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**TO THE MEDIA**

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***Performance of the banking system in the Federation of BiH in the third quarter of 2012***

The indicators generated by the Banking Agency of the Federation of BiH, based on the submitted reports on banks' performance in the third quarter of the current year, confirm that the stability and soundness of the entire banking system of the Federation of BiH is satisfactory. That is supported by the adequacy rate of the banking system, as one of the most important indicators of banks' capital strength and adequacy, which as of 30. 09. 2012 was 17%, still significantly higher than the 12% minimum prescribed by the regulations.

In the third quarter, noticeable is an increase of the banks' capital in F BiH, that was 2,2 billion KM, which is by 6 % or 128 million KM higher than at the end of 2011, and is realized mostly based on the direct additional capital and increase of the reserves in one bank.

Although in 2011 there were some positive movements and improvements of particular indicators in the banking sector performance, especially in the segment of lending and profitability, along with increase of citizens' savings, the indicators in 2012, such as the decline of the aggregate balance sheet, decrease of the cash funds and the funding sources (deposits and the loan liabilities) and a slight increase of loans, reveal that the impact of the crises is still evident.

The aggregate balance sheet of the banking sector as of 30. 09. 2012. was 14,9 billion KM, which is a decrease by 2% or 347 million KM in comparison to the end of 2011.

Also, the structure of assets in comparison to the end of the previous year had slight changes in regard to the increase of loan participation from 68,7% to 71,3% and decrease of cash funds from 28,8% to 25,8%, which is a result of lending from the already existing cash funds, as well as the lack of inflow from new sources.

Further, the loans at the end of the third quarter reached a level of 10,6 billion KM, and cash funds recorded a decline of 12% or 531 million KM, and in the third quarter of 2012. were 3,85 billion KM.

Although the deposits recorded a downfall of 2,9 % or 326 million KM, with the balance of 10,8 billion KM and participation of 72,4% in the structure of the liabilities, they are still the dominating source of funding for banks in the Federation of BiH. The loan liabilities, as well as the other most significant sources of funding for banks in the Federation of BiH, also

recorded a decline of 9,5% or 125 million KM, and at the end of the third quarter of 2012. were 1,19 billion KM. In the last three years, due to the influences of the financial and economic crises, the banks had a significantly lower debt abroad, and along with the payment of the matured liabilities, these sources significantly decreased (at the end of 2008 they were 2,17 billion KM).

A positive indicator is an increase in the savings deposits in 2012, which had an increase of 4 % or 215 million KM and as of 30. 09. 2012. were 5,58 billion KM.

For the nine months of 2012, at the level of the banking system in FBiH realized is a positive result in the amount of 111 million KM, which is a result of a significant increase of the profit in banks which had a positive performance in the same period last year, as well as decrease of losses in banks which had negative performance

Therefore, it is obvious from the presented data that the banking sector of the Federation of BiH in the previous period was finding ways to defend itself from the diverse circumstances brought upon the system by the global economic and financial crises.

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