Foreign Direct Investment (FDI) - Position and Performance

According to the first available data from the Central Bank Bosnia and Herzegovina (CBBH) within the balance of payments (with estimated reinvestment of earnings), the negative trend of the Foreign Direct Investment (FDI) continued. Net incurrence of liabilities within Direct investment in 2025 reaching EUR 637.8 million (or 1,247.3 million KM). Notably, reinvested earnings contributed significantly, accounting for 71.9% of the total FDI for the year (458.8 million EUR).

Due to differences in data collection methodologies, the figures reported in the balance of payments and FDI statistics are not identical, but they can certainly confirm the trend. For a more in-depth analysis of foreign investment in 2025, we will also require the official FDI data, which are expected to be released in August 2026.

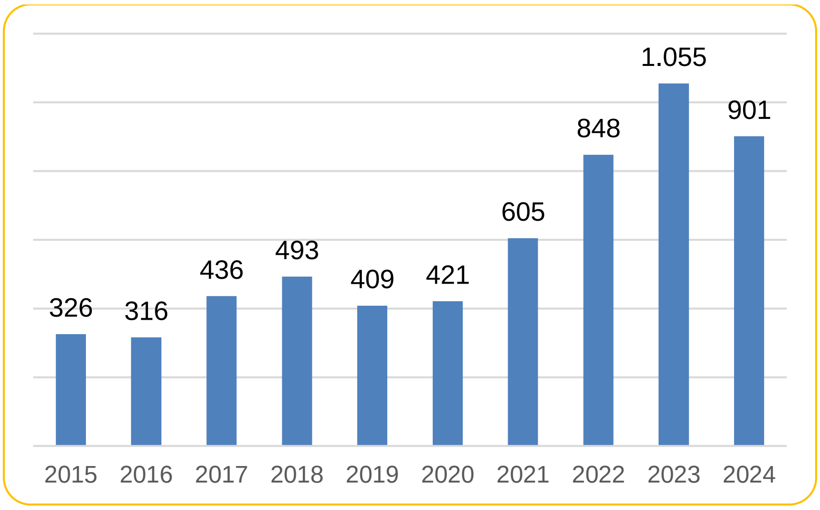
FDI Flows in Bosnia and Herzegovina

In 2024, according to the Central Bank of B&H (CBBH), foreign direct investments (FDI) in Bosnia and Herzegovina (B&H) amounted to EUR 901.3 million (or 1,762.8 million BAM). FDI inflows declined by 14.6% in the previous year, yet remained the third highest amount recorded after 2007 and 2023.

Bosnia and Herzegovina recorded a significant increase in foreign direct investments (FDI) during the period from 2021 to 2023. The growth rate of FDI was 43.6% in 2021, 40.2% in 2022, and 24.4% in 2023, marking the second highest annual amount ever recorded in B&H.

Considering the forecasts for global foreign direct investments (FDI) and the available preliminary data for the first half of 2025 in Bosnia and Herzegovina, the expectations for 2025 are currently not optimistic. Nevertheless, a breakdown of FDI components shows a more moderate trend, with increases in equity capital recorded in 2024 and the first half of 2025, while the decline was mainly due to other capital.

Flow of FDI in B&H, million EUR



Source: Central Bank of B&H

In 2007 B&H attracted 1.3 billion EUR that is absolutely the highest amount recorded till now, mainly thanks to the privatization of certain large state-owned enterprises. In 2008 FDI inflow (684 million EUR), without the expected privatization, could be considered as satisfying, especially if we take into account its positive structure (investment in production sector and high contribution of Greenfield investments).

The global economic crisis had a significant impact on the decline of investments in 2009. During the period 2010–2020, the trend of FDI inflows was volatile and uneven. The sharp decline in investments in 2013 reflected the recession and post-crisis conditions in the EU, as EU countries are B&H’s main investors. The five-year average FDI (2020–2024) amounted to EUR 766 million, up from the ten-year average (2015–2024) of EUR 581 million. In addition to the effects of inflation, higher activity of foreign investors in Bosnia and Herzegovina was also recorded.

The COVID-19 pandemic did not cause a dramatic decline in foreign direct investment in Bosnia and Herzegovina, as was the decline in global FDI in 2020. A significant FDI decline in BiH was registered in 2019, given the negative amount in the fourth quarter of that year.

