

Annual report CBBH

2014



2014

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Abbreviations

ABSPP	Asset-backed Securities Purchase Programme
BAM	currency code of convertible mark
BHAS	BH Agency of Statistics
BIS	Bank for International Settlements
CBBH	Central Bank of Bosnia and Herzegovina
CBPP3	Covered Bond Purchase Programme
ECB	European Central Bank
FBH	Federation of Bosnia and Herzegovina
FOMC	Federal Open Market Committee
KM	currency symbol of convertible mark
IMF	International Monetary Fund
PSPP	Public Sector Purchase Programme
QE	quantitative easing scheme
RS	Republika Srpska
SC	securities
SDR	Special Drawing Rights
TLTRO	targeted longer-term refinancing operations
VAT	value added tax

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;
- Financial Statement verified by external auditor;

The Annual Report of the CBBH for 2014 has been adopted at the meeting of the CBBH Governing Board, held in Banja Luka, on 31 March 2014.

Although 2014 as well as the possibility of a stronger economic recovery of Bosnia and Herzegovina was observed with some optimism, the unexpected circumstances, such as the natural disaster and the floods in Bosnia and Herzegovina, had a significant impact on the economic growth. Real growth rate in BH in 2014 amounted to 0.7% of GDP, which is significantly lower than planned. However, it should be mentioned that it is not characteristic of BH only – the achieved rates of economic growth in 2014 at the global level, in the euro zone, are below the planned values in 2014, so the economic recovery was slower than expected even in other stronger economies. The effects of the floods in BH will have a

considerable impact on the potential GDP so the economic growth will depend on the speed and volume of reconstruction of the damaged public infrastructure in BH.

The banking sector in BH in 2014 has shown stability and high liquidity, but there was an evident problem of the increase of non-performing loans (NPL 14.0%), which is reflected in the difficulties in the repayment of loans of physical, and particularly legal entities.

Although it operated in very complex circumstances, the CBBH fully achieved its basic objectives –ensuring the stability of the local currency, KM, i.e. preserving the monetary and financial stability.

According to its tasks and its term of office, the CBBH has continued a good cooperation with the other institutions of Bosnia and Herzegovina regarding the issues of achieving the financial stability, and the CBBH representatives gave their full contribution by participating in the work of the bodies such as BH Deposit Insurance Agency, Standing Committee for Financial Stability of BH and BH Fiscal Council, and the CBBH continued its active role in coordination with the Banking Agencies of RS and FBA.

During 2014, the CBBH properly serviced all the obligations of BH as a fiscal agent of the state and performed all the necessary preparations for the missions of the credit rating agencies– Standard and Poor’s and Moody’s, so the representatives of these two agencies had available all the conditions and the relevant information necessary for the work on the assessing the sovereign rating.

The Governing Board, the Management and the Investment Committee were successful in performing all their tasks in complex market conditions, managing the portfolio of the Central Bank of BH in a safe and profitable way. Given the very difficult conditions, when the CBBH faced for the first time negative interest rates in the financial markets of the EU, the CBBH still in 2014 achieved the positive business results, and ended the year with net profit in the amount of KM 35,410,680.98 KM, which is more than a year earlier. Out of the amount, according to Article 27 of the Law on the Central Bank of Bosnia and Herzegovina, the amount of KM 21,246,408.59 will be transferred to the account of liabilities to the budget of the institutions of Bosnia and Herzegovina, while the amount of KM 14,164,272.39 will remain in the account of the general reserves of the CBBH.

Improvement of the operations, modernization and automatization of the systems has been continued with the purpose of more efficient way of performing business processes, and the beginning of use of a new IT platform for statistics on the basis of Business Intelligence (BI), including also a completely new platform for data dissemination on the web site of the CBBH should be stressed. The CBBH has become one of the few institutions that have such a base in the region, and this project represents a significant step in the quality of keeping, processing and using statistical data. Now, the interested users in real time have access to all the statistical data produced by the CBBH, and with the help of analytic tools and data adjustment they can quickly produce the reports according to their own needs.

After providing adequate business premises for the organizational units of the Central Bank of Bosnia and Herzegovina in Sarajevo, Brčko, Mostar, in 2014, the building of the business premises in Banja Luka was also finished.

During 2014, the CBBH worked on the promotion and introduction of socially responsible behaviour as a common and regular practice of operations of the Central Bank including the project of recycling waste paper, voluntary blood donation, where a large number of employees participated. In May 2014, when BH citizens were affected by floods, a large action of collecting funds and goods for the citizens was organized. Also, employees, on voluntary basis, gave up a part of their monthly remuneration until the end of 2014 for the help to those citizens in difficulties.

Despite the successful results during 2014, in the end of the year, the CBBH faced a serious offence, not recorded by now, of an employee who committed a fraud, and by the internal controls of the CBBH, the person who committed the offence was discovered and handed over to the competent institutions for further proceeding according to the law. Despite this contingency situation, due to the efforts of a considerable number of the CBBH employees, there was no delay in regular business process with commercial banks.

Therefore, I would like to thank all the staff of the CBBH, the Governing Board and the Management for the achieved results which, despite all the difficulties, can be considered to be satisfactory.



Kemal Kozarić 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.

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 2014

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1.1 International Economic Environment

1.1.1 Real Sector Trends

The achieved rates of the economic growth in 2014 at the global level in the euro zone and the USA were below the projected values in 2013². The world output increased by around 3.3%³, which was below the expected 3.6%⁴. Despite very low interest rates, the growth in advanced economies still faces the limiting factors, embodied in strong deflationary pressures and the slow-down of the growth in the emerging markets and developing economies. The same as in the USA, the economic recovery in the euro zone was slower than expected. The U.S. economy grew in real terms by 2.4% (expected 2.6%), and the economy of the euro zone by 0.9% (expected 1%), while the emerging markets and developing countries in 2014 will record a growth rate of around 4.4%, compared to the expected 5.1%.

The euro zone and the EU in 2014, after the two years of recession, have managed to go back to the economic growth path and to change negative economic trends (the growth of real GDP in the euro zone in 2012 and 2013 was -0.8% and -0.4% respectively) into positive ones. The economic growth was achieved in the circumstances of a slight growth of the public debt in the euro zone (from 91% of GDP in Q3 2013 to 92.05% of GDP in Q3 2014), savings policy represented through a decrease of the budget deficit (from -3.28% of GDP in Q3 2013 to -2.51% in Q3 2014), but also high unemployment rate and the unsolved and acute public debt crisis in some members of the euro zone. The downward inflation trend in the euro zone, which started in 2013, was continued in 2014, despite the expansive monetary policy of the ECB, marked by non-standard measures of the ECB and decreasing of the ECB reference interest rates, particularly the negative interest rate on a part of the funds held by banks with the ECB. The declining inflation rate in 2014 in the end turned into deflation (in XII 2014 compared to XII 2013, the inflation rate, measured by the harmonized consumer price index was -0.2%) which was the first time after a deep recession in 2009 that the inflation rate in the euro zone was negative.

During 2014, the unemployment in the euro zone was slightly decreased (from 11.86% in XII 2013 to 11.33% in XII 2014), and in most countries where workers' remittances come to BH from, it was reduced and it was below the average of the euro

zone (Table 1). In the end of 2014, the lowest unemployment rate from this group of countries was recorded by Germany (4.8%), and the highest one was recorded by Croatia (16.3%), which, despite accessing the EU in 2014, recorded a negative rate of economic growth (-0.4%). Slovenia and Sweden with the growth rates of GDP of 2.6% and 2.1% exceeded the average rates of the GDP growth in EU28 (1.3%) and the euro zone (0.9%). Serbia ended 2014 with the decline of real GDP of 1.8% (2014/2013) and the unemployment rate of 16.8% (IV 2014).

Thanks to the high rates of the economic growth in 2014 and the prolongation of the economic expansion from 2013, the unemployment rate in USA was from 6.7% (XII 2013) reduced to 5.6% (XII 2014)⁵. The growth rate of real GDP in the USA in 2013 was 2.2% (2013/2012), and in 2014, the growth was continued at the rate of 2.4% (2014/2013). In the fourth quarter, again a high growth rate of real GDP was recorded (Q4 2014/Q4 2013 = 2.4%), which could be an indication of the maintaining of the existing pace of the economic growth in the USA in 2015, with the pressure on the growth of the reference interest rates of the FED and the implications on the growth of the interest rates on the world financial market. As in all the advanced economies, in USA, the inflation in 2014 recorded a downward trend and in December, measured by the Consumer Price Index (CPI) it reached the level of 0.8% (m/m-12), and measured by the Harmonized Consumer Price Index (HICP) the level of 0,2% (m/m-12). It is expected that, due to a significant difference in the inflation rates and the unemployment rates between the euro zone and the USA, during 2015, even larger differences in monetary policies of the ECB and the FED will appear, meaning that the ECB policy will become increasingly expansive, and the FED monetary policy will be focused on restrictive effects.

The global growth lower than expected, the decision of the OPEC not to reduce the production level and the development and application of new methods of oil production in the USA influenced the decrease of the oil price (Graph 01). Brent crude oil price was decreased by 43.81% (XII 2014/ XII 2013), from USD 110.63 (XII 2013) to USD 62.16 (XII 2014), and a similar decline was also recorded by the iron ore price, which was modified at the annual level by 49.33%. The gold price in the first half of the year recorded a growth and in the end of the second half of the year its value suddenly decreased and it almost became equal with the value of gold in the end of the previous year (XII 2014/ XII 2013 = -1.71%). Of the key prices of goods, only the aluminium price increased due to a high demand, by 9.75% at the annual level. In

Table 1.1. Real GDP Growth Rate and Unemployment Rate in EU, in %

	EU 28	Euro Area	Denmark	Germany	Croatia	Austria	Slovenia	Sweden
Unemployment Rate, 2012/2014	9.9%	11.3%	6.2%	4.8%	16.3%	4.9%	9.7%	7.6%
Growth Rate of Real GDP, 2014/2013	1.3%	0.9%	1.0%	1.6%	-0.4%	0.3%	2.6%	2.1%

Source: Eurostat

2 IMF

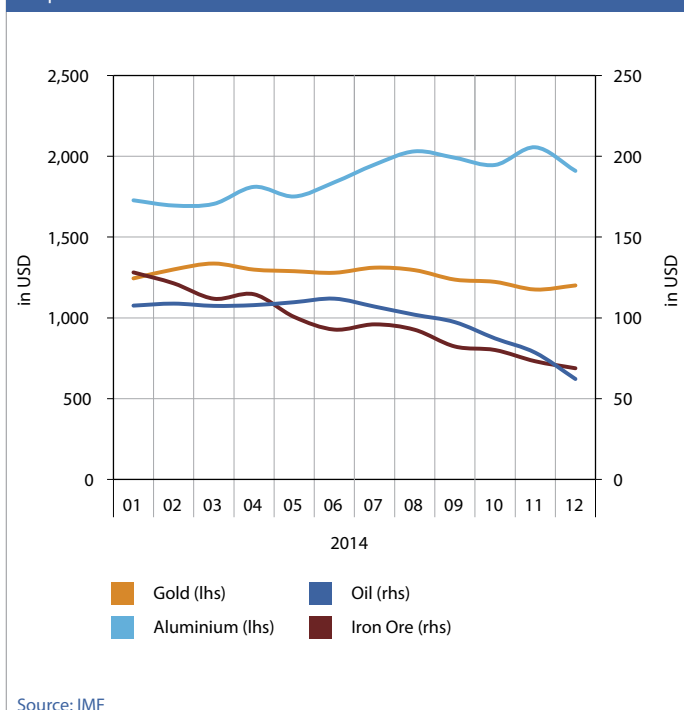
3 WEO, October 2014

4 WEO, April 2013

5 The average unemployment rate in 2012 in the USA was 8.1%.

the end of 2014, the gold price was USD 1,200.62 per ounce, and that of aluminium was USD 1,909.46 per metric ton.

Graph 1.1: Prices of Goods



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

1.1.2 Monetary Trends

The ECB policy in 2014 was focused on preventing deflationary pressures, strengthening of aggregate demand and facilitating conditions of lending to small and medium enterprises. Consequently, banks were discouraged to keep overnight deposits with the ECB as the appropriate interest rates compared to the end of 2013 were reduced by 20 bp to -0.20%. The interest rates on the main refinancing operations were equally reduced to the level of 0.05%, creating conditions for the additional decrease of the interest rates on the money market. The interest rate on the ECB marginal lending facility was decreased in the same period by 45 bp to the level of 0.30%, which limited the possibility of high rates on interbank money market.

On the basis of such trends in key interest rates, it was evident that low liquidity was no longer the basic problem in the euro zone, but a weak credit growth, which additionally decreased the weak aggregate demand. Therefore, the financial markets in a significant extent anticipated changes in the character of new non-standard measures of the ECB monetary policy, which were announced and partly implemented in 2014, aiming at achieving active

management towards a significant increase of the balance sheet amount and decreasing the dependence on the banks' willingness to use the liquidity offered by the ECB. In June, the liquidity provided through the Securities Market Programme was finally reabsorbed, and the ECB weekly fine tuning operations were completed.

At the same time, Targeted Longer-term Refinancing Operations (TLTRO) series was announced, aimed at stimulating the lending to non-financial sector (excluding the lending to households for purchase of real estate) in the euro zone. In October, the Third Covered Bond Purchase Programme (CBPP3) started, and the programme was announced to last for at least two years. In November, the Purchase of Asset-backed Securities (ABSPP) started, and this programme is also planned to last at least two years.

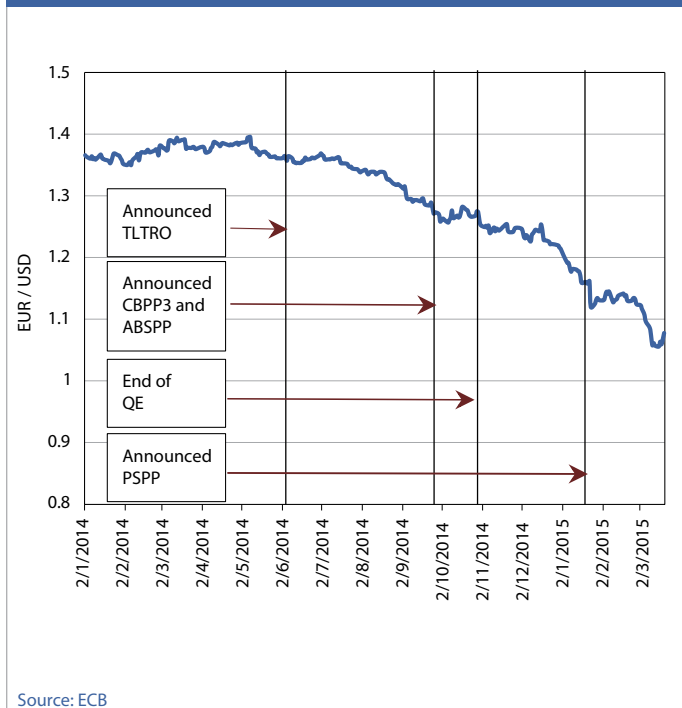
As both mentioned programmes, together with the Targeted Longer-term Refinancing Operations will result in a significant increase of the ECB balance sheet amount, it is expected that their impact on the markets and real sector will be further reaching than the direct impact on the decrease of the interest rate spread on purchased assets. Through the first monetary transmission channel, it is attempted to achieve a change in the investors' expectations in respect of the future trends. The „portfolio-effect“ is attempted to be achieved by the other channel as well as the effects of spill-over on all the kinds of assets of the banking sector.

In March 2015, the purchase of the bonds issued by the central governments of the euro zone and some agencies and international institutions seated in the euro zone started, within Public Sector Purchase Programme (PSPP). This program is complementary with the Third Covered Bond Purchase Programme and Asset-backed Securities Purchase, and it is planned to last at least until September 2016.

The six year Quantitative Easing Program – QE in the USA, by which through the programme of purchase of bonds in the value of USD 4,500 billion, the FED balance sheet amount was significantly increased, was completed in October 2014. However, the Federal Open Market Committee (FOMC) announced the keeping of the key interest rate on a record low level, in the range 0.00% - 0.25% for a while, particularly if inflation projections remain below the targeted long-term level of 2%.

The result of the changes in monetary policies, particularly that of the ECB, was a decline of the value of EUR against USD in 2014 (Graph 1.2). During 2014, EUR lost 11.11% of its value against USD, and then the additional 12.34% until mid February 2015. The strengthening of USD was one of the reasons of the decline of oil prices on the world markets, which caused the downward modifications in the value of a number of the so-called oil currencies, primarily the Russian ruble.

Graph 1.2: Exchange Rate of EUR against USD



1.2 Report on the Situation in BH Economy

Despite the floods in May and August and decrease of the production of one of the main exports products – electric energy, it is estimated that the economy has achieved both nominal and real growth compared to the previous year. According to the CBBH estimate, nominal gross domestic product (GDP) in 2014 was BAM 26.93 billion (Table 01)⁶, which is a growth of 2.48% compared to 2013. With the assumed GDP deflator of 5.2% for 2014, real GDP was estimated to be BAM 25.60 billion (+0.7% compared to the previous year). According to the data of BH Agency for Statistics (BHAS), in the first three quarters of 2014, compared to the same period of 2013, the economy increased at the rate of 3.17%. According to the same source, the growth of real GDP in the first three quarters of 2014 was estimated to be 0.99%.

For the assessment of the flood effects on the economic activity in 2014 in the CBBH, a document was used named Bosnia and Herzegovina Floods, 2014: Recovery needs assessment⁷. This document was prepared by BH authorities at all the levels with the technical and financial support of the EU, the WB/IBRD and the UN and does not include the effects of the floods from August. We still do not have available the assessment of the flood effects on the potential GDP, however, having in mind that the current economic activity has proved to be resistant to such significant shocks⁸, probably the majority of the burden of the flood effects will be borne by economic potential. With the higher degree of damaged public infrastructure, without its repair, the potential for economic growth is decreased. We should also take into account

⁶ Statistical tables in Chapter 5 of this Report are marked according to the sequence in Chapter 5, such as Table 01. Additional tables in the text are marked by the order number of the chapter and the order number of the table in the chapter, e.g. Table 1.1, graphs in the text are numerated by using the same analogy.

⁷ Available at: <http://europa.ba/Download.aspx?id=1521&lang=EN>

⁸ According to this Report, the damages and losses from the floods in May were estimated to be EUR 2.04 billion, i.e. 15.1% of the nominal GDP in 2013, while the funds needed for the recovery and reconstruction were estimated to be EUR 1.77 billion, which is 13.1% of the nominal GDP in 2013.

the earlier difficulties regarding the maintenance of the fiscal stability of the country and the additional pressures arising from the needs to repair damages and losses from the floods.

Foreign debt servicing is a priority, and the remaining funds, which are quite limited and also financed by debt, will need to be allocated by the government for public works and subsidies to the groups of population with poor social status, if donation funds are not used to repair damages from the floods, even if loan resources are in question. Therefore, it is important to mention that the effect of public works on the potential GDP will depend on the kind of works, as repairs of damaged infrastructure will have a weaker effect on the growth of the potential GDP than the construction of new buildings or providing new services.

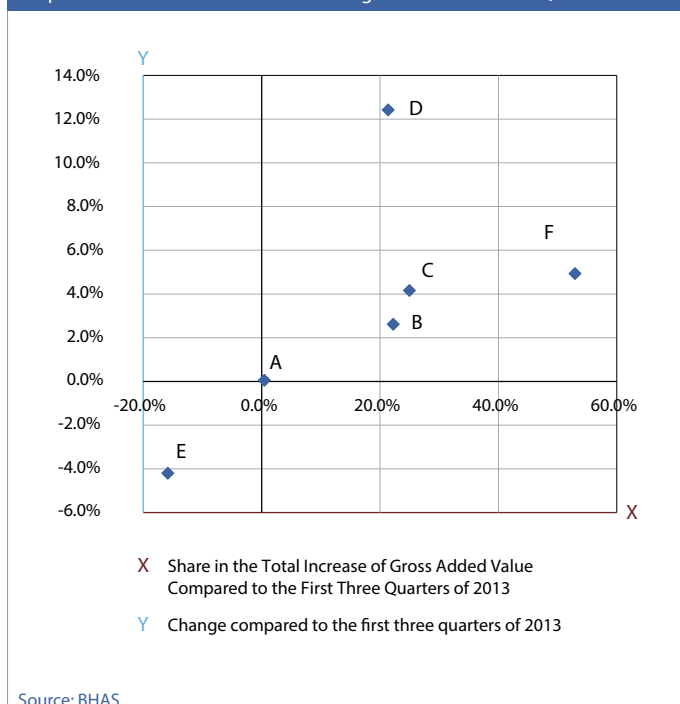
Finally, long-term effects of the floods on GDP are expected due to the decline of the aggregate consumption, where expenditures for the final consumption of households are by far the most significant item. The household consumption in BH is determined by the consumption of essential goods and services, and the two segments with the most significant losses and damages from the floods according to the mentioned Report, are housing units and household appliances and the conditions of living and employment. Having in mind a low level of the available income, which is mainly used for the necessities, adjustments in the final consumption of households do not need to be significant.⁹

The assessment of the flood effects on the poverty level presented in the Report on the floods points out that, depending on whether the number of the already lost and/or endangered work positions is used, the rate of ultimate poverty could be increased from 18.7% by 0.4 and 1.8 percentage points respectively. It has been estimated that due to the floods, additional families, in the number from 4 to 18.5 thousand, could be below the poverty limit. Additional pressure on the household available revenue, which will finally influence the potential GDP, will come from the way of financing the repair or replacement of destroyed housing units and equipment in households (personal savings, donations of non-government organizations, donations of foreign governments, donations of the domestic government or debt).

According to the data for the first three quarters, the GDP growth in 2014 was caused primarily by the growth of activities in nine economic activities grouped in item „Other“, which in the first three quarters of 2013 accounted for only 28.19% of gross added value. Despite such a significant impact on the growth of gross added value, the share in 2014 increased to only 28.83% (Graph 1.3). A significant contribution to the growth of the nominal GDP for the first three quarters came from the construction sector, while trade and budget users recorded a modest increase compared to the same period of the previous year. The gross added value of industrial production is almost unchanged compared to the first three quarters of 2013, while a strong decline was recorded in agriculture, probably as a result of the floods in 2014.

⁹ Due to the low purchase power of households (reflected in a low GDP per capita), the biggest part of the GDP in BH is consumed in the current year (94% compared to 71.8% in EU28). The basic costs of living, in which the costs of food and non-alcohol beverages are dominating, are the most significant item in the structure of actual individual consumption. If food and non-alcohol beverages, clothes and footwear, dwelling and utilities costs and health care are identified as the essential needs (which do not change significantly with the changes in the general price level), the share of this group of goods and services in actual individual consumption in BH amounted to 54.3%. Source of data: Eurostat.

Graph 1.3: The Basic Causes of GDP Changes in the First Three Quarters of 2014



Legend:

Group A: Industrial production; Statistical areas of activities B (Mining and quarrying), C (Processing industry) and D (Production and supply with the electricity, gas, steam and air conditioning).

Group B: Budget users; Statistical areas of activity O (Public administration and defence; Mandatory social insurance), P (Education) and Q (Health and social protection).

Group C: Trade; Statistical area of activity G (Wholesale and retail, repair of motor vehicles and motorcycles)

Group D: Construction, Statistical area of the activity F (Construction).

Group E: Agriculture, Statistical Area of Activity A (Agriculture, Forestry and Fishing).

F: Other.

Observing the contribution of the economic activities to the growth of real GDP, it is found that the growth of economic activities, except in categories trade and other, is mainly the result of the increase of the prices of goods and services produced in the country, not the production volume.

1.2.1 Real Sector

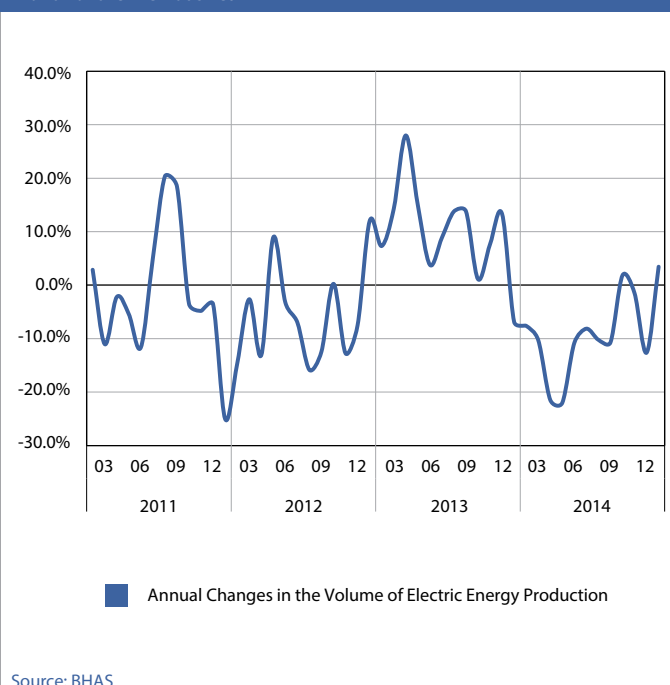
Having in mind their importance for the level of the economic activities, within the Section 1.2.1, a special emphasis is placed on industrial production and construction. In addition to these activities, the basic trends are indicated in the general level of prices in 2014 and the trends in the employment and wages.

I Industrial Production and Construction

The industrial output is almost unchanged compared to 2013, so the growth of only 0.18% was recorded. In December, a decline of industrial production was recorded at the annual level of 1.36% (Table 03). The weak growth of the industrial output at the annual level is a result of unusually high growth rates recorded in 2013. As it has been determined that the annual growth of industrial production index in 2013 above the average was primarily a consequence of the low growth in 2012 and that the growth rates recorded in 2013 are at the level of the trend characteristic for the period after 2008, the industrial output recorded in 2014 should be considered to be average in this context.

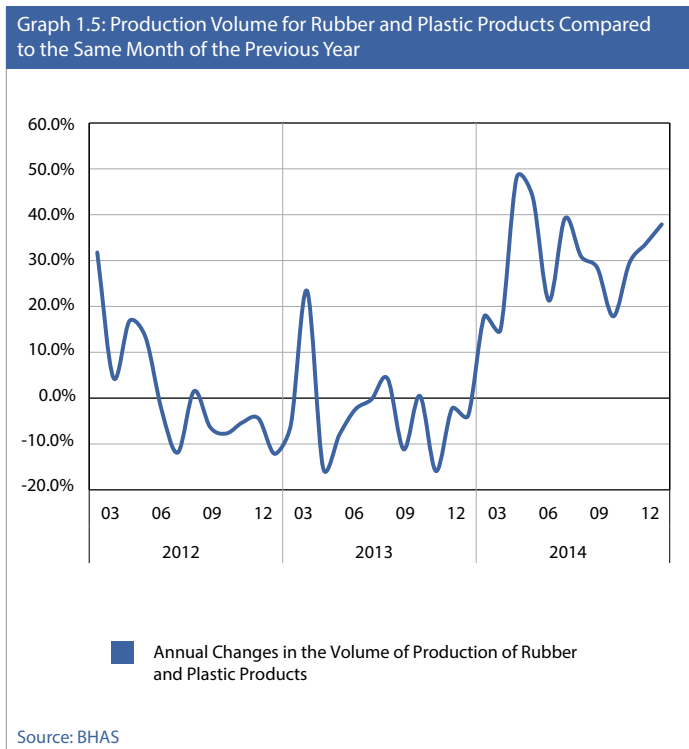
However, unlike the previous year, when a strong growth was recorded in almost all industrial groups¹⁰, in 2014, the decline of industrial output in the main industrial group energy almost annulled the growth of the industrial output in other industrial groups. The decline of production in this industrial group was caused mainly by a decline of the production and supply of electric energy and gas (-9.61% in 2014 compared to 2013). The decline of production in this area is not a result of the floods in May and August, but the trend was present since the beginning of the year (Graph 1.4).

Graph 1.4: Volume of Electric Energy Production Compared to the Same Month of the Previous Year

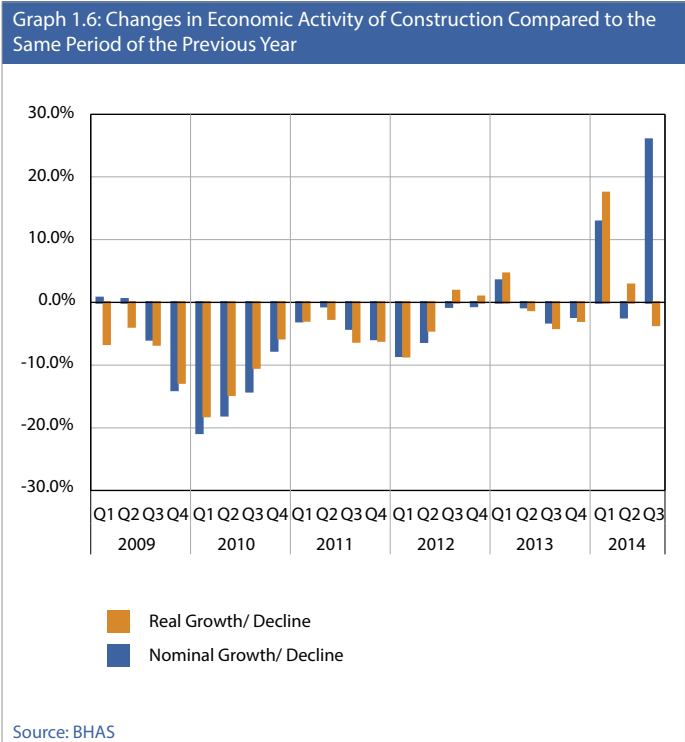


¹⁰ The only exception was the main industrial group Durable Consumer Goods, which, due to the low weight, has no significant influence on the level of industrial production index.

The impact of the production decline in the main industrial group Energy annulled the increase of the production in the main industrial group products for inter-stage consumption (+5.06% in 2014 compared to 2013). Production of rubber and plastic Products (Graph 1.5) caused the mentioned production growth within the group intermediary products. The growth of even 32.28 index points compared to 2013 (implying the growth of the production output of 30.34%), with the weight in the industrial group products for inter-stage consumption below 3%, suggests that extraordinary growth of the production output for rubber and plastic products which was present since the second quarter of 2014 significantly mitigated the decline of industrial output in 2014. Far more modest growth was recorded in the activities of production of finished metal products, except for the machines and equipment and food products, but as it is a wide area of activity, it cannot be certainly said that these are products for inter-stage production.



In the economic activity construction, the growth was recorded in the first three quarters compared to the same period of 2014, of even 12.4%. However, if the price effect is taken into account, the growth in the observed period was only 4.6%. The price effect was particularly prominent in the third quarter of 2014, which implies that the activities on the construction of infrastructure significantly contributed to the growth of the prices of the domestic products in the activity of construction (Graph 1.6).

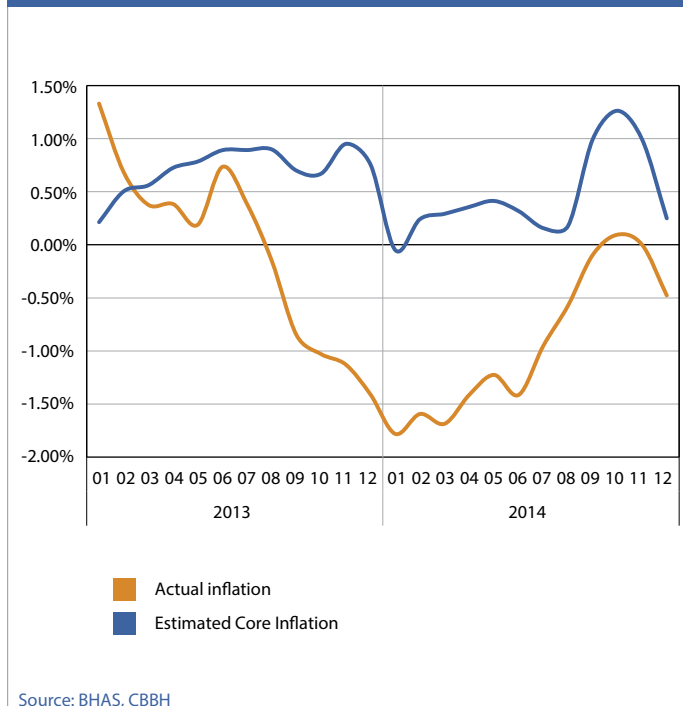


II Prices

In the beginning of the year, deflationary pressures, present since mid 2013, started to decline (Table 04), but the general consumer prices in 2014 measured by consumer price index (CPI) were lower than those recorded in 2013 by 0.93%. The long-term inflationary trend in BH measured by core inflation in 2014 amounted to 0.45% and it was higher than headline inflation (Graph 1.7).¹¹ The values of the headline and estimated core inflation in 2014 suggest that the changes in the prices of goods and services which in case of BH are not usually traded with foreign countries resulted in the growth of the general level of consumer prices.

¹¹ Three price sections under a strong impact of the prices of goods on the international markets are: food and non-alcohol beverages (due to the food prices); dwelling, water, electric energy, gas and other sources of energy (due to the natural gas prices), and transport (due to oil price). Core inflation was obtained by reducing the headline inflation by the effects of the changes in the prices in these three sections. As weights, the official annual weights for the price sections published by BHAS were used. The only exception was 2013, as, at the moment of writing the Annual Report for 2013, the price weights were not published. Therefore, for 2013, price weights for 2012 were used.

Graph 1.7: Actual and Estimated Core Inflation



Source: BHAS, CBBH

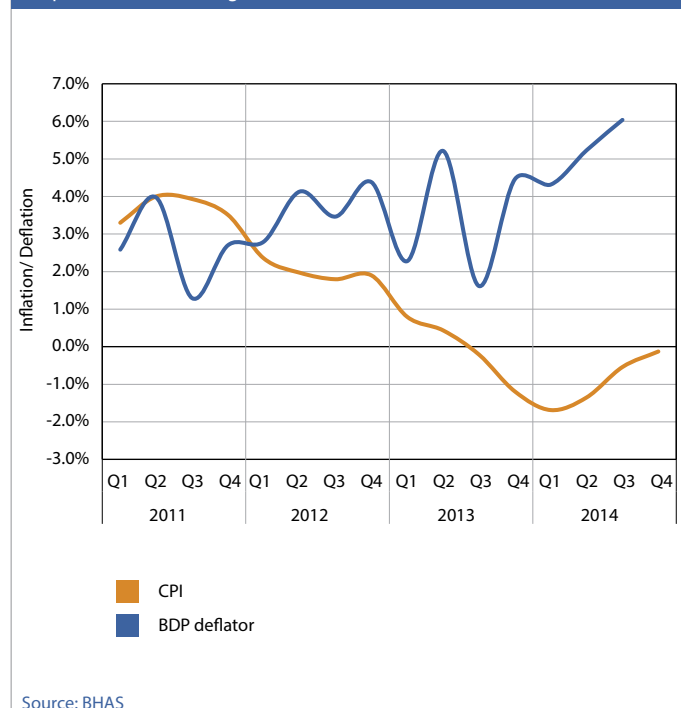
Note: Core inflation is the CBBH assessment.

The inflation measured by GDP deflator points out an intensified growth of prices in the second and the third quarter of 2014 (Graph 1.8). By comparing these two inflation measures, although conceptually different, we obtain significant information on the causes of the changes in prices. CPI is a measure of the changes in the general level of the prices of goods and services consumed by the average household. Due to the decline of the prices of food on the world markets in 2014, and having in mind a high trade deficit in category food and food products, the price section food and non-alcohol beverages during 2014 performed deflationary pressures on the general level of consumer prices. On the other hand, GDP deflator represents a price per unit of GDP and those goods and services are produced in the national economy. A significant growth of GDP deflator in the second and the third quarter was recorded in activities construction and agriculture, forestry and fishing. The growth of GDP deflator in construction in the first three quarters of 2014 compared to the same period of the previous year points out the growth of the prices in this activity by 7.5 percentage points. As a significant part of the activities in the construction sector is related to infrastructure projects, it is certain that the government spending through the investments brings about a certain growth of domestic prices.

The growth of the GDP deflator in agriculture, forestry and fishing in the first three quarters of 2014 compared to the same period of the previous year points out the growth of the prices of domestic food products by 6 percentage points. Such growth is to a significant extent probably the consequence of the floods, and the weak relation with the growth of consumer prices in the appropriate price section can point out two things: that the average household does not consume the local food products in a significant extent, but also that the structure of the basket of products on the basis of which the value of the

index in the price section Food and non-alcohol beverages is calculated, is composed primarily of imported products. Finally, it is interesting that despite the decline of the oil prices on the world markets since July 2014 and the appropriate trend in the price section Transport, the GDP deflator in the activity transport and warehousing points out the unchanged general level of prices in the third quarter of 2014 compared to the same quarter a year earlier. In other words, the prices of the local products in the activity transport and warehousing slowly adjust to the changes in the prices of oil on the world markets.

Graph 1.8: Annual Changes in the Price Level



Source: BHAS

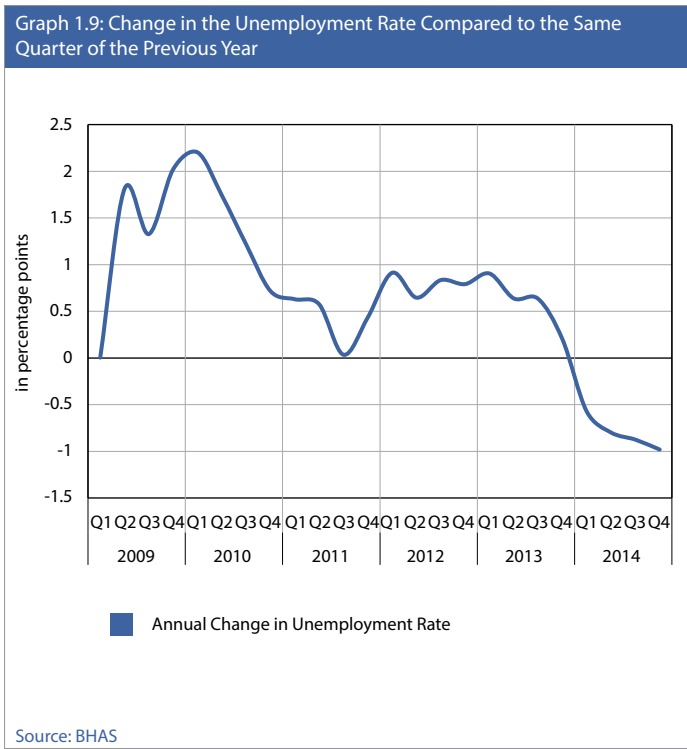
III Employment and Wages

According to the data of BHAS, unemployment in BH in December 2013, according to the ILO methodology (International Labour Organization) was 27.50% and was unchanged compared to 2013, while the administrative unemployment rate was 43.60% (-95 bp compared to December 2013). Although the unemployment rates differ significantly in the levels, their trend is equal, which indicates that the difference is mainly caused by different treatments of the category of population older than 15 living in private households.¹² Accordingly, the monthly changes in the number of employed and unemployed people according to activities should reflect the basic trends on the labour market.¹³

¹² ILO methodology treats the category of persons at the age of 15+ living in private households as inactive population and this category is not included in the total number of unemployed people, i.e. the total labour. According to administrative data, this category of population is included in the total number of unemployed people.

¹³ The data according to the ILO methodology are annual, while administrative data on unemployment are available on monthly basis. Although it is not an ideal solution, the change in the administrative unemployment rate should point out the changes on the labour market as long as the trend is equal with the data according to the ILO methodology.

