134	6.242		
	04	6.955	7.041	5.442	5.808	7.706	7.499	6.817	6.122	5.365	6.390	5.996	6.076	6.196		
	05	7.149	6.668	5.840	5.015	7.315	7.242	6.909	6.189	5.603	5.519	6.599	6.093	6.177		
	06	7.234	6.522	5.145	4.536	7.522	6.935	5.552	5.845	5.515	6.733	5.001	5.973	6.097		
	07	6.602	6.275	5.836	4.941	7.342	6.890	6.094	5.695	5.732	6.553	6.195	5.927	6.050		
	08	6.667	6.502	4.819	4.542	7.575	6.403	6.357	6.148	6.347	6.637	4.811	5.806	6.049		
	09	6.367	6.210	5.395	4.073	7.855	6.495	6.188	5.789	5.025	6.651	5.681	5.804	5.962		
	10	6.664	6.262	5.091	4.663	7.621	6.145	5.795	5.679	5.200	6.076	6.382	5.685	5.984		
	11	6.556	6.117	4.624	4.035	7.369	5.976	5.695	6.856	5.841	5.858	5.722	5.701	5.951		
	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		
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	01	27,729	1,319	22,386	9,873	17,455	6,438	1,937	19,599	4,279	7,521	54,720	1,595,970	553,251		
	02	37,130	1,524	38,423	...	18,817	6,017	2,782	21,916	4,632	5,334	113,077	1,574,721	544,177		
	03	43,806	4,611	44,842	...	23,645	9,793	5,080	23,447	6,700	11,198	29,203	1,629,380	529,324		
	04	38,635	5,461	38,129	22,224	22,235	11,505	3,863	38,038	6,980	3,230	49,120	1,676,983	532,786		
	05	31,345	6,738	48,257	10,396	23,171	8,422	5,906	19,386	5,602	3,983	14,530	1,633,875	537,594		
	06	35,761	9,824	57,870	48,800	28,040	10,590	6,409	40,809	9,745	6,380	31,432	1,639,665	531,471		
	07	34,844	11,626	50,870	17,638	23,274	10,195	4,794	27,145	9,148	6,356	24,057	1,604,150	533,988		
	08	32,615	7,465	52,965	22,897	18,629	7,288	4,887	21,938	5,474	9,497	95,872	1,574,929	517,448		
	09	32,460	7,560	38,868	20,723	17,126	7,624	4,165	14,529	7,493	4,470	22,705	1,648,853	524,450		
	10	34,855	7,449	35,704	12,750	22,693	9,787	7,169	39,919	7,769	8,797	79,425	1,670,496	523,925		
	11	32,778	11,412	43,302	39,957	21,143	7,549	6,766	17,256	9,684	13,402	32,474	1,657,153	529,481		
	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		

Notes:

Revised data series on the interest rates for the period January 2012- November 2015, applying new rules of validation and editing for finding out and correction of inconsistency and significant deviations in the data series.

* 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.

T10c Interest Rates on Deposits of Households and Non-financial Corporations (percentage per annum)																				
		Households										Non-financial Corporations								
		Deposits in KM and Deposits 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			Overnight Deposits*	With Agreed Maturity			Overnight Deposits*	With Agreed Maturity	Overnight Deposits*	With Agreed Maturity			Overnight Deposits*	With Agreed Maturity			Overnight Deposits*	Overnight Deposits*
Year	Period	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*
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Weighted monthly averages																				
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	1.237	2.813	3.059	0.095	1.234	2.643	3.222	0.161	0.998	0.060	1.929	2.448	2.118	0.195	0.201	3.405	3.174	0.130	0.079
	02	1.201	2.637	2.701	0.093	1.272	2.645	3.222	0.159	1.103	0.059	0.967	2.830	3.250	0.189	...	3.299	3.394	0.139	0.109
	03	1.329	2.679	2.673	0.095	1.273	2.585	2.888	0.158	1.596	0.059	1.051	2.646	2.909	0.183	...	2.806	4.184	0.144	0.078
	04	1.074	2.417	2.803	0.093	1.191	2.452	2.864	0.154	1.827	0.059	1.611	3.046	3.051	0.174	...	1.669	...	0.146	0.066
	05	1.104	2.447	2.508	0.093	1.270	2.436	2.871	0.153	0.976	0.059	1.325	2.501	2.902	0.189	...	2.526	3.436	0.153	0.064
	06	1.551	2.423	2.590	0.085	1.227	2.482	2.916	0.153	0.707	0.060	1.376	2.466	2.381	0.149	...	3.194	...	0.137	0.052
	07	1.231	2.398	2.445	0.078	1.265	2.450	3.236	0.146	1.353	0.061	1.076	2.200	2.918	0.144	1.622	3.077	...	0.141	0.050
	08	1.123	2.453	2.562	0.084	1.361	2.363	2.807	0.147	1.147	0.061	1.279	2.017	2.571	0.132	0.475	1.662	...	0.103	0.056
	09	1.143	2.390	2.552	0.078	1.296	2.350	2.711	0.144	1.371	0.061	0.904	2.129	2.725	0.133	...	2.249	2.055	0.133	0.056
	10	1.074	2.273	2.269	0.091	1.244	2.237	2.780	0.137	1.412	0.061	0.839	2.563	2.973	0.132	...	1.183	...	0.119	0.038
	11	0.941	2.235	2.229	0.091	1.245	2.258	2.895	0.130	1.163	0.061	1.155	2.317	1.930	0.125	...	1.369	...	0.124	0.058
	12	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
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	17,819	41,023	25,542	2,199,345	27,414	59,308	57,796	801,087	7,340	222,699	20,231	12,415	3,054	1,775,818	1,192	15,322	4,774	480,429	79,053
	02	14,715	32,256	17,313	2,251,524	20,192	56,506	42,256	812,332	7,685	215,481	4,673	18,087	3,942	1,737,531	...	29,393	2,915	446,844	50,743
	03	14,559	29,513	16,493	2,305,668	23,791	53,135	32,718	813,181	5,212	224,581	8,844	13,502	3,364	1,734,150	...	20,501	11,914	455,422	52,586
	04	12,829	31,097	21,240	2,339,556	19,500	56,464	39,904	839,412	7,510	226,589	7,620	12,406	13,723	1,770,909	...	26,936	...	483,128	51,274
	05	13,469	24,400	18,687	2,331,046	20,666	49,671	45,475	838,033	3,701	225,387	14,876	10,130	1,312	1,789,994	...	10,073	4,965	489,282	66,000
	06	13,523	26,425	25,642	2,339,456	18,613	56,934	45,185	849,159	4,136	231,612	8,524	19,684	15,048	1,728,823	...	20,238	...	515,168	65,345
	07	15,395	26,546	16,870	2,377,491	21,784	58,023	71,661	885,073	10,719	227,850	6,783	8,606	8,991	1,824,731	3,876	8,161	...	464,964	68,175
	08	18,210	22,509	16,309	2,399,825	23,805	68,987	53,786	887,028	7,333	222,085	7,268	7,674	11,193	1,901,245	9,193	5,139	...	485,481	57,461
	09	14,140	27,036	15,792	2,420,323	20,560	56,750	44,482	901,120	7,125	225,584	9,538	8,231	10,847	1,919,449	...	10,534	8,901	490,618	60,540
	10	14,695	28,487	25,007	2,426,308	21,888	53,451	65,119	897,487	8,621	235,722	9,407	10,040	8,870	2,003,365	...	20,246	...	456,678	102,072
	11	13,934	27,434	19,015	2,450,554	18,071	54,111	45,511	907,354	4,587	232,458	9,555	6,896	24,850	2,037,976	...	2,061	...	484,068	67,156
	12	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

