



Centralna banka
BOSNE I HERCEGOVINE
Централна банка
БОСНЕ И ХЕРЦЕГОВИНЕ



CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(unaudited)

in accordance with the requirements of International Accounting Standard 34

Sarajevo, 30 October 2024

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



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FINANCIAL REPORTING RESPONSIBILITY


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

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

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

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

The accompanying condensed interim financial statements set out on pages 2 to 47 were approved by the Governing Board on 30 October 2024.


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




Meliha Smajlagić
Head of Accounting and Finance Department

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Condensed Interim Financial Statements for the period ended 30 September 2024

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

In thousands of KM	Note	30 September 2024	As at 31 December 2023
ASSETS			
Cash in foreign currencies	6	464,033	455,191
Deposits with foreign banks	7	7,201,452	8,326,590
Special Drawing Rights with the IMF	8, 30	3,599	2,073
Debt instruments at fair value through other comprehensive income	9	7,787,944	6,150,130
Monetary gold	10	222,136	175,459
Debt instruments at amortised cost	11	1,185,882	1,180,421
Other assets	12	18,043	17,384
Property and equipment		46,540	47,310
Intangible assets		736	864
Other investments		27,813	27,813
TOTAL ASSETS		16,958,178	16,383,235
LIABILITIES AND EQUITY			
LIABILITIES			
Banknotes and coins in circulation	13	8,006,783	7,565,108
Deposits from banks	14	6,809,746	7,083,235
Deposits from the Government and other public institutions	15	802,902	752,898
Provisions		1,910	2,025
Other liabilities	16	3,436	68,669
Total liabilities		15,624,777	15,471,935
EQUITY			
Initial capital		25,000	25,000
Reserves		981,957	886,300
Net profit for the period		326,444	-
Total equity	26	1,333,401	911,300
TOTAL LIABILITIES AND EQUITY		16,958,178	16,383,235

The selected notes on pages 9 to 47 are an integral part of these condensed interim financial statements.

STATEMENT OF PROFIT OR LOSS (UNAUDITED)

In thousands of KM	Note	For the period			
		01/07 - 30/09 2024	01/07 - 30/09 2023	01/01 - 30/09 2024	01/01 - 30/09 2023
Interest income		118,588	95,424	350,583	214,851
Interest expense		(3,706)	(4,300)	(10,776)	(10,779)
NET INTEREST INCOME	<u>17</u>	114,882	91,124	339,807	204,072
Fee and commission income		5,852	5,426	16,933	16,004
Fee and commission expense		(183)	(134)	(531)	(397)
NET FEE AND COMMISSION INCOME	<u>18</u>	5,669	5,292	16,402	15,607
Net realised (losses) from sale of debt instruments at fair value through other comprehensive income	<u>19</u>	-	(22,487)	-	(22,487)
Net foreign exchange gains	<u>20</u>	166	482	304	2
Net decreases / increases in impairment on financial assets	<u>21</u>	(34)	(333)	55	288
Other income	<u>22</u>	69	20	1,273	740
OPERATING INCOME		120,752	74,098	357,841	198,222
Personnel expenses	<u>23</u>	(7,467)	(5,341)	(19,820)	(15,043)
Administrative and other operating expenses	<u>24</u>	(2,014)	(1,685)	(5,562)	(4,762)
Costs of production of banknotes and coins	<u>25</u>	(1,318)	(1,115)	(4,058)	(3,289)
Depreciation and amortisation charge		(645)	(702)	(1,957)	(2,113)
OPERATING EXPENSES		(11,444)	(8,843)	(31,397)	(25,207)
NET PROFIT FOR THE PERIOD		109,308	65,255	326,444	173,015

The selected notes on pages 9 to 47 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 2024	01/07 - 30/09 2023	01/01 - 30/09 2024	01/01 - 30/09 2023
NET PROFIT FOR THE PERIOD		109,308	65,255	326,444	173,015
Other comprehensive income					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Debt instruments at fair value through other comprehensive income					
Net change in fair value during the period	9	71,338	20,844	48,744	65,893
Net change in provisions for expected credit losses recognised in profit or loss during the period	5.1.1.	8	150	236	56
Reclassification to profit or loss from sale of debt instruments		-	22,487	-	22,487
		71,346	43,481	48,980	88,436
Monetary gold					
Net change in fair value during the period	10	18,330	(1,015)	46,677	4,122
		18,330	(1,015)	46,677	4,122
Total other comprehensive income		89,676	42,466	95,657	92,558
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		198,984	107,721	422,101	265,573

The selected notes on pages 9 to 47 are an integral part of these condensed interim financial statements.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

In thousands of KM	Initial capital	Fair value reserves for debt and equity instruments	Fair value reserves for monetary gold	Other reserves	General reserves (Retained earnings)	Total reserves	Net profit for the period	Total equity
Balance at 1 January 2024	25,000	(6,471)	73,530	31,300	787,941	886,300	-	911,300
Total comprehensive 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	-	48,980	46,677	-	-	95,657	-	95,657
<i>Net increase in fair value for debt instruments</i>	-	48,744	-	-	-	48,744	-	48,744
<i>Net increases in provisions for expected credit losses for debt instruments recognised in profit or loss</i>	-	236	-	-	-	236	-	236
<i>Net increase in fair value for monetary gold</i>	-	-	46,677	-	-	46,677	-	46,677
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 47 are an integral part of these condensed interim financial statements.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONTINUED)

In thousands of KM	Initial capital	Fair value reserves for debt and equity instruments	Fair value reserves for monetary gold	Other reserves	General reserves (Retained earnings)	Total reserves	Net profit for the period	Total equity
Balance at 1 January 2023	25,000	(143,005)	58,111	31,300	573,999	520,405	-	545,405
Total comprehensive income for the period	-	88,436	4,122	-	-	92,558	173,015	265,573
Net profit for the period	-	-	-	-	-	-	173,015	173,015
Other comprehensive income	-	88,436	4,122	-	-	92,558	-	92,558
<i>Net increase in fair value for debt instruments</i>	-	65,893	-	-	-	65,893	-	65,893
<i>Net increases in provisions for expected credit losses for debt instruments recognised in profit or loss</i>	-	56	-	-	-	56	-	56
<i>Reclassification to profit or loss from sale of debt instruments</i>	-	22,487	-	-	-	22,487	-	22,487
<i>Net increase in fair value for monetary gold</i>	-	-	4,122	-	-	4,122	-	4,122
Balance at 30 September 2023	25,000	(54,569)	62,233	31,300	573,999	612,963	173,015	810,978

The selected notes on pages 9 to 47 are an integral part of these condensed interim financial statements.

