



Centralna banka
BOSNE I HERCEGOVINE
Централна банка
БОСНЕ И ХЕРЦЕГОВИНЕ



CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

(unaudited)

in accordance with the requirements of International Accounting Standard 34

Sarajevo, 26 April 2024

This version of the condensed interim financial statements is a translation from the original, which was prepared in the Bosnian/Croatian/Serbian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the financial statements takes precedence over this translation.



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CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Condensed Interim Financial Statements for the period ended 31 March 2024

FINANCIAL REPORTING RESPONSIBILITY


The Management of the Central Bank of Bosnia and Herzegovina is responsible for the preparation of condensed interim financial statements, in accordance with the Law on the Central Bank of Bosnia and Herzegovina and International Accounting Standard 34: “Interim Financial Reporting”.

The Management is responsible for the consistent application of selected accounting policies, making judgements and estimates that are reasonable and prudent and for maintaining proper accounting records to enable the preparation of financial statements at any time. The Management has a general responsibility for taking steps which are reasonably available and for implementation of such internal controls to safeguard the assets of the Central Bank of Bosnia and Herzegovina and to prevent and detect fraud and other irregularities.

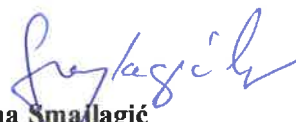
The Governing Board oversees the Central Bank of Bosnia and Herzegovina financial reporting process. In overseeing the financial reporting process, the Governing Board is assisted by the Audit Committee, which is consisted of three independent members. The Audit Committee reviews the condensed interim financial statements, which are then considered and approved by the Governing Board and submitted to the Presidency of Bosnia and Herzegovina.

These unaudited condensed interim financial statements present fairly, in all material respects, the financial position, financial performance and cash flows of the Central Bank of Bosnia and Herzegovina, as at the date of and for the periods presented in these condensed interim financial statements.

The accompanying condensed interim financial statements set out on pages 2 to 44 were approved by the Governing Board on 26 April 2024.


Jasmina Selimović, Ph.D.
Chairwoman of the Governing Board
Governor




Meliha Smajlagić
Head of Accounting and Finance Department

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Condensed Interim Financial Statements for the period ended 31 March 2024

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

In thousands of KM	Note	31 March 2024	As at 31 December 2023
ASSETS			
Cash in foreign currencies	6	455,738	455,191
Deposits with foreign banks	7	6,769,050	8,326,590
Special Drawing Rights with the IMF	8, 28	2,698	2,073
Debt instruments at fair value through other comprehensive income	9	7,428,064	6,150,130
Monetary gold	10	194,285	175,459
Debt instruments at amortised cost	11	1,181,009	1,180,421
Other assets	12	20,872	17,384
Property and equipment		46,794	47,310
Intangible assets		775	864
Other investments		27,813	27,813
TOTAL ASSETS		16,127,098	16,383,235
LIABILITIES AND EQUITY			
LIABILITIES			
Banknotes and coins in circulation	13	7,628,206	7,565,108
Deposits from banks	14	6,638,794	7,083,235
Deposits from the Government and other public institutions	15	768,801	752,898
Provisions		1,937	2,025
Other liabilities	16	67,675	68,669
Total liabilities		15,105,413	15,471,935
EQUITY			
Initial capital		25,000	25,000
Reserves		888,135	886,300
Net profit for the period		108,550	-
Total equity	24	1,021,685	911,300
TOTAL LIABILITIES AND EQUITY		16,127,098	16,383,235

The selected notes on pages 8 to 44 are an integral part of these condensed interim financial statements.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Condensed Interim Financial Statements for the period ended 31 March 2024

STATEMENT OF PROFIT OR LOSS (UNAUDITED)

In thousands of KM	Note	01/01 - 31/03 2024	01/01 - 31/03 2023
Interest income		115,659	49,259
Interest expense		(3,505)	(3,427)
NET INTEREST INCOME	<u>17</u>	112,154	45,832
Fee and commission income		5,308	5,205
Fee and commission expense		(162)	(132)
NET FEE AND COMMISSION INCOME	<u>18</u>	5,146	5,073
Net foreign exchange gains / (losses)	<u>19</u>	44	(464)
Net increases in impairment on financial assets	<u>20</u>	93	347
Other income		108	34
OPERATING INCOME		117,545	50,822
Personnel expenses	<u>21</u>	(5,334)	(4,487)
Administrative and other operating expenses	<u>22</u>	(1,643)	(1,471)
Costs of production of banknotes and coins	<u>23</u>	(1,369)	(1,059)
Depreciation and amortisation charge		(649)	(708)
OPERATING EXPENSES		(8,995)	(7,725)
NET PROFIT FOR THE PERIOD		108,550	43,097

The selected notes on pages 8 to 44 are an integral part of these condensed interim financial statements.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Condensed Interim Financial Statements for the period ended 31 March 2024

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

In thousands of KM	Note	01/01 - 31/03 2024	01/01 - 31/03 2023
NET PROFIT FOR THE PERIOD		108,550	43,097
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Debt instruments at fair value through other comprehensive income			
Net change in fair value during the period	9	(17,134)	29,225
Net change in provisions for expected credit losses recognised in profit or loss during the period	5.1.1.	143	(111)
		(16,991)	29,114
Monetary gold			
Net change in fair value during the period	10	18,826	10,405
		18,826	10,405
Total other comprehensive income		1,835	39,519
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		110,385	82,616

The selected notes on pages 8 to 44 are an integral part of these condensed interim financial statements.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

In thousands of KM	Initial capital	Fair value reserves for debt and equity instruments	Fair value reserves for monetary gold	Other reserves	General reserves (Retained earnings)	Total reserves	Net profit for the period	Total equity
Balance at 1 January 2024	25,000	(6,471)	73,530	31,300	787,941	886,300	-	911,300
Total comprehensive (loss) / income for the period	-	(16,991)	18,826	-	-	1,835	108,550	110,385
Net profit for the period	-	-	-	-	-	-	108,550	108,550
Other comprehensive (loss) / income	-	(16,991)	18,826	-	-	1,835	-	1,835
<i>Net decrease in fair value for debt instruments</i>	-	<i>(17,134)</i>	-	-	-	<i>(17,134)</i>	-	<i>(17,134)</i>
<i>Net increases in provisions for expected credit losses for debt instruments recognised in profit or loss</i>	-	<i>143</i>	-	-	-	<i>143</i>	-	<i>143</i>
<i>Net increase in fair value for monetary gold</i>	-	-	<i>18,826</i>	-	-	<i>18,826</i>	-	<i>18,826</i>
Balance at 31 March 2024	25,000	(23,462)	92,356	31,300	787,941	888,135	108,550	1,021,685

The selected notes on pages 8 to 44 are an integral part of these condensed interim financial statements.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONTINUED)

In thousands of KM	Initial capital	Fair value reserves for debt and equity instruments	Fair value reserves for monetary gold	Other reserves	General reserves (Retained earnings)	Total reserves	Net profit for the period	Total equity
Balance at 1 January 2023	25,000	(143,005)	58,111	31,300	573,999	520,405	-	545,405
Total comprehensive income for the period	-	29,114	10,405	-	-	39,519	43,097	82,616
Net profit for the period	-	-	-	-	-	-	43,097	43,097
Other comprehensive income	-	29,114	10,405	-	-	39,519	-	39,519
<i>Net increase in fair value for debt instruments</i>	-	29,225	-	-	-	29,225	-	29,225
<i>Net (releases) of provisions for expected credit losses for debt instruments recognised in profit or loss</i>	-	(111)	-	-	-	(111)	-	(111)
<i>Net increase in fair value for monetary gold</i>	-	-	10,405	-	-	10,405	-	10,405
Balance at 31 March 2023	25,000	(113,891)	68,516	31,300	573,999	559,924	43,097	628,021

The selected notes on pages 8 to 44 are an integral part of these condensed interim financial statements.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
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STATEMENT OF CASH FLOWS (UNAUDITED)

	Note	For the period	
		01/01 - 31/03 2024	01/01 - 31/03 2023
In thousands of KM			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		108,550	43,097
Adjusted for:			
Interest income	17	(115,659)	(49,259)
Interest expense	17	3,505	3,427
Net (increase) in impairment on financial assets	20	(93)	(347)
Net foreign exchange (gains) / losses	19	(44)	464
Income from grants		-	(1)
Provisions, net increase		8	24
Depreciation and amortisation charge		649	708
Net cash flows from operating activities before changes in operating assets and liabilities		(3,084)	(1,887)
Changes in operating assets and liabilities			
Decrease / (increase) in term deposits with foreign banks		132,002	(37,169)
(Increase) / decrease of debt instruments at fair value through other comprehensive income		(1,295,068)	521,250
(Increase) in debt instruments at amortised cost		(586)	(717)
(Increase) in other assets		(3,376)	(1,541)
Increase / (decrease) of banknotes and coins in circulation	13	63,098	(38,207)
(Decrease) of deposits from banks		(445,641)	(763,587)
Increase / (decrease) of deposits from the Government and other public institutions		15,903	(138,690)
(Decrease) of other liabilities		(1,008)	(942)
Payments from provisions		(96)	(38)
Interest received		95,655	44,504
Interest paid		(2,305)	(2,928)
Net cash from operating activities		(1,444,506)	(419,952)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, equipment and intangible assets		(44)	(308)
Net cash used in investing activities		(44)	(308)
Net effects from impairment for expected credit losses on cash and cash equivalents		253	232
Net effects of exchange rates on cash and cash equivalents held		56	(486)
Net (decrease) of cash and cash equivalents		(1,444,241)	(420,514)
Cash and cash equivalents at the beginning of the period		7,012,626	7,846,633
Cash and cash equivalents at the end of the period	25	5,568,385	7,426,119