Notes:
Revised data series on the interest rates for the period January 2012- November 2015, applying new rules of validation and editing for finding out and correction of inconsistency and significant deviations in the data series.
* 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.

T11 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	4,192.7	12,674.1	16,866.8
2015	01	6,191.2	8,973.7	15,164.8	4,068.9	12,225.4	16,294.2
	02	6,160.7	8,991.3	15,152.0	4,117.0	12,217.1	16,334.0
	03	6,181.4	9,045.7	15,227.1	4,169.3	12,271.0	16,440.3
	04	6,292.7	9,089.6	15,382.3	4,252.5	12,336.4	16,588.9
	05	6,384.3	9,119.3	15,503.5	4,222.5	12,387.6	16,610.1
	06	6,363.9	9,186.1	15,550.0	4,231.6	12,490.7	16,722.3
	07	6,510.4	9,244.5	15,754.9	4,162.1	12,506.2	16,668.2
	08	6,629.2	9,326.5	15,955.6	4,151.0	12,488.9	16,639.9
	09	6,693.9	9,333.1	16,027.1	4,215.2	12,511.4	16,726.6
	10	6,898.3	9,441.8	16,340.1	4,238.4	12,555.7	16,794.1
	11	7,017.2	9,443.2	16,460.4	4,221.8	12,626.8	16,848.6
	12	7,038.7	9,492.1	16,530.8	4,192.7	12,674.1	16,866.8

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.

T12 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 Nonfinancial Public Enterprises	Deposits of Nonfinancial Private Enterprises	Deposits of Nonprofit Organisations	Deposits of Households	Other Deposits	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14=3+...+13
2006	12	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	01	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
2015	01	75.7	361.7	262.3	178.5	32.9	172.7	523.1	1,816.0	251.0	2,503.3	14.0	6,191.2
	02	119.0	335.9	265.2	182.7	25.9	179.1	500.4	1,740.1	250.0	2,551.5	10.7	6,160.7
	03	109.0	337.8	269.2	179.4	26.4	159.8	532.7	1,703.4	252.0	2,602.6	9.0	6,181.4
	04	107.6	325.8	258.7	185.2	32.4	167.6	531.9	1,764.5	248.4	2,656.8	13.8	6,292.7
	05	101.8	279.1	260.5	183.9	34.1	253.8	532.1	1,860.6	247.3	2,620.6	10.5	6,384.3
	06	100.2	288.7	256.6	189.3	35.9	178.6	524.3	1,882.8	242.1	2,640.9	24.6	6,363.9
	07	120.7	382.7	257.5	195.7	33.9	183.3	516.3	1,874.0	257.9	2,661.4	27.1	6,510.4
	08	114.8	343.0	271.8	210.1	36.2	176.4	484.5	2,023.6	255.7	2,687.6	25.3	6,629.2
	09	120.1	313.4	294.3	222.2	36.0	220.3	516.6	1,980.1	263.1	2,694.6	33.1	6,693.9
	10	126.6	421.8	297.8	226.7	38.0	243.0	523.4	2,021.9	257.5	2,713.3	28.3	6,898.3
	11	121.4	451.2	291.3	229.5	53.3	243.2	526.8	2,070.3	256.2	2,748.7	25.5	7,017.2
	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

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.

