

# MOODY'S

## RATINGS

### **Announcement of Periodic Review: Moody's Ratings announces completion of a periodic review of ratings of Bosnia and Herzegovina, Federation of**

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21 Mar 2025

Frankfurt am Main, March 21, 2025 -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of Bosnia and Herzegovina, Federation of and other ratings that are associated with this issuer.

The review was conducted through a rating committee held on 13 March 2025 in which we reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), and recent developments.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Please see the Issuer page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key Rating considerations and rationale are summarized below.

The Federation of Bosnia and Herzegovina's (FBiH) ratings, including its baseline credit assessment (BCA) of b3 and B3 long-term issuer rating, with stable outlook, reflect the FBiH's unique status secured by the constitution of Bosnia and Herzegovina (BiH, B3 stable), granting it a high level of financial and legislative autonomy. In particular, Moody's expects that its autonomy in tax setting will enable FBiH to maintain its solid budgetary performance over the medium term. Credit challenges include weak coordination among BiH's constitutional entities and the political tensions between FBiH and other BiH's governing bodies, including Republic of Srpska (B3 stable). These pose a significant challenge to FBiH's prospects for sustainable economic growth, adopting structural reforms, and policy effectiveness.

The rating and outlook also incorporate the uncertainty about FBiH's economic growth, exacerbated by insufficient level of capital investments and exposure to social risks, mirroring an ageing population, negative net migration and high unemployment rates.

This document summarizes our view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Regional and Local Governments published in May 2024. Please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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