CENTRAL BANK OF BOSNIA AND HERZEGOVINA

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

(unaudited)

In accordance with the requirements of IAS 34

Sarajevo, 24 April 2018

Contents

STATEMENT OF PROFIT OR LOSS

(unaudited) (in thousands of KM)	Note	*For the period* 01/01-31/03/2018 [(1)]	01/01 – 31/03/2017
Interest income		7,145	7,422
Effects of negative interest rates from interest-bearing financial assets		(2,596)	(2,947)
Effects of negative deposit interest rates on deposits from local commercial banks		1,398	1,041
NET INTEREST INCOME	5	**5,947**	**5,516**
Fee and commission income		4,053	3,025
Fee and commission expense		(162)	(128)
NET FEE AND COMMISSION INCOME	6	**3,891**	**2,897**
Net realised gains from sale of financial assets measured at fair value through other comprehensive income (FVOCI)		233	-
Net (losses) from expected credit losses (ECL) on financial assets	7	(670)	-
Net foreign exchange (losses)	8	(216)	(48)
Other income		462	136
OPERATING INCOME		**9,647**	**8,501**
Personnel expenses		(4,210)	(4,091)
Administrative and other operating expenses	9	(2,059)	(1,499)
Depreciation and amortisation		(523)	(484)
OPERATING EXPENSES		**(6,792)**	**(6,074)**
NET PROFIT FOR THE PERIOD		**2,855**	**2,427**

The accompanying notes on pages 6 to 26 are the integral parts of these condensed interim financial statements.

(1) Statement of profit or loss for the period ended on 31 March 2018 reflects adoption of IFRS 9 from 1 January 2018. For additional information on IFRS 9 adoption see Notes 2 and 4 of these unaudited condensed interim financial statements. Comparative financial information has not been restated.

STATEMENT OF COMPREHENSIVE INCOME

(unaudited) (in thousands of KM)	***For the period***	
	01/01/-31/03/2018 [(1)]	**01/01/-31/03/2017**
NET PROFIT FOR THE PERIOD	**2,855**	**2,427**
Other comprehensive income		
Items that may be reclassified subsequently to the statement of profit or loss:		
Financial assets available-for-sale		
Net changes in fair value during the period	-	(28,071)
Reclassification to the statement of profit or loss	-	-
	-	*(28,071)*
Debt instruments at fair value through OCI		
Net changes in fair value during the period	*(5,167)*	-
Net Changes in allowances for expected credit losses	*80*	-
Reclassification to the statement of profit or loss	*(233)*	-
	(5,320)	-
Monetary gold		
Net changes in fair value	(1,765)	13,248
	(1,765)	*13,248*
Total other comprehensive (loss)	**(7,085)**	**(14,823)**
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD	**(4,230)**	**(12,396)**

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(1) Statement of comprehensive income for the period ended on 31 March 2018 reflects adoption of IFRS 9 from 1 January 2018. For additional information on IFRS 9 adoption see Notes 2 and 4 of these unaudited condensed interim financial statements. Comparative financial information has not been restated.