The selected notes on pages 8 to 44 are an integral part of these condensed interim financial statements.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 (UNAUDITED)**1. GENERAL INFORMATION**

The Central Bank of Bosnia and Herzegovina (the “Central Bank”) is the supreme monetary authority of Bosnia and Herzegovina (“BH”). Its establishment, organisation and operations have been defined by the Law on the Central Bank of Bosnia and Herzegovina, Official Gazette BH no: 1/97, 29/02, 08/03, 13/03, 14/03, 09/05, 76/06 and 32/07 (the “Law on the Central Bank”), adopted by the Parliamentary Assembly of Bosnia and Herzegovina, according to the General Framework Peace Agreement in Bosnia and Herzegovina (the “BH Constitution”).

Head Office of the Central Bank is located in Sarajevo, Maršala Tita Street, No. 25.

The main objective of the Central Bank is to achieve and maintain the stability of domestic currency (Convertible Mark) by issuing Convertible Mark (KM) in accordance with the currency board rule. The currency board rule, required by the Law on the Central Bank, implies that KM must be issued only with full coverage in convertible foreign currency reserves. Nevertheless, the Central Bank has an obligation to purchase and sell KM for euro (EUR) on demand, without any restrictions, at the official exchange rate of KM to EUR as $KM 1.95583 = EUR 1$, as prescribed by the Law on the Central Bank.

The guaranteed convertibility of KM and full coverage of monetary liabilities with convertible foreign currency reserves according to the currency board rule are the primary objectives of the Central Bank. All activities and operations of the Central Bank are undertaken in order to achieve the legally set goals and objectives with reference to preservation of the monetary stability in accordance with the currency board rule and are not, at any moment, aimed at profit maximization.

Within the limits of its authority, prescribed by the Law on the Central Bank, the Central Bank is entirely independent from the entities, public agencies and any other authority in the pursuit of its objectives and tasks.

The key management of the Central Bank consists of two bodies: The Governing Board and the Management.

The key management members of the Central Bank are:

The Governing Board

Jasmina Selimović Ph.D.	Chairwoman
Radomir Božić Ph.D.	Member
Mirza Kršo Ph.D.	Member
Danijela Martinović Ph.D.	Member
Darko Tomaš Ph.D.	Member

The Management

Jasmina Selimović Ph.D.	Governor
Ernadina Bajrović M.Sc.	Vice Governor
Željko Marić Ph.D.	Vice Governor
Marko Vidaković M.Sc.	Vice Governor

The Audit Committee members of the Central Bank are:

The Audit Committee

Elvir Čizmić Ph.D.	Chairman
Dijana Ćavar Ph.D.	Member
Vasilj Žarković Ph.D.	Member

2. BASIS OF PREPARATION

2.1. Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”): “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”). The condensed interim financial statements do not include all the information required for the complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the latest audited financial statements of the Central Bank for the year ended 31 December 2023 (“annual financial statements”).

The selected notes of these condensed interim financial statements clarify events and transactions that are significant for understanding the changes in the financial position and performance of the Central Bank in relation to the latest annual financial statements.

These condensed interim financial statements have been prepared using the going concern assumption. More information on conditions in the environment under which the Central Bank’s operations have been performed in the reporting period, significantly affecting the Central Bank’s reported balances of assets, liabilities, income and expenses, is disclosed in [Note 2.7](#).

The results of the Central Bank operations for the reporting period and as at reporting date presented in these condensed interim financial statements are not necessarily indicative for the results of the Central Bank operations that can be expected for 2024.

2.2. Basis of measurement

These condensed interim financial statements have been prepared under the accrual base of accounting and using the historical cost as a measurement base, except for the following material items:

Item	Basis of measurement
Debt instruments at fair value through other comprehensive income	Fair value
Monetary gold	Fair value

2.3. Functional and presentation currency

The condensed interim financial statements of the Central Bank are stated in the BH monetary unit which is the KM. All financial information has been rounded to the nearest thousand (unless otherwise stated).

2.4. Changes to IFRSs

At the date of approval of these condensed interim financial statements, certain changes and interpretations of the existing standards are effective from 1 January 2024. Their implementation has no significant impact on condensed interim financial statements of the Central Bank.

2.5. Accounting policies

The Central Bank’s condensed interim financial statements have been prepared in accordance with the same accounting policies used in preparation of the latest annual financial statements.

2.6. Significant accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires the Management to make judgments, estimates and assumptions that affect the implementation of accounting policies and reported amounts of assets, liabilities, income, expenses and other disclosed information in these condensed interim financial statements. Actual amounts may differ from these estimates.

The estimates and related assumptions used by the Management in the preparation of these condensed interim financial statements are based on the latest available and reliable information and are reviewed on an ongoing basis.

2. BASIS OF PREPARATION (CONTINUED)**2.6. Significant accounting judgements and estimates (continued)**

These condensed interim financial statements have been prepared based upon conditions existing at 31 March 2024. Future conditions may differ from those that resulted in the financial information disclosed in these condensed interim financial statements.

2.7. Conditions in the environment for performing the Central Bank's operations for the period 01/01 - 31/03/2024

The signs of economic stabilisation and recovery of global and eurozone economy are recorded in the current reporting period. However, the presence of inflationary pressures and increased geopolitical tensions continue to influence the decisions of the leading central banks in terms of defining the conditions on global financial markets and eurozone financial market where the Central Bank's foreign currency reserves are primarily invested. In the current reporting period, the European Central Bank ("ECB") remained its key interest rates unchanged. The impact of these circumstances on the Central Bank's foreign currency reserves investments processes i.e., the management of the financial risks is disclosed in more detail in [Note 5](#).

The trend of rising interest income on deposits with foreign banks and debt instruments continued in the current reporting period, while the movement of market yields on debt instruments had a volatile character. On the other hand, monetary gold market prices had the rising trend increasing its fair value and, at the same time, amortising the volatility of the Central Bank's equity arising from changes in fair value of the Central Bank's debt instruments subsequently measured at fair value through other comprehensive income. The operations undertaken in the foreign currency reserves investment process under mentioned market circumstances resulted in the total other comprehensive income arising from changes in fair value of the Central Bank's financial assets, while the total comprehensive income was primarily achieved by interest income arising from invested and reinvested interest-bearing components of foreign currency reserves in the current reporting period.

More information about changes and analytical amounts of significant foreign currency reserves components and corresponding amounts that had influence on profit or loss account and equity of the Central Bank is disclosed in the following notes:

Note	Title
7	Deposits with foreign banks
9	Debt instruments at fair value through other comprehensive income
10	Monetary gold
17	Net interest income
24	Equity

The decrease in the amount of monetary liabilities in the current reporting period is primarily caused by KM purchases and sales transactions with resident banks and depositors resulting in total of net KM purchases in the current reporting period. In addition, resident banks were withdrawing and returning KM banknotes and coins through the Central Bank's dislocated vaults with a non-cyclical intensity, which resulted in cumulative net increase in KM banknotes and coins in circulation comparing to 31 December 2023 and simultaneous net decrease of resident bank's reserve accounts.

All resident banks have regularly fulfilled the required reserve in accordance with the Central Bank's legal regulations. From 1 January 2024, the Central Bank applies the new required reserve framework for resident banks. The new required reserve framework prescribes the obligation for resident banks to allocate and maintain the required reserve in KM and EUR currency, by holding them on KM and EUR reserve accounts. Also, the new framework defines remuneration rates based on the required reserve funds which are calculated and paid to resident banks.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

2. BASIS OF PREPARATION (CONTINUED)

2.7. Conditions in the environment for performing the Central Bank's operations for the period 01/01 - 31/03/2024 (continued)

More information on changes and balances of monetary liabilities components and applied Central Bank's required reserve policy is disclosed in the following Notes:

Note	Title
13	Banknotes and coins in circulation
14	Deposits from banks
15	Deposits from the Government and other public institutions
17	Net interest income

The trend of the Central Bank's financial performances improvements continued in the current reporting period positively affecting the amount of the Central Bank's net foreign assets, as the main indicator of the currency board stability. More information is disclosed in the following Notes:

Note	Title
3	Currency board arrangement
24	Equity

3. CURRENCY BOARD ARRANGEMENT

The Law on the Central Bank defines the rule "currency board" for issuing the currency, according to which the Central Bank is obliged to ensure that total amount of its monetary liabilities never exceeds the equivalent amount (expressed in KM) of its net foreign currency reserves.