STATEMENT OF CASH FLOWS (UNAUDITED)

		For the period	
	Note	01/01 - 30/09 2024	01/01 - 30/09 2023
In thousands of KM			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		326,444	173,015
Adjusted for:			
Interest income	17	(350,583)	(214,851)
Interest expense	17	10,776	10,779
Net (increases) in impairment on financial assets	21	(55)	(288)
Net realised losses from sale of debt instruments at fair value through other comprehensive income	19	-	22,487
Net foreign exchange (gains)	20	(304)	(2)
Income from grants		-	(3)
Provisions, net increase		14	13
(Gains) on disposal of property and equipment		(40)	-
Dividend income recognised in profit or loss		(940)	(721)
Depreciation and amortisation charge		1,957	2,113
Net cash flows from operating activities before changes in operating assets and liabilities		(12,731)	(7,458)
Changes in operating assets and liabilities			
Decrease / (increase) in term deposits with foreign banks		354,440	(1,158,898)
(Increase) / decrease of debt instruments at fair value through other comprehensive income		(1,589,070)	137,628
(Increase) in debt instruments at amortised cost		(5,460)	(5,558)
(Increase) / decrease in other assets		(451)	992
Increase of banknotes and coins in circulation	13	441,675	241,059
(Decrease) of deposits from banks		(274,708)	(498,194)
Increase / (decrease) of deposits from the Government and other public institutions		50,004	(161,471)
(Decrease) of other liabilities		(910)	(631)
Payments from provisions		(129)	(46)
Interest received		336,464	195,282
Interest paid		(9,557)	(9,651)
Net cash from operating activities		(710,433)	(1,266,946)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment		40	-
Purchases of property, equipment and intangible assets		(1,056)	(862)
Dividends received		940	721
Net cash from investing activities		(76)	(141)

The selected notes on pages 9 to 47 are an integral part of these condensed interim financial statements.

STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)

		For the period	
	01/01 - 30/09	01/01 - 30/09	
Note	2024	2023	2023
In thousands of KM			
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfer of the part of annual net profit to the BH budget	(64,319)	-	-
Net cash from financing activities	(64,319)	-	-
Net effects from impairment for expected credit losses on cash and cash equivalents	313	432	432
Net effects of exchange rates on cash and cash equivalents held	297	(13)	(13)
Net (decrease) of cash and cash equivalents	(774,218)	(1,266,668)	(1,266,668)
Cash and cash equivalents at the beginning of the period	7,012,626	7,846,633	7,846,633
Cash and cash equivalents at the end of the period	6,238,408	6,579,965	6,579,965

The selected notes on pages 9 to 47 are an integral part of these condensed interim financial statements.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (UNAUDITED)

1. GENERAL INFORMATION

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

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

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

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

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

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

The key management members of the Central Bank are:

The Governing Board

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

The Management

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

The Audit Committee members of the Central Bank are:

The Audit Committee

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

2. BASIS OF PREPARATION

2.1. Statement of compliance

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

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

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

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

2.2. Basis of measurement

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

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

2.3. Functional and presentation currency

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

2.4. Changes to IFRSs

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

2.5. Accounting policies

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

2.6. Significant accounting judgements and estimates

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

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

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

These condensed interim financial statements have been prepared based upon conditions existing at 30 September 2024. Future conditions may differ from those that resulted in the financial information disclosed in these condensed interim financial statements.

2.7. Conditions in the environment for performing the Central Bank's operations for the period 01/01 - 30/09/2024

The current reporting period is marked by a moderate recovery of the global economy and the eurozone economy, despite existing macroeconomic, and particularly geopolitical uncertainties. At the same time, the decisions and announcements from the leading central banks, particularly the European Central Bank (the "ECB"), also influenced the eurozone financial markets' conditions and circumstances. The ECB continued to ease restrictive monetary policy measures by lowering key interest rates in June and September of the current year, with the deposit facility rate reduced by a total of 50 basis points during the current reporting period.

The amounts of key financial indicators of the Central Bank in the current reporting period were primarily determined by the invested and reinvested funds of the Central Bank's foreign currency reserves as follows:

The Central Bank's net foreign assets amount to KM 1,243,257 thousand as at 30 September 2024,

The Central Bank's total equity amounts to KM 1,333,401 thousand as at 30 September 2024 and

The Central Bank's net profit amounts to KM 326,444 thousand for the period 01/01 - 30/09/2024.

The rising trend of interest income on deposits with foreign banks and debt instruments continued in the current reporting period. Interest income on deposits with foreign banks and debt instruments primarily determines the total net profit for the period.

During the current reporting period, the Central Bank additionally allocated part of its foreign currency reserves funds to portfolio of debt instruments at fair value through other comprehensive income, while the rise in market prices of monetary gold increased its fair value. The net changes in fair value of debt instruments at fair value through other comprehensive income and monetary gold amount to KM 95,657 thousand for the current reporting period, which, together with net profit achieved for the period, resulted in a total comprehensive income of KM 422,101 thousand.

In the current reporting period, the Central Bank initiated activities under the agreement concluded with the World Bank, following its accession to the Reserve Advisory & Management Partnership (RAMP). As at 30 September 2024, a portion of the Central Bank's foreign currency reserves has been allocated to an external portfolio manager for management.

More information on changes and analytical amounts of significant foreign currency reserves components and corresponding amounts that influenced net profit for the period and equity of the Central Bank is disclosed in the following notes:

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

2. BASIS OF PREPARATION (CONTINUED)**2.7. Conditions in the environment for performing the Central Bank's operations for the period 01/01 - 30/09/2024 (continued)**

The increase in the amount of monetary liabilities in the current reporting period is primarily caused by net financial effects from KM purchases and sales transactions with resident banks and on behalf of depositors as well as from net foreign currency payments to resident banks' EUR reserve accounts to meet the required reserve requirements in accordance with the new required reserve framework. In addition, resident banks were withdrawing and returning KM banknotes and coins through the Central Bank's dislocated vaults with a non-cyclical intensity, which resulted in cumulative net increase in KM banknotes and coins in circulation compared to 31 December 2023, with simultaneous net decrease of resident banks' reserve accounts.

All resident banks have regularly fulfilled the required reserve in accordance with the Central Bank's legal regulations. From 1 January 2024, the Central Bank applies the new required reserve framework for resident banks. The new required reserve framework prescribes the obligation for resident banks to allocate and maintain the required reserve in KM and EUR currency, by holding them on KM and EUR reserve accounts. Also, the new framework defines remuneration rates based on the required reserve funds which are calculated and paid to resident banks that have not been changed in the current reporting period.