STATEMENT OF FINANCIAL POSITION

				As of
(unaudited) (in thousands of KM)	**Note**	**31 March 2018 (1)**	**1 January 2018 (1)**	**31 December 2017**
ASSETS				
Foreign currency in cash		245,504	236,402	236,402
Deposits with foreign banks	10	2,513,142	2,697,015	2,698,650
Financial assets available-for-sale		-	-	6,202,071
Debt instruments at fair value through OCI	11	7,922,217	7,473,857	-
Monetary gold		202,093	203,858	203,908
Held-to-maturity investments		-	-	1,214,062
Special Drawing Rights with the IMF		1,746	1,531	1,531
Other assets		11,687	11,626	11,656
Property and equipment		45,617	45,465	45,465
Intangible assets		1,124	1,072	1,072
Equity securities at fair value through OCI		27,813	27,813	27,813
TOTAL ASSETS		**10,970,943**	**10,698,639**	**10,642,630**
LIABILITIES, EQUITY AND RESERVES				
Currency in circulation		4,342,748	4,319,360	4,319,360
Deposits from banks		5,205,291	5,033,065	5,033,065
Deposits from the Government and other depositors		704,365	624,708	624,708
Provisions for liabilities and charges		1,459	1,650	1,650
Other liabilities	12	12,666	11,212	11,212
Total liabilities		**10,266,529**	**9,989,995**	**9,989,995**
Initial capital		25,000	25,000	25,000
General reserves (Retained earnings)		506,289	506,289	542,766
Special reserves		31,300	31,300	31,300
Fair value reserves		138,970	146,055	53,569
Fair value reserves – financial assets available-for-sale		-	-	93,120
Fair value reserves – debt instruments at fair value through OCI		140,733	146,053	-
Fair value reserves – equity securities at fair value through OCI		2	2	-
Revaluation reserves– monetary gold		(1,765)	-	(39,551)
Profit for the period		2,855	-	-
Total equity and reserves		**704,414**	**708,644**	**652,635**
TOTAL LIABILITIES, EQUITY AND RESERVES		**10,970,943**	**10,698,639**	**10,642,630**

The accompanying notes on pages 6 to 26 are an integral part of these condensed interim financial statements.

(1) Statement of financial position as of 31 March 2018 reflects adoption of IFRS 9 from 1 January 2018. For additional information on IFRS 9 adoption see Notes 2 and 4 of these unaudited condensed interim financial statements. Comparative financial information has not been restated.

STATEMENT OF CHANGES IN EQUITY

For the period

(unaudited) (in thousands of KM)	Initial capital	General reserves (Retained earnings)	Special reserves	Fair value reserves – financial assets available-for- sale	Fair value reserves – debt instruments at fair value through OCI	Fair value reserves – equity securities at fair value through OCI	Revaluation reserves/ Fair value reserves-monetary gold	Profit for the period	Total
Balance as of 31 December 2017	**25,000**	**542,766**	**31,300**	**93,120**	**-**	**-**	**(39,551)**	**-**	**652,635**
Adjustment on initial adoption of IFRS 9 (Note 4)	-	(36,477)	-	(93,120)	146,053	2	39,551	-	**56,009**
Opening balance as of 1 January 2018	**25,000**	**506,289**	**31,300**	**-**	**146,053**	**2**	**-**	**-**	**708,644**
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	2,855	2,855
Other comprehensive income	-	-	-	-	(5,320)	-	(1,765)	-	(7,085)
	-	-	-	-	**(5,320)**	**-**	**(1,765)**	**2,855**	**(4,230)**
Balance as of31 March 2018 [(1)]	**25,000**	**506,289**	**31,300**	**-**	**140,733**	**2**	**(1,765)**	**2,855**	**704,414**
Balance as of 1 January 2017	**25,000**	**537,892**	**31,300**	**111,597**	**-**	**-**	**(38,357)**	**-**	**667,432**
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	2,427	2,427
Other comprehensive income	-	-	-	(28,071)	-	-	13,248	-	(14,823)
	-	-	-	**(28,071)**	-	-	**13,248**	**2,427**	**(12,396)**
Balance as of 31 March 2017	**25,000**	**537,892**	**31,300**	**83,526**	**-**	**-**	**(25,109)**	**2,427**	**655,036**

The accompanying notes on pages 6 to 15 are an integral part of these condensed interim financial statements.

(1) Statement of changes in equity for the period ended on 31 March 2018 reflects adoption of IFRS 9 from 1 January 2018. For additional information on IFRS 9 adoption see Notes 2 and 4 of these unaudited condensed interim financial statements. Comparative financial information has not been restated.