Details of compliance with that rule are as follows:

In thousands of KM	31 March 2024	31 December 2023
Official foreign currency reserves		
Cash in foreign currencies	455,738	455,191
Deposits with foreign banks	6,769,050	8,326,590
Special Drawing Rights with the IMF	2,698	2,073
Debt instruments	8,609,073	7,330,551
Monetary gold	194,285	175,459
TOTAL	16,030,844	16,289,864
Liabilities to non-residents	2,566	2,454
Net foreign currency reserves (Official foreign currency reserves less liabilities to non-residents)	16,028,278	16,287,410
Monetary liabilities		
Banknotes and coins in circulation	7,628,206	7,565,108
Deposits from banks	6,638,794	7,083,235
Deposits from the Government and other public institutions	768,801	752,898
TOTAL	15,035,801	15,401,241
NET FOREIGN ASSETS (Net foreign currency reserves less monetary liabilities)	992,477	886,169

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

3. CURRENCY BOARD ARRANGEMENT (CONTINUED)

Disclosed amounts of all components of the currency board represent their carrying amounts as at reporting dates.

Net foreign assets are the Central Bank's main financial indicator of achieving and maintaining the stability of domestic currency in BH and its main financial performance measure. It represents the part of official foreign currency reserves which can be used only for purposes and needs determined by the Law on the Central Bank.

Net foreign assets are the amounts that guarantee the domestic currency stability, respectively monetary stability and absorb potential financial risks arising from official currency reserves management. As at 31 March 2024, the financial balance of net foreign assets amounts to KM 992,477 thousand ensuring the full stability of domestic currency (31 December 2023: KM 886,169 thousand).

More information on financial risks to which the Central Bank has been exposed in foreign currency reserves management is disclosed in [Note 5](#).

4. CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Central Bank considers the characteristics of the asset or liability which market participants would consider when pricing the asset or liability at the measurement date.

The estimated fair values of the Central Bank's financial assets and financial liabilities have been determined using available market information, where it exists, and appropriate valuation methodologies.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Central Bank can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly and
- Level 3 inputs are unobservable inputs for the asset or liability.

4.1. Financial assets measured at fair value

In thousands of KM

	31 March 2024	31 December 2023
Financial assets		
<i>Financial assets measured at fair value through other comprehensive income</i>		
Debt instruments	7,428,064	6,150,130
Monetary gold	194,285	175,459
TOTAL	7,622,349	6,325,589

Financial assets measured at fair value correspond to Level 1 of fair value measurement as at reporting dates.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

4. CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

4.2. Financial assets and financial liabilities not measured at fair value

In thousands of KM

	Carrying amount	31 March 2024 Fair value
Financial assets		
<i>Financial assets measured at amortised cost:</i>		
Cash in foreign currencies	455,738	455,738
Deposits with foreign banks	6,769,050	6,769,050
Special Drawing Rights with the IMF	2,698	2,698
Debt instruments at amortised cost	1,181,009	1,073,204
Other financial assets	3,127	3,127
	8,411,622	8,303,817
<i>Financial assets measured at fair value through other comprehensive income - cost choice:</i>		
Other investments	27,813	27,813
	27,813	27,813
Total	8,439,435	8,331,630
 Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Banknotes and coins in circulation	7,628,206	7,628,206
Deposits from banks	6,638,794	6,638,794
Deposits from the Government and other public institutions	768,801	768,801
Other financial liabilities	67,420	67,420
Total	15,103,221	15,103,221

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

4. CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

4.2. Financial assets and financial liabilities not measured at fair value (continued)

In thousands of KM

	31 December 2023	
	Carrying amount	Fair value
Financial assets		
<i>Financial assets measured at amortised cost:</i>		
Cash in foreign currencies	455,191	455,191
Deposits with foreign banks	8,326,590	8,326,590
Special Drawing Rights with the IMF	2,073	2,073
Debt instruments at amortised cost	1,180,421	1,084,267
Other financial assets	3,539	3,539
	9,967,814	9,871,660
 <i>Financial assets measured at fair value through other comprehensive income - cost choice:</i>		
Other investments	27,813	27,813
	27,813	27,813
 Total	9,995,627	9,899,473
 Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Banknotes and coins in circulation	7,565,108	7,565,108
Deposits from banks	7,083,235	7,083,235
Deposits from the Government and other public institutions	752,898	752,898
Other financial liabilities	68,423	68,423
Total	15,469,664	15,469,664

As at reporting dates, financial assets and financial liabilities not measured at fair value correspond to Level 2 of fair value measurement, except for debt instruments at amortised cost which correspond to Level 1 because their fair value is determined with the same measurement technique used for debt instruments measured at fair value through other comprehensive income.

5. FINANCIAL RISK MANAGEMENT

The main financial risks to which the Central Bank is exposed in its daily operations are:

- Credit risk,
- Market risk (interest rate risk, gold price risk and foreign exchange risk) and
- Liquidity risk.

5.1. Credit risk

Credit risk is the risk of default on the contractual obligations of other counterparty or the issuer of fixed income debt securities, where the counterparty is an entity which, in accordance with the Central Bank's regulations, foreign currency reserves are held or invested.

Credit risk management is performed through the selection of the counterparties with the investible credit rating level, by limiting terms and controlling the volume and dynamics of investments. Credit ratings represent the basic criterium for defining credit risk exposure limits and are continuously monitored on a daily basis.

For the funds recorded in off-balance sheet records, the Central Bank is not exposed to credit risk, as all the risk, which may result from the investments of these funds, is to be borne contractually by the owners of these funds (see [Notes 27](#) and [28](#)).

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.1 Credit risk exposure

The following table shows the reconciliation from the opening to the closing balance for the impairment as well as the provisions for expected credit losses for financial assets during the reporting periods:

In thousands of KM

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1. Deposits with foreign banks								
As at 1 January	1,657	-	-	1,657	1,850	-	-	1,850
Increases in expected credit losses	2,493	-	-	2,493	3,575	-	-	3,575
Releases of expected credit losses	(33)	-	-	(33)	(64)	-	-	(64)
Releases due to derecognition of term deposits	(2,693)	-	-	(2,693)	(3,747)	-	-	(3,747)
As at 31 March	1,424	-	-	1,424	1,614	-	-	1,614
2. Special Drawing Rights with the IMF								
As at 1 January	-	-	-	-	-	-	-	-
Increases in expected credit losses	-	-	-	-	-	-	-	-
Releases of expected credit losses	-	-	-	-	-	-	-	-
As at 31 March	-	-	-	-	-	-	-	-
3. Debt instruments at fair value through other comprehensive income								
As at 1 January	904	-	-	904	910	-	-	910
Increases in expected credit losses	309	-	-	309	10	-	-	10
Releases of expected credit losses	(11)	-	-	(11)	(3)	-	-	(3)
Releases due to debt instruments matured	(155)	-	-	(155)	(118)	-	-	(118)
<i>Net increases in / (releases) of during the period</i>	<i>143</i>	<i>-</i>	<i>-</i>	<i>143</i>	<i>(111)</i>	<i>-</i>	<i>-</i>	<i>(111)</i>
As at 31 March	1,047	-	-	1,047	799	-	-	799

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.1. Credit risk exposure (continued)

In thousands of KM

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
4. Debt instruments at amortised cost								
As at 1 January	219	-	-	219	225	-	-	225
Increases in expected credit losses	1	-	-	1	1	-	-	1
Releases of expected credit losses	(3)	-	-	(3)	-	-	-	-
As at 31 March	217	-	-	217	226	-	-	226
5. Other financial assets								
As at 1 January	6	-	601	607	6	-	601	607
Increases in expected credit losses	2	-	-	2	2	-	-	2
Releases of expected credit losses	(3)	-	-	(3)	(2)	-	(1)	(3)
As at 31 March	5	-	601	606	6	-	600	606
Total opening balance at 1 January	2,786	-	601	3,387	2,991	-	601	3,592
Total net (releases) of expected credit losses	(93)	-	-	(93)	(346)	-	(1)	(347)
Total closing balance at 31 March	2,693	-	601	3,294	2,645	-	600	3,245

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.2 Credit risk concentration

a) Maximum exposure to credit risk - Financial assets subject to impairment

The following table shows the maximum exposure to credit risk for the Central Bank's financial assets as at reporting dates, analysed by the classes of financial instruments for which the expected credit losses are calculated and recognised:

In thousands of KM Classes of financial instruments	31 March 2024				31 December 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash in foreign currencies								
Gross carrying amount	455,738	-	-	455,738	455,191	-	-	455,191
Impairment	-	-	-	-	-	-	-	-
Carrying amount	455,738	-	-	455,738	455,191	-	-	455,191
Deposits with foreign banks								
Gross carrying amount	6,770,474	-	-	6,770,474	8,328,247	-	-	8,328,247
Impairment	(1,424)	-	-	(1,424)	(1,657)	-	-	(1,657)
Carrying amount	6,769,050	-	-	6,769,050	8,326,590	-	-	8,326,590
Special Drawing Rights with the IMF								
Gross carrying amount	2,698	-	-	2,698	2,073	-	-	2,073
Impairment	-	-	-	-	-	-	-	-
Carrying amount	2,698	-	-	2,698	2,073	-	-	2,073
Debt instruments at fair value through other comprehensive income								
Gross carrying amount	7,428,064	-	-	7,428,064	6,150,130	-	-	6,150,130
Provisions for expected credit losses (recognised in other comprehensive income)	1,047	-	-	1,047	904	-	-	904
Gross carrying amount	7,428,064	-	-	7,428,064	6,150,130	-	-	6,150,130

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.2. Credit risk concentration (continued)

In thousands of KM

Classes of financial instruments	31 March 2024				31 December 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Debt instruments at amortised cost								
Gross carrying amount	1,181,226	-	-	1,181,226	1,180,640	-	-	1,180,640
Impairment	(217)	-	-	(217)	(219)	-	-	(219)
Carrying amount	1,181,009	-	-	1,181,009	1,180,421	-	-	1,180,421
Other financial assets								
Gross carrying amount	3,132	-	601	3,733	3,545	-	601	4,146
Impairment	(5)	-	(601)	(606)	(6)	-	(601)	(607)
Carrying amount	3,127	-	-	3,127	3,539	-	-	3,539

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.2. Credit risk concentration (continued)

b) Maximum exposure to credit risk - Financial assets not subject to impairment

In thousands of KM	31 March 2024	31 December 2023
Carrying amount		
Monetary gold	194,285	175,459
Other investments	27,813	27,813
TOTAL	222,098	203,272

Concentration per credit rating

The tables below present an analysis of the Central Bank's concentration of deposits with foreign banks, debt instruments at fair value through other comprehensive income and debt instruments at amortised cost per composite credit rating to the counterparty as at reporting dates:

Deposits with foreign banks

In thousands of KM	31 March 2024	31 December 2023
Credit rating		
AAA	3,299,130	3,914,210
AA+	768	431
AA	718,017	836,324
AA-	793,354	806,995
A+	-	-
A	1,848,556	2,224,953
A-	-	-
II ¹	110,649	545,334
BBB+	-	-
BBB	-	-
BBB-	-	-
Total	6,770,474	8,328,247
Impairment	(1,424)	(1,657)
TOTAL	6,769,050	8,326,590

¹ International institutions

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.2. Credit risk concentration (continued)

Debt instruments at fair value through other comprehensive income

In thousands of KM

Credit rating	31 March 2024	31 December 2023
AAA	2,201,437	2,015,799
AA+	1,052,137	653,467
AA	2,073,499	1,578,434
AA-	853,088	723,414
A+	-	-
A	74,023	37,616
A-	661,404	683,479
BBB+	-	-
BBB	512,476	457,921
BBB-	-	-
TOTAL	7,428,064²	6,150,130

Debt instruments at amortised cost

In thousands of KM

Credit rating	31 March 2024	31 December 2023
AAA	142,231	141,871
AA+	282,742	283,696
AA	222,179	221,715
AA-	147,042	146,741
A+	-	-
A	40,988	41,528
A-	191,783	191,383
BBB+	-	-
BBB	154,261	153,706
BBB-	-	-
Total	1,181,226	1,180,640
Impairment	(217)	(219)
TOTAL	1,181,009	1,180,421

² Provisions for expected credit losses do not reduce the gross carrying amount of debt instruments at fair value through other comprehensive income

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2. Market risk

Market risk is the risk of market value change in the financial assets and instruments due to the changes in the financial market conditions.

For the purpose of quantifying the market risk effects on the foreign currency reserves value, the Central Bank applies the Value at Risk (VaR) concept. VaR value for market risk is calculated by analytical (parametric) method, based on the mean value of gain/loss or yield rate of observed portfolio and standard deviation of observed data. The Central Bank, when calculating VaR, applies a level of confidence of 99% for a 10-day horizon. When calculating VaR value for the Central Bank's foreign currency reserves portfolio, all positions in the foreign currency reserves portfolio that are exposed to market risks (interest rate risk, risk of change in EUR price of monetary gold and foreign exchange risk) are taken into consideration.

As at 31 March 2024, the exposure of the Central Bank's foreign currency reserves, including fluctuations of the prices of financial instruments and changes of foreign exchange rates against the KM, equals to KM 31,846 thousand (31 December 2023: KM 29,493 thousand), which represents 0.20% of the total financial assets (31 December 2023: 0.18% of the total financial assets).

As at 31 March 2024, Value at Risk (VaR) is by 8% higher than as at 31 December 2023. The increase in VAR value was primarily influenced by the increase in the Central Bank's foreign currency reserve portfolio interest rate risk exposure, because, as at 31 March 2024, the value of debt instruments at fair value through other comprehensive income is by 21% higher than as at 31 December 2023. The impact of the increase in the interest risk rate exposure was partially compensated by the lower volatility of debt instruments' market yields and the relatively stable growth of the monetary gold price expressed in EUR.

As at reporting dates, VaR values are provided in the following table:

In thousands of KM	31 March 2024	31 December 2023
Interest rate risk	30,414	21,641
Risk of change in EUR price of monetary gold	1,015	7,477
Foreign exchange risk	417	375
Total VaR	31,846	29,493

5.2.1. Interest rate risk

Interest rate risk is the risk of changes in market value of the financial assets due to the unfavourable movements of interest rates.

Interest rate risk is managed by determining the targeted modified duration of the invested foreign currency reserves, by monitoring the value at risk, and by selecting the adequate market index which, with the necessary adjustments, represent the reference portfolio (benchmark) and by determining the maximum amount of the allowed deviation of the portfolio's return from the return of corresponding benchmark (tracking error).

The targeted modified duration is shortened or extended by the appropriate regulations of the Central Bank, depending on the current structure of the foreign currency reserves portfolio, current market conditions and available expectations and forecasts, and in accordance with the strategic determination that the maximum allowed term for investing in debt instruments with fixed income is ten years, while maximum allowed term for investing in deposits with foreign banks is one year.

According to the regulations effective as at reporting dates, the targeted modified duration of the total portfolio of foreign currency reserves is 1.10 year, with +/- 0.40 year deviations allowed, while the target modified duration of the portfolio of debt instruments at fair value through other comprehensive income with remaining maturity longer than one year is 2.00 years with +/- 0.30 year deviations allowed.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)**5.2. Market risk (continued)****5.2.1. Interest rate risk (continued)**

The Central Bank uses the modified duration of debt instruments at fair value through other comprehensive income as a key measure of interest rate risk exposure. The modified duration is a measure of the price sensitivity of financial instrument to changes in interest rates, i.e., the market yield of a debt instrument. The modified duration is expressed as the number of years and the longer the duration, the higher the interest rate risk. The modified duration of the portfolio is calculated as a weighted average of the cash flows' maturities of individual financial instruments in the portfolio, where the weight is the present value of the cash flow. The modified duration of the portfolio of debt instruments at fair value through other comprehensive income amounts to 1.14 years as at 31 March 2024 (31 December 2023: 0.97 years).

In the reporting period, eurozone bonds yields recorded relatively milder fluctuating trends, which is the result of milder corrections of market expectations, in line with forecasts of potential changes in ECB and Federal Reserve System ("Fed") monetary policy, and published eurozone and the USA economic indicators. In the first three months of 2024, the key central banks, ECB and Fed, did not change their key interest rates. Namely, the last change in key interest rates took place in September 2023 (ECB) and in July 2023 (Fed), with the key interest rates being increased by 25 basis points in both cases.

The government bond yield curve on the eurozone financial market is still inverted, i.e., yields are high at the shorter end of the curve, while bond yields with longer remaining maturities are still lower than short-term market yields and short-term interest rates on the eurozone financial market.