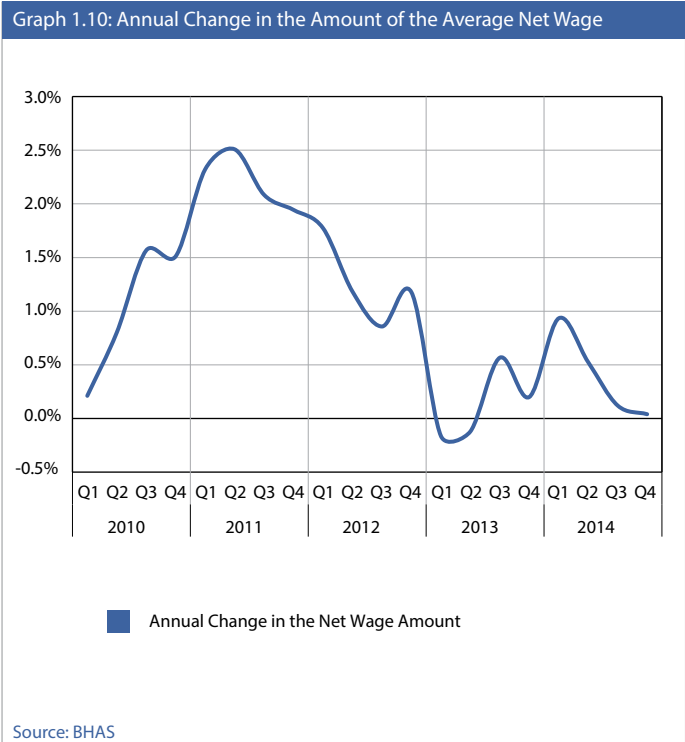
The downward unemployment trend at the annual level was present during the entire 2014 (Graph 1.9). Although this is related to the changes in unemployment rates according to administrative data (i.e. unemployment rates exceeding 40%), the encouraging fact is that in 2014, for the first time after the macroeconomic shock in the end of 2008, unemployment decreased compared to the previous year, instead of only the slow-down of its growth.



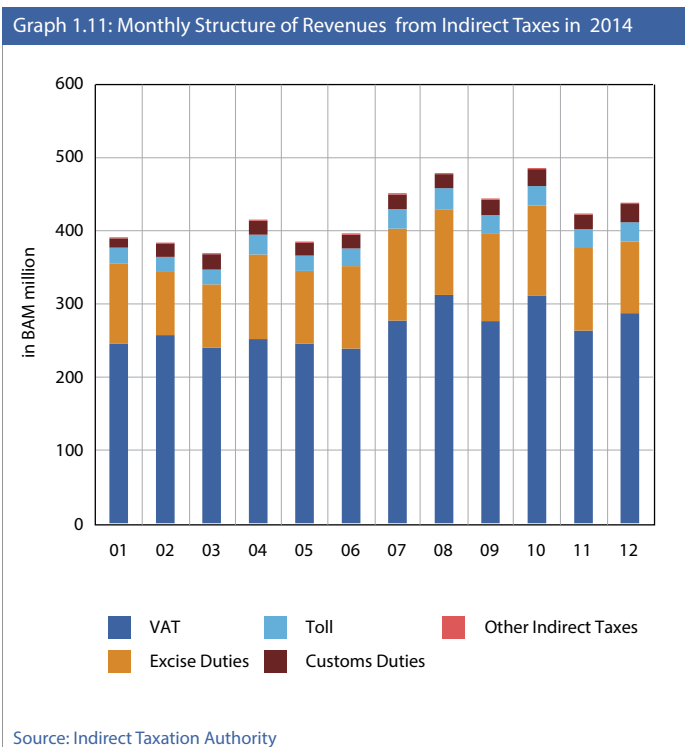
Annual changes in the amount of the average net wage imply that the nominal wages still adjust to the market conditions quite slowly (Graph 1.10). The fact that in 2014, there was a slow-down of the nominal wage growth and the decline of unemployment suggests that the new employees are probably with lower qualifications. The biggest impact on the amount of the average wage in the fourth quarter came from: manufacturing industry, retail and wholesale trade, repair of motor vehicles and motorcycles, and public administration and defence; mandatory social insurance.

1.2.2 Fiscal Sector

In 2014, fiscal sector recorded positive trends in the area of collection of revenues from indirect taxes. The result of revenue growth are the effects of amendments of the Law on Excise Duties, collection of delayed debts on the basis of VAT and excise duties and the changes in the way of the payment of import duties with companies engaged in lohn jobs. The imports of capital goods, which in 2014 had a significant contribution to the growth of collection of revenues from VAT, will have a negative impact on the fiscal balance in 2015 through the payment of reimbursement.

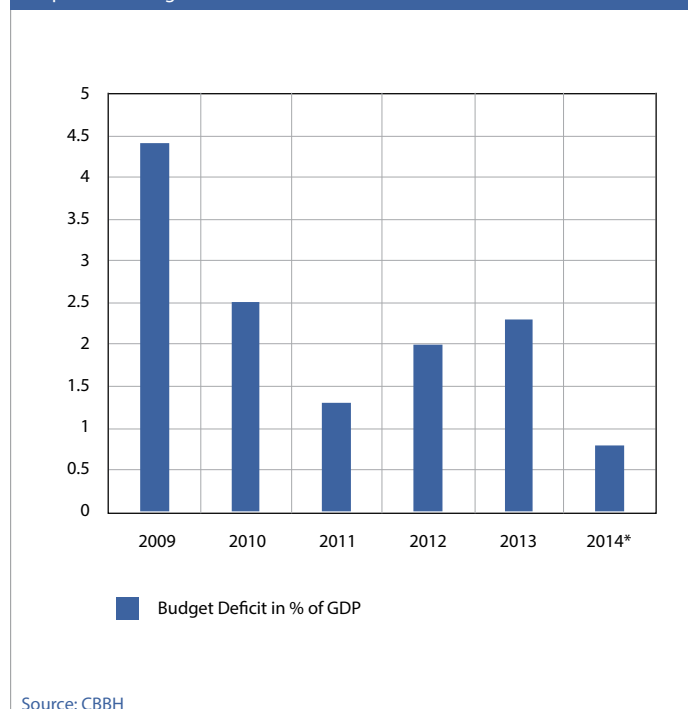


The collection of revenues in 2014 was also under the impact of the floods and the pace of reconstruction of devastated areas. In the structure of revenues from indirect taxes, the most significant place was taken by VAT (Graph 1.11). Compared to 2013, net revenues on the basis of VAT recorded a growth of BAM 105.0 million (3.4%) despite the high level of reimbursement. Excise duties are second by importance kind of revenues from indirect taxes, which recorded a growth at the annual level of BAM 40.0 million (3.2%).



Consolidated budget of the general government sector¹⁴ usually records a deficit in the end of the year, despite the surplus in the first three quarters, as a result of different records of revenues and expenditures during the year. According to the data of Economic-Fiscal Programme, for 2014, primary deficit was projected in the amount of 0.8% of GDP (Graph 1.12). The projected deficit will represent a strong challenge for BH authorities, taking into account the new debts from foreign creditors and the growth of net debt at the annual level by BAM 772.8 million. The projected growth of reimbursement for 2015 on the basis of indirect taxes¹⁵ will also have a negative effect on fiscal sustainability.

Graph 1.12: Budget Deficit in % of GDP



Source: CBBH

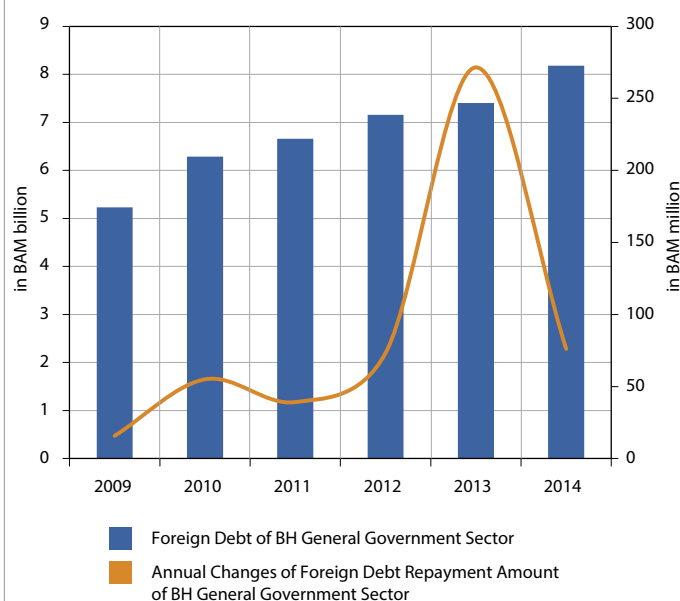
* Projection of Economic and Fiscal Program

The upward trend of the foreign debt of the government sector was continued, and in the end of 2014 it amounted to BAM 8.18 billion (Graph 1.13). Compared to 2013, foreign debt recorded a growth of BAM 772.8 million. As a result of the growth of the dollar exchange rate compared to euro, the foreign debt of BH recorded a growth of around BAM 60.0 million (the dollar share in the debt structure of BH is around 20%).

¹⁴ Annual data for the consolidated budget of the general government sector were not available at the moment of the preparation of this publication.

¹⁵ According to the data of the Indirect Taxation Authority.

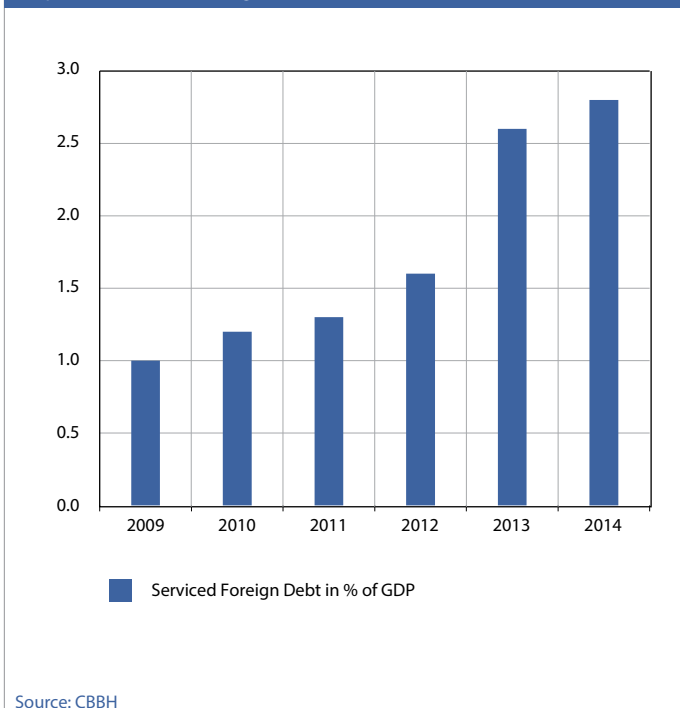
Graph 1.13: Foreign Debt of Government Sector and Annual Changes of Foreign Debt Repayment Amount



Source: Ministry of Finance and Treasury of BH

In 2014, foreign debt was serviced in the amount of BAM 760.9 million, which is 2.8% of GDP, and indicates a continuous growth of the trend of the share of foreign debt repayment amount in GDP (Graph 1.14).

Graph 1.14: Serviced Foreign Debt in % of GDP



Source: CBBH

BH general government sector in 2014 incurred debt in the amount of BAM 1.15 billion with foreign creditors (Table 1.2). The highest amount of funds by individual creditor was withdrawn on the basis of the IV SBA, so in 2014, BAM 521.9 million was engaged (in January BAM 148.6 million and in July BAM 373.3 million, out of which a part of the funds was intended for the mitigating of the natural disaster caused by the floods). The largest part of the funds from the SBA was intended for the consolidation of the budget and the financing of the current spending. A considerable amount of the withdrawn funds was invested in the area of construction works on VC corridor and reconstruction projects for regional roads in BH, which has a positive effect on the economy growth.

Table 1.3 below provides a survey of the tranches related to the IV SBA, by which SDR 422.8 million was withdrawn until the end of 2014.

The withdrawn funds had a temporary positive effect on the growth of the foreign exchange reserves in the months (January and July) in which the funds were engaged (Graph 1.15). Out of the total amount of the serviced foreign debt in 2014, 44.5% is related to the servicing of the obligations under the SBA with the IMF. In 2015, the foreign exchange reserves will be decreased by around BAM 100.0 million on the basis of the repayment of the debt which will be due towards the IMF.

Graph 1.15: Month End Positions of Foreign Exchange Reserves and Foreign Exchange Reserves Reduced by the Effects of Withdrawal of Funds from Foreign Creditors

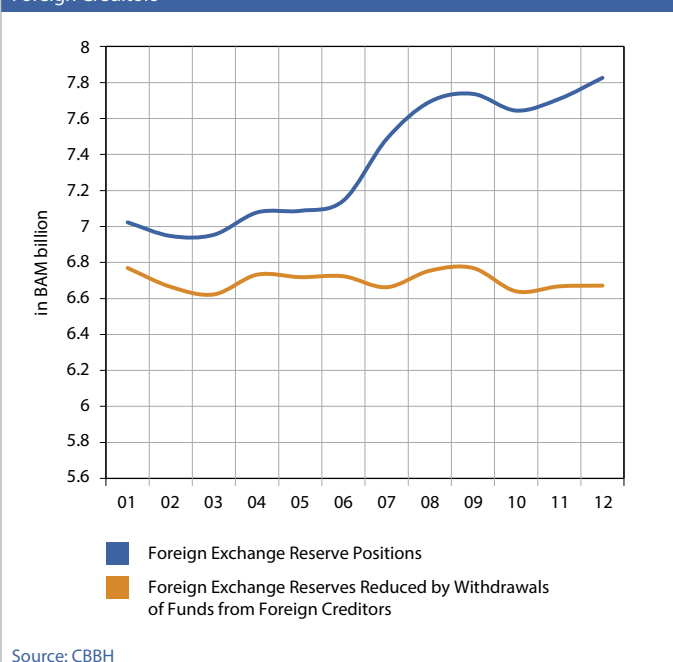


Table 1.2: Earmarking of Newly Borrowed Funds in 2014

Earmarked to	in BAM million
IMF - Stand by Arrangement 4	521.9
Infrastructure Projects (Vc Corridor, Regional and Urban Infrastructure)	313.9
Development of Small and Medium Size Companies	76.3
Health Sector	65.5
Energy Sector , Water and Sewerage	32
Urgent Aid in Case of Floods	26

Source: BH Ministry of Finance and Treasury

Table 1.3: IV SBA with the IMF

Tranche	Planned Date of Funds Engagement	Date of Funds Engagement	Engaged Amount	Repaid Amount	in SDR million
					Outstanding Debt
I	26/09/2012	26/09/2012	50.7	0	50.7
II	15/12/2012	21/12/2012	50.7	0	50.7
III	15/03/2013	08/05/2013	33.8	0	33.8
IV	15/06/2013	28/06/2013	33.8	0	33.8
V	15/09/2013	28/10/2013	42.3	0	42.3
VI	15/12/2013	31/01/2014	42.3	0	42.3
VII i VIII+increase*	15/03 and 15/06/2014	7/2/2014	169.1	0	169.1
VIII	15/06/2014	-	0.0	0	0.0
Total:			422.8	0	422.8

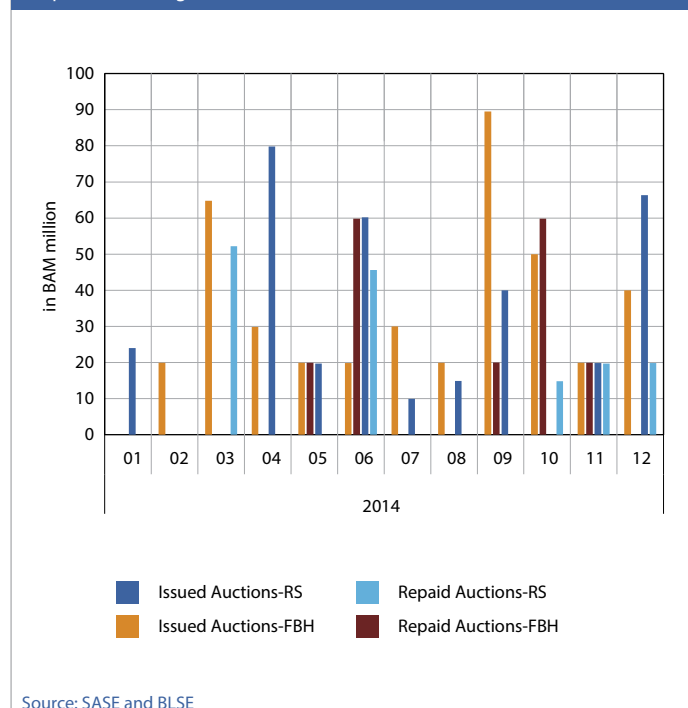
Source: CBBiH

* Tranches VII and VIII in the amounts of SDR 42.275.000 each and the increase of Standby Arrangement by 50% of quota, i.e. SDR 84,550,999, earmarked for the consequences of natural disaster (floods in May, 2014), are approved on 30 June 2014 and engaged on 2 July 2014.

In 2014, the governments of the Federation of Bosnia and Herzegovina and Republika Srpska issued securities in the total amount of BAM 738.0 million (Graph 1.16). Except for the debt on short-term basis, for financing budget problems and increasing social payments after the floods in May, the

Entity governments issued also long-term securities with the repayment periods up to five years (in the amount of BAM 327.5 million). During 2014, BAM 331.4 million was due for collection, and according to the data from the end of December 2014, during 2015, additional BAM 191.9 million will be due.

Graph 1.16: Issuing of Securities in FBH and RS



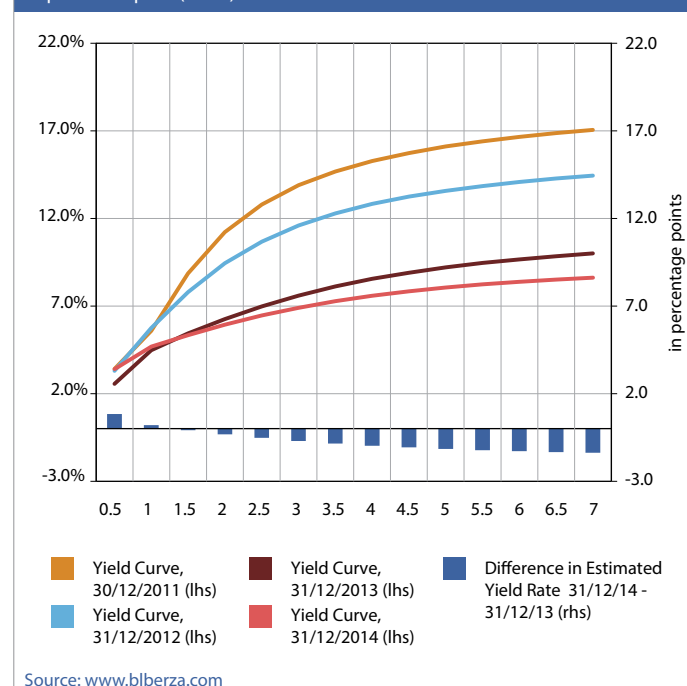
Public finance of the Entities in the deficit financing were largely focused on BH financial sector, and the infrastructure of the domestic financial market, i.e. non-banking financial institutions – stock exchanges have a key role.

RS and FBH during 2014 carried out 15, i.e. 16 issues of public debt (Table 1.4), in which short-term issues prevailed. Out of the total number of the issues, 7, i.e. 22.5% is related to bonds, 77.5% to the issues of short-term public debt, i.e. the issues of treasury bills, while the total amount of the collected funds was BAM 378.75 million (FBH) and BAM 359.3 million (RS). Two issues of public debt, one for FBH and one for RS, were unsuccessful, and the reasons were in poor organization of the issues/auctions, and not unwillingness of investors to invest in the public debt of RS and FBH. In short-term public debt, six month treasury bills are dominating, which were issued ten times in 2014. The feature of the domestic financial market is still a larger demand for FBH public debt, however, that difference decreased, which caused the issue prices of

the public debts of FBH and RS to come closer on the market of six month treasury bills (which is the most liquid market segment), although FBH is still financed at much a lower price than RS. The difference in the public debt price between the Entities (on the basis of six month treasury bills) in the last issue from 2014 was 85 bp, and on the average, during 2014, it was 160 bp in favour of FBH. The average bid to cover ratio of all the issues of public debt (the relation between the arrived and the accepted offers) for FBH was 2.38, and for RS 1.82.

The estimated yield rate on the RS public debt, which is formed on the basis of the market price of the RS public debt, continued during 2014 its downward trend, which also implies lower costs of financing of the RS public debt (Graph 1.17), but only in long-term period. In short-term period (up to one year) compared to 2013, the estimated yield rate on the RS public debt on the average increased by 84.7 bp and 20.5 bp for the period of half of the year, i.e. one year.

Graph 1.17: Estimated Yield Rate on Debt Securities of Republika Srpska (YCRS)



Convergence of the RS and FBH public debt prices and high demand for debt securities of the Entities made possible the proper functioning of public finance in BH and regular servicing of due liabilities despite the growth of deficit financing of the Entity budgets, and assumptions have been created for a higher degree of integration of the Entity financial markets.

Table 1.4. Issues of RS and FBH Public Debts

	Maturity of Issues, in months							Failed Issues	Total
	3	6	9	12	36	50	60		
RS	2	5	2	1		2	2	1	15
FBH	4	5	2	1	2	0	1	1	16
Total	6	10	4	2	2	2	3	2	31

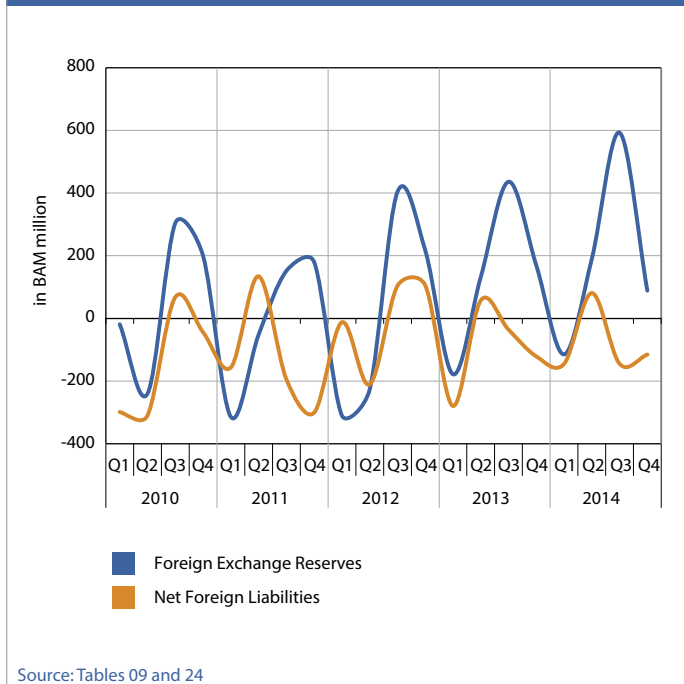
Source: www.sase.ba and www.blberza.com

1.2.3 Financial Sector

I Banking Sector

The trend of a considerably slowed-down growth of claims on the resident sector was continued in 2014 due to the decline of economic activities in BH. Deposits had a growing trend during the year, and a significant impact on their growth came from the inflow of the funds on the basis of the SBA arrangement, and the inflows of the funds due to the size of the disaster that took place in BH. The decrease of the liabilities towards non-residents was continued during the year. Net foreign liabilities of the banking sector decreased by BAM 323.7 million in 2014. Such trends in the banking sector had a negative impact on the foreign exchange reserves. However, other factors had a more important impact on the trend of the foreign exchange reserves (Chapter 2), which annulled the impact of the commercial bank activities on the foreign exchange reserves (Graph 1.18).

Graph 1.18: Quarterly Changes of Foreign Exchange Reserves and Net Foreign Liabilities of Commercial Banks

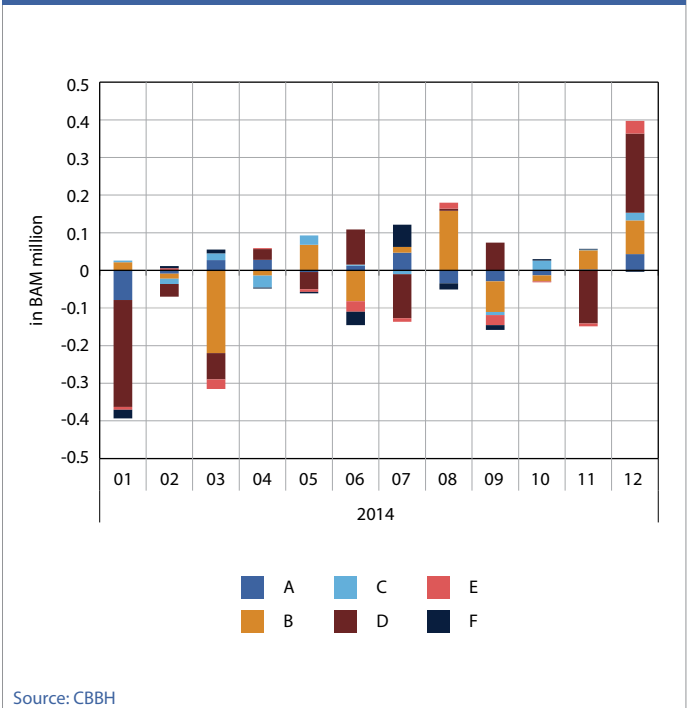


Source: Tables 09 and 24

In 2014, the decrease of the foreign liabilities of commercial banks continued. Non-resident deposits, mainly denominated in a foreign currency, decreased by BAM 280.7 million compared to the end of 2013, which accounts for 86.7% of the changes in net foreign liabilities of banks (Graph 1.19). Repayment of loans from non-residents is higher than new debts, so the net loans decreased by BAM 57.1 million. In addition, during 2014, foreign liabilities of commercial banks additionally decreased by BAM 101.0 million due to the sale and transfer of parts of the loan portfolios of two commercial banks to the sector of non-financial companies.

The mentioned trend of foreign liabilities suggests that the local sources of financing are sufficient to meet the current demand for loans, which is at almost the same level as in the

Graph 1.19: Monthly Changes in Items of Foreign Liabilities and Foreign Assets

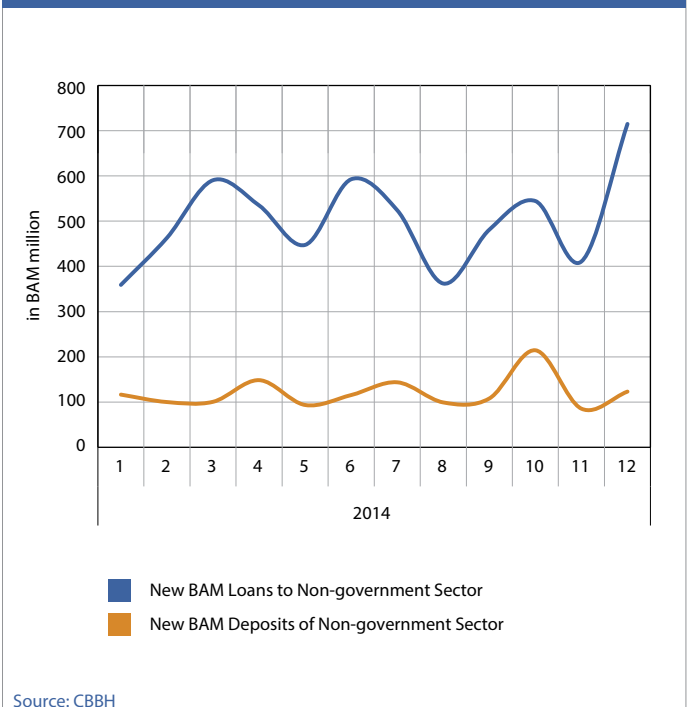


Source: CBBH

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

previous year. Graph 1.20 shows new placements in BAM to the local sectors (revolving loans, overdrafts and credit cards are not calculated) and new deposits in BAM (sight deposits are not included) in 2014.

Graph 1.20: New Placements and New Deposits of Domestic Sectors in BAM



Source: CBBH

Annual growth rates of loans were between 2 and 4% during the year. Long-term loans had slightly higher growth rates compared to short-term loans. However, this does not imply the growth of long-term investments as there is no significant recovery of economic activities which are accompanied by the lending activities of commercial banks. The share of non-performing loans in the total loans was 14% in the end of 2014.

Annual growth rate of long-term loans to private non-financial companies amounted up to modest 2% during the year. More strict conditions for extending new loans contributed a lot to weak lending activities to non-financial companies. With quite a weak demand for loans, the decline of the loans to non-financial companies was also caused by premature repayment of revolving loans with a few banks in 2014. In the loan portfolios of banks, the share of the loans to non-financial companies was below 50% due to higher growth rates of lending to other sectors. Graph 1.21 illustrates the contribution to the growth of the total loans by sectors. Due to a more realistic survey of the actual contribution to the growth of the total loans, the data related to private companies were modified by the amounts related to the individual case of transferring the funds to/from this sector due to the sale and transfer of the loan portfolios with two commercial banks.

Slightly higher growth rates of loans were recorded with households and government sector. Annual rate of the growth of the loans to households was on the average around 5.7%, which is significantly higher compared to the growth rates of the loans to private companies. With the government sector, the upward trend of claims was present, so this sector increased its debt towards banks by BAM 198.4 million (22%) and a large part is related to long-term debts.

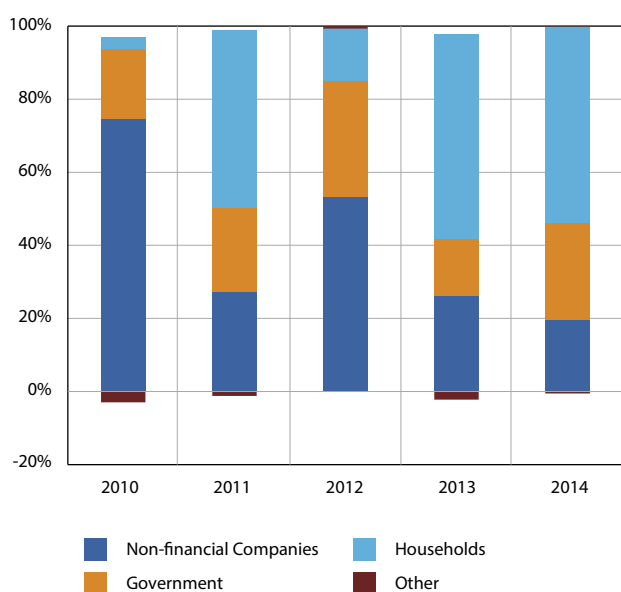
Deposits continued their upward trend during the entire year, due to the growth of public foreign debt, and the growth of deposits of private local sector, primarily households. Household deposits increased by the total of BAM 678.1 million and exceeded the amount of BAM 9 billion. However, such increase does not represent standard savings, but it was partly caused by the collection of old foreign exchange savings and also new loans. Namely, some commercial banks, as security instrument for the loans to households, require the depositing of a certain amount of the approved loan, which can explain a part of term-deposits with a longer maturity, primarily in the local currency.

According to the final unrevised data of the Banking Agency, the banking system recorded a positive financial result – the profit in the amount of BAM 167.6 million and the largest part of the profit is concentrated in the few biggest banks as in the previous years.

II Non-banking Sector

The low level of economic activities and weak domestic demand determined the trends in non-banking financial sector in 2014. According to the available data for the first half of 2014, the assets of non-banking financial sector increased by BAM 45.3 million, i.e. 1.4% compared to the end of the 2013. Such increase was mainly the result of the growth of assets in the insurance sector. The low growth of assets was recorded in the case of investment funds (1.1%), while the other financial intermediaries recorded the contraction of the balance sheet amount (Table 1.5). The share of non-banking financial intermediaries in the total assets of the financial sector in the first half of 2014 amounted to 13%, which is higher by 0.4 percentage points compared to the end of the previous year.

Graph 1.21: Contribution to the Total Growth of Loans by Sectors



Source: Tables 14 and 15

Table 1.5: Value of Assets of Financial Mediators

	2011		2012		2013		Q2 2014	
	Value, BAM million	Share %	Value, BAM million	Share %	Value, BAM million	Share %	Value, BAM million	Share %
Banks ¹⁾	20,995	86.0	21,186	86.3	22,026	87.1	22,157	87.0
Leasing Companies ¹⁾	767	3.1	716	2.9	597	2.4	525	2.1
Microcredit Organisations ¹⁾	742	3.0	676	2.8	667	2.6	647	2.5
Investment Funds ²⁾	828	3.4	811	3.3	775	3.1	784	3.1
Insurance and Reinsurance Companies ³⁾	1,080	4.4	1,174	4.8	1,231	4.9	1,361	5.3
Total	24,412		24,564		25,297		25,473	

Source: 1 FBA and ABRS | 2 CBBH | 3 Entity Agencies for the Supervision of Insurance Companies

On the insurance market in BH, in 2014, 24 insurance companies operated and one re-insurance company, so their number remained the same as in the previous year. Out of it, 13 companies for insurance and re-insurance operated in FBH, and 12 insurance companies operated in RS. The growth of the premium in the insurance sector was continued in 2014, by 6.6% at the annual level, and the total insurance premium at the end of the year amounted to BAM 562.1 million. Of the total calculated premium, 79.6%, i.e. BAM 447.6 million is related to non-life insurance. The calculated premium for life insurance amounted to BAM 114.5 million, which was a continuation of the upward trend of its share in the total premium to 20.4%, from the previous 18.9%. The total gross paid damages amounted to BAM 249.6 million and accounted for 44.4% of the total calculated premium.

In 2014, 34 investment funds had operating licences, out of it, 18 in FBH and 16 in RS. The value of the property of the investment funds in the first half of the year in 2014 recorded a modest growth compared to the end of the previous year and amounted to BAM 783.5 million.

In the end of 2014, in BH, 18 microcredit organizations (MCO) operated, out of it, 14 microcredit foundations (MCF) and four microcredit companies (MCC). In FBH, there were 11 MCF and 1 MCC operating, while in RS there were three MCF and three MCC operating. During 2014, licences of two MCO were revoked, while one new MCO started to work. In the end of the first half of the year, the balance sheet amount of MCO was BAM 647.1 million and it recorded a decrease of 3% compared to the end of 2013. The credit portfolio of MCO was lower by 2.1% compared to the end of 2013, partly due to the decrease of sources of funds. Loan loss provisions were higher by 142.2% compared to the end of the previous year, which is a consequence of a considerable deterioration of asset quality with one MCF. As in the end of the year, the licence of one MCF with a significant share in the balance sheet amount was revoked, further contraction of the balance sheet amount is expected as well as that of the loan portfolio of the microcredit sector.

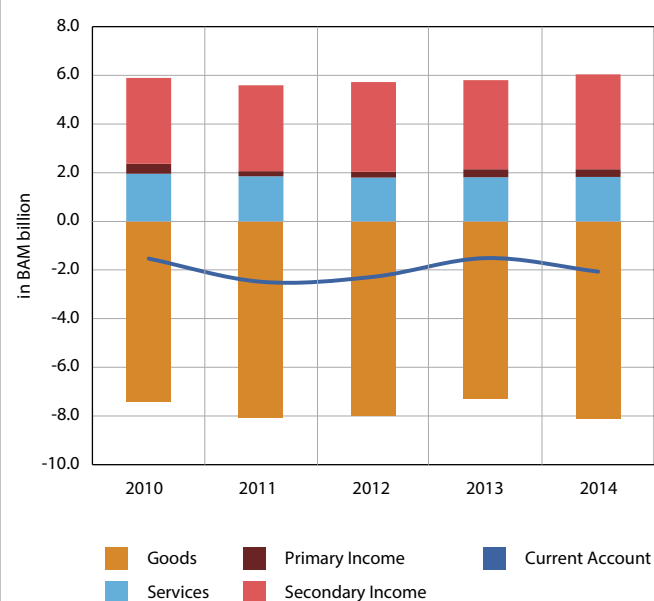
In the end of 2014, seven leasing companies had operating licences, out of it, six in FBH and one in RS. The total balance sheet amount of leasing companies in the end of the first half of the year amounted to BAM 525 million, and it was lower by 12.1% compared to the end of the previous year. In the structure of the total assets, the net claims based on the financial leasing had the most significant share in the total assets of 65.9%. Net claims based on financial leasing were lower by 10% compared to the previous year.

1.2.4 External Sector

I Balance of Payments

The balance of payments position in 2014 deteriorated compared to the previous year. Current account deficit amounted to BAM 2.07 billion and it was higher by BAM 555.8 or 36.7%. (Graph 1.22). The biggest change took place in the account of goods, where a deepening of the trade deficit took place. The surplus in the services account slightly increased, and within it, net exports of goods after processing recorded a growth compared to 2013. Other kinds of services had positive growth rates (accommodation of foreign tourists, construction services and transport services). The primary income surplus also decreased by 5.0% due to the payment of the dividends of companies in majority foreign ownership. The growth of secondary income to some extent decreased the pressure on current account, i.e. its deepening, and it had a positive impact on the growth of the foreign exchange reserves. The surplus in secondary income account increased by BAM 229.7 million or 6.2%. The growth was recorded by the government sector and also private transfers (pensions and remittances), again due to the increased transfers of funds for the repair of the damages after the floods. The inflows in capital account increased by more than 50% as a result of one-sided transfers by foreign governments for the help in the repair of the damages after the floods.

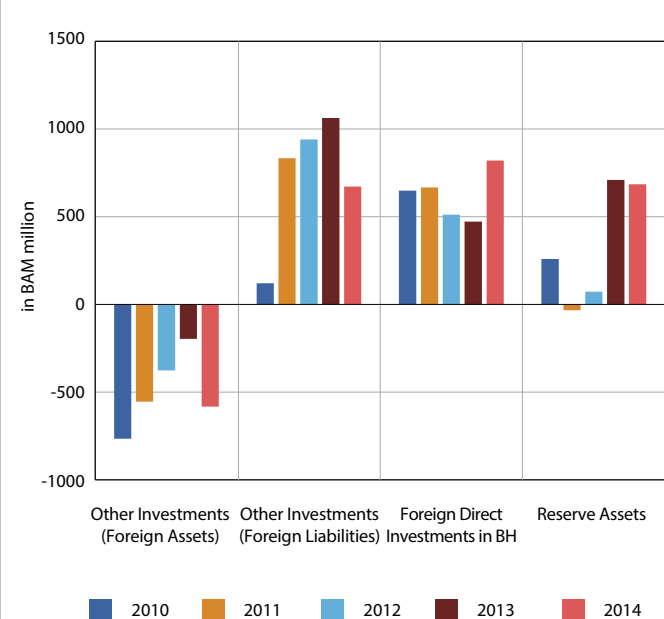
Graph 1.22: Current Account and its Components



Source: CBBH

On the other hand, the inflow of funds in the financial account was almost two times higher compared to the previous year. The inflow on the basis of foreign direct investments increased by BAM 386.6 million, but the half of this increase is related to the retained earnings in the banking sector. Net government debt amounted to BAM 527.7 million, which is an increase of 6.9% compared to the debt in 2013. The banking sector in 2014 continued the deleverage process, although to a higher extent than in 2013, so the repayment of foreign liabilities was higher by BAM 160 million at the annual level. The deleverage in other sectors also was carried out to a considerably higher extent compared to the previous year. The growth of reserve assets amounted to BAM 684.7 million and it was lower by BAM 24.2 million or 3.4% (Graph 1.23).

