



Centralna banka
BOSNE I HERCEGOVINE
Централна банка
БОСНЕ И ХЕРЦЕГОВИНЕ



CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2025

(unaudited)

in accordance with the requirements of International Accounting Standard 34

Sarajevo, 31 October 2025

This version of the condensed interim financial statements is a translation of 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 30 September 2025

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 that enable the preparation of financial statements at any time. The Management has a general responsibility for taking steps which are reasonably available and for implementing such internal controls to safeguard the assets of the Central Bank of Bosnia and Herzegovina and to prevent and detect fraud and other irregularities.

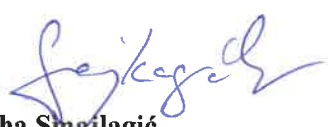
The Governing Board oversees the Central Bank of Bosnia and Herzegovina financial reporting process. The condensed interim financial statements are considered and approved by the Governing Board and submitted to the Presidency of Bosnia and Herzegovina.

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 unaudited condensed interim financial statements set out on pages 2 to 46 were approved by the Governing Board on 31 October 2025.


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 30 September 2025

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

In thousands of KM	Note	30 September 2025	As at 31 December 2024
ASSETS			
Cash in foreign currencies	6	471,310	525,980
Deposits with foreign banks	7	6,224,160	6,786,228
Special Drawing Rights with the IMF	8, 30	5,934	4,771
Debt instruments at fair value through other comprehensive income	9	9,423,886	8,639,813
Monetary gold	10	720,314	555,157
Debt instruments at amortised cost	11	1,075,126	1,128,901
Other assets	12	19,268	18,461
Property and equipment		46,284	48,451
Intangible assets		656	912
Other investments		27,813	27,813
TOTAL ASSETS		18,014,751	17,736,487
LIABILITIES AND EQUITY			
LIABILITIES			
Banknotes and coins in circulation	13	8,396,766	7,959,215
Deposits from banks	14	7,285,917	7,455,395
Deposits from the Government and other public institutions	15	721,608	860,083
Provisions		12,194	13,119
Other liabilities	16	3,736	250,492
Total liabilities		16,420,221	16,538,304
EQUITY			
Initial capital		25,000	25,000
Reserves		1,331,846	1,173,183
Net profit for the period		237,684	-
Total equity	26	1,594,530	1,198,183
TOTAL LIABILITIES AND EQUITY		18,014,751	17,736,487

The selected notes on pages 9 to 46 are an integral part of these condensed interim financial statements.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Condensed Interim Financial Statements for the period ended 30 September 2025

STATEMENT OF PROFIT OR LOSS (UNAUDITED)

In thousands of KM	Note	For the period			
		01/07 - 30/09 2025	01/07 - 30/09 2024	01/01 - 30/09 2025	01/01 - 30/09 2024
Interest income		87,309	118,588	275,878	350,583
Interest expense		(4,097)	(3,706)	(11,772)	(10,776)
NET INTEREST INCOME	17	83,212	114,882	264,106	339,807
Fee and commission income		6,231	5,852	18,182	16,933
Fee and commission expense		(477)	(183)	(1,414)	(531)
NET FEE AND COMMISSION INCOME	18	5,754	5,669	16,768	16,402
Net realised gains from sale of debt instruments at fair value through other comprehensive income	19	719	-	1,077	-
Net foreign exchange gains / (losses)	20	85	166	(11,247)	304
Net decreases of / increases in impairment on financial assets	21	(82)	(34)	(694)	55
Other income	22	289	69	1,408	1,273
OPERATING INCOME		89,977	120,752	271,418	357,841
Personnel expenses	23	(7,568)	(7,467)	(20,287)	(19,820)
Administrative and other operating expenses	24	(2,170)	(2,014)	(6,206)	(5,562)
Costs of production of banknotes and coins	25	(1,313)	(1,318)	(4,040)	(4,058)
Depreciation and amortisation charge		(1,056)	(645)	(3,201)	(1,957)
OPERATING EXPENSES		(12,107)	(11,444)	(33,734)	(31,397)
NET PROFIT FOR THE PERIOD		77,870	109,308	237,684	326,444

The selected notes on pages 9 to 46 are an integral part of these condensed interim financial statements.

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

In thousands of KM	Note	For the period			
		01/07 - 30/09 2025	01/07 - 30/09 2024	01/01 - 30/09 2025	01/01 - 30/09 2024
NET PROFIT FOR THE PERIOD		77,870	109,308	237,684	326,444
Other comprehensive (loss) / 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	(22,700)	71,338	(5,569)	48,744
Net change in provisions for expected credit losses recognised in profit or loss during the period	5.1.1.	54	8	152	236
Reclassification to profit or loss from sale of debt instruments	19	(719)	-	(1,077)	-
		(23,365)	71,346	(6,494)	48,980
Monetary gold					
Net change in fair value during the period	10	106,366	18,330	165,157	46,677
		106,366	18,330	165,157	46,677
Total other comprehensive income		83,001	89,676	158,663	95,657
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		160,871	198,984	396,347	422,101

The selected notes on pages 9 to 46 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	Reserves for unrealised foreign exchange differences	Other reserves	General reserves (Retained earnings)	Total reserves	Net profit for the period	Total equity
Balance at 1 January 2025	25,000	45,354	140,295	4,628	31,300	951,606	1,173,183	-	1,198,183
Total comprehensive (loss) / income for the period	-	(6,494)	165,157	-	-	-	158,663	237,684	396,347
Net profit for the period	-	-	-	-	-	-	-	237,684	237,684
Other comprehensive (loss) / income for the period	-	(6,494)	165,157	-	-	-	158,663	-	158,663
<i>Net decrease in fair value for debt instruments</i>	-	(5,569)	-	-	-	-	(5,569)	-	(5,569)
<i>Net increases in provisions for expected credit losses for debt instruments recognised in profit or loss</i>	-	152	-	-	-	-	152	-	152
<i>Reclassification to profit or loss from sale of debt instruments</i>	-	(1,077)	-	-	-	-	(1,077)	-	(1,077)
<i>Net increase in fair value for monetary gold</i>	-	-	165,157	-	-	-	165,157	-	165,157
Balance at 30 September 2025	25,000	38,860	305,452	4,628	31,300	951,606	1,331,846	237,684	1,594,530

The selected notes on pages 9 to 46 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	Reserves for unrealised foreign exchange differences	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 income for the period	-	48,980	46,677	-	-	-	95,657	326,444	422,101
Net profit for the period	-	-	-	-	-	-	-	326,444	326,444
Other comprehensive income for the period	-	48,980	46,677	-	-	-	95,657	-	95,657
<i>Net increase in fair value for debt instruments</i>	<i>-</i>	<i>48,744</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>48,744</i>	<i>-</i>	<i>48,744</i>
<i>Net increases in provisions for expected credit losses for debt instruments recognised in profit or loss</i>	<i>-</i>	<i>236</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>236</i>	<i>-</i>	<i>236</i>
<i>Net increase in fair value for monetary gold</i>	<i>-</i>	<i>-</i>	<i>46,677</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>46,677</i>	<i>-</i>	<i>46,677</i>
Balance at 30 September 2024	25,000	42,509	120,207	-	31,300	787,941	981,957	326,444	1,333,401

The selected notes on pages 9 to 46 are an integral part of these condensed interim financial statements.

