



Centralna banka
BOSNE I HERCEGOVINE
Централна банка
БОСНЕ И ХЕРЦЕГОВИНЕ



CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2025

(unaudited)

in accordance with the requirements of International Accounting Standard 34

Sarajevo, 25 April 2025

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



CONTENT

	Page
Financial Reporting Responsibility	1
Statement of Financial Position	2
Statement of Profit or Loss	3
Statement of Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Cash Flows	7
Selected Notes to the Condensed Interim Financial Statements	8 - 45
1 General information	
2 Basis of preparation	
3 Currency board arrangement	
4 Classification and fair value measurement of financial assets and financial liabilities	
5 Financial risk management	
6 Cash in foreign currencies	
7 Deposits with foreign banks	
8 Special Drawing Rights with the IMF	
9 Debt instruments at fair value through other comprehensive income	
10 Monetary gold	
11 Debt instruments at amortised cost	
12 Other assets	
13 Banknotes and coins in circulation	
14 Deposits from banks	
15 Deposits from the Government and other public institutions	
16 Other liabilities	
17 Net interest income	
18 Net fee and commission income	
19 Net realised (losses) from sale of debt instruments at fair value through other comprehensive income	
20 Net foreign exchange (losses) / gains	
21 Net decreases of / increases in impairment on financial assets	
22 Personnel expenses	
23 Administrative and other operating expenses	
24 Costs of production of banknotes and coins	
25 Equity	
26 Cash and cash equivalents	
27 Related party transactions	
28 Off-balance sheet deposits	
29 Bosnia and Herzegovina membership with the International Monetary Fund	
30 Events after the reporting period	

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Condensed Interim Financial Statements for the period ended 31 March 2025

FINANCIAL REPORTING RESPONSIBILITY

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

The Management is responsible for the consistent application of selected accounting policies, making judgements and estimates that are reasonable and prudent and for maintaining proper accounting records 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. The condensed interim financial statements are considered and approved by the Governing Board and submitted to the Presidency of Bosnia and Herzegovina.

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

The accompanying condensed interim financial statements set out on pages 2 to 45 were approved by the Governing Board on 25 April 2025.


Jasmina Selimović, Ph.D.

Chairwoman of the Governing Board
Governor




Meliha Smajlagić

Head of Accounting and Finance Department

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Condensed Interim Financial Statements for the period ended 31 March 2025

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

In thousands of KM	Note	31 March 2025	As at 31 December 2024
ASSETS			
Cash in foreign currencies	6	465,248	525,980
Deposits with foreign banks	7	5,658,910	6,786,228
Special Drawing Rights with the IMF	8, 29	5,397	4,771
Debt instruments at fair value through other comprehensive income	9	9,011,912	8,639,813
Monetary gold	10	632,443	555,157
Debt instruments at amortised cost	11	1,129,153	1,128,901
Other assets	12	20,676	18,461
Property and equipment		47,745	48,451
Intangible assets		834	912
Other investments		27,813	27,813
TOTAL ASSETS		17,000,131	17,736,487
LIABILITIES AND EQUITY			
LIABILITIES			
Banknotes and coins in circulation	13	7,930,918	7,959,215
Deposits from banks	14	6,718,989	7,455,395
Deposits from the Government and other public institutions	15	728,591	860,083
Provisions		13,009	13,119
Other liabilities	16	247,899	250,492
Total liabilities		15,639,406	16,538,304
EQUITY			
Initial capital		25,000	25,000
Reserves		1,248,681	1,173,183
Net profit for the period		87,044	-
Total equity	25	1,360,725	1,198,183
TOTAL LIABILITIES AND EQUITY		17,000,131	17,736,487

The selected notes on pages 8 to 45 are an integral part of these condensed interim financial statements.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Condensed Interim Financial Statements for the period ended 31 March 2025

STATEMENT OF PROFIT OR LOSS (UNAUDITED)

In thousands of KM	Note	For the period	
		01/01 - 31/03 2025	01/01 - 31/03 2024
Interest income		99,347	115,659
Interest expense		(3,787)	(3,505)
NET INTEREST INCOME	17	95,560	112,154
Fee and commission income		5,818	5,308
Fee and commission expense		(469)	(162)
NET FEE AND COMMISSION INCOME	18	5,349	5,146
Net realised (losses) from sale of debt instruments at fair value through other comprehensive income	19	(105)	-
Net foreign exchange (losses) / gains	20	(3,547)	44
Net decreases of / increases in impairment on financial assets	21	(5)	93
Other income		214	108
OPERATING INCOME		97,466	117,545
Personnel expenses	22	(6,131)	(5,334)
Administrative and other operating expenses	23	(1,866)	(1,643)
Costs of production of banknotes and coins	24	(1,346)	(1,369)
Depreciation and amortisation charge		(1,079)	(649)
OPERATING EXPENSES		(10,422)	(8,995)
NET PROFIT FOR THE PERIOD		87,044	108,550

The selected notes on pages 8 to 45 are an integral part of these condensed interim financial statements.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Condensed Interim Financial Statements for the period ended 31 March 2025

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

In thousands of KM	Note	01/01 - 31/03 2025	For the period 01/01 - 31/03 2024
NET PROFIT FOR THE PERIOD		87,044	108,550
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	(1,994)	(17,134)
Net change in provisions for expected credit losses recognised in profit or loss during the period	5.1.1.	101	143
Reclassification to profit or loss from sale of debt instruments	19	105	-
		(1,788)	(16,991)
Monetary gold			
Net change in fair value during the period	10	77,286	18,826
		77,286	18,826
Total other comprehensive income		75,498	1,835
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		162,542	110,385

The selected notes on pages 8 to 45 are an integral part of these condensed interim financial statements.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

In thousands of KM	Initial capital	Fair value reserves for debt and equity instruments	Fair value reserves for monetary gold	Reserves for unrealised foreign exchange differences	Other reserves	General reserves (Retained earnings)	Total reserves	Net profit for the period	Total equity
Balance at 1 January 2025	25,000	45,354	140,295	4,628	31,300	951,606	1,173,183	-	1,198,183
Total comprehensive (loss) / income for the period	-	(1,788)	77,286	-	-	-	75,498	87,044	162,542
Net profit for the period	-	-	-	-	-	-	-	87,044	87,044
Other comprehensive (loss) / income for the period	-	(1,788)	77,286	-	-	-	75,498	-	75,498
<i>Net decrease in fair value for debt instruments</i>	-	(1,994)	-	-	-	-	(1,994)	-	(1,994)
<i>Net increases in provisions for expected credit losses for debt instruments recognised in profit or loss</i>	-	101	-	-	-	-	101	-	101
<i>Reclassification to profit or loss from sale of debt instruments</i>	-	105	-	-	-	-	105	-	105
<i>Net increase in fair value for monetary gold</i>	-	-	77,286	-	-	-	77,286	-	77,286
Balance at 31 March 2025	25,000	43,566	217,581	4,628	31,300	951,606	1,248,681	87,044	1,360,725

The selected notes on pages 8 to 45 are an integral part of these condensed interim financial statements.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONTINUED)

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

The selected notes on pages 8 to 45 are an integral part of these condensed interim financial statements.