In the current reporting period, the Central Bank transferred the part of net profit for 2023 to the account of the institution in charge of the budget of Bosnia and Herzegovina.

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

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

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

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 2024	31 December 2023
Official foreign currency reserves		
Cash in foreign currencies	464,033	455,191
Deposits with foreign banks	7,201,452	8,326,590
Special Drawing Rights with the IMF	3,599	2,073
Debt instruments	8,973,826	7,330,551
Monetary gold	222,136	175,459
TOTAL	16,865,046	16,289,864
Liabilities to non-residents	2,358	2,454
Net foreign currency reserves (Official foreign currency reserves less liabilities to non-residents)	16,862,688	16,287,410
Monetary liabilities		
Banknotes and coins in circulation	8,006,783	7,565,108
Deposits from banks	6,809,746	7,083,235
Deposits from the Government and other public institutions	802,902	752,898
TOTAL	15,619,431	15,401,241
NET FOREIGN ASSETS (Net foreign currency reserves less monetary liabilities)	1,243,257	886,169

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 2024, the financial balance of net foreign assets amounts to KM 1,243,257 thousand ensuring the full stability of domestic currency (31 December 2023: KM 886,169 thousand).

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

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

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

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

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

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

4.1. Financial assets measured at fair value

In thousands of KM

	30 September 2024	31 December 2023
Financial assets		
<i>Financial assets measured at fair value through other comprehensive income</i>		
Debt instruments	7,787,944	6,150,130
Monetary gold	222,136	175,459
TOTAL	8,010,080	6,325,589

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

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

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

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

In thousands of KM

	30 September 2024	
	Carrying amount	Fair value
Financial assets		
<i>Financial assets measured at amortised cost:</i>		
Cash in foreign currencies	464,033	464,033
Deposits with foreign banks	7,201,452	7,201,452
Special Drawing Rights with the IMF	3,599	3,599
Debt instruments at amortised cost	1,185,882	1,101,890
Other financial assets	3,327	3,327
	8,858,293	8,774,301
<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	8,886,106	8,802,114
 Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Banknotes and coins in circulation	8,006,783	8,006,783
Deposits from banks	6,809,746	6,809,746
Deposits from the Government and other public institutions	802,902	802,902
Other financial liabilities	3,200	3,200
Total	15,622,631	15,622,631

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

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

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

In thousands of KM

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

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

5. FINANCIAL RISK MANAGEMENT

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

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

5.1. Credit risk

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

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

For the funds recorded in off-balance sheet records, the Central Bank is not exposed to credit risk, as all the risk, which may result from the investments of these funds, is to be borne contractually by the owners of these funds (see [Notes 29](#) and [30](#)).

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

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1. Deposits with foreign banks								
As at 1 January	1,657	-	-	1,657	1,850	-	-	1,850
Increases in expected credit losses	7,207	-	-	7,207	10,112	-	-	10,112
Releases of expected credit losses	(98)	-	-	(98)	(126)	-	-	(126)
Releases due to derecognition of term deposits	(7,398)	-	-	(7,398)	(10,325)	-	-	(10,325)
As at 30 September	1,368	-	-	1,368	1,511	-	-	1,511
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	904	-	-	904	910	-	-	910
Increases in expected credit losses	741	-	-	741	447	-	-	447
Releases of expected credit losses	(35)	-	-	(35)	(19)	-	-	(19)
Releases due to debt instruments matured	(470)	-	-	(470)	(372)	-	-	(372)
<i>Net increases during the period</i>	236	-	-	236	56	-	-	56
Net realises due to debt instruments sold	-	-	-	-	(105)	-	-	(105)
As at 30 September	1,140	-	-	1,140	861	-	-	861

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.1. Credit risk exposure (continued)

In thousands of KM

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
4. Debt instruments at amortised cost								
As at 1 January	219	-	-	219	225	-	-	225
Increases in expected credit losses	8	-	-	8	2	-	-	2
Releases of expected credit losses	(9)	-	-	(9)	(6)	-	-	(6)
As at 30 September	218	-	-	218	221	-	-	221
5. Other financial assets								
As at 1 January	6	-	601	607	6	-	601	607
Increases in expected credit losses	4	-	-	4	5	-	-	5
Releases of expected credit losses	(5)	-	-	(5)	(6)	-	-	(6)
As at 30 September	5	-	601	606	5	-	601	606
Total opening balance at 1 January	2,786	-	601	3,387	2,991	-	601	3,592
Total net (releases) of expected credit losses	(55)	-	-	(55)	(393)	-	-	(393)
Total closing balance at 30 September	2,731	-	601	3,332	2,598	-	601	3,199

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 2024				31 December 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash in foreign currencies								
Gross carrying amount	464,033	-	-	464,033	455,191	-	-	455,191
Impairment	-	-	-	-	-	-	-	-
Carrying amount	464,033	-	-	464,033	455,191	-	-	455,191
Deposits with foreign banks								
Gross carrying amount	7,202,820	-	-	7,202,820	8,328,247	-	-	8,328,247
Impairment	(1,368)	-	-	(1,368)	(1,657)	-	-	(1,657)
Carrying amount	7,201,452	-	-	7,201,452	8,326,590	-	-	8,326,590
Special Drawing Rights with the IMF								
Gross carrying amount	3,599	-	-	3,599	2,073	-	-	2,073
Impairment	-	-	-	-	-	-	-	-
Carrying amount	3,599	-	-	3,599	2,073	-	-	2,073
Debt instruments at fair value through other comprehensive income								
Gross carrying amount	7,787,944	-	-	7,787,944	6,150,130	-	-	6,150,130
Provisions for expected credit losses (recognised in other comprehensive income)	1,140	-	-	1,140	904	-	-	904
Gross carrying amount	7,787,944	-	-	7,787,944	6,150,130	-	-	6,150,130

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.2. Credit risk concentration (continued)

In thousands of KM	30 September 2024				31 December 2023			
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	1,186,100	-	-	1,186,100	1,180,640	-	-	1,180,640
Impairment	(218)	-	-	(218)	(219)	-	-	(219)
Carrying amount	1,185,882	-	-	1,185,882	1,180,421	-	-	1,180,421
Other financial assets								
Gross carrying amount	3,332	-	601	3,933	3,545	-	601	4,146
Impairment	(5)	-	(601)	(606)	(6)	-	(601)	(607)
Carrying amount	3,327	-	-	3,327	3,539	-	-	3,539

