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TO THE MEDIA

**SUBJECT:** Press Release

### **Information on the Microcredit System of the Federation of B&H for 2016**

As of 31.12.2016, 12 microcredit organisations in the Federation of B&H, 11 of which are microcredit foundations (non-profit organisations) and one of which is a microcredit company (profit organisation), had the operating licence of the Banking Agency of the FB&H. They operated through 279 organisational units. As of 31.12.2016, the total headcount of the microcredit sector was 1 251, up by 51 employees or 4% compared to 2015.

The balance sheet total of MCOs for 2016 amounted to KM 440.1 million, KM 407.2 million or 92.5% of which relate to MCFs and KM 32.9 million or 7.5% to the MCC. The balance sheet total at the end of 2016 was up by KM 16.8 million or 4% compared to the balance for the same period of the previous year.

Total MCO gross loans, as the most significant assets item, amounted to KM 377.9 million and make up 86% of total assets of MCOs, and are therefore up by 6% compared to the end of the previous year, while net loans amounted to KM 374.5 million and are up by 6% compared to the balance in 2015. Microlending is largely directed toward agriculture (34%), housing needs (20%), and service activities (19%), and is mostly related to long-term loans to natural persons.

Average weighted effective interest rates on total loans in the microcredit sector amounted to 25.64% in the fourth quarter of 2016, up by 0.94 percentage points compared to the same period of 2015. In order to reduce interest rates on microloans in the context of protecting consumers-clients of MCOs and in order to fulfill the mission of microlending, during examinations, the Agency particularly values and controls all types of operating costs of MCOs that have a significant impact on the setting of interest rates and assesses their necessity, pursuant to which it issues appropriate orders.

Compared to the end of the previous year, as of 31.12.2016, the microcredit portfolio saw an increase of 6% (KM 22.5 million) and recorded an improvement of quality indicators of the active loan portfolio.

The main source of funding of MCOs are loan commitments, which amounted to KM 207.9 million or 47% of total MCO liabilities in 2016 and are at approximately the same level compared to the balance in 2015.

At the level of the microcredit sector in the Federation of B&H, a positive financial result in the amount of KM 16 415 thousand was recorded, which is up by KM 106 thousand or 1% compared to the same period of the previous year.

FBA PUBLIC RELATIONS OFFICE