STATEMENT OF CASH FLOWS (UNAUDITED)

		For the period	
	Note	01/01 - 31/03 2025	01/01 - 31/03 2024
In thousands of KM			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		87,044	108,550
Adjusted for:			
Interest income	17	(99,347)	(115,659)
Interest expense	17	3,787	3,505
Net decreases of / (increases) in impairment on financial assets	21	5	(93)
Net realised losses from sale of debt instruments at fair value through other comprehensive income	19	105	-
Net foreign exchange losses / (gains)	20	3,547	(44)
Provisions, net increases		4	8
Depreciation and amortisation charge		1,079	649
Net cash flows from operating activities before changes in operating assets and liabilities		(3,776)	(3,084)
Changes in operating assets and liabilities			
Decrease in term deposits with foreign banks		687,444	132,002
(Increase) in debt instruments at fair value through other comprehensive income		(377,229)	(1,295,068)
(Increase) in debt instruments at amortised cost		(255)	(586)
(Increase) in other assets		(2,718)	(3,376)
(Decrease) / increase in banknotes and coins in circulation	13	(28,297)	63,098
(Decrease) in deposits from banks		(737,713)	(445,641)
(Decrease) / increase in deposits from the Government and other public institutions		(131,492)	15,903
(Decrease) in other liabilities		(2,548)	(1,008)
Payments from provisions		(114)	(96)
Interest received		91,251	95,655
Interest paid		(2,480)	(2,305)
Net cash from operating activities		(507,927)	(1,444,506)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, equipment and intangible assets		(295)	(44)
Net cash from investing activities		(295)	(44)
Net effects from impairment for expected credit losses on cash and cash equivalents		(111)	253
Net effects of exchange rates on cash and cash equivalents held		(456)	56
Net (decrease) in cash and cash equivalents		(508,789)	(1,444,241)
Cash and cash equivalents at the beginning of the period		5,653,214	7,012,626
Cash and cash equivalents at the end of the period	26	5,144,425	5,568,385

The selected notes on pages 8 to 45 are an integral part of these condensed interim financial statements.

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2025 (UNAUDITED)****1. GENERAL INFORMATION**

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

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

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

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

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

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

The key management members of the Central Bank are:

The Governing Board

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

The Management

Jasmina Selimović Ph.D.	Governor
Emir Kurtić Ph.D.	Vice Governor (from 1 January 2025)
Željko Marić Ph.D.	Vice Governor
Marko Vidaković M.Sc.	Vice Governor

2. BASIS OF PREPARATION

2.1. Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”): “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”). The condensed interim financial statements do not include all the information required for the complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the latest audited financial statements of the Central Bank for the year ended 31 December 2024 (“annual financial statements”).

The selected notes 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 2025.

2.2. Basis of measurement

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

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

2.3. Functional and presentation currency

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

2.4. 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 2025. Their implementation has no significant impact on condensed interim financial statements of the Central Bank.

2.5. Accounting policies

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

2.6. Significant accounting judgements and estimates

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

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

2. BASIS OF PREPARATION (CONTINUED)

2.6. Significant accounting judgements and estimates (continued)

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

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

These condensed interim financial statements have been prepared based upon conditions existing at 31 March 2025. Future conditions may differ from those that resulted in the financial information disclosed in these condensed interim financial statements.

2.7. Conditions in the environment for performing the Central Bank's operations for the period 01/01 - 31/03/2025

During the current reporting period, the global economy and the eurozone economy continued with a moderate recovery, although this period was also marked by the change in trade policy of the United States of America, particularly the increase in import tariffs from other countries, including the countries of the European Union, leading to heightened tensions and volatilities in the international markets. These circumstances additionally increased the level of macroeconomic and geopolitical uncertainties.

Leading central banks, including the European Central Bank (the "ECB"), maintained continuity in their monetary policies from the previous year. During the current reporting period, the ECB lowered key interest rates twice, by a total of 50 basis points.

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

The Central Bank's net foreign assets amount to KM 1,522,125 thousand as at 31 March 2025,

The Central Bank's total equity amounts to KM 1,360,725 thousand as at 31 March 2025 and

The Central Bank's net profit amounts to KM 87,044 thousand for the period 01/01 - 31/03/2025.

The total net profit was primarily generated from the interest income on interest-bearing components of the Central Bank's foreign currency reserves in the current reporting period.

During the current reporting period, the majority of the Central Bank's foreign currency reserves funds are invested in portfolio of debt instruments at fair value through other comprehensive income and deposits with foreign banks. The upward trend in monetary gold market prices also continued, leading to an increase in 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 75,498 thousand for the current reporting period, which, together with net profit achieved for the period, resulted in a total comprehensive income of KM 162,542 thousand.

2. BASIS OF PREPARATION (CONTINUED)

2.7. Conditions in the environment for performing the Central Bank's operations for the period 01/01 - 31/03/2025 (continued)

In the current reporting period, the Central Bank continued activities under the agreement with the World Bank, within the Reserve Advisory & Management Partnership (RAMP). As at 31 March 2025, a portion of the Central Bank's foreign currency reserves allocated to an external portfolio manager for management amounts to KM 585,734 thousand.

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

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

The cumulative net decrease in monetary liabilities compared to 31 December 2024 is primarily caused by net financial effects from KM purchases and sales transactions with resident banks and on behalf of the Central Bank's depositors as well as from net foreign currency outflows from resident banks' EUR reserve accounts. In addition, there was a cumulative net decrease of KM banknotes and coins in circulation compared to 31 December 2024, with simultaneous net increase in resident banks' reserve accounts on this basis.

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

More information on 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

In February 2025, the Central Bank was notified about the decision of the Arbitration Council in Washington in the case of Viaduct d.o.o. Portorož, which obligated BH to pay damage compensation with associated interest and legal fees, as well as the claimant's intention to initiate enforcement proceedings through the competent authorities across BH, including the Central Bank's properties. The Municipal Court in Mostar issued a non-final decision in March 2025, accepting the enforcement against the Central Bank's property in Mostar.

The Central Bank, through the Office of the Attorney General of Bosnia and Herzegovina, filed an appeal against this decision, arguing that there are no legal grounds for enforcement against its property.