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 2024	31 December 2023
Carrying amount		
Monetary gold	222,136	175,459
Other investments	27,813	27,813
TOTAL	249,949	203,272

Concentration per credit rating

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

Deposits with foreign banks

In thousands of KM	30 September 2024	31 December 2023
Credit rating		
AAA	3,849,111	3,914,210
AA+	563	431
AA	2,833	836,324
AA-	1,554,995	806,995
A+	836,013	-
A	846,185	2,224,953
A-	-	-
II ¹	113,120	545,334
BBB+	-	-
BBB	-	-
BBB-	-	-
Total	7,202,820	8,328,247
Impairment	(1,368)	(1,657)
TOTAL	7,201,452	8,326,590

¹ International institutions

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.2. Credit risk concentration (continued)

Debt instruments at fair value through other comprehensive income

In thousands of KM

Credit rating	30 September 2024	31 December 2023
AAA	2,110,494	2,015,799
AA+	1,458,794	653,467
AA	60,977	1,578,434
AA-	2,742,941	723,414
A+	-	-
A	130,415	37,616
A-	761,671	683,479
BBB+	-	-
BBB	522,652	457,921
BBB-	-	-
TOTAL	7,787,944²	6,150,130

Debt instruments at amortised cost

In thousands of KM

Credit rating	30 September 2024	31 December 2023
AAA	142,367	141,871
AA+	284,243	283,696
AA	55,282	221,715
AA-	315,482	146,741
A+	-	-
A	41,182	41,528
A-	192,589	191,383
BBB+	-	-
BBB	154,955	153,706
BBB-	-	-
Total	1,186,100	1,180,640
Impairment	(218)	(219)
TOTAL	1,185,882	1,180,421

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2. Market risk

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

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

As at 30 September 2024, the exposure of the Central Bank's foreign currency reserves, including fluctuations of the prices of financial instruments and changes of foreign exchange rates against the KM, amounts to KM 42,801 thousand (31 December 2023: KM 29,493 thousand), which represents 0.25% of the total financial assets (31 December 2023: 0.18% of the total financial assets).

As at 30 September 2024, Value at Risk (VaR) is 45% higher comparing to its value as at 31 December 2023. The increase in VaR value was primarily influenced by the increase in the Central Bank's foreign currency reserves portfolio interest rate risk exposure, and increase in sensitivity of debt instruments arising from changes in market yields. As at 30 September 2024, the value of debt instruments at fair value through other comprehensive income is by 27% higher than as at 31 December 2023, and its average modified duration, as a measure of sensitivity to changes in market yields, increased to 1.21 years from 0.97 years. Additionally, the volatility of gold's market prices expressed in EUR contributed to the increase in VaR as well as the increased exposure in USD due to the transfer of a portion of foreign currency reserves entrusted to an external portfolio manager for management.

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

In thousands of KM	30 September 2024	31 December 2023
Interest rate risk	28,524	21,641
Risk of change in EUR price of monetary gold	10,597	7,477
Foreign exchange risk	3,680	375
Total VaR	42,801	29,493

5.2.1. Interest rate risk

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

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

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

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

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

The Central Bank uses the modified duration of debt instruments at fair value through other comprehensive income as a key measure of interest rate risk exposure. The modified duration is a measure of the price sensitivity of financial instrument to changes in interest rates, i.e., the market yield of a debt instrument. The modified duration is expressed as the number of years and the longer the duration, the higher the interest rate risk. The modified duration of the portfolio is calculated as a weighted average of the cash flows' maturities of individual financial instruments in the portfolio, where the weight is the present value of the cash flow. The modified duration of the portfolio of debt instruments at fair value through other comprehensive income amounts to 1.21 years as at 30 September 2024 (31 December 2023: 0.97 years).

The movement of yields on eurozone government bonds is characterized by a slight increase in yields in the first half of the current year (50-60 basis points) compared to the end of 2023, while in the third quarter, a noticeable downward trend in yields (80-90 basis points) has emerged as a result of the correction in market expectations after the lowering of key interest rates by the ECB and the Federal Reserve System (the "Fed").

The ECB Governing Council decreased all three key interest rates by 25 basis points in June 2024, and in September it decided to lower the deposit facility rate by 25 basis points, through which it manages monetary policy based on a new assessment of future inflation outlook, the dynamics of core inflation, and the strength of monetary policy transmission. In this way, the restrictiveness of monetary policy was further mitigated.

In explaining its decision, the ECB Governing Council emphasized its strong commitment to the timely return of inflation in the eurozone to its medium-term target level of 2%. Key interest rates will remain sufficiently restrictive as long as necessary to achieve this goal. In determining the appropriate level of restrictiveness and the duration of restrictive monetary policy, the Governing Council does not pre-commit to a specific rate change trajectory but will continue to apply an approach based on the most recent available data at each meeting. Specifically, the ECB's decisions on interest rates will depend on the assessment of future inflation outlook in light of the latest macroeconomic and financial data, as well as the dynamics of core inflation and the strength of monetary policy transmission.

From 18 September 2024, the ECB implements a modified operational framework for conducting monetary policy, which stipulates that the difference between the deposit facility rate, currently at 3.50%, and the main refinancing operations rate, currently at 3.65%, will be 15 basis points, instead of the previous difference of 25 basis points. The difference between the marginal lending facility rate, currently at 3.90%, and the main refinancing operations rate, currently at 3.65%, will remain unchanged at 25 basis points.

In September of the current year, the Fed also lowered the target range for the key interest rate by 50 basis points (to a level of 4.75% - 5%) due to favourable trends in economic indicators in the USA specifically the inflation approaching the targeted level of 2% and positive trends in the American labour market.

The government bonds yield curve in the eurozone financial market remains inverted in the current reporting period, meaning that yields are high at the shorter end of the curve, while yields on bonds with longer remaining maturities are still lower than short-term market yields and short-term interest rates in the eurozone financial market.