STATEMENT OF CASH FLOWS (UNAUDITED)

		For the period	
		01/01 - 30/09	01/01 - 30/09
	Note	2025	2024
In thousands of KM			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		237,684	326,444
Adjusted for:			
Interest income	17	(275,878)	(350,583)
Interest expense	17	11,772	10,776
Net decreases of / (increases) in impairment on financial assets	21	694	(55)
Net realised (gains) from sale of debt instruments at fair value through other comprehensive income	19	(1,077)	-
Net foreign exchange losses / (gains)	20	11,247	(304)
Provisions, net (decreases) of / increases in		(658)	14
Net (gains) on disposal of property and equipment		-	(40)
Dividend income recognised in profit or loss		(920)	(940)
Depreciation and amortisation charge		3,201	1,957
Net cash flows from operating activities before changes in operating assets and liabilities		(13,935)	(12,731)
Changes in operating assets and liabilities			
Decrease of term deposits with foreign banks		997,327	354,440
(Increase) in debt instruments at fair value through other comprehensive income		(799,900)	(1,589,070)
Decrease of / (increase) in debt instruments at amortised cost		53,802	(5,460)
(Increase) in other assets		(1,192)	(451)
Increase in banknotes and coins in circulation	13	437,551	441,675
(Decrease) of deposits from banks		(170,834)	(274,708)
(Decrease) of / increase in deposits from the Government and other public institutions		(138,475)	50,004
(Decrease) of other liabilities		(2,295)	(910)
Payments from provisions		(267)	(129)
Interest received		270,958	336,464
Interest paid		(10,416)	(9,557)
Net cash from operating activities		622,324	(710,433)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment		-	40
Purchases of property, equipment and intangible assets		(778)	(1,056)
Dividends received		920	940
Net cash from investing activities		142	(76)

STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)

		For the period	
		01/01 - 30/09	01/01 - 30/09
	Note	2025	2024
In thousands of KM			
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfer of the part of annual net profit to the BH budget		(244,307)	(64,319)
Net cash from financing activities		(244,307)	(64,319)
Net effects from impairment for expected credit losses on cash and cash equivalents		(864)	313
Net effects of exchange rates on cash and cash equivalents held		(1,143)	297
Net increase in / (decrease) of cash and cash equivalents		376,152	(774,218)
Cash and cash equivalents at the beginning of the period		5,653,214	7,012,626
Cash and cash equivalents at the end of the period	27	6,029,366	6,238,408

The selected notes on pages 9 to 46 are an integral part of these condensed interim financial statements.

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2025 (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
Emir Kurtić Ph.D.	Vice Governor (from 1 January 2025)
Željko Marić Ph.D.	Vice Governor (until 15 August 2025)
Marko Vidaković M.Sc.	Vice Governor

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 2024 (“annual financial statements”).

The selected notes to 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 2025.

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. Amendments to IFRSs

At the date of approval of these condensed interim financial statements, certain amendments and interpretations to the existing standards are effective from 1 January 2025. 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)

The Central Bank has revised the depreciation rates for property and equipment in accordance with the new estimates of the assets' economic useful life and their expected usage in the coming years. This change will impact the depreciation amounts in the current and subsequent reporting periods. The revised annual depreciation rates are as follows:

	From 1 January 2025	Until 31 December 2024
Buildings	3.33% - 4.00%	1.30% - 4.00%
Equipment	11.00% - 33.33%	11.00% - 20.00%

These condensed interim financial statements have been prepared based upon conditions existing at 30 September 2025. 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 - 30/09/2025

During the current reporting period, the global economy, including the eurozone economy, experienced a slowdown in its recovery. Key negative factors included changes in the trade policy of the United States, particularly the increase in import tariffs from other countries, including the European Union countries, leading to heightened tensions and volatility in the international markets. Additional geopolitical tensions, particularly in the Middle East region have increased the overall level of macroeconomic instability.

The Governing Council of the European Central Bank ("ECB") lowered its key interest rates on four occasions, by a total of 100 basis points in the current reporting period. These ECB's Governing Council decisions directly affected the conditions in the financial market of the eurozone, where the Central Bank primarily invests its foreign currency reserves, particularly through movements in market interest rates and yields.

In the current reporting period, the majority of the Central Bank's foreign currency reserves funds were invested in a portfolio of debt instruments at fair value through other comprehensive income and deposits with foreign banks. Market prices of monetary gold showed a generally pronounced upward trend in volatility leading to a significant increase in its fair value as at reporting date.

In the current reporting period, the key financial indicators of the Central Bank have the following values:

The Central Bank's net foreign assets amount to KM 1,514,065 thousand as at 30 September 2025,

The Central Bank's total equity amounts to KM 1,594,530 thousand as at 30 September 2025 and

The Central Bank's net profit amounts to KM 237,684 thousand for the period 01/01 - 30/09/2025.

The net profit for the period was generated primarily from interest income arising from the interest-bearing components of the Central Bank's foreign currency reserves, with the largest share attributable to the interest income from the portfolio of debt instruments at fair value through other comprehensive income and from deposits with foreign banks. The structure of foreign currency interest income reflects the investment strategy particularly focused on preserving the safety and liquidity, and achievement of targeted returns on the Central Bank's foreign currency reserves, in line with the prevailing conditions in the eurozone financial market.

The net change in fair value of financial assets subsequently measured at fair value, i.e., other comprehensive income for the period, amounts to KM 158,663 thousand and was primarily generated by net positive changes in the fair value of monetary gold holdings. Together with the net profit for the period, the Central Bank generated total comprehensive income, i.e., the increase in total equity amounting to KM 396,347 thousand for the current reporting period.

In the current reporting period, the Central Bank continued its cooperation with the World Bank, within the Reserve Advisory & Management Partnership (RAMP). As at 30 September 2025, a portion of the Central Bank's foreign currency reserves funds managed by an external portfolio manager amounts to KM 586,263 thousand.

2. BASIS OF PREPARATION (CONTINUED)

2.7. Conditions in the environment for performing the Central Bank's operations for the period 01/01 - 30/09/2025 (continued)

More information on balances and changes of significant foreign currency reserves components and corresponding amounts that affected net profit for the period and the Central Bank's equity 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
26	Equity

During the current reporting period, enforcement proceedings were initiated against the Central Bank's assets based on the decision of the Arbitration Council in Washington, which obliged BH to pay damage compensation to Viaduct d.o.o. Portorož, including related interest and legal fees. Accordingly, non-final enforcement decisions were also issued against the Central Bank's properties in Mostar and Banja Luka, against which the Central Bank, through the Office of Attorney General of BH, filed appeals to the competent authorities, considering that there are no legal grounds for enforcement against its property.

By adopting the Decision enacting the Law on Amendments to the Law on Financing of the Institutions of Bosnia and Herzegovina aimed at providing a legal and financial framework for the enforcement of international arbitration decisions against BH, the issue of settling obligations arising from the arbitration case Viaduct d.o.o. Portorož was resolved. This enabled the competent authorities to take measures to suspend enforcement proceedings against BH and its institutions, including the suspension of enforcement proceedings against the Central Bank.

In accordance with the aforementioned Law, and at the request of the Ministry of Finance and Treasury of BH, the Central Bank opened an account and transferred funds for the purpose of settling the debt to the company Viaduct d.o.o. Portorož, in accordance with the instructions of the Ministry of Finance and Treasury of BH.

As at 30 September 2025, all enforcement proceedings against the Central Bank's assets in this matter have been suspended.

In the current reporting period, the Central Bank transferred a portion of net profit for 2024 in the amount of KM 244,307 thousand, to the account of the institution responsible for the budget of Bosnia and Herzegovina.