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

3. CURRENCY BOARD ARRANGEMENT

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

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

In thousands of KM	31 March 2025	31 December 2024
Official foreign currency reserves		
Cash in foreign currencies	465,248	525,980
Deposits with foreign banks	5,658,910	6,786,228
Special Drawing Rights with the IMF	5,397	4,771
Debt instruments	10,141,065	9,768,714
Monetary gold	632,443	555,157
TOTAL	16,903,063	17,640,850
Liabilities to non-residents	2,440	2,462
Net foreign currency reserves		
(Official foreign currency reserves less liabilities to non-residents)	16,900,623	17,638,388
Monetary liabilities		
Banknotes and coins in circulation	7,930,918	7,959,215
Deposits from banks	6,718,989	7,455,395
Deposits from the Government and other public institutions	728,591	860,083
TOTAL	15,378,498	16,274,693
NET FOREIGN ASSETS		
(Net foreign currency reserves less monetary liabilities)	1,522,125	1,363,695

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

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

Net foreign assets are the amounts that guarantee the domestic currency stability, respectively monetary stability and absorb potential financial risks arising from official currency reserves management. As at 31 March 2025, the financial balance of net foreign assets amounts to KM 1,522,125 thousand ensuring the full stability of domestic currency (31 December 2024: KM 1,363,695 thousand).

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

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

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

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

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

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

4.1. Financial assets measured at fair value

In thousands of KM

	31 March 2025	31 December 2024
Financial assets		
<i>Financial assets measured at fair value through other comprehensive income</i>		
Debt instruments	9,011,912	8,639,813
Monetary gold	632,443	555,157
TOTAL	9,644,355	9,194,970

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

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

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

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

In thousands of KM

	Carrying amount	31 March 2025 Fair value
Financial assets		
<i>Financial assets measured at amortised cost:</i>		
Cash in foreign currencies	465,248	465,248
Deposits with foreign banks	5,658,910	5,658,910
Special Drawing Rights with the IMF	5,397	5,397
Debt instruments at amortised cost	1,129,153	1,039,332
Other financial assets	3,274	3,274
	<u>7,261,982</u>	<u>7,172,161</u>
<i>Financial assets measured at fair value through other comprehensive income - cost choice:</i>		
Other investments	27,813	27,813
	<u>27,813</u>	<u>27,813</u>
Total	<u>7,289,795</u>	<u>7,199,974</u>
 Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Banknotes and coins in circulation	7,930,918	7,930,918
Deposits from banks	6,718,989	6,718,989
Deposits from the Government and other public institutions	728,591	728,591
Other financial liabilities	247,679	247,679
Total	<u>15,626,177</u>	<u>15,626,177</u>

4. CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**4.2. Financial assets and financial liabilities not measured at fair value (continued)**

In thousands of KM

	31 December 2024	
	Carrying amount	Fair value
Financial assets		
<i>Financial assets measured at amortised cost:</i>		
Cash in foreign currencies	525,980	525,980
Deposits with foreign banks	6,786,228	6,786,228
Special Drawing Rights with the IMF	4,771	4,771
Debt instruments at amortised cost	1,128,901	1,041,621
Other financial assets	4,121	4,121
	8,450,001	8,362,721
<i>Financial assets measured at fair value through other comprehensive income - cost choice:</i>		
Other investments	27,813	27,813
	27,813	27,813
Total	8,477,814	8,390,534
Financial liabilities		
<i>Financial liabilities measured at amortised cost:</i>		
Banknotes and coins in circulation	7,959,215	7,959,215
Deposits from banks	7,455,395	7,455,395
Deposits from the Government and other public institutions	860,083	860,083
Other financial liabilities	250,245	250,245
Total	16,524,938	16,524,938

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

5. FINANCIAL RISK MANAGEMENT

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

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

5.1. Credit risk

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

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

For the funds recorded in off-balance sheet records, the Central Bank is not exposed to credit risk, as all the risk, which may result from the investments of these funds, is to be borne contractually by the owners of these funds (see [Notes 28](#) and [29](#)).

In the process of foreign currency reserves management, the management of foreign currency reserves and the management of financial risks are significantly influenced by trends in the financial markets, primarily by trends in the eurozone financial market, which are influenced by a large number of different factors, the most important of which are the measures of the European Central Bank (ECB) and other leading central banks at the global level.

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.1 Credit risk exposure

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

In thousands of KM

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1. Deposits with foreign banks								
As at 1 January	2,331	-	-	2,331	1,657	-	-	1,657
Increases in expected credit losses	4,314	-	-	4,314	2,493	-	-	2,493
Releases of expected credit losses	(97)	-	-	(97)	(33)	-	-	(33)
Releases due to derecognition of term deposits	(4,315)	-	-	(4,315)	(2,693)	-	-	(2,693)
As at 31 March	2,233	-	-	2,233	1,424	-	-	1,424
2. Special Drawing Rights with the IMF								
As at 1 January	-	-	-	-	-	-	-	-
Increases in expected credit losses	-	-	-	-	-	-	-	-
Releases of expected credit losses	-	-	-	-	-	-	-	-
As at 31 March	-	-	-	-	-	-	-	-
3. Debt instruments at fair value through other comprehensive income								
As at 1 January	2,514	-	-	2,514	904	-	-	904
Increases in expected credit losses	565	-	-	565	309	-	-	309
Releases of expected credit losses	(10)	-	-	(10)	(11)	-	-	(11)
Releases due to debt instruments matured	(454)	-	-	(454)	(155)	-	-	(155)
<i>Net increases during the period</i>	<i>101</i>	<i>-</i>	<i>-</i>	<i>101</i>	<i>143</i>	<i>-</i>	<i>-</i>	<i>143</i>
Net realises due to debt instruments sold	(43)	-	-	(43)	-	-	-	-
As at 31 March	2,572	-	-	2,572	1,047	-	-	1,047

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.1. Credit risk exposure (continued)

In thousands of KM

	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
4. Debt instruments at amortised cost								
As at 1 January	380	-	-	380	219	-	-	219
Increases in expected credit losses	3	-	-	3	1	-	-	1
Releases of expected credit losses	-	-	-	-	(3)	-	-	(3)
As at 31 March	383	-	-	383	217	-	-	217
5. Other financial assets								
As at 1 January	6	-	601	607	6	-	601	607
Increases in expected credit losses	2	-	-	2	2	-	-	2
Releases of expected credit losses	(3)	-	-	(3)	(3)	-	-	(3)
As at 31 March	5	-	601	606	5	-	601	606
Total opening balance at 1 January	5,231	-	601	5,832	2,786	-	601	3,387
Total net (releases) of expected credit losses during the period	(38)	-	-	(38)	(93)	-	-	(93)
Total closing balance at 31 March	5,193	-	601	5,794	2,693	-	601	3,294

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	31 March 2025				31 December 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash in foreign currencies								
Gross carrying amount	465,248	-	-	465,248	525,980	-	-	525,980
Impairment	-	-	-	-	-	-	-	-
Carrying amount	465,248	-	-	465,248	525,980	-	-	525,980
Deposits with foreign banks								
Gross carrying amount	5,661,143	-	-	5,661,143	6,788,559	-	-	6,788,559
Impairment	(2,233)	-	-	(2,233)	(2,331)	-	-	(2,331)
Carrying amount	5,658,910	-	-	5,658,910	6,786,228	-	-	6,786,228
Special Drawing Rights with the IMF								
Gross carrying amount	5,397	-	-	5,397	4,771	-	-	4,771
Impairment	-	-	-	-	-	-	-	-
Carrying amount	5,397	-	-	5,397	4,771	-	-	4,771
Debt instruments at fair value through other comprehensive income								
Gross carrying amount	9,011,912	-	-	9,011,912	8,639,813	-	-	8,639,813
Provisions for expected credit losses (recognised in other comprehensive income)	2,572	-	-	2,572	2,514	-	-	2,514
Gross carrying amount	9,011,912	-	-	9,011,912	8,639,813	-	-	8,639,813