T13 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 Nonfinancial Public Enterprises	Deposits of Nonfinancial Private Enterprises	Deposits of Nonprofit Organisations	Deposits of Households	Other Deposits	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14=3+...+13
2006	12	22.7	222.3	35.6	33.0	42.4	168.3	405.0	516.0	50.9	3,246.9	15.1	4,758.1
2007	12	11.8	1,457.4	56.4	47.4	124.0	217.5	537.8	595.4	59.8	3,854.2	18.9	6,980.7
2008	12	16.0	1,211.7	21.3	50.1	101.5	334.0	758.5	743.7	78.1	3,647.0	8.2	6,970.0
2009	12	4.7	725.3	20.9	48.8	61.7	478.8	753.5	606.0	100.5	4,062.0	14.8	6,877.0
2010	12	22.5	383.2	16.8	41.2	49.2	438.8	825.0	504.5	91.2	4,580.4	19.6	6,972.4
2011	12	62.8	237.8	24.0	30.0	41.7	567.5	816.3	471.5	79.1	5,134.1	9.2	7,474.1
2012	12	31.7	242.0	21.4	27.6	31.0	598.3	778.9	537.8	87.1	5,639.9	23.0	8,018.8
2013	12	62.7	170.8	21.0	26.6	35.0	651.4	724.0	531.1	100.3	6,137.1	17.1	8,477.3
2014	12	127.1	266.0	36.8	36.0	32.0	674.0	669.6	529.3	115.6	6,579.3	16.6	9,082.5
2015	01	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
2015	01	64.8	194.9	36.5	31.5	34.4	683.9	632.3	507.9	116.6	6,654.6	16.1	8,973.7
	02	13.8	177.5	36.4	33.6	31.9	682.5	679.3	500.2	115.7	6,704.3	16.1	8,991.3
	03	57.3	183.2	38.6	35.1	29.2	655.8	665.0	494.7	109.0	6,761.5	16.3	9,045.7
	04	71.5	187.7	38.8	37.0	31.6	669.2	679.2	481.0	109.5	6,768.5	15.7	9,089.6
	05	71.2	178.4	38.9	36.8	28.7	675.1	676.7	489.0	106.2	6,804.3	14.1	9,119.3
	06	68.5	173.4	40.0	36.5	28.7	680.9	696.9	494.0	110.7	6,843.1	13.3	9,186.1
	07	73.3	197.2	37.6	36.5	29.3	686.0	660.7	500.1	109.8	6,898.9	15.1	9,244.5
	08	76.8	199.6	37.5	36.4	29.2	694.1	706.9	499.2	112.9	6,917.4	16.3	9,326.5
	09	74.1	205.6	37.6	36.2	30.5	705.9	693.6	499.6	108.4	6,925.2	16.7	9,333.1
	10	114.7	220.3	37.1	36.6	31.2	693.1	717.9	490.7	116.5	6,965.8	17.8	9,441.8
	11	112.8	228.3	39.6	35.2	31.6	693.9	683.8	493.6	115.5	6,993.0	15.8	9,443.2
	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

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.

T14 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 Nonfinancial Public Enterprises	Loans to Nonfinancial Private Enterprises	Loans to Nonprofit 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	2,972.6	4.2	937.0	26.0	4,192.7
2015	01	0.0	29.6	13.7	43.6	38.8	27.2	88.3	2,876.9	4.1	923.1	23.7	4,068.9
	02	0.0	26.5	13.5	42.4	47.4	26.8	85.4	2,925.8	4.1	917.6	27.7	4,117.0
	03	0.0	47.0	13.2	42.6	40.1	26.3	94.1	2,946.8	4.3	928.1	26.9	4,169.3
	04	0.0	54.7	12.9	42.0	44.7	26.3	97.9	3,020.8	4.6	922.0	26.7	4,252.5
	05	0.0	53.1	12.8	41.6	48.8	34.0	102.2	2,956.7	5.2	940.3	27.8	4,222.5
	06	0.0	60.5	10.8	40.9	48.6	33.8	91.5	2,973.2	6.1	938.7	27.4	4,231.6
	07	0.0	65.1	15.1	41.0	48.6	29.2	90.3	2,901.5	6.4	938.0	26.8	4,162.1
	08	0.0	62.1	12.0	35.8	48.6	24.1	91.5	2,901.1	6.4	942.4	27.0	4,151.0
	09	0.0	71.8	12.0	27.0	48.6	26.1	88.9	2,960.2	6.2	948.3	26.3	4,215.2
	10	0.0	78.1	11.5	23.8	48.6	20.7	89.5	2,978.7	4.9	956.3	26.4	4,238.4
	11	0.0	75.3	11.4	22.7	36.7	22.0	87.8	2,980.9	4.3	954.2	26.6	4,221.8
	12	0.0	72.0	4.8	22.0	39.4	28.3	86.4	2,972.6	4.2	937.0	26.0	4,192.7

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.

T15 Structure of Long -Term Loans f 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 Nonfinancial Public Enterprises	Loans to Nonfinancial Private Enterprises	Loans to Nonprofit 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	391.7	224.3	281.7	99.0	31.8	310.3	4,473.4	12.5	6,847.2	2.2	12,674.1
2015	01	0.0	454.6	165.2	296.2	76.2	20.1	339.8	4,348.9	10.7	6,511.5	2.2	12,225.4
	02	0.0	451.6	163.8	294.4	75.5	19.6	335.4	4,337.1	10.4	6,527.1	2.2	12,217.1
	03	0.0	445.9	184.7	290.9	74.6	20.1	330.9	4,328.4	10.1	6,583.4	2.2	12,271.0
	04	0.0	445.1	182.8	289.0	73.7	19.8	327.9	4,334.7	13.2	6,648.0	2.2	12,336.4
	05	0.0	440.7	181.3	286.2	72.9	21.4	324.8	4,348.6	13.4	6,695.9	2.4	12,387.6
	06	0.0	446.9	179.7	284.7	71.4	21.3	330.5	4,382.5	12.6	6,758.7	2.4	12,490.7
	07	0.0	434.5	193.4	282.1	69.7	22.8	325.7	4,380.2	12.1	6,783.4	2.4	12,506.2
	08	0.0	417.2	192.0	285.9	67.9	22.0	324.1	4,382.4	11.8	6,783.3	2.3	12,488.9
	09	0.0	414.1	205.5	296.5	66.0	21.6	322.8	4,367.4	13.3	6,802.0	2.2	12,511.4
	10	0.0	414.9	213.6	284.5	64.2	21.1	319.1	4,385.7	13.1	6,837.3	2.2	12,555.7
	11	0.0	409.1	210.1	284.1	95.3	22.1	319.9	4,425.5	12.8	6,845.8	2.2	12,626.8
	12	0.0	391.7	224.3	281.7	99.0	31.8	310.3	4,473.4	12.5	6,847.2	2.2	12,674.1

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

Note:

Until 2006, total claims on all level government and funds (short-term and long-term) were shown in the Table Short-term Loans (columns 3, 4, 5, 6, 7) as total amounts because the source data by maturity are not available. Short-terms loans represent claims of commercial banks on all domestic institutional sectors up to one year, in domestic and foreign currency.