The following tables show the Central Bank's exposure to interest rate risk as at reporting dates by the financial instrument's carrying amount, categorised (classified into maturity classes) under criteria of re-determining interest rate dates in accordance with contractual arrangements (contractual cashflows, such as coupon payments) or the maturity date of the instruments. Accordingly, the criteria for classifying instruments into maturity classes for coupon debt instruments at fair value through other comprehensive income is the maturity date of the first subsequent coupon payment, while discount debt instruments at fair value through other comprehensive income, debt instruments at amortised cost and deposits with foreign banks are classified into maturity classes according to the maturity date of the instrument:

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2. Market risk (continued)

5.2.1. Interest rate risk (continued)

31 March 2024						
In thousands of KM	Up to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Non-interest bearing	Total
Cash in foreign currencies	-	-	-	-	455,738	455,738
Deposits with foreign banks	5,830,780	907,914	-	-	30,356	6,769,050
Special Drawing Rights with the IMF	2,675	-	-	-	23	2,698
Debt instruments at fair value through other comprehensive income	3,115,972	4,293,853	-	-	18,240	7,428,064
Monetary gold	-	-	-	-	194,285	194,285
Debt instruments at amortised cost	-	58,376	288,515	832,807	1,311	1,181,009
Other financial assets	-	-	-	-	3,127	3,127
Other investments	-	-	-	-	27,813	27,813
Total financial assets	8,949,427	5,260,143	288,515	832,807	730,893	16,061,784
Banknotes and coins in circulation	-	-	-	-	7,628,206	7,628,206
Deposits from banks	6,638,009	-	-	-	785	6,638,794
Deposits from the Government and other public institutions	-	-	-	-	768,801	768,801
Other financial liabilities	-	-	-	-	67,420	67,420
Total financial liabilities	6,638,009	-	-	-	8,465,212	15,103,221
INTEREST RATE GAP	2,311,418	5,260,143	288,515	832,807	(7,734,319)	958,563

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2. Market risk (continued)

5.2.1. Interest rate risk (continued)

31 December 2023		From 3	From 1		Non-	
In thousands of KM	Up to 3	to 12	to 3	Over 3	interest	Total
	months	months	years	years	bearing	
Cash in foreign currencies	-	-	-	-	455,191	455,191
Deposits with foreign banks	7,465,786	824,722	-	-	36,082	8,326,590
Special Drawing Rights with the IMF	2,053	-	-	-	20	2,073
Debt instruments at fair value through other comprehensive income	1,321,372	4,827,264	-	-	1,494	6,150,130
Monetary gold	-	-	-	-	175,459	175,459
Debt instruments at amortised cost	-	58,271	153,916	965,658	2,576	1,180,421
Other financial assets	-	-	-	-	3,539	3,539
Other investments	-	-	-	-	27,813	27,813
Total financial assets	8,789,211	5,710,257	153,916	965,658	702,174	16,321,216
Banknotes and coins in circulation	-	-	-	-	7,565,108	7,565,108
Deposits from banks	7,082,560	-	-	-	675	7,083,235
Deposits from the Government and other public institutions	-	-	-	-	752,898	752,898
Other financial liabilities	-	-	-	-	68,423	68,423
Total financial liabilities	7,082,560	-	-	-	8,387,104	15,469,664
INTEREST RATE GAP	1,706,651	5,710,257	153,916	965,658	(7,684,930)	851,552

Sensitivity analysis based on scenarios of predefined changes in market yields

In order to quantify the effects of exposure of foreign currency reserves to interest rate risk, as an addition to the VaR analysis, a stress test (sensitivity analysis) is used, which, based on the modified duration of the portfolio of debt instruments, predicts the possible effect of changes in interest rates (market yields) on the financial assets of the Central Bank.

For the Central Bank, the most important scenario is a possible unexpected growth in interest rates (fall in market prices of debt instruments), so the impact on financial assets is calculated in the event of an increase in interest rates (upward shift of the yield curve on euro bonds) according to the assumed scenario (predefined increases).

Interest rate risk sensitivity analysis based on scenarios of predefined changes in market yields (interest rates) expressed in basis points (bp) shows the effects of changes in the level of the bond yield curve in the eurozone (the yield curve on euro bonds) on the value of the bank's financial assets as at reporting dates.

The effects of a change in the level of the euro yield curve represent a fall in the market values of debt instruments for predefined increases in interest rates by 1, 50, 100 or 200 basis points. This analysis assumes that all other variables are unchanged at observed reporting dates.

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)**5.2. Market risk (continued)****5.2.1. Interest rate risk (continued)**Sensitivity analysis - scenarios of assumed changes in market yields at 31 March 2024

Change in market yields	+/- 1 bp	+/- 50 bp	+/- 100 bp	+/- 200 bp
Change of the financial assets value (in thousands of KM)	(847)/847	(42,340)/42,340	(84,680)/84,680	(169,360)/169,360

Sensitivity analysis - scenarios of assumed changes in market yields at 31 December 2023

Change in market yields	+/- 1 bp	+/- 50 bp	+/- 100 bp	+/- 200 bp
Change of the financial assets value (in thousands of KM)	(595)/595	(29,739)/29,739	(59,478)/ 59,478	(118,957)/ 118,957

In the case of the scenario of an upward shift of the yield curve on euro bonds by 1 bp (0.01%), the financial assets of the Central Bank would be decreased by KM 847 thousand as at 31 March 2024 (As at 31 December 2023: KM 595 thousand).

In the case of the scenario of a downward shift of the yield curve on euro bonds by 1 bp (0.01%), the financial assets of the Central Bank would be higher by KM 847 thousand as at 31 March 2024 (As at 31 December 2023: KM 595 thousand).

The effects on the value of financial assets in the case of a scenario of larger shifts (+/- 50 bp, +/- 100 bp, or +/-200 bp) of the yield curve on euro bonds, would be proportional to the effects of the change in the value of financial assets caused by the mentioned shifts in the yield curve for +/- 1 bp (+/- 0.01%).

5.2.2. Foreign exchange risk

Foreign exchange risk is the risk of changes in foreign exchange assets and liabilities due to changes in foreign exchange rates. The Central Bank is exposed to foreign exchange risk through transactions in foreign currencies. Foreign exchange risk is primarily managed through reconciling currency structure of assets and liabilities of the Central Bank, as well as through setting the quantitative limits for exposure to foreign exchange risk.

The control and management of the foreign exchange risk is based on the strict adherence to the provisions of the Law on the Central Bank and the Central Bank's internal regulations.

The largest part of official foreign currency reserves is held in EUR, and the maximum amount that can be held in convertible currencies other than EUR, must not exceed the equivalent of 50% of the total amount of the unimpaired capital and reserves of the Central Bank. More information about the components of official foreign currency reserves that are held in convertible currencies other than EUR is disclosed in [Notes 7](#) and [8](#).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3. Liquidity risk

Liquidity risk refers to the possible difficulties in liquidating a portion of assets quickly, which is possible when market conditions are unfavourable and also when there is an unfavourable price movement. The liquidity of foreign currency reserves portfolio is ensured by holding a sufficient funds of liquid instruments in the portfolio.

Considering the need of guaranteeing the KM convertibility, the daily liquidity must be provided by the maturity adjustment of the Central Bank's foreign currency reserves.

Tables below present the maturity of the Central Bank's financial liabilities as at reporting dates based on the remaining contractual maturity from the reporting dates:

31 March 2024						
In thousands of KM	Up to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Without specified maturity	Total
Banknotes and coins in circulation	7,628,206	-	-	-	-	7,628,206
Deposits from banks	6,638,794	-	-	-	-	6,638,794
Deposits from the Government and other public institutions	768,801	-	-	-	-	768,801
Other financial liabilities	67,420	-	-	-	-	67,420
TOTAL FINANCIAL LIABILITIES	15,103,221	-	-	-	-	15,103,221

31 December 2023						
In thousands of KM	Up to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Without specified maturity	Total
Banknotes and coins in circulation	7,565,108	-	-	-	-	7,565,108
Deposits from banks	7,083,235	-	-	-	-	7,083,235
Deposits from the Government and other public institutions	752,898	-	-	-	-	752,898
Other financial liabilities	4,104	64,319	-	-	-	68,423
TOTAL FINANCIAL LIABILITIES	15,405,345	64,319	-	-	-	15,469,664

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6. CASH IN FOREIGN CURRENCIES

The following table presents balances of cash in foreign currencies, with an analytical presentation by the type of currency:

In thousands of KM	31 March 2024	31 December 2023
Cash in foreign currencies:		
EUR	455,738	455,191
TOTAL	455,738	455,191

For the purpose of cash flow reporting, cash in foreign currencies is included in cash and cash equivalents ([Note 25](#)).

7. DEPOSITS WITH FOREIGN BANKS

Deposits with foreign banks represent the Central Bank's invested foreign currency reserves funds held on the accounts with foreign banks and international financial institutions.

For the purpose of cash flow reporting, foreign currency demand deposits and foreign currency deposits with maturity up to three months or less from the date of acquisition are included in cash and cash equivalents. The following table presents the analysis of deposits with foreign banks for the purpose of cash flow reporting:

In thousands of KM	31 March 2024	31 December 2023
Demand deposits	1,660,793	1,811,641
Term deposits with maturity up to three months or less from the date of acquisition	3,449,637	4,744,565
Impairment	(1,233)	(1,486)
Included in cash and cash equivalents (Note 25)	5,109,197	6,554,720
Term deposits with maturity over three months from the date of acquisition	1,660,044	1,772,041
Impairment	(191)	(171)
Total	1,659,853	1,771,870
TOTAL	6,769,050	8,326,590

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7. DEPOSITS WITH FOREIGN BANKS (CONTINUED)

The following table presents balances of term and demand deposits, with an analytical presentation by type of currency:

In thousands of KM	31 March 2024	31 December 2023
Term deposits:		
EUR	5,106,060	6,512,976
USD	3,621	3,630
	5,109,681	6,516,606
Impairment	(1,305)	(1,520)
Total	5,108,376	6,515,086
Demand deposits:		
EUR	1,650,501	1,802,057
CHF	5,520	4,325
USD	2,715	3,199
GBP	2,057	2,060
	1,660,793	1,811,641
Impairment	(119)	(137)
Total	1,660,674	1,811,504
TOTAL	6,769,050	8,326,590

Deposits with foreign banks include net accrued interest in the amount of KM 30,356 thousand as at 31 March 2024 (31 December 2023: Included net accrued interest in the amount of KM 36,082 thousand).