The cumulative net increase in monetary liabilities compared to 31 December 2024 was primarily driven by net financial effects arising from KM purchase and sale transactions with resident banks and on behalf of the Central Bank's depositors as well as by the transfer of a portion of net profit for 2024, while a net cash outflow was recorded from the resident banks' euro reserve accounts. In the current reporting period, a cumulative net increase in KM banknotes and coins in circulation was recorded compared to 31 December 2024, accompanied by a simultaneous net decrease in resident banks' reserve accounts on this basis.

All resident banks have regularly fulfilled the required reserve in accordance with the Central Bank's legal regulations.

More information on balances and changes of monetary liabilities' components and the required reserve policy applied by the Central Bank 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

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2025

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.

The following table presents analytics of the components of compliance with that rule:

In thousands of KM	30 September 2025	31 December 2024
Official foreign currency reserves		
Cash in foreign currencies	471,310	525,980
Deposits with foreign banks	6,224,160	6,786,228
Special Drawing Rights with the IMF	5,934	4,771
Debt instruments	10,499,012	9,768,714
Monetary gold	720,314	555,157
TOTAL	17,920,730	17,640,850
Liabilities to non-residents	2,374	2,462
Net foreign currency reserves		
(Official foreign currency reserves less liabilities to non-residents)	17,918,356	17,638,388
Monetary liabilities		
Banknotes and coins in circulation	8,396,766	7,959,215
Deposits from banks	7,285,917	7,455,395
Deposits from the Government and other public institutions	721,608	860,083
TOTAL	16,404,291	16,274,693
NET FOREIGN ASSETS		
(Net foreign currency reserves less monetary liabilities)	1,514,065	1,363,695

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 30 September 2025, the financial balance of net foreign assets amounts to KM 1,514,065 thousand ensuring the full stability of domestic currency (31 December 2024: KM 1,363,695 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 a 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

	30 September 2025	31 December 2024
Financial assets		
<i>Financial assets measured at fair value through other comprehensive income</i>		
Debt instruments	9,423,886	8,639,813
Monetary gold	720,314	555,157
TOTAL	10,144,200	9,194,970

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 30 September 2025

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

	30 September 2025	
	Carrying amount	Fair value
Financial assets		
<i>Financial assets measured at amortised cost:</i>		
Cash in foreign currencies	471,310	471,310
Deposits with foreign banks	6,224,160	6,224,160
Special Drawing Rights with the IMF	5,934	5,934
Debt instruments at amortised cost	1,075,126	998,732
Other financial assets	3,460	3,460
	7,779,990	7,703,596
<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	7,807,803	7,731,409
 Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Banknotes and coins in circulation	8,396,766	8,396,766
Deposits from banks	7,285,917	7,285,917
Deposits from the Government and other public institutions	721,608	721,608
Other financial liabilities	3,534	3,534
Total	16,407,825	16,407,825

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 2024	
	Carrying amount	Fair value
Financial assets		
<i>Financial assets measured at amortised cost:</i>		
Cash in foreign currencies	525,980	525,980
Deposits with foreign banks	6,786,228	6,786,228
Special Drawing Rights with the IMF	4,771	4,771
Debt instruments at amortised cost	1,128,901	1,041,621
Other financial assets	4,121	4,121
	8,450,001	8,362,721
<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	8,477,814	8,390,534
Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Banknotes and coins in circulation	7,959,215	7,959,215
Deposits from banks	7,455,395	7,455,395
Deposits from the Government and other public institutions	860,083	860,083
Other financial liabilities	250,245	250,245
Total	16,524,938	16,524,938

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 29](#) and [30](#)).

In the process of foreign currency reserves management, the management of foreign currency reserves and the management of financial risks are significantly influenced by trends in the financial markets, primarily those in the eurozone financial market, which are influenced by a large number of different factors, the most important of which are the measures of the ECB and other leading central banks worldwide.

The main determinant of the ECB's monetary policy remains the eurozone inflation level, with the aim of reaching the medium-term inflation target level of 2.00%. The Governing Council of the ECB emphasizes that, when determining the further course of monetary policy, it does not decide on a specific path for interest rate changes, but applies an approach based on the latest available data. The decisions of the Governing Council of the ECB, on interest rates, as stated, will depend on the assessment of future inflationary trends based on the latest macroeconomic and financial data, as well as the dynamics of core inflation and the strength of monetary policy transmission. Furthermore, the Governing Council of the ECB estimates that trade tensions could negatively impact export and decrease the interest of companies in large investments, but it expects the eurozone economy to gradually recover.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.1 Credit risk exposure

The following table presents 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

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1. Deposits with foreign banks								
As at 1 January	2,331	-	-	2,331	1,657	-	-	1,657
Increases in expected credit losses	16,480	-	-	16,480	7,207	-	-	7,207
Releases of expected credit losses	(300)	-	-	(300)	(98)	-	-	(98)
Releases due to derecognition of term deposits	(15,611)	-	-	(15,611)	(7,398)	-	-	(7,398)
As at 30 September	2,900	-	-	2,900	1,368	-	-	1,368
2. Special Drawing Rights with the IMF								
As at 1 January	-	-	-	-	-	-	-	-
Increases in expected credit losses	-	-	-	-	-	-	-	-
Releases of expected credit losses	-	-	-	-	-	-	-	-
As at 30 September	-	-	-	-	-	-	-	-
3. Debt instruments at fair value through other comprehensive income								
As at 1 January	2,514	-	-	2,514	904	-	-	904
Increases in expected credit losses	1,596	-	-	1,596	741	-	-	741
Releases of expected credit losses	(117)	-	-	(117)	(35)	-	-	(35)
Releases due to debt instruments matured	(1,327)	-	-	(1,327)	(470)	-	-	(470)
<i>Net increases during the period</i>	<i>152</i>	-	-	<i>152</i>	<i>236</i>	-	-	<i>236</i>
Net realises due to debt instruments sold	(115)	-	-	(115)	-	-	-	-
As at 30 September	2,551	-	-	2,551	1,140	-	-	1,140

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.1. Credit risk exposure (continued)

In thousands of KM

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
4. Debt instruments at amortised cost								
As at 1 January	380	-	-	380	219	-	-	219
Increases in expected credit losses	7	-	-	7	8	-	-	8
Releases of expected credit losses	(26)	-	-	(26)	(9)	-	-	(9)
Releases due to debt instruments matured	(8)	-	-	(8)	-	-	-	-
As at 30 September	353	-	-	353	218	-	-	218
5. Other financial assets								
As at 1 January	6	-	601	607	6	-	601	607
Increases in expected credit losses	5	-	-	5	4	-	-	4
Releases of expected credit losses	(5)	-	-	(5)	(5)	-	-	(5)
As at 30 September	6	-	601	607	5	-	601	606
Total opening balance at 1 January	5,231	-	601	5,832	2,786	-	601	3,387
Total net increases in / (releases) of expected credit losses during the period	579	-	-	579	(55)	-	-	(55)
Total closing balance at 30 September	5,810	-	601	6,411	2,731	-	601	3,332

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 presents 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	30 September 2025				31 December 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash in foreign currencies								
Gross carrying amount	471,310	-	-	471,310	525,980	-	-	525,980
Impairment	-	-	-	-	-	-	-	-
Carrying amount	471,310	-	-	471,310	525,980	-	-	525,980
Deposits with foreign banks								
Gross carrying amount	6,227,060	-	-	6,227,060	6,788,559	-	-	6,788,559
Impairment	(2,900)	-	-	(2,900)	(2,331)	-	-	(2,331)
Carrying amount	6,224,160	-	-	6,224,160	6,786,228	-	-	6,786,228
Special Drawing Rights with the IMF								
Gross carrying amount	5,934	-	-	5,934	4,771	-	-	4,771
Impairment	-	-	-	-	-	-	-	-
Carrying amount	5,934	-	-	5,934	4,771	-	-	4,771
Debt instruments at fair value through other comprehensive income								
Gross carrying amount	9,423,886	-	-	9,423,886	8,639,813	-	-	8,639,813
Provisions for expected credit losses (recognised in other comprehensive income)	2,551	-	-	2,551	2,514	-	-	2,514
Gross carrying amount	9,423,886	-	-	9,423,886	8,639,813	-	-	8,639,813