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.2. Credit risk concentration (continued)

In thousands of KM

	31 March 2025				31 December 2024			
Classes of financial instruments	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Debt instruments at amortised cost								
Gross carrying amount	1,129,536	-	-	1,129,536	1,129,281	-	-	1,129,281
Impairment	(383)	-	-	(383)	(380)	-	-	(380)
Carrying amount	1,129,153	-	-	1,129,153	1,128,901	-	-	1,128,901
Other financial assets								
Gross carrying amount	3,279	-	601	3,880	4,127	-	601	4,728
Impairment	(5)	-	(601)	(606)	(6)	-	(601)	(607)
Carrying amount	3,274	-	-	3,274	4,121	-	-	4,121

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.2. Credit risk concentration (continued)

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

In thousands of KM	31 March 2025	31 December 2024
Carrying amount		
Monetary gold	632,443	555,157
Other investments	27,813	27,813
TOTAL	660,256	582,970

Concentration per credit rating

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

Deposits with foreign banks

In thousands of KM	31 March 2025	31 December 2024
Credit rating		
AAA	2,601,621	3,590,164
AA+	437	601
AA	4,868	8,625
AA-	1,271,089	1,406,504
A+	840,609	877,999
A	611,268	472,428
A-	-	-
II ¹	331,251	432,238
BBB+	-	-
BBB	-	-
BBB-	-	-
Total	5,661,143	6,788,559
Impairment	(2,233)	(2,331)
TOTAL	5,658,910	6,786,228

¹ International institutions

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.2. Credit risk concentration (continued)

Debt instruments at fair value through other comprehensive income

In thousands of KM

Credit rating	31 March 2025	31 December 2024
AAA	2,572,857	2,413,995
AA+	2,231,243	1,830,820
AA	56,251	61,464
AA-	2,567,681	2,778,154
A+	-	-
A	151,422	131,506
A-	786,913	781,479
BBB+	-	-
BBB	645,545	642,395
BBB-	-	-
TOTAL	9,011,912²	8,639,813

Debt instruments at amortised cost

In thousands of KM

Credit rating	31 March 2025	31 December 2024
AAA	143,088	142,730
AA+	284,104	285,063
AA	55,515	55,400
AA-	316,790	316,143
A+	-	-
A	40,738	41,279
A-	192,806	192,408
BBB+	-	-
BBB	96,495	96,258
BBB-	-	-
Total	1,129,536	1,129,281
Impairment	(383)	(380)
TOTAL	1,129,153	1,128,901

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2. Market risk

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

For the purpose of quantifying the market risk effects on the foreign currency reserves value, the Central Bank applies the Value at Risk (VaR) concept. The Value at Risk represent a statistical measure that shows the greatest possible loss of the portfolio of foreign currency reserves that may occur due to changes in the prices of financial instruments and changes in exchange rates, with a certain level of reliability for a certain time interval. VaR value for market risk is calculated by analytical (parametric) method, based on the mean value of gain/loss or yield rate of observed portfolio and standard deviation of observed data. The Central Bank, when calculating VaR, applies a level of confidence of 99% for a 10-day horizon.

When calculating VaR value for the Central Bank's foreign currency reserves portfolio, all positions in the foreign currency reserves portfolio that are exposed to market risks, i.e., foreign exchange, interest rate and price risk, are taken into consideration. As at 31 March 2025, the exposure of the Central Bank's foreign currency reserves (VaR with a level of confidence of 99% for a 10-day horizon) including fluctuations of the financial instruments prices and changes of foreign exchange rates against the KM, amounts to KM 84,394 thousand (31 December 2024: KM 73,590 thousand), which represents the equivalent of 0.50% of the total financial assets (31 December 2024: 0.42% of the total financial assets).

As at 31 March 2025, Value at Risk (VaR) is 15% higher comparing to its value as at 31 December 2024. The increase in VaR value was primarily influenced by the increase in the Central Bank's foreign currency reserves portfolio interest rate risk exposure (contribution to VaR growth 99.55%).

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

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

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

	31 March	31 December
In thousands of KM	2025	2024
Interest rate risk	48,284	37,528
Risk of change in EUR price of monetary gold	35,640	35,314
Foreign exchange risk	470	748
Total VaR	84,394	73,590

5.2.1. Interest rate risk

Interest rate risk is the risk of changes in market value of the financial assets due to the unfavourable movements of interest rates, i.e., unfavourable trends in bonds' market interest rates and market yields in the Central Bank's portfolio. Market interest rates (Euribor) and bond market yields in the eurozone are largely influenced by changes in the European Central Bank's key interest rates, with this influence being more pronounced the shorter the remaining maturities of deposits or debt instruments.

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

All three ECB key interest rates were decreased in February and March 2025. The deposit facility rate was decreased from 3.00% at the beginning of the year to 2.50% by the end of March. The main refinancing operations rate was decreased from 3.15% to 2.65%, and the marginal lending facility rate was decreased from 3.40% to 2.90%. On the contrary, the American Federal Reserve System (Fed) did not change the targeted range of the reference interest rate (4.25% - 4.50%) in the first quarter of 2025.

In the first quarter of 2025, the Euribor market interest rates followed the movement of the ECB key interest rates, which led to a decline in the value of the Euribor of all maturities (from one week to 12 months), so that the Euribor interest rates at the end of March were 30 - 50 basis points lower than at the beginning of January 2025. Bond yields with shorter maturities (up to 12 months) also tended to decline in the first three months of 2025, so that at the end of March they were 10 - 30 basis points lower than at the beginning of January 2025. Medium-term bond yields (from one to three years) had certain oscillations, especially in mid-January and early March, but medium-term bond yields at the end of March were approximately equal or slightly increased compared to yields at the beginning of January 2025. Bond yields with longer maturities had slightly more pronounced oscillations, especially in mid-January and early March, so the yields of longer-term bonds at the end of March were 20 - 40 basis points higher than the yields at the beginning of January 2025.

All of the above indicates that the yield curve of government bonds on the eurozone financial market is no longer inverted, that is, that the yield curve in the current reporting period has a normal shape, which implies that the yields of government bonds with longer remaining maturities are higher than short-term market yields and short-term interest rates on the eurozone financial market.