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2. Market risk (continued)

5.2.1. Interest rate risk (continued)

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 2024	Up to 3	From 3	From 1	Over 3	Non-	Total
In thousands of KM	months	to 12	to 3	years	interest	
		months	years	years	bearing	
Cash in foreign currencies	-	-	-	-	464,033	464,033
Deposits with foreign banks	6,342,442	838,369	-	-	20,641	7,201,452
Special Drawing Rights with the IMF	3,573	-	-	-	26	3,599
Debt instruments at fair value through other comprehensive income	1,781,400	5,983,661	-	-	22,883	7,787,944
Monetary gold	-	-	-	-	222,136	222,136
Debt instruments at amortised cost	58,592	58,667	230,770	835,406	2,447	1,185,882
Other financial assets	-	-	-	-	3,327	3,327
Other investments	-	-	-	-	27,813	27,813
Total financial assets	8,186,007	6,880,697	230,770	835,406	763,306	16,896,186
Banknotes and coins in circulation	-	-	-	-	8,006,783	8,006,783
Deposits from banks	6,808,864	-	-	-	882	6,809,746
Deposits from the Government and other public institutions	-	-	-	-	802,902	802,902
Other financial liabilities	-	-	-	-	3,200	3,200
Total financial liabilities	6,808,864	-	-	-	8,813,767	15,622,631
INTEREST RATE GAP	1,377,143	6,880,697	230,770	835,406	(8,050,461)	1,273,555

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2. Market risk (continued)

5.2.1. Interest rate risk (continued)

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

Sensitivity analysis based on scenarios of predefined changes in market yields

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

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

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

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2. Market risk (continued)

5.2.1. Interest rate risk (continued)

Sensitivity analysis - scenarios of assumed changes in market yields at 30 September 2024

Change in market yields	+/- 1 bp	+/- 50 bp	+/- 100 bp	+/- 200 bp
Change of the financial assets value (in thousands of KM)	(945)/945	(47,265)/47,265	(94,529)/94,529	(189,059)/189,059

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

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

In the 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 945 thousand as at 30 September 2024 (As at 31 December 2023: KM 595 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 945 thousand as at 30 September 2024 (As at 31 December 2023: KM 595 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](#) and [8](#).

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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 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	8,006,783	-	-	-	-	8,006,783
Deposits from banks	6,809,746	-	-	-	-	6,809,746
Deposits from the Government and other public institutions	802,902	-	-	-	-	802,902
Other financial liabilities	3,200	-	-	-	-	3,200
TOTAL FINANCIAL LIABILITIES	15,622,631	-	-	-	-	15,622,631

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

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6. CASH IN FOREIGN CURRENCIES

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

In thousands of KM	30 September 2024	31 December 2023
Cash in foreign currencies:		
EUR	464,033	455,191
TOTAL	464,033	455,191

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 foreign currency reserves funds held on the accounts with foreign banks and international financial institutions.

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

In thousands of KM	30 September 2024	31 December 2023
Demand deposits	1,999,107	1,811,641
Term deposits with maturity up to three months or less from the date of acquisition	3,771,993	4,744,565
Impairment	(1,173)	(1,486)
Included in cash and cash equivalents (Note 27)	5,769,927	6,554,720
Term deposits with maturity over three months from the date of acquisition	1,431,720	1,772,041
Impairment	(195)	(171)
Total	1,431,525	1,771,870
TOTAL	7,201,452	8,326,590

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

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 2024	31 December 2023
Term deposits:		
EUR	5,116,947	6,512,976
USD	86,766	3,630
	5,203,713	6,516,606
Impairment	(1,226)	(1,520)
Total	5,202,487	6,515,086
Demand deposits:		
EUR	1,985,527	1,802,057
CHF	5,899	4,325
USD	5,578	3,199
GBP	2,103	2,060
	1,999,107	1,811,641
Impairment	(142)	(137)
Total	1,998,965	1,811,504
TOTAL	7,201,452	8,326,590

Deposits with foreign banks include net accrued interest in the amount of KM 20,641 thousand as at 30 September 2024 (31 December 2023: Included net accrued interest in the amount of KM 36,082 thousand).

As at 30 September 2024, deposits with foreign banks include the amount of KM 576,377 thousand entrusted to an external portfolio manager for management ([Note 2.7.](#)).

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 2024	31 December 2023
Up to one month	3,572,593	3,983,673
From one to two months	240,665	960,845
From two to three months	546,125	738,995
From three to four months	296,689	298,167
From four to twelve months	547,641	534,926
Total	5,203,713	6,516,606
Impairment	(1,226)	(1,520)
TOTAL	5,202,487	6,515,086

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

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 2024	31 December 2023
Foreign commercial banks		
Term deposits	2,481,890	2,739,866
Overnight deposits	1,457,803	1,199,902
Demand deposits	8,006	4,506
	3,947,699	3,944,274
Foreign central banks		
Term deposits	1,161,586	2,038,953
Overnight deposits	-	-
Demand deposits	1,980,415	1,799,686
	3,142,001	3,838,639
International financial institutions		
Term deposits	102,434	537,885
Overnight deposits	-	-
Demand deposits	10,686	7,449
	113,120	545,334
Total	7,202,820	8,328,247
Impairment (Note 5.1.1.)	(1,368)	(1,657)
TOTAL	7,201,452	8,326,590

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

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

In thousands of KM	30 September 2024	31 December 2023
Switzerland	2,180,205	2,264,654
Germany	1,723,930	1,052,667
France	1,360,170	1,960,734
Luxembourg	799,506	1,855,256
Great Britain	754,246	1,096,037
Netherlands	294,600	98,468
USA	87,329	431
Belgium	2,834	-
Total	7,202,820	8,328,247
Impairment	(1,368)	(1,657)
TOTAL	7,201,452	8,326,590

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

8. SPECIAL DRAWING RIGHTS WITH THE IMF

In thousands of KM	30 September 2024	31 December 2023
Account of Special Drawing Rights with the IMF	3,573	2,053
Accrued interest	26	20
Total	3,599	2,073
Impairment	-	-
TOTAL	3,599	2,073

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. The portfolio of these debt instruments includes short-term and long-term government bonds with a fixed interest rate. Debt instruments at fair value through other comprehensive income are denominated in EUR currency.