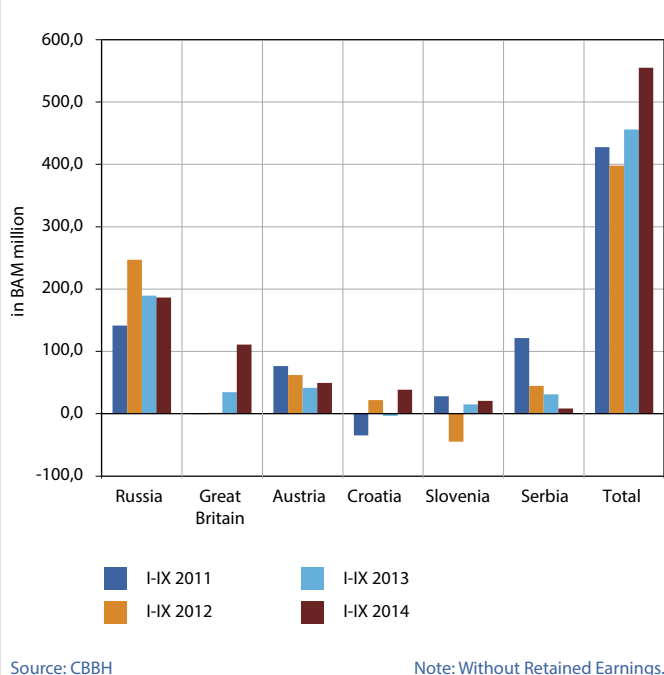
Graph 1.23: Financial Account and its Components



Source: CBBH

In the first nine months of 2014, Russia kept the position of the largest investor in BH from the view of foreign direct investments – FDI (Graph 1.24). In that period, the FDI from Russia, without the retained earnings, amounted to BAM 186 million, followed by Great Britain and Austria with BAM 110.9 million and BAM 49.4 million. In the same period, the FDI from Croatia, Slovenia and Serbia amounted to BAM 38.5 million, BAM 20.5 million and BAM 8.3 million, respectively. In the first three quarters of 2014, the total FDI amounted to BAM 554.7 million and they were higher compared to the same period of the previous year by 21.6%. The biggest concentration of the FDI was in the three activities: the production of coke and refined oil products (BAM 184 million), extraction of coal and lignite (BAM 110.7 million) and financial and service activities, except for the insurance and pension funds (BAM 62.6 million). According to the balance of payments data on the FDI, including the assessment of the retained earnings in the period Q1 2014 to Q3 2014, the total FDI increased by 18.7% (I-IX 2014/ I-IX 2013) and reached the level of BAM 667 million.

Graph 1.24: FDI Flows in BH by Countries



Source: CBBH

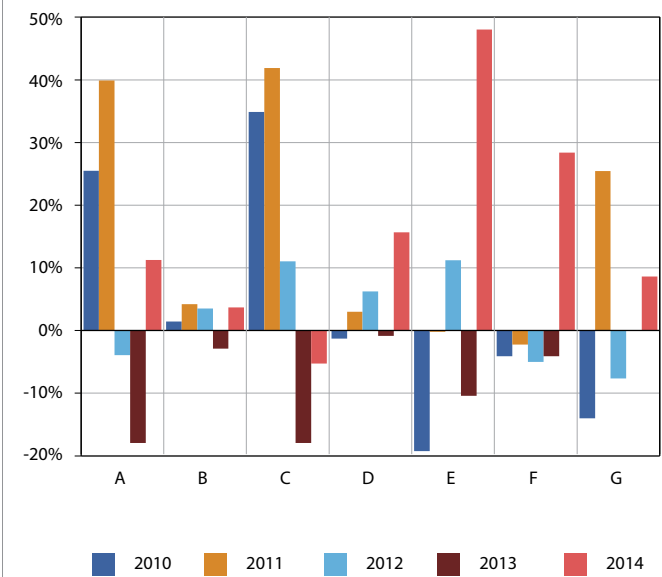
Note: Without Retained Earnings.

Compared to 2013, where the trend of export growth and import stagnation was present, 2014 was marked by a decline or a rather low growth rate of exports and the imports growth, which finally brought about the deepening of the trade deficit, which at the annual level was higher by BAM 726.0 million or 11.0%, which again had a negative impact on the foreign exchange reserves. The most important difference in 2014 in exports is that, compared to 2013, there was a decline of exports or growth rates were rather lower by quarters, so the exports at the annual level were higher by only 3.6%. Additionally, the second and the third quarter were marked by disastrous floods, which had short-term negative effects on some of the exporting products (e.g. the exports of furniture and wood, agricultural products). The data for the third and the fourth quarter show that those were short-term developments and that most of the exporting companies managed, despite some decreases in the production, to meet the demand of the main trading partners.

The dominating effect on the decrease of exports was actually the decrease of the value of exports of electric energy, which in 2013 was the main generator of the export growth. Exports of the mineral origin products, which are mainly related to electric energy, were lower by 13.1% which was the result of the decline of electric energy prices on the markets of our neighbours, while the exported quantity increased. Although in the last quarter there was a stabilization of the exports of electric energy, the decrease of more than 40% in the second quarter had a dominating impact on the final negative annual growth rate. The exports of base metals, which accounted for one fifth of the total exports, were lower by 0.3% at the annual level. In the second half of 2014, there was a growth of the aluminium price, which, despite the decline of the exported quantity, decreased the decline of aluminium exports, which compared to 2013, were lower by 3.4%. On the other hand, the increased quantity demand for iron, despite a significant decline of the price of iron ore caused the annual growth of the exports of this ore by 5.8%. The other main exporting groups of products had positive and high growth rates. So, the annual growth of the exports of the products of chemical industry amounted to 13.7%, wood and wood products 11.3%, footwear, hats and caps 19.6%, machines and appliances 9.3%, and furniture 5.5%. So, it can be concluded that exports in 2014 were under a dominating impact of the decrease of electric energy prices, the prices of base metals on the world market and moderate growth i.e. demand of the countries members of EU28 for our products, which is mainly related to Austria, Italy and Slovenia.

The basic feature and the change in imports compared to 2013 is the following: there was a growth of imports which was caused by the increase of consumption, of both government and private sector and household sector. Namely, the floods that affected our country influenced the increase of the demand for imported goods. The government sector increased investment spending for the reconstruction of the destroyed infrastructure, while the increase of social transfers intended for households increased personal consumption, so most main product groups recorded high growth rates, with the exception of mineral origin products and food. The growth of imports in 2014 at the annual level was 6.8%. Observed by product groups, 2014 was marked by a decline of imports of mineral origin products and the stagnation of imports of foods and food products, and those product groups in the previous years had significant contributions in the trade deficit deepening. The reason for the decrease of the value of the imports of these two groups of products was a decrease of the prices of oil and food on the world market. So, the annual decline of the value of the imports of the mineral origin products (which is mainly related to oil and oil derivatives) amounted to 7.6%, despite a slight increase of the imported quantity. Other main product groups had quite high growth rates. This was the case with chemical industry products, where the growth rate amounted to 6.1%, textile and textile products 19.2%, machines, appliances and mechanical devices 25.2%, and means of transport 10.8%.

Graph 1.25: Decrease/Increase of Trade Deficit by Product Groups (Annual Changes)



Source: BHAS

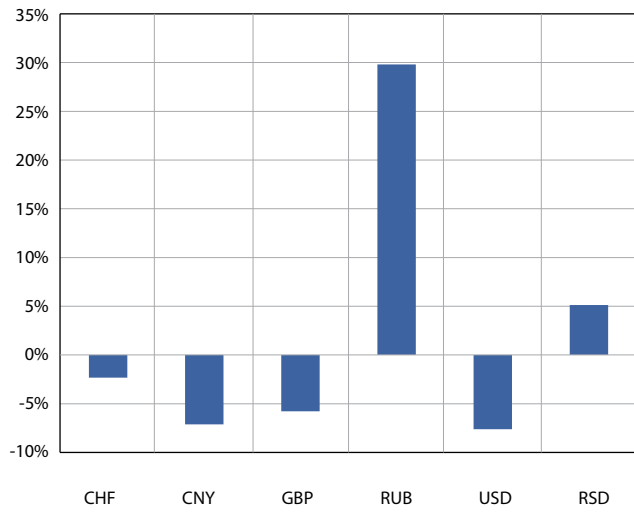
Legend:

- A Cereals
- 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

II Nominal and Real Effective Exchange Rate

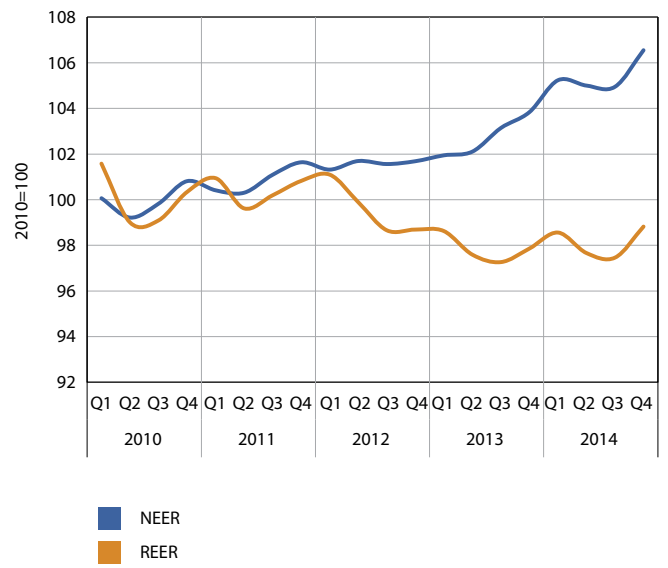
In 2014, the appreciation trend of the nominal effective exchange rate of BAM (NEER) continued, which is a result of the trend of EUR, our peg currency against other currencies of our trading partners. Although in the second half of the year, the weakening of euro against U.S. dollar was recorded (see the explanation in Chapter „International Economic Environment“) and also the weakening of euro against Swiss franc, and depreciation against Chinese yuan and British pound, the nominal effective exchange rate at the annual level in December was higher by 1.03 percentage points. The appreciation was under a dominating impact of the weakening of Russian ruble by almost 30 percentage points, which was the result of geopolitical turmoil and the Ukraine crisis (Graph 1.26). After the last year's depreciation trend of the real effective exchange rate (REER), in 2014, there was a stabilization of REER and even a slow increase in the last quarter, so compared to the third quarter, REER appreciated by 1.36 pp, while the appreciation at the annual level amounted to 96 bp (Graph 1.27). Such trend of REER had a negative impact on the price competitiveness of BH exports. A large spread between NEER and REER is a result of a significantly lower inflation in BH compared to the main trading partners.

Graph 1.26: Annual Changes of BAM Nominal Exchange Rate against the Selected Currencies in December



Source: CBBH

Graph 1.27: Nominal and Real Effective Exchange Rate of BAM



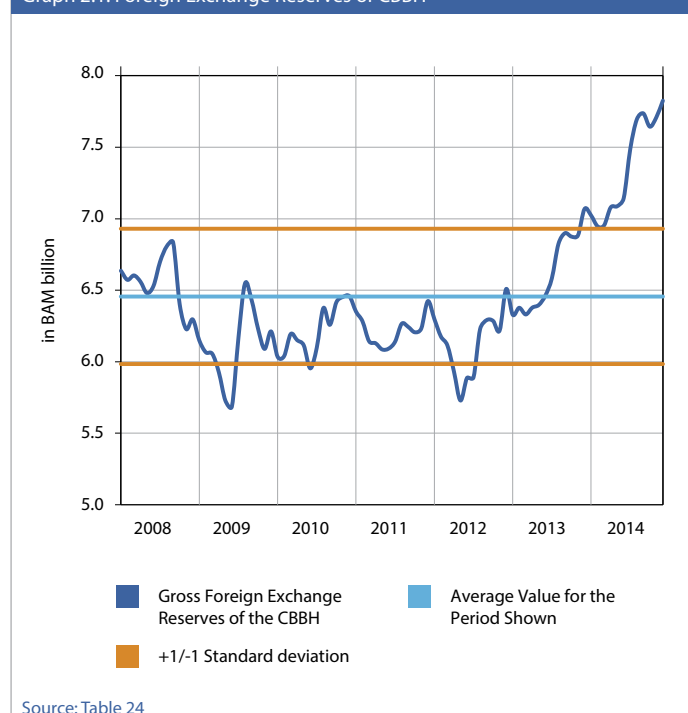
Source: CBBH

2. The Report on the CBBH Operations in 2014

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Gross foreign exchange reserves in the end of 2014 amounted to BAM 7.82 billion, with the annual growth in the amount of BAM 757.3 million (10.7%) (Table 24). A strong growth of the foreign exchange reserves during the year was particularly prominent in mid year. With the regular seasonal impact of the foreign exchange purchase, there was also a significant growth of public foreign debt in that period (Graph 2.1 below). Such increase of public foreign debt was a result of transferring VII and VIII tranche of the IMF SBA, increased by the funds intended for mitigating the results of the natural disaster in the total amount of BAM 373.3 million.

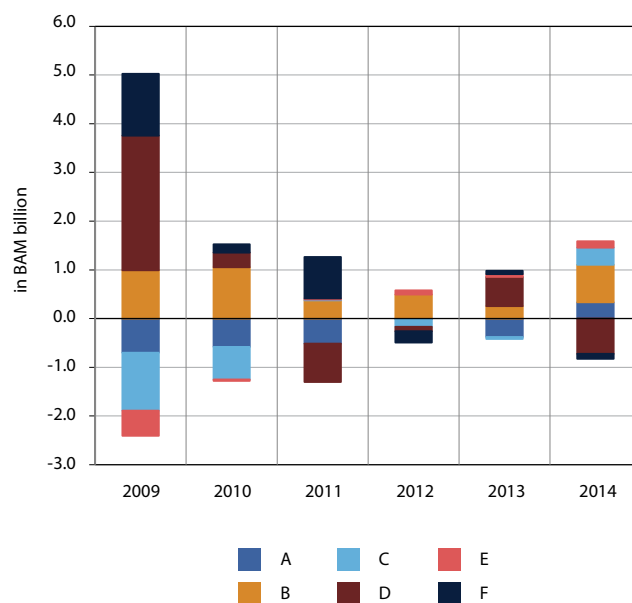
Graph 2.1: Foreign Exchange Reserves of CBBH



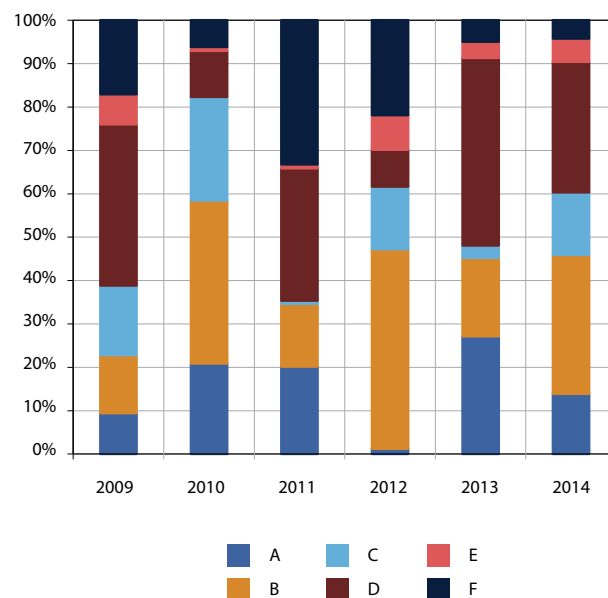
Graphs 2.2 and 2.3 below illustrate the changes in the factors determining the level of the foreign exchange reserves. Historically, the changes in domestic demand and the changes in foreign debt of banking and public sectors are the basic factors which determined the changes in the foreign exchange reserves.

Legenda:

Graph 2.2: Factors which have Impacted the Changes in the CBBH Foreign Exchange Reserves



Graph 2.3: Relative Significance of the Factors which have Impacted the Changes in the CBBH Foreign Exchange Reserves



A: Promjena u neto stranoj pasivi banaka

B: Promjena u javnom vanjskom dugu

C: Promjena u direktnim investicijama (koje obuhvataju i zadržanu dobit)

D: Promjena u robnom deficitu

E: Promjene u doznakama

F: Ostalo

The foreign debt of the banking sector is procyclical. So, in the periods of economic expansion, it has a positive impact on the growth of the foreign exchange reserves due to the bank leverage in foreign countries with purpose of placing the funds in the country. In the periods of unfavourable macroeconomic trends, when the deleverage process takes place in banks, their impact on the foreign exchange reserves is negative. The deleverage process was continued in 2014 (Section 1.2.3) and it had a negative impact on the foreign exchange reserves.

The changes in the foreign debt of the government had a positive impact on the foreign exchange reserves. Despite a significant pressure of the debt repayment, new debts on the basis of the IV IMF SBA, and from other creditors as well impacted the increase of the CBBH foreign exchange reserves. In 2014, the growth of imports and a low growth rate of exports have impacted the deepening of the trade deficit, which had a negative impact on the foreign exchange reserves, while in the previous year, the effect of the decrease of trade deficit had a dominating impact on the growth of the foreign exchange reserves. In the previous year, the impact of the decrease of foreign trade deficit on the foreign exchange reserves was around 50%, while in 2014, that impact was negative and significantly decreased (25%). On the other hand, the growth of the inflow of foreign direct investments had a positive influence on the foreign exchange reserves and the influence of that inflow on the foreign exchange reserve trend increased by 9 pp at the annual level.

2.1 Monetary Policy

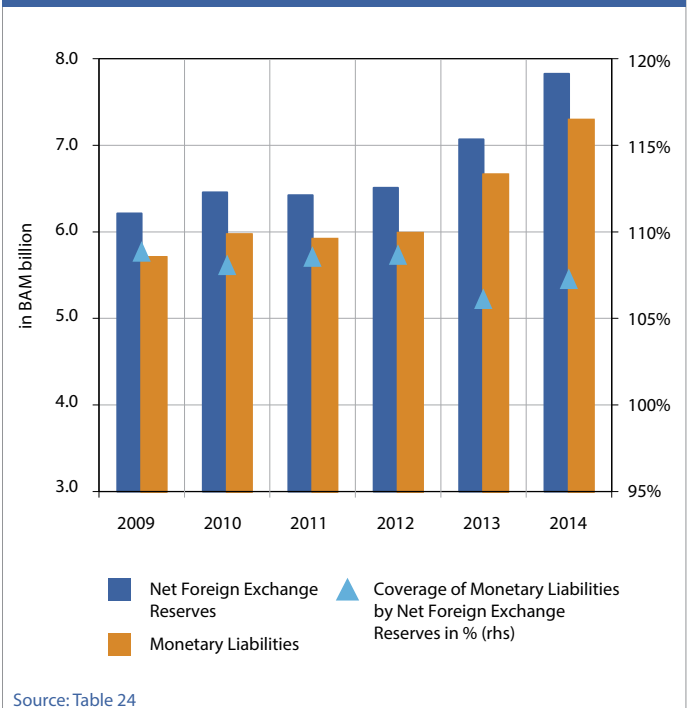
In 2014 as well, the CBBH has met its objective which is defined by the Law as the issue of the domestic currency under the currency board arrangement. In accordance with Article 31 of the Law, the CBBH is required to ensure that the aggregate amount of its monetary liabilities shall never exceed the equivalent amount of its net foreign exchange reserves, which has been completely fulfilled. In addition, the Central Bank is required to maintain the general reserve to the level of the amount of the authorised capital of the bank, which must be at least five per cent of the total amount of financial liabilities shown in the accounts of the Central Bank at the end of that financial year. In accordance with the Law, the total amount of financial (monetary) liabilities of the Central Bank is always the sum of:

(A) all the banknotes and coins that have been put in circulation by the head office, main units and other branches of the Central Bank, and

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

At the end of 2014, the coverage of monetary liabilities with net foreign exchange reserves was 107.3% and was higher compared to previous year, as the net foreign exchange reserves recorded a significantly higher growth compared to monetary liabilities.

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



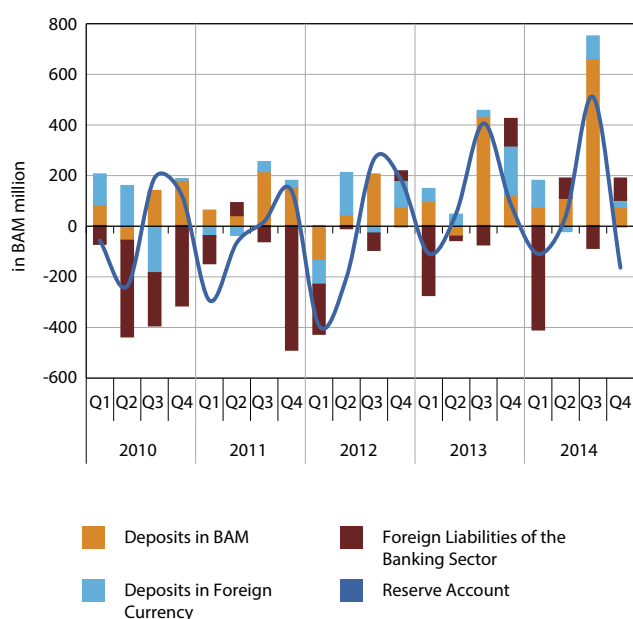
Source: Table 24

2.2 Reserves Accounts with the CBBH

The base for the calculation of the reserves requirement recorded an annual increase in the amount of BAM 771.7 million (5.0%). The base increase in the local currency amounted to BAM 894.3 million (11.7%), while the base in a foreign currency decreased by BAM 122.5 million (1.5%). These trends indicate that there is still a trend of banks' deleveraging, even though the funds borrowed after November 2008 are not included in the calculation of the reserve requirement. On the other hand, the trend of increasing deposits, particularly retail deposits, and an increase in public external debt were the main determinants in the movement of local currency base (Graph 2.5). Deposits of domestic sectors in BAM recorded the greatest increase in the months of inflow from SBA arrangement, in addition to continued growth in household deposits throughout the year. More specifically, the new borrowings of general government sector, especially in the middle of the year led also to a significant growth in deposits of other sectors in the coming months after the distribution of these funds to lower levels of authorities and final beneficiaries.

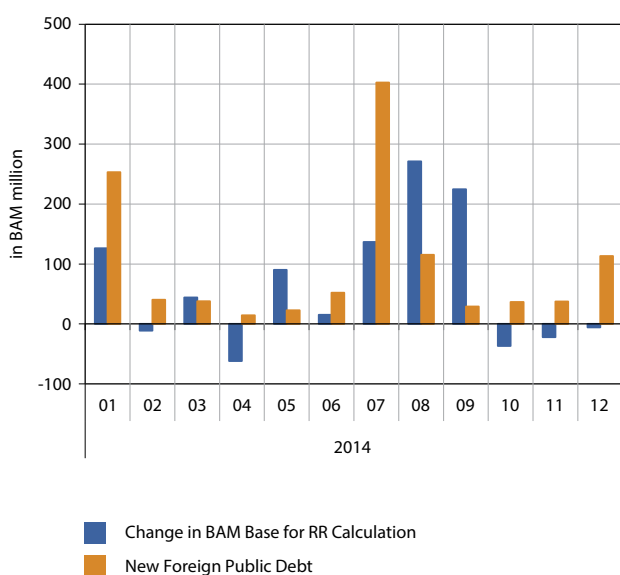
Graph 2.6 below shows the changes in the BAM base for the RR calculation and in new external public debt (Subsection 1.2.2). The impact of foreign public debt on the changes of local currency base is especially pronounced in the months of significant increases, but it is necessary to mention that this increase in BAM deposits, on the basis of public external debt, is reflected on the local currency base only in the next accounting period (decade), which affects the monthly average amounts, too.

Graph 2.5: Quarterly Changes in Banks' Liabilities and Reserve Accounts with the CBBH



Source: Tables 06, 07 and 09

Graph 2.6: Changes in BAM Base for RR Calculation and New Foreign Public Debt

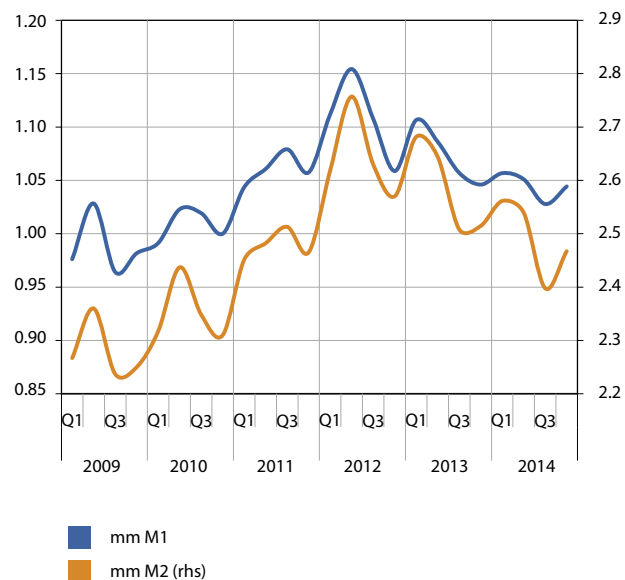


Source: CBBH and Ministry of Finance and Treasury of BH

The demand of the domestic sector for long-term loans recorded higher rates compared to the previous year, but we still cannot speak of a significant recovery that would lead to the acceleration of economic activities and domestic consumption. Due to the growth of deposits, the banks increasingly rely on domestic sources of funding, however, a good part of this deposits' growth is still not the result of traditional savings (Subsection 1.2.3). Such like policy of deposits' creation is actually one of the reasons for the differences between the level of the Central Bank reserve money and the total deposited money. Monetary multiplication continued a downward trend, present since

mid-2012, suggesting that the growth of reserve accounts held by banks with the Central Bank exceeds the growth of deposits.

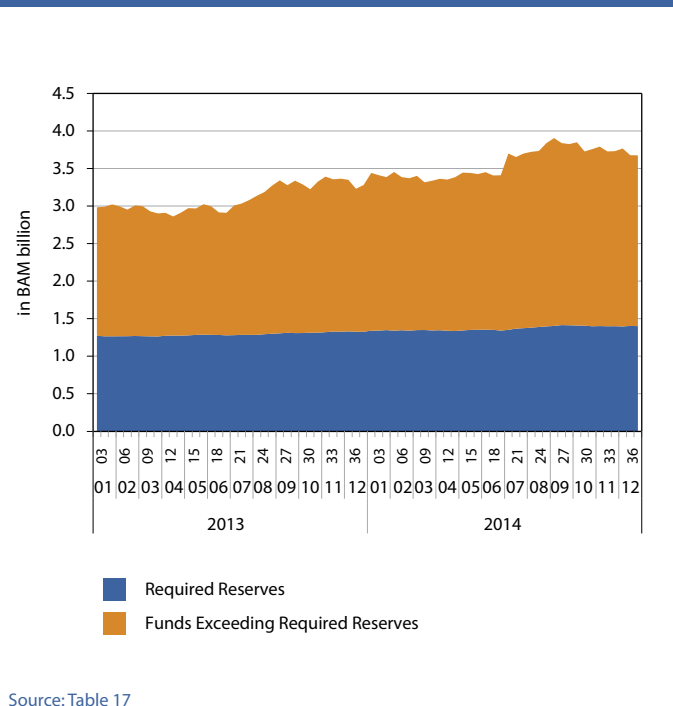
Graph 2.7: Money Multiplication



Source: Table 06

Although the base for the RR calculation was increased on annual level, the reserves accounts balances with the Central Bank are determined primarily by the RR excess funds held by banks with the Central Bank (Graph 2.8). Mostly due to the inflow of foreign public debt, but also due to the impact of seasonal factors during the summer and at the end of the year, the reserves account balance increased on annual basis by BAM 419.6 million (12.8%), out of which an increase in the excess reserves amounts to BAM 346.5 million (17.7%). End of the year recorded the reserves account balance of BAM 3.67 billion, while the daily values in the third quarter were even reaching the level of BAM 4.00 billion, which makes more than half of total CBBH foreign exchange reserves. The level of banks' deposits with the monetary authorities is determined by multiple factors. One of them are the limits of banking supervisors (the Entities' Banking Agencies) in terms of liquidity, maturity structure and foreign exchange risk, which are far more severe than the RR regulations. From the point of meeting the regulations on liquidity, it is quite the same for the banks whether they hold the excess cash held in own vaults, on the account with the Central Bank or on the nostro accounts abroad. In conditions of low and even negative interest rates on the European banking market, with constant analysis of rating, the decision on keeping funds at the account with the Central Bank from the standpoint of the banking sector is logical. In any case, the fact is that banks continue to have substantial liquidity funds, which is the consequence of shortening of the banks' financial liabilities maturities when compared to earlier periods.

Graph 2.8: Balances in Reserve Accounts with the CBBH



Source: Table 17

During 2014, in the system of required reserves, there were 28 banks which, with the exception of Bobar Banka a.d. Bijeljina, duly complied with the legal obligation of keeping funds in the account with the Central Bank. This bank has failed to meet the reserve requirement for three calculation periods of the fourth quarter. Upon the occurrence of problems in Bobar Banka a.d. Bijeljina operations, the Committee for Financial Stability continuously monitored the situation in the banking sector and concluded that this has been an isolated case and that there has been no systemic impact on the financial stability of BH banking sector. On 23 December 2014, the RS Banking Agency accepted the report of the temporary administrator on the financial condition and prospects of Bobar Banka a.d. Bijeljina and a proposal to start the bank's liquidation proceeding. On the same day, the bank had its banking license revoked, by which entered in force the liability of the Deposit Insurance Agency (BHDIA) to pay out the insured deposits. Payment of insured deposits began on 19 January 2015 (15 business days after the banking license revocation). The total number of the insured depositors in Bobar bank, according to the data as of 23 December 2014, was 21,379, worth BAM 86.6 million.

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 management of the CBBH foreign exchange reserves were quite determined with trends in the financial markets where foreign exchange reserves are invested in accordance with the Law on the CBBH. The impact of global developments at the relevant financial markets on the process and the results of the CBBH foreign exchange reserve management, in the period from 2008 to 2013, is explained in more details in the Annual Report for the previous year: 2013. Due to the further deterioration of the economy of the euro zone countries and the additional monetary policy stimulating measures, that the ECB was forced to undertake, during 2014 there was a further decline in interest rates and yields at European financial market, which further aggravated the process of managing foreign exchange reserves in the CBBH compared to 2013.

The average annual value of the one-month (Euribor 1m) and the three-month Euribor (Euribor 3m) remained at approximately the same level as 2013, but in 2014, the ECB reduced all three key interest rates twice (in June and September). More specifically, the ECB reference rate at the end of 2014 (0.05%) was lower by 20 basis points than it was at the beginning of the same year (0.25%), while the interest rate at which the ECB lends to banks at the end of 2014 (0.30%) was lower by 45 basis points than it was at the beginning of that year (0.75%), and the interest rate at which banks deposit their funds with the ECB at the end of 2014 (-0.20%) was lower by 20 basis points than it was at the beginning of the year (0.00%). The monetary policy measures taken by the ECB contributed to a further decline in the interest rates on deposits with foreign commercial banks where the CBBH invests and in yields rates on treasury bills and bonds in which the CBBH invests the foreign reserves. At the end of 2014, the offered interest rates on short-term deposits converged to zero value, and the interest rates on demand deposits became negative. The decline of market yields was mostly pronounced in government bonds of euro zone with the credit rating of AAA. For example, the average yield on one-year bonds has dropped from 0.06% to 0.01% (i.e. they were ten times higher in 2013 than in 2014), and average yields on two-year bonds from 0.18% to 0.04% (i.e. they were five times higher in 2013 than in 2014). Somewhat milder decline in market yields was recorded with ten-year bonds: average yield in 2013 (1.89%) was 1.4 times higher than in 2014 (1.38%).

Table 2.1: Trends of the Securities Market Yields of Euro Area Countries with the Highest Credit Rating (AAA)

Period	Yields from Securities			
	One - year	Two - year	Five - year	Ten - year
Average for January-December 2013	0.056%	0.176%	0.841%	1.890%
Average for January-December 2014	0.005%	0.037%	0.490%	1.377%
Average as of 31 December 2013	0.094%	0.248%	1.059%	2.159%
Average as of 31 December 2014	-0.091%	-0.116%	0.071%	0.637%
Ratio: I-XII 2013/I-XII 2014	10.41	4.82	1.72	1.37

Source: ECB Data Warehouse (17 February 2015)

Under such circumstances during 2014, too, the CBBH was continuously adapting to changed circumstances in the relevant financial markets. Due to the low, and by the end of the year, also the negative interest rates on short-term deposits, a part of foreign exchange reserves has been redirected into securities, more specifically, to those with longer maturity periods and/or in securities that have somewhat lower credit ratings. In this way, the structure of foreign exchange reserves has been changed in terms of higher risk exposure (primarily credit risks through investments in lower-rated instruments, and market or interest rate risk by investing in instruments of longer remaining maturity) in order to achieve a satisfactory level of interest revenues.

The process of restructuring of foreign exchange reserves is still on going, taking into account the liquidity, safety and profitability of the CBBH, in addition to applying a more active approach to managing the foreign exchange reserves portfolio, with the aim to compensate for the low level of interest revenues. Considering that available forecasts and expectations of changes in interest rate and yields, as well as the price of gold and the dollar exchange rate, all suggest the recovery in the euro zone to be slow and uneven; it is expected that the current structure of the foreign exchange reserves portfolio in the coming years will not be able to generate significantly higher levels of annual foreign currency interest revenues, and therefore no significantly higher level of the CBBH total revenues.

In accordance with the Law on the CBBH and appropriate internal regulations, the CBBH manages foreign currency reserves, acting primarily in line with the principles of liquidity and investment security. This implies that, while maintaining high liquidity of foreign exchange reserves and acceptable risk exposure, the CBBH seeks to achieve favourable returns on invested foreign reserves while ensuring a high level of security. Decisions on the management and investment of foreign exchange reserves are made at three levels within the CBBH organisation: (1) strategic - the Governing Board, (2) tactical - the Investment Committee, and (3) operational - organisational forms of the CBBH in charge of risk management, banking and monitoring and analysis. The Governing Board approves the CBBH Guidelines on Foreign Exchange Reserves Management, which determine the type and level of risk that the CBBH is ready to take over, as well as the discretionary area for tactical and operational level. The Investment Committee directs the foreign exchange reserves management within the Guidelines and adopts the Operational Rules for the Investment. Organisational forms of the CBBH in charge of foreign reserves investment, risk management, monitoring and analysis, operate in accordance with the Guidelines and Operational Rules, including the adoption of operational decisions on investments.

In the process of managing foreign exchange reserves during 2014, available information relevant to money and capital markets in the euro area and the world has been considered on a daily basis, in addition to the available forecasts that could affect the investment of foreign exchange reserves in the current year, but in the future alike. Further, the CBBH continually analyses the possibilities and modalities of the investment policy and

the CBBH foreign exchange reserve management, and the initiated appropriate changes to investment policy in order to adapt to market conditions in the euro zone. Also, the CBBH has continuously analysed information related to the movement of yields on the financial markets in which the foreign exchange reserves have been invested, the basic macroeconomic indicators and projections for the relevant country, the euro zone and the global economy, as well as the information related to the ratings of foreign banks in which the CBBH has term-deposits and funds in the current account and the information on countries that are issuers of securities being represented in the CBBH foreign exchange reserves portfolio in order to minimise the credit risk.

The foreign exchange reserves portfolio is primarily exposed to financial risks, namely: credit, market (interest rate and foreign exchange risk) and liquidity risk. The CBBH limits the exposure to credit risk by investing primarily in bonds of selected countries of the euro zone, and the placement of deposits in selected central banks in the euro zone, selected foreign commercial banks and the BIS, provided that they meet the eligibility standards of the contracting party. Credit risk management is carried out by defining eligibility standards of the instruments/contracting parties and restrictions of investments concentration in each individual country and certain commercial foreign bank. The above mentioned standards and the restrictions are reviewed and updated as needed, whilst taking into account the official ratings given by the major global rating agencies, as well as, the credit risk indicators obtained by using internal methods for credit risk assessment.

The interest rate risk or the risk of reducing the value of the foreign exchange reserves portfolio due to changes in interest rates is controlled by benchmark portfolios, as well as, by regulating the duration of the total portfolio of foreign exchange reserves. Foreign currency risk is a potential for the CBBH to generate a loss due to changes in the value of foreign currency assets and liabilities, as a result of potential adverse trends in exchange rates of foreign currencies, in which the reserves are denominated, in relation to the local currency. The CBBH minimizes this risk by holding foreign exchange reserves mainly in euro, since the exchange rate of the convertible mark is pegged to euro. Instruments providing daily liquidity include overnight deposits and the central banks current accounts' funds of euro zone countries, with the BIS, and with foreign commercial banks that meet the criteria of credit risk, as well as, the maturing funds from all instruments. The liquidity risk is controlled by investing foreign exchange reserves in deposits with short maturities and short term securities.

During 2014, the CBBH foreign exchange reserves were invested in accordance with the Law on the CBBH, the CBBH Guidelines on the Foreign Exchange Reserves Management, and in accordance with the Operational Rules for the Investment, as well as, the Instructions of the Investment Committee.

In 2014, the average daily balance of foreign exchange reserves amounted to approximately BAM 7.34 billion, which is by BAM 764 million more than the average daily balance of foreign exchange reserves in 2013, when it amounted to BAM 6.57 billion.

The amount of net foreign assets, which is the positive difference between the foreign currency reserves after covering monetary liabilities (BAM currency in circulation and the deposits of commercial banks) and liabilities towards non-residents, fluctuated during 2014, due to the changes in levels, of both foreign exchange reserves and monetary liabilities. At the end of the year, net foreign assets amounted to BAM 531.42 million, which is by BAM 123.31 million or 30.21 % more the balance at the end of 2013. The foreign exchange reserves at the end of 2014 amounted to eq. BAM 7,825.59 million, which is an increase of 10.71%, i.e. BAM 757.25 million compared to the end of December 2013, while monetary liabilities recorded an increase of 9.52% or by BAM 633.89 million in the same period.

Net foreign assets represents protection from shocks that may have a negative effect on the market value of financial instruments in which the foreign reserves are invested, which may reduce the value of foreign currency reserves and undermine the principle of full coverage of monetary liabilities with the foreign exchange reserves, as one of the basic principles underlying the stability and sustainability of the Currency Board.

At the end of 2014, the structure of foreign exchange reserves comprised investment portfolio with a share of 37.78%, liquid portfolio with a share of 59.89% and monetary gold with a share of 2.34%. Liquid portfolio consists of deposits with central banks, the BIS and foreign banks (27.88 % of total foreign exchange reserves), cash in the CBBH vault (0.92 % of total foreign exchange reserves), the SDR with the IMF (0.07 % of total foreign exchange reserves) and securities with the remaining maturity of a year or less (31.02 % of total foreign exchange reserves). The balance of securities with the remaining maturity of a year or less, being the biggest item of liquid portfolio was BAM 2.43 billion at the end of 2014.

The balance of deposits with non-resident banks, as the second largest item in liquid portfolio at the end of 2014 amounted to BAM 2.18 billion. The average duration of the deposits portfolio in 2014 amounted to 27.72 days (21.57 days in 2013), and the fixed-term foreign currency deposits were made at periods of one week to six months.

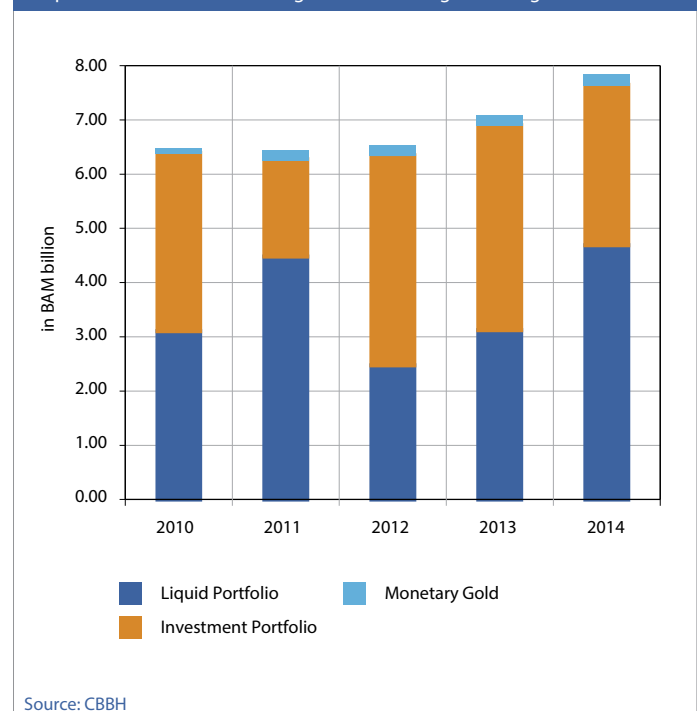
The investment portfolio consists of: securities with the remaining maturity of over a year, being available for sale (32.3 % of total foreign exchange reserves) and securities held to maturity (5.5 % of total foreign exchange reserves). As a safeguard against credit risk, the investments are made in securities of European countries with a high rating, with a limit on maximum share of debt instruments for each country. Modified duration of the securities portfolio was 2.84 years at the end of 2014.

