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	TO THE MEDIA	

Subject : Press release

## The Banking Sector of the Federation of B&H in the Third Quarter of 2014

The total banking sector in the Federation of Bosnia and Herzegovina is stable and secure. Based on the banks' submitted reports in the third quarter of the current year, the liquidity, profitability and capitalisation of the banking system are satisfactory. This is also indicated by the state of the capital adequacy ratio, which amounted to 17.2% as of 30.09.2014, which is 0.8 percentage points lower compared to the end of 2013, but still significantly higher than the legal minimum of 12%.

As of 30.09.2014, 17 banks in the Federation of B&H had banking licences. The balance sheet volume of the banking sector amounted to KM 15.9 billion at the end of the third quarter of the current year and is up by 3% or KM 433 million compared to the end of 2013.

Cash funds were increased by 1% or KM 40 million and amounted to KM 4.5 billion, primarily as a result of the increase in deposits. Total deposits, which are the dominant source of funding for banks in the Federation of B&H, were up by 3% or KM 351 million compared to the end of 2013.

Loans recorded an increase of 2.4% or KM 260 million and amounted to KM 11.1 billion at the end of the third quarter of 2014. Total non-performing loans amounted to KM 1.75 billion and were up by 10.3% or KM 164 million compared to the end of the previous year. Loan commitments, which amount to KM 981 million, recorded a drop of 5.6% or KM 58 million in the first three quarters of 2014, as well as a decrease in their share in the liabilities structure from 6.7%, to which they amounted at the end of 2013, to 6.2% as of 30.09.2014.

At the level of the banking system of the Federation of B&H, a positive financial result in the amount of KM 124 million was recorded in the last quarter of the current year. A positive financial result of KM 153.4 million was generated by 15 banks, and operating losses in the amount of KM 29.4 million were reported by two banks.

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