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2. Market risk (continued)

5.2.1. Interest rate risk (continued)

The Central Bank uses the modified duration of debt instruments at fair value through other comprehensive income as a key measure of interest rate risk exposure. The modified duration is a measure of the price sensitivity of financial instrument to changes in interest rates, i.e., the market yield of a debt instrument. The modified duration is expressed as the number of years and the longer the duration, the higher the interest rate risk. The modified duration of the portfolio is calculated as a weighted average of the cash flows' maturities of individual financial instruments in the portfolio, where the weight is the present value of the cash flow. Considering the improved stability of the currency board, the modified duration of debt instruments at fair value through other comprehensive income, including foreign currency reserves funds entrusted to an external portfolio manager for management, has been extended during the first quarter of 2025 and equals to 1.57 years as at 31 March 2025 (31 December, 2024: 1.35 years).

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

31 March 2025						
In thousands of KM	Up to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Non-interest bearing	Total
Cash in foreign currencies	-	-	-	-	465,248	465,248
Deposits with foreign banks	5,439,667	207,585	-	-	11,658	5,658,910
Special Drawing Rights with the IMF	5,368	-	-	-	29	5,397
Debt instruments at fair value through other comprehensive income	3,705,087	5,242,593	-	-	64,232	9,011,912
Monetary gold	-	-	-	-	632,443	632,443
Debt instruments at amortised cost	-	58,665	231,612	837,893	983	1,129,153
Other financial assets	-	-	-	-	3,274	3,274
Other investments	-	-	-	-	27,813	27,813
Total financial assets	9,150,122	5,508,843	231,612	837,893	1,205,680	16,934,150
Banknotes and coins in circulation	-	-	-	-	7,930,918	7,930,918
Deposits from banks	6,718,380	-	-	-	609	6,718,989
Deposits from the Government and other public institutions	-	-	-	-	728,591	728,591
Other financial liabilities	-	-	-	-	247,679	247,679
Total financial liabilities	6,718,380	-	-	-	8,907,797	15,626,177
INTEREST RATE GAP	2,431,742	5,508,843	231,612	837,893	(7,702,117)	1,307,973

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2. Market risk (continued)

5.2.1. Interest rate risk (continued)

31 December 2024						
In thousands of KM	Up to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Non-interest bearing	Total
Cash in foreign currencies	-	-	-	-	525,980	525,980
Deposits with foreign banks	6,193,032	571,034	-	-	22,162	6,786,228
Special Drawing Rights with the IMF	4,742	-	-	-	29	4,771
Debt instruments at fair value through other comprehensive income	2,986,605	5,602,376	-	-	50,832	8,639,813
Monetary gold	-	-	-	-	555,157	555,157
Debt instruments at amortised cost	-	58,664	231,159	836,608	2,470	1,128,901
Other financial assets	-	-	-	-	4,121	4,121
Other investments	-	-	-	-	27,813	27,813
Total financial assets	9,184,379	6,232,074	231,159	836,608	1,188,564	17,672,784
Banknotes and coins in circulation	-	-	-	-	7,959,215	7,959,215
Deposits from banks	7,454,281	-	-	-	1,114	7,455,395
Deposits from the Government and other public institutions	-	-	-	-	860,083	860,083
Other financial liabilities	-	-	-	-	250,245	250,245
Total financial liabilities	7,454,281	-	-	-	9,070,657	16,524,938
INTEREST RATE GAP	1,730,098	6,232,074	231,159	836,608	(7,882,093)	1,147,846

Sensitivity analysis based on scenarios of predefined changes in market yields

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

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

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

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2. Market risk (continued)

5.2.1. Interest rate risk (continued)

Sensitivity analysis - scenarios of assumed changes in market yields as at 31 March 2025

Change in market yields	+/- 1 bp	+/- 50 bp	+/- 100 bp	+/- 200 bp
Change of the financial assets				
value (in thousands of KM)	(1,295)/1,295	(64,746)/64,746	(129,493)/129,493	(258,985)/258,985

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

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

In the scenario event of an upward shift in euro bond yield curve by 1 bp (0.01%), the financial assets of the Central Bank would be decreased by KM 1,295 thousand as at 31 March 2025 (As at 31 December 2024: KM 1,048 thousand).

In the scenario event of a downward shift in the euro bond yield curve by 1 bp (0.01%), the financial assets of the Central Bank would be higher by KM 1,295 thousand as at 31 March 2025 (As at 31 December 2024: KM 1,048 thousand).

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

5.2.2. Foreign exchange risk

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

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

The largest part of official foreign currency reserves is held in EUR, and the maximum amount that can be held in convertible currencies other than EUR, must not exceed the equivalent of 50% of the total amount of the unimpaired capital and reserves of the Central Bank. More information about the components of official foreign currency reserves that are held in convertible currencies other than EUR is disclosed in [Notes 7, 8 and 9](#).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3. Liquidity risk

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

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

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

31 March 2025

In thousands of KM	Up to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Without specified maturity	Total
Banknotes and coins in circulation	7,930,918	-	-	-	-	7,930,918
Deposits from banks	6,718,989	-	-	-	-	6,718,989
Deposits from the Government and other public institutions	728,591	-	-	-	-	728,591
Other financial liabilities	247,679	-	-	-	-	247,679
TOTAL FINANCIAL LIABILITIES	15,626,177	-	-	-	-	15,626,177

31 December 2024

In thousands of KM	Up to 3 months	From 3 to 12 months	From 1 to 3 years	Over 3 years	Without specified maturity	Total
Banknotes and coins in circulation	7,959,215	-	-	-	-	7,959,215
Deposits from banks	7,455,395	-	-	-	-	7,455,395
Deposits from the Government and other public institutions	860,083	-	-	-	-	860,083
Other financial liabilities	5,938	244,307	-	-	-	250,245
TOTAL FINANCIAL LIABILITIES	16,280,631	244,307	-	-	-	16,524,938

6. CASH IN FOREIGN CURRENCIES

Cash in foreign currencies represents cash held in the Central Bank's vaults. As at reporting dates, the total amount of cash in foreign currencies is held in EUR currency.

For the purpose of cash flow reporting, cash in foreign currencies is included in cash and cash equivalents ([Note 26](#)).

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. Deposits with foreign banks include demand deposits and term deposits and are held with foreign banks of eurozone and non-eurozone countries.

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

In thousands of KM	31 March 2025	31 December 2024
Demand deposits	856,843	1,547,796
Term deposits with maturity up to three months or less from the date of acquisition	3,818,354	3,575,469
Impairment	(1,994)	(1,884)
Included in cash and cash equivalents (Note 26)	4,673,203	5,121,381
Term deposits with maturity over three months from the date of acquisition	985,946	1,665,294
Impairment	(239)	(447)
Total	985,707	1,664,847
TOTAL	5,658,910	6,786,228

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

7. DEPOSITS WITH FOREIGN BANKS (CONTINUED)

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

In thousands of KM	31 March 2025	31 December 2024
Term deposits:		
EUR	4,804,300	5,240,763
Impairment	(2,111)	(2,117)
Total	4,802,189	5,238,646
Demand deposits:		
EUR	844,176	1,522,704
USD	7,900	17,087
CHF	2,707	5,893
GBP	2,060	2,112
	856,843	1,547,796
Impairment	(122)	(214)
Total	856,721	1,547,582
TOTAL	5,658,910	6,786,228

Deposits with foreign banks include net accrued interest in the amount of KM 11,658 thousand as at 31 March 2025 (31 December 2024: Included net accrued interest in the amount of KM 22,162 thousand).