The CBBH restructured its portfolio of foreign exchange reserves in a way that the securities available for sale with a remaining maturity period of one year and less were reclassified from the investment portfolio into liquid portfolio, so that the category of treasury bills was replaced by category of securities with remaining maturity of one year and less.

By this, the participation of liquid portfolio increased from last year's 44.18% to 59.89%, while the share of the investment portfolio decreased from the last year's one of 53.50% to 37.78% of the total foreign exchange reserves.

Following the trends of the market, compared to the end of 2013, funds deposited with non-resident banks were decreased by BAM 35.9 million (1.62%), while the funds invested in securities (securities with remaining maturity of one year and less, securities with remaining maturity of over one year and the securities held to maturity) were increased by BAM 791.8 million (17.24 %).

Graph 2.9: Structure of Investing the CBBH Foreign Exchange Reserves

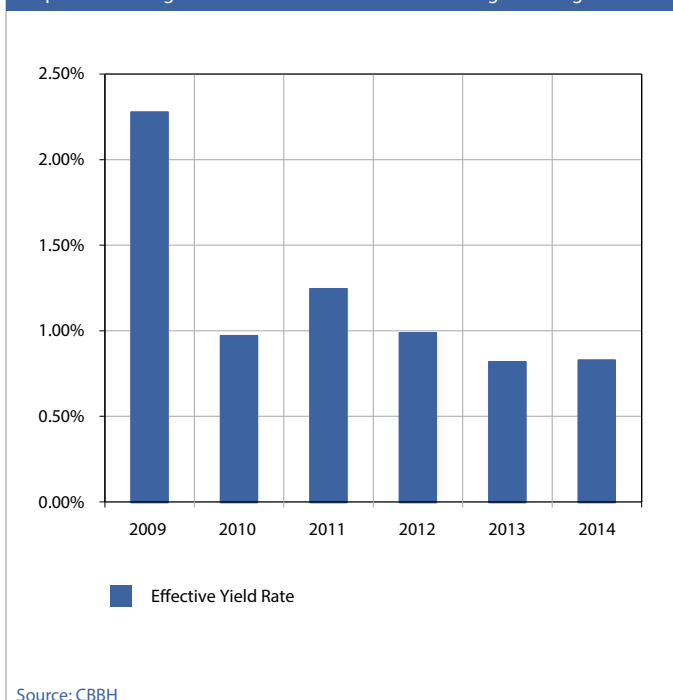


A part of the profit realised in 2013 in the amount of BAM 18.5 million was transferred in April 2014 to the account of the BH Ministry of Finance and Treasury, which is responsible for the budget of the institutions of Bosnia and Herzegovina.

The combined effect on the income statement of all the investments of the CBBH foreign currency funds in convertible foreign currency and monetary gold for the period from 1 January to 31 December 2014, amounts to BAM 60.53 million, or 0.83 % expressed as the effective rate of return.¹⁶ (Graph 2.10)

¹⁶ Effective rate of return is calculated by dividing the total investment effects of foreign exchange reserves funds (in gold and convertible foreign currencies) with the average balance of foreign exchange reserves in the relevant period. When calculating the overall investment effects of foreign exchange reserves funds, all net incomes from interest on securities and deposits have been taken into account, as well as, net realised capital gains/losses due to the sale of securities from the portfolio of foreign exchange reserves of the CBBH.

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



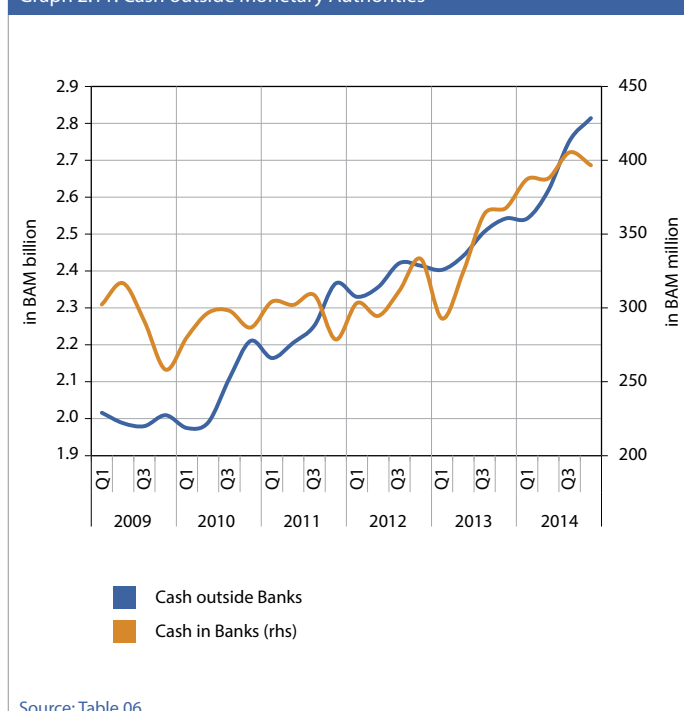
An accentuated demand for cash in the local currency can have a savings or transaction character. Given the tendency of citizens to save in foreign currency, and the absence of major shocks that could threaten the stability of the financial sector in 2014, this demand could first be explained by transaction requirements, namely due to unofficial cash flows that are typical for countries with a large share of the unregistered economy. Demand for cash from the commercial banks is the result of the increased cash demands of the clients. Additional demand for cash is also encouraged by extremely low interest rates on deposits, particularly on the short term. In this way, the opportunity cost of holding cash is completely minimized.

Supplying the commercial banks with cash is done through the vaults of the CBBH Main Units and Branches, based in Sarajevo, Banja Luka, Mostar and Brčko, with strict adherence to the Currency Board arrangement. Communications related to supply of commercial banks with cash is done exclusively through the platform of electronic interbank money market. On 31 December 2014, the total value of cash in circulation amounted to BAM 3.21 billion. The circulation included 51,148,669 banknotes, worth BAM 3.08 billion and 268,097,485 coins, worth BAM 135.6 million in total (Table 2.2).

2.4 Cash Management

The amount of money in circulation in terms of the currency board arrangement is conditioned by the amount of funds in the reserve account with the CBBH and it consists of cash in bank vaults and cash out of banks, that is, the amount of money circulating in the economy. Significant growing trend captures not only cash outside banks but also cash in bank vaults and for the second year in a row (Graph 2.11).

Graph 2.11: Cash outside Monetary Authorities



As of 31 December 2014 and compared to the 31 December 2013, the overall value of cash in circulation increased by BAM 300,650,290.50 million (10.33%). The amount of banknotes, compared to the same period of the last year, increased by 4,198,808 pieces in total value of BAM 291,981,600.00. In this year, the banknotes quantity of all denominations is increased. The amount of coins in circulation, compared to the same period of the last year, increased by 21,948,028 pieces in total value of BAM 8,668,690.50. The highest increase was recorded with the coins quantities of 10 F denomination (6.4 million pieces, i.e. 8.87%) and 5F (5.7 million pieces, i.e. 13.65%).

The CBBH performs continuous withdrawal of damaged banknotes that are destroyed in accordance with applicable regulations. Withdrawal of damaged and worn-out banknotes and putting into circulation of new banknotes' series maintain the satisfactory quality of money in circulation. In 2014, 8,923,635 pieces of damaged banknotes, worth BAM 342,0 million, were destroyed and 55,243 pieces of damaged coins, worth BAM 75,6 thousands (Table 2.3).

Table 2.2: Currency Denomination Structure as of 31 December 2014

Denomination	Date of Putting in Circulation	Pieces	Value	Share in Circulation
Banknotes				
200	15/05/2002	2,536,326	507,265,200.0	15.80%
100	27/07/1998	15,009,750	1,500,975,000.0	46.75%
50	27/07/1998	16,307,726	815,386,300.0	25.40%
20	27/07/1998	7,834,425	156,688,500.0	4.88%
10	22/06/1998	9,460,442	94,604,420.0	2.95%
Total Banknotes		51,148,669	3,074,919,420.0	95.78%
Coins				
5	04/01/2006	7,885,767	39,428,835.0	1.23%
2	28/06/2000	10,603,352	21,206,704.0	0.66%
1	28/06/2000	39,434,542	39,434,542.0	1.23%
0.5	09/12/1998	27,975,084	13,987,542.0	0.44%
0.2	09/12/1998	56,700,122	11,340,024.4	0.35%
0.1	09/12/1998	78,327,610	7,832,761.0	0.24%
0.05	04/01/2006	47,171,008	2,358,550.4	0.07%
Total Coins		268,097,485	135,588,958.8	4.22%
Total			3,210,508,378.8	100.00%

Source: CBBH

Table 2.3: Survey on Currency in Circulation, Destroyed Banknotes and Counterfeits in the Period of 1998 – 2014

Year	Circulation, in BAM	Destroyed Banknotes, in BAM	Counterfeits, in BAM Value
1998	114,598,095	-	40
1999	167,458,839	363,364	142,485
2000	695,887,615	8,405,863	230,204
2001	1,805,962,219	193,834,014	112,185
2002	1,870,782,940	92,531,914	41,665
2003	1,721,858,246	201,504,034	66,831
2004	1,817,427,255	118,743,350	44,153
2005	1,907,182,940	82,025,000	66,285
2006	2,154,234,164	93,830,269	51,202
2007	2,439,709,153	279,167,134	44,166
2008	2,552,431,902	867,449,706	49,831
2009	2,267,734,115	573,411,726	111,438
2010	2,497,501,445	261,884,788	72,701
2011	2,645,055,508	13,809,849	63,047
2012	2,747,511,841	477,374,530	33,604
2013	2,909,858,088	333,310,750	50,009
2014	3,210,508,379	342,006,890	34,748

Source: CBBH

In 2014, 951 pieces of BAM counterfeited banknotes and 1,613 counterfeited coins, with a total value of BAM 34.7 thousands were registered (Table 2.4). The number of counterfeited banknotes in comparison to 2013 was 27.9 % lower and the number of registered counterfeited coins was lower by 37.89%.

In 2014, the 2013 edition coins were received from the manufacturer as follows: BAM 1 denomination in the quantity of 3,000,000 pieces, 50 F denomination in the amount of 3,000,000 pieces, 20 F in the amount of 17,200,000 pieces, 10F in the amount of 22,200,000 pieces and 5F in the amount of 21,564,000 pieces. All features

Table 2.4: Recorded Counterfeited BAM Banknotes and Coins in 2014

Denomination	Banknotes					Coins			Total
	200	100	50	20	10	5	2	1	
Pieces	9	87	167	626	62	255	125	1,233	2,564
Share	0.95%	9.15%	17.56%	65.83%	6.52%	15.81	7.75	76.44	-
Value	1,800	8,700	8,350	12,520	620	1,275	250	1,233	34,748

Source: CBBH

on the coins of 2013 issue remained the same as in previous issues. These coins have been put into circulation successively as the legal tender in BH through the CBBH Main Units and Branches.

2.5 Payment System Maintenance

The legal obligation of maintaining the adequate payment and settlement systems was met by the CBBH in 2014, as well, Central Registry of Credits (CRC) and Single Registry of Transaction Accounts (SRTA) were maintained and the international clearing of payments with foreign countries was also performed.

Compared to 2013, there was a significant increase in transactions in the payments system, especially the interbank (Table 2.5 below). The growth in the number and value of interbank transactions was caused by the growth of transactions through Real Time Settlement System, RTGS (Statistical Table 18). As in previous periods, most of the transactions in the interbank payments system was performed in a few banks; 49.8%

of the total payment transactions value and 49.4% of the total number of payment transactions were carried out through five banks.

Unlike traditional payments, the credit card payment is almost unchanged if compared to the previous year (Table 2.6). In 2014, there was an increase of transactions at ATMs and the decrease at POS terminals. This decrease at POS terminals transactions, compared to the previous year, was caused by the reduction in purchase, but also by realized cash. Realized cash at POS terminals (10.75% of the total realized cash in 2014) amounted to BAM 643.9 million, which is by 9.34% less than in the previous year. Sales at POS terminals amounted to BAM 1.18 billion, which is even 23.87% lower than in the previous year. Decrease in sales at POS terminals is mainly caused by the decline in realization of foreign cards in BH (Table 2.7).

The data from the same table indicate that during 2014 there was a reduction in realized values abroad of the cards issued in BH banks.

Table 2.5: Payment Transactions through Commercial Banks in 2014

	Inter-banking Transactions	Change Compared to the Previous Year	Intra-banking 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%
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%

Source: CBBH

Table 2.6: Survey of Cards Transactions via ATM and POS Terminals

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

Source: CBBH

Table 2.7: Realized Value of the Cards per Residence Principle

Year	Cash Withdrawal		Buying of Goods and Services at POS Terminals	Total
	ATMs	POS Terminals		
Realized Values of Foreign Cards in BH, in BAM million				
2010	529.5	74.2	155.6	759.4
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
Realized Values Abroad of Cards Issued in BH, in BAM million				
2010	109.0	2.3	160.0	271.3
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

Source: CBBH

Table 2.8: Number of Cards per Brands

Year	Visa	Mastercard	American	BamCard	Diners	Other	Total
2010	1,171,237	486,230	8,363	25,618	1,003	1,015	1,693,466
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

Source: CBBH

Traditionally, the most used card brand in BH is Visa Card (Table 2.8). The highest turnover is recorded on debit cards with the share of Visa Debit Cards being 63.03%.

In 2014, 24,420 ATMs were installed in Bosnia and Herzegovina, out of which: 1,426 ATMs (+ 4.24% compared to 2013), 21,792 POS terminals for trade (+ 6.81% compared to 2013) and 1,202 POS terminals for cash (-3.69% compared to 2013). Internet banking or some kind of electronic banking services was offered to legal entities and households by 25 banks in 2014. Although the number of customers from year to year increases significantly, the number of 213,562 users (0.01% of the total number of cards in Bosnia and Herzegovina in 2014), mostly physical entities, is not too impressive.

The CBBH contributed to financial stability also by maintaining the CRC, which is updated on daily basis by data from 29 commercial banks, 18 microcredit organizations, 14 leasing companies and other institutions. During 2014, the CRC was accessed 2.47 million times (-9.97% compared to 2013). The total number of access points to the Registry is 1,709 (+11.77% compared to 2013) and the commercial banks used the highest number of access points: 1,346. They are followed by microcredit organizations with 178 access points, leasing companies and other institutions with 37 access points.

At the end of 2014, the data on 290,178 transaction accounts were stored in the SRTA, out of those, 222,359 active and 67,819 blocked accounts. SRTA was accessed from 1,641 access points which were used by: 29 banks, 10 microcredit organizations, the leasing companies and other institutions (66 in total). In the previous year, the CBBH organizational units issued the total of 11,259 statements (+ 25.66% compared to 2013) from Single Registry of Transaction Accounts, as follows: Main Unit Sarajevo: 7,105; Main Bank of Republika Srpska of the Central Bank of BH: 2,530; Main Unit Mostar: 1,624.

In 2014, the CBBH performed international clearing of payments between BH and Serbian banks. Through the system of clearing calculation of international payments with Serbia, the total of 8,769 orders were issued (+10.59% compared to 2013), whose value was EUR 131,05 million (+6.85% compared to 2013). In the system of payments between two states, five banks from BH participated and the share of one bank group in this kind of transactions amounted to 85.75% of the total value of payment orders in 2014.

2.6 The Fiscal Agent Role

By the Bilateral Agreement on Debt Servicing, the BH Ministry of Finance and Treasury authorizes the Central Bank, on behalf and for the account of the Ministry, to perform the agent's tasks for servicing of BH external debt (in accordance with the provisions of the Law on Borrowing, Debt and Guarantees of Bosnia and Herzegovina, the Law on the Central Bank of Bosnia and Herzegovina, Law on Financing of BH Institutions, the Law on Indirect Taxation System in BH and the Law on Payments into the Single Account and Allocation of Revenues). According to the provisions of the a.m. Agreement, the Central Bank is responsible for: ensuring timely providing of the foreign currency for payment of due liabilities; timely and accurate execution of orders / instructions from the Ministry for external debt servicing; correspondence with foreign banks and creditors and reporting to the Ministry on all executed transactions. In accordance with the Agent Agreement concluded between the CBBH and the Ministry of Finance and Treasury, during 2014 there were performed the tasks related to the loans and grants arising from the agreements concluded by the Council of Ministers of Bosnia and Herzegovina with the international financial institutions (EIB, EBRD, World Bank, etc.)¹⁷, as well as, the payment transaction services in the country and abroad, management of deposit accounts, conversion of funds, investing of foreign currency funds in deposits, and the servicing of foreign debt. Also, on the basis of Agreements concluded between the CBBH and the BH Federation Ministry of Finance, the CBBH has performed the tasks of banking and fiscal agent. In accordance with the concluded agreements, the CBBH has continued to operate as banking and fiscal agent of the Banking Agency of the Federation of BH, Banking Agency of RS, Brčko District and the Entities' Registries of Securities.

According to the Agreement concluded with the Deposit Insurance Agency of BH, the process was continued to keep the records on the securities portfolio of this institution, which, according to the Agreement of the Deposit Insurance Agency with a foreign portfolio manager, is managed by the portfolio manager.

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 Revenue Allocation, during 2014, 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. On the basis of the Law on Excise Duties, in 2014, the process was continued of daily collecting the tolls' funds into the account of ITA with the CBBH, and upon the order of ITA, the daily allocation of these funds towards the Entities and Brčko District.

In 2014, too, the CBBH provided to its depositors the use of electronic banking services. 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.

2.7 Compiling and Creating Statistical Data

During 2014, the CBBH carried out the statistical activities successfully and in a timely manner, by which it continued to contribute to the realization of the annual plan of activities in BH statistics system.

As part of its work, the Department of Statistics and Publications produced data from three areas of macroeconomic statistics: monetary and financial sector statistics, balance of payments statistics and the government finance statistics and the financial accounts statistics. Within each of these statistical area, we carried out a series of separate statistical surveys, and on the basis of which, the separate official statistics are produced, which are made available to the general public through its own publications, web site and the international dissemination of the statistical data.

The methodological grounds for the statistics production in the CBBH are international methodologies and standards, allowing direct international comparability of data and higher quality data for users. Collecting resource data is based on the use of available administrative data and direct data collection from the reporting units, as well as adapting the available official statistics of other statistical institutions in BH and abroad. The quality and availability of administrative data in BH have not yet reached the level of developed countries, which is the limit for the statistical production.

During 2014, the strengthening of cooperation in the framework of national statistics system in BH continued, but also at the international level, through participation in forums, working groups and seminars organized by Eurostat, ECB, BIS. In order to improve the data quality, the data resources were continuously engaged in consultations and control of the inputs, and the users have been provided with the clarifications and the information related to their new requests and inquiries.

The CBBH has been directly involved in the implementation of several programs of technical assistance, with the aim of further improvement of quality, expanding the number of statistics and the alignment with international statistical standards (primarily methodologies and standards in the EU). In the area of BH balance of payment statistics, the CBBH, with several neighboring countries, participates in the project aimed to upgrade the compilation of balance of payments statistics in the area of statistics on the services with foreign countries. The improvement is related to the adoption of EU standards in terms of the services statistics, which, inter alia, include the geographic distribution of BoP items in the mentioned area. In accordance with the plan, the project completion is expected by the beginning of November 2015. As for the government finance statistics, the IMF technical mission was carried out, looking to identify

¹⁷ In line with the Statute of the World Bank, the CBBH is the depositary bank for the members of World Bank group: IBRD, IDA and MIGA.

the source and preparation of the financial balance sheet of the government sector (and the public debt), which, so far, have not been covered by the government finance statistics. Within the mission, the detailed technical consultations were carried out with the data resources (Ministries of Finance), which allowed the preparation of the financial balance sheet.

The significant improvement is related to the dissemination of statistical data through the establishment of a new statistical portal. New statistical portal (Panorama-Necto) provides the users with much easier and more flexible access to data. The implementation of new statistics portal was demanding in its technical side, but also from the standpoint of the data preparation for a new way of editing, through which users have the ability to access data dynamically. Through this activity, the number of indicators, which are being published, was expanded, too. Significant efforts have been made to upgrade the IT support for statistics production, and this is way, a new IT application was created for statistical purposes of monetary and financial sector. This application is based on modern technological solutions (Business Intelligence and Data Warehouse) and ensures more reliable production of statistics.

Beside the regular data dissemination, the CBBH continued to fulfil special statistical requirements of the local institutions (Directorate for Economic Planning, FIPA, 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, for 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 stability of the financial system 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 2014, 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. Standardized or ad hoc information is primarily created for the needs of the CBBH, but they can be distributed to other relevant institutions, too. 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 the first half of 2014, the CBBH continued activities on the project of technical assistance in the field of financial stability with the World Bank, through its FinSAC (Financial Sector Advisory

Center) in Vienna, which was successfully completed in mid-2014. The project was aimed at strengthening of the CBBH analytical capacity in the area of monitoring systemic risk and support of the Standing Committee for Financial Stability.

In 2014, the CBBH continued to provide technical support, primarily in terms of providing the relevant information, data and explanations for preparation the European Central Bank publication, entitled "Financial Stability Report for Candidate Countries and Potential Candidates for EU Membership". During 2014, the cooperation with the ECB, related to these activities, was continued, and by the same principle, the CBBH is involved in the project of preparation the World Bank report "Perspectives of the Financial Sector in the Western Balkans". Publications of this kind contribute to a better understanding of systemic risk in the region and BH's position in relation to other countries.

After preparing the Contingency Plan at the end of 2013, the CBBH coordinated the activities of the Standing Committee for Financial Stability members in the second half of 2013, in order to develop a comprehensive plan of acting in the crisis situations. This Plan represents a set of measures that the competent institutions, member of the Standing Committee for Financial Stability, independently or in cooperation with other members of the Standing Committee and other regulatory institutions, are taking to ensure preventive action and to avoid crisis situations, as well as, the crisis management and acting in crisis when they occur, in order to preserve financial stability.

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 made out of 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.

During 2014, the CBBH has actively participated in the mission of Financial Sector Assessment Program (FSAP), which was jointly conducted by the IMF and World Bank in BH. An integral part of the FSAP mission in the field of financial stability was the implementation of stress tests for the banking system of BH. In cooperation with the CBBH and Banking Agencies, the IMF representatives carried out stress testing of the banking sector according to the top-down and bottom-up methods, the aim of which was to assess the stability of the banking sector. For all banks in the system, there were carried out the stress tests for solvency, liquidity, as well as, the analyses of the banking sector contagion risk with complementary sensitivity analysis.

In 2014, 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 Memorandum on Principles of Banking Supervision Coordination, cooperation in the exchange of data and information, which resulted in the establishment of stronger coordination and expansion of the Agencies' cooperation with other Departments in the CBBH. Continuous coordination was achieved with the Deposit Insurance Agency of Bosnia and Herzegovina. Information about the situation in the banking sector, microcredit organizations and leasing companies was exchanged quarterly.

In 2014, 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. There has been established a continuous cooperation with the Association of Banks, Association of Micro - finance Institutions and the Association of Leasing Companies.

2.9 Cooperation with International Institutions and Rating Agencies

Although during 2014, BH's progress in relation to the European agenda was limited due to failure to meet EU requirements in many economic and political issues, even in such challenging climate, the CBBH succeeded to provide the necessary continuity of moderate but steady progress towards the standards of European central banking. Through cooperation with the BH institutions on issues of obligations arising from the Stabilization and Association Process and the wider European agenda and active participation in the preparation of strategic documents and reports in accordance with the EU requirements, during 2014, the CBBH continued to contribute to the European integration process of Bosnia and Herzegovina.

The Central Bank participated in the preparation of the annual Progress Report of the European Commission through its contribution in the field of monetary policy, balance of payments, free movement of capital and financial sector. It is important to mention that, according to the Progress Report for 2014, the monetary policy of the CBBH, within the Currency Board arrangement, functions well and still enjoys a high level of accountability and confidence. We underline the activities of the CBBH as one of the co-author institutions in the development of BH National Program of Economic Reforms, which was originally prepared in late 2014 while implementing one of the European Commission direct recommendations, mentioned in the Progress Report. The Central Bank has also made a quality contribution to the work of the Interim Subcommittee for Economic and Financial Affairs and Statistics, and in accordance with the recommendations of the European Commission it ensured the regular delivery of macroeconomic stress tests results. During 2014, we continued with gradual harmonization with the requirements of the European System of Central Banks (ESCB) and of Eurostat, continually strengthening the institutional and professional capacities.

In addition to multi-user technical assistance projects designed to strengthen the statistics system in BH financed from EU IPA funds, for the CBBH, specially significant is a program of academic cooperation with the Graduate Institute of International Studies – (GIIS) based in Geneva, which is implemented in the framework of the Bilateral Assistance and Central Banks Capacity Building Program on the basis of the Agreement on Cooperation with the Swiss State Secretariat for Economic Affairs - SECO. On 2014, as part of this multi-annual Program (2014-2016), we organized the seminars and workshops designed according to the CBBH specific requirements and needs in the CBBH in order to strengthen the capacity of staff for applied economic research. We especially underline the training in econometrics realized in two cycles: "Introduction to Econometrics" and "Econometrics - Intermediate Level" taking in total four business weeks.

By participating in the second annual conference of the Bilateral Assistance and Central Banks Capacity Building Program held in Geneva in October 2014, "Financial Sector Development: Policies to Promote and Strengthen Local Capital Markets" and the regional conference "Global Banks and the Transmission of Shocks from the International Environment", organized by the Bank of Albania in December 2014, representatives of the CBBH provided the system contacts and promotion of the CBBH in the international professional and academic community. It is worth to mention the graduation research paper entitled "The Empirical Evidence for the Bank Lending Channels in Bosnia and Herzegovina" by the Central Bank's author, after professional training at the Graduate Institute of International Studies in Geneva.

In 2014, the Central Bank continued successful cooperation with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Signing of CBBH and GIZ Memorandum of Understanding in September 2014 marked the beginning of the second phase of the Program of Strengthening Public Institutions in the period 2014-2016. Among the activities implemented in 2014, we emphasize the upgrading of the Business Intelligence system, including the application for the compilation and dissemination of investment portfolio statistics, as well as the establishment of a statistical web platform: Panorama Necto, also based on BI technology.

During 2014, 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 2014, 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 credit rating, i.e. since July 2012, Bosnia and Herzegovina has 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. The Activities of the Office of Chief Audit Executive (OCAE) in 2014, 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 2014, Strategic Internal Audit Plan for the period 2014-2017 and the Annual Internal Audit Plan.

Risk assessment audit is performed in accordance with the Methodology of Risk Assessment in the Central Bank, which provides a framework for defining and identifying the risk areas, processes and activities and the establishment of appropriate risk management measures. Proceeding in line with to the Internal Audit Plan for 2014, 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; financial operations and procurements; functionality and safety of information system; and functioning and security of information system, and the overall information security, as well as functioning of the physical and technical protection systems in the CBBH premises.

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 followed up and in line with their supplements and additions, the Manual has been adjusted.

Through the written reports on performed audits, considered by the Audit Committee and adopted by the Governing Board of the CBBH, the opinion is provided related to the estimate on efficiency of implementing the risk management system and functioning of internal control system, with the proposal of measures for their improvement.

Improvement of the internal audit function is a strategic commitment of the Central Bank by focusing its activities on continuous risk monitoring and risk assessment, as well as, the assessment of the established internal controls' adequacy in order to improve the risk management methods.

2.11 Other

2.11.1 Human Resources Management

The CBBH highest authority is the Governing Board, 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 2.9 below). 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).

Table 2.9: Management Structure of the CBBH

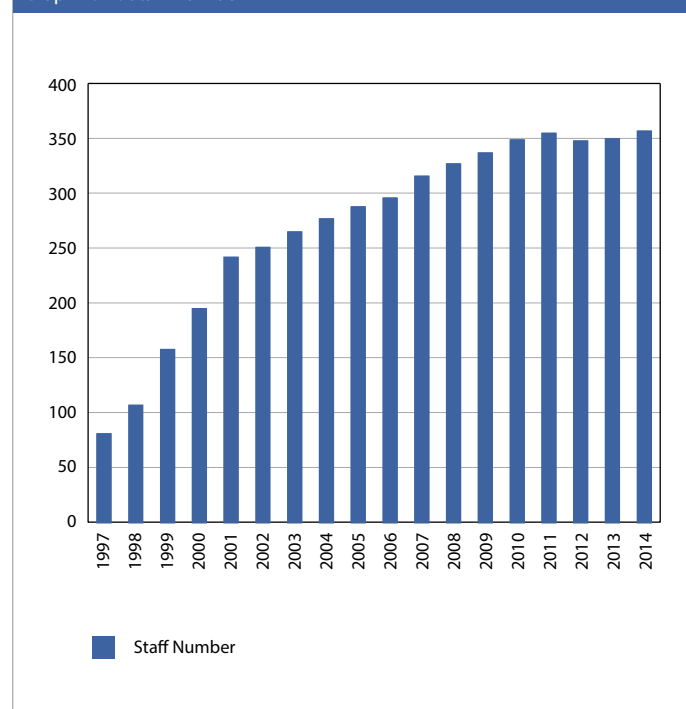
CBBH Governing Board	Kemal Kozarić, Ph.D. Chairman
	Fikret Čaušević, Ph.D., Member
	Milenko Krajišnik, Ph.D., Member
	Željko Šain, Ph.D., Member
	Vasilj Žarković, Ph.D., Member
CBBH Management	Kemal Kozarić, Ph.D., Governor
	Ernadina Bajrović, M.A., Vice Governor
	Radomir Božić, Ph.D., Vice Governor
	Ankica Kolobarić, M.Sc., Vice Governor
Office of Chief Audit Executive	Edis Kovačević, M.Sc., Chief Audit Executive
	Angela Medić, Deputy of Chief Audit Executive
	Jasmina Novalija, Deputy of Chief Audit Executive
	Krstinja Tošović, Deputy of Chief Audit Executive
Audit Committee	Mila Gadžić, Ph.D., Member
	Gordana Ković, Member
	Sead Kreso, Ph.D., Member

Source: CBBH

On 31 December 2014, 356 employees were employed in the CBBH (Graph 2.12). The number of employees in the years immediately following the establishment of the CBBH increased rather quickly as the number of functions taken over by the CBBH also increased. In the period 2002 – 2010, the number of employees increased, at the average, by 4% a year. Such moderate growth made possible the development of the basic functions of the CBBH through the strategic selection of staff profiles who were necessary for further improvement of the operational efficiency. In the period 2011 - 2014, the

number of employees is almost unchanged, which is partly a consequence of the policy of rational use of the available resources.

Graph 2.12: Staff Number



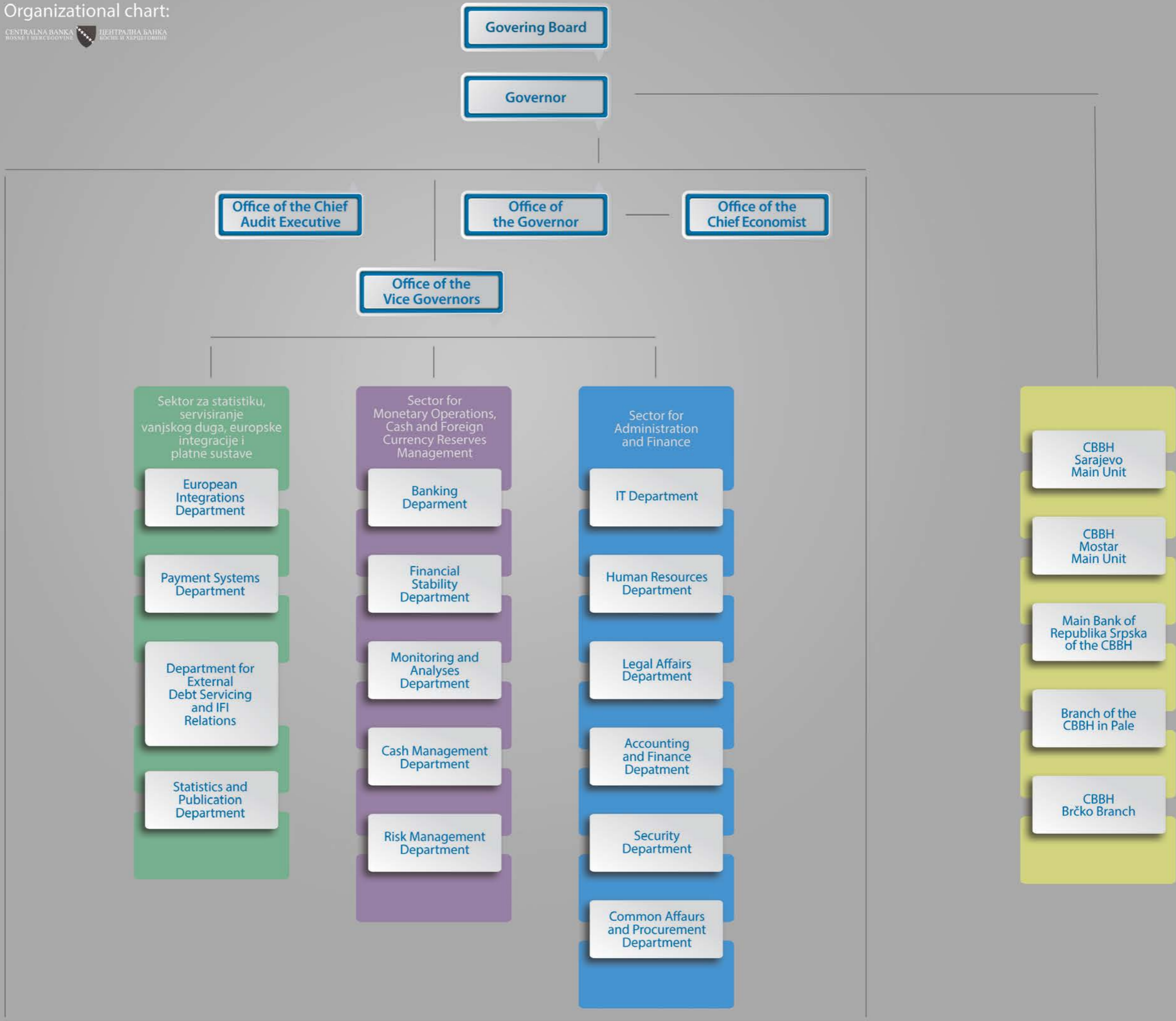
Out of the total number of staff as of 31 December 2014, 55.90% were women, and 44.10% men. In terms of qualifications, we emphasize that 255 employees (71.63%) have university education, out of those, eight with the title of Ph.D. and 41 with M.Sc. title. The average age of employees at the same date was 45 years old.

Based on the Program of Technical Cooperation between the CBBH and GIZ we implemented the project of establishing a unique information system for human resource management (HRMIS - Human Resources Management Information System). The HRMIS replaced the existing MS Access base and Oracle Workflow application, and it has been expanded with the additional modules for managing human resources, which made automated the remaining processes in the Central Bank, too.

Organizational chart:



HEAD OFFICE OF THE CENTRAL BANK OF BOSNIA AND HERZEGOVINA



2.11.2 Corporate Social Responsibility

In late 2014, the Central Bank of Bosnia and Herzegovina launched a project to educate the public, given the fact that a central bank's communication with the public is a significant part of monetary policy, because effective communication and credible actions may influence the achievement of central banks goals. In this regard, the CBBH Plan for Strategic Communication and Education of the General Public, and on its basis the realization of project started. The aim of the Strategy is to provide the understanding and public support to the actions conducted by the CBBH and to prevent speculations and a one-way interpretation in the absence of sufficient knowledge and information about its activities.

Since the beginning of 2014, media headlines have proven that the majority of the population has still not been sufficiently informed about CBBH basic tasks and objectives, which creates a false image in the public, which can have a serious impact on the reputation of this institution. In accordance with the recommendations of the Governing Board, activities have been initiated to intensify the education

of the general and professional public, in proactive terms, through press and media agencies, covering the entire territory and all levels of the population. The project was launched after the selection of different media agencies, and each of them has its typical profile readers, specific regional coverage, different level of availability and the manner of publication. The campaign will be continued partly in 2015 in accordance with available resources. In 2014, the Central Bank of Bosnia and Herzegovina received 50 economics faculties students on the internships in the CBBH from all over BH and continued with the practice of organizing study visits for students from faculty of economics. In this way, students met their obligations, but also gained knowledge and insight into the operations of this institution, which they may benefit in their future education. We have continued the practice of providing scholarship for the children of the CBBH deceased employees.

Traditionally in 2014, too, the CBBH marked 31 October, the World Savings Day. The CBBH employees gave their goods' and financial supports while taking care on the floods' casualties. We also have responded to the regular blood donation campaign in a record number.

3. Financial Statements and Report of Independent External Auditor

CBBH | ANNUAL REPORT | 2014

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 54 to 100 were authorised by the Governing Board on 31 March 2015 and are signed below to signify this, on behalf of the Bank, by:



Kemal Kozarić, Ph.D.
Governor

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 2014, 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 2014, 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 2015



Yuri Sidorovich, partner
Deloitte revizija d.o.o.
Ljubljana, 31 March 2015




Sabina Softić, partner and licensed auditor
Deloitte d.o.o.
Sarajevo, 31 March 2015

INCOME STATEMENT

for the year ended 31 December

In thousands of KM	Note	2014	2013
Interest income	18	32,386	31,334
Interest expenses	18	(2,086)	(1,060)
Effects of negative interest rates from interest-bearing financial assets	18	(5)	-
NET INTEREST INCOME		30,295	30,274
Fee and commission income	19	9,160	7,777
Fee and commission expenses	19	(848)	(708)
NET FEE AND COMMISSION INCOME		8,312	7,069
Net realized gains from sale of financial assets available-for-sale	6	28,732	22,294
Net foreign exchange gains / (losses)	20	534	(54)
Other income	21	959	1,745
OPERATING INCOME		68,832	61,328
Personnel expenses	22	(19,975)	(18,385)
Administrative and other operating expenses	23	(11,259)	(10,230)
Depreciation and amortisation	10	(2,187)	(2,627)
OPERATING EXPENSES		(33,421)	(31,242)
NET PROFIT FOR THE YEAR		35,411	30,086

The accompanying notes on pages 54 to 100 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

In thousands of KM	Note	2014	2013
NET PROFIT FOR THE YEAR		35,411	30,086
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	18,606	(72,744)
		18,606	(72,744)
Financial assets available-for-sale			
Net changes in fair value of financial assets available-for-sale	6	114,659	(26,397)
Realized fair value gains from financial assets available-for-sale reclassified to the income statement	6	(28,732)	(22,294)
		85,927	(48,691)
Total other comprehensive income / (loss)		104,533	(121,435)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		139,944	(91,349)

The accompanying notes on pages 54 to 100 are an integral part of these financial statements.