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.2. Credit risk concentration (continued)

In thousands of KM

	30 September 2025				31 December 2024			
Classes of financial instruments	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Debt instruments at amortised cost								
Gross carrying amount	1,075,479	-	-	1,075,479	1,129,281	-	-	1,129,281
Impairment	(353)	-	-	(353)	(380)	-	-	(380)
Carrying amount	1,075,126	-	-	1,075,126	1,128,901	-	-	1,128,901
Other financial assets								
Gross carrying amount	3,466	-	601	4,067	4,127	-	601	4,728
Impairment	(6)	-	(601)	(607)	(6)	-	(601)	(607)
Carrying amount	3,460	-	-	3,460	4,121	-	-	4,121

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	30 September 2025	31 December 2024
Carrying amount		
Monetary gold	720,314	555,157
Other investments	27,813	27,813
TOTAL	748,127	582,970

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	30 September 2025	31 December 2024
Credit rating		
AAA	2,198,085	3,590,164
AA+	442,281	601
AA	1,145	8,625
AA-	1,223,282	1,406,504
A+	1,059,145	877,999
A	1,053,109	472,428
A-	-	-
II ¹	250,013	432,238
BBB+	-	-
BBB	-	-
BBB-	-	-
Total	6,227,060	6,788,559
Impairment	(2,900)	(2,331)
TOTAL	6,224,160	6,786,228

¹ International institutions

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	30 September 2025	31 December 2024
AAA	2,668,962	2,413,995
AA+	2,598,462	1,830,820
AA	56,541	61,464
AA-	2,623,034	2,778,154
A+	-	-
A	732,801	131,506
A-	-	781,479
BBB+	-	-
BBB	744,086	642,395
BBB-	-	-
TOTAL	9,423,886²	8,639,813

Debt instruments at amortised cost**In thousands of KM**

Credit rating	30 September 2025	31 December 2024
AAA	84,480	142,730
AA+	285,611	285,063
AA	55,751	55,400
AA-	318,112	316,143
A+	-	-
A	234,546	41,279
A-	-	192,408
BBB+	-	-
BBB	96,979	96,258
BBB-	-	-
Total	1,075,479	1,129,281
Impairment	(353)	(380)
TOTAL	1,075,126	1,128,901

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. The Value at Risk represent a statistical measure that shows the greatest possible loss of the portfolio of foreign currency reserves that may occur due to changes in the prices of financial instruments and changes in exchange rates, with a certain level of reliability for a certain time interval. 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, i.e., foreign exchange, interest rate and price risks, are taken into consideration. As at 30 September 2025, the exposure of the Central Bank's foreign currency reserves (VaR with a level of confidence of 99% for a 10-day horizon) including fluctuations in the financial instruments prices and changes of foreign exchange rates against the KM, amounts to KM 72,526 thousand (31 December 2024: KM 73,590 thousand), which represents the equivalent of 0.40% of total financial assets (31 December 2024: 0.42% of the total financial assets).

As at 30 September 2025, the Value at Risk is slightly lower (by 1.45%) comparing to its value as at 31 December 2024. The decrease in VaR value was primarily driven by the decrease in interest rate risk (the interest rate risk component of VaR was decreased by 8.17%).

VaR values as at reporting dates are calculated as the sum of componential VaR values:

- for the part of debt instruments at fair value through other comprehensive income and deposits with foreign banks (currency VaR due to changes in foreign exchange rates),
- for debt instruments at fair value through other comprehensive income (interest rate VaR due to changes in market yields, i.e., changes in market price of debt instruments) and
- for monetary gold (VaR due to changes in EUR market price of monetary gold).

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

	30 September	31 December
In thousands of KM	2025	2024
Risk of change in EUR price of monetary gold	37,618	35,314
Interest rate risk	34,464	37,528
Foreign exchange risk	444	748
Total VaR	72,526	73,590

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, i.e., unfavourable trends in market interest rates and bond market yields in the Central Bank's portfolio. Market interest rates (Euribor) and bond market yields in the eurozone are largely influenced by changes in the ECB's key interest rates, with this impact being more pronounced for deposits or debt instruments with shorter remaining maturities.

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

All three ECB key interest rates were reduced in February, March, April and June 2025, each time by 25 basis points. In the current reporting period, the deposit facility rate, which primarily determines financial market conditions in the eurozone, was lowered by a total of 100 basis points, i.e., to 2.00% from 3.00% at the beginning of the year. In September 2025, the American Federal Reserve System (Fed) reduced the targeted range of the reference interest rate by 25 basis points, bringing it to 4.00% - 4.25%, from the 4.25% - 4.50% targeted range that had been in the effect from the beginning of the year.

In the first nine months of 2025, the Euribor market interest rates followed the movements of the ECB key interest rates. This led to a decline in the value of the Euribor of all maturities (from one week to 12 months), so that the Euribor interest rates at the end of September were between 30 - 100 basis points lower than at the beginning of January 2025. The Euribor rates with shorter maturities experienced a significantly larger decline in the observed period. The one-week Euribor was lowered by 100 basis points, while the six-month Euribor was lowered by 50 basis points, and the twelve-month Euribor was decreased by 30 basis points.

The yield curve of government bonds on the eurozone financial market at the end of reporting period has a normal shape. That implies that the yields of government bonds with longer remaining maturities are higher than short-term market yields and short-term interest rates on the eurozone financial market. Due to the normalization of the shape of the yield curve, bond yields issued by eurozone member states in the first nine months of 2025 varied considerably, depending on the remaining maturity. At the end of September, bond yields with shorter maturities (up to 12 months to maturity) are between 30 - 70 basis points lower than at the beginning of January 2025. Bond yields with longer maturities (more than three years to maturity) were up to 25 basis points higher at the end of September than the yield at the beginning of January 2025.

Interest rate risk is managed by determining the targeted modified duration of the invested foreign currency reserves, by monitoring value at risk, and by selecting the appropriate market index which, with the necessary adjustments, represents the reference portfolio (benchmark) and by setting 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 the maximum allowed term for investing in deposits with foreign banks is one year.

As at the reporting dates, the applicable regulations of the Central Bank define the targeted modified duration of the total foreign currency reserves portfolio, as well as the targeted modified duration of the portfolio of debt instruments at fair value through other comprehensive income with a remaining maturity longer than one year.

The targeted modified duration of the total portfolio of foreign currency reserves is 1.10 years, with +/- 0.40 year deviations allowed. 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 2.50 years with +/- 0.30 year deviations allowed. For the foreign currency reserves funds entrusted to an external portfolio manager for management under an agreement concluded with the World Bank within the framework of the RAMP program, the allowed deviations of the modified duration are +/- 0.25 years from the respective benchmarks for the USD and EUR portfolio of debt instruments at fair value through other comprehensive income.

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. Considering the improved stability of the currency board, the modified duration of debt instruments at fair value through other comprehensive income, including foreign currency reserves funds entrusted to an external portfolio manager for management, has been extended during the first nine months of 2025 and amounts to 1.83 years as at 30 September 2025 (31 December, 2024: 1.35 years).