As at 31 March 2025, deposits with foreign banks include the amount of KM 4,866 thousand entrusted to an external portfolio manager for management (31 December 2024: KM 8,625 thousand).

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

In thousands of KM	31 March 2025	31 December 2024
Up to one month	3,593,857	3,625,697
From one to two months	494,369	514,532
From two to three months	507,878	526,785
From three to four months	-	267,875
From four to twelve months	208,196	305,874
Total	4,804,300	5,240,763
Impairment	(2,111)	(2,117)
TOTAL	4,802,189	5,238,646

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

7. DEPOSITS WITH FOREIGN BANKS (CONTINUED)

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

In thousands of KM	31 March 2025	31 December 2024
Foreign commercial banks		
Term deposits	1,855,315	1,906,111
Overnight deposits	1,515,768	1,493,276
Demand deposits	12,726	14,213
	3,383,809	3,413,600
Foreign central banks		
Term deposits	1,111,703	1,423,857
Overnight deposits	-	-
Demand deposits	834,380	1,518,864
	1,946,083	2,942,721
International financial institutions		
Term deposits	321,514	417,519
Overnight deposits	-	-
Demand deposits	9,737	14,719
	331,251	432,238
Total	5,661,143	6,788,559
Impairment (Note 5.1.1.)	(2,233)	(2,331)
TOTAL	5,658,910	6,786,228

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

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

In thousands of KM	31 March 2025	31 December 2024
Switzerland	2,258,314	2,486,786
France	1,271,574	1,407,261
Germany	895,842	1,633,877
Luxembourg	624,441	782,328
Great Britain	329,530	466,839
Netherlands	276,137	2,242
Belgium	4,868	8,625
USA	437	601
Total	5,661,143	6,788,559
Impairment	(2,233)	(2,331)
TOTAL	5,658,910	6,786,228

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

8. SPECIAL DRAWING RIGHTS WITH THE IMF

In thousands of KM	31 March 2025	31 December 2024
Account of Special Drawing Rights with the IMF	5,368	4,742
Accrued interest	29	29
Total	5,397	4,771
Impairment	-	-
TOTAL	5,397	4,771

For the purpose of cash flow reporting, Special Drawing Rights with the IMF are included in cash and cash equivalents ([Note 26](#)).

9. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

Debt instruments at fair value through other comprehensive income are denominated in EUR and USD currency.

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

In thousands of KM	31 March 2025	31 December 2024
Coupon debt instruments	7,357,344	6,781,033
Accrued interest on coupon debt instruments	73,174	64,195
Total	7,430,518	6,845,228
Discount debt instruments	1,590,336	1,807,948
Accrued (discount) on discount debt instruments	(8,942)	(13,363)
Total	1,581,394	1,794,585
TOTAL	9,011,912	8,639,813

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

In thousands of KM	31 March 2025	31 December 2024
Debt instruments at fair value through other comprehensive income:		
EUR	8,920,597	8,553,500
USD	91,315	86,313
TOTAL	9,011,912	8,639,813

As at 31 March 2025, debt instruments at fair value through other comprehensive income managed by the external portfolio manager amount to KM 580,868 thousand and are held in EUR currency in the amount of KM 489,553 thousand and USD currency in the amount of KM 91,315 thousand (31 December 2024: Debt instruments at fair value through other comprehensive income managed by the external portfolio manager amount to KM 576,827 thousand and are held in EUR currency in the amount of KM 490,514 thousand and USD currency in the amount of KM 86,313 thousand).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

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

As at 31 March 2025, provisions for expected credit losses for debt instruments at fair value through other comprehensive income amount to KM 2,572 thousand (31 December 2024: KM 2,514 thousand). During the reporting period, net increases in provisions for expected credit losses, recognised in profit or loss for the period, amount to KM 101 thousand (01/01 - 31/03/2024: Net increases amounting to KM 143 thousand). More information about these changes in the reporting periods is disclosed in [Notes 5.1.1.](#) and [21.](#)

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

	31 March 2025		31 December 2024	
	In thousands of KM	%	In thousands of KM	%
France	1,711,323	18.99	1,977,683	22.89
Germany	1,459,074	16.19	1,422,155	16.46
Austria	1,154,620	12.81	916,221	10.60
Netherlands	1,027,496	11.40	905,753	10.48
Finland	985,308	10.93	828,286	9.59
Belgium	856,358	9.50	800,471	9.26
Spain	786,913	8.73	781,479	9.05
Italy	645,545	7.16	642,395	7.44
Slovakia	151,422	1.68	131,506	1.52
USA	91,315	1.01	86,313	1.00
Luxembourg	86,287	0.96	86,087	1.00
Ireland	56,251	0.64	61,464	0.71
TOTAL	9,011,912	100.00	8,639,813	100.00

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

	01/01 - 31/03 2025	For the period 01/01 - 31/03 2024
In thousands of KM		
As at	8,639,813	6,150,130
Purchases during the period	2,117,913	1,982,798
Sales during the period	(172,755)	-
Interest income recognised during the period (Note 17)	62,073	47,764
Maturities of debt instruments	(1,595,946)	(720,675)
Maturities of coupons	(34,058)	(14,822)
Net unrealised change in fair value during the period	(1,994)	(17,134)
Net foreign exchange (losses)	(3,136)	-
Transaction costs	2	3
As at	9,011,912	7,428,064

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

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

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

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

In thousands of KM	31 March 2025	31 December 2024
Up to 3 months	1,829,120	1,604,277
From 3 to 12 months	1,835,653	2,595,687
From 1 to 3 years	3,454,503	3,111,784
Over 3 years	1,892,636	1,328,065
TOTAL	9,011,912	8,639,813

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
31 March 2025	112,000	5,646.81	632,443
31 December 2024	112,000	4,956.76	555,157
31 March 2024	48,000	4,047.60	194,285

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

In thousands of KM	01/01 - 31/03 2025	For the period 01/01 - 31/03 2024
As at	555,157	175,459
Net unrealised change in fair value during the period	77,286	18,826
As at	632,443	194,285

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 31 March 2025

11. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)

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

In thousands of KM	31 March 2025	31 December 2024
Coupon debt instruments	1,128,553	1,126,811
Accrued interest on coupon debt instruments	983	2,470
Total	1,129,536	1,129,281
Impairment	(383)	(380)
TOTAL	1,129,153	1,128,901