BALANCE SHEET*as at 31 December 2014*

In thousands of KM	Note	31 December 2014	31 December 2013
ASSETS			
Foreign currency in cash	4	71,811	91,609
Deposits with foreign banks	5	2,181,732	2,217,598
Special Drawing Rights with the International Monetary Fund	25	5,203	2,728
Financial assets available-for-sale	6	4,955,537	4,486,402
Monetary gold	7	182,750	164,144
Held-to-maturity investments	8	428,560	105,858
Other assets	9	5,517	8,571
Property, equipment and intangible assets	10	46,190	43,538
Other investments	11	27,813	27,813
TOTAL ASSETS		7,905,113	7,148,261
LIABILITIES, CAPITAL AND RESERVES			
Currency in circulation	12	3,210,508	2,909,858
Deposits from banks	13	3,751,149	3,475,258
Deposits from the Government and other depositors	14	331,436	274,083
Provisions for liabilities and charges	15	1,294	991
Other liabilities	16	25,684	21,726
Total liabilities		7,320,071	6,681,916
Initial capital		25,000	25,000
General reserves (Retained earnings)		519,716	505,552
Other reserves		31,300	31,300
Fair value reserves – monetary gold		(60,710)	(79,316)
Fair value reserves – financial assets available-for-sale		69,736	(16,191)
Total capital and reserves	17	585,042	466,345
TOTAL LIABILITIES, CAPITAL AND RESERVES		7,905,113	7,148,261

The accompanying notes on pages 54 to 100 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

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 54 to 100 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the year ended 31 December 2013

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 2013	25,000	493,518	31,300	(6,572)	32,500	575,746
Total comprehensive income for the year						
Profit for the year	-	30,086	-	-	-	30,086
Other comprehensive income	-	-	-	(72,744)	(48,691)	(121,435)
	-	30,086	-	(72,744)	(48,691)	(91,349)
Distribution of profit						
Distribution of profit to the state budget (Note 24)	-	(18,052)	-	-	-	(18,052)
Balance as of 31 December 2013	25,000	505,552	31,300	(79,316)	(16,191)	466,345

The accompanying notes on pages 54 to 100 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December

In thousands of KM	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		35,411	30,086
Adjustments for:			
Depreciation and amortisation		2,187	2,627
Net realized gains from sale of financial assets available-for-sale		(28,732)	(22,294)
Income from grants		(76)	(41)
Provisions for liabilities and charges		314	212
Loss / (gain) on disposal of property and equipment		20	(22)
Deficit currency expenses		600	-
Effects of change of accounting policy		-	(714)
Dividend income recognized in the income statement		(504)	(755)
Interest income from held-to-maturity investments and financial assets available-for-sale recognized in the income statement		(29,954)	(30,568)
Interest expense recognized in the income statement		2,086	1,060
Net cash flows from operating activities before changes in operating assets and liabilities		(18,648)	(20,409)
Changes in operating assets and liabilities			
Decrease in deposits with foreign banks		-	39,117
Decrease in other assets		2,502	2,271
Increase of currency in circulation		300,650	162,346
Increase in deposits		333,583	509,525
Increase in other liabilities		839	1,069
Pay-out of severance payments		(11)	(90)
Interest paid		(2,425)	(736)
Net cash from operating activities		616,490	693,093
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment		-	30
Purchases of property, equipment and intangible assets		(4,859)	(6,730)
Proceeds from sale of assets available-for-sale financial assets		6,697,122	3,744,321
Increase in available-for-sale financial assets		(7,023,196)	(4,457,716)
Increase of monetary gold		-	(77,195)
Collected principal and interest from held-to-maturity investments		2,709	2,662
Purchases of held-to-maturity investments		(323,859)	-
Dividends received		504	755
Net cash used in investing activities		(651,579)	(793,873)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution of profit to the state budget		(18,052)	(20,480)
Net cash used in financing activities		(18,052)	(20,480)
Net decrease in cash and cash equivalents		(53,141)	(121,260)
Cash and cash equivalents at 1 January		2,312,069	2,433,329
Cash and cash equivalents at 31 December	28	2,258,928	2,312,069

The accompanying notes on pages 54 to 100 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 2013 and 2014 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

Kemal Kozarić Ph.D.	Chairman
Fikret Čaušević Ph.D.	Member
Milenko Krajišnik Ph.D.	Member
Željko Šain Ph.D.	Member
Vasilj Žarković Ph.D.	Member

Management

Kemal Kozarić Ph.D.	Governor
Radomir Božić Ph.D.	Vice-Governor
Ernadina Bajrović M.Sc.	Vice-Governor
Ankica Kolobarić M.Sc.	Vice-Governor (from 1 July 2013)

Office of the Chief Audit Executive

Edis Kovačević M.Sc.	Chief Audit Executive (from 1 October 2013)
Dragan Kulina Ph.D.	Chief Audit Executive (until 10 August 2013)
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
Gordana Ković	Member
Sead Kreso Ph.D.	Member

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 Standard Board are effective for the current period:

- Amendments to IFRS 10: "Consolidated Financial Statements", IFRS 12: "Disclosures of Interests in Other Entities" and IAS 27: "Separate Financial Statements" - Investment Entities (effective for annual periods beginning on or after 1 January 2014);
- Amendments to IAS 32: "Financial instruments: presentation" - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014);
- Amendments to IAS 36: "Impairment of assets" - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014);
- Amendments to IAS 39: "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014);
- IFRIC 21: "Levies" (effective for annual periods beginning on or after 1 January 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, amendments to existing standards and interpretations were in issue, but not yet effective: 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 2017),
- 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", IFRS 12: "Disclosure of Interests in Other Entities" and IAS 28: "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 11: "Joint Arrangements" - Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1: "Presentation of Financial Statements" - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16: "Property, Plant and Equipment" and IAS 38: "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),

2. BASIS FOR PREPARATION (CONTINUED)

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

- 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 19: "Employee Benefits" - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014),
- Amendments to IAS 27: "Separate Financial Statements" - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),
- Amendments to various standards "Improvements to IFRSs (cycle 2010-2013)" 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 (amendments are to be applied for annual periods beginning on or after 1 July 2014),
- Amendments to various standards "Improvements to IFRSs (cycle 2011-2014)" 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 (amendments are to be applied for annual periods beginning on or after 1 July 2014),
- Amendments to various standards "Improvements to IFRSs (cycle 2013-2014)" 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 2013 and 2014 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 2014	31 December 2013
Cash in vaults per currency:		
- EUR	71,737	91,538
- CHF	36	35
- USD	19	18
- GBP	19	18
TOTAL	71,811	91,609

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 2014	31 December 2013
Term deposits:		
- EUR	1,926,816	2,056,166
	1,926,816	2,056,166
Demand deposits:		
- EUR	252,607	160,599
- USD	709	826
- Other currencies	1,600	7
	254,916	161,432
TOTAL	2,181,732	2,217,598

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

In thousands of KM	31 December 2014	31 December 2013
Up to 1 month	674,882	1,633,903
From 1 to 2 months	606,387	342,902
From 2 to 3 months	645,547	79,361
TOTAL	1,926,816	2,056,166

5. DEPOSITS WITH FOREIGN BANKS (CONTINUED)

During 2014 the interest rates on demand deposits ranged from (0.13%) p.a. to 0.16% p.a. (2013: from 0.02% p.a. to 0.09% p.a.) and on term deposits from 0.01% p.a. to 0.23% p.a. (2013: from 0.01% p.a. to 0.21% p.a.).

Deposits with foreign banks include accrued interest in the amount of KM 94 thousand as at 31 December 2014 (2013: KM 190 thousand).

The average effective yield rate on deposits amounted to 0.09% (2013: 0.05%).

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

In thousands of KM	31 December 2014	31 December 2013
Commercial banks	1,655,304	653,882
Central banks	526,428	1,563,716
TOTAL	2,181,732	2,217,598

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

In thousands of KM	31 December 2014	31 December 2013
Great Britain		
Term deposits	577,080	-
Demand deposits	-	-
	577,080	-
Luxembourg		
Term deposits	332,495	1,391,116
Demand deposits	122,066	4,244
	454,561	1,395,360
Netherlands		
Term deposits	391,279	-
Demand deposits	-	-
	391,279	-
France		
Term deposits	371,645	312,961
Demand deposits	-	1,955
	371,645	314,916
Switzerland		
Term deposits	254,317	273,855
Demand deposits	264	10,326
	254,581	284,181
Germany		
Term deposits	-	78,234
Demand deposits	132,586	144,907
	132,586	223,141
Total term deposits	1,926,816	2,056,166
Total demand deposits	254,916	161,432
TOTAL	2,181,732	2,217,598

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 2014	31 December 2013
Debt securities	4,900,653	4,440,784
Accrued interest	54,884	45,618
TOTAL	4,955,537	4,486,402

The average effective yield rate on financial assets available-for-sale amounted to 1.15% (2013: 1.21%).

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

	31 December 2014		31 December 2013	
	In thousands of KM	%	In thousands of KM	%
<i>Italy</i>	1,150,425	23.21	1,292,208	28.80
<i>Spain</i>	1,095,926	22.12	-	-
<i>Belgium</i>	795,832	16.06	930,586	20.74
<i>Netherlands</i>	472,726	9.54	603,143	13.44
<i>Austria</i>	440,070	8.88	263,947	5.88
<i>France</i>	387,507	7.82	984,864	21.95
<i>Germany</i>	377,192	7.61	260,198	5.80
<i>Finland</i>	235,859	4.76	151,456	3.39
TOTAL	4,955,537	100.00	4,486,402	100.00

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

In thousands of KM	2014	2013
Opening balance as of 1 January	4,486,402	3,770,039
Purchases during the year	9,474,894	6,688,429
Sales during the year	(2,451,698)	(2,230,713)
Interest income recognized during the year (Note 18)	28,402	29,365
Collected principal and interest	(6,697,122)	(3,744,321)
Fair value adjustment	114,659	(26,397)
Closing balance as of 31 December	4,955,537	4,486,402

Net realized gains from the sale of financial assets available-for-sale in 2014 amounted to KM 28,732 thousand (2013: KM 22,294 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 2014 amounts to KM 182,750 thousand, representing 96,000,000 ounces of gold at KM 1,904 per ounce (2013: KM 164,144 thousand representing 96,000,000 ounces of gold at KM 1,710 per ounce).

7. MONETARY GOLD (CONTINUED)

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

In thousands of KM

	2014	2013
Opening balance as of 1 January	164,144	158,979
Purchases during the year	-	77,195
Fair value adjustments through other comprehensive income	18,606	(72,030)
- Changes in prices of gold	(4,119)	(65,425)
- Foreign exchange gains / (losses) from conversion USD / KM	22,725	(6,605)
Closing balance as of 31 December	182,750	164,144

8. HELD-TO-MATURITY INVESTMENTS

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

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

In thousands of KM

	31 December 2014	31 December 2013
Debt securities	424,794	104,519
Accrued interest	3,766	1,339
TOTAL	428,560	105,858

The average effective yield rate on held-to-maturity investments amounted to 1.11% (2013: 1.13%).

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

	31 December 2014		31 December 2013	
	In thousands of KM	%	In thousands of KM	%
<i>France</i>	170,568	39.80	-	-
<i>Belgium</i>	112,078	26.15	-	-
<i>Austria</i>	102,227	23.86	61,017	57.64
<i>Netherlands</i>	43,687	10.19	44,841	42.36
TOTAL	428,560	100.00	105,858	100.00

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

In thousands of KM

	2014	2013
Opening balance as of 1 January	105,858	107,317
Purchases during the year	323,859	-
Interest income recognized during the year (Note 18)	1,552	1,203
Collected principal and interest	(2,709)	(2,662)
Closing balance as of 31 December	428,560	105,858

9. OTHER ASSETS

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

In thousands of KM	31 December 2014	31 December 2013
Prepaid expenses	2,499	4,535
Receivables from domestic banks	894	742
Numismatic collections	783	802
Loans to employees	683	827
Giro accounts	182	134
Advances	1	1,040
Other miscellaneous assets	475	491
Receivables from employee based on domestic currency deficit	600	-
Less: Impairment of other receivables (Note 23)	(600)	-
TOTAL	5,517	8,571

Other assets include receivable from employee in the amount of KM 600 thousand related to domestic currency deficit. This receivable is 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.

As of 31 December 2014, prepaid expenses include expenditure of KM 2,303 thousand incurred on the production of banknotes and coins (31 December 2013: KM 4,294 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.

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 2013	13,564	25,457	22,809	1,855	776	9,596	74,057
Additions	29	-	310	128	7	6,256	6,730
Write offs	(90)	-	(845)	(119)	(7)	-	(1,061)
Transfers	-	-	91	-	-	(91)	-
As at 31 December 2013	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
Accumulated depreciation and amortization							
As at 1 January 2013	12,694	2,355	17,609	1,413	543	-	34,614
Charge for the year	383	368	1,620	196	60	-	2,627
Write offs	(90)	-	(842)	(114)	(7)	-	(1,053)
As at 31 December 2013	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
Net book value							
As at 1 January 2014	516	22,734	3,978	369	180	15,761	43,538
As at 31 December 2014	655	39,877	4,762	235	338	323	46,190

11. OTHER INVESTMENTS

The structure of other investments is as follows:

In thousands of KM	31 December 2014	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 504 thousand (2013: KM 755 thousand) (Note 21).

12. CURRENCY IN CIRCULATION

Currency in circulation can be analysed as follows:

In thousands of KM

	2014	2013
Currency placed into circulation - opening balance as of 1 January	2,909,858	2,747,512
Increase in currency in circulation during the year	300,650	162,346
Currency placed into circulation - balance as of 31 December	3,210,508	2,909,858

Of the total currency placed into circulation of KM 3,210,508 thousand as at 31 December 2014, KM 605 thousand was placed into circulation outside of Bosnia and Herzegovina (2013: KM 605 thousand out of KM 2,909,858 thousand).

	Nominal value	31 December 2014		31 December 2013	
		Pieces	Value in thousands of KM	Pieces	Value in thousands of KM
Coins	0.05	47,171,008	2,359	41,504,424	2,075
Coins	0.10	78,327,610	7,833	71,943,083	7,194
Coins	0.20	56,700,122	11,340	51,793,579	10,359
Coins	0.50	27,975,084	13,988	26,693,522	13,347
Coins	1	39,434,542	39,434	36,808,777	36,809
Coins	2	10,603,352	21,207	9,964,625	19,929
Coins	5	7,885,767	39,429	7,441,447	37,207
Banknotes	10	9,460,442	94,604	8,914,375	89,144
Banknotes	20	7,834,425	156,688	7,003,336	140,067
Banknotes	50	16,307,726	815,386	15,862,875	793,144
Banknotes	100	15,009,750	1,500,975	12,732,714	1,273,271
Banknotes	200	2,536,326	507,265	2,436,561	487,312
TOTAL		319,246,154	3,210,508	293,099,318	2,909,858

13. DEPOSITS FROM BANKS

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

In thousands of KM	31 December 2014	31 December 2013
Deposits of local commercial banks	3,747,104	3,470,626
Special deposit of local commercial banks – blocked funds	3,863	3,863
Reserve accounts of organizational units of the Bank	182	134
Other liabilities towards local commercial banks	-	635
TOTAL	3,751,149	3,475,258

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 2014 the total amount of KM 3,747,104 thousand represented deposits of 27 banks and one bank in the liquidation status (2013: 28 banks).

Interest on deposits from local commercial banks is calculated according to the Law on the Central Bank of Bosnia and Herzegovina, and the interest rate during the year ranged from 0.00% p.a. to 0.17% p.a. (2013: from 0.00% p.a. to 0.17% p.a.). Interest rates on deposits placed by local commercial banks during the year are given in Note 18.

Deposits from banks do not include accrued interest as at 31 December 2014 (2013: included KM 339 thousand of accrued interest).

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 2014	31 December 2013
Deposits for the budget of BiH Institutions	283,402	196,283
Deposits of public institutions	38,280	15,878
Deposits of other governments and government institutions	9,750	7,429
Deposit account under International Monetary Fund transactions	4	54,493
TOTAL	331,436	274,083

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	2014	2013
Opening balance as of 1 January	991	869
Compensations paid	(11)	(90)
Net charge to the income statement (Note 22)	314	212
Closing balance as of 31 December	1,294	991

16. OTHER LIABILITIES

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

In thousands of KM	31 December 2014	31 December 2013
Liabilities based on allocation of profit to the state budget (Note 24)	21,247	18,052
Suppliers	1,402	2,295
Liabilities to employees	1,369	36
IMF Accounts No. 1 and 2	1,026	961
Deferred income	394	152
Accrued expenses and other liabilities	184	162
World Bank deposits	53	68
Monetary liabilities – non resident	9	-
TOTAL	25,684	21,726

17. CAPITAL

The structure of capital is presented in the following table:

In thousands of KM	31 December 2014	31 December 2013
Initial capital	25,000	25,000
General reserves (Retained earnings)	519,716	505,552
Other reserves	31,300	31,300
Fair value reserves – monetary gold	(60,710)	(79,316)
Fair value reserves – financial assets available-for-sale	69,736	(16,191)
TOTAL	585,042	466,345

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	
	2014	2013
Interest income arising from:		
- financial assets available-for-sale (Note 6)	28,402	29,365
- deposit with foreign banks	1,843	762
- held-to-maturity investments (Note 8)	1,552	1,203
- penalty interest from domestic commercial banks	584	-
- other	5	4
	32,386	31,334
Interest expenses arising from:		
- deposits from local commercial banks	(2,086)	(1,060)
	(2,086)	(1,060)
Effects of negative interest rates from interest bearing financial assets	(5)	-
Net interest income	30,295	30,274

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

During reporting periods the interest rate calculated on the obligatory reserves is 70% of the rate based on the weighted average of interest rates achieved by the Bank in the same period on deposits invested up to one month. During reporting periods the interest rate calculated on the amount exceeding the obligatory reserves is 90% of the rate based on the 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 will not calculate interest on those items if the Bank did not invest in deposits up to one month due to lack of opportunities to achieve positive interest rate on the market, or if, for any reason, the Bank achieved an average negative interest rate on deposits invested up to one month.

Effects of negative interest rates on interest-bearing financial assets relate to changed business circumstances according to which some foreign banks charged negative interest rates on demand deposits held by the Bank with those banks.

19. FEE AND COMMISSION INCOME AND EXPENSES

In thousands of KM	For the year ended 31 December	
	2014	2013
Fee and commission income:		
- from local commercial banks	8,647	7,208
- from services for the Government and other non-banking clients	513	569
	9,160	7,777
Fee and commission expenses:		
- transactions with foreign banks	(848)	(708)
	(848)	(708)
Net fee and commission income	8,312	7,069

20. NET FOREIGN EXCHANGE GAINS / (LOSSES)

In thousands of KM	For the year ended 31 December	
	2014	2013
Income from foreign exchange differences	1,024	841
Expenses from foreign exchange differences	(490)	(895)
Net gains / (losses)	534	(54)

21. OTHER INCOME

In thousands of KM	For the year ended 31 December	
	2014	2013
Dividend income (Note 11)	504	755
Income from grants	76	41
Other income	379	949
TOTAL	959	1,745

22. PERSONNEL EXPENSES

In thousands of KM	For the year ended 31 December	
	2014	2013
Salaries	11,103	10,160
Taxes and contributions	6,352	5,790
Other employee benefits	2,206	2,223
Provisions for severance payments (Note 15)	314	212
TOTAL	19,975	18,385

Personnel costs include KM 3,690 thousand (2013: KM 3,412 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 2014 the Bank had 356 employees (2013: 347 employees).

23. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

In thousands of KM	For the year ended 31 December	
	2014	2013
Expenses for production and design of banknotes and coins	3,626	3,254
Maintenance costs	2,773	2,278
Other administrative and operating expenses	4,260	4,698
Deficit currency expenses (Note 9)	600	-
TOTAL	11,259	10,230

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 2014 amounted to 7.27% (2013: 7.79%). According to the Decision of the Governing Board 60% of the net profit for the financial year of 2014 in the amount of KM 21,247 thousand (2013: KM 18,052 thousand) was allocated to the state budget, and 40%, i.e. the amount of KM 14,164 thousand was allocated to the general reserves (retained earnings) of the Bank (2013: KM 12,034 thousand).

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

After profit allocation

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

2013

Before profit allocation

	(in thousands of KM)
Monetary liabilities (Currency in circulation and domestic deposits)	6,659,199
Initial capital and general reserves (retained earnings)	518,518
Ratio - initial capital and general reserves (retained earnings) / monetary liabilities	7.79%

Profit allocation

	(in thousands of KM)
Net profit before allocation	30,086
Allocation of profit to the state budget	18,052
Allocation of profit to general reserves (retained earnings)	12,034

After profit allocation

	(in thousands of KM)
Initial capital and general reserves (retained earnings)	530,552
Ratio - Initial capital and general reserves (retained earnings) / monetary liabilities	7.97%

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 2014	31 December 2013
Foreign currency deposits with remaining maturity under three months	1,926,816	2,056,166
Foreign currency demand deposits	254,916	161,432
Foreign currency in cash	71,811	91,609
Special Drawing Rights in the International Monetary Fund	5,203	2,728
Giro accounts	182	134
TOTAL	2,258,928	2,312,069

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				
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	-	-

In thousands of KM				
2013	Exposure	Liabilities	Income	Expenses
State	-	268,438	-	-
<i>State institutions</i>				
Indirect taxation authority of Bosnia and Herzegovina	-	6,206	-	-
Deposit Insurance Agency	-	36	-	-
TOTAL	-	274,680	-	-

Remuneration of key management members

The total remuneration of the members of the key personnel (members of Management and Governing Board) in 2014 amounted to KM 1,047 thousand, out of which KM 675 thousand was related to salaries and other remuneration and KM 372 thousand to taxes and contributions (in 2013 out of total amount of KM 940 thousand the amount of KM 614 thousand was related to salaries and other remuneration and KM 326 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.

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 2014					
Non-interest bearing	3,549,953	22,037	-	-	3,571,990
Variable interest rate instruments	3,747,108	-	-	-	3,747,108
Fixed interest rate instruments	-	-	-	-	-
TOTAL	7,297,061	22,037	-	-	7,319,098
31 December 2013					
Non-interest bearing	3,138,503	20,995	-	-	3,159,498
Variable interest rate instruments	3,525,119	-	-	-	3,525,119
Fixed interest rate instruments	-	-	-	-	-
TOTAL	6,663,622	20,995	-	-	6,684,617

27. RISK MANAGEMENT (CONTINUED)

27.1. Liquidity risk (continued)

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 2014 and 2013 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 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
31 December 2013					
Non-interest bearing	258,271	3	1	-	258,275
Variable interest rate instruments	164,159	755	-	-	164,914
Fixed interest rate instruments	6,560,822	78,233	156,828	239,804	7,035,687
TOTAL	6,983,252	78,991	156,829	239,804	7,458,876

Maturity analysis

Tables below present the assets and liabilities of the Bank as at 31 December 2014 and 2013 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.

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	3,407	820	1,041	249	-	5,517
Property, equipment and intangible assets	-	-	-	-	46,190	46,190
Other investments	-	-	-	-	27,813	27,813
TOTAL ASSETS	7,437,097	80,899	134,688	597,027	74,003	8,323,714
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	74	219	963	-	1,294
Other liabilities	4,040	21,250	-	-	394	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	7,306,195	22,114	219	963	576,412	7,905,903
LIQUIDITY GAP	130,902	58,785	134,469	596,064	(502,409)	417,811

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

31 December 2013						
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	91,609	-	-	-	-	91,609
Deposits with foreign banks	2,217,751	-	-	-	-	2,217,751
Special Drawing Rights with the International Monetary Fund	2,728	-	-	-	-	2,728
Financial assets available-for-sale	4,504,459	75,397	151,068	135,040	-	4,865,964
Monetary gold	164,144	-	-	-	-	164,144
Held-to-maturity investments	-	2,709	5,418	104,353	-	112,480
Other assets	3,279	3,500	1,394	398	-	8,571
Property, equipment and intangible assets	-	-	-	-	43,538	43,538
Other investments	-	-	-	-	27,813	27,813
TOTAL ASSETS	6,983,970	81,606	157,880	239,791	71,351	7,534,598
Currency in circulation	2,909,858	-	-	-	-	2,909,858
Deposits from banks	3,476,239	2,943	-	-	-	3,479,182
Deposits from the Government and other depositors	274,083	-	-	-	-	274,083
Provisions for liabilities and charges	11	5	153	822	-	991
Other liabilities	3,521	18,053	-	-	152	21,726
Initial capital	-	-	-	-	25,000	25,000
General reserves (Retained earnings)	-	-	-	-	505,552	505,552
Other reserves	-	-	-	-	31,300	31,300
Fair value reserves – monetary gold	(79,316)	-	-	-	-	(79,316)
Fair value reserves – financial assets AFS	(16,193)	-	-	-	2	(16,191)
Total capital and reserves	(95,509)	-	-	-	561,854	466,345
Total liabilities, capital and reserves	6,568,203	21,001	153	822	562,006	7,152,185
LIQUIDITY GAP	415,767	60,605	157,727	238,969	(490,655)	382,413

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 2014 and 31 December 2013.

31 December 2014			Other foreign currencies		
In thousands of KM	EUR	USD		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. Foreign exchange risk (continued)****31 December 2013**

In thousands of KM	EUR	USD	Other foreign currencies	KM	Total
Foreign currency in cash	91,539	18	52	-	91,609
Deposits with foreign banks	2,216,765	826	7	-	2,217,598
Special Drawing Rights with the International Monetary Fund	-	-	2,728	-	2,728
Financial assets available-for-sale	4,486,402	-	-	-	4,486,402
Monetary gold	-	164,144	-	-	164,144
Held-to-maturity investments	105,858	-	-	-	105,858
Other assets	173	-	-	8,398	8,571
Property, equipment and intangible assets	-	-	-	43,538	43,538
Other investments	10	-	-	27,803	27,813
Total assets	6,900,747	164,988	2,787	79,739	7,148,261
Currency in circulation	-	-	-	2,909,858	2,909,858
Deposits from banks	635	-	-	3,474,623	3,475,258
Deposits from the Government and other depositors	-	-	-	274,083	274,083
Provisions for liabilities and charges	-	-	-	991	991
Other liabilities	385	2	73	21,266	21,726
Initial capital	25,000	-	-	-	25,000
General reserves (Retained earnings)	-	-	-	505,552	505,552
Other reserves	3,497	-	-	27,803	31,300
Fair value reserves – monetary gold	-	-	-	(79,316)	(79,316)
Fair value reserves – financial assets available-for-sale	(16,191)	-	-	-	(16,191)
Total capital and reserves	12,306	-	-	454,039	466,345
Total liabilities, capital and reserves	13,326	2	73	7,134,860	7,148,261
NET FOREIGN EXCHANGE POSITION	6,887,421	164,986	2,714	(7,055,121)	-

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.

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)
2013	USD	CHF	GBP	SDR	Other
In thousands of KM	+/- 2%	+/- 1%	+/- 2%	+/- 1%	+/- 1%
Foreign exchange rate risk (on P&L)	17/(17)	0/(0)	(1)/1	27/(27)	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)
2013	USD	CHF	GBP	SDR	Other
In thousands of KM	+/- 2%	+/- 1%	+/- 2%	+/- 1%	+/- 1%
Foreign exchange rate risk (on Equity)	3,283/(3,283)	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 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
Available for sale financial assets	1,722,461	3,139,060	39,132	-	54,884	4,955,537
Monetary gold	-	-	-	-	182,750	182,750
Held-to-maturity investments	-	424,794	-	-	3,766	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	3,563,961	39,423	249	392,143	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	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	3,751,153	-	-	-	4,153,960	7,905,113
INTEREST RATE GAP	158,184	3,563,961	39,423	249	(3,761,817)	-

27. RISK MANAGEMENT (CONTINUED)**27.2. Market risk (continued)****27.2.2. Interest rate risk (continued)****31 December 2013**

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	-	-	-	-	91,609	91,609
Deposits with foreign banks	2,217,408	-	-	-	190	2,217,598
Special Drawing Rights with the International Monetary Fund	2,727	-	-	-	1	2,728
Financial assets available-for-sale	1,549,673	2,852,319	38,792	-	45,618	4,486,402
Monetary gold	-	-	-	-	164,144	164,144
Held-to-maturity investments	-	104,519	-	-	1,339	105,858
Other assets	35	105	284	398	7,749	8,571
Property, equipment and intangible assets	-	-	-	-	43,538	43,538
Other investments	-	-	-	-	27,813	27,813
Total assets	3,769,843	2,956,943	39,076	398	382,001	7,148,261
Currency in circulation	-	-	-	-	2,909,858	2,909,858
Deposits from banks	3,470,287	-	-	-	4,971	3,475,258
Deposits from the Government and other depositors	54,493	-	-	-	219,590	274,083
Provisions for liabilities and charges	-	-	-	-	991	991
Other liabilities	-	-	-	-	21,726	21,726
Initial capital	-	-	-	-	25,000	25,000
General reserves (Retained earnings)	-	-	-	-	505,552	505,552
Other reserves	-	-	-	-	31,300	31,300
Fair value reserves – monetary gold	-	-	-	-	(79,316)	(79,316)
Fair value reserves – financial assets available-for-sale	-	-	-	-	(16,191)	(16,191)
Total capital and reserves	-	-	-	-	466,345	466,345
Total liabilities, capital and reserves	3,524,780	-	-	-	3,623,481	7,148,261
INTEREST RATE GAP	245,063	2,956,943	39,076	398	(3,241,480)	-

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 an sensitivity analysis of the Bank's interest rate exposures in main currencies based on the sensitivity range of +10/-10bp (2013: +30/-5bp) depending on the currency (which reflects Bank's assessment of the possible change in interest rates). A positive number indicates an increase in income statement and increase in equity where the rates according to new scenario are higher, i.e. lower then as of reporting dates.

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)
2013	KM	EUR	SDR
In thousands of KM	+30/-5bp	+30/-5 bp	+20/-5bp
Interest rate risk (on P&L)	(10,411)/1,735	(34,270)/5,765	5/(1)
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)
2013	KM	EUR	SDR
In thousands of KM	+30/-5bp	+30/-5 bp	+20/-5bp
Interest rate risk (on equity)	0/0	339/(57)	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 2014	31 December 2013
Balance sheet exposure		
Deposits with foreign banks	2,181,732	2,217,598
Financial assets available-for-sale	4,955,537	4,486,402
Held-to-maturity investments	428,560	105,858
TOTAL	7,565,829	6,809,858

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 2014 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 2,181,732 thousand as at 31 December 2014 (2013: KM 2,217,598 thousand). The largest portion of these funds is invested in one foreign bank (2013: one foreign banks), with individual exposures exceeding total Capital and Reserves of the Bank. There are no foreign banks with individual exposure exceeding total Capital and Reserves of the Bank (in 2013 was one foreign bank with individual exposure exceeding total Capital and Reserves of the Bank).

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

Bank rating	31 December 2014		Bank rating	31 December 2013	
	Deposits in thousands of KM	% of total deposits		Deposits in thousands of KM	% of total deposits
-	-	-	AAA	1,395,360	62.92

The largest individual risk exposure as at 31 December 2014 amounted to KM 454,561 thousand (2013: KM 1,395,360 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 2014		31 December 2013	
	In thousands of KM	% of total	In thousands of KM	% of total
AAA	781,010	35.80	1,847,897	83.33
AA-	391,279	17.93	-	-
A+	-	-	56,740	2.56
A	999,664	45.82	312,961	14.11
A-	9,779	0.45	-	-
TOTAL	2,181,732	100.00	2,217,598	100.00

Financial assets available-for-sale:

Bank rating	31 December 2014		31 December 2013	
	In thousands of KM	% of total	In thousands of KM	% of total
AAA	1,525,847	30.79	1,278,744	28.50
AA+	-	-	984,864	21.95
AA	1,183,339	23.88	930,586	20.74
BBB+	-	-	1,292,208	28.81
BBB	2,246,351	45.33	-	-
TOTAL	4,955,537	100.00	4,486,402	100.00

Held-to-maturity investments:

Bank rating	31 December 2014		31 December 2013	
	In thousands of KM	% of total	In thousands of KM	% of total
AAA	145,915	34.05	105,858	100.00
AA+	282,645	65.95	-	-
TOTAL	428,560	100.00	105,858	100.00

Geographical concentration

	31 December 2014		31 December 2013	
	In thousands of KM	%	In thousands of KM	%
Italy	1,150,425	15.21	1,292,208	18.98
Spain	1,095,926	14.48	-	-
France	929,719	12.29	1,299,780	19.09
Belgium	907,910	12.00	930,586	13.67
Netherlands	907,693	12.00	647,984	9.52
Great Britain	577,080	7.63	-	-
Austria	542,297	7.17	324,964	4.77
Germany	509,778	6.74	483,339	7.10
Luxembourg	454,561	6.01	1,395,360	20.49
Switzerland	254,581	3.35	284,181	4.16
Finland	235,859	3.12	151,456	2.22
TOTAL	7,565,829	100.00	6,809,858	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 2014	31 December 2013		
1) Financial assets available for sale (see Note 6)	Listed debt securities on stock exchanges in other countries: Italy – KM 1,150,425 thousand Spain – KM 1,095,926 thousand Belgium – KM 795,832 thousand Netherlands – KM 472,726 thousand Austria – KM 440,070 thousand France – KM 387,507 thousand Germany – KM 377,192 thousand Finland – KM 235,859 thousand	Listed debt securities on stock exchanges in other countries: Italy – KM 1,292,208 thousand Belgium – KM 930,586 thousand Netherlands – KM 603,143 thousand Austria – KM 263,947 thousand France – KM 984,864 thousand Germany – KM 260,198 thousand Finland – KM 151,456 thousand	Level 2	Consensus prices - the (weighted) average of quotes from multiple subscribers who each submit quotes to the pricing service
2) Monetary gold (see Note 7)	Listed precious metals on stock exchanges in other countries: • Switzerland – KM 182,750 thousand	Listed precious metals on stock exchanges in other countries: • Switzerland – KM 164,144 thousand	Level 1	Quoted bid prices in an active market.

28. FAIR VALUE MEASUREMENT (CONTINUED)

28.2 Fair value of the Bank's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

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 2014		31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
<i>Loans and receivables</i>				
- deposits with foreign banks	2,181,732	2,172,716	2,217,598	2,207,627
- held-to-maturity investments	428,560	436,576	105,858	104,919
Financial liabilities				
<i>Financial liabilities held at amortized cost:</i>				
- deposits from banks	3,751,149	3,736,368	3,475,258	3,460,684
- deposits from the Government and other depositors	331,436	330,130	274,083	272,934

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

In thousands of KM	Fair value hierarchy as at 31 December 2013			
	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Loans and receivables:</i>				
- deposits with foreign banks	-	2,207,627	-	2,207,627
- held-to-maturity investments	-	104,919	-	104,919
	-	2,312,546	-	2,312,546
Financial liabilities				
<i>Financial liabilities held at amortized cost:</i>				
- deposits from banks	-	3,460,684	-	3,460,684
- deposits from the Government and other	-	272,934	-	272,934
	-	3,733,618	-	3,733,618

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 2014	31 December 2013
Third party securities and funds held with foreign banks	371,680	433,436
Deposits of USAID	1,947	20,196
Deposits of non-residents	1,947	20,196
Deposits of the Council of Ministers of BiH	73,364	121,314
<i>Deposits of the Council of Ministers of BiH on the basis of succession</i>	389	360
<i>Deposits of the Council of Ministers of BiH regarding the servicing of foreign debt</i>	6,080	5,453
<i>Deposits of the Council of Ministers of BiH regarding the Budget of BiH Institutions</i>	37,289	105,822
<i>Other deposits of the Council of Ministers of BiH</i>	29,606	9,679
Deposits of other residents	3,295	7,713
<i>Deposits - Deposit Insurance Agency</i>	-	828
<i>Deposits - Banking Agency of Federation BiH</i>	-	4,080
<i>Deposits - Retirement allowance from Germany</i>	1	431
<i>Deposit accounts of banks</i>	3,294	2,374
Deposits of residents	76,659	129,027
Investments related to securities – Deposit Insurance Agency	293,074	284,213
Investments of residents related to securities	293,074	284,213
Liability for third party securities and funds	371,680	433,436

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 2014

(In thousands of KM)

Assets		
Quota	394,668	
SDR holdings	5,203	
Accrued interest on SDR holdings	-	
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 BiH with the IMF - assets and liabilities	1,832,671	1,832,671

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 2013

(In thousands of KM)

Assets		
Quota	369,532	
SDR holdings	2,727	
Accrued interest on SDR holdings	1	
Total assets	372,260	
Liabilities		
IMF No. 1 account		929
IMF No. 2 account		32
Securities		1,220,275
Accounts of payable charges		1,624
SDR allocation		351,583
Accrued interest on SDR allocation		61
Total liabilities		1,574,504
Net member position with the IMF		
BiH obligations to the IMF arising principally from repurchase and currency valuation adjustments	1,202,244	
Net member position	1,202,244	
	1,574,504	1,574,504
Total consolidated position - assets and liabilities		
	1,574,504	1,574,504
IMF No. 1 account	(929)	(929)
IMF No. 2 account	(32)	(32)
Total gross position of BH with the IMF - assets and liabilities	1,573,543	1,573,543

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 2014	31 December 2013
Foreign assets	7,825,593	7,068,339
Liabilities to non-residents	1,088	1,029
Net foreign exchange reserves (foreign assets minus liabilities to non-residents)	7,824,505	7,067,310
Monetary liabilities	7,293,093	6,659,199
Net foreign assets (net foreign exchange reserves minus monetary liabilities)	531,412	408,111

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 locations:** the Bank has set up primary and backup location, as well as DR (Disaster Recovery) location located in Main Bank of Republika Srpska of the Central Bank of Bosnia and Herzegovina in Banja Luka. All locations are capable of operating under contingency measures, whose appropriateness and effectiveness has been regularly tested.

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

CBBH | ANNUAL REPORT | 2014

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.
WEB SERVICES	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.
WEB SITE	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.
www.cbbh.ba	
e-mail:	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.
contact@cbbh.ba	Documents are published in Bosnian, Croatian, Serb and English.
pr@cbbh.ba	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.
TWITTER @CBBiH	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.
	The way of communicating is adjusted to the target public.

5. Statistical Tables

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T01 Main Economic Indicators								
	2007	2008	2009	2010	2011	2012	2013	2014
BH Nominal GDP (in KM million) ^{1),2)} current prices	22,065	24,984	24,307	24,879	25,772	25,734	26,282	26,934
Real GDP annual growth (in %) ¹⁾	6.0	5.6	-2.7	0.8	1.0	-1.2	2.5	0.7
Consumer prices growth rate in BH ³⁾	in percentage							
Average annual growth rate of CPI	1.5	7.4	-0.4	2.1	3.7	2.1	-0.1	-0.9
Annual growth rate of CPI for December	4.9	3.8	0.0	3.1	3.1	1.8	-1.2	-0.4
General government budget ⁴⁾	as percentage of GDP							
Revenues	44.6	43.6	42.5	43.7	44.1	44.5	43.4	...
Expenditures ⁵⁾	43.4	45.8	47.0	46.1	45.3	46.6	45.6	...
Overall balance	1.2	-2.2	-4.4	-2.5	-1.3	-2.0	-2.2	...
Money and credit	as percentage of GDP							
Broad money (M2) ⁶⁾	54.2	49.8	52.3	54.8	55.9	57.9	61.2	64.1
Credit to non-government sector	53.1	57.0	56.4	56.7	57.0	58.7	59.0	58.6
Balance of payments								
Gross official reserves								
In BAM million	6,699	6,296	6,212	6,458	6,424	6,508	7,068	7,826
In USD million	4,686	4,710	4,416	4,372	4,568	4,274	4,797	5,309
In months of imports of goods and services	6.3	5.0	6.2	6.0	5.3	5.3	5.8	6.0
Current account balance ⁷⁾								
In BAM million	-2,047	-3,515	-1,588	-1,531	-2,483	-2,284	-1,511	-2,067
In USD million	-1,432	-2,630	-1,129	-1,037	-1,766	-1,500	-1,025	-1,402
As a percentage of GDP	-9.3	-14.1	-6.5	-6.2	-9.6	-8.9	-5.7	-7.7
Trade balance								
In BAM million	-8,747	-10,472	-7,632	-7,426	-8,080	-8,002	-7,316	-8,101
In USD million	-6,119	-7,834	-5,425	-5,028	-5,747	-5,255	-4,965	-5,496
As a percentage of GDP	-39.6	-41.9	-31.4	-29.8	-31.4	-31.1	-27.8	-30.1
External debt of government sector								
In BAM million	3,961	4,240	5,234	6,289	6,661	7,155	7,409	8,182
In USD million	2,975	3,056	3,837	4,270	4,407	4,823	5,221	5,087
As a percentage of GDP	18.0	17.0	21.5	25.3	25.8	27.8	28.2	30.4
External debt servicing ⁸⁾								
In BAM million	239	230	246	301	340	413	685	761
In USD million	167	172	175	204	242	271	465	516
As a percentage of exports of goods and services	3.9	3.4	4.0	4.0	4.0	4.9	7.6	8.2

Note:

1) Source: Agency for Statistics of BH, "Gross domestic product by production and income approach 2005-2012" February 2014.