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

In thousands of KM	30 September 2024	31 December 2023
Coupon debt instruments	6,004,814	4,476,401
Accrued interest on coupon debt instruments	42,332	29,919
Total	6,047,146	4,506,320
Discount debt instruments	1,760,247	1,672,235
Accrued (discount) on discount debt instruments	(19,449)	(28,425)
Total	1,740,798	1,643,810
TOTAL	7,787,944	6,150,130

As at 30 September 2024, provisions for expected credit losses for debt instruments at fair value through other comprehensive income amount to KM 1,140 thousand (31 December 2023: KM 904 thousand). During the reporting period, net increases in provisions for expected credit losses, recognised in profit or loss for the period, amount to KM 236 thousand (01/01 - 30/09/2023: Net increases amounting to KM 56 thousand). More information about these changes in the reporting periods is disclosed in [Notes 5.1.1.](#) and [21](#).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

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

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

	30 September 2024		31 December 2023	
	In thousands of KM	%	In thousands of KM	%
France	1,960,921	25.18	1,578,434	25.67
Germany	1,442,331	18.52	1,842,371	29.96
Belgium	782,020	10.04	683,296	11.11
Spain	761,671	9.78	683,479	11.11
Austria	751,949	9.66	303,826	4.94
Finland	706,845	9.08	349,641	5.69
Netherlands	582,561	7.48	173,428	2.82
Italy	522,652	6.71	457,921	7.45
Slovakia	130,415	1.67	37,616	0.60
Luxembourg	85,602	1.10	-	-
Ireland	60,977	0.78	40,118	0.65
TOTAL	7,787,944	100.00	6,150,130	100.00

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

In thousands of KM	01/07 - 30/09	01/07 - 30/09	01/01 - 30/09	For the period
	2024	2023	2024	01/01 - 30/09
As at	7,749,597	5,625,960	6,150,130	5,887,589
Purchases during the period	1,152,639	2,652,599	4,942,983	3,651,512
Sales during the period	-	(987,892)	-	(987,892)
Interest income recognised during the period (Note 17)	58,640	21,322	160,965	32,812
Effects of negative interest rates recognised during the period (Note 17)	-	(880)	-	(4,427)
Maturities of debt instruments	(1,215,353)	(1,511,925)	(3,450,011)	(2,807,755)
Maturities of coupons	(28,919)	(4,177)	(64,874)	(21,882)
Net unrealised change in fair value during the period	71,338	20,844	48,744	65,893
Transaction costs	2	3	7	4
As at	7,787,944	5,815,854	7,787,944	5,815,854

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 2024

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

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

In thousands of KM	30 September 2024	31 December 2023
Up to 3 months	951,093	716,892
From 3 to 12 months	3,173,069	2,943,406
From 1 to 3 years	3,179,333	2,414,490
Over 3 years	484,449	75,342
TOTAL	7,787,944	6,150,130

10. MONETARY GOLD

As at reporting dates, input values 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 2024	48,000	4,627.83	222,136
31 December 2023	48,000	3,655.40	175,459
30 September 2023	48,000	3,420.04	164,162

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

In thousands of KM	01/07 - 30/09 2024	01/07 - 30/09 2023	01/01 - 30/09 2024	For the period 01/01 - 30/09 2023
As at	203,806	165,177	175,459	160,040
Net unrealised change in fair value during the period	18,330	(1,015)	46,677	4,122
As at	222,136	164,162	222,136	164,162

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.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

11. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

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

In thousands of KM	30 September 2024	31 December 2023
Coupon debt instruments	1,183,653	1,178,064
Accrued interest on coupon debt instruments	2,447	2,576
Total	1,186,100	1,180,640
Impairment	(218)	(219)
TOTAL	1,185,882	1,180,421

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

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

In thousands of KM	30 September 2024	31 December 2023
Up to 3 months	58,939	-
From 3 to 12 months	58,745	58,406
From 1 to 3 years	230,846	154,187
Over 3 years	837,570	968,047
Total	1,186,100	1,180,640
Impairment	(218)	(219)
TOTAL	1,185,882	1,180,421

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

12. OTHER ASSETS

In thousands of KM	30 September 2024	31 December 2023
Gross carrying amount of other financial assets	3,933	4,146
Impairment	(606)	(607)
Other financial assets	3,327	3,539
Other nonfinancial assets	14,716	13,845
TOTAL	18,043	17,384

As at reporting dates, other nonfinancial assets are mostly related to the prepaid expenses for banknotes and coins production in the amount of KM 12,116 thousand (31 December 2023: KM 11,062 thousand).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

13. BANKNOTES AND COINS IN CIRCULATION

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

In thousands of KM	30 September 2024	31 December 2023
Banknotes in circulation	7,722,112	7,300,012
Coins in circulation	284,671	265,096
TOTAL	8,006,783	7,565,108

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

In thousands of KM	01/07 - 30/09 2024	01/07 - 30/09 2023	01/01 - 30/09 2024	For the period 01/01 - 30/09 2023
Banknotes and coins in circulation as at	7,823,643	7,571,373	7,565,108	7,436,097
Net increase in value of banknotes and coins in circulation during the period	183,140	105,783	441,675	241,059
Banknotes and coins in circulation as at	8,006,783	7,677,156	8,006,783	7,677,156

14. DEPOSITS FROM BANKS

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

In thousands of KM	30 September 2024	31 December 2023
Deposits from resident banks:		
- KM	6,520,445	7,082,560
- EUR	288,419	-
	6,808,864	7,082,560
Reserve accounts of the Central Bank organizational units	849	642
Special deposits of resident banks - blocked funds	33	33
TOTAL	6,809,746	7,083,235

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

Deposits from resident banks include accrued remuneration on the basis of required reserve policy in the amount of KM 1,219 thousand as at 30 September 2024 (31 December 2023: Included the accrued remuneration in the amount of KM 1,181 thousand).

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Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

15. DEPOSITS FROM THE GOVERNMENT AND OTHER PUBLIC INSTITUTIONS

In thousands of KM	30 September 2024	31 December 2023
Budgetary deposits from BH institutions	712,754	633,891
Deposits from other local governments and government institutions	76,735	85,101
Deposits from other public institutions	13,394	16,887
Deposit account under the IMF transactions	19	17,019
TOTAL	802,902	752,898

16. OTHER LIABILITIES

In thousands of KM	30 September 2024	31 December 2023
Other financial liabilities	3,200	68,423
Other nonfinancial liabilities	236	246
TOTAL	3,436	68,669

As at 31 December 2023 other financial liabilities were mostly related to liabilities for allocation a part of profit to the BH budget amounting to KM 64,319 thousand. The Central Bank transferred these funds to the relevant deposit account of the BH Ministry of Finance and Treasury on 8 April 2024.