The following table presents the analysis of term deposits with foreign banks, by the remaining contractual maturity in relation to reporting dates:

In thousands of KM	31 March 2024	31 December 2023
Up to one month	3,165,525	3,983,673
From one to two months	664,991	960,845
From two to three months	362,637	738,995
From three to four months	-	298,167
From four to twelve months	916,528	534,926
Total	5,109,681	6,516,606
Impairment	(1,305)	(1,520)
TOTAL	5,108,376	6,515,086

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7. DEPOSITS WITH FOREIGN BANKS (CONTINUED)

Deposits with foreign banks, analysed by the type of the financial institution in which the funds are invested, are provided in the following table:

In thousands of KM	31 March 2024	31 December 2023
Foreign commercial banks		
Term deposits	2,029,432	2,739,866
Overnight deposits	1,485,453	1,199,902
Demand deposits	6,817	4,506
	3,521,702	3,944,274
Foreign central banks		
Term deposits	1,490,489	2,038,953
Overnight deposits	-	-
Demand deposits	1,647,634	1,799,686
	3,138,123	3,838,639
International financial institutions		
Term deposits	104,307	537,885
Overnight deposits	-	-
Demand deposits	6,342	7,449
	110,649	545,334
Total	6,770,474	8,328,247
Impairment (Note 5.1.1.)	(1,424)	(1,657)
TOTAL	6,769,050	8,326,590

More information about the Central Bank's composite credit rating range and credit risk concentration for deposits with foreign banks as at reporting dates is disclosed in [Note 5.1.2.](#)

Deposits with foreign banks, analysed by the country where the funds are invested, are presented in the following table:

In thousands of KM	31 March 2024	31 December 2023
Switzerland	1,783,795	2,264,654
France	1,513,116	1,960,734
Germany	1,195,078	1,052,667
Luxembourg	1,131,612	1,855,256
Great Britain	1,046,640	1,096,037
Netherlands	99,465	98,468
USA	768	431
Total	6,770,474	8,328,247
Impairment	(1,424)	(1,657)
TOTAL	6,769,050	8,326,590

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

8. SPECIAL DRAWING RIGHTS WITH THE IMF

In thousands of KM	31 March 2024	31 December 2023
Account of Special Drawing Rights with the IMF	2,675	2,053
Accrued interest	23	20
Total	2,698	2,073
Impairment	-	-
TOTAL	2,698	2,073

For the purpose of cash flow reporting, Special Drawing Rights with the IMF are included in cash and cash equivalents ([Note 25](#)).

9. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Debt instruments at fair value through other comprehensive income represent the Central Bank's foreign currency reserve funds invested in liquid sovereign government bonds of the eurozone countries. The portfolio of these debt instruments includes short-term and long-term government bonds with a fixed interest rate. Debt instruments at fair value through other comprehensive income are denominated in EUR currency.

The structure of investments in debt instruments at fair value through other comprehensive income is presented in the following table:

In thousands of KM	31 March 2024	31 December 2023
Coupon debt instruments	5,434,436	4,476,401
Accrued interest on coupon debt instruments	41,842	29,919
Total	5,476,278	4,506,320
Discount debt instruments	1,975,388	1,672,235
Accrued (discount) on discount debt instruments	(23,602)	(28,425)
Total	1,951,786	1,643,810
TOTAL	7,428,064	6,150,130

As at 31 March 2024, provisions for expected credit losses for debt instruments at fair value through other comprehensive income amount to KM 1,047 thousand (31 December 2023: KM 904 thousand). During the reporting period, net increases in provisions for expected credit losses, recognised in profit or loss for the period, amount to KM 143 thousand (01/01 - 31/03/2023: Net releases amounted to KM 111 thousand). More information about these changes in the reporting periods is disclosed in [Notes 5.1.1.](#) and [20.](#)

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

9. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Debt instruments at fair value through other comprehensive income, analysed by the country where the funds are invested, are presented in the following table:

	31 March 2024		31 December 2023	
	In thousands of KM	%	In thousands of KM	%
<i>France</i>	2,073,499	27.91	1,578,434	25.67
<i>Germany</i>	1,843,932	24.82	1,842,371	29.96
<i>Belgium</i>	853,088	11.49	683,296	11.11
<i>Spain</i>	661,404	8.90	683,479	11.11
<i>Austria</i>	606,598	8.17	303,826	4.94
<i>Italy</i>	512,476	6.90	457,921	7.45
<i>Finland</i>	445,539	6.00	349,641	5.69
<i>Netherlands</i>	274,130	3.69	173,428	2.82
<i>Luxembourg</i>	83,375	1.12	-	-
<i>Slovakia</i>	74,023	1.00	37,616	0.60
<i>Ireland</i>	-	-	40,118	0.65
TOTAL	7,428,064	100.00	6,150,130	100.00

Changes in debt instruments at fair value through other comprehensive income during the reporting periods are presented in the following table:

In thousands of KM	01/01 - 31/03	For the period
	2024	01/01 - 31/03
As at	6,150,130	5,887,589
Purchases during the period	1,982,798	-
Interest income recognised during the period (Note 17)	47,764	4,459
Effects of negative interest rates recognised during the period (Note 17)	-	(1,973)
Maturities of debt instruments	(720,675)	(516,579)
Maturities of coupons	(14,822)	(7,157)
Net unrealised change in fair value during the period	(17,134)	29,225
Transaction costs	3	-
As at	7,428,064	5,395,564

More information about the Central Bank's composite credit rating range and credit risk concentration for debt instruments at fair value through other comprehensive income as at reporting dates is disclosed in [Note 5.1.2](#).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

9. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Debt instruments at fair value through other comprehensive income, analysed by their remaining contractual maturity in relation to reporting dates, are presented in the following table:

In thousands of KM	31 March 2024	31 December 2023
Up to 3 months	1,506,406	716,892
From 3 to 12 months	2,551,211	2,943,406
From 1 to 3 years	2,839,491	2,414,490
Over 3 years	530,956	75,342
TOTAL	7,428,064	6,150,130

10. MONETARY GOLD

As at reporting dates, the values of the input data for calculating the fair value of monetary gold are provided in the following table:

As at	Quantity of ounces	Price per ounce in KM	Fair value of monetary gold In thousands of KM
31 March 2024	48,000	4,047.60	194,285
31 December 2023	48,000	3,655.40	175,459
31 March 2023	48,000	3,550.94	170,445

Changes in monetary gold during the reporting periods are provided in the following table:

In thousands of KM	01/01 - 31/03 2024	For the period 01/01 - 31/03 2023
As at	175,459	160,040
Net unrealised change in fair value during the period	18,826	10,405
As at	194,285	170,445

11. DEBT INSTRUMENTS AT AMORTISED COST

Debt instruments at amortised cost represent Central Bank's foreign currency reserves funds invested in liquid sovereign government bonds of the eurozone countries with the intention of holding them until maturity. As at reporting date, this portfolio consists of long-term coupon government bonds with a fixed interest rate. Debt instruments at amortised cost are denominated in EUR currency.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

11. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

The structure of investments in debt instruments at amortised cost is presented in the following table:

In thousands of KM	31 March 2024	31 December 2023
Coupon debt instruments	1,179,915	1,178,064
Accrued interest on coupon debt instruments	1,311	2,576
Total	1,181,226	1,180,640
Impairment	(217)	(219)
TOTAL	1,181,009	1,180,421

More information about the Central Bank's composite credit rating range and credit risk concentration for debt instruments at amortised cost as at reporting dates is disclosed in [Note 5.1.2.](#)

Debt instruments at amortised cost, analysed by their remaining contractual maturity in relation to reporting dates, are presented in the following table:

In thousands of KM	31 March 2024	31 December 2023
Up to 3 months	-	-
From 3 to 12 months	58,724	58,406
From 1 to 3 years	288,963	154,187
Over 3 years	833,539	968,047
Total	1,181,226	1,180,640
Impairment	(217)	(219)
TOTAL	1,181,009	1,180,421

As at reporting date, debt instruments at amortised cost, analysed by the country where the funds are invested, approximately correspond to the amounts disclosed in the latest annual financial statements because the Central Bank did not invest foreign currency reserves funds in this portfolio during 2024.