2) Estimates of the Central Bank of Bosnia and Herzegovina, preliminary data (production approach), until the official GDP statistics is published by the BH Agency of Statistics.

3) Source: BH Agency of Statistics

4) Source: Central Bank of BH

5) Expenditures also include net acquisition of fixed assets.

6) Monetary data from January 2006 updated in line with new methodology.

7) The BH Balance of Payments was prepared in accordance with the IMF methodology (Balance of Payments Manual, 6th edition).

8) Source: BH Ministry of Finance and Treasury.

* Preliminary data for 2013.

T02	BH Gross Domestic Product (Current Prices)							
	2007	2008	2009	2010	2011	2012	2013	2014*
Nominal GDP (in KM million)	22,065	24,984	24,307	24,879	25,772	25,734	26,282	26,934
Nominal GDP (in USD million)	15,435	18,692	17,279	16,845	18,329	16,901	17,835	18,272
GDP per capita (in KM)	5,743	6,503	6,325	6,474	6,712	6,709	6,859	7,035
GDP per capita (in USD)	4,017	4,865	4,496	4,383	4,773	4,406	4,655	4,773
Real GDP annual growth (in %)	6.0	5.6	-2.7	0.8	1.0	-1.2	2.5	0.7
Population (in thousands) ¹⁾	3,842	3,842	3,843	3,843	3,840	3,836	3,832	3,828
Annual average exchange rate of BAM/USD	1.429	1.336	1.406	1.476	1.406	1.522	1.473	1.474

Source: Agency for Statistics of Bosnia and Herzegovina "Gross Domestic Product by production, income and expenditure approach 2005-2013 , January 2015, except for data on average annual BAM /USD exchange rate, where the CBBH is the source.

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		Industrial Output Index					
		Month/same month of the previous year			Period/same period of the previous year		
Year	Month	FBH	RS	BH	FBH	RS	BH
1998	12	115.4	115.5	...	123.8	123.0	...
1999	12	109.1	92.7	...	110.6	101.6	...
2000	12	105.7	103.5	...	108.8	105.6	...
2001	12	107.4	74.6	...	112.2	87.1	...
2002	12	113.9	119.4	...	109.2	97.5	...
2003	12	107.8	100.9	...	104.8	105.7	...
2004	12	109.0	113.9	...	113.2	109.7	...
2005	12	105.1	112.9	...	106.1	119.8	...
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
2014	01	106.4	103.8	104.8	106.4	103.8	104.6
	02	106.7	106.7	106.2	106.3	105.2	105.6
	03	102.0	101.4	101.6	105.1	103.9	104.1
	04	97.2	93.9	96.8	103.0	101.1	102.1
	05	90.6	99.7	92.6	100.4	100.8	100.1
	06	100.8	99.8	101.1	100.4	100.6	100.3
	07	108.6	96.1	104.1	101.6	99.7	100.8
	08	97.5	91.2	95.0	101.1	98.6	100.1
	09	99.6	110.6	103.1	100.9	100.0	100.4
	10	98.2	106.6	100.9	100.6	100.7	100.5
	11	97.6	100.7	98.8	100.3	100.7	100.3
	12	97.9	99.8	98.7	100.1	100.6	100.2

Source: BH Agency for Statistics, Federal Office of Statistics and RS Institute of Statistics.

Note: Industrial Output Index for a period / the same period of the previous year for December represents a yearly index in comparison with the previous year.

T04 Consumer Price Index for BH (CPI)				
Year	Month	Month/previous month of the current year	Month/same month of the previous year	Period/same period of the previous year
1998	12	...	121.2	113.3
1999	12	...	103.3	103.7
2000	12	...	107.5	104.8
2001	12	...	100.9	103.1
2002	12	...	100.2	100.4
2003	12	...	100.6	100.6
2004	12	...	100.5	100.4
2005	12	...	104.3	103.8
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
2014	01	...	98.5	98.5
	02	...	98.4	98.5
	03	...	98.4	98.4
	04	...	98.6	98.5
	05	...	98.7	98.5
	06	...	98.6	98.5
	07	...	99.1	98.8
	08	...	99.4	98.7
	09	...	99.9	98.9
	10	...	100.1	99.0
	11	...	100	99.1
	12	...	99.6	99.1

Source: BH Agency for Statistics since 2006, but until 2006 Federal Office of Statistics and RS Institute of Statistics.

Note: The Retail Price Index for BH is presented until 2006, and it is calculated as a weighted average of entities' monthly prices indices, where the weights are equivalent to entities' share in BH GDP (note T01).

For 2006 and the following periods, the table presents The Consumer Price Index (CPI).

The price index for a period/the same period of the previous year for December represents a yearly index in comparison with 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
1998		507	258	...	454	329	172	...	296	153	...	...
1999		551	314	...	503	374	216	...	343	174	87	...
2000		607	387	...	539	413	277	...	372	176	115	...
2001		652	444	792	598	443	309	504	409	170	105	...
2002		710	528	1,031	660	483	347	676	446	189	120	138
2003		771	576	1,057	717	524	379	695	484	192	133	148
2004		785	643	1,076	748	533	423	707	505	203	166	169
2005		820	707	1,050	798	558	465	676	538	221	190	188
2006		887	793	1,048	869	603	521	674	586	238	215	208
2007		974	875	1,088	935	662	585	684	645	284	230	243
2008		1,105	1,132	1,139	1,113	751	755	730	752	340	309	310
2009		1,204	1,204	1,194	1,204	792	788	769	790	346	335	326
2010		1,223	1,199	1,234	1,217	804	784	797	798	341	321	316
2011		1,248	1,326	1,262	1,271	819	809	800	816	349	321	319
2012		1,266	1,349	1,271	1,290	830	818	819	826	351	312	311
2013		1,275	1,333	1,266	1,291	835	808	817	827	348	318	310
2014		1,272	1,334	1,265	1,183	833	825	814	830	367	333	323
2014	01	1298	1,336	1277	1,308	850	810	824	838	365	332	323
	02	1255	1,333	1,255	1,277	822	822	811	822	370	332	324
	03	1,268	1,316	1,258	1,282	831	815	807	826	365	331	323
	04	1,277	1,323	1,273	1,290	836	821	820	832	369	332	323
	05	1,275	1,316	1,254	1,286	835	818	815	830	369	331	324
	06	1,262	1,347	1,272	1,286	827	837	817	829	368	331	322
	07	1,284	1,342	1,267	1,299	840	830	813	836	367	331	322
	08	1,260	1,331	1,258	1,281	826	825	809	825	366	331	321
	09	1,258	1,341	1,271	1,282	824	831	815	826	366	331	321
	10	1,281	1,333	1,260	1,295	838	826	813	834	365	338	324
	11	1,255	1,333	1,248	1,277	822	827	803	823	365	338	325
	12	1,295	1,351	1,284	1,311	847	836	827	843	365	338	325

Source: BH Agency for Statistics, Federal Office of Statistics and RS Institute of Statistics.
 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	Currency outside monetary authorities	Banks' deposits with monetary authorities	Transf. dep. of other resident sectors with monetary authorities	Currency 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
1997	12	114.6	213.0	0.0	112.5	139.2	9.6	553.7	363.3	327.6	251.7	926.5	1,178.2
1998	12	167.5	181.7	0.0	162.5	147.5	8.0	762.1	467.0	349.1	310.0	1,237.0	1,547.0
1999	12	538.4	289.2	0.0	515.3	584.6	22.4	465.5	577.3	827.6	1,099.9	1,065.1	2,165.0
2000	12	695.9	261.9	0.1	651.7	750.0	77.9	559.5	428.2	957.9	1,401.7	1,065.6	2,467.3
2001	12	1,806.0	734.7	2.2	1,673.9	1,018.4	140.9	928.5	907.7	2,542.9	2,692.3	1,977.0	4,669.3
2002	12	1,868.7	446.9	2.9	1,734.4	1,273.3	272.2	817.1	974.4	2,318.5	3,007.6	2,063.7	5,071.3
2003	12	1,721.9	885.4	1.9	1,601.3	1,512.1	461.9	818.3	1,102.5	2,609.1	3,113.4	2,382.7	5,496.1
2004	12	1,817.4	1,421.4	2.0	1,670.6	1,864.9	703.4	988.1	1,604.6	3,240.8	3,535.4	3,296.1	6,831.6
2005	12	1,907.2	2,062.1	3.1	1,729.1	2,373.6	818.1	1,154.8	1,999.4	3,972.4	4,102.8	3,972.3	8,075.1
2006	12	2,154.2	2,891.9	10.5	1,978.3	2,761.4	1,365.4	692.0	3,105.4	5,056.6	4,739.8	5,162.8	9,902.6
2007	12	2,439.7	3,777.1	12.2	2,185.3	3,546.6	1,726.5	834.5	3,661.1	6,229.0	5,731.9	6,222.0	11,953.9
2008	12	2,552.4	3,144.2	7.4	2,302.4	3,388.8	1,776.2	1,108.0	3,864.7	5,704.0	5,691.2	6,748.8	12,440.0
2009	12	2,267.7	3,375.1	6.0	2,009.5	3,536.3	1,844.3	1,078.7	4,241.0	5,648.9	5,545.8	7,164.0	12,709.8
2010	12	2,497.5	3,393.5	8.7	2,210.8	3,689.2	1,991.0	1,210.6	4,526.4	5,899.7	5,900.0	7,727.9	13,627.9
2011	12	2,645.1	3,192.8	11.1	2,366.4	3,819.0	2,285.7	1,100.1	4,846.9	5,848.9	6,185.5	8,232.7	14,418.1
2012	12	2,747.5	3,040.6	13.5	2,414.3	3,728.4	2,672.7	1,053.0	5,042.2	5,801.7	6,142.7	8,767.8	14,910.5
2013	12	2,909.9	3,475.3	15.9	2,542.3	4,153.3	3,006.3	1,189.3	5,203.1	6,401.0	6,695.6	9,398.7	16,094.3
2014	12	3,210.5	3,751.1	38.3	2,814.0	4,496.4	3,377.3	1,301.2	5,280.8	6,999.9	7,310.4	9,959.3	17,269.8
2014	01	2,854.5	3,404.0	18.2	2,491.2	4,112.0	3,065.3	1,150.0	5,237.0	6,276.7	6,603.2	9,452.3	16,055.5
	02	2,916.9	3,404.9	14.6	2,555.0	4,062.3	3,073.2	1,266.5	5,230.0	6,336.3	6,617.3	9,569.6	16,186.9
	03	2,929.2	3,365.6	12.4	2,542.1	4,123.2	3,086.2	1,154.9	5,248.3	6,307.2	6,665.3	9,489.4	16,154.7
	04	2,984.5	3,449.7	11.2	2,617.7	4,099.3	3,074.8	1,125.0	5,267.3	6,445.5	6,717.0	9,467.1	16,184.0
	05	2,990.0	3,434.2	9.7	2,633.9	4,162.2	3,089.9	1,183.6	5,304.8	6,433.9	6,796.1	9,578.3	16,374.4
	06	3,006.4	3,404.6	8.6	2,618.7	4,128.4	3,108.3	1,214.9	5,231.5	6,419.5	6,747.2	9,554.7	16,301.9
	07	3,113.4	3,729.8	9.2	2,736.8	4,175.8	3,177.2	1,264.1	5,225.7	6,852.3	6,912.6	9,667.0	16,579.7
	08	3,158.1	3,878.2	5.7	2,779.2	4,378.1	3,173.3	1,226.0	5,269.7	7,042.1	7,157.2	9,669.0	16,826.2
	09	3,158.2	3,915.3	7.8	2,752.9	4,525.5	3,165.7	1,258.6	5,275.5	7,081.2	7,278.4	9,699.8	16,978.1
	10	3,151.3	3,803.5	6.2	2,753.9	4,374.5	3,304.6	1,229.1	5,299.8	6,961.0	7,128.4	9,833.5	16,961.9
	11	3,132.6	3,768.9	4.5	2,748.3	4,396.4	3,349.1	1,269.5	5,321.8	6,906.1	7,144.6	9,940.5	17,085.1
	12	3,210.5	3,751.1	38.3	2,814.0	4,496.4	3,377.3	1,301.2	5,280.8	6,999.9	7,310.4	9,959.3	17,269.8

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.
See note on page 150

Note: Cash outside monetary authorities is obtained from the CBBH Balance Sheet and it represents the currency in circulation outside the central bank (monetary authorities). Deposits of commercial banks are commercial banks' assets in accounts at the CBBH. Transferable deposits of other domestic sectors with monetary authorities are deposits of other domestic sectors (except the central government deposits). The central government includes the BH Institutions, entity governments, entity social security funds and the Brčko Distrikt. Social security funds on entity level (from the Federation of BH: FBH Pension Fund, FBH Health Fund, FBH Unemployment Fund, and from Republika Srpska: RS Pension Fund, RS Health Care Fund, RS Unemployment Fund and RS Child Care Fund) are classified on the central government level. Cash outside banks is obtained from the CBBH Balance Sheet (Table 8) and consists of currency in circulation that is outside the Central Bank as well as commercial banks. Transferable deposits in domestic currency are obtained from the Monetary Survey (Table 7). They include deposits of non central government (cantons and municipalities), deposits of public and private enterprises, other financial institutions and deposits of other domestic sectors (households, nonprofit institutions and other nonclassified domestic sectors). Other deposits in the domestic currency, transferable and other deposits in foreign currency are obtained from the Monetary Survey (Table 7). They consist of deposits of non-central government, deposits of public and private enterprises, other financial institutions and deposits of other domestic sectors. Reserve money (primary money or monetary base) is carried over in full from the CBBH Balance Sheet (Table 8). It consists of cash outside monetary authorities, deposits of commercial banks and deposits of other domestic sectors (except for deposits of the central government) with monetary authorities. According to the national definition, broad money includes all transferable and other deposits of domestic non-bank and non-government sectors, as well deposits of the local government sector in domestic and foreign currency. Deposits of entity social security funds are included into the central government on entity level and are consequently excluded from broad money 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 (quasi money) is defined as the corresponding item in the Monetary Survey (Table 7). It consists of other deposits in domestic currency, transferable and other deposits in foreign currency of all domestic sectors (except for deposits of the central government). Money supply M2 comprises monetary aggregates, M1 and QM.

T07 Monetary Survey (end of period, in KM million)													
Year	Month	ASSETS											Total
		Foreign assets (net)			Domestic credit								
		Foreign assets		Foreign liabilities	Claims on central government (net)	Claims on non-central government	Claims on public non-financial enterprises	Claims on private non-financial enterprises	Claims on other financial corporations	Claims on other resident sectors			
1	2	3	4	5 = 3+4	6	7	8	9	10	11	12 = 6+...+11	13 = 5+12	
1997	12	1,157.8	-1,658.3	-500.5	-187.9	4.8	1,243.6	1,034.8	8.3	163.6	2,267.2	1,766.7	
1998	12	1,170.5	-1,605.8	-435.4	-180.9	8.6	1,100.0	1,314.3	5.4	388.0	2,635.4	2,200.0	
1999	12	1,715.5	-1,519.4	196.1	-159.1	16.6	1,003.2	1,449.4	6.3	285.5	2,601.9	2,798.1	
2000	12	1,988.3	-1,577.3	411.0	-129.0	9.3	1,673.1	874.9	10.9	424.2	2,863.4	3,274.4	
2001	12	4,098.9	-1,556.5	2,542.5	-318.7	25.4	1,430.8	1,142.8	20.0	712.6	3,012.8	5,555.2	
2002	12	3,980.5	-1,794.8	2,185.7	-385.1	28.7	1,254.7	1,442.2	27.8	1,495.8	3,864.1	6,049.8	
2003	12	4,382.6	-2,438.0	1,944.6	-467.5	21.5	1,166.7	1,859.6	40.2	2,010.3	4,630.7	6,575.3	
2004	12	5,412.8	-2,652.1	2,760.8	-443.0	24.7	691.7	2,478.2	60.1	2,652.9	5,464.6	8,225.4	
2005	12	6,348.9	-3,560.3	2,788.6	-552.5	31.5	695.0	3,244.0	67.9	3,488.8	6,974.6	9,763.2	
2006	12	7,836.7	-4,075.8	3,760.8	-971.4	62.3	634.4	4,086.1	89.4	4,450.8	8,351.6	12,112.4	
2007	12	10,285.0	-5,166.6	5,118.4	-2,377.8	96.1	626.7	5,315.7	159.6	5,793.5	9,613.8	14,732.2	
2008	12	9,429.7	-6,362.9	3,066.8	-1,655.2	148.3	629.2	6,751.6	169.2	6,804.5	12,847.5	15,914.3	
2009	12	9,430.9	-5,744.9	3,685.9	-1,294.1	195.6	636.1	6,682.5	103.0	6,411.3	12,734.3	16,420.2	
2010	12	9,300.8	-4,784.6	4,516.3	-996.4	270.8	749.1	6,965.5	80.2	6,424.3	13,493.6	18,009.8	
2011	12	9,175.9	-4,177.9	4,997.9	-439.7	323.1	768.8	7,166.9	94.0	6,770.1	14,683.2	19,681.1	
2012	12	9,044.2	-3,948.2	5,096.0	-182.1	386.3	789.6	7,473.1	73.7	6,874.4	15,415.0	20,511.0	
2013	12	9,733.5	-3,698.9	6,034.6	-18.5	422.5	829.6	7,556.4	67.4	7,139.3	15,996.8	22,031.4	
2014	12	10,479.7	-3,364.2	7,115.5	71.6	509.1	855.2	7,416.2	62.8	7,540.3	16,455.1	23,570.6	
2014	01	9,620.2	-3,414.9	6,205.3	-121.4	418.7	819.6	7,547.3	70.2	7,123.3	15,857.7	22,063.1	
	02	9,513.7	-3,387.7	6,126.0	19.4	417.8	831.5	7,646.2	69.0	7,137.6	16,121.5	22,247.5	
	03	9,356.5	-3,292.4	6,064.1	-40.0	430.5	822.9	7,667.1	70.2	7,223.9	16,174.6	22,238.7	
	04	9,455.4	-3,317.4	6,138.0	-35.3	425.0	825.2	7,636.3	71.4	7,263.1	16,185.7	22,323.7	
	05	9,554.4	-3,270.4	6,284.0	-38.7	441.4	827.9	7,643.3	65.0	7,328.0	16,266.9	22,550.9	
	06	9,539.5	-3,366.4	6,173.1	-40.7	462.1	821.7	7,645.7	71.9	7,390.8	16,351.5	22,524.5	
	07	9,962.5	-3,208.8	6,753.7	-273.1	481.3	822.0	7,550.8	67.5	7,431.6	16,080.1	22,833.8	
	08	10,273.5	-3,226.6	7,046.9	-209.9	506.8	828.5	7,469.4	69.2	7,435.5	16,099.5	23,146.4	
	09	10,193.3	-3,282.4	6,910.9	-18.0	507.5	843.5	7,535.0	68.7	7,477.3	16,414.1	23,325.0	
	10	10,092.0	-3,269.9	6,822.1	-1.8	504.7	842.0	7,570.5	65.2	7,509.5	16,490.1	23,312.3	
	11	10,208.1	-3,114.6	7,093.5	-19.3	512.2	844.0	7,352.6	59.5	7,518.9	16,267.9	23,361.3	
	12	10,479.7	-3,364.2	7,115.5	71.6	509.1	855.2	7,416.2	62.8	7,540.3	16,455.1	23,570.6	

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.
See note on page 150

Note: The Monetary Survey presents the consolidated data from the Balance Sheet of 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 foreign assets and total foreign liabilities of monetary authorities and commercial banks. Domestic credit represents commercial banks' claims on all domestic sectors, but it should be noted that claims on the central government are presented in net amounts, i.e. they are reduced by the value of the deposits of the central government with the CBBH and with BH commercial banks. The central government consists of BH Institutions, entity social security funds and Brčko Distrikt. According to the new methodology, social security funds are classified on the central government level as entity extrabudgetary funds, which directly impacts the data on net claims by the central government in the Monetary Survey.

T07		Monetary Survey (end of period, in KM million)												
		LIABILITIES												
		Broad money (M2)												
		Money (M1)			Quasi money (QM)									
Year	Month	Currency outside banks	Transferable deposits in dom. curr.		Transferable deposits in foreign curr.	Other deposits in dom. curr.	Other deposits in foreign curr.			Securities other than shares	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
1997	12	112.5	139.2	251.7	553.7	9.6	363.3	926.5	1,178.2	14.2	0.0	0.0	574.4	1,766.7
1998	12	162.5	147.5	310.0	762.1	8.0	467.0	1,237.0	1,547.0	10.6	0.0	0.0	642.5	2,200.0
1999	12	515.3	584.6	1,099.9	465.5	22.4	577.3	1,065.1	2,165.0	8.7	0.0	0.0	624.3	2,798.1
2000	12	651.7	750.0	1,401.7	559.5	77.9	428.2	1,065.6	2,467.3	4.4	0.0	0.0	802.7	3,274.4
2001	12	1,673.9	1,018.4	2,692.3	928.5	140.9	907.7	1,977.0	4,669.3	0.1	0.0	0.0	885.8	5,555.2
2002	12	1,734.4	1,273.3	3,007.6	817.1	272.2	974.4	2,063.7	5,071.3	0.1	0.0	0.0	978.5	6,049.8
2003	12	1,601.3	1,512.1	3,113.4	818.3	461.9	1,102.5	2,382.7	5,496.1	0.0	0.0	0.0	1,079.1	6,575.3
2004	12	1,670.6	1,864.9	3,535.4	988.1	703.4	1,604.6	3,296.1	6,831.6	0.0	0.0	0.0	1,393.8	8,225.4
2005	12	1,729.1	2,373.6	4,102.8	1,154.8	818.1	1,999.4	3,972.3	8,075.1	0.0	0.0	0.0	1,688.1	9,763.2
2006	12	1,978.3	2,761.4	4,739.8	692.0	1,365.4	3,105.4	5,162.8	9,902.6	0.0	114.0	1,908.9	187.0	12,112.4
2007	12	2,185.3	3,546.6	5,731.9	834.5	1,726.5	3,661.1	6,222.0	11,953.9	5.2	106.1	2,366.0	300.9	14,732.2
2008	12	2,302.4	3,388.8	5,691.2	1,108.0	1,776.2	3,864.7	6,748.8	12,440.0	17.9	264.3	2,785.2	407.0	15,914.3
2009	12	2,009.5	3,536.3	5,545.8	1,078.7	1,844.3	4,241.0	7,164.0	12,709.8	13.6	446.7	2,835.6	414.5	16,420.2
2010	12	2,210.8	3,689.2	5,900.0	1,210.6	1,991.0	4,526.4	7,727.9	13,627.9	9.1	595.1	3,055.8	721.9	18,009.8
2011	12	2,366.4	3,819.0	6,185.5	1,100.1	2,285.7	4,846.9	8,232.7	14,418.1	0.0	675.3	3,606.4	981.3	19,681.1
2012	12	2,414.3	3,728.4	6,142.7	1,053.0	2,672.7	5,042.2	8,767.8	14,910.5	0.0	712.4	3,780.4	1,107.8	20,511.0
2013	12	2,542.3	4,153.3	6,695.6	1,189.3	3,006.3	5,203.1	9,398.7	16,094.3	0.0	707.9	3,828.9	1,400.3	22,031.4
2014	12	2,814.0	4,496.4	7,310.4	1,301.2	3,377.3	5,280.8	9,959.3	17,269.8	0.0	681.0	4,031.7	1,588.2	23,570.6
2014	01	2,491.2	4,112.0	6,603.2	1,150.0	3,065.3	5,237.0	9,452.3	16,055.5	0.0	702.7	3,908.0	1,396.9	22,063.1
	02	2,555.0	4,062.3	6,617.3	1,266.5	3,073.2	5,230.0	9,569.6	16,186.9	0.0	702.5	3,937.7	1,420.3	22,247.5
	03	2,542.1	4,123.2	6,665.3	1,154.9	3,086.2	5,248.3	9,489.4	16,154.7	0.0	704.5	3,965.2	1,414.4	22,238.7
	04	2,617.7	4,099.3	6,717.0	1,125.0	3,074.8	5,267.3	9,467.1	16,184.0	0.0	702.4	3,983.0	1,454.3	22,323.7
	05	2,633.9	4,162.2	6,796.1	1,183.6	3,089.9	5,304.8	9,578.3	16,374.4	0.0	703.9	4,027.2	1,445.3	22,550.9
	06	2,618.7	4,128.4	6,747.2	1,214.9	3,108.3	5,231.5	9,554.7	16,301.9	0.0	701.8	4,038.4	1,482.4	22,524.5
	07	2,736.8	4,175.8	6,912.6	1,264.1	3,177.2	5,225.7	9,667.0	16,579.7	0.0	704.7	4,052.8	1,496.7	22,833.8
	08	2,779.2	4,378.1	7,157.2	1,226.0	3,173.3	5,269.7	9,669.0	16,826.2	0.0	713.8	4,080.5	1,525.9	23,146.4
	09	2,752.9	4,525.5	7,278.4	1,258.6	3,165.7	5,275.5	9,699.8	16,978.1	0.0	701.1	4,116.5	1,529.2	23,325.0
	10	2,753.9	4,374.5	7,128.4	1,229.1	3,304.6	5,299.8	9,833.5	16,961.9	0.0	700.6	4,135.8	1,513.9	23,312.3
	11	2,748.3	4,396.4	7,144.6	1,269.5	3,349.1	5,321.8	9,940.5	17,085.1	0.0	684.0	4,160.6	1,431.6	23,361.3
	12	2,814.0	4,496.4	7,310.4	1,301.2	3,377.3	5,280.8	9,959.3	17,269.8	0.0	681.0	4,031.7	1,588.2	23,570.6

Monetary data updated according to the IMF methodology (Monetary and Financial Statistics Manual, 2000), from January 2006.
See note on page 150

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.

T03 CBBH Balance Sheet (end of period, in KM million)											
Year	Month	ASSETS			LIABILITIES						
		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					8	9					
1	2	3	4	5 = 3+4	6	7	8	9	10	11	12 = 7+...+11
1997	12	144.1	0.0	144.1	114.6	160.1	0.0	0.1	0.4	-16.6	144.1
1998	12	283.3	0.0	283.3	167.5	246.5	0.0	7.3	29.5	-0.1	283.3
1999	12	867.1	0.0	867.1	538.4	827.6	0.1	9.1	33.7	-3.3	867.1
2000	12	1,027.7	0.0	1,027.7	695.9	957.9	0.2	10.3	58.5	0.7	1,027.7
2001	12	2,735.0	0.2	2,735.1	1,806.0	2,542.9	30.0	48.7	121.5	-7.9	2,735.1
2002	12	2,511.9	0.2	2,512.0	1,868.7	2,318.5	1.2	26.7	180.7	-15.1	2,512.0
2003	12	2,820.7	1.0	2,821.7	1,721.9	2,609.1	1.0	18.6	214.7	-21.8	2,821.7
2004	12	3,506.8	1.8	3,508.5	1,817.4	3,240.8	1.0	44.6	226.5	-4.3	3,508.5
2005	12	4,252.3	1.9	4,254.3	1,907.2	3,972.4	1.0	37.7	245.0	-1.8	4,254.3
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
2014	01	7,051.0	1.5	7,052.5	2,854.5	6,276.7	1.0	292.1	511.9	-29.3	7,052.5
	02	6,974.6	1.5	6,976.1	2,916.9	6,336.3	2.0	147.3	521.5	-31.1	6,976.1
	03	6,981.6	1.7	6,983.2	2,929.2	6,307.2	1.6	181.8	523.1	-30.5	6,983.2
	04	7,106.1	1.5	7,107.6	2,984.5	6,445.5	1.2	179.2	530.2	-48.4	7,107.6
	05	7,115.0	1.4	7,116.4	2,990.0	6,433.9	2.0	185.5	542.8	-47.8	7,116.4
	06	7,171.6	1.6	7,173.3	3,006.4	6,419.5	1.1	232.5	567.4	-47.4	7,173.3
	07	7,514.3	1.5	7,515.8	3,113.4	6,852.3	1.1	137.9	573.2	-48.8	7,515.8
	08	7,721.3	1.4	7,722.8	3,158.1	7,042.1	1.1	139.3	589.4	-49.0	7,722.8
	09	7,764.6	1.6	7,766.2	3,158.2	7,081.2	1.7	142.3	589.1	-48.2	7,766.2
	10	7,671.5	1.4	7,672.9	3,151.3	6,961.0	1.2	169.9	589.1	-48.4	7,672.9
	11	7,737.1	1.6	7,738.8	3,132.6	6,906.1	1.5	280.6	598.6	-48.0	7,738.8
	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

Monetary data are updated based on the new methodology 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 private sector consist of claims on employees of CBBH for long-term loans extended to them and claims on commercial banks arising from settlement accounts. Reserve money (primary money or monetary base) includes 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 commercial banks. The CBBH foreign liabilities include 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 deposits of BH Institutions, entity governments, entity social security funds and the Brčko District. Shares and other equity include owners' equity, current-year results, general and special reserves and valuation adjustment. Other items (net) are unallocated liability items after deduction of unallocated asset items.

T09 Consolidated Balance Sheets of Commercial Banks in BH (end of period, in KM million)									
Year	Month	ASSETS							Total
		Reserves	Foreign assets	Claims on general government	Claims on public non-financial enterprises	Claims on private non-financial enterprises	Claims on other financial corporations	Claims on other resident sectors	
1	2	3	4	5	6	7	8	9	10 = 3+ +9
1997	12	239.5	657.8	133.8	1,099.1	1,034.8	8.3	163.6	3,336.9
1998	12	207.6	604.6	113.0	1,100.0	1,314.3	5.4	388.0	3,733.0
1999	12	274.7	848.4	36.7	1,003.2	1,449.4	6.3	285.5	3,904.3
2000	12	287.4	960.7	33.8	1,673.1	874.9	10.9	424.2	4,265.0
2001	12	871.9	1,364.0	32.9	1,430.8	1,142.8	20.0	712.6	5,574.9
2002	12	595.2	1,468.7	60.7	1,254.7	1,442.2	27.8	1,495.8	6,345.0
2003	12	1,004.6	1,561.9	45.6	1,166.7	1,859.6	40.2	2,009.4	7,688.0
2004	12	1,566.6	1,906.1	45.6	691.7	2,478.2	60.1	2,651.4	9,399.8
2005	12	2,233.9	2,096.6	50.1	695.0	3,244.0	67.9	3,487.2	11,874.6
2006	12	3,063.6	2,357.1	70.3	634.4	4,086.1	89.4	4,448.9	14,749.7
2007	12	4,022.9	3,558.6	128.1	626.7	5,315.7	159.6	5,791.7	19,603.2
2008	12	3,393.3	3,106.1	266.1	629.2	6,751.6	169.2	6,802.8	21,118.3
2009	12	3,632.0	3,190.3	356.0	636.1	6,682.5	103.0	6,409.8	21,009.6
2010	12	3,679.8	2,814.2	465.9	749.1	6,965.5	80.2	6,423.0	21,177.6
2011	12	3,469.7	2,724.5	905.2	768.8	7,166.9	94.0	6,768.9	21,898.1
2012	12	3,370.4	2,507.8	1,236.8	789.6	7,473.1	73.7	6,873.3	22,324.6
2013	12	3,843.7	2,637.3	1,380.0	829.6	7,556.4	67.4	7,131.8	23,446.3
2014	12	4,115.0	2,626.3	1,855.1	855.2	7,416.2	62.8	7,539.5	24,470.0
2014	01	3,767.9	2,569.2	1,376.7	819.6	7,547.3	70.2	7,121.6	23,272.6
	02	3,768.2	2,539.1	1,417.7	831.5	7,646.2	69.0	7,135.1	23,406.7
	03	3,753.4	2,375.0	1,406.1	822.9	7,667.1	70.2	7,221.3	23,315.9
	04	3,817.1	2,349.2	1,458.3	825.2	7,636.3	71.4	7,262.3	23,419.8
	05	3,801.5	2,439.4	1,474.4	827.9	7,643.3	65.0	7,327.3	23,578.7
	06	3,793.4	2,368.3	1,516.5	821.7	7,645.7	71.9	7,390.0	23,607.4
	07	4,127.0	2,448.2	1,520.9	822.0	7,550.8	67.5	7,430.8	23,967.2
	08	4,257.9	2,552.2	1,585.3	828.5	7,469.4	69.2	7,434.7	24,197.2
	09	4,321.9	2,428.7	1,702.4	843.5	7,535.0	68.7	7,476.5	24,376.7
	10	4,203.1	2,420.6	1,679.2	842.0	7,570.5	65.2	7,508.8	24,289.4
	11	4,155.2	2,470.9	1,720.3	844.0	7,352.6	59.5	7,518.2	24,120.7
	12	4,115.0	2,626.3	1,855.1	855.2	7,416.2	62.8	7,539.5	24,470.0

Monetary data are updated based on the new methodology from January 2006.
See note on page 150

Note: The consolidated balance sheet of commercial banks of BH includes consolidated balance sheets of commercial banks covered by the Main Unit Sarajevo, Main Unit Mostar, Main Bank RS, Brčko District (from July 2001 until November 2002), NBRIS (until December 1998) and the NBBH (until November 2002). Mutual claims and liabilities between commercial banks are consolidated. Banks' reserves consist of cash in the banks' vaults and banks' deposits with the Central Bank of Bosnia and Herzegovina. Foreign assets of commercial banks include: foreign currency in vaults, transferable and other deposits with non-residents in foreign currency, loans to non-residents, securities other than shares of non-resident 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, entity governments, entity social security funds and 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, nonprofit institutions and other nonclassified domestic sectors). In addition to active sub-balance sheets, balance sheets of FBH commercial banks include data from passive sub-balance sheets as well. Passive sub-balance sheets include liabilities arising from old foreign currency loans as well as liabilities arising from frozen foreign currency deposits pre-dating March 31st, 1992. These liabilities will be assumed by Ministry of Finance of Federation of BH in the privatization process, in accordance with the entity Law on Opening Balance Sheets of Enterprises and Banks and with the entity Law on Privatization.

T09

**Consolidated Balance Sheets of Commercial Banks in BH
(end of period, in KM million)**

Year	Month	LIABILITIES										Total 13=3+...+12
		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 other than shares	Loans	Foreign liabilities	Shares and other equity	Other items (net)	
1	2	3	4	5	6	7	8	9	10	11	12	
1997	12	233.6	139.2	448.5	9.6	363.3	14.2	0.0	1,513.8	1,043.4	-428.5	3,336.9
1998	12	222.2	147.5	637.9	8.0	467.0	10.6	0.0	1,605.8	1,310.9	-676.8	3,733.0
1999	12	170.1	584.6	465.5	22.4	577.3	8.7	0.0	1,519.3	1,257.0	-700.6	3,904.3
2000	12	143.2	749.9	554.5	77.9	428.2	4.4	0.0	1,577.1	1,096.2	-366.4	4,265.0
2001	12	277.5	1,016.2	928.5	140.9	907.7	0.1	0.0	1,526.5	1,118.8	-341.2	5,574.9
2002	12	390.3	1,270.3	817.1	272.2	974.4	0.1	0.0	1,793.7	1,213.6	-386.6	6,345.0
2003	12	473.1	1,510.3	818.3	461.9	1,102.5	0.0	0.0	2,437.0	1,305.4	-420.4	7,688.0
2004	12	419.4	1,862.9	988.1	703.4	1,604.6	0.0	0.0	2,651.1	1,472.1	-301.8	9,399.8
2005	12	533.4	2,370.5	1,154.8	818.1	1,999.4	0.0	0.0	3,559.3	1,712.5	-273.4	11,874.6
2006	12	853.3	2,751.0	692.0	1,365.4	3,105.4	0.0	114.0	4,074.8	1,607.9	185.9	14,749.7
2007	12	2,335.0	3,534.4	834.5	1,726.5	3,661.1	5.2	106.1	5,165.7	1,979.7	255.2	19,603.2
2008	12	1,749.7	3,381.4	1,108.0	1,776.2	3,864.7	17.9	264.3	6,361.9	2,285.9	308.4	21,118.3
2009	12	1,397.9	3,530.3	1,078.7	1,844.3	4,241.0	13.6	446.7	5,744.1	2,333.1	379.8	21,009.6
2010	12	1,121.7	3,680.5	1,210.6	1,991.0	4,526.4	9.1	595.1	4,783.2	2,521.9	738.2	21,177.6
2011	12	955.7	3,807.9	1,100.1	2,285.7	4,846.9	0.0	675.3	4,176.9	3,058.7	990.8	21,898.1
2012	12	847.2	3,714.8	1,053.0	2,672.7	5,042.2	0.0	712.4	3,947.0	3,204.7	1,130.7	22,324.6
2013	12	717.8	4,137.4	1,189.3	3,006.3	5,203.1	0.0	707.9	3,697.9	3,362.4	1,424.1	23,446.3
2014	12	981.3	4,458.2	1,301.2	3,377.3	5,280.8	0.0	681.0	3,363.1	3,446.6	1,580.5	24,470.0
2014	01	787.3	4,093.8	1,150.0	3,065.3	5,237.0	0.0	702.7	3,413.8	3,396.1	1,426.5	23,272.6
	02	833.4	4,047.7	1,266.5	3,073.2	5,230.0	0.0	702.5	3,385.7	3,416.2	1,451.5	23,406.7
	03	833.9	4,110.8	1,154.9	3,086.2	5,248.3	0.0	704.5	3,290.8	3,442.1	1,444.5	23,315.9
	04	889.5	4,088.0	1,125.0	3,074.8	5,267.3	0.0	702.4	3,316.1	3,452.8	1,503.9	23,419.8
	05	886.2	4,152.5	1,183.6	3,089.9	5,304.8	0.0	703.9	3,268.4	3,484.4	1,504.9	23,578.7
	06	862.7	4,119.9	1,214.9	3,108.3	5,231.5	0.0	701.8	3,365.2	3,471.0	1,532.1	23,607.4
	07	1,174.9	4,166.6	1,264.1	3,177.2	5,225.7	0.0	704.7	3,207.7	3,479.5	1,566.8	23,967.2
	08	1,149.2	4,372.4	1,226.0	3,173.3	5,269.7	0.0	713.8	3,225.5	3,491.1	1,576.3	24,197.2
	09	1,070.5	4,517.7	1,258.6	3,165.7	5,275.5	0.0	701.1	3,280.7	3,527.4	1,579.5	24,376.7
	10	1,006.4	4,368.4	1,229.1	3,304.6	5,299.8	0.0	700.6	3,268.7	3,546.7	1,565.2	24,289.4
	11	946.9	4,391.9	1,269.5	3,349.1	5,321.8	0.0	684.0	3,113.0	3,562.0	1,482.4	24,120.7
	12	981.3	4,458.2	1,301.2	3,377.3	5,280.8	0.0	681.0	3,363.1	3,446.6	1,580.5	24,470.0

Monetary data are updated based on the new methodology from January 2006.
See note on page 150

Note: Central government deposits include transferable and other deposits of BH Institutions, entity governments, entity social security funds and the Brčko District in domestic and foreign currency. 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 liabilities to other domestic sectors (households, nonprofit institutions and other nonclassified domestic sectors). Foreign liabilities of commercial banks include banks liabilities to non-residents based on transferable and other deposits, loans, securities other than shares, trade credits and advances and other accounts payable. According to the new methodology, loans are presented as a separate financial instrument on the liability side, with addition of accrued interest.

