



Number:
Sarajevo, 06.09.2012.

TO THE MEDIA

Subject: Public announcement

Performance of the banking sector in the Federation of BiH in the second quarter of 2012.

In the first half of 2012, again, the stability and soundness of the banking system of F BiH is satisfactory, which indicates that the capital adequacy rate for the banking system, as one of the most important indicators for the strength and capital adequacy of the banks, which as of 30. 06. 2012 was 16,9%, which is still significantly above the legal minimum (12%) and present a satisfactory capitalization of the total system and a strong base and foundation for preserving its safety and soundness. The banks' capital in F BiH, as of 30. 06. 2012, is 2,15 billion KM, which is by 3,4% or 71 million KM more than at the end of 2011, and is realized mostly from the direct additional capitalization.

As of 30.06.2012, the banks in the FBiH realized a positive financial result in the amount of 71 million KM although the loss in performance was reported by three banks.

The impact of the crises is still evident and that is illustrated with the decline of the balance sheet amount in the first half of 2012, which in that period was 14,9 billion KM, which is lower by 2% or 458 million KM than at the end of 2011.

The structure of assets had smaller changes related to two key items of assets: increase of loan participation from 68,6% to 70,7% and the decrease of the cash funds from 28,8% to 26,4%. The increase of the loan participation in assets is a result of, above all, the decline of the cash funds in the assets and the slight decline of the credit growth, which was 1,2 % or 126 million KM. Loans at the end of the half year reached the level of 10,54 billion KM.

In spite the decline of the cash funds by 10% or 450 million KM and the amount at the end of the first quarter of 3,93 billion KM, the liquidity is still one of the columns of the banking stability and one fourth of the banking system assets is in cash.

The deposits in the first half of 2012 decreased by 2,6 % or 285 million KM, and with the amount of 10,77 billion KM are still a dominant source of financing for banks in F BiH, also recorded a fall of 5% or 66 million KM and at the end of the first half of the year are 1,25 billion KM. In the past three years, due to the impact of the financial and economic crises, the banks were borrowing much less from abroad, and with the repayment of the past due liabilities, these sources significantly depleted.

The growth of the saving deposits proves that the confidence of the citizens in the banks has been maintained. In 2012 the saving deposits had a growth of 3,3% or 175 million KM and as of 30. 06. 2012 they were 5,54 billion KM.

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