The following tables present 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:

30 September 2025						
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	-	-	-	-	471,310	471,310
Deposits with foreign banks	6,112,040	103,457	-	-	8,663	6,224,160
Special Drawing Rights with the IMF	5,905	-	-	-	29	5,934
Debt instruments at fair value through other comprehensive income	3,138,987	6,220,142	-	-	64,757	9,423,886
Monetary gold	-	-	-	-	720,314	720,314
Debt instruments at amortised cost	-	96,895	135,654	840,526	2,051	1,075,126
Other financial assets	-	-	-	-	3,460	3,460
Other investments	-	-	-	-	27,813	27,813
Total financial assets	9,256,932	6,420,494	135,654	840,526	1,298,397	17,952,003
Banknotes and coins in circulation	-	-	-	-	8,396,766	8,396,766
Deposits from banks	7,285,083	-	-	-	834	7,285,917
Deposits from the Government and other public institutions	-	-	-	-	721,608	721,608
Other financial liabilities	-	-	-	-	3,534	3,534
Total financial liabilities	7,285,083	-	-	-	9,122,742	16,407,825
INTEREST RATE GAP	1,971,849	6,420,494	135,654	840,526	(7,824,345)	1,544,178

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2. Market risk (continued)

5.2.1. Interest rate risk (continued)

31 December 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	-	-	-	-	525,980	525,980
Deposits with foreign banks	6,193,032	571,034	-	-	22,162	6,786,228
Special Drawing Rights with the IMF	4,742	-	-	-	29	4,771
Debt instruments at fair value through other comprehensive income	2,986,605	5,602,376	-	-	50,832	8,639,813
Monetary gold	-	-	-	-	555,157	555,157
Debt instruments at amortised cost	-	58,664	231,159	836,608	2,470	1,128,901
Other financial assets	-	-	-	-	4,121	4,121
Other investments	-	-	-	-	27,813	27,813
Total financial assets	9,184,379	6,232,074	231,159	836,608	1,188,564	17,672,784
Banknotes and coins in circulation	-	-	-	-	7,959,215	7,959,215
Deposits from banks	7,454,281	-	-	-	1,114	7,455,395
Deposits from the Government and other public institutions	-	-	-	-	860,083	860,083
Other financial liabilities	-	-	-	-	250,245	250,245
Total financial liabilities	7,454,281	-	-	-	9,070,657	16,524,938
INTEREST RATE GAP	1,730,098	6,232,074	231,159	836,608	(7,882,093)	1,147,846

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.

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 as at 30 September 2025

Change in market yields	+/- 1 bp	+/- 50 bp	+/- 100 bp	+/- 200 bp
Change of the financial assets				
value (in thousands of KM)	(1,610)/1,610	(80,509)/80,509	(161,017)/161,017	(322,035)/322,035

Sensitivity analysis - scenarios of assumed changes in market yields as at 31 December 2024

Change in market yields	+/- 1 bp	+/- 50 bp	+/- 100 bp	+/- 200 bp
Change of the financial assets				
value (in thousands of KM)	(1,048)/1,048	(52,419)/52,419	(104,837)/104,837	(209,674)/209,674

In the scenario event of an upward shift in euro bond yield curve by 1 bp (0.01%), the financial assets of the Central Bank would be decreased by KM 1,610 thousand as at 30 September 2025 (As at 31 December 2024: KM 1,048 thousand).

In the scenario event of a downward shift in the euro bond yield curve by 1 bp (0.01%), the financial assets of the Central Bank would be higher by KM 1,610 thousand as at 30 September 2025 (As at 31 December 2024: KM 1,048 thousand).

The effects on the value of financial assets in the scenario events of larger shifts (+/- 50 bp, +/- 100 bp, or +/-200 bp) in the euro bond yield curve, would be proportional to the effects of the change in the value of financial assets caused by the mentioned shifts in the yield curve of +/- 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, 8 and 9](#).

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:

30 September 2025

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	8,396,766	-	-	-	-	8,396,766
Deposits from banks	7,285,917	-	-	-	-	7,285,917
Deposits from the Government and other public institutions	721,608	-	-	-	-	721,608
Other financial liabilities	3,534	-	-	-	-	3,534
TOTAL FINANCIAL LIABILITIES	16,407,825	-	-	-	-	16,407,825

31 December 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	7,959,215	-	-	-	-	7,959,215
Deposits from banks	7,455,395	-	-	-	-	7,455,395
Deposits from the Government and other public institutions	860,083	-	-	-	-	860,083
Other financial liabilities	5,938	244,307	-	-	-	250,245
TOTAL FINANCIAL LIABILITIES	16,280,631	244,307	-	-	-	16,524,938

6. CASH IN FOREIGN CURRENCIES

Cash in foreign currencies represents foreign currency reserves funds held in the Central Bank's vaults. As at reporting dates, the total cash in foreign currencies is denominated in EUR currency and amounts to KM 471,310 thousand (31 December 2024: KM 525,980 thousand).

For the purpose of cash flow reporting, cash in foreign currencies is included in cash and cash equivalents ([Note 27](#)).

7. DEPOSITS WITH FOREIGN BANKS

Deposits with foreign banks represent the Central Bank's invested part of foreign currency reserves funds held on the accounts with foreign banks and international financial institutions. Deposits with foreign banks include demand deposits and term deposits and are held with foreign banks of eurozone and non-eurozone countries.

For the purpose of cash flow reporting, demand deposits in foreign currency and deposits in foreign currency 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	30 September 2025	31 December 2024
Demand deposits	21,733	1,547,796
Term deposits with maturity up to 3 months or less from the date of acquisition	5,532,439	3,575,469
Impairment	(2,747)	(1,884)
Included in cash and cash equivalents (Note 27)	5,551,425	5,121,381
Term deposits with maturity over 3 months from the date of acquisition	672,888	1,665,294
Impairment	(153)	(447)
Total	672,735	1,664,847
TOTAL	6,224,160	6,786,228

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2025

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	30 September 2025	31 December 2024
Term deposits:		
EUR	6,196,985	5,240,763
USD	8,342	-
	6,205,327	5,240,763
Impairment	(2,891)	(2,117)
Total	6,202,436	5,238,646
Demand deposits:		
EUR	15,626	1,522,704
USD	2,530	17,087
GBP	1,961	2,112
CHF	1,616	5,893
	21,733	1,547,796
Impairment	(9)	(214)
Total	21,724	1,547,582
TOTAL	6,224,160	6,786,228

Deposits with foreign banks include net accrued interest in the amount of KM 8,663 thousand as at 30 September 2025 (31 December 2024: Included net accrued interest in the amount of KM 22,162 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	30 September 2025	31 December 2024
Up to 1 month	4,564,023	3,625,697
From 1 to 2 months	776,596	514,532
From 2 to 3 months	759,675	526,785
From 3 to 4 months	105,033	267,875
From 4 to 12 months	-	305,874
Total	6,205,327	5,240,763
Impairment	(2,891)	(2,117)
TOTAL	6,202,436	5,238,646

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

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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	30 September 2025	31 December 2024
Foreign commercial banks		
Term deposits	2,410,246	1,906,111
Overnight deposits	2,369,029	1,493,276
Demand deposits	11,088	14,213
	4,790,363	3,413,600
Foreign central banks		
Term deposits	1,181,717	1,423,857
Overnight deposits	-	-
Demand deposits	4,967	1,518,864
	1,186,684	2,942,721
International financial institutions		
Term deposits	244,335	417,519
Overnight deposits	-	-
Demand deposits	5,678	14,719
	250,013	432,238
Total	6,227,060	6,788,559
Impairment (Note 5.1.1.)	(2,900)	(2,331)
TOTAL	6,224,160	6,786,228

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	30 September 2025	31 December 2024
Switzerland	2,918,634	2,486,786
France	1,214,745	1,407,261
Luxembourg	864,088	782,328
Netherlands	767,317	2,242
Germany	266,602	1,633,877
Great Britain	185,429	466,839
USA	9,100	601
Belgium	1,145	8,625
Total	6,227,060	6,788,559
Impairment	(2,900)	(2,331)
TOTAL	6,224,160	6,786,228

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

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8. SPECIAL DRAWING RIGHTS WITH THE IMF

In thousands of KM	30 September 2025	31 December 2024
Account of Special Drawing Rights with the IMF	5,905	4,742
Accrued interest	29	29
Total	5,934	4,771
Impairment	-	-
TOTAL	5,934	4,771

For the purpose of cash flow reporting, Special Drawing Rights with the IMF are included in cash and cash equivalents ([Note 27](#)).