Shares and other equity include owners' equity, retained earnings, current-year results, general and special reserves and valuation adjustment. Other items (net) are unallocated liability items after deduction of unallocated asset items. Restricted deposits are also included in other items (net).

T10a		Interest Rates on Loans to Households (In percents, at the annual level)																	
		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 Needs				For Other Purposes		Loans in KM		Loans in KM Indexed to Foreign Currency		
Year	Period	Floating Rate and up to 1 Year IRF	Over 1 up to 5 Years IRF	Floating Rate and up to 1 Year IRF	Over 1 up to 5 Years IRF	Floating Rate and up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Floating Rate and up to 1 Year IRF	Over 1 up to 5 Years IRF	Over 5 Years IRF	Over 10 Years IRF	Floating Rate 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	19	
2012	12	8.058	7.159	8.708	8.030	8.193	...	...	6.626	8.288	7.425	6.990	9.027	9.213	8.435	13.123	13.825	13.742
2013	01	8.112	7.420	8.813	7.340	9.449	8.665	...	6.594	7.961	7.710	7.018	9.205	9.196	8.274	13.044	15.064	13.882	
	02	8.480	7.012	8.748	7.844	9.193	9.120	...	6.752	7.864	7.557	6.387	9.157	9.425	8.309	13.158	15.109	13.880	
	03	8.227	7.052	8.607	8.028	8.639	8.910	...	6.678	8.042	7.440	6.763	8.578	9.217	8.304	13.090	15.172	13.878	
	04	8.118	6.435	8.347	7.983	7.179	8.213	...	6.553	7.837	7.864	6.279	8.793	8.692	8.097	13.120	15.159	13.869	
	05	8.321	6.384	7.831	7.880	8.475	8.935	...	6.518	7.673	7.516	5.964	8.616	8.636	8.432	13.001	14.381	13.831	
	06	7.342	6.697	7.926	8.091	8.095	9.055	...	6.511	7.304	7.625	6.353	8.842	8.711	8.686	12.576	14.543	13.830	
	07	7.553	...	8.336	7.865	7.476	8.014	...	6.599	7.713	7.430	5.997	8.647	8.645	9.090	12.579	14.683	13.857	
	08	7.443	...	8.195	7.893	7.490	8.844	...	6.272	7.960	...	6.922	8.649	8.440	8.809	12.584	14.596	13.917	
	09	7.493	...	7.952	7.378	7.738	...	...	6.342	7.787	7.622	6.584	8.553	8.352	9.047	12.553	14.617	13.928
	10	7.576	6.396	7.774	6.789	7.916	8.659	...	6.211	7.381	7.529	5.928	8.462	8.409	8.737	12.530	14.620	13.303	
	11	8.005	...	7.607	6.772	7.661	8.216	...	6.427	7.184	7.357	6.459	8.346	8.278	8.596	12.471	14.617	13.948	
	12	7.106	...	7.680	7.018	7.248	8.542	...	6.360	7.497	7.375	6.056	8.429	8.720	8.599	12.442	14.622	13.907	
2014	01	6.832	6.080	7.748	7.206	7.085	8.188	...	6.254	7.543	8.085	5.700	8.476	7.843	8.792	12.449	14.616	13.897	
	02	6.180	...	7.869	8.645	7.974	7.939	...	6.417	6.956	7.596	5.320	8.168	8.106	8.774	12.414	14.607	13.863	
	03	7.544	...	7.942	6.958	7.990	7.918	...	6.291	8.104	8.047	6.264	8.519	7.082	8.043	12.481	14.619	13.865	
	04	7.783	5.178	7.330	7.013	8.534	8.254	...	6.287	7.647	8.055	6.828	8.034	6.889	8.294	12.447	14.618	13.828	
	05	7.907	5.537	7.396	6.169	8.320	8.010	...	6.032	8.082	7.493	6.149	8.131	7.736	8.386	12.444	14.618	13.861	
	06	7.513	5.241	7.410	6.181	7.316	8.662	...	6.006	7.298	7.741	6.604	8.382	7.732	8.254	12.438	14.620	13.886	
	07	7.766	...	7.579	6.296	7.636	8.324	...	6.226	8.112	7.304	6.224	8.587	8.028	7.994	12.434	14.615	13.901	
	08	7.633	...	7.821	6.916	7.557	8.379	...	6.043	7.581	7.631	6.400	8.431	7.796	8.243	12.455	14.595	13.906	
	09	7.667	...	7.782	6.986	8.059	8.238	...	6.151	7.045	7.383	6.291	8.522	7.968	7.784	12.392	14.652	13.927	
	10	7.685	...	7.433	7.013	7.237	7.493	...	5.889	7.339	7.066	6.470	8.336	8.188	7.498	12.324	14.603	13.909	
	11	7.737	...	7.531	7.134	6.806	8.520	...	6.340	7.068	6.854	5.943	8.311	7.699	8.198	12.297	14.680	13.910	
	12	7.663	7.728	7.180	7.090	5.689	8.200	...	6.120	6.819	6.010	6.172	8.408	7.485	7.520	11.516	14.652	13.858	

Revised data for 2012 and 2013.

Notes:
Interest rates statistics, since January 2012, year, has been harmonized with the methodology prescribed by the European Central Bank. More details available via the link:
<http://www.cbbh.ba/index.php?id=883&lang=bs&sub=sk>

Data for January - June 2013 are revised
Interest rates in table for revolving loans and credit cards refer to existing business.
IRF – initial rate fixation

... insufficient data to be published

The interest rates on the revolving loans and credit cards, include data on credit cards with loan facility. Considering that credit cards with loan facility imply an interest free deferred payment (0% i.r.), they are not published.

No data for interest rates on loans in foreign currency for credit cards and overdrafts for households.

T10b		Interest Rates on Loans to Non-financial Companies (In percents, at the annual level)												
		Non-financial Companies												
		Loans in KM				Loans in KM Indexed to Foreign Currency								
		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 EUR 0.25 Million up to EUR 1 Million			Over EUR 1 Million	Revolving Loans and Overdrafts	
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 and up to 1 Year IRF	Loans in KM	Loans in KM Indexed to Foreign Currency
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
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	01	7.995	8.480	6.604	6.312	8.211	8.375	7.201	7.462	6.928	7.686	6.907	7.017	6.573
	02	8.096	8.382	6.563	6.282	7.953	8.549	7.696	7.392	7.354	7.122	7.358	6.995	6.471
	03	8.080	8.133	6.806	6.374	7.983	8.738	7.629	7.392	7.368	7.314	6.493	7.044	6.535
	04	8.045	8.179	6.915	6.165	7.865	8.563	8.223	7.030	6.924	6.386	6.937	7.129	6.535
	05	8.127	8.633	6.412	5.519	7.948	8.419	8.314	6.932	7.407	7.809	6.985	6.985	6.515
	06	8.012	8.280	6.490	6.262	7.848	8.528	7.552	7.082	...	...	6.800	7.066	6.497
	07	7.733	7.892	6.429	5.815	7.906	8.936	8.424	6.447	7.971	5.328	5.668	7.093	6.532
	08	8.001	7.369	6.564	6.496	8.041	8.978	8.054	6.661	...	...	6.182	7.147	6.534
	09	8.030	7.887	6.948	6.653	7.666	8.950	8.479	7.097	7.431	6.836	5.879	6.996	6.508
	10	7.857	7.248	6.882	6.308	7.873	8.712	8.096	7.060	7.547	7.762	5.890	6.917	6.701
	11	7.861	7.175	6.221	6.997	7.778	8.624	7.958	6.790	7.185	...	5.300	6.970	6.526
	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	01	7.571	7.922	6.493	6.828	8.297	7.963	7.478	6.564	...	...	6.413	6.868	6.508
	02	7.501	8.398	5.967	6.662	8.402	8.745	8.143	7.295	6.689	7.012	5.999	6.810	6.501
	03	7.905	7.882	6.542	6.330	7.549	8.592	8.093	6.150	7.485	6.979	5.599	6.714	6.517
	04	7.698	7.615	6.507	6.001	7.582	8.096	7.506	6.485	5.886	7.532	5.734	6.776	6.555
	05	7.769	7.979	6.583	6.491	7.567	8.147	8.079	6.450	6.990	7.738	5.154	6.656	6.565
	06	7.585	8.219	6.247	5.918	7.379	7.609	7.713	5.778	7.845	6.292	5.894	6.593	6.602
	07	7.442	7.650	6.503	6.998	7.493	8.129	7.111	6.672	6.871	6.802	5.888	6.692	6.614
	08	7.273	7.987	6.375	7.191	7.469	8.464	6.787	6.887	7.116	7.464	5.925	6.668	6.598
	09	7.213	7.281	5.985	6.019	7.633	7.631	7.729	6.879	6.369	...	6.365	6.533	6.556
	10	7.128	7.283	5.846	5.441	7.659	7.512	7.179	6.380	7.122	7.620	5.626	6.508	6.525
	11	7.354	6.850	5.736	4.965	7.283	7.894	7.781	6.613	7.529	6.888	6.146	6.399	6.519
	12	7.071	7.097	5.798	6.003	6.668	7.572	6.997	6.175	6.479	5.444	4.875	6.355	6.311

Revised data for January 2013.

Notes:

Interest rates statistics, since January 2012, year, has been harmonized with the methodology prescribed by the European Central Bank. More details available via the link: <http://www.cbbh.ba/index.php?id=883&lang=bs&sub=sk>

Data for January - June 2013 are revised.

Interest rates in table for revolving loans and credit cards refer to existing business.

IRF – initial rate fixation

... insufficient data to be published

The interest rates on the revolving loans and credit cards, include 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 Companies
(In percents, at the annual level)

		Households										Non-financial Companies								
		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			Sight Deposits	With Agreed Maturity			Sight Deposits	With Agreed Maturity	Sight Deposits	With Agreed Maturity			Sight Deposits	With Agreed Maturity			Sight Deposits	Sight Deposits
Year	Period	Up to 1 Year Maturity	Over 1 and up to 2 Years Maturity	Over 2 Years Maturity	Sight Deposits	Up to 1 Year Maturity	Over 1 and up to 2 Years Maturity	Over 2 Years Maturity	Sight Deposits	With Agreed Maturity	Sight Deposits	Up to 1 Year Maturity	Over 1 and up to 2 Years Maturity	Over 2 Years Maturity	Sight Deposits	Up to 1 Year Maturity	Over 1 and up to 2 Years Maturity	Over 2 Years Maturity	Sight Deposits	Sight Deposits
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
2012	12	2.079	3.205	4.441	0.140	2.384	3.343	4.022	0.342	1.953	0.092	3.467	4.868	4.159	0.176	1.456	4.026	...	0.136	0.098
2013	01	2.169	3.209	4.035	0.139	2.228	3.354	3.887	0.349	1.707	0.090	3.757	4.788	4.448	0.192	1.908	4.127	5.331	0.132	0.158
	02	2.120	3.484	3.835	0.135	2.200	3.452	4.188	0.342	1.653	0.089	3.334	4.930	4.581	0.190	2.114	4.102	4.806	0.128	0.159
	03	1.957	3.182	3.796	0.134	2.243	3.279	4.158	0.345	1.465	0.090	2.228	4.076	4.809	0.209	2.424	3.829	...	0.152	0.240
	04	1.959	3.459	3.584	0.133	2.239	3.268	3.784	0.318	1.793	0.090	2.119	4.569	4.158	0.206	1.746	4.563	4.393	0.139	0.184
	05	2.117	3.157	3.541	0.157	2.253	3.338	3.915	0.305	2.054	0.082	2.152	4.347	4.740	0.220	1.635	4.080	...	0.209	0.199
	06	2.244	3.282	3.675	0.138	2.281	3.438	4.203	0.264	2.875	0.087	2.469	4.452	3.857	0.216	1.471	4.431	...	0.210	0.110
	07	2.116	3.301	3.712	0.125	2.238	3.212	4.071	0.262	1.195	0.081	2.307	4.150	4.054	0.210	2.173	...	...	0.229	0.161
	08	2.228	3.399	3.639	0.119	2.312	3.355	4.094	0.254	1.350	0.088	2.390	4.091	4.068	0.230	1.097	4.045	3.995	0.137	0.158
	09	2.116	3.320	3.614	0.116	2.293	3.282	4.199	0.246	1.707	0.076	2.307	4.132	4.279	0.231	2.235	3.685	4.123	0.152	0.171
	10	2.186	3.324	3.483	0.117	2.248	3.328	4.010	0.245	1.400	0.075	2.323	4.035	4.528	0.249	2.050	4.082	...	0.151	0.156
	11	1.956	3.233	3.676	0.116	2.115	3.330	4.104	0.242	1.348	0.075	2.011	4.373	3.630	0.237	1.314	2.892	...	0.146	0.122
	12	1.973	3.190	3.866	0.116	2.068	3.190	4.054	0.240	1.232	0.075	1.686	3.862	3.933	0.219	2.458	3.517	...	0.144	0.157
2014	01	2.015	3.125	3.625	0.111	2.025	3.074	3.931	0.228	1.874	0.075	1.656	3.737	3.444	0.217	2.446	3.030	...	0.202	0.120
	02	1.911	3.188	3.571	0.113	1.902	3.196	3.860	0.219	1.622	0.077	2.354	3.953	3.954	0.217	...	3.398	4.780	0.202	0.171
	03	1.887	3.275	3.553	0.097	1.913	3.194	4.016	0.209	1.687	0.078	1.801	3.446	3.909	0.206	1.573	2.947	...	0.211	0.199
	04	1.632	3.205	3.355	0.104	1.801	3.335	3.568	0.221	1.947	0.097	1.957	3.744	4.035	0.219	2.335	3.637	...	0.242	0.167
	05	1.646	3.212	3.305	0.094	1.696	3.207	3.579	0.198	1.921	0.078	0.826	3.388	2.912	0.216	1.079	3.840	...	0.183	0.142
	06	1.405	3.298	3.258	0.095	1.510	3.232	3.832	0.202	1.437	0.079	1.149	3.150	4.502	0.204	1.518	...	3.375	0.201	0.095
	07	1.174	3.256	3.131	0.094	1.892	3.134	3.308	0.195	1.141	0.077	0.821	3.763	3.741	0.195	2.191	2.601	3.559	0.213	0.150
	08	1.555	3.225	3.178	0.091	1.659	3.100	3.369	0.157	1.081	0.058	0.912	3.009	3.653	0.206	1.308	3.051	3.414	0.211	0.113
	09	1.577	3.032	3.117	0.090	1.666	3.104	3.313	0.194	1.190	0.063	1.634	3.329	3.641	0.219	2.176	...	3.775	0.201	0.149
	10	1.602	3.175	3.056	0.089	1.642	3.132	3.336	0.190	1.019	0.065	1.161	3.250	3.066	0.201	1.173	2.300	3.358	0.143	0.128
	11	1.457	2.928	3.050	0.089	1.545	3.040	3.406	0.188	1.068	0.065	1.781	3.058	2.122	0.210	1.973	3.266	...	0.160	0.136
	12	1.263	2.764	2.980	0.089	1.431	2.901	3.173	0.181	0.916	0.064	0.760	2.852	2.970	0.203	1.890	...	2.319	0.132	0.094

Notes:

Interest rates statistics, since January 2012, year, has been harmonized with the methodology prescribed by the European Central Bank. More details available via the link: <http://www.cbbh.ba/index.php?id=883&lang=bs&sub=sk>

Interest rates on sight deposits refer to the existing business.

Interest rates on deposits with agreed maturity refer to new business.

... insufficient data to be published

Foreign currency deposits include all foreign currencies except for EUR

T11 Total Deposits and Loans of Commercial Banks (end of period, in KM million)							
Year	Month	DEPOSITS			LOANS		
		Transferable deposits	Other deposits	Total deposits	Short - term loans	Long - term loans	Total loans
1	2	3	4	5(3+4)	6	7	8(6+7)
1997	12	784.1	598.3	1,382.4	956.7	1,482.9	2,439.6
1998	12	983.8	678.7	1,662.5	1,028.2	1,892.6	2,920.8
1999	12	1,107.7	712.1	1,819.9	852.3	1,928.9	2,781.2
2000	12	1,385.8	568.0	1,953.7	878.3	2,138.6	3,017.0
2001	12	2,061.5	1,209.3	3,270.7	913.3	2,425.7	3,339.0
2002	12	2,293.8	1,430.5	3,724.3	1,097.8	3,183.3	4,281.1
2003	12	2,553.8	1,812.3	4,366.0	1,233.5	3,888.0	5,121.5
2004	12	3,121.7	2,456.7	5,578.4	1,576.2	4,350.9	5,927.1
2005	12	3,876.1	3,000.1	6,876.3	1,837.0	5,707.1	7,544.2
2006	12	4,005.1	4,758.1	8,763.2	2,068.8	7,130.4	9,199.2
2007	12	5,106.5	6,980.7	12,087.2	2,552.7	9,298.7	11,851.4
2008	12	4,905.1	6,970.0	11,875.1	3,439.0	11,070.5	14,509.5
2009	12	5,215.1	6,877.0	12,092.1	3,399.7	10,650.4	14,050.1
2010	12	5,557.7	6,972.4	12,530.0	3,626.5	10,916.9	14,543.4
2011	12	5,518.1	7,474.9	12,993.0	3,984.0	11,327.1	15,311.1
2012	12	5,306.9	8,019.6	13,326.5	4,283.0	11,658.7	15,941.7
2013	12	5,771.9	8,478.0	14,249.9	4,330.2	12,074.7	16,405.0
2014	12	6,292.8	9,083.3	15,376.1	4,182.4	12,705.3	16,887.7
2014	01	5,751.5	8,577.6	14,329.2	4,347.8	12,028.0	16,375.7
	02	5,858.3	8,587.5	14,445.8	4,442.1	12,074.2	16,516.4
	03	5,819.3	8,608.4	14,427.7	4,451.9	12,172.3	16,624.1
	04	5,767.9	8,668.8	14,436.7	4,402.1	12,234.4	16,636.5
	05	5,859.0	8,746.3	14,605.3	4,461.6	12,265.9	16,727.5
	06	5,825.8	8,696.6	14,522.4	4,454.7	12,405.6	16,860.2
	07	6,217.0	8,775.7	14,992.7	4,314.1	12,450.5	16,764.6
	08	6,352.5	8,821.3	15,173.8	4,246.8	12,476.0	16,722.8
	09	6,442.9	8,827.9	15,270.7	4,347.6	12,509.5	16,857.1
	10	6,226.5	8,962.7	15,189.2	4,374.3	12,534.1	16,908.4
	11	6,215.6	9,042.1	15,257.7	4,248.0	12,487.7	16,735.7
	12	6,292.8	9,083.3	15,376.1	4,182.4	12,705.3	16,887.7

Monetary data have been updated based on the new methodology from January 2006.
See note on page 150

Note: Total deposits represent liabilities of commercial banks of BH towards all institutional sectors in domestic and foreign currency. Total loans represent claims of commercial banks of BH to all domestic institutional sectors, in domestic and foreign currency.

T12 Structure of Transferable Deposits by Sectors in Commercial Banks (end of period, in KM million)													
Year	Month	DEPOSITS OF ALL DOMESTIC INSTITUTIONAL SECTORS											Total
		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 and cooperatives	Deposits of nonprofit organisations	Household deposits	Other deposits	
1	2	3	4	5	6	7	8	9	10	11	12	13	14=3+...+13
1997	12	0.0	91.2	17.3	15.1	8.9	11.0	204.8	221.8	63.8	136.1	14.0	784.1
1998	12	0.5	73.7	19.2	11.2	4.4	15.2	235.6	299.1	70.8	240.6	13.4	983.8
1999	12	8.8	48.8	54.4	14.6	19.6	44.4	285.9	298.6	101.4	158.9	72.3	1,107.7
2000	12	12.5	68.8	50.2	29.9	25.1	35.7	334.0	394.1	107.3	236.9	91.2	1,385.8
2001	12	17.7	99.1	86.3	35.6	60.4	55.1	333.4	569.9	88.7	697.2	18.2	2,061.5
2002	12	57.4	149.0	62.0	58.2	50.8	72.3	397.1	544.5	105.9	789.6	7.2	2,293.8
2003	12	47.8	177.4	95.3	63.7	72.2	85.7	501.6	506.6	104.5	892.5	6.4	2,553.8
2004	12	16.4	254.3	163.9	90.6	104.6	86.3	486.9	656.8	118.4	1,134.9	8.6	3,121.7
2005	12	36.6	314.2	231.4	118.7	82.2	113.0	557.9	919.1	108.6	1,385.4	9.1	3,876.1
2006	12	44.2	393.7	351.8	169.8	124.3	155.2	698.3	1,067.2	137.3	853.3	10.1	4,005.1
2007	12	45.7	544.5	381.0	242.0	147.5	186.2	741.0	1,321.0	176.2	1,311.7	9.6	5,106.5
2008	12	52.3	255.2	271.7	204.0	108.2	137.5	782.5	1,328.9	161.3	1,558.8	44.7	4,905.1
2009	12	41.4	416.0	352.7	187.9	148.6	146.5	852.9	1,280.0	173.1	1,601.4	14.5	5,215.1
2010	12	58.8	458.1	291.0	194.6	149.7	144.2	724.5	1,444.3	172.4	1,904.0	16.1	5,557.7
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	517.6	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
2014	01	71.6	361.1	200.9	149.8	75.1	201.3	675.9	1,580.3	195.0	2,227.4	13.0	5,751.5
	02	84.6	350.1	230.1	162.6	109.4	233.0	693.4	1,541.1	200.5	2,239.9	13.8	5,858.3
	03	78.0	377.0	209.6	158.7	98.6	180.2	687.3	1,553.2	206.0	2,254.4	16.3	5,819.3
	04	91.0	375.8	194.3	159.7	88.2	164.7	621.6	1,539.2	209.4	2,310.0	13.9	5,767.9
	05	91.8	347.5	219.5	165.5	83.6	181.3	587.9	1,646.5	220.0	2,302.8	12.7	5,859.0
	06	75.2	356.3	210.3	161.7	59.6	169.8	585.9	1,658.8	225.8	2,309.8	12.6	5,825.8
	07	74.6	628.5	221.9	180.6	83.3	164.6	505.5	1,752.4	248.0	2,344.7	12.9	6,217.0
	08	108.2	576.5	236.4	187.6	69.6	220.0	527.7	1,807.4	267.9	2,338.3	13.1	6,352.5
	09	104.4	494.8	230.8	195.9	67.4	183.8	603.8	1,906.3	253.1	2,389.0	13.5	6,442.9
	10	76.3	489.0	236.5	190.9	63.7	179.3	508.8	1,812.3	249.1	2,409.1	11.5	6,226.5
	11	73.3	435.5	252.6	183.2	45.4	193.9	513.2	1,843.8	249.4	2,413.2	12.0	6,215.6
	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

Monetary data have been updated based on the new methodology from January 2006.
See note on page 150

Note: Transferable deposits are available on demand without restrictions and penalties, directly usable for payments to third parties, special saving accounts with automatic transfer to regular transferable deposits.

T13 Structure of Other Deposits by Sectors in Commercial Banks
 (end of period, in KM million)

Year	Month	DEPOSITS OF ALL DOMESTIC INSTITUTIONAL SECTORS											Total
		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 and cooperatives	Deposits of nonprofit organisations	Household deposits	Other deposits	
1	2	3	4	5	6	7	8	9	10	11	12	13	14=3+...+13
1997	12	0.0	225.5	24.7	5.9	5.8	17.6	40.6	128.3	10.7	137.3	1.9	598.3
1998	12	0.5	203.3	3.9	7.1	6.3	22.1	38.1	178.1	12.4	206.3	0.6	678.7
1999	12	0.4	112.1	10.8	1.6	2.8	19.1	43.5	255.6	18.8	245.9	1.7	712.1
2000	12	5.3	56.5	18.0	4.4	7.6	29.7	42.8	86.8	25.8	285.5	5.6	568.0
2001	12	10.6	150.2	33.5	4.2	8.5	36.9	60.0	120.7	18.4	750.1	16.2	1,209.3
2002	12	23.3	160.6	41.2	12.6	4.2	87.8	59.1	182.9	21.7	831.7	5.3	1,430.5
2003	12	29.1	218.8	54.5	22.2	3.1	103.0	127.3	195.0	19.9	1,033.4	6.0	1,812.3
2004	12	20.0	128.6	66.3	28.4	2.6	126.2	355.9	336.1	28.3	1,354.2	10.0	2,456.7
2005	12	8.2	174.4	58.5	18.9	19.7	190.3	339.1	341.4	41.0	1,801.9	6.7	3,000.1
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	817.1	471.5	79.1	5,134.1	9.2	7,474.9
2012	12	31.7	242.0	21.4	27.6	31.0	598.3	779.7	537.8	87.1	5,639.9	23.0	8,019.6
2013	12	62.7	170.8	21.0	26.6	35.0	651.4	724.7	531.1	100.3	6,137.1	17.1	8,478.0
2014	12	127.1	266.0	36.8	36.0	32.0	674.0	670.4	529.3	115.6	6,579.3	16.6	9,083.3
2014	01	65.2	171.6	20.8	45.0	38.5	666.6	703.7	542.3	102.5	6,208.3	13.2	8,577.6
	02	112.7	133.8	21.1	46.2	37.8	664.7	719.1	528.7	100.9	6,209.2	13.2	8,587.5
	03	113.0	125.1	26.2	50.8	35.9	665.3	683.6	547.1	98.4	6,240.9	22.2	8,608.4
	04	112.3	181.5	26.5	50.9	32.8	658.4	650.9	548.1	105.2	6,279.8	22.4	8,668.8
	05	112.1	205.9	27.4	48.3	33.6	655.7	672.0	551.8	100.1	6,325.5	14.0	8,746.3
	06	111.9	210.6	27.9	44.2	34.3	667.7	584.8	520.9	99.0	6,380.8	14.6	8,696.6
	07	112.4	228.3	33.2	40.8	32.0	664.4	629.2	512.0	100.2	6,409.1	14.1	8,775.7
	08	114.7	231.0	34.5	40.8	32.5	673.4	632.4	502.3	103.6	6,440.8	15.2	8,821.3
	09	114.8	238.9	33.6	40.2	33.0	676.4	544.1	505.8	113.8	6,511.3	16.0	8,827.9
	10	117.6	204.6	33.8	41.4	36.1	682.2	639.6	502.5	116.6	6,571.9	16.4	8,962.7
	11	127.4	207.1	33.3	41.6	36.6	673.7	658.2	500.0	113.1	6,636.7	14.4	9,042.1
	12	127.1	266.0	36.8	36.0	32.0	674.0	670.4	529.3	115.6	6,579.3	16.6	9,083.3

Monetary data have been updated based on the new methodology from January 2006.
See note on page 150

Note: Other deposits permit automatic cash withdrawals but not payments to third parties, time and savings deposits and other deposits.

T14 Structure of Short-Term Loans by Sectors of Commercial Banks (end of period, in KM million)													
Year	Month	LOANS TO ALL DOMESTIC INSTITUTIONAL SECTORS											Total 14=3+...+13
		Loans to BH institutions	Loans to entity governments	Loans to cantonal governments	Loans to municipal governments	Loans to social security funds	Loans to nonbank financial institutions	Loans to nonfinancial public enterprises	Loans to nonfinancial private enterprises and cooperatives	Loans to nonprofit organizations	Loans to households	Other loans	
1	2	3	4	5	6	7	8	9	10	11	12	13	
1997	12	0.0	129.0	3.0	1.4	0.3	2.7	202.1	516.6	3.4	66.9	31.0	956.7
1998	12	0.0	104.5	4.5	2.6	1.5	0.4	199.8	535.9	6.2	42.7	130.2	1,028.2
1999	12	0.1	20.0	8.4	2.5	5.7	1.1	189.2	548.6	2.6	61.6	12.4	852.3
2000	12	0.7	23.9	1.9	7.2	0.2	3.2	246.6	469.5	33.4	88.3	3.6	878.3
2001	12	0.0	7.5	13.3	8.8	3.4	11.6	215.2	544.5	22.5	84.1	2.5	913.3
2002	12	8.6	23.3	13.7	9.5	5.5	15.3	210.5	655.9	13.2	135.1	7.2	1,097.8
2003	12	0.6	23.5	4.8	16.7	0.0	24.8	158.9	815.2	7.4	154.0	27.6	1,233.5
2004	12	0.0	20.9	2.5	22.2	0.0	31.4	160.6	1,056.0	5.2	270.1	7.2	1,576.2
2005	12	0.0	18.6	3.7	27.8	0.0	41.4	116.8	1,213.8	6.1	396.4	12.5	1,837.0
2006	12	0.1	6.8	2.2	1.4	0.1	30.1	88.8	1,453.4	11.8	466.6	7.5	2,068.8
2007	12	0.0	6.9	2.3	0.3	0.0	53.5	84.6	1,819.0	17.0	564.5	4.6	2,552.7
2008	12	0.0	6.6	2.3	10.4	0.1	69.8	87.4	2,579.8	32.8	645.7	4.2	3,439.0
2009	12	0.0	9.3	2.2	31.7	33.5	33.4	90.9	2,459.8	10.6	716.4	12.0	3,399.7
2010	12	0.0	6.7	2.3	21.9	40.6	28.1	80.3	2,624.0	13.5	801.9	7.1	3,626.5
2011	12	0.0	12.5	1.4	21.5	26.0	37.4	81.5	2,935.2	5.9	858.4	4.2	3,984.0
2012	12	0.0	3.2	0.7	22.2	9.9	41.1	85.0	3,188.4	6.7	919.5	6.3	4,283.0
2013	12	0.0	13.5	0.6	40.1	35.3	28.5	100.2	3,152.2	5.5	942.2	12.1	4,330.2
2014	12	0.0	27.3	4.0	45.3	26.0	27.4	100.4	2,953.9	4.9	974.2	19.0	4,182.4
2014	01	0.0	13.7	2.0	42.7	43.8	31.8	96.7	3,169.6	6.2	932.8	8.4	4,347.8
	02	0.0	13.7	2.3	46.8	48.5	30.3	99.7	3,256.9	6.1	929.1	8.8	4,442.1
	03	0.0	13.2	3.0	39.0	48.4	31.8	96.9	3,254.4	6.1	948.9	10.2	4,451.9
	04	0.0	27.2	1.3	40.1	39.0	32.7	107.1	3,202.2	5.3	932.7	14.5	4,402.1
	05	0.0	27.7	8.9	41.1	44.3	30.9	105.1	3,229.1	5.4	954.1	15.2	4,461.6
	06	0.0	56.3	8.9	40.4	44.7	33.7	100.2	3,185.4	5.4	963.7	16.0	4,454.7
	07	0.0	28.2	19.8	43.7	26.5	32.6	93.9	3,079.4	6.0	965.7	18.2	4,314.1
	08	0.0	29.2	29.5	38.6	21.5	33.0	90.7	3,014.6	6.3	964.3	19.2	4,246.8
	09	0.0	37.6	29.7	39.2	28.6	33.2	92.3	3,087.3	6.2	974.5	19.1	4,347.6
	10	0.0	24.5	19.5	51.0	33.1	28.1	93.2	3,122.4	6.4	976.7	19.3	4,374.3
	11	0.0	41.3	21.8	44.9	17.4	25.8	94.6	2,995.0	5.2	979.3	22.6	4,248.0
	12	0.0	27.3	4.0	45.3	26.0	27.4	100.4	2,953.9	4.9	974.2	19.0	4,182.4

Monetary data have been updated based on the new methodology from January 2006.
See note on page 150

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-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 by Sectors of Commercial Banks
(end of period, in KM million)**

Year	Month	LOANS TO ALL DOMESTIC INSTITUTIONAL SECTORS											Total 14=3+...+13
		Loans to BH institutions	Loans to entity governments	Loans to cantonal governments	Loans to municipal governments	Loans to social security funds	Loans to nonbank financial institutions	Loans to nonfinancial public enterprises	Loans to nonfinancial private enterprises and cooperatives	Loans to nonprofit organizations	Loans to households	Other loans	
1	2	3	4	5	6	7	8	9	10	11	12	13	
1997	12	...	...	...	...	...	5.6	897.0	518.1	3.4	54.0	4.8	1,482.9
1998	12	...	...	...	...	...	5.0	900.2	778.4	0.7	204.8	3.3	1,892.6
1999	12	...	...	...	...	...	5.2	814.0	900.8	2.1	206.4	0.4	1,928.9
2000	12	...	...	...	...	...	7.8	1,426.5	405.4	3.1	295.9	0.0	2,138.6
2001	12	...	...	...	...	...	8.4	1,215.6	598.3	5.7	597.8	0.0	2,425.7
2002	12	...	...	...	...	...	12.4	1,044.2	786.3	4.5	1,321.2	14.6	3,183.3
2003	12	...	...	...	...	...	15.4	1,007.8	1,044.3	3.9	1,812.4	4.2	3,888.0
2004	12	...	...	...	...	...	28.7	531.1	1,422.2	6.8	2,357.5	4.7	4,350.9
2005	12	...	...	...	...	...	26.5	578.3	2,030.2	10.8	3,057.0	4.4	5,707.1
2006	12	0.0	0.4	1.3	56.2	0.6	31.8	542.5	2,592.7	10.3	3,893.0	1.5	7,130.4
2007	12	0.7	8.8	1.1	92.3	15.5	77.9	539.6	3,439.2	18.5	5,104.4	0.9	9,298.7
2008	12	1.7	95.6	0.9	132.5	13.5	73.9	539.1	4,142.2	19.5	6,051.1	0.5	11,070.5
2009	12	1.4	89.2	2.1	155.5	19.7	43.6	542.9	4,186.9	17.4	5,590.8	0.9	10,650.4
2010	12	0.1	105.8	40.2	201.6	26.5	27.0	657.4	4,309.5	17.4	5,522.3	9.1	10,916.9
2011	12	0.0	233.2	42.8	251.1	38.8	25.4	682.5	4,186.7	12.7	5,846.4	7.5	11,327.1
2012	12	0.0	404.3	68.7	289.5	28.4	19.3	700.4	4,248.8	16.3	5,875.2	7.9	11,658.7
2013	12	0.0	418.6	77.9	299.4	17.5	23.4	728.5	4,369.0	15.0	6,123.0	2.5	12,074.7
2014	12	0.0	465.2	161.2	295.2	77.1	20.0	753.4	4,429.6	9.7	6,491.7	2.3	12,705.3
2014	01	0.0	414.8	74.9	294.7	16.6	23.4	722.0	4,341.9	16.2	6,120.9	2.4	12,028.0
	02	0.0	430.4	76.3	287.9	15.8	23.1	730.8	4,353.6	15.6	6,138.3	2.4	12,074.2
	03	0.0	427.0	84.9	299.2	14.9	22.0	724.9	4,377.3	15.8	6,203.9	2.3	12,172.3
	04	0.0	423.7	83.2	296.4	14.0	22.2	717.0	4,398.0	10.9	6,266.6	2.4	12,234.4
	05	0.0	420.9	92.3	295.2	13.5	22.0	721.8	4,378.8	10.9	6,308.3	2.3	12,265.9
	06	0.0	445.3	109.5	299.1	12.9	23.0	720.5	4,423.6	10.8	6,358.6	2.3	12,405.6
	07	0.0	436.9	118.6	295.6	12.3	21.0	726.6	4,435.1	10.5	6,391.7	2.4	12,450.5
	08	0.0	434.8	137.0	298.0	21.3	20.5	736.3	4,418.7	10.1	6,396.9	2.5	12,476.0
	09	0.0	431.4	135.2	299.7	20.5	19.4	749.7	4,410.4	9.9	6,430.9	2.4	12,509.5
	10	0.0	432.7	144.6	286.2	19.7	19.8	747.3	4,413.4	9.6	6,458.5	2.3	12,534.1
	11	0.0	433.6	152.6	289.4	47.9	17.2	747.9	4,323.1	9.6	6,464.3	2.2	12,487.7
	12	0.0	465.2	161.2	295.2	77.1	20.0	753.4	4,429.6	9.7	6,491.7	2.3	12,705.3

Monetary data have been updated based on the new methodology from January 2006.
See note on page 150

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		KM Buying and Selling (in KM thousand)				
Year	Month	Selling	Buying	Balance	Cumulative Balance	
1	2	3	4	5 (3-4)	6	
1997		71,484	71,160	324	324	
1998		382,193	319,508	62,685	63,009	
1999		1,136,535	577,983	558,552	621,561	
2000		1,413,730	1,287,796	125,934	747,495	
2001		3,758,768	2,141,044	1,617,724	2,365,219	
2002		3,665,370	3,907,317	-241,947	2,123,272	
2003		2,026,594	1,751,730	274,864	2,398,136	
2004		4,295,881	3,648,609	647,273	3,045,409	
2005		3,324,413	2,623,382	701,031	3,746,440	
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	
2014	01	230,213	362,140	-131,927	6,010,089	
	02	315,380	304,566	10,814	6,020,903	
	03	260,958	297,179	-36,221	5,984,682	
	04	386,749	213,267	173,482	6,158,163	
	05	218,567	221,263	-2,696	6,155,468	
	06	407,913	416,605	-8,691	6,146,776	
	07	783,689	407,523	376,165	6,522,942	
	08	423,120	229,070	194,050	6,716,992	
	09	466,811	424,614	42,197	6,759,189	
	10	398,051	493,859	-95,808	6,663,381	
	11	401,747	342,703	59,044	6,722,425	
	12	772,161	666,259	105,902	6,828,327	

T17 Average Required Reserves (in KM thousand)						
Year	Month	Base for calculation of required reserves	Average reserve requirement	Average balance in reserve accounts	Total funds for reserve maintenance*	Balance
1	2	3	4	5	6	7 = 6-4
1998		131,976	13,198	38,350	42,028	28,830
1999		288,950	28,895	107,506	115,974	87,079
2000		709,104	70,910	232,435	260,143	189,233
2001		979,952	97,995	242,144	340,140	242,144
2002		1,510,313	151,031	317,169	460,097	309,065
2003**						
2004		6,596,857	406,560	1,061,712	1,061,712	655,151
2005		8,456,603	885,528	1,516,182	1,516,182	630,653
2006		10,905,879	1,635,882	2,372,908	2,372,908	737,026
2007		14,328,455	2,149,268	3,309,562	3,309,562	1,160,294
2008		17,320,130	2,961,865	3,630,571	3,630,571	668,706
2009		16,194,265	1,754,398	3,010,417	3,010,417	1,256,019
2010		15,617,849	1,624,905	3,154,793	3,154,793	1,529,888
2011		15,227,393	1,323,886	2,959,315	2,959,315	1,635,429
2012		14,755,574	1,257,850	2,711,013	2,711,013	1,453,163
2013		15,162,241	1,290,758	3,103,865	3,103,865	1,813,107
2014		15,999,278	1,370,137	3,577,824	3,577,824	2,207,688
2014	01	15,706,870	1,343,434	3,412,406	3,412,406	2,068,973
	02	15,695,923	1,342,371	3,403,193	3,403,193	2,060,822
	03	15,739,902	1,346,948	3,351,896	3,351,896	2,004,948
	04	15,678,180	1,340,562	3,366,649	3,366,649	2,026,088
	05	15,768,405	1,348,988	3,437,365	3,437,365	2,088,377
	06	15,783,696	1,348,990	3,422,732	3,422,732	2,073,742
	07	15,920,519	1,364,415	3,684,019	3,684,019	2,319,604
	08	16,191,541	1,389,386	3,764,756	3,764,756	2,375,369
	09	16,416,306	1,410,239	3,856,249	3,856,249	2,446,010
	10	16,379,844	1,405,288	3,778,209	3,778,209	2,372,921
	11	16,357,824	1,400,369	3,750,029	3,750,029	2,349,660
	12	16,352,327	1,400,648	3,706,385	3,706,385	2,305,737

Note:

From June 1st, 2003 the following changes were made in calculation of required reserves: the required reserves rate was reduced from 10% to 5%, foreign currency deposits and borrowing were included in the base for calculation of required reserves, in addition to deposits in KM, while cash holdings in banks' vaults were eliminated as an eligible asset for maintenance of required reserves.