With the positive impact of nearshoring and stable reinvested earnings, which remain the most significant component of FDI in Bosnia and Herzegovina, it is expected that substantial inflows of foreign direct investment will be recorded in the current and coming years.

FDI Stock - December 2024

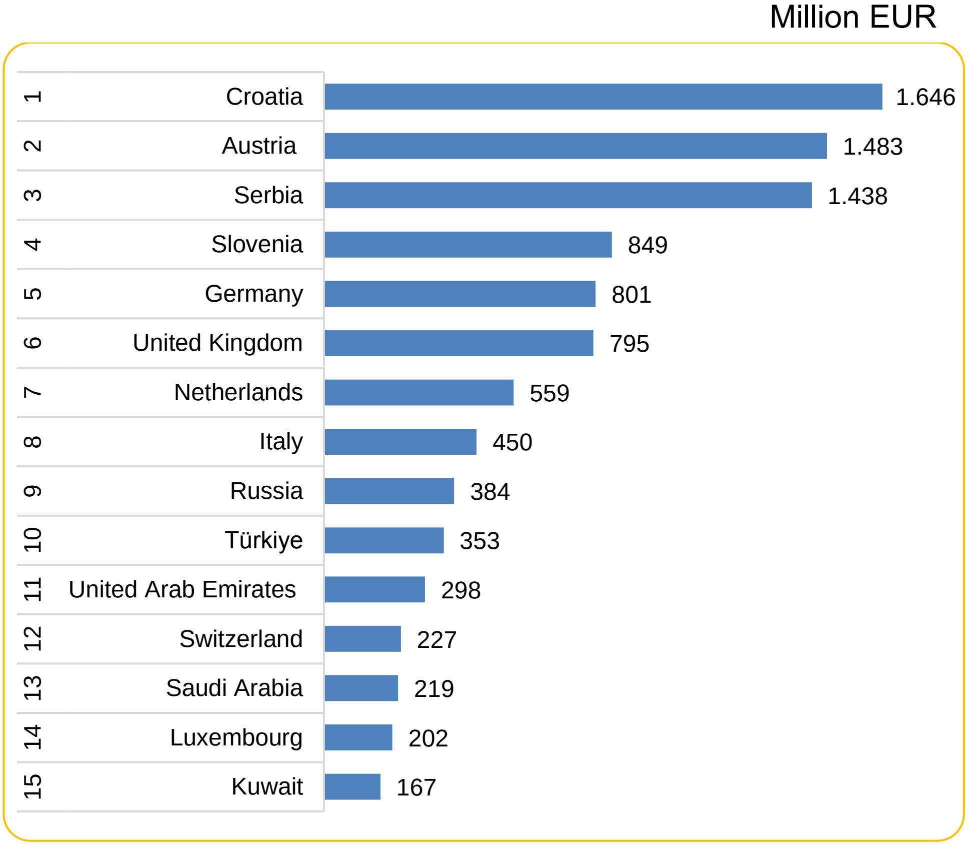
Total amount of Foreign Direct Investment (FDI) in Bosnia and Herzegovina was EUR 10.9 billion (EUR 10,851 million). In the structure of FDI, for the period May 1994 till December 2023, equity and reinvested earnings were EUR 8.6 billion (EUR 8,620 million) and other capital was EUR 2.2 billion (EUR 2,231 million).

According to the FDI Stock by countries in December 2024, the largest share refers to Croatia (EUR 1,646 million), Austria (EUR 1,483 million) and Serbia (EUR 1,438 million). The following are the countries with invested capital over 500 million EUR: Slovenia (EUR 849 million), Germany (EUR 801 million), United Kingdom (EUR 795 million) and Netherlands (EUR 559 million).

European countries remain the most important investors in Bosnia and Herzegovina. Investments from the EU 27 countries account for 60.2% of total FDI in B&H (EUR 6.5 billion).