T16 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
2015	01	472,061	561,201	-89,140	6,739,187
	02	322,098	264,793	57,305	6,796,491
	03	370,530	422,571	-52,040	6,744,451
	04	469,392	291,381	178,012	6,922,463
	05	426,891	304,539	122,353	7,044,815
	06	286,028	391,006	-104,978	6,939,837
	07	809,656	537,466	272,190	7,212,027
	08	451,744	239,601	212,143	7,424,171
	09	422,386	568,784	-146,398	7,277,773
	10	507,808	329,619	178,189	7,455,962
	11	426,043	287,207	138,836	7,594,798
	12	505,913	500,893	5,020	7,599,818

T17 Average Reserve Requirements (in KM thousand)					
Year	Month	Base for Calculation of Required Reserves	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	01	16,664,525	1,432,593	3,770,500	2,337,907
2015	01	16,298,731	1,398,467	3,696,751	2,298,284
	02	16,245,938	1,390,378	3,561,880	2,171,503
	03	16,252,588	1,389,921	3,598,180	2,208,258
	04	16,279,495	1,395,388	3,583,339	2,187,952
	05	16,459,102	1,412,472	3,724,305	2,311,834
	06	16,492,444	1,416,325	3,712,298	2,295,973
	07	16,631,679	1,430,699	3,721,056	2,290,357
	08	16,801,800	1,446,264	3,815,465	2,369,201
	09	16,918,260	1,456,458	3,838,335	2,381,877
	10	17,014,174	1,466,788	3,888,759	2,421,971
	11	17,248,755	1,489,329	4,038,778	2,549,448
	12	17,331,332	1,498,627	4,066,850	2,568,223

Note:

From 1 January 2008, required reserve rate was 18%.

From 11 October 2008, required reserve rate was decreased from 18% to 14%. From 1 January 2009 the required reserve rate was 14% on deposits and borrowed funds with agreed maturity up to one year and 10% on deposits and borrowed funds with agreed maturity over one year.

From 1 May 2009 the required reserve rate was 7% on deposits and borrowed funds with agreed maturity over one year.

From 1 February 2011 required reserve rate on deposits and borrowed funds with agreed maturity up to one year was decreased from 14% to 10%, while required reserve rate on deposits and borrowed funds with agreed maturity over one year was not changed.

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.

Since 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.

*The base for calculation of required reserves includes deposits and borrowed funds in domestic and other currency expressed in KM.

T18 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
2015	01	58,966	5,157	2,716,830	969	2,775,796	6,126
	02	61,409	5,135	2,870,045	1,027	2,931,454	6,162
	03	73,174	5,859	3,294,303	1,194	3,367,477	7,053
	04	73,421	5,551	3,257,526	1,213	3,330,947	6,765
	05	67,828	5,404	3,022,918	1,131	3,090,746	6,534
	06	74,624	6,080	3,312,110	1,241	3,386,734	7,321
	07	79,264	6,394	3,386,093	1,285	3,465,357	7,679
	08	71,962	5,876	3,078,935	1,187	3,150,897	7,062
	09	74,327	6,341	3,212,365	1,234	3,286,692	7,575
	10	77,440	6,077	3,347,884	1,290	3,425,324	7,367
	11	73,711	5,702	3,131,792	1,230	3,205,503	6,932
	12	88,449	7,079	3,581,272	1,451	3,669,721	8,530

T19 BH Balance of Payments (in KM million)								
Period	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	1,853	204	3,679	336	-1,930	-1,793	137
2013	-7,316	1,863	341	3,695	338	-1,080	-904	176
2014	-8,103	1,916	181	3,970	443	-1,592	-1,352	240
2015	-7,451	2,033	271	3,557	370	-1,218	-1,026	192
2012 Q1	-1,798	394	98	828	76	-402	-532	-129
Q2	-1,924	477	-108	930	80	-544	-408	136
Q3	-2,256	553	100	944	91	-568	-417	151
Q4	-2,024	428	114	978	89	-416	-436	-20
2013 Q1	-1,661	397	77	837	78	-273	-471	-198
Q2	-1,676	500	-106	927	80	-276	-209	66
Q3	-1,922	539	126	951	91	-215	-12	203
Q4	-2,058	428	244	980	89	-316	-211	105
2014 Q1	-1,795	453	72	833	77	-361	-470	-109
Q2	-1,967	456	-89	989	85	-526	-352	174
Q3	-2,191	566	59	1,071	153	-341	-153	188
Q4	-2,150	441	139	1,077	128	-364	-378	-14
2015 Q1	-1,627	419	124	867	100	-117	-243	-126
Q2	-1,947	558	0	899	100	-390	-314	76
Q3	-2,004	623	57	895	81	-348	-156	192
Q4	-1,872	433	90	897	89	-363	-314	50

T20	Current and Capital Account (in KM million)														
	Period	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					
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	13,310	15,576	-2,266	5,844	13,846	2,638	785	871	667	3,957	277	336	0	336	
2013	13,855	15,272	-1,417	6,427	13,743	2,609	745	845	504	3,974	279	338	0	338	
2014	14,514	16,549	-2,036	6,620	14,723	2,701	785	925	744	4,268	298	443	0	443	
2015	14,647	16,235	-1,589	6,968	14,419	2,896	862	887	615	3,897	339	370	0	370	
2012 Q1	2,903	3,381	-478	1,284	3,082	525	131	199	101	895	67	76	0	76	
Q2	3,487	4,111	-624	1,601	3,525	669	192	218	326	998	68	80	0	80	
Q3	3,588	4,247	-659	1,491	3,747	848	295	232	133	1,017	73	91	0	91	
Q4	3,332	3,836	-504	1,467	3,491	595	167	222	108	1,047	70	89	0	89	
2013 Q1	3,078	3,429	-351	1,437	3,098	533	136	202	125	906	70	78	0	78	
Q2	3,641	3,997	-355	1,748	3,424	683	184	213	319	997	70	80	0	80	
Q3	3,685	3,990	-306	1,630	3,552	808	269	227	101	1,020	68	91	0	91	
Q4	3,451	3,856	-405	1,611	3,669	585	157	204	-41	1,051	71	89	0	89	
2014 Q1	3,194	3,631	-437	1,485	3,280	590	137	216	144	903	70	77	0	77	
Q2	3,581	4,192	-611	1,643	3,610	647	191	230	320	1,060	71	85	0	85	
Q3	3,990	4,485	-495	1,736	3,927	851	285	252	193	1,151	80	153	0	153	
Q4	3,749	4,241	-493	1,755	3,906	614	172	226	87	1,153	76	128	0	128	
2015 Q1	3,357	3,575	-217	1,610	3,237	579	160	229	105	939	72	100	0	100	
Q2	3,700	4,190	-490	1,743	3,691	760	202	209	209	988	88	100	0	100	
Q3	3,978	4,407	-429	1,811	3,816	946	324	237	180	983	88	81	0	81	
Q4	3,611	4,064	-452	1,803	3,675	610	177	211	121	987	91	89	0	89	