STATEMENT OF CASH FLOWS

(unaudited) (in thousands of KM)	Note	*For the period* 01/01 – 31/03/2018 (1)	01/01 – 31/03/2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**2,855**	**2,427**
Adjustments for:			
Depreciation and amortisation		523	484
Net losses from ECL on debt instruments at fair value through OCI		80	-
Net realised (gains) from sale of debt instruments at fair value through OCI		(233)	-
Income from grants		(33)	(33)
Provisions for liabilities and charges		(154)	-
Interest income from debt instruments at fair value through OCI		(7,132)	-
Interest income from financial assets available-for-sale and held-to-maturity investments recognized in the statement of profit or loss		-	(7,416)
Net cash flows from operating activities before changes in operating assets and liabilities		**(4,094)**	**(4,538)**
Changes in operating assets and liabilities			
(Increase) in deposits with foreign banks		(193,034)	(526,589)
(Increase) / decrease in other assets		585	(4,136)
Increase of currency in circulation		23,388	7,581
Increase / (decrease) in deposits		251,883	(282,523)
Increase in other liabilities		1,487	1,742
Pay-out of severance payments		(37)	(54)
Net cash from operating activities		**80,178**	**(808,517)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, equipment and intangible assets		(727)	(1,018)
Collected principal and interest from debt instruments at fair value through OCI		686,747	-
Purchases of debt instruments at fair value through OCI		(1,309,725)	-
Sales of debt instruments at fair value through OCI		176,583	-
Collected principal and interest from available-for sale financial assets		-	1,108,333
Purchases of available-for sale financial assets		-	(1,100,024)
Sales of available-for sale financial assets		-	-
Collected principal and interest from held-to-maturity investments		-	2,445
Purchases of held-to-maturity investments		-	(90,720)
Net cash used in investing activities		**(447,122)**	**(80,984)**
Net (decrease) in cash and cash equivalents		**(366,944)**	**(889,501)**
Cash and cash equivalents at the beginning of the year		**2,060,001**	**2,973,081**
Cash and cash equivalents at the end of the period	13	**1,693,057**	**2,083,580**

The accompanying notes on pages 6 to 26 are an integral part of these condensed interim financial statements.

(1) Statement of cash flows for the period ended on 31 March 2018 reflects adoption of IFRS 9 from 1 January 2018. For additional information on IFRS 9 adoption see Notes 2 and 4 of these unaudited condensed interim financial statements. Comparative financial information has not been restated.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

1. BASIS FOR PREPARATION

1.1. Reporting entity

The Central Bank of Bosnia and Herzegovina (the "Bank") was established in accordance with the Law on the Central Bank of Bosnia and Herzegovina, which was adopted by the Parliamentary Assembly of Bosnia and Herzegovina ("BH") on 20 June 1997, according to the General Framework Peace Agreement in Bosnia and Herzegovina. The main objective of the Bank is maintaining the monetary stability of Bosnia and Herzegovina.

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

According to the article 64, paragraph 2 of the Law on the Central Bank of Bosnia and Herzegovina, the Bank is obliged to submit unaudited financial statements for each quarter to the BH Presidency.

Governing Board of the Bank, consisting of five members, approves these condensed interim financial statements, while the Management of the Bank, consisting of four members, is responsible for the preparation of condensed interim financial statements. Members of the Governing Board and Management are:

Governing Board

Senad Softić, Ph.D.	Chairman
Ankica Kolobarić, M.Sc.	Member
Šerif Isović, M.Sc.	Member
Trivo Marinković, M.Sc.	Member
Ljubiša Vladušić, Ph.D.	Member

Management

Senad Softić, Ph.D.	Governor
Ernadina Bajrović, M.A	ViceGovernor
Milica Lakić, Ph.D.	ViceGovernor
Želimira Raspudić	ViceGovernor

1. BASIS FOR PREPARATION (CONTINUED)

1.2. Basis of accounting

The condensed interim financial statements are prepared in accordance with the Law on the Central Bank of Bosnia and Herzegovina and in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB).

These condensed interim financial statements are prepared in accordance with International Accounting Standard 34: "Interim financial reporting", and should be read in conjunction with the latest audited annual financial statements of the Bank for the year ended on 31 December 2017 („annual statements").

The accompanying notes of these condensed interim financial statements clarify events and transactions that are important for understanding the changes in the Bank's financial position and performance compared to the latest audited annual statements.

