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Positive performance of the banking system in the Federation of BiH in 2011.

The banking system performance in 2011 occurred under the conditions of financial and economic crises. The positive movements in the first half of the last year were slowed down due to the events in the Euro zone, and the large uncertainty in the development of the debt crises and the deterioration of the forecast for the growth in the Euro zone influence the slowing down of the economic growth and the weakening of the macroeconomic conditions in BiH.

Although the growth and the development of the banking sector is in stagnation, and the foreign funding sources have a declining trend, the stability, security and the liquidity of the overall system are satisfactory. In 2011 some positive movements were reported, of which the most significant are: reviving the credit activities and the slight growth of loans, continued growth of the citizens savings, improvement of the profitability in the majority of the banks and consequently strengthening of the capital base, as well as the slowing down of the negative trend in the asset quality segment.

According to the preliminary, unrevised data, the banks in the Federation in 2011., realized a profit of 106 million KM, which is after 2007. (110 million KM), the second largest profit, so far, gained in the banking sector in the F BiH.

The positive financial result was realized in 15 banks in the total amount of 129 million KM, which is by 105% or 74 million KM higher than in 2010. (14 banks), while four banks reported losses in the amount of 22 million KM, which is by 86% or 136 million KM less than the previous year.

The total capital of banks was 2,1 billion KM and it increased by 24% or 407 million KM. As of 31.12.2011, the capital adequacy ratio of the banking system, as one of the most important indicators of the strength and adequacy of the banks' capital, was 16,4%, which is higher than the required minimum (12%) and represents a satisfactory capital base of the overall system, as well as a strong base and foundation for preserving its security and stability.

As of 31.12.2011, the aggregate balance sheet of the banking sector was 15,2 billion KM and is by 123 million KM or 1% higher when compared to the end of 2010.

The deposits, with the participation of 72,7%, and amount of 11 billion KM are still the most important funding source for banks in FBiH. The positive growth trend, in the same period, was maintained by the savings, and at the end of 2011 amounted to 5,36 billion KM, which is by 8% or 388 million KM more than at the end of 2010.

Encouraging are the recorded loan placements of 4 % or 431 million KM. At the end of 2011, the loans were 10,4 billion KM. In the past year placed was a total of 5,5 billion KM of new loans, which is by 13% or 644 million KM higher than in comparison to 2010. The growth of the loans granted to the private companies can be considered as positive, as well as the incline of the placements to citizens. Loans granted to the economy present 70% of the total loans, and to citizens 28,4%.

In the coming period, the Banking Agency of F BiH will continue to take measures and actions, within its authorities, to protect the stability of the banking sector in the Federation of BiH.

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