T21	Financial Account (in KM million)					Total
	Year	FINANCIAL ACCOUNT				
	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	16	-1,375	73	-1,793	
2013	-383	137	-1,366	709	-904	
2014	-717	95	-1,443	712	-1,352	
2015	-403	90	-1,594	881	-1,026	
2012 Q1	-26	-7	-185	-314	-532	
Q2	-134	44	-89	-230	-408	
Q3	-107	-18	-685	394	-417	
Q4	-240	-4	-416	224	-436	
2013 Q1	-339	51	-15	-168	-471	
Q2	-167	25	-308	241	-209	
Q3	2	21	-482	447	-12	
Q4	121	40	-561	189	-211	
2014 Q1	-244	8	-73	-161	-470	
Q2	-215	27	-327	163	-352	
Q3	-113	-19	-646	625	-153	
Q4	-146	79	-397	85	-378	
2015 Q1	-22	-14	-155	-52	-243	
Q2	-149	-42	-336	213	-314	
Q3	-63	68	-538	378	-156	
Q4	-169	79	-566	342	-314	

T22	Government Sector Foreign Debt Servicing (in KM thousand)						
	Creditor	2011	2012	2013	2014	2015	
Principal						Interest	Total
Public creditors	269,064	339,601	617,207	693,718	416,148	99,469	515,617
International and regional organizations	226,021	290,493	559,130	620,692	352,227	73,455	425,682
European Investment Bank	30,871	38,236	40,804	51,583	37,189	21,862	59,051
European Bank for Reconstr. and Development	72,598	75,034	90,998	112,436	110,607	10,437	121,045
World Bank - IDA	43,102	49,547	51,296	56,489	53,221	14,747	67,968
World Bank - IBRD ¹⁾	48,164	51,290	45,057	43,490	41,948	9,287	51,235
Council of Europe Development Bank ¹⁾	651	991	1,818	3,086	3,174	938	4,112
International Fund of Agriculture Development	1,932	2,341	6,412	2,902	3,214	570	3,784
MMF	15,463	64,134	318,723	338,799	95,050	11,627	106,677
EUROFIMA	8,398	0	0	0	0	0	0
European Commission	4,844	8,919	4,022	11,907	7,823	3,985	11,809
Government and government agencies	43,043	49,108	58,077	73,026	63,921	26,014	89,935
Paris Club ¹⁾	28,470	30,493	31,746	33,811	26,091	12,254	38,344
Saudi Development Fund	2,607	3,050	4,808	4,505	4,830	1,868	6,698
Other bilateral ²⁾	11,966	15,566	21,523	34,710	33,001	11,891	44,892
Private creditors	70,927	73,682	67,604	67,177	62,569	3,137	65,706
London Club ¹⁾	70,927	73,682	67,604	67,177	62,569	3,137	65,706
Total	339,992	413,283	684,810	760,895	478,717	102,606	581,323

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.

T23 Foreign Debt of BH General Government by Creditors** (in KM thousand)							
Creditor	2009	2010	2011	2012	2013	2014	31/12/2015*
Public creditors							
International and regional organizations							
European Investment Bank	368,263	537,870	704,579	973,305	1,197,893	1,461,725	1,549,248
European Bank for Reconstr. and Development	357,804	427,819	481,540	677,713	895,992	1,012,997	982,148
World Bank - IDA	1,497,460	1,738,590	1,803,033	1,769,456	1,692,110	1,804,537	1,931,027
World Bank - IBRD ⁵⁾	571,289	657,000	694,148	677,664	624,593	715,638	854,582
European Development Bank	31,834	35,843	37,180	36,776	35,180	63,239	74,890
International Fund for Agriculture Development	56,108	64,100	68,235	70,302	69,067	74,676	78,478
International Monetary Fund	388,705	767,071	784,851	950,444	851,771	1,061,656	1,036,624
EUROFIMA ¹⁾	13,146	7,839	0	0	0	0	0
European Commission	78,233	74,322	70,410	62,587	250,346	242,523	234,700
Others ²⁾	10,295	14,163	14,033	12,690	13,644	20,460	43,912
Government and government agencies							
Saudi Development Fund	24,605	24,519	33,780	49,628	68,419	86,457	101,893
Paris Club ¹⁾	828,455	834,959	825,224	781,672	755,540	815,779	771,129
Japan	57,642	69,858	73,248	62,324	48,251	47,081	51,160
Kuwait ³⁾	29,381	30,829	28,997	27,971	24,212	23,485	15,541
Others ³⁾⁴⁾	198,101	316,369	395,378	446,030	468,033	498,354	511,800
Private creditors							
London Club ¹⁾	651,298	599,205	541,875	479,306	416,737	354,168	291,599
Others	73,717	90,687	106,621	133,936	151,182	159,511	162,516
Total	5,236,336	6,291,044	6,663,132	7,211,804	7,562,971	8,442,288	8,691,248

Source:
BH Ministry of Finance and Treasury report.