The condensed interim financial statements have been prepared in accordance with the same accounting policies applied in the preparation of the annual statements, except for policy changes described in Note 2 of these condensed interim financial statements. Accounting policy changes, applicable from 1 January 2018, are result of the implementation of IFRS 9:"Financial instruments" and change of accounting policy for monetary gold in accordance with IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

As stated in Note 2, the Bank applied the accounting policies changes without restating comparative financial information for the year 2017. Note 4 of these condensed interim financial statements gives summary of accounting policy changes impact on statement of financial position of the Bank as of 1 January 2018.

As of 1 January 2018 the Bank has changed the certain positions in financial statements and made reclassifications of certain amounts.

In the reporting period there were neither cyclic nor periodical operational activities in the operations of the Bank, all activities were done according to the subject and time of realization on a going concern basis.

The official exchange rate of KM to the Euro (EUR) has been defined by the Law on the Central Bank of Bosnia and Herzegovina as KM 1.95583 = 1 EUR. As required by the Law, the Bank is obliged to purchase and sell KM for EUR on demand, without any restrictions, within the territory of Bosnia and Herzegovina, at the defined exchange rate.

The Bank's financial statements are stated in the official national currency of Bosnia and Herzegovina which is the convertible mark (KM). All financial information have been rounded to the nearest thousand (unless otherwise indicated).

The significant judgements made by Management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual statements, except for new significant judgements and estimates related to the application of IFRS 9, which are described in Note 2.

1.3. Fair value measurement

Fair value is the price that would be received to sell 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 Bank takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

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 available 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 Bank can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are available for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unavailable inputs for the asset or liability.

A fair value measurement of financial assets and liabilities of the Bank is presented in Note 16.

2. ACCOUNTING POLICY CHANGES

The below-described accounting policies have been applied from 1 January 2018 following the implementation of IFRS 9 "Financial instruments" and change of accounting policy for monetary gold in accordance with IAS 8:" Accounting Policies, Changes in Accounting Estimates and Errors". As permitted by these standards, the Bank has not restated comparative financial information in financial statements. Note 4 gives an overview of the impact of accounting policy changes on amounts in statement of financial position as of 1 January 2018.

2.1. Summary of accounting policy changes for financial assets according to IFRS 9

Business model

The business model reflects how the Bank manages its financial assets in order to generate contractual cash flows. By selecting the business model the Bank determines to generate cash flows by collecting the contractual cash flows, by selling financial assets, or by both.

A financial asset that generates contractual cash flows during its lifetime is classified within a "hold to collect contractual cash flows" model.

A financial asset that generates contractual cash flows during its lifetime or by selling is classified within a "hold to collect contractual cash flows and sell" model.

A financial asset that is kept for generating cash flows by selling that asset is classified within other business models.

Contractual cash flow characteristics

For the purpose of classifying a financial asset, the Bank must determine whether the contractual cash flows associated with the financial asset are solely payments of principal and interest on the principal amount outstanding. The principal is generally the fair value of the financial asset at initial recognition. The interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs related to the holding the financial asset.

Recognition, classification and measurement of financial assets

All financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets, as appropriate, on initial recognition.

After initial recognition, financial asset is classified as financial asset subsequently measured at amortised cost or as financial asset subsequently measured at fair value through other comprehensive income (FVOCI). Classification of financial assets depends on the business model determined by the Bank to manage certain categories of financial assets and on the contractual cash flows characteristics of the asset.

The Bank has made an irrevocable election for subsequent measurement of fair value for equity securities in other comprehensive income and they are initially recognized at cost for which the Bank considers to be their fair value.

Method of effective interest rate

The effective interest rate is the rate that exactly discounts future cash payments or receipts through the expected life of the financial assets or financial liabilities to the gross carrying amount of the financial asset or to the amortised cost of financial liability.

When calculating effective interest rate, the Bank estimates expected cash flows, considering all contractual conditions of financial asset, but excluding expected credit losses. The calculation includes all fees and all amounts paid or received between the Bank and counterparties that form an integral part of the effective interest rate, transaction costs and other premiums or discounts.