17. NET INTEREST INCOME

In thousands of KM	01/07 - 30/09 2024	01/07 - 30/09 2023	01/01 - 30/09 2024	For the period 01/01 - 30/09 2023
Interest income arising from:				
Deposits with foreign banks (Note 7)	56,864	71,035	180,448	173,005
Debt instruments at fair value through other comprehensive income (Note 9)	58,640	21,322	160,965	32,812
Debt instruments at amortised cost (Note 11)	3,024	3,005	8,990	8,901
Special Drawing Rights with the IMF	60	62	180	133
Total	118,588	95,424	350,583	214,851
Interest expense arising from:				
Deposits from resident banks	(3,706)	(3,420)	(10,776)	(6,352)
Effects of negative interest rates from debt instruments at fair value through other comprehensive income (Note 9)	-	(880)	-	(4,427)
Total	(3,706)	(4,300)	(10,776)	(10,779)
Net interest income	114,882	91,124	339,807	204,072

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

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:

In thousands of KM	For the period			
	01/07 - 30/09 2024	01/07 - 30/09 2023	01/01 - 30/09 2024	01/01 - 30/09 2023
1. Financial assets at amortised cost				
<i>Interest income arising from:</i>				
Deposits with foreign banks	56,864	71,035	180,448	173,005
Debt instruments at amortised cost	3,024	3,005	8,990	8,901
Special Drawing Rights with the IMF	60	62	180	133
Total	59,948	74,102	189,618	182,039
2. Debt instruments at fair value through other comprehensive income				
Interest income	58,640	21,322	160,965	32,812
Effects of negative interest rates	-	(880)	-	(4,427)
Total	58,640	20,442	160,965	28,385
3. Financial liabilities at amortised cost				
Interest expenses arising from deposits from resident banks	(3,706)	(3,420)	(10,776)	(6,352)
Total	(3,706)	(3,420)	(10,776)	(6,352)
Net interest income	114,882	91,124	339,807	204,072

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

In thousands of KM	For the period			
	01/07 - 30/09 2024	01/07 - 30/09 2023	01/01 - 30/09 2024	01/01 - 30/09 2023
Interest income				
Term deposits	46,654	60,708	149,223	148,229
Demand deposits	10,210	10,327	31,225	24,776
Total	56,864	71,035	180,448	173,005

The average effective yield rate on deposits with foreign banks amounts to 3.86% in the period 01/01 - 30/09/2024 (01/01 - 30/09/2023: The average effective yield rate amounted to 2.95%).

The average effective yield rate on debt instruments at fair value through other comprehensive income amounts to 2.86% in the period 01/01 - 30/09/2024 (01/01 - 30/09/2023: The average effective yield rate amounted to 0.14%).

The average effective yield rate on debt instruments at amortised cost amounts to 1.02% in the period 01/01 - 30/09/2024 (01/01 - 30/09/2023: The average effective yield rate amounted to 1.01%).

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

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

17. NET INTEREST INCOME (CONTINUED)

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

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

In the period 01/01 - 30/09/2024, the Central Bank calculates and pays a remuneration to resident banks at prescribed rates on KM required reserves amounts, i.e., EUR required reserves amounts. The Central Bank applies the zero-remuneration rate on the amounts exceeding required reserves, regardless of required reserve currency allocation and maintenance.

In the period 01/01 - 30/09/2023, the Central Bank calculated and paid a remuneration to resident banks at prescribed rates on the required reserves amounts generated from domestic currency base and from the foreign currency base and the domestic currency with a currency clause base. The zero-remuneration rate was calculated on the amounts exceeding required reserves.

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

Base for calculation of remuneration	The Central Bank remuneration rate for the period	
2024: New required reserve framework		
Required reserves amounts	01/01 - 30/09	
<i>KM required reserve on domestic currency base</i>	0.50%	
<i>EUR required reserve on foreign currency base</i>	0.30%	
Amounts exceeding the required reserves	0.00%	
2023: Previously applied required reserve framework	01/01 - 30/06	01/07 - 30/09
Required reserves amounts		
<i>Domestic currency base</i>	0.25%	0.50%
<i>Foreign currency base</i>	0.10%	0.30%
<i>Domestic currency with currency clause base</i>	0.10%	0.30%
Amounts exceeding the required reserves	0.00%	0.00%

Interest expenses arising from deposits from resident banks include expenses arising from the required reserves in the amount of KM 10,776 thousand in the period 01/01 - 30/09/2024 (01/01 - 30/09/2023: Interest expenses on deposits from resident banks amounted to KM 6,352 thousand).

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Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

18. NET FEE AND COMMISSION INCOME

In thousands of KM	01/07 - 30/09	01/07 - 30/09	01/01 - 30/09	For the period
	2024	2023	2024	01/01 - 30/09 2023
Fee and commission income arising from:				
Services for resident banks	5,447	5,072	15,779	14,937
Services for the Government and other non-banking clients	405	354	1,154	1,067
Total	5,852	5,426	16,933	16,004
Fee and commission expenses arising from:				
Custodian and other expenses for debt instruments	(175)	(126)	(506)	(371)
Transactions with foreign banks	(8)	(8)	(23)	(24)
Other fee and commission expenses	-	-	(2)	(2)
Total	(183)	(134)	(531)	(397)
Net fee and commission income	5,669	5,292	16,402	15,607

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

In the corresponding reporting period, the Central Bank sold certain debt instruments at fair value through other comprehensive income, achieving net realized losses in the amount of KM 22,487 thousand ([Note 5.1.1](#)). These sales were undertaken with the aim of adapting to the changed market conditions at that time.

20. NET FOREIGN EXCHANGE GAINS

In thousands of KM	01/07 - 30/09	01/07 - 30/09	01/01 - 30/09	For the period
	2024	2023	2024	01/01 - 30/09 2023
Net realised foreign exchange gains / (losses)	213	(45)	242	-
Net unrealised foreign exchange (losses) / gains	(47)	527	62	2
TOTAL	166	482	304	2

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

21. NET DECREASES / INCREASES IN IMPAIRMENT ON FINANCIAL ASSETS

In thousands of KM	01/07 - 30/09	01/07 - 30/09	01/01 - 30/09	For the period
	2024	2023	2024	01/01 - 30/09 2023
Net (increases) in / releases of impairment for deposits with foreign banks	(26)	(184)	289	339
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	(8)	(150)	(236)	(56)
Net releases of impairment for debt instruments at amortised cost	-	1	1	4
Net releases of impairment for other financial assets	-	-	1	1
TOTAL	(34)	(333)	55	288

22. OTHER INCOME

In thousands of KM	01/07 - 30/09	01/07 - 30/09	01/01 - 30/09	For the period
	2024	2023	2024	01/01 - 30/09 2023
Dividend income	-	-	940	721
Other income	29	20	333	19
TOTAL	29	20	1,273	740

23. PERSONNEL EXPENSES

In thousands of KM	01/07 - 30/09	01/07 - 30/09	01/01 - 30/09	For the period
	2024	2023	2024	01/01 - 30/09 2023
Salaries	4,519	3,157	11,247	8,289
Contributions and other fees on salaries	2,516	1,757	6,260	4,612
Other employee benefits	368	368	1,824	1,677
Contributions and other fees on other employees' benefits	61	70	475	452
Total	7,464	5,352	19,806	15,030
Net increases in / (releases) of provisions for severance payments and jubilee awards	3	(11)	14	13
TOTAL	7,467	5,341	19,820	15,043

Personnel expenses include KM 3,821 thousand of defined pension contributions paid to the public pension funds in BH (01/01 - 30/09/2023: KM 2,865 thousand).