Note:
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) The 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 od 18.03.2016. and it includes Public Company RS Roads and the direct debt of Brčko District

T24 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	4,951.4	51.3	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
2015	01	213.1	5.4	83.8	1,987.8	0.0	5,505.0	7,795.1	7,794.0	7,207.1	586.8
	02	202.6	9.3	89.3	1,903.8	0.0	5,638.2	7,843.1	7,841.2	7,261.9	579.3
	03	204.8	9.5	97.2	1,201.8	0.0	6,283.5	7,796.8	7,795.2	7,209.4	585.9
	04	202.0	9.3	110.3	1,365.8	0.0	6,250.1	7,937.5	7,936.2	7,390.6	545.6
	05	203.6	6.5	119.9	1,397.1	0.0	6,324.0	8,051.1	8,049.7	7,509.7	540.0
	06	197.7	6.5	61.7	1,113.2	0.0	6,533.2	7,912.3	7,911.1	7,404.6	506.5
	07	187.7	6.5	71.2	1,063.5	0.0	6,879.9	8,208.9	8,206.8	7,680.0	526.8
	08	189.0	3.6	83.7	1,041.5	0.0	7,085.1	8,402.9	8,400.8	7,888.9	511.9
	09	186.8	3.6	94.5	628.0	0.0	7,363.1	8,276.0	8,274.2	7,742.5	531.7
	10	194.6	6.6	101.8	932.3	0.0	7,247.4	8,482.8	8,480.5	7,923.7	556.8
	11	188.8	3.8	106.9	662.6	0.0	7,665.9	8,628.1	8,626.3	8,059.6	566.7
	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

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

Note:

Gross foreign reserves include balance sheet positions of the CBBH short-term foreign assets (gold, CBBH SDR holdings, foreign exchange in the CBBH vault, transferable deposits in foreign currency with non-resident banks and other) and investment in foreign securities since July 2006, in accordance with the July 2006 decision of the CBBH Investment Committee. Net foreign reserves represent the difference between gross foreign reserves and liabilities to non-residents. Monetary liabilities include money outside monetary authorities and deposits of residents with monetary authorities. Net foreign assets of the CBBH represent the difference between net foreign exchange reserves and monetary liabilities of the CBBH.

T25 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	53.9
2015		8,987	15,852	-6,864	57.0
2015	01	649	983	-334	66.0
	02	715	1,210	-495	59.1
	03	756	1,379	-622	54.9
	04	758	1,365	-607	55.5
	05	731	1,374	-644	53.2
	06	775	1,340	-565	57.8
	07	809	1,485	-676	54.5
	08	709	1,276	-568	55.5
	09	790	1,395	-605	56.6
	10	808	1,449	-641	55.7
	11	765	1,305	-540	58.6
	12	723	1,289	-566	56.1

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 dissemination purposes, are not included.

T26		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
2015	01	110,050	55,716	61,740	101,834	51,449	51,961	25,466	190,894	649,110
	02	112,416	80,823	67,049	92,101	55,167	50,174	33,069	224,541	715,340
	03	117,467	74,299	71,278	102,467	65,112	62,761	23,575	239,482	756,441
	04	118,469	74,567	67,689	97,614	59,906	65,138	24,415	250,024	757,821
	05	112,472	81,281	62,843	97,163	60,868	61,460	21,998	232,482	730,567
	06	119,504	85,705	67,692	115,909	63,632	75,937	20,718	225,945	775,042
	07	121,854	87,448	66,977	129,492	61,957	75,047	19,545	246,939	809,259
	08	112,649	69,918	64,286	87,045	60,226	60,138	19,168	235,132	708,562
	09	126,723	88,428	60,418	101,199	72,996	68,249	18,864	253,152	790,028
	10	130,944	84,898	64,907	102,227	67,930	69,524	19,416	267,669	807,515
	11	130,006	67,912	54,242	93,486	69,066	58,928	15,734	275,179	764,553
	12	100,352	74,171	61,572	94,394	60,562	43,746	20,877	267,282	722,956

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.

T27		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
2015	01	100,875	95,935	120,065	105,667	31,116	50,747	86,503	37,572	35,314	30,143	288,875	982,812
	02	111,277	117,274	143,336	126,928	88,789	57,214	100,288	43,674	41,285	30,984	349,320	1,210,370
	03	132,521	146,824	173,467	141,421	95,578	66,522	112,555	46,156	35,203	37,306	391,376	1,378,928
	04	157,014	155,148	168,830	157,696	36,599	70,096	78,309	51,417	45,406	34,109	410,351	1,364,975
	05	140,343	144,080	156,500	172,695	109,936	64,297	83,369	45,373	37,529	29,844	390,497	1,374,463
	06	141,672	144,972	161,698	161,902	83,559	65,685	85,165	50,377	33,902	30,957	380,608	1,340,497
	07	166,010	153,502	173,867	167,410	136,320	73,590	94,165	47,290	39,067	35,776	398,302	1,485,298
	08	145,712	159,358	151,102	112,453	78,339	55,137	87,636	36,770	45,240	40,733	363,841	1,276,321
	09	155,877	162,257	167,647	145,838	51,074	69,304	91,057	53,687	37,351	37,419	423,782	1,395,294
	10	156,348	162,514	189,599	160,862	78,314	70,356	93,459	55,595	31,107	34,252	416,303	1,448,711
	11	135,196	135,429	158,459	158,406	77,764	60,234	87,453	47,040	24,977	33,648	386,044	1,304,651
	12	130,316	151,196	149,656	147,010	42,685	70,376	91,712	45,972	34,776	36,408	389,264	1,289,372

Note:

The share of BH imports from a country in total BH imports for 2010 was used as a criterion for selecting the mode of presentation of the given country of origin. Therefore, all countries with a share of imports over 3% of total BH imports for 2010 are separately presented, while the other countries are grouped together in the column "Other countries".

Until February 12, 2007, the data on imports from Serbia also included imports from Montenegro, and from that date the imports from Montenegro are included in the column "Other countries".