The effective interest method is a method used by Bank in calculation of the amortised cost of a financial asset or a financial liability and in allocation and recognition of the interest income or interest expense in profit or loss over the relevant period.

2. ACCOUNTING POLICY CHANGES (CONTINUED)

2.1. Summary of accounting policy changes for financial assets according to IFRS 9 (continued)

Financial asset at amortised cost

Financial asset is subsequently measured at amortised cost using the effective interest rate method to the gross carrying amount of financial assets during the holding of the financial asset until maturity.

Effects of subsequent measurement are recognized as interest income or interest expense in profit or loss in the period in which they occur.

Financial assets at fair value through other comprehensive income (FVOCI)

Financial asset is subsequently measured at fair value through other comprehensive income-using the effective interest rate method for interest income and expense to the gross carrying amount and is adjusted with the fair value of financial asset on reporting dates during the holding of the financial asset.

Effects of subsequent measurements are recognized as interest income or interest expense in profit or loss in the period when they occur.

Effects of fair value adjustment of financial asset subsequently measured at fair value through other comprehensive income are recognized within other comprehensive income in the period when they occur.

Fair value is measured by quoted prices in active markets taken from official services.

Equity securities

Equity securities held by the Bank are not subject of trade on active markets due to its specific characteristics. Calculation of impairment for expected credit losses is not made for equity securities. Equity securities are initially recognized at acquisition cost. Dividend income is recognized in profit or loss in the period when occur.

Impairment of financial assets

Scope

The Bank applies a three stage model for impairment based of credit losses using the expected credit losses approach, as required by IFRS 9. It is applied for the following categories of financial instruments not measured at profit or loss:

- financial asset at amortized cost and
- debt securities through other comprehensive income.

Financial asset is being moved within three phases based on change of credit risk from the initial recognition date.

Impairment model based on expected credit losses

1. Stage 1 – At initial recognition, all financial assets~~,~~ that are assessed to be impaired according to IFRS 9, are allocated in Stage 1 and requires the calculation of expected losses. For financial assets in Stage 1, 12-month expected credit losses are calculated using the probability of loss for the next 12 months.

2. Stage 2 – If a significant increase in credit risk since initial recognition is identified, financial assets is moved to Stage 2. For financial assets in Stage 2, lifetime expected credit losses are calculated based on the probability of loss for the remaining estimated lifetime of the financial assets.

3. Stage 3 – The criteria for movement into the Stage 3 is assignment of the default status to financial assets. Expected credit loss calculation is done similarly to the Stage 2

2. ACCOUNTING POLICY CHANGES (CONTINUED)

2.1. Summary of accounting policy changes for financial assets according to IFRS 9 (continued)

Expected credit losses measurement

Probability of default, Exposure at Default and Loss Given Default are the inputs used for estimation of expected credit losses and are modeled based on macroeconomic variables closely related to credit losses in portfolio.

Expected credit losses are the discounted product of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), defined as follows:

- Probability of Default (PD) is an estimate of the probability that an issuer will not be able to meet its debt liabilities over the certain period.

- Exposure at Default (EAD) represents the book value of the financial instrument, i.e. the carrying amount at the date of the initial recognition or on the reporting date.

- Loss Given Default (LGD) is an estimation of the percentage of exposure to the issuer who, in case of default, will not be charged. For this parameter the Bank uses the constant value according to the article 161 of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR).

Forward-looking information

Expected credit losses measurement for each stage and estimation of significant increase in credit risk is including both past and future information, as well as reasonable forecasts of future events and economic conditions.

For expected credit loss calculation, the Bank uses the long-term composite credit rating. Composite credit rating is the average of ratings assigned to a certain issuer by at least two of the three rating agencies (Standard and Poor's, Fitch Ratings and Moody's). In order to include macroeconomic forecast in expected credit losses model, the Bank relies on predicting changes in rating for individual instruments in its portfolio, in a way which incorporates the prediction of rating movement direction: positive, stable, negative.