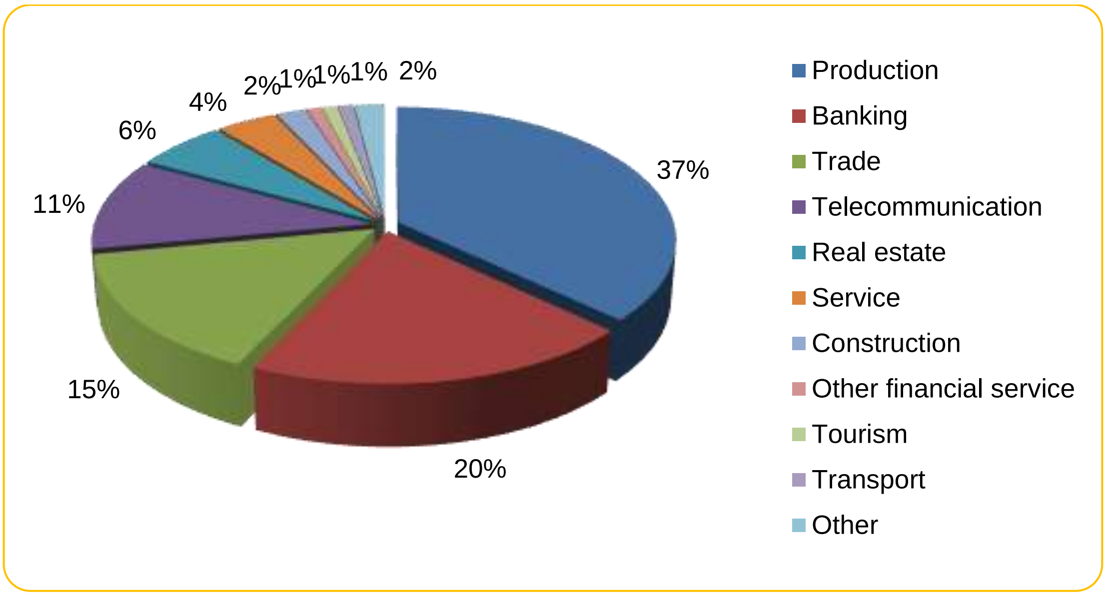
Of total foreign direct investment, 37.4% was directed to the production sector (primary, industrial, and electricity production), followed by banking (20.1%), trade (14.8%), and telecommunications (10.9%).

Top investor countries in B&H, December 2024
Total amount 10.9 billion EUR



Source: Central Bank of B&H

FDI Stocks by Industry (%)
December 2024



Source: according to the data Central Bank of B&H

Based on CBBH data, according to the area, Federation of B&H participates in total FDI with 62.9% (EUR 6,825 million), Republic of Srpska 35.9% (EUR 3,896 million) and Brčko District with 1.2% (EUR 130 million).

Foreign Direct Investment in B&H in 2024

Based on official data of Central bank of B&H foreign direct investment in 2024 were EUR 901.3 million (or 1,762.8 million BAM) in Bosnia and Herzegovina. The 14.6% decline in FDI compared to the previous year is a negative indicator, but when analyzed by components, the data appear somewhat more favorable. Moreover, the FDI amount in 2024 represents the third highest level after 2007 and 2023.

Analyzing the components of FDI, it is evident that retained earnings, or reinvested profits of foreign-owned companies, remained the most significant component, accounting for 53.9% of the total, as in previous years. Equity capital increased compared to the previous year, contributing 25.5%, while a decline was recorded in other capital, which accounted for 20.6% in 2024.

The main investor countries in B&H in 2024 were Croatia (EUR 200.0 million), Germany (EUR 130.5 million), Slovenia (EUR 126.3 million), and Austria (EUR 113.3 million), followed by Serbia (EUR 82.0 million) and the United Kingdom (EUR 54.0 million), with invested capital exceeding EUR 50 million. Significant increases were also recorded for Italy (EUR 43.6 million) and Türkiye (EUR 43.5 million).

European Union countries (EU-27) invested EUR 0.7 billion in Bosnia and Herzegovina in 2024, representing 76.4% of the total FDI from all countries.

Based on CBBH data, **by activities,** the highest investments were realized in “financial service activities” with EUR 257.6 million, followed by “retail trade” with EUR 112.4 million, and “wholesale trade” with EUR 104.9 million. Sectors that recorded over EUR 50 million in 2024 include “electricity, gas, steam, and air conditioning supply” (EUR 85.9 million), “manufacture of motor vehicles, trailers, and semi-trailers” (EUR 83.3 million), and “metal ore mining” (EUR 61.0 million).