T28 Commodity group	Exports of Goods					Imports of Goods				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
Total	8,222.1	7,858.0	8,380.3	8,681.7	8,987.2	15,525.4	15,252.9	15,169.8	16,199.3	15,851.7
Animals and animal origin products	129.0	134.3	127.5	114.6	189.1	414.6	425.0	442.7	456.7	520.4
Proizvodi biljnog porijekla	101.7	91.1	128.8	158.9	202.1	681.8	705.8	663.6	710.3	756.8
Vegetable origin products	58.2	75.9	92.6	93.3	118.6	146.4	171.9	162.3	150.7	167.3
Food products	323.3	336.7	324.9	282.5	307.8	1,527.1	1,513.9	1,482.8	1,434.2	1,446.5
Mineral origin products	1,316.0	872.0	1,091.9	947.1	738.2	3,456.7	3,229.0	3,045.2	2,813.2	2,258.0
Chemical products and related industry products	570.6	533.2	531.6	604.5	705.0	1,475.5	1,522.5	1,475.4	1,565.5	1,571.9
Plastic, caoutchouc and rubber products	166.0	202.7	229.0	249.2	284.1	800.4	846.8	858.8	949.6	1,007.3
Fur and leather	178.9	179.8	170.8	147.2	161.8	382.1	397.8	426.1	482.3	462.8
Wood and wood products	504.4	507.4	579.5	645.0	668.9	168.2	158.0	165.3	191.3	206.2
Cellulose, paper, cardboard and products thereof	234.9	224.7	233.5	230.1	260.1	398.4	353.3	352.3	387.4	387.7
Textile and textile products	353.1	332.2	371.4	425.2	494.7	754.9	734.7	827.3	986.2	1,023.5
Footwear, headwear and similar products	461.4	476.3	557.2	666.2	639.9	252.1	251.1	276.7	329.2	335.7
Stone, plaster, cement, ceramics, glass products and similar	49.3	49.0	52.3	62.7	52.9	296.9	284.3	280.8	302.9	313.8
Pearls, precious metals and products thereof, prec. or semi-prec. stones	12.1	19.7	36.2	12.9	12.1	14.2	11.5	12.5	13.9	12.7
Base metals and products thereof	1,934.6	1,908.8	1,753.9	1,749.1	1,652.0	1,384.0	1,330.1	1,399.8	1,500.3	1,536.0
Machinery and mechanical/electric appliances	815.1	791.3	859.6	939.5	1,018.1	1,870.2	1,881.1	1,866.6	2,338.0	2,198.1
Vehicles and transportation equipment	189.0	203.0	260.4	299.9	317.2	1,053.7	909.9	936.7	1,037.8	1,070.5
Watches, musical and medical instruments, measuring tools	19.0	19.5	17.1	17.2	20.6	191.7	211.7	181.2	192.8	218.8
Arms and ammunition; parts and accessories thereof	44.5	79.0	63.5	92.1	136.1	3.7	4.5	7.9	6.3	7.0
Miscellaneous products	760.1	821.2	898.5	944.4	1,007.7	251.3	309.5	305.0	350.2	350.1
Works of art, collectors' pieces and antiques	0.8	0.0	0.2	0.1	0.2	1.3	0.5	0.5	0.4	0.4
Unclassified	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0

Note:

- The source of these data is the Agency for Statistics of Bosnia and Herzegovina.
- The data are classified in accordance with World Trade Organization's Harmonized Code System.

T29		Average Middle Exchange Rates of Convertible Mark							
Year	Month	EMU	Croatia	Hungary	Turkey	Switzerland	UK	USA	Serbia
		EUR	HRK	HUF	TRY	CHF	GBP	USD	RSD
		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
2015	01	1.955830	25.451669	0.618571	0.718503	1.787900	2.548378	1.676404	1.598934
	02	1.955830	25.364260	0.636987	0.700394	1.844320	2.638572	1.722945	1.606215
	03	1.955830	25.572928	0.644233	0.696289	1.843341	2.703166	1.802566	1.623460
	04	1.955830	25.747568	0.653131	0.683507	1.885410	2.707766	1.817516	1.627357
	05	1.955830	25.875170	0.639478	0.662449	1.879249	2.709506	1.751350	1.622749
	06	1.955830	25.832633	0.627219	0.646685	1.870934	2.713184	1.744590	1.622591
	07	1.955830	25.777944	0.627381	0.659272	1.866180	2.764092	1.776387	1.626719
	08	1.955830	25.870162	0.628245	0.617464	1.817835	2.740805	1.758198	1.626972
	09	1.955830	25.777612	0.624385	0.578674	1.792178	2.675557	1.742072	1.626941
	10	1.955830	25.653662	0.628320	0.594312	1.798031	2.668386	1.740992	1.629147
	11	1.955830	25.718862	0.626718	0.632512	1.804809	2.764377	1.818520	1.620915
	12	1.955830	25.599467	0.621997	0.615048	1.806588	2.697208	1.798219	1.606242

T30	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
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

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 Public Companies for Motorways of all levels of government. Annual data for consolidated revenues/expenses include local level of government (municipalities and towns), Entities' Public Companies for Roads and Public Companies for Motorways all levels of government, 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.

T31	Government Finance of BiH - Structure of Consolidated Revenues and Expenditures (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 Nonfinancial 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
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

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.

T32	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 Nonfinancial 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
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

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.

T33 Government Finance of RS - Government Sector Units (in KM million)								
	Republika Srpska Budget	Social Security Funds	Consolidated Revenues	Republika Srpska Budget	Social Security Funds	Consolidated Expenses	Net acquisition of Nonfinancial Assets	Net Surplus /Deficit
2006	1,211.3	950.2	2,525.6	1,049.1	944.1	2,187.5	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
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

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.

T34 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	50.3	31.8	18.5	22.3	41.4	-82.2	-34.5	99.4	43.9	30.8	223.2	445.0
2014	172.5	24.5	88.2	22.3	-13.4	195.8	-13.4	25.5	5.5	10.9	221.4	739.5
Jan - Sept 2015	65.8	-7.2	16.0	-4.4	11.4	22.5	1.5	21.7	-17.6	48.8	60.5	218.9

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.