12. OTHER ASSETS

In thousands of KM	31 March 2024	31 December 2023
Gross carrying amount of other financial assets	3,733	4,146
Impairment	(606)	(607)
Other financial assets	3,127	3,539
Other nonfinancial assets	17,745	13,845
TOTAL	20,872	17,384

As at reporting dates, other nonfinancial assets are mostly related to the prepaid expenses for banknotes and coins production in the amount of KM 14,804 thousand (31 December 2023: KM 11,062 thousand).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

13. BANKNOTES AND COINS IN CIRCULATION

The amounts of banknotes and coins in circulation are presented in the following table:

In thousands of KM	31 March 2024	31 December 2023
Coins in circulation	269,384	265,096
Banknotes in circulation	7,358,822	7,300,012
TOTAL	7,628,206	7,565,108

Changes in banknotes and coins in circulation during the reporting periods are presented in the following table:

In thousands of KM	01/01 - 31/03 2024	For the period 01/01 - 31/03 2023
Banknotes and coins in circulation as at	7,565,108	7,436,097
Net increase / (decrease) in value of banknotes and coins in circulation during the period	63,098	(38,207)
Banknotes and coins in circulation as at	7,628,206	7,397,890

14. DEPOSITS FROM BANKS

The structure of deposits from banks is presented in the following table:

In thousands of KM	31 March 2024	31 December 2023
Deposits from resident banks:		
- KM	6,529,784	7,082,560
- EUR	108,225	-
	6,638,009	7,082,560
Reserve accounts of the Central Bank organizational units	752	642
Special deposits of resident banks - blocked funds	33	33
TOTAL	6,638,794	7,083,235

From 1 January 2024, the new required reserve framework of resident banks is applicable. The new required reserve framework prescribes the obligation for resident banks to allocate and maintain required reserve in KM and EUR currency on KM and EUR reserve accounts. Required reserve is calculated as KM required reserve on the domestic currency base and EUR required reserve on the foreign currency base, applying unique 10% rate on all bases. The EUR currency reserve is maintained by allocating 5% of the amount of calculated EUR required reserve on EUR reserve account and by allocating and maintaining the 95% of the amount of calculated EUR required reserve in KM equivalent on KM reserve account. More information about Central Bank's remuneration policy for the reserve requirement instruments is disclosed in [Note 17](#).

Deposits from resident banks include accrued remuneration on the basis of required reserve policy in the amount of KM 1,200 thousand as at 31 March 2024 (31 December 2023: Included the accrued remuneration in the amount of KM 1,181 thousand).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

15. DEPOSITS FROM THE GOVERNMENT AND OTHER PUBLIC INSTITUTIONS

In thousands of KM	31 March 2024	31 December 2023
Budgetary deposits from BH institutions	623,166	633,891
Deposits from other local governments and government institutions	116,270	85,101
Deposits from other public institutions	29,346	16,887
Deposit account under the IMF transactions	19	17,019
TOTAL	768,801	752,898

16. OTHER LIABILITIES

In thousands of KM	31 March 2024	31 December 2023
Other financial liabilities	67,420	68,423
Other nonfinancial liabilities	255	246
TOTAL	67,675	68,669

As at reporting dates, other financial liabilities are mostly related to liabilities for allocation a part of profit to the BH budget amounting to KM 64,319 thousand ([Note 29](#)).

17. NET INTEREST INCOME

In thousands of KM	01/01 - 31/03 2024	For the period 01/01 - 31/03 2023
Interest income arising from:		
Deposits with foreign banks (Note 7)	64,854	41,840
Debt instruments at fair value through other comprehensive income (Note 9)	47,764	4,459
Debt instruments at amortised cost (Note 11)	2,981	2,930
Special Drawing Rights with the IMF	60	30
Total	115,659	49,259
Interest expense arising from:		
Deposits from resident banks	(3,505)	(1,454)
Effects of negative interest rates from debt instruments at fair value through other comprehensive income (Note 9)	-	(1,973)
Total	(3,505)	(3,427)
Net interest income	112,154	45,832

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

17. NET INTEREST INCOME (CONTINUED)

Total interest and similar income and expenses by classes of interest-bearing financial instruments are presented in the following table:

In thousands of KM	01/01 - 31/03 2024	For the period 01/01 - 31/03 2023
1. Financial assets at amortised cost		
<i>Interest income arising from:</i>		
Deposits with foreign banks	64,854	41,840
Debt instruments at amortised cost	2,981	2,930
Special Drawing Rights with the IMF	60	30
Total	67,895	44,800
2. Debt instruments at fair value through other comprehensive income		
Interest income	47,764	4,459
Effects of negative interest rates	-	(1,973)
Total	47,764	2,486
3. Financial liabilities at amortised cost		
Interest expenses arising from deposits from resident banks	(3,505)	(1,454)
Total	(3,505)	(1,454)
Net interest income	112,154	45,832

The following table presents interest income from deposits with foreign banks with an analytical presentation of corresponding amounts by the term type:

In thousands of KM	01/01 - 31/03 2024	For the period 01/01 - 31/03 2023
Interest income		
Term deposits	54,329	35,793
Demand deposits	10,525	6,047
Total	64,854	41,840

The average effective yield rate on deposits with foreign banks amounts to 3.98% in the period 01/01 - 31/03/2024 (01/01 - 31/03/2023: The average effective yield rate amounted to 2.16%).

The average effective yield rate on debt instruments at fair value through other comprehensive income amounts to 2.71 % in the period 01/01 - 31/03/2024 (01/01 - 31/03/2023: The average effective yield rate amounted to 0.18%).

The average effective yield rate on debt instruments at amortised cost amounts to 1.02 % in the period 01/01 - 31/03/2024 (01/01 - 31/03/2023: The average effective yield rate amounted to 1.01%).

The base for calculation of interest expense on deposits from resident banks is generated from the total amount of deposits of resident banks on reserve accounts during the ten-day calculation period, which consists of required reserve amounts and the amounts exceeding the required reserves.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

17. NET INTEREST INCOME (CONTINUED)

As disclosed in [Note 14](#), the application of the new required reserve framework, from 1 January 2024, prescribes the obligation for resident banks to allocate and maintain KM and EUR required reserves on KM and EUR reserve accounts.

The required reserve is calculated as KM required reserve on domestic currency base and EUR required reserve on foreign currency base applying unique 10% rate for all bases.

In the period 01/01 - 31/03/2024, the Central Bank calculates and pays a remuneration to resident banks at prescribed rates on KM required reserves amounts, i.e., EUR required reserves amounts. The Central Bank applies the zero-remuneration rate on the amounts exceeding required reserves, regardless of required reserve currency allocation and maintenance.

In the period 01/01 - 31/03/2023, the Central Bank calculated and paid a remuneration to resident banks at prescribed rates on the required reserves amounts generated from domestic currency base and from the foreign currency base and the domestic currency with a currency clause base. The zero-remuneration rate is calculated on the amounts exceeding required reserves.

During the reporting periods, the Central Bank's remuneration rates amount to:

Base for calculation of remuneration	The Central Bank remuneration rate for the period
2024: New required reserve framework	
Required reserves amounts	01/01 - 31/03
<i>KM required reserve on domestic currency base</i>	0.50%
<i>EUR required reserve on foreign currency base</i>	0.30%
Amounts exceeding the required reserves	0.00%
2023: Previously applied required reserve framework	
Required reserves amounts	01/01 - 31/03
<i>Domestic currency base</i>	0.25%
<i>Foreign currency base</i>	0.10%
<i>Domestic currency with currency clause base</i>	0.10%
Amounts exceeding the required reserves	0.00%

Interest expenses arising from deposits from resident banks include expenses arising from the required reserves in the amount of KM 3,505 thousand in the period 01/01 - 31/03/2024 (01/01 - 31/03/2023: Interest expenses on deposits from resident banks amounted to KM 1,454 thousand).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

18. NET FEE AND COMMISSION INCOME

In thousands of KM	01/01 - 31/03 2024	For the period 01/01 - 31/03 2023
Fee and commission income arising from:		
Services for resident banks	4,958	4,846
Services for the Government and other non-banking clients	350	359
Total	5,308	5,205
Fee and commission expenses arising from:		
Custodian and other expenses for debt instruments	(153)	(124)
Transactions with foreign banks	(8)	(7)
Other fee and commission expenses	(1)	(1)
Total	(162)	(132)
Net fee and commission income	5,146	5,073

19. NET FOREIGN EXCHANGE GAINS / (LOSSES)

In thousands of KM	01/01 - 31/03 2024	For the period 01/01 - 31/03 2023
Net realised foreign exchange gains	36	61
Net unrealised foreign exchange gains / (losses)	8	(525)
TOTAL	44	(464)

20. NET INCREASES IN IMPAIRMENT ON FINANCIAL ASSETS

In thousands of KM	01/01 - 31/03 2024	For the period 01/01 - 31/03 2023
Net releases of impairment for deposits with foreign banks	233	236
Net releases of impairment for Special Drawing Rights with the IMF	-	-
Net (increases) in / releases of provisions for expected credit losses for debt instruments at fair value through other comprehensive income	(143)	111
Net releases of /(increases) in impairment for debt instruments at amortised cost	2	(1)
Net releases of impairment for other financial assets	1	1
TOTAL	93	347

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

21. PERSONNEL EXPENSES

In thousands of KM	01/01 - 31/03	For the period
	2024	01/01 - 31/03
		2023
Salaries	3,110	2,561
Contributions and other fees on salaries	1,730	1,424
Other employee benefits	418	396
Contributions and other fees on other employees' benefits	68	82
Total	5,326	4,463
Net increases in provisions for severance payments and jubilee awards	8	24
TOTAL	5,334	4,487

Personnel expenses include KM 1,022 thousand of defined pension contributions paid to the public pension funds in BH (01/01 - 31/03/2023: KM 852 thousand).