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 and non-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 and USD 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	30 September 2025	31 December 2024
Coupon debt instruments	8,091,561	6,781,033
Accrued interest on coupon debt instruments	72,984	64,195
Total	8,164,545	6,845,228
Discount debt instruments	1,267,568	1,807,948
Accrued (discount) on discount debt instruments	(8,227)	(13,363)
Total	1,259,341	1,794,585
TOTAL	9,423,886	8,639,813

The following table presents balances of debt instruments at fair value through other comprehensive income, with an analytical presentation by type of currency:

In thousands of KM	30 September 2025	31 December 2024
Debt instruments at fair value through other comprehensive income:		
EUR	9,346,178	8,553,500
USD	77,708	86,313
TOTAL	9,423,886	8,639,813

As at 30 September 2025, debt instruments at fair value through other comprehensive income managed by the external portfolio manager amount to KM 576,782 thousand and are held in EUR currency in the amount of KM 499,074 thousand and USD currency in the amount of KM 77,708 thousand (31 December 2024: Debt instruments at fair value through other comprehensive income managed by the external portfolio manager amounted to KM 576,827 thousand and are held in EUR currency in the amount of KM 490,514 thousand and USD currency in the amount of KM 86,313 thousand).

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

As at 30 September 2025, provisions for expected credit losses for debt instruments at fair value through other comprehensive income amount to KM 2,551 thousand (31 December 2024: KM 2,514 thousand). During the reporting period, net increases in provisions for expected credit losses, recognised in profit or loss for the period, amount to KM 37 thousand (01/01 - 30/09/2024: Net increases amounting to KM 236 thousand). More information about these changes in the reporting periods is disclosed in [Notes 5.1.1.](#) and [21.](#)

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

	30 September 2025		31 December 2024	
	In thousands of KM	%	In thousands of KM	%
France	1,691,705	17.95	1,977,683	22.89
Austria	1,356,952	14.40	916,221	10.60
Germany	1,323,081	14.04	1,422,155	16.46
Netherlands	1,288,088	13.67	905,753	10.48
Finland	1,163,802	12.35	828,286	9.59
Belgium	931,329	9.88	800,471	9.26
Italy	744,086	7.90	642,395	7.44
Spain	619,471	6.57	781,479	9.05
Slovakia	113,330	1.20	131,506	1.52
USA	77,708	0.83	86,313	1.00
Luxembourg	57,793	0.61	86,087	1.00
Ireland	56,541	0.60	61,464	0.71
TOTAL	9,423,886	100.00	8,639,813	100.00

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

	01/07 - 30/09 2025	01/07 - 30/09 2024	01/01 - 30/09 2025	For the period 01/01 - 30/09 2024
In thousands of KM				
As at	9,077,253	7,749,597	8,639,813	6,150,130
Purchases during the period	2,040,450	1,152,639	6,119,194	4,942,983
Sales during the period	(175,874)	-	(457,660)	-
Interest income recognised during the period (Note 17)	58,114	58,640	179,402	160,965
Maturities of debt instruments	(1,508,525)	(1,215,353)	(4,933,977)	(3,450,011)
Maturities of coupons	(44,776)	(28,919)	(107,065)	(64,874)
Net unrealised change in fair value during the period	(22,700)	71,338	(5,569)	48,744
Net foreign exchange (losses)	(58)	-	(10,258)	-
Transaction costs	2	2	6	7
As at	9,423,886	7,787,944	9,423,886	7,787,944

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 30 September 2025

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	30 September 2025	31 December 2024
Up to 3 months	1,123,780	1,604,277
From 3 to 12 months	2,364,254	2,595,687
From 1 to 3 years	3,636,593	3,111,784
Over 3 years	2,299,259	1,328,065
TOTAL	9,423,886	8,639,813

10. MONETARY GOLD

As at reporting dates, input values used for fair value calculation 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
30 September 2025	112,000	6,431.38	720,314
31 December 2024	112,000	4,956.76	555,157
30 September 2024	48,000	4,627.83	222,136

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

In thousands of KM	01/07 - 30/09 2025	01/07 - 30/09 2024	01/01 - 30/09 2025	For the period 01/01 - 30/09 2024
As at	613,948	203,806	555,157	175,459
Net unrealised change in fair value during the period	106,366	18,330	165,157	46,677
As at	720,314	222,136	720,314	222,136

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 short-term and long-term coupon government bonds with a fixed interest rate. Debt instruments at amortised cost are denominated in EUR currency.

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Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2025

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	30 September 2025	31 December 2024
Coupon debt instruments	1,073,428	1,126,811
Accrued interest on coupon debt instruments	2,051	2,470
Total	1,075,479	1,129,281
Impairment	(353)	(380)
TOTAL	1,075,126	1,128,901

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	30 September 2025	31 December 2024
Up to 3 months	-	-
From 3 to 12 months	96,979	58,893
From 1 to 3 years	135,708	231,308
Over 3 years	842,792	839,080
Total	1,075,479	1,129,281
Impairment	(353)	(380)
TOTAL	1,075,126	1,128,901

As at reporting date, debt instruments at amortised cost, analysed by the country where the funds are invested, changed solely due to the maturity of the debt instrument since the Central Bank did not invest foreign currency reserves funds in this portfolio in current reporting period.

12. OTHER ASSETS

In thousands of KM	30 September 2025	31 December 2024
Gross carrying amount of other financial assets	4,067	4,728
Impairment	(607)	(607)
Other financial assets	3,460	4,121
Other non-financial assets	15,808	14,340
TOTAL	19,268	18,461

As at reporting dates, other non-financial assets are mostly related to the prepaid expenses for banknotes and coins production in the amount of KM 12,734 thousand (31 December 2024: KM 10,902 thousand).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2025

13. BANKNOTES AND COINS IN CIRCULATION

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

In thousands of KM	30 September 2025	31 December 2024
Banknotes in circulation	8,092,025	7,672,983
Coins in circulation	304,741	286,232
TOTAL	8,396,766	7,959,215

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

In thousands of KM	01/07 - 30/09 2025	01/07 - 30/09 2024	01/01 - 30/09 2025	01/01 - 30/09 2024
Banknotes and coins in circulation as at	8,149,801	7,823,643	7,959,215	7,565,108
Net increase in value of banknotes and coins in circulation during the period	246,965	183,140	437,551	441,675
Banknotes and coins in circulation as at	8,396,766	8,006,783	8,396,766	8,006,783

14. DEPOSITS FROM BANKS

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

In thousands of KM	30 September 2025	31 December 2024
Deposits from resident banks:		
KM	7.085.041	6,830,771
EUR	200.042	623,510
	7.285.083	7,454,281
Reserve accounts of the Central Bank organizational units	697	1,081
Special deposits of resident banks - blocked funds	137	33
TOTAL	7.285.917	7,455,395

Deposits from resident banks are placed in accordance with required reserve policy of the Central Bank, to meet obligations for settling payment transactions between resident banks as well as for transactions with the Central Bank. Resident banks are obliged to allocate and maintain required reserves in KM and EUR currencies 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 to all bases. The EUR required 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 on the Central Bank's remuneration policy for the required reserve's instrument is disclosed in [Note 17](#).

