



Centralna banka  
BOSNE I HERCEGOVINE  
Централна банка  
БОСНЕ И ХЕРЦЕГОВИНЕ



## CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

(unaudited)

in accordance with the requirements of International Accounting Standard 34

Sarajevo, 30 July 2024

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



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

**FINANCIAL REPORTING RESPONSIBILITY**


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

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

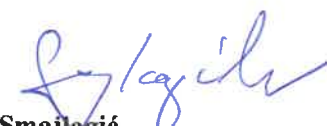
The Governing Board oversees the Central Bank of Bosnia and Herzegovina financial reporting process. In overseeing the financial reporting process, the Governing Board is assisted by the Audit Committee, which is consisted of three independent members. The Audit Committee reviews the condensed interim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

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

The accompanying condensed interim financial statements set out on pages 2 to 46 were approved by the Governing Board on 30 July 2024.

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



  
**Meliha Smajlagić**  
**Head of Accounting and Finance Department**

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

**STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

<b>In thousands of KM</b>	<b>Note</b>	<b>30 June 2024</b>	<b>As at 31 December 2023</b>
<b>ASSETS</b>			
Cash in foreign currencies	<a href="#"><u>6</u></a>	464,004	455,191
Deposits with foreign banks	<a href="#"><u>7</u></a>	6,950,192	8,326,590
Special Drawing Rights with the IMF	<a href="#"><u>8, 29</u></a>	3,184	2,073
Debt instruments at fair value through other comprehensive income	<a href="#"><u>9</u></a>	7,749,597	6,150,130
Monetary gold	<a href="#"><u>10</u></a>	203,806	175,459
Debt instruments at amortised cost	<a href="#"><u