The average number of employees in the reporting period amounts to 356 (01/01 - 31/03/2023: 347 employees).

22. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

In thousands of KM	01/01 - 31/03	For the period
	2024	01/01 - 31/03
		2023
Payment systems maintenance expenses	448	435
IT infrastructure expenses	244	205
Overhead expenses	244	226
Access to official services expenses	182	176
Fixed assets maintenance expenses	83	52
Other administrative and operating expenses	442	377
TOTAL	1,643	1,471

23. COSTS OF PRODUCTION OF BANKNOTES AND COINS

In thousands of KM	01/01 - 31/03	For the period
	2024	01/01 - 31/03
		2023
Costs of production and design of banknotes	742	487
Costs of production and design of coins	627	572
TOTAL	1,369	1,059

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

24. EQUITY

The structure of equity is presented in the following table:

In thousands of KM	31 March 2024	31 December 2023
Initial capital	25,000	25,000
Fair value reserves for debt and equity instruments	(23,462)	(6,471)
Fair value reserves for monetary gold	92,356	73,530
Other reserves	31,300	31,300
General reserves (Retained earnings)	787,941	787,941
Total reserves	888,135	886,300
Net profit for the period	108,550	-
TOTAL	1,021,685	911,300

As at reporting date, the equity of the Central Bank is primarily increased by the financial result, i.e., by generated foreign currency interest income arising from invested and reinvested foreign currency reserves in deposits with foreign banks and debt instruments at fair value through other comprehensive income. Information about circumstances and changes in the current reporting period that affected the increase of the Central Bank's equity is disclosed in [Notes 2.7](#) and [17](#).

25. CASH AND CASH EQUIVALENTS

For the purposes of Cash Flow Statement, cash and cash equivalents comprise of:

In thousands of KM	31 March 2024	31 March 2023
Foreign currency deposits with maturity up to three months or less from the date of acquisition (Note 7)	3,449,637	5,527,071
Foreign currency demand deposits (Note 7)	1,660,793	1,368,461
Cash in foreign currencies (Note 6)	455,738	530,090
Special Drawing Rights with the IMF (Note 8)	2,698	1,455
Giro accounts (Note 12)	752	562
Total	5,569,618	7,427,639
Impairment	(1,233)	(1,520)
TOTAL	5,568,385	7,426,119

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

26. RELATED PARTIES TRANSACTIONS

Transactions with the State and BH institutions are presented in the following tables:

In thousands of KM

As at 31 March 2024	BH Ministry of Finance and Treasury	BH Deposit Insurance Agency	BH Indirect Taxation Authority	Total
ASSETS				
Other assets	6	-	3	9
TOTAL	6	-	3	9

LIABILITIES

Deposits from depositors	396,676	16,619	254,843	668,138
Other liabilities	-	-	40	40
TOTAL	396,676	16,619	254,883	668,178

In thousands of KM

As at 31 December 2023	BH Ministry of Finance and Treasury	BH Deposit Insurance Agency	BH Indirect Taxation Authority	Total
ASSETS				
Other assets	55	-	3	58
TOTAL	55	-	3	58

LIABILITIES

Deposits from depositors	442,770	68	244,938	687,776
Other liabilities	-	-	94	94
TOTAL	442,770	68	245,032	687,870

As at reporting dates, liabilities for allocation of the part of the net profit for 2023 to the BH budget amount to KM 64,319 thousand ([Notes 16](#) and [29](#)).

Generated income with the State and BH institutions is presented in the following table:

In thousands of KM

	01/01 - 31/03 2024	For the period 01/01 - 31/03 2023
Fee and commission income		
BH Ministry of Finance and Treasury	17	15
BH Indirect Taxation Authority BH	8	7
Deposit Insurance Agency	-	5
TOTAL	25	27

By performing its functions of the banker, the depository and the fiscal agent prescribed by the Law on the Central Bank, the Central Bank also maintains certain bookkeeping and executes transactions for the State and BH institutions that are recorded off-balance. More information about these off-balance records is disclosed in [Notes 27](#) and [28](#).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

26. RELATED PARTIES TRANSACTIONS (CONTINUED)

Remuneration of key management members

The total remuneration of the key management members, in the period 01/01 - 31/03/2024, amounts to KM 282 thousand, out of which KM 175 thousand is related to salaries and other remuneration and KM 107 thousand is related to taxes and contributions (01/01 - 31/03/2023: Out of the total amount of KM 245 thousand, the amount of KM 154 thousand was related to salaries and other remunerations and KM 91 thousand was related to taxes and contribution).

27. OFF-BALANCE SHEET DEPOSITS

The Central Bank maintains certain accounts in foreign currencies related to agreements concluded between the governments in BH and foreign governments and financial organizations and institutions. As these accounts do not represent either assets or liabilities of the Central Bank, they are not included in the Central Bank's statement of financial position.

Off-balance sheet deposits also include foreign currency accounts of the governments and BH government institutions and public agencies, for which the Central Bank acts as an agent, as well as resident banks foreign accounts.

Off-balance sheet deposits consist of:

	31 March 2024	31 December 2023
In thousands of KM		
Deposits of the Council of Ministers of BH for the Budget of BH institutions	307,419	304,440
Deposits of the Council of Ministers of BH for servicing of BH foreign debt	4,744	10,294
Other deposits of the Council of Ministers of BH	308	298
Deposits of the Council of Ministers of BH on the basis of succession	50	48
Total	312,521	315,080
Funds of the Deposit Insurance Agency of BH	7,688	589
Total	7,688	589
Budget deposits of the entities' governments-Federation BH	1	-
Total	1	-
Deposit accounts of resident banks	28,318	21,035
Deposits - Retirement allowance from Germany	-	237
Total	28,318	21,272
TOTAL	348,528	336,941

BH Ministry of Finance and Treasury is the institution that acts on behalf of the Council of Ministers of BH and State in deposit management and coordination. As at 31 March 2024 the total of these funds amount to KM 312,521 thousand (31 December 2023: KM 315,080 thousand).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2024

28. BOSNIA AND HERZEGOVINA MEMBERSHIP WITH THE INTERNATIONAL MONETARY FUND

According to arrangements concluded between BH and the IMF the Central Bank is designated as a fiscal agent and depository for BH membership with the IMF. The Central Bank's role as a fiscal agent is specific due to "currency board" arrangement. The Central Bank acts on behalf of the BH in dealing with the IMF but does not have any responsibility for assets and liabilities related to the membership.

The Central Bank maintains Special Drawing Rights with the IMF account, IMF account No.1 and IMF account No.2 in the statement of financial position. The Central Bank also provides a custody service for the BH Promissory notes issued to support IMF membership and repurchase obligations that are recorded off-balance.

The Central Bank uses net method in presentation of BH financial position with the IMF which is provided by the following table:

In thousands of KM

	31 March 2024	31 December 2023
Quota	634,950	631,516
Special Drawing Rights with the IMF	2,698	2,073
TOTAL ASSETS	637,648	633,589
IMF account No.1	1,587	1,579
IMF account No.2	629	624
Securities	1,193,810	1,291,461
SDR allocation	993,769	988,395
Accrued interest on SDR allocation	6,693	6,867
Accounts of payable charges	4,784	5,710
TOTAL LIABILITIES	2,201,272	2,294,637
BH NET POSITION WITH THE IMF	1,563,624	1,661,048

Securities account, IMF account No.1 and IMF account No.2 are subject of valuation adjustments whenever the currency is used in financial transactions between the IMF and BH. At least once per year, at the end of the IMF's financial year (30 April), all IMF currency holdings are revalued based on the prevailing SDR exchange rate. These valuation adjustments are included in account balances stated.

29. EVENTS AFTER THE REPORTING PERIOD

In accordance with the Law on the Central Bank, the Central Bank carried out the payment of the part of net profit for 2023 in the amount of KM 64,319 thousand to the account of the institution in charge of the budget of Bosnia and Herzegovina on 8 April 2024.

With the exception of the above, there were no events in the period between 31 March 2024 and the date of approval of these condensed interim financial statements that would require adjustment or are material but do not require adjustment.