The average number of employees in the reporting period amounts to 356 (01/01 - 30/09/2023: 352 employees).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

24. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

In thousands of KM	01/07 - 30/09	01/07 - 30/09	For the period	
	2024	2023	01/01 - 30/09 2024	01/01 - 30/09 2023
Payment systems maintenance expenses	450	470	1,351	1,337
IT infrastructure expenses	272	250	769	688
Overhead expenses	242	219	728	668
Access to official services expenses	205	200	612	573
Fixed assets maintenance expenses	164	100	355	256
Other administrative and operating expenses	681	446	1,747	1,240
TOTAL	2,014	1,685	5,562	4,762

25. COSTS OF PRODUCTION OF BANKNOTES AND COINS

In thousands of KM	01/07 - 30/09	01/07 - 30/09	For the period	
	2024	2023	01/01 - 30/09 2024	01/01 - 30/09 2023
Costs of production and design of banknotes	691	488	2,176	1,462
Costs of production and design of coins	627	627	1,882	1,827
TOTAL	1,318	1,115	4,058	3,289

26. EQUITY

The structure of equity is presented in the following table:

In thousands of KM	30 September 2024	31 December 2023
Initial capital	25,000	25,000
Fair value reserves for debt and equity instruments	42,509	(6,471)
Fair value reserves for monetary gold	120,207	73,530
Other reserves	31,300	31,300
General reserves (Retained earnings)	787,941	787,941
Total reserves	981,957	886,300
Net profit for the period	326,444	-
TOTAL	1,333,401	911,300

As at reporting date, the equity of the Central Bank is primarily increased by the financial result, i.e., by generated foreign currency interest income arising from invested and reinvested foreign currency reserves in deposits with foreign banks and debt instruments at fair value through other comprehensive income. 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](#).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

27. CASH AND CASH EQUIVALENTS

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

In thousands of KM	30 September 2024	30 September 2023
Foreign currency deposits with maturity up to three months or less from the date of acquisition (Note 7)	3,771,993	4,702,472
Foreign currency demand deposits (Note 7)	1,999,107	1,418,575
Cash in foreign currencies (Note 6)	464,033	457,855
Special Drawing Rights with the IMF (Note 8)	3,599	1,759
Giro accounts (Note 12)	849	624
Total	6,239,581	6,581,285
Impairment	(1,173)	(1,320)
TOTAL	6,238,408	6,579,965

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 2024	BH Ministry of Finance and Treasury	BH Deposit Insurance Agency	BH Indirect Taxation Authority	Total
ASSETS				
Other assets	5	-	11	16
TOTAL	5	-	11	16
LIABILITIES				
Deposits from depositors	455,152	24	278,771	733,947
Other liabilities	-	-	9,284	9,284
TOTAL	455,152	24	288,055	743,231

In thousands of KM

As at 31 December 2023	BH Ministry of Finance and Treasury	BH Indirect Taxation Authority	BH Deposit Insurance Agency	Total
ASSETS				
Other assets	55	-	3	58
TOTAL	55	-	3	58
LIABILITIES				
Deposits from depositors	442,770	68	244,938	687,776
Other liabilities	-	-	94	94
TOTAL	442,770	68	245,032	687,870

As at 31 December 2023, liabilities for allocation of the part of net profit for 2023 amounted to KM 64,319 thousand.

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28. RELATED PARTIES TRANSACTIONS (CONTINUED)

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

In thousands of KM

	01/07 - 30/09	01/07 - 30/09	01/01 - 30/09	For the period
	2024	2023	2024	01/01 - 30/09
				2023
Fee and commission income				
BH Ministry of Finance and Treasury	16	14	50	45
BH Indirect Taxation Authority BH	17	8	34	22
Deposit Insurance Agency	1	3	2	12
TOTAL	34	25	86	79

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 - 30/09/2024, amounts to KM 1,068 thousand, out of which KM 664 thousand is related to salaries and other remuneration and KM 404 thousand is related to taxes and contributions (01/01 - 30/09/2023: Out of the total amount of KM 795 thousand, the amount of KM 498 thousand was related to salaries and other remunerations and KM 297 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.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

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29. OFF-BALANCE SHEET DEPOSITS (CONTINUED)

Off-balance sheet deposits consist of:

In thousands of KM	30 September 2024	31 December 2023
Deposits of the Council of Ministers of BH for the Budget of BH institutions	313,341	304,440
Deposits of the Council of Ministers of BH for servicing of BH foreign debt	24,187	10,294
Other deposits of the Council of Ministers of BH	367	298
Deposits of the Council of Ministers of BH on the basis of succession	49	48
Total	337,944	315,080
Funds of the Deposit Insurance Agency of BH	1,664	589
Total	1,664	589
Budget deposits of the entities' governments-Federation BH	1	-
Total	1	-
Deposit accounts of resident banks	34,219	21,035
Deposits - Retirement allowance from Germany	-	237
Total	34,219	21,272
TOTAL	373,828	336,941

BH Ministry of Finance and Treasury is the institution that acts on behalf of the Council of Ministers of BH and State in deposit management and coordination. As at 30 September 2024 the total of these funds amount to KM 337,944 thousand (31 December 2023: KM 315,080 thousand).

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.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 30 September 2024

30. BOSNIA AND HERZEGOVINA MEMBERSHIP WITH THE INTERNATIONAL MONETARY FUND (CONTINUED)

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 2024	31 December 2023
Quota	629,405	631,516
Special Drawing Rights with the IMF	3,599	2,073
TOTAL ASSETS	633,004	633,589
IMF account No.1	1,574	1,579
IMF account No.2	622	624
Securities	1,000,951	1,291,461
SDR allocation	985,091	988,395
Accrued interest on SDR allocation	6,212	6,867
Accounts of payable charges	3,067	5,710
TOTAL LIABILITIES	1,997,517	2,294,637
BH NET POSITION WITH THE IMF	1,364,513	1,661,048

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

31. EVENTS AFTER THE REPORTING PERIOD

There were no events in the period between 30 September 2024 and the date of approval of these condensed interim financial statements that would require adjustment or are material but do not require adjustment.