T35a Flows of Foreign Direct Investment in BH, Classified by Industry (in KM million)														
Year	Manufacture of Food Products and Beverages	Manufacture of Wood and of Products of Wood and Cork, Except Furniture, Manufacture of Articles of Straw and Plaiting Materials	Manufacture of Coce Oil Derivatives and Nuclear Fuel	Manufacture of Chemical Products	Manufacture of Other Non-metallic Mineral Products	Manufacture of Base Metals	Manufacture of Motor Vehicles, Trailers and Semi-trailers	Wholesale Trade and Trade Mediation, Except for Motor Vehicles and Motorcycles Trade	Retail Trade, Except of Motor Vehicles and Motorcycles Trade, Repair of Personal and Household Goods	Post and Telecommunications	Financial Intermediation, Except for Insurance and Pension Funding	Real Estate Activities	Other Industries	Total
2006	120.8	5.2	n/a	58.1	49.3	35.5	12.8	65.0	29.7	10.7	283.0	24.5	170.3	864.8
2007	109.7	15.2	315.5	5.8	0.4	132.9	16.7	120.6	15.0	1,316.8	266.8	40.5	243.8	2,599.8
2008	24.7	14.0	215.2	19.0	93.2	36.9	21.2	173.9	113.1	164.0	222.0	27.1	213.2	1,337.5
2009	55.0	-8.7	46.3	52.2	17.9	-127.8	14.7	161.8	19.6	-30.2	73.4	-21.7	99.3	351.9
2010	-16.8	-4.0	33.7	-27.7	33.4	47.5	-8.4	94.0	22.7	-9.5	48.5	31.6	354.8	599.7
2011	20.8	12.3	43.6	17.6	-7.3	-24.0	-5.5	125.3	47.7	11.1	165.4	99.6	192.1	698.6
2012	7.5	-0.1	2.6	31.4	3.4	-26.0	6.6	128.0	52.6	5.6	130.2	14.6	244.7	601.1

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.

"n/a" in this industry/country there are less then three companies with direct investment and in accordance with statistical standards we are not able to present invested amounts.

T35b Flows of Foreign Direct Investments in BH by NACE Rev 2 Classification of Activities (KM million)														
Year	Manufacture of Food Products	Manufacture of Wood and 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
2013	-3.7	2.3	-101.1	25.3	14.5	4.0	5.6	-2.3	77.5	46.0	138.5	14.6	223.7	445.0
2014	-13.2	-5.1	178.0	3.7	-27.9	24.1	-61.4	55.3	43.3	6.5	150.0	167.8	218.5	739.5
Jan - Sep 2015	-2.3	-0.0	26.9	24.0	19.4	-39.1	5.5	37.7	-43.3	66.2	42.0	13.4	68.5	218.9

Bilješka:

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.

T36 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	-5,716.0	9,634.8	245.5	79.3	166.2	28.8	0.0	3,880.9	3,225.3	130.2	461.9	63.4	5,479.5
2007	-7,644.4	12,485.7	340.6	110.5	230.1	16.3	0.0	5,402.5	4,376.8	194.3	749.8	81.7	6,726.3
2008	-11,620.6	12,405.1	398.8	126.0	272.9	40.7	0.0	5,641.9	4,216.6	165.9	1,164.9	94.5	6,323.5
2009	-13,724.2	12,121.5	266.1	124.0	142.1	315.2	0.0	5,300.2	3,753.6	161.3	1,277.0	108.3	6,240.0
2010	-14,349.3	11,903.5	428.5	233.6	194.9	451.0	0.0	4,538.4	3,145.1	184.4	1,076.4	132.5	6,485.6
2011	-15,392.7	11,664.2	417.1	250.6	166.5	433.5	0.0	4,362.1	2,968.1	88.2	1,154.1	151.7	6,451.5
2012	-16,012.3	11,728.4	524.4	263.0	261.4	467.6	0.0	4,199.9	2,760.6	77.1	1,177.3	185.0	6,536.5
2013	-15,490.7	12,845.3	636.6	236.9	399.7	533.0	0.0	4,579.5	2,998.5	118.8	1,181.3	281.0	7,096.2
2014	-15,726.3	13,437.8	644.8	241.9	402.9	583.3	0.0	4,356.2	2,759.6	109.8	1,200.6	286.2	7,853.5

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.

	T36 International Investment Position (IIP) (in KM million)										
	LIABILITIES										
	Direct investment						Other investment				
Total Liabilities	Total	Equity and Investment Fund Shares	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	15,350.8	4,911.2	4,217.5	693.7	251.5	0.0	10,188.1	2,137.2	7,048.1	769.2	233.7
2007	20,130.1	7,380.4	6,484.5	895.9	244.2	0.0	12,505.5	2,674.5	8,743.4	823.0	264.7
2008	24,025.6	8,817.2	7,289.8	1,527.4	331.4	0.0	14,877.0	3,338.1	10,167.7	1,101.0	270.2
2009	25,845.7	9,512.6	7,467.5	2,045.2	751.9	0.0	15,581.2	3,227.8	10,164.0	1,564.9	624.4
2010	26,252.7	9,963.1	7,473.3	2,489.8	699.8	0.0	15,589.8	2,619.6	10,424.6	1,968.6	577.0
2011	27,056.9	10,883.7	7,885.6	2,998.1	642.3	0.0	15,530.9	2,136.8	10,730.8	2,093.1	570.3
2012	27,740.7	11,336.0	8,021.9	3,314.2	579.7	0.0	15,825.0	2,053.4	11,056.6	2,178.8	536.1
2013	28,336.0	11,833.9	8,470.2	3,363.7	417.1	0.0	16,085.0	1,934.8	11,330.1	2,230.4	589.7
2014	29,164.1	11,797.1	8,036.2	3,760.9	355.3	0.0	17,011.7	1,654.0	12,502.7	2,283.5	571.5

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.

T37 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		105.43	98.07
2015		106.91	97.25
2015	01	108.26	100.01
	02	107.81	99.36
	03	106.14	97.66
	04	104.74	95.69
	05	105.02	95.74
	06	105.94	96.33
	07	106.01	95.80
	08	107.50	97.10
	09	108.27	97.54
	10	107.74	97.38
	11	107.12	96.67
	12	108.34	97.77

Notes:

Due to the change of the base year (2010 = 100), compared to the previous base year (2005 = 100), for the consumer price index and the index rate of KM, since 2005, NEER and REER data are revised. Shorter methodology notes for the calculation of NEER and REER are as follows: In the calculation of NEER, the 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, while for 2014 and beyond, until we have a period of three consecutive years, the weight used is from the period 2011 to 2013). 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, the 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). Detailed methodological explanations for compiling and calculating the nominal (NEER) and real (REER) effective exchange rate indices are available at the CBBH website.

T38 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

NOTE

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

The data on the „complete“ balance sheet, with the included passive 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.

Revised data for the periods: January 2008 – March 2009 and December 2011 – August 2012 due to reclassification of financial instruments with one bank in FBiH.

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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