From September 1st, 2004 the reserve requirement was increased to 7.5% and from December 1st, 2004 it was increased to 10%.

From December 1st, 2005 the required reserves rate was 15%. The remuneration rate was calculated as follows: - on the amount a given bank is required to maintain as required reserves - 0.5%, - on the amount in excess of the required reserve on the basis of an arithmetic average and/or weighted average of interest rates which the Central Bank earned in the same period on deposits invested up to a month.

From January 1st, 2008 the required reserves rate was increased from 15% to 18%.

From October 11th, 2008 the required reserves rate was decreased from 18% to 14%.

From January 1st, 2009 the required reserves rate was 14% on deposits and borrowed assets with contracted maturity up to one year and 10% on deposits and borrowed assets with contracted maturity over one year.

From May 1st, 2009 the required reserves rate was 7% on deposits and borrowed assets with contracted maturity over one year.

From April 1st, 2009 the remuneration rate was calculated as follows:

- on the amount of required reserves it is 0.5%,

- on the amount in excess of required reserves, at the rate calculated as an average of interest rates earned by the Central Bank on deposits invested up to one month.

From July 1, 2010 the remuneration rate on the amount of required reserves is changed and calculated as an average of interest rates, which were earned by the Central Bank on overnight deposits in the same period, while the remuneration rate on the amount of excess reserves remained unchanged.

From February 1st, 2011 the required reserves rate on deposits and borrowed assets with contracted maturity up to one year was declined from 14% to 10%, while required reserves rate on deposits and borrowed assets with contracted maturity over one year was not changed.

From August 1, 2011 the remuneration rate is calculated as the weighted average interest rate which was earned by the Central Bank of BH in the market on deposits invested up to a month in the same period; 70% of this rate is applied for the amount of required reserves, and 90% of the same rate on the amount of excess reserves.

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 0 at minimum, while 90% of the mentioned rate is calculated on the amount of excess reserves or 0 at minimum

*Until 2003, the assets in banks' vaults were included in total funds for required reserves maintenance.

**Data on average required reserves for 2003 are not applicable due to a change in calculation of required reserves from June 1, 2003.

T18		Payments System Transactions (in KM million)					
Year	Month	RTGS		GIRO CLEARING		TOTAL	
		Volume of transactions	Value	Volume of transactions	Value	Volume of transactions	Value
1	2	3	4	5	6	7=3+5	8=4+6
2001		332,622	9,701	11,583,600	7,144	11,916,222	16,845
2002		257,691	13,520	15,269,148	8,990	15,526,839	22,510
2003		293,847	14,460	17,427,404	9,883	17,721,251	24,342
2004		480,935	19,179	20,761,227	9,205	21,242,162	28,384
2005		521,014	27,237	22,388,413	8,958	22,909,427	36,195
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
2014	01	56,563	4,595	2,707,261	975	2,763,824	5,569
	02	59,636	5,185	2,796,908	1,017	2,856,544	6,202
	03	65,139	5,176	3,094,418	1,139	3,159,557	6,314
	04	72,195	6,444	3,220,934	1,227	3,293,129	7,671
	05	60,662	5,588	2,806,870	1,046	2,867,532	6,634
	06	66,057	5,896	3,098,749	1,147	3,164,806	7,043
	07	74,370	7,783	3,366,148	1,260	3,440,518	9,043
	08	67,362	6,966	3,028,828	1,152	3,096,190	8,117
	09	75,098	7,031	3,232,244	1,248	3,307,342	8,279
	10	75,596	6,505	3,342,589	1,277	3,418,185	7,782
	11	65,706	5,705	2,898,727	1,101	2,964,433	6,807
	12	83,513	7,025	3,514,764	1,372	3,598,277	8,396

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	-1,736	-104
2008	-10,472	2,186	943	3,827	383	-3,132	-3,314	-182
2009	-7,632	1,748	955	3,341	350	-1,238	-1,126	112
2010	-7,426	1,953	413	3,529	389	-1,142	-987	155
2011	-8,080	1,847	211	3,540	357	-2,127	-2,050	77
2012	-8,002	1,801	238	3,679	336	-1,948	-1,737	212
2013	-7,316	1,806	330	3,669	337	-1,174	-859	315
2014	-8,101	1,822	314	3,898	516	-1,551	-1,301	251
2012 Q1	-1,798	385	101	828	76	-408	-650	-241
Q2	-1,924	464	9	930	80	-441	-303	138
Q3	-2,256	538	115	944	91	-568	-404	164
Q4	-2,024	413	12	978	89	-532	-380	152
2013 Q1	-1,661	384	78	832	78	-290	-464	-175
Q2	-1,676	486	-60	918	79	-253	-235	17
Q3	-1,922	527	168	946	91	-189	-3	186
Q4	-2,058	409	145	972	89	-443	-157	286
2014 Q1	-1,795	426	65	825	77	-403	-560	-157
Q2	-1,967	435	14	991	85	-442	-300	143
Q3	-2,189	541	111	1,046	178	-313	-123	190
Q4	-2,150	420	125	1,037	176	-392	-317	75

T20 Current Account and Capital Account
(in KM million)

Period	CURRENT ACCOUNT											CAPITAL ACCOUNT		
	Total			Goods		Services		Primary income		Secondary income		Credit	Debit	Balance
	Credit	Debit	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	13,262	15,546	-2,284	5,844	13,846	2,590	790	871	633	3,957	277	336	0	336
2013	13,784	15,295	-1,511	6,427	13,743	2,564	758	845	515	3,948	279	337	0	337
2014	14,379	16,446	-2,067	6,622	14,723	2,635	813	926	612	4,196	298	516	0	516
2012 Q1	2,895	3,379	-484	1,284	3,082	517	132	199	98	895	67	76	0	76
Q2	3,474	3,995	-521	1,601	3,525	657	194	218	209	998	68	80	0	80
Q3	3,574	4,233	-659	1,491	3,747	834	296	232	117	1,017	73	91	0	91
Q4	3,318	3,938	-620	1,467	3,491	582	168	222	210	1,047	70	89	0	89
2013 Q1	3,062	3,430	-367	1,437	3,098	522	138	202	124	902	70	78	0	78
Q2	3,621	3,953	-332	1,748	3,424	671	186	213	273	988	70	79	0	79
Q3	3,672	3,952	-280	1,630	3,552	801	273	227	58	1,014	68	91	0	91
Q4	3,429	3,960	-531	1,611	3,669	571	162	204	59	1,043	71	89	0	89
2014 Q1	3,163	3,643	-480	1,485	3,280	568	142	216	151	895	70	77	0	77
Q2	3,566	4,093	-527	1,643	3,610	631	195	230	217	1,062	71	85	0	85
Q3	3,953	4,445	-491	1,738	3,927	836	295	253	142	1,126	80	178	0	178
Q4	3,696	4,265	-568	1,756	3,905	601	181	227	102	1,113	76	176	0	176

T21 Financial Account (in KM million)					
Period	FINANCIAL ACCOUNT				Total
	Direct investments	Portfolio investments	Other investments	Reserve assets	
2007	-2,560	4	-422	1,242	-1,736
2008	-1,315	29	-1,565	-462	-3,314
2009	-344	274	-952	-104	-1,126
2010	-532	173	-886	258	-987
2011	-674	46	-1,389	-33	-2,050
2012	-509	16	-1,316	73	-1,737
2013	-439	130	-1,259	709	-859
2014	-826	95	-1,254	685	-1,301
2012 Q1	-56	-7	-273	-314	-650
Q2	-158	44	41	-230	-303
Q3	-149	-18	-631	394	-404
Q4	-146	-4	-453	224	-380
2013 Q1	-324	50	-22	-168	-464
Q2	-208	21	-290	241	-235
Q3	-30	20	-441	447	-3
Q4	122	39	-507	189	-157
2014 Q1	-298	8	-109	-161	-560
Q2	-235	27	-254	163	-300
Q3	-145	-19	-584	625	-123
Q4	-147	80	-307	57	-317

Creditor	T22 Government Sector Foreign Debt Servicing (in KM thousand)						
	2010	2011	2012	2013	2014		
					Principal	Interest	Total
Public creditors	237,153	269,064	339,601	617,207	597,260	96,458	693,718
International and regional organizations	194,974	226,021	290,493	559,130	547,007	73,685	620,692
European Investment Bank	25,148	30,871	38,236	40,804	29,350	22,233	51,583
European Bank for Reconstr. and Development	57,909	72,598	75,034	90,998	100,925	11,511	112,436
World Bank - IDA	38,642	43,102	49,547	51,296	43,172	13,317	56,489
World Bank - IBRD ¹⁾	47,811	48,164	51,290	45,057	35,106	8,384	43,490
Council of Europe Development Bank ¹⁾	654	651	991	1,818	2,287	799	3,086
International Fund of Agriculture Development	1,489	1,932	2,341	6,412	2,385	517	2,902
IMF	11,001	15,463	64,134	318,723	325,959	12,840	338,799
EUROFIMA	7,580	8,398	0	0	0	0	0
European Commission	4,741	4,844	8,919	4,022	7,823	4,084	11,907
Government and government agencies	42,179	43,043	49,108	58,077	50,253	22,773	73,026
Paris Club ¹⁾	27,402	28,470	30,493	31,746	21,697	12,114	33,811
Saudi Development Fund	2,721	2,607	3,050	4,808	3,102	1,403	4,505
Other bilateral ²⁾	12,056	11,966	15,566	21,523	25,454	9,255	34,710
Private creditors	63,680	70,927	73,682	67,604	62,569	4,608	67,177
London Club ¹⁾	63,680	70,927	73,682	67,604	62,569	4,608	67,177
Total	300,832	339,992	413,283	684,810	659,829	101,066	760,895

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 Raiffeisen Bank.

T23 Foreign Debt of BH General Government by Creditors** (in KM thousand)								
Kreditor	2008	2009	2010	2011	2012	2013	2014*	Undisbursed as of
								2014**
Public creditors								
International and regional organizations								
European Investment Bank	246,090	368,263	537,870	704,579	973,305	1,197,893	1,461,725	732,654
European Bank for Reconstr. and Development	217,243	357,804	427,819	481,540	623,344	743,616	752,038	106,987
World Bank - IDA	1,497,781	1,497,460	1,738,590	1,803,033	1,769,456	1,692,110	1,804,338	252,333
World Bank - IBRD ⁵⁾	614,372	569,232	654,872	692,060	675,710	622,817	713,731	136,187
European Development Bank	29,359	31,834	35,843	37,180	36,776	35,180	63,239	26,599
International Fund for Agriculture Development	51,447	56,108	64,100	68,235	70,302	69,067	74,075	7,555
International Monetary Fund	0	388,705	767,071	784,851	950,444	851,771	1,061,656	0
EUROFIMA ¹⁾	23,071	13,146	7,839	0	0	0	0	0
European Commission	78,233	78,233	74,322	70,410	62,587	250,346	242,523	0
Others ²⁾	7,399	10,295	14,163	14,033	12,690	13,644	20,460	56,449
Government and government agencies								
Saudi Development Fund	27,188	24,428	24,424	33,780	49,628	68,419	87,916	13,077
Paris Club ¹⁾	879,236	828,455	834,959	825,224	781,672	755,540	815,779	0
Japan	61,947	57,642	69,858	73,248	62,324	48,251	47,081	166,258
Kuwait ³⁾	36,945	29,381	30,829	28,997	27,971	24,212	24,132	0
Others ³⁾⁴⁾	188,865	198,101	316,369	395,378	446,030	468,033	499,277	532,916
Private creditors								
London Club ¹⁾	230,489	651,298	599,205	541,875	479,306	416,737	354,168	0
Others	50,727	73,717	90,687	106,621	133,936	151,182	159,512	21,296
Total	4,240,392	5,234,102	6,288,820	6,661,044	7,155,480	7,408,819	8,181,651	2,052,312

Source: BH Ministry of Finance and Treasury database.

Note: Debt outstanding at the end of fourth quarter (Q4) is debt outstanding at the end of the year. Debt outstanding is calculated by converting the foreign currency in which each loan is denominated into KM at exchange rates quoted by the CBBH for the given date. Additionally, there are BH state guarantees for the debt of public corporations of KM 11.34 million.

1) Debt incurred before 1992.

2) Including OPEC Fund.

3) Including direct loans to the entity governments.

4) This category includes Austria, Belgium, Hungary, Portugal, Spain, Sweden, Korea, Libya, KFW Agency, Bank for Labour and Economy and Austrian Postal Saving Bank.

5) Includes old and new debt.

* Preliminary data.

**Data revised in accordance with the update of database on January 24, 2014.

T24 CBBH Foreign Reserves (end of period, in KM million)											
Year	Month	GROSS FOREIGN RESERVES							Net foreign reserves	Monetary liabilities	CBBH net foreign assets
		Gold	SDR holdings	CBBH foreign reserves	Deposits with non-resident banks	Other	Investment in foreign securities	9=3+...+8			
1	2	3	4	5	6	7	8	9=3+...+8	10	11	12=10-11
1997	12	0.0	0.0	6.2	138.0	0.0	0.0	144.1	144.1	160.3	-16.1
1998	12	0.0	0.0	32.7	250.6	0.0	0.0	283.3	283.3	253.9	29.4
1999	12	0.0	0.0	83.5	782.2	1.3	0.0	867.0	866.9	836.7	30.3
2000	12	0.0	0.0	38.1	983.2	6.2	0.0	1,027.5	1,027.3	973.2	54.1
2001	12	0.0	0.0	804.9	1,891.6	11.9	0.0	2,708.4	2,678.4	2,591.6	86.8
2002	12	0.0	5.9	58.9	2,399.6	19.7	0.0	2,484.1	2,482.9	2,345.2	137.7
2003	12	0.0	5.3	59.1	2,716.2	12.3	0.0	2,792.9	2,791.9	2,627.7	164.1
2004	12	0.0	0.7	37.1	3,419.7	21.5	0.0	3,479.0	3,478.0	3,303.6	174.4
2005	12	0.0	0.5	40.5	4,154.9	28.6	0.0	4,224.5	4,223.5	4,010.1	213.4
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
2014	01	172.0	96.2	119.7	2,469.4	0.0	4,165.9	7,023.2	7,022.2	6,568.8	453.3
	02	182.3	2.6	57.6	1,976.5	0.0	4,727.9	6,946.8	6,944.7	6,483.6	461.1
	03	175.2	2.6	72.6	1,504.3	0.0	5,199.0	6,953.8	6,952.1	6,489.0	463.1
	04	175.4	5.2	93.1	1,532.9	0.0	5,271.8	7,078.3	7,077.1	6,624.7	452.4
	05	172.6	2.8	111.7	1,418.1	0.0	5,382.0	7,087.2	7,085.2	6,619.4	465.7
	06	183.0	2.7	59.4	1,439.5	0.0	5,459.3	7,143.8	7,142.7	6,652.1	490.6
	07	179.6	6.4	75.6	2,082.8	0.0	5,142.2	7,486.5	7,485.3	6,990.2	495.2
	08	183.2	3.8	95.3	2,620.9	0.0	4,790.2	7,693.5	7,692.5	7,181.3	511.1
	09	178.7	3.5	40.5	2,530.5	0.0	4,983.6	7,736.7	7,735.0	7,223.6	511.5
	10	175.0	8.2	51.9	2,275.4	0.0	5,133.2	7,643.7	7,642.4	7,130.9	511.5
	11	175.5	5.1	61.6	2,101.3	0.0	5,365.7	7,709.3	7,707.8	7,186.6	521.1
	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

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 (in KM million)					
Year	Month	Exports of goods	Imports of goods	Trade balance	Exports/imports coverage, in %
1	2	3	4	5=(3-4)	6=(3/4)x100
1998		1,043	5,120	-4,077	20.4
1999		1,376	6,048	-4,672	22.7
2000		2,265	6,583	-4,318	34.4
2001		2,256	7,331	-5,076	30.8
2002		2,089	8,048	-5,958	26.0
2003		2,323	8,319	-5,996	27.9
2004		2,819	9,306	-6,487	30.3
2005		3,783	11,179	-7,395	33.8
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		8,684	16,199	-7,516	53.6
2014	01	655	1,004	-349	65.2
	02	672	1,267	-595	53.0
	03	736	1,357	-621	54.2
	04	737	1,331	-594	55.4
	05	649	1,350	-701	48.1
	06	748	1,326	-577	56.5
	07	792	1,423	-632	55.6
	08	635	1,365	-731	46.5
	09	798	1,483	-685	53.8
	10	791	1,536	-745	51.5
	11	740	1,353	-612	54.7
	12	731	1,405	-674	52.1

Note: Most recent data on imports of goods as per the Special Trade System provided by the BH Agency for Statistics; scope and value adjustments prepared for the BoP reporting 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
1999		144,235	202,375	244,408	269,301	96440	62316	...	356,544	1,375,619
2000		262,061	173,413	464,820	515,014	150,614	74,194	...	624,805	2,264,921
2001		328,378	247,278	466,386	412,797	175,634	83,190	...	541,863	2,255,526
2002		262,698	313,266	421,059	248,396	174,258	83,640	...	585,839	2,089,156
2003		289,074	406,121	382,257	340,796	249,706	82,094	...	572,797	2,322,846
2004		268,389	609,975	446,073	492,555	256,498	136,048	...	609,242	2,818,780
2005		429,036	775,428	587,960	496,275	365,199	163,432	...	965,951	3,783,280
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	955,044	800,690	1,197,634	697,785	755,827	293,818	2,665,491	8,683,780
2014	01	115,526	72,818	64,725	88,333	54,270	54,637	14,791	189,477	654,576
	02	111,871	71,612	53,548	89,214	55,592	53,461	23,544	213,115	671,957
	03	117,557	84,606	67,800	99,977	58,919	62,928	26,298	217,796	735,883
	04	112,006	76,921	61,580	99,601	59,473	63,088	31,972	232,143	736,785
	05	108,019	78,408	46,603	89,788	50,094	60,997	21,078	193,819	648,807
	06	109,769	83,989	59,624	115,201	65,915	64,749	23,540	225,614	748,401
	07	113,332	88,569	70,778	125,272	62,765	73,931	24,181	232,684	791,511
	08	92,663	70,424	65,925	78,336	50,599	60,804	20,959	194,997	634,707
	09	121,220	82,755	79,472	119,995	59,927	72,001	18,161	244,643	798,174
	10	112,846	87,924	80,770	102,034	64,525	68,865	27,859	246,237	791,061
	11	112,198	78,047	71,306	99,234	63,262	67,525	28,121	220,797	740,491
	12	90,483	78,971	78,558	90,649	52,443	52,842	33,313	254,169	731,427

Note: The share of BH exports to a country in the total BH exports in 2010 was used as a criterion for selecting the mode of presentation of a given country of destination. Therefore, all countries with an export share over 4% of total BH exports for 2010 are presented separately, while other countries are grouped together in the column "Other countries".

* Until February 12, 2007, the data on exports to Serbia and Montenegro were presented as exports to Serbia, and since then exports to 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
1999		1,020,151	384,395	633,553	978,755	...	753,158	...	288,118	...	296,611	1,693,171	6,047,912
2000		953,134	439,282	805,186	704,214	...	998,717	...	368,070	...	307,729	2,006,271	6,582,603
2001		1,104,538	523,827	772,527	957,233	...	945,602	...	416,642	...	411,652	2,199,407	7,331,428
2002		1,330,043	697,856	998,531	789,764	...	906,329	...	463,792	...	491,428	2,369,838	8,047,581
2003		1,446,124	656,626	1,007,015	852,243	116,439	774,398	132,012	360,981	106,005	510,172	2,356,925	8,318,941
2004		1,633,847	946,962	1,101,218	850,747	218,963	712,071	215,936	396,408	123,417	411,549	2,694,823	9,305,942
2005		1,886,484	1,135,162	1,605,765	1,000,500	322,357	779,943	381,513	488,104	213,567	409,603	2,955,547	11,178,545
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		1,851,679	1,629,521	1,869,579	1,653,565	1,292,467	763,235	1,359,548	532,109	475,386	433,638	4,338,579	16,199,306
2014	01	127,080	91,829	120,987	98,092	68,390	48,276	75,213	33,908	42,164	29,746	268,184	1,003,870
	02	129,820	108,222	149,868	122,308	175,819	58,196	96,418	40,209	30,546	31,739	323,672	1,266,818
	03	147,372	129,056	163,690	147,367	91,299	64,629	126,250	43,729	37,048	36,804	369,447	1,356,692
	04	168,398	144,906	164,449	153,705	41,030	72,746	91,440	45,383	34,214	42,541	372,069	1,330,882
	05	149,864	120,064	151,117	150,228	175,498	65,418	81,749	47,104	31,610	31,091	346,269	1,350,012
	06	156,932	143,219	155,507	148,543	111,155	64,247	98,316	39,924	21,940	33,095	352,780	1,325,658
	07	178,953	145,451	171,994	159,315	58,909	71,500	126,969	46,499	33,016	40,749	389,829	1,423,185
	08	178,284	155,408	148,125	103,699	120,018	56,912	127,353	45,057	32,548	36,845	360,997	1,365,246
	09	168,362	149,909	160,741	137,969	90,082	69,957	120,731	49,223	97,958	36,240	401,580	1,482,753
	10	164,524	150,499	165,290	157,799	137,862	70,468	158,423	51,022	42,620	41,090	396,637	1,536,234
	11	136,021	138,511	150,579	138,017	113,333	63,284	128,855	46,788	33,858	38,076	365,400	1,352,724
	12	146,068	152,446	167,232	136,521	109,071	57,603	127,831	43,262	37,863	35,620	391,716	1,405,232

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 Composition of Goods Exports and Imports by Products
 (in KM million)

Products group	Exports of goods					Imports of goods				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Total	7,095.5	8,222.1	7,858.0	8,380.3	8,683.8	13,616.2	15,525.4	15,252.9	15,169.8	16,199.3
Animals and animal origin products	117.8	129.0	134.3	127.5	114.6	371.7	414.6	425.0	442.7	456.7
Vegetable origin products	119.3	101.7	91.1	128.8	158.9	602.2	681.8	705.8	663.6	710.3
Animal or vegetable fats and oils	55.1	58.2	75.9	92.6	93.3	103.3	146.4	171.9	162.3	150.7
Food products	260.9	323.3	336.7	324.9	282.5	1,425.2	1,527.1	1,513.9	1,482.8	1,434.2
Mineral origin products	1,215.7	1,316.0	872.0	1,091.9	949.2	2,743.9	3,456.7	3,229.0	3,045.2	2,813.2
Chemical products and related industry products	488.7	570.6	533.2	531.6	604.5	1,345.7	1,475.5	1,522.5	1,475.4	1,565.6
Plastic, caoutchouc and rubber products	132.5	166.0	202.7	229.0	249.2	725.1	800.4	846.8	858.8	949.6
Fur and leather	107.8	178.9	179.8	170.8	147.2	298.0	382.1	397.8	426.1	482.3
Wood and wood products	424.2	504.4	507.4	579.5	645.0	154.3	168.2	158.0	165.3	191.3
Cellulose, paper, carboard and products thereof	205.9	234.9	224.7	233.5	230.1	372.1	398.4	353.3	352.3	387.4
Textile and textile products	316.0	353.1	332.2	371.4	425.2	708.1	754.9	734.7	827.3	986.2
Footwear, headwear and similar products	412.4	461.4	476.3	557.2	666.2	226.4	252.1	251.1	276.7	329.2
Stone, plaster, cement, ceramics, glass products and similar	51.8	49.3	49.0	52.3	62.7	283.6	296.9	284.3	280.8	302.9
Pearls, precious metals and products thereof, prec. or semi-prec. stones	3.8	12.1	19.7	36.2	12.9	12.2	14.2	11.5	12.5	13.9
Base metals and products thereof	1,609.0	1,934.6	1,908.8	1,753.9	1,749.1	1,209.2	1,384.0	1,330.1	1,399.8	1,500.4
Machinery and mechanical/electric appliances	696.3	815.1	791.3	859.6	939.5	1,764.4	1,870.2	1,881.1	1,866.6	2,337.9
Vehicles and transportation equipment	154.0	189.0	203.0	260.4	299.9	755.5	1,053.7	909.9	936.7	1,037.9
Watches, musical and medical instruments, measuring tools	16.3	19.0	19.5	17.1	17.2	242.1	191.7	211.7	181.2	192.9
Arms and ammunition; parts and accessories thereof	29.5	44.5	79.0	63.5	92.1	6.2	3.7	4.5	7.9	6.3
Miscellaneous products	678.2	760.1	821.2	898.5	944.4	266.2	251.3	309.5	305.0	350.2
Works of art, collectors' pieces and antiques	0.3	0.8	0.0	0.2	0.1	0.7	1.3	0.5	0.5	0.4
Unclassified	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0

Note:

- The source of this data is the Agency for Statistics of Bosnia and Herzegovina.
- The data on exports and imports of goods are classified in accordance with World Trade Organization's Harmonized System codes.

T29 Average Exchange Rates of convertible mark

		EMU	Croatia	Hungary	Slovenia	Switzerland	UK	USA	Serbia
		EUR	HRK	HUF	SIT	CHF	GBP	USD	RSD
Year	Month	1	100	100	100	1	1	1	100
1998		1.972018	....	....	1.060839	1.214705	2.918182	1.761376	...
1999		1.955830	....	0.718689	1.009530	1.222682	2.967027	1.834282	...
2000		1.955830	25.617210	0.752855	0.949208	1.255752	3.206893	2.118857	...
2001		1.955830	26.193657	0.762688	0.897501	1.295163	3.146578	2.185558	...
2002		1.955830	26.407764	0.805188	0.865838	1.333166	3.112649	2.076755	3.206892
2003		1.955830	25.863200	0.772600	0.836500	1.286900	2.829700	1.733500	3.009400
2004		1.955830	26.100232	0.777071	0.818152	1.266918	2.883133	1.575463	2.699271
2005		1.955830	26.422917	0.788640	0.816393	1.263147	2.859614	1.572843	2.360525
2006		1.955830	26.703006	0.741214	0.816303	1.243337	2.869188	1.559433	2.327066
2007		1.955830	26.653716	0.778418	...	1.190857	2.858739	1.429542	2.446287
2008		1.955830	27.072193	0.778567	...	1.233196	2.462700	1.336615	2.406718
2009		1.955830	26.641714	0.698858	...	1.295257	2.195821	1.406763	2.083674
2010		1.955830	26.836049	0.710646	...	1.417637	2.280434	1.476950	1.903300
2011		1.955830	26.296474	0.702511	...	1.589068	2.253721	1.406117	1.918824
2012		1.955830	26.003868	0.676389	...	1.622699	2.412276	1.522668	1.732491
2013		1.955830	25.806786	0.658705	...	1.589326	2.304432	1.473557	1.729721
2014		1.955830	25.619449	0.633710	...	1.610337	2.426325	1.474019	1.668863
2014	01	1.955830	25.621529	0.649072	...	1.588244	2.362216	1.434712	1.695894
	02	1.955830	25.542366	0.630010	...	1.600987	2.372108	1.434099	1.687248
	03	1.955830	25.543019	0.627821	...	1.606795	2.352640	1.414790	1.688183
	04	1.955830	25.643160	0.636098	...	1.604622	2.369422	1.415872	1.692901
	05	1.955830	25.746483	0.641345	...	1.602654	2.396679	1.423416	1.690938
	06	1.955830	25.810834	0.639996	...	1.605581	2.432532	1.438953	1.692810
	07	1.955830	25.693029	0.631643	...	1.609806	2.465801	1.443719	1.683618
	08	1.955830	25.623450	0.623186	...	1.613669	2.452542	1.467822	1.667740
	09	1.955830	25.654929	0.624395	...	1.619759	2.471781	1.514870	1.649089
	10	1.955830	25.545618	0.635095	...	1.619315	2.480241	1.542801	1.638813
	11	1.955830	25.502137	0.637072	...	1.625694	2.476015	1.568864	1.631164
	12	1.955830	25.503667	0.628514	...	1.626480	2.480115	1.585814	1.609430

T30	BH Government Finances - 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
2003	270.7	3,889.1	1,853.5	199.9	6,021.0	254.6	3,706.7	1,749.7	161.8	5,680.4	237.9	102.6
2004	334.9	4,163.0	1,853.7	206.1	6,380.2	295.5	3,877.5	1,743.9	157.3	5,896.7	229.5	253.9
2005	472.5	4,488.3	2,078.5	178.7	7,122.1	399.5	4,082.6	1,810.8	162.6	6,359.5	351.8	410.8
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	6,610.3	3,570.5	232.6	11,374.3	939.0	6,471.9	3,415.6	219.2	10,936.7	1,046.8	-609.2
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	1,497.5	854.8	59.7	2,685.6	273.3	1,661.4	854.3	61.6	2,807.0	91.6	-213.0
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

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.

T31 BH Government Finances - Structure of Consolidated Revenues and Expenditures
 (in KM million)

	Taxes	Social contributions	Grants and other revenues	Consolidated revenues	Employee compensations	Use of goods and services	Interest	Subsidies	Social benefits	Grants and other expenses	Consolidated expenses	Net acquisition of nonfinancial assets
2003	3,223.6	1,877.8	919.6	6,021.0	1,783.5	1,518.4	107.2	154.8	1,749.7	366.7	5,680.4	237.9
2004	3,401.8	2,002.8	975.5	6,380.2	1,776.2	1,414.8	84.4	184.4	1,965.4	471.4	5,896.7	229.5
2005	4,002.4	2,100.6	1,019.1	7,122.1	1,834.7	1,601.4	96.4	217.0	2,212.2	397.8	6,359.5	351.8
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	5,918.9	4,105.2	1,350.2	11,374.3	3,278.3	2,122.7	201.1	383.9	4,424.2	526.1	10,936.7	1,046.8
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	179.6	2,704.6	731.7	521.0	51.8	175.4	1,138.8	314.4	2,933.1	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	1,369.7	1,120.0	196.0	2,685.6	707.1	516.8	48.2	173.9	1,152.7	208.4	2,807.0	91.6
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

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	FBH Government Finance - 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
2003	1,011.3	1,367.6	1,244.4	3,889.1	992.1	1,315.5	1,163.6	3,706.7	92.3	90.2
2004	1,052.0	1,530.4	1,299.8	4,163.0	988.6	1,452.6	1,205.5	3,877.5	127.6	157.8
2005	1,120.9	1,659.6	1,367.3	4,488.3	912.5	1,593.8	1,332.3	4,082.6	118.3	287.4
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	3,192.9	1,711.4	6,610.3	1,344.2	3,107.9	1,826.9	6,471.9	645.6	-507.1
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	1,550.2	463.8	776.6	567.2	1,737.9	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	397.9	1,497.5	453.4	776.3	503.5	1,661.4	25.1	-189.0
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

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 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

RS Government Finance - 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
2003	1,001.5	561.9	1,853.5	904.2	596.3	1,749.7	77.7	26.1
2004	981.2	653.0	1,853.7	922.0	653.6	1,743.9	75.8	34.0
2005	1,034.0	713.5	2,078.5	912.4	720.7	1,810.8	169.4	98.3
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	1,604.5	1,616.9	3,570.5	1,546.8	1,637.1	3,415.6	310.3	-155.4
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	854.8	486.6	434.8	854.3	21.3	-20.9
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

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

Foreign Direct Investment Flows to 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
2004	167.6	24.3	108.2	30.2	62.9	...	72.2	6.1	8.0	11.6	314.2	805.2
2005	158.1	29.9	81.7	26.0	23.6	...	110.2	39.0	21.6	16.8	45.2	552.3
2006	235.0	41.2	182.0	41.8	37.2	...	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	132.9	1.6	98.8	12.6	32.5	150.0	-59.1	4.0	8.4	-5.3	157.7	534.2
2013	51.1	31.8	30.9	30.2	40.3	-79.2	-21.7	62.0	43.5	30.9	197.8	417.6

Note:

Foreign direct investment (flows and stocks) are compiled in accordance with the most recent methodological standards and instructions of the International Monetary Fund (IMF) and Organization for Economic Cooperation and Development (OECD). The detailed methodological approach to compilation and dissemination of Foreign Direct Investment is presented in the IMF Balance of Payments Manual, sixth edition and the OECD Benchmark Definition of Foreign Direct Investment, fourth edition. Implementation of the new methodology resulted in the following changes:

- treatment of inter-company loans and other liabilities for financial intermediaries (transactions within this category, other capital – withdrawals and repayments of this type of debt – are excluded from Foreign Direct Investment, and are now included in the category of Other Investment);
- recording of dividends (dividends are recorded for the period when they are paid out, and not for the period when they were earned as it had been the case in accordance with the previous methodology);
- investment of related companies are included as foreign direct investment in the Other capital category, while for the BoP purposes these investments are now excluded from other investment. (Companies from different economies are related companies if both have the same foreign direct investor usually from a third economy or from the economy where the related company is based).

In accordance with these methodological changes, the 2004-2009 data series were also revised.

* Since 2007, data includes FDI from Serbia, while prior to 2007, the data included FDI from Serbia and Montenegro.

“..” in this industry/country there are less than three companies that received foreign direct investment and, in accordance with statistical standards, we are not permitted to publish the investment data.

T35a Foreign Direct Investment Flows to 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 coke, refined petroleum products and nuclear fuel	Manufacture of chemicals and chemical products	Manufacture of other non-metallic mineral products	Manufacture of base metals	Manufacture of motor vehicles, trailers and semi-trailers	Wholesale trade and commission trade, except of motor vehicles and motorcycles	Retail trade, except of motor vehicles and motorcycles, repair of personal and household goods	Post and telecommunications	Financial intermediation, except insurance and pension funding	Real estate activities	Other industries	Total
2004	51.6	4.3	...	21.0	21.1	260.0	23.4	110.2	0.0	12.8	126.7	2.7	171.4	805.2
2005	63.9	6.3	...	26.5	13.9	-2.2	18.5	44.1	0.0	12.5	176.6	7.1	185.1	552.3
2006	120.8	5.2	...	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	5.3	-0.2	5.0	31.4	3.6	-30.9	6.4	145.2	54.9	5.6	130.3	3.6	173.9	534.2

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.

"..." 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.

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
2011	32.2	12.5	43.6	12.2	-7.3	-24.0	-5.2	125.3	63.8	10.8	165.4	78.7	190.6	698.6
2012	-8.0	-0.2	5.0	18.6	3.6	-30.9	6.7	145.2	-15.6	6.4	130.3	1.1	271.9	534.2
2013	14.6	2.2	-92.6	25.4	14.0	-18.2	8.3	-1.3	28.6	13.0	141.8	33.3	248.8	417.6

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.

T36 International Investment Position (IIP) (in KM million)													
Year	Net IIP	Total Assets	ASSETS										
			Direct investment abroad					Other investment					Reserve assets
			Total	Equity and investment fund shares	Debt instruments	Portfolio investment abroad	Financial derivatives	Total	Currency and deposits	Loans	Trade credits and advances	Other 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
2005	-5,832.9	7,737.1	114.4	75.0	39.4	15.2	0.0	3,355.2	2,850.4	5.3	368.7	130.8	4,252.3
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	-7,641.7	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	-11,627.0	12,397.9	398.8	126.0	272.9	33.6	0.0	5,641.9	4,216.6	165.9	1,164.9	94.5	6,323.5
2009	-13,730.5	12,111.1	266.1	124.0	142.1	305.5	0.0	5,299.5	3,753.6	161.3	1,277.0	107.6	6,240.0
2010	-14,364.1	11,884.5	428.5	233.6	194.9	432.0	0.0	4,538.4	3,145.1	184.4	1,076.4	132.5	6,485.6
2011	-15,339.8	11,645.1	417.1	250.6	166.5	415.0	0.0	4,361.6	2,967.6	88.2	1,154.1	151.7	6,451.5
2012	-15,848.4	11,635.9	451.9	280.0	171.9	447.8	0.0	4,199.8	2,760.5	77.1	1,177.3	184.8	6,536.5
2013	-14,958.4	12,620.5	476.3	253.0	223.3	505.3	0.0	4,542.7	3,013.7	118.8	1,181.1	229.2	7,096.1

Note: International investment position for BH is compiled in accordance with the latest International Monetary Fund Methodology for compilation of balance of payments and international investment position statistics, sixth edition (BPM6).

In addition to the regular data revisions, which includes revision of data for previous two years, data are revised for other periods as well. The revision was made in accordance with the latest revisions of monetary statistics, direct investment statistics, as well as in accordance with the latest revisions of the data for the foreign assets of government sector.

T36 International Investment Position (IIP) (in KM million)											
	Total Liabilities	LIABILITIES									
		Direct investment in BH					Other investment				
		Total	Equity and investment fund shares	Debt instruments	Portfolio investment in BH	Financial derivatives	Total	Currency and deposits	Loans	Trade credits and advances	Other liabilities
	15=16+21	16=17+18	17	18	19	20	21=22+23+24+25	22	23	24	25
2005	13,570.0	3,846.0	3,296.2	549.8	256.7	0.0	9,467.3	1,904.1	6,670.2	691.6	201.4
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	20,127.4	7,380.4	6,484.5	895.9	244.2	0.0	12,502.8	2,674.5	8,740.6	823.0	264.7
2008	24,024.9	8,817.2	7,289.8	1,527.4	331.4	0.0	14,876.3	3,338.1	10,167.0	1,101.0	270.2
2009	25,841.6	9,512.6	7,467.5	2,045.2	751.9	0.0	15,577.1	3,227.8	10,159.9	1,564.9	624.4
2010	26,248.6	9,963.1	7,473.3	2,489.8	699.8	0.0	15,585.7	2,619.6	10,420.5	1,968.6	577.0
2011	26,984.9	10,840.8	7,843.6	2,997.2	642.3	0.0	15,501.9	2,136.8	10,700.9	2,093.1	571.1
2012	27,484.4	11,120.5	7,886.2	3,234.3	579.7	0.0	15,784.1	2,053.4	11,014.1	2,178.8	537.8
2013	27,578.9	11,189.0	8,007.0	3,182.0	417.1	0.0	15,972.8	1,934.8	11,282.1	2,230.4	525.6

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
2005		96.71	99.37
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	98.06
2014	01	104.63	98.22
	02	105.27	98.66
	03	105.80	98.80
	04	105.41	98.19
	05	105.00	97.65
	06	104.59	97.14
	07	104.74	97.22
	08	105.07	97.76
	09	105.03	97.41
	10	105.45	97.72
	11	106.20	98.50
	12	108.01	100.24

Note:

Enclosed to this Report we have included the revised data for NEER and REER. The revision was caused by the changes in methodology for their calculation .

In the calculation of NEER there has been a change in weights, and in the exchange rate of KM. As a result of the new methodology, weight is calculated based on the sum of the total trade for three consecutive years (for the years 2005, 2006 and 2007 - the weight is calculated on the sum of total trade from 2005 to 2007, also in 2008, 2009 and 2010, on the sum of the total trade in 2008 - 2010. However, for 2011 and 2012 , we used the weights calculated for the period 2008 – 2010). Also, according to new methodology, the exchange rate is expressed as the number of units of foreign currency per one KM.

In the calculations of REER, apart from above changes that have reflected REER, there was a change in expressing CPI index, where the price index is set inversely.

Trade partners selected in order to set up the index (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 observed), Switzerland and Turkey).

NOTE:

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

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.

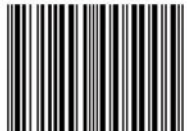
By order of the FBH Banking Agency, in June 2010, one bank made a reclassification of about KM 300 million claims based on securities of domestic institutional sector to the claims on nonresidents. In December 2010, the same bank made this reclassification retroactive in the respective amounts for the 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.

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