Deposits from resident banks include accrued remuneration on the basis of required reserve policy in the amount of KM 1,356 thousand as at 30 September 2025 (31 December 2024: Included the accrued remuneration in the amount of KM 1,286 thousand).

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15. DEPOSITS FROM THE GOVERNMENT AND OTHER PUBLIC INSTITUTIONS

In thousands of KM	30 September 2025	31 December 2024
Budgetary deposits from BH institutions	625,538	756,999
Deposits from other local governments and government institutions	76,292	87,770
Deposits from other public institutions	19,755	15,295
Deposit account under the IMF transactions	19	19
Deposits from other residents	4	-
TOTAL	721,608	860,083

16. OTHER LIABILITIES

In thousands of KM	30 September 2025	31 December 2024
Other financial liabilities	3,534	250,245
Other non-financial liabilities	202	247
TOTAL	3,736	250,492

As at 31 December 2024, other financial liabilities included a liability arising from the allocation of a portion of net profit for 2024 to the BH budget amounting to KM 244,307 thousand. This liability was settled during the current reporting period.

17. NET INTEREST INCOME

In thousands of KM	For the period			
	01/07 - 30/09 2025	01/07 - 30/09 2024	01/01 - 30/09 2025	01/01 - 30/09 2024
Interest income arising from:				
Debt instruments at fair value through other comprehensive income (Note 9)	58,114	58,640	179,402	160,965
Deposits with foreign banks (Note 7)	26,497	56,864	88,338	180,448
Debt instruments at amortised cost (Note 11)	2,645	3,024	7,978	8,990
Special Drawing Rights with the IMF	53	60	160	180
Total	87,309	118,588	275,878	350,583
Interest expense arising from:				
Deposits from resident banks	(4,092)	(3,706)	(11,767)	(10,776)
Effects of negative interest rates from deposits with foreign banks	(5)	-	(5)	-
Total	(4,097)	(3,706)	(11,772)	(10,776)
Net interest income	83,212	114,882	264,106	339,807

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17. NET INTEREST INCOME (CONTINUED)

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

	For the period			
	01/07 - 30/09	01/07 - 30/09	01/01 - 30/09	01/01 - 30/09
In thousands of KM	2025	2024	2025	2024
1. Financial assets at amortised cost				
<i>Interest income arising from:</i>				
Deposits with foreign banks	26,497	56,864	88,338	180,448
Debt instruments at amortised cost	2,645	3,024	7,978	8,990
Special Drawing Rights with the IMF	53	60	160	180
	29,195	59,948	96,476	189,618
<i>Interest expense arising from:</i>				
Effects of negative interest rates from deposits with foreign banks	(5)	-	(5)	-
	(5)	-	(5)	-
Total	29,190	59,948	96,471	189,618
2. Debt instruments at fair value through other comprehensive income				
Interest income	58,114	58,640	179,402	160,965
Total	58,114	58,640	179,402	160,965
3. Financial liabilities at amortised cost				
Interest expenses arising from deposits from resident banks	(4,092)	(3,706)	(11,767)	(10,776)
Total	(4,092)	(3,706)	(11,767)	(10,776)
Net interest income	83,212	114,882	264,106	339,807

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

	For the period			
	01/07 - 30/09	01/07 - 30/09	01/01 - 30/09	01/01 - 30/09
In thousands of KM	2025	2024	2025	2024
Interest income				
Term deposits	26,419	46,654	85,934	149,223
Demand deposits	78	10,210	2,404	31,225
Total	26,497	56,864	88,338	180,448

The average effective yield rate on deposits with foreign banks amounts to 2.38% in the period 01/01 - 30/09/2025 (01/01 - 30/09/2024: The average effective yield rate amounted to 3.86%).

The average effective yield rate on debt instruments at fair value through other comprehensive income amounts to 2.65% in the period 01/01 - 30/09/2025 (01/01 - 30/09/2024: The average effective yield rate amounted to 2.86%).

The average effective yield rate on debt instruments at amortised cost amounts to 0.95% in the period 01/01 - 30/09/2025 (01/01 - 30/09/2024: The average effective yield rate amounted to 1.02%).

17. NET INTEREST INCOME (CONTINUED)

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.

As disclosed in [Note 14](#), the Central Bank 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.

The Central Bank calculates and pays a remuneration to resident banks at prescribed rates on KM required reserves amounts, i.e., EUR currency 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.

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

Base for calculation of remuneration	The Central Bank's remuneration rate
Required reserves amounts	
<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%

Interest expenses arising from deposits from resident banks include expenses arising from the required reserves in the amount of KM 11,767 thousand in the period 01/01 - 30/09/2025 (01/01 - 30/09/2024: Interest expenses arising from deposits from resident banks amounted to KM 10,776 thousand).

18. NET FEE AND COMMISSION INCOME

In thousands of KM	01/07 - 30/09 2025	01/07 - 30/09 2024	01/01 - 30/09 2025	For the period 01/01 - 30/09 2024
Fee and commission income arising from:				
Services for resident banks	5,847	5,447	17,040	15,779
Services for the Government and other non-banking clients	384	405	1,142	1,154
Total	6,231	5,852	18,182	16,933
Fee and commission expenses arising from:				
Custodian and other expenses for debt instruments	(466)	(175)	(1,380)	(506)
Transactions with foreign banks	(9)	(8)	(28)	(23)
Other fee and commission expenses	(2)	-	(6)	(2)
Total	(477)	(183)	(1,414)	(531)
Net fee and commission income	5,754	5,669	16,768	16,402

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19. NET REALISED GAINS FROM SALE OF DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In the current reporting period, the net realised gains from sale of debt instruments at fair value through other comprehensive income amounts to KM 1,077 thousand. The corresponding amounts of realised gains from released provisions for expected credit losses for debt instruments sold in the reporting period are presented in Note 5.1.1. The Central Bank did not sell debt instruments in comparative reporting period.

20. NET FOREIGN EXCHANGE GAINS / (LOSSES)

In thousands of KM	01/07 - 30/09		For the period	
	2025	2024	01/01 - 30/09 2025	01/01 - 30/09 2024
Foreign exchange gains	1,844	761	3,261	1,387
Foreign exchange (losses)	(1,759)	(595)	(14,508)	(1,083)
TOTAL	85	166	(11,247)	304

In the current reporting period, the reported amounts of foreign currency differences mainly resulted from the depreciation of the USD currency against the KM arising from the Central Bank's foreign currency reserve funds entrusted to an external portfolio manager.

21. NET DECREASES OF/ INCREASES IN IMPAIRMENT ON FINANCIAL ASSETS

In thousands of KM	01/07 - 30/09		For the period	
	2025	2024	01/01 - 30/09 2025	01/01 - 30/09 2024
Net (increases) in / releases of impairment for deposits with foreign banks	(53)	(26)	(569)	289
Net (increases) in / releases of impairment for Special Drawing Rights with the IMF	-	-	-	-
Net (increases) in provisions for expected credit losses for debt instruments at fair value through other comprehensive income	(54)	(8)	(152)	(236)
Net releases of impairment for debt instruments at amortised cost	26	-	27	1
Net (increases) in / releases of impairment for other financial assets	(1)	-	-	1
TOTAL	(82)	(34)	(694)	55

22. OTHER INCOME

In thousands of KM	01/07 - 30/09		For the period	
	2025	2024	01/01 - 30/09 2025	01/01 - 30/09 2024
Dividend income	-	-	920	940
Net effects of numismatic collections value adjustments	285	66	428	250
Other miscellaneous income	4	3	60	83
UKUPNO	289	69	1,408	1,273

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Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2025

23. PERSONNEL EXPENSES

	01/07 - 30/09 2025	01/07 - 30/09 2024	01/01 - 30/09 2025	For the period 01/01 - 30/09 2024
In thousands of KM				
Salaries	4,269	4,519	10,070	11,247
Contributions and other fees on salaries	2,168	2,516	5,769	6,260
Other employee benefits	949	368	3,491	1,824
Contributions and other fees on other employees' benefits	185	61	961	475
Total	7,571	7,464	20,291	19,806
Net releases of / increases in provisions under IAS 19	(3)	3	(4)	14
TOTAL	7,568	7,467	20,287	19,820

Personnel expenses include KM 3,822 thousand of defined pension contributions paid to the public pension funds in BH (01/01 - 30/09/2024: KM 3,821 thousand).

The average number of employees in the reporting period amounts to 361 (01/01 - 30/09/2024: 356 employees).

24. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	01/07 - 30/09 2025	01/07 - 30/09 2024	01/01 - 30/09 2025	For the period 01/01 - 30/09 2024
In thousands of KM				
Payment systems maintenance expenses	488	450	1,415	1,351
Overhead expenses	332	242	888	728
IT infrastructure expenses	292	272	858	769
Access to official services expenses	260	205	761	612
Fixed assets maintenance expenses	158	164	374	355
Other administrative and operating expenses	640	681	1,910	1,747
TOTAL	2,170	2,014	6,206	5,562

25. COSTS OF PRODUCTION OF BANKNOTES AND COINS

	01/07 - 30/09 2025	01/07 - 30/09 2024	01/01 - 30/09 2025	For the period 01/01 - 30/09 2024
In thousands of KM				
Costs of production and design of banknotes	661	691	2,148	2,176
Costs of production and design of coins	652	627	1,892	1,882
TOTAL	1,313	1,318	4,040	4,058

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26. EQUITY

The structure of equity is presented in the following table:

In thousands of KM	30 September 2025	31 December 2024
Initial capital	25,000	25,000
Fair value reserves for debt and equity instruments	38,860	45,354
Fair value reserves for monetary gold	305,452	140,295
Reserves for unrealised foreign exchange differences	4,628	4,628
Other reserves	31,300	31,300
General reserves (Retained earnings)	951,606	951,606
Total reserves	1,331,846	1,173,183
Net profit for the period	237,684	-
TOTAL	1,594,530	1,198,183

As at reporting date, the Central Bank's equity increased both due to the net profit of the period, i.e., generated foreign currency interest income arising from invested and reinvested foreign currency reserves funds in interest-bearing components of foreign currency reserves, and positive changes in the fair value of monetary gold. More 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](#).

27. CASH AND CASH EQUIVALENTS

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

In thousands of KM	30 September 2025	30 September 2024
Deposits in foreign currency with maturity up to three months or less from the date of acquisition (Note 7)	5,532,439	3,771,993
Demand deposits in foreign currency (Note 7)	21,733	1,999,107
Cash in foreign currencies (Note 6)	471,310	464,033
Special Drawing Rights with the IMF (Note 8)	5,934	3,599
Giro accounts (Note 12)	697	849
Total	6,032,113	6,239,581
Impairment	(2,747)	(1,173)
TOTAL	6,029,366	6,238,408

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Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2025

28. RELATED PARTIES TRANSACTIONS

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

In thousands of KM

As at 30 September 2025	BH Ministry of Finance and Treasury	BH Indirect Taxation Authority	BH Deposit Insurance Agency	Total
ASSETS				
Other assets	6	2	-	8
TOTAL	6	2	-	8
LIABILITIES				
Deposits from depositors	553,134	85,210	1,140	639,484
Other liabilities	-	19	-	19
TOTAL	553,134	85,229	1,140	639,503

In thousands of KM

As at 31 December 2024	BH Ministry of Finance and Treasury	BH Indirect Taxation Authority	BH Deposit Insurance Agency	Total
ASSETS				
Other assets	37	3	-	40
TOTAL	37	3	-	40
LIABILITIES				
Deposits from depositors	484,581	290,341	1,353	776,275
Liabilities for allocation a portion of the profit to the BH budget	244,307	-	-	244,307
Other liabilities	-	9	-	9
TOTAL	728,888	290,350	1,353	1,020,591

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

In thousands of KM

	01/07 - 30/09 2025	01/07 - 30/09 2024	01/01 - 30/09 2025	For the period 01/01 - 30/09 2024
Fee and commission income				
BH Ministry of Finance and Treasury	16	16	46	50
BH Indirect Taxation Authority	6	17	25	34
BH Deposit Insurance Agency	-	1	2	2
TOTAL	22	34	73	86

28. RELATED PARTIES TRANSACTIONS (CONTINUED)

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 keeps appropriate accounting records and performs transactions for the State and BH institutions that are recorded off-balance. More information about these off-balance records is disclosed in [Notes 29](#) and [30](#).

Remuneration of key management members

The total remuneration of the key management members, in the period 01/01 - 30/09/2025, amounts to KM 985 thousand, out of which KM 630 thousand is related to salaries and other remunerations and KM 355 thousand is related to taxes and contributions (01/01 - 30/09/2024: Out of the total amount of KM 1,068 thousand, the amount of KM 664 thousand was related to salaries and other remunerations and KM 404 thousand was related to taxes and contribution).

29. 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 currency accounts.

Off-balance sheet deposits consist of:

In thousands of KM	30 September 2025	31 December 2024
Deposits of the Council of Ministers of BH for the Budget of BH institutions	321,559	316,379
Deposits of the Council of Ministers of BH for servicing of BH foreign debt	22,921	10,462
Other deposits of the Council of Ministers of BH	366	392
Deposits of the Council of Ministers of BH on the basis of succession	50	53
Total	344,896	327,286
Funds of the Deposit Insurance Agency of BH	8,389	2,042
Total	8,389	2,042
Budget deposits of the entities' governments-Federation BH	-	1
Total	-	1
Deposit accounts of resident banks	103,800	19,315
Total	103,800	19,315
TOTAL	457,085	348,644

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 30 September 2025 the total of these funds amount to KM 344,896 thousand (31 December 2024: KM 327,286 thousand).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

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30. 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

	30 September 2025	31 December 2024
Quota	606,847	650,858
Special Drawing Rights with the IMF	5,934	4,771
TOTAL ASSETS	612,781	655,629
IMF account No.1	1,517	1,627
IMF account No.2	601	644
Securities	689,141	953,711
SDR allocation	949,785	1,018,667
Accrued interest on SDR allocation	4,566	5,663
Accounts of payable charges	551	2,004
TOTAL LIABILITIES	1,646,161	1,982,316
BH NET POSITION WITH THE IMF	1,033,380	1,326,687

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.

31. EVENTS AFTER THE REPORTING PERIOD

There were no events in the period between 30 September 2025 and the date of approval of these condensed interim financial statements that would require adjustment or are material but do not require adjustment.