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TO THE MEDIA

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The Banking Sector of the Federation of Bosnia and Herzegovina in the First Quarter of 2016

As of 31.03.2016, 17 banks in the Federation of B&H had a banking licence. The balance sheet total of the banking sector at the end of the first quarter of 2016 amounted to KM 17.2 billion, which is approximately the same level as at the end of 2015.

In the first quarter of 2016, cash funds decreased by 4.2% or KM 205 million, amounting to KM 4.7 billion as of 31.03.2016. The decrease in cash funds is the result of an increase in facilities to other banks, slight credit growth and investments in securities, and, on the other hand, the payment of past due loan commitments.

Loans, as the largest assets item of banks, recorded an increase in the amount of 0.8% or KM 88 million in the first quarter of 2016, thus amounting to KM 11.7 billion as of 31.03.2016. Retail loans recorded increased by 1% or KM 36 million, while the share remained at the same level of 49.1%. As of 31.03.2016, they amounted to KM 5.7 billion. Loans to private companies amounted to KM 5.4 billion, also slightly up by 1% or KM 78 million and with a share that increased from 45.9% to 46.2%. Total non-performing loans amounted to KM 1.46 billion and decreased by 3% or KM 46 million compared to the end of 2015. The share of non-performing loans, as a key indicator of loan quality, dropped from 12.9% to 12.4%. In the structure of banks' sources of funding, deposits in the amount of KM 13.1 billion and with a share of 76% continued to be the dominant source of funding for banks in the Federation of B&H and they remained at approximately the same level as at the end of 2015. The long-standing upward trend of savings deposits, as the most significant segment of the deposit and financial potential of banks, continued in the first three months of 2016. They amounted to KM 7.4 billion, with a rate of 2.4% or KM 175 million. Total capital increased by 2.8% or KM 72 million based on current profit and amounted to KM 2.7 billion as of 31.03.2016.

The capital adequacy ratio of the banking system, as one of the most important indicators of the capital strength and adequacy of banks, stood at 15.4% and is still significantly above the statutory minimum (12%).

In the first quarter of 2016, a profit in the amount of KM 73 million was recorded at the level of the banking system in the Federation of B&H.

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