Assessment of significant increase in credit risk

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk from the initial recognition. The assessment is made by comparing the risk of default between the reporting date and initial recognition date for the remaining expected lifetime. Credit risk of the financial instrument is considered to be low if Probability of Default of issuer has significant capacity to orderly pays its contractual cash liabilities, in the short and long term. The Bank considers that all exposures with the composite credit rating AA minus (AA-) or higher have the low credit risk

Financial instrument is allocated out of Stage 1 if it is considered that significant increase in credit risk has occurred, and if payment is delayed for 30 days it is allocated to the Stage 2, respectively to the Stage 3 if payment is delayed for 90 days. Except for the mentioned delay criteria, the Bank assesses if there was significant increase in credit risk comparing to initially assessed risks, while deciding on allocation of individual financial instruments to the Stage 2. In case there was decrease in composite credit rating for more than two notches in relation to initial recognition date and/or decrease in composite credit rating below investment level of composite credit rating, i.e. below the BBB minus (BBB-) rating, the exposure will be transferred to the Stage 2. The exposure can be reverted from Stage 2 to Stage 1 if the causes that led to the transfer to Stage 2 have been removed and at least 90 days after removal of the cause.

Presentation of ECL allowances in the statement of financial position

- for financial assets at amortised cost as deduction of gross carrying amount of the financial assets;

- for debt securities at other comprehensive income, the allowances are recognized in other comprehensive income within the capital and reserves, not in statement of financial position.

Gain or loss from impairment is recognized in the profit or loss, irrespectively to subsequent measurements of financial assets.

2. ACCOUNTING POLICY CHANGES (CONTINUED)

2.1. Summary of accounting policy changes for financial assets according to IFRS 9 (continued)

Definition of default

The Bank considers that a financial instrument is in the default status when one or more impairment events occurred after the date of initial recognition have a negative impact on the estimated future cash flows of the instrument. Default criteria are objective evidences of impairment and especially:

- Significant financial difficulties of securities' issuers,
- Breach of contractual obligations in terms of delinquency on principal and interest,
- Any restructuring or modification of existing terms of servicing obligations arising from the financial instrument debt for reasons related to financial difficulties of the issuer,
- Probability of bankruptcy and/or liquidation or other form of financial reorganization,
- Lack of an active trading market.

In addition to the criteria mentioned above, if payment is delayed for 90 days, the financial instrument will be transferred to default stage.

Reclassification

In case of reclassification, the Bank reclassifies its financial assets prospectively from the date of reclassification.
If financial asset is reclassified out of the category measured at fair value through other comprehensive income into the category at amortised cost, accumulated gain or loss in other comprehensive income is used for adjustment of fair value of financial asset, becoming the amortised cost as of reclassification date.

If financial asset is reclassified out of the category at amortised cost into the category measured at fair value through other comprehensive income, difference between the fair value of the asset and its gross carrying amount is recognized in other comprehensive income as of the reclassification date.

De-recognition

When derecognizing the financial assets subsequently measured at amortised cost, remaining balance for impairment at de-recognition date is transferred to profit or loss for the period.

When derecognizing the financial assets, subsequently measured at fair value through other comprehensive income, accumulated gain or loss previously recognized in other comprehensive income is-transferred from the equity to profit or loss for the period.

2.2. Summary of changes in accounting policy for monetary gold

Monetary gold is part of foreign exchange reserves of the Bank and it is classified as a financial asset. The Bank has revised the current accounting policy for monetary gold and changed the accounting treatment of monetary gold, effective from 1 January 2018, as follows:

Monetary gold is initially recognized at fair value, including transaction cost directly attributable to the acquisition of the gold. After initial recognition, the gold is re-measured at fair value.

Unrealized gains and losses arising from changes in fair value, referring to the price changes of monetary gold, are recognized in the revaluation reserve account within other comprehensive income.

In the event that unrealised losses exceed the balance in the revaluation reserve for monetary gold at the end of the financial year, the Bank shall charge the excess against the period's profit available for distribution.