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

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

In thousands of KM	31 March 2025	31 December 2024
Up to 3 months	-	-
From 3 to 12 months	59,039	58,893
From 1 to 3 years	231,762	231,308
Over 3 years	838,735	839,080
Total	1,129,536	1,129,281
Impairment	(383)	(380)
TOTAL	1,129,153	1,128,901

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	31 March 2025	31 December 2024
Gross carrying amount of other financial assets	3,880	4,728
Impairment	(606)	(607)
Other financial assets	3,274	4,121
Other nonfinancial assets	17,402	14,340
TOTAL	20,676	18,461

As at reporting dates, other nonfinancial assets are mostly related to the prepaid expenses for banknotes and coins production in the amount of KM 14,012 thousand (31 December 2024: KM 10,902 thousand).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

13. BANKNOTES AND COINS IN CIRCULATION

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

In thousands of KM	31 March 2025	31 December 2024
Banknotes in circulation	7,642,961	7,672,983
Coins in circulation	287,957	286,232
TOTAL	7,930,918	7,959,215

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

In thousands of KM	01/01 - 31/03 2025	For the period 01/01 - 31/03 2024
Banknotes and coins in circulation as at	7,628,206	7,565,108
Net increase in value of banknotes and coins in circulation during the period	302,712	63,098
Banknotes and coins in circulation as at	7,930,918	7,628,206

14. DEPOSITS FROM BANKS

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

In thousands of KM	31 March 2025	31 December 2024
Deposits from resident banks:		
<i>KM</i>	6,474,344	6,830,771
<i>EUR</i>	244,035	623,510
	6,718,379	7,454,281
Reserve accounts of the Central Bank organizational units	577	1,081
Special deposits of resident banks - blocked funds	33	33
TOTAL	6,718,989	7,455,395

Deposits from resident banks are placed in accordance with required reserve policy of the Central Bank, to meet obligations for settling payment transactions between resident banks mutually as well as for transactions with the Central Bank. Resident banks are obliged 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 required reserve is maintained by allocating 5% of the amount of calculated EUR required reserve on EUR reserve account and by allocating and maintaining the 95% of the amount of calculated EUR required reserve in KM equivalent on KM reserve account. More information about Central Bank's remuneration policy for the required reserve's 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 1,307 thousand as at 31 March 2025 (31 December 2024: Included the accrued remuneration in the amount of KM 1,286 thousand).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

15. DEPOSITS FROM THE GOVERNMENT AND OTHER PUBLIC INSTITUTIONS

In thousands of KM	31 March 2025	31 December 2024
Budgetary deposits from BH institutions	607,200	756,999
Deposits from other local governments and government institutions	108,970	87,770
Deposits from other public institutions	12,402	15,295
Deposit account under the IMF transactions	19	19
TOTAL	728,591	860,083

16. OTHER LIABILITIES

In thousands of KM	31 March 2025	31 December 2024
Other financial liabilities	247,679	250,245
Other nonfinancial liabilities	220	247
TOTAL	247,899	250,492

17. NET INTEREST INCOME

In thousands of KM	01/01 - 31/03 2025	For the period 01/01 - 31/03 2024
Interest income arising from:		
Debt instruments at fair value through other comprehensive income (Note 9)	62,073	47,764
Deposits with foreign banks (Note 7)	34,564	64,854
Debt instruments at amortised cost (Note 11)	2,650	2,981
Special Drawing Rights with the IMF	60	60
Total	99,347	115,659
Interest expense arising from:		
Deposits from resident banks	(3,787)	(3,505)
Total	(3,787)	(3,505)
Net interest income	95,560	112,154

17. NET INTEREST INCOME (CONTINUED)

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

	For the period	
	01/01 - 31/03	01/01 - 31/03
In thousands of KM	2025	2024
1. Financial assets at amortised cost		
<i>Interest income arising from:</i>		
Deposits with foreign banks	34,564	64,854
Debt instruments at amortised cost	2,650	2,981
Special Drawing Rights with the IMF	60	60
Total	37,274	67,895
2. Debt instruments at fair value through other comprehensive income		
Interest income	62,073	47,764
Total	62,073	47,764
3. Financial liabilities at amortised cost		
Interest expenses arising from deposits from resident banks	(3,787)	(3,505)
Total	(3,787)	(3,505)
Net interest income	95,560	112,154

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

	For the period	
	01/01 - 31/03	01/01 - 31/03
In thousands of KM	2025	2024
Interest income		
Term deposits	32,932	54,329
Demand deposits	1,632	10,525
Total	34,564	64,854

The average effective yield rate on deposits with foreign banks amounts to 2.89% in the period 01/01 - 31/03/2025 (01/01 - 31/03/2024: The average effective yield rate amounted to 3.98%).

The average effective yield rate on debt instruments at fair value through other comprehensive income amounts to 2.81% in the period 01/01 - 31/03/2025 (01/01 - 31/03/2024: The average effective yield rate amounted to 2.71%).

The average effective yield rate on debt instruments at amortised cost amounts to 0.95% in the period 01/01 - 31/03/2025 (01/01 - 31/03/2024: The average effective yield rate amounted to 1.02%).

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.

17. NET INTEREST INCOME (CONTINUED)

As disclosed in [Note 14](#), the Central Bank prescribes the obligation for resident banks to allocate and maintain KM and EUR required reserves on KM and EUR reserve accounts.

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

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

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

Base for calculation of remuneration	The Central Bank remuneration rate
Required reserves amounts	
<i>KM required reserve on domestic currency base</i>	0.50%
<i>EUR required reserve on foreign currency base</i>	0.30%
Amounts exceeding the required reserves	0.00%

Interest expenses arising from deposits from resident banks include expenses arising from the required reserves in the amount of KM 3,787 thousand in the period 01/01 - 31/03/2025 (01/01 - 31/03/2024: Interest expenses arising from deposits from resident banks amounted to KM 3,505 thousand).

18. NET FEE AND COMMISSION INCOME

In thousands of KM	01/01 - 31/03 2025	For the period 01/01 - 31/03 2024
Fee and commission income arising from:		
Services for resident banks	5,444	4,958
Services for the Government and other non-banking clients	374	350
Total	5,818	5,308
Fee and commission expenses arising from:		
Custodian and other expenses for debt instruments	(457)	(153)
Transactions with foreign banks	(10)	(8)
Other fee and commission expenses	(2)	(1)
Total	(469)	(162)
Net fee and commission income	5,349	5,146

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

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

In the current reporting period, the Central Bank sold certain debt instruments at fair value through other comprehensive income, achieving net realised losses in the amount of KM 105 thousand. The corresponding amounts of realised gains from released provisions for expected credit losses for debt instruments sold in reporting period are presented in [Note 5.1.1](#). The Central Bank did not sell debt instruments in comparative reporting period.