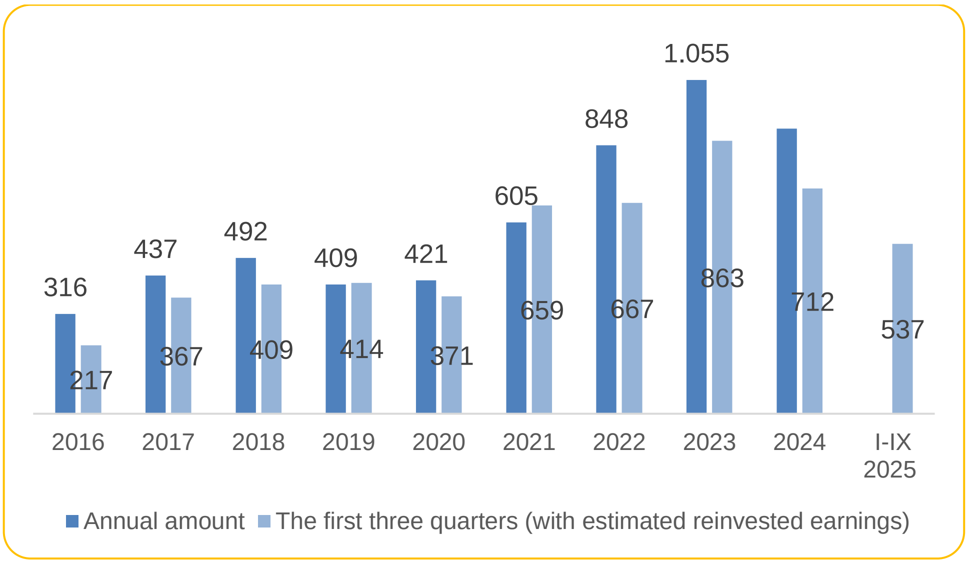
According to the area in 2024 in Federation of B&H registered FDI amounted EUR 613 million EUR (or participation 68.0% in the annual amount), FDI was EUR 283 million (31.4% share) in Republic of Srpska, and in Brčko District FDI was EUR 5 million (0.6% share).

FDI of B&H in January – September 2025 within FDI Flows

According to preliminary data of the Central Bank of B&H, with estimated reinvested earnings, **for the period January - September 2025, direct foreign investments amounted to EUR 537.3 million**. With a note that preliminary data are subject to subsequent revisions, FDI in the first nine months of 2025 is -24.6% lower compared to the same period of the previous year.

Along with the decrease, it is necessary to take into account the components of FDI. In the amount of FDI for the nine months of 2025, "Equity" are 17.3% higher compared to the same period in 2024, "Reinvested earnings" are estimated at approximately the same amount as the previous year (an increase of 0.7%), while a significant decrease was registered within "Other capital".

Comparative overview of annual and first three quarters amounts within FDI flows, since 2016, million EUR



Source: Central Bank of B&H, FDI Flows, December 2026

In the first nine months of 2025, **the countries with the largest registered amounts of capital** in Bosnia and Herzegovina were: Germany (EUR 135.3 million), Croatia (EUR 114.2 million) and Slovenia (EUR 79.0 million). Significant capital increases were registered by Serbia (EUR 70.5 million) and Austria (EUR 52.7 million).

European Union (EU 27) countries invested EUR 437 million in B&H in the first nine months of 2025, or 81.3% of the amount for all countries.

Based on CBBH data, **by activities,** in the January – September 2025, the highest investments were realized in "financial service activities" with EUR 186.1 million, followed by "retail trade" with EUR 96.9 million, and "wholesale trade" with EUR 89.7 million. Sectors that registered significant amounts include "electricity, gas, steam, and air conditioning supply" (EUR 36.8 million), "manufacture of food production" (EUR 31.4 million), and "telecommunication" (EUR 25.7 million).

Expectations

It is very difficult to forecast foreign direct investment (FDI) trends, and in addition to unfavorable global factors, the trend of FDI in Bosnia and Herzegovina in 2025 and the current period may also be negatively affected by the acquisition of companies with foreign capital by domestic companies. However, based on investment potential and the interest of foreign investors, we can remain optimistic and expect a recovery of FDI in the coming period.

In previous years, the positive impact of nearshoring has also been felt, and according to UNCTAD, an increase in the number of announced new foreign investment projects in Bosnia and Herzegovina has been recorded. Given the observed growth in equity capital and stable reinvested earnings, an increase in FDI is expected in the coming years.

The increase of foreign direct investment encouraged by reinvestment confirms the positive business and expansion of the capacity of existing foreign investors, which is certainly a good indicator for potential investors. Success stories of foreign investors confirm that Bosnia and Herzegovina is favorable destination for foreign investment, and that we could be optimistic in terms of the FDI inflows.

April 2026