20. NET FOREIGN EXCHANGE (LOSSES) / GAINS

	01/01 - 31/03 2025	For the period 01/01 - 31/03 2024
In thousands of KM		
Foreign exchange gains	743	332
Foreign exchange (losses)	(4,290)	(288)
TOTAL	(3,547)	44

21. NET DECREASES / INCREASES IN IMPAIRMENT ON FINANCIAL ASSETS

	01/01 - 31/03 2025	For the period 01/01 - 31/03 2024
In thousands of KM		
Net releases of impairment for deposits with foreign banks	98	233
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	(101)	(143)
Net (increases) in / releases of impairment for debt instruments at amortised cost	(3)	2
Net releases of impairment for other financial assets	1	1
TOTAL	(5)	93

22. PERSONNEL EXPENSES

	01/01 - 31/03 2025	For the period 01/01 - 31/03 2024
In thousands of KM		
Salaries	3,230	3,110
Contributions and other fees on salaries	1,802	1,730
Other employee benefits	890	418
Contributions and other fees on other employees' benefits	205	68
Total	6,127	5,326
Net increases in provisions under IAS 19	4	8
TOTAL	6,131	5,334

Personnel expenses include KM 1,148 thousand of defined pension contributions paid to the public pension funds in BH (01/01 - 31/03/2024: KM 1,022 thousand).

The average number of employees in the reporting period amounts to 360 (01/01 - 31/03/2024: 356 employees).

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

23. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

In thousands of KM	01/01 - 31/03 2025	For the period 01/01 - 31/03 2024
Payment systems maintenance expenses	464	448
Overhead expenses	305	244
IT infrastructure expenses	270	244
Access to official services expenses	256	182
Fixed assets maintenance expenses	94	83
Other administrative and operating expenses	477	442
TOTAL	1,866	1,643

24. COSTS OF PRODUCTION OF BANKNOTES AND COINS

In thousands of KM	01/01 - 31/03 2025	For the period 01/01 - 31/03 2024
Costs of production and design of banknotes	731	742
Costs of production and design of coins	615	627
TOTAL	1,346	1,369

25. EQUITY

The structure of equity is presented in the following table:

In thousands of KM	31 March 2025	31 December 2024
Initial capital	25,000	25,000
Fair value reserves for debt and equity instruments	43,566	45,354
Fair value reserves for monetary gold	217,581	140,295
Reserves for unrealised foreign exchange differences	4,628	4,628
Other reserves	31,300	31,300
General reserves (Retained earnings)	951,606	951,606
Total reserves	1,248,681	1,173,183
Net profit for the period	87,044	-
TOTAL	1,360,725	1,198,183

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

CENTRAL BANK OF BOSNIA AND HERZEGOVINA

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

26. CASH AND CASH EQUIVALENTS

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

In thousands of KM	31 March 2025	31 March 2024
Deposits in foreign currency with maturity up to three months or less from the date of acquisition (Note 7)	3,818,354	3,449,637
Demand deposits in foreign currency (Note 7)	856,843	1,660,793
Cash in foreign currencies (Note 6)	465,248	455,738
Special Drawing Rights with the IMF (Note 8)	5,397	2,698
Giro accounts (Note 12)	577	752
Total	5,146,419	5,569,618
Impairment	(1,994)	(1,233)
TOTAL	5,144,425	5,568,385

27. RELATED PARTIES TRANSACTIONS

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

In thousands of KM

As at 31 March 2025	BH Ministry of Finance and Treasury	BH Deposit Insurance Agency	BH Indirect Taxation Authority	Total
ASSETS				
Other assets	4	-	3	7
TOTAL	4	-	3	7

LIABILITIES

Deposits from depositors	322,213	19	300,523	622,755
Liabilities for allocation a portion of the profit to the BH budget	244,307	-	-	244,307
Other liabilities	-	-	-	-
TOTAL	566,520	19	300,523	867,062

In thousands of KM

As at 31 December 2024	BH Ministry of Finance and Treasury	BH Deposit Insurance Agency	BH Indirect Taxation Authority	Total
ASSETS				
Other assets	37	-	3	40
TOTAL	37	-	3	40

LIABILITIES

Deposits from depositors	484,581	290,341	1,353	776,275
Liabilities for allocation a portion of the profit to the BH budget	244,307	-	-	244,307
Other liabilities	-	9	-	9
TOTAL	728,888	290,350	1,353	1,020,591

27. RELATED PARTIES TRANSACTIONS (CONTINUED)

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

In thousands of KM

	01/01 - 31/03 2025	For the period 01/01 - 31/03 2024
Fee and commission income		
BH Ministry of Finance and Treasury	17	17
BH Indirect Taxation Authority BH	9	8
Deposit Insurance Agency	1	-
TOTAL	27	25

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

Remuneration of key management members

The total remuneration of the key management members, in the period 01/01 - 31/03/2025, amounts to KM 294 thousand, out of which KM 185 thousand is related to salaries and other remuneration and KM 109 thousand is related to taxes and contributions (01/01 - 31/03/2024: Out of the total amount of KM 282 thousand, the amount of KM 175 thousand was related to salaries and other remunerations and KM 107 thousand was related to taxes and contribution).

28. 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

Selected Notes to the Condensed Interim Financial Statements for the period ended 31 March 2025

28. OFF-BALANCE SHEET DEPOSITS (CONTINUED)

Off-balance sheet deposits consist of:

	31 March 2025	31 December 2024
In thousands of KM		
Deposits of the Council of Ministers of BH for the Budget of BH institutions	318,230	316,379
Deposits of the Council of Ministers of BH for servicing of BH foreign debt	23,674	10,462
Other deposits of the Council of Ministers of BH	385	392
Deposits of the Council of Ministers of BH on the basis of succession	52	53
Total	342,341	327,286
Funds of the Deposit Insurance Agency of BH	3,754	2,042
Total	3,754	2,042
Budget deposits of the entities' governments-Federation BH	1	1
Total	1	1
Deposit accounts of resident banks	43,846	19,315
Deposits - Retirement allowance from Germany	164	-
Total	44,010	19,315
TOTAL	390,106	348,644

BH Ministry of Finance and Treasury is the institution that acts on behalf of the Council of Ministers of BH and State in deposit management and coordination. As at 31 March 2025 the total of these funds amount to KM 342,341 thousand (31 December 2024: KM 327,286 thousand).

29. 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 31 March 2025

29. 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

	31 March 2025	31 December 2024
Quota	637,771	650,858
Special Drawing Rights with the IMF	5,397	4,771
TOTAL ASSETS	643,168	655,629
IMF account No.1	1,594	1,627
IMF account No.2	631	644
Securities	829,397	953,711
SDR allocation	998,185	1,018,667
Accrued interest on SDR allocation	5,072	5,663
Accounts of payable charges	1,235	2,004
TOTAL LIABILITIES	1,836,114	1,982,316
BH NET POSITION WITH THE IMF	1,192,946	1,326,687

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

30. EVENTS AFTER THE REPORTING PERIOD

There were no events in the period between 31 March 2025 and the date of approval of these condensed interim financial statements that would require adjustment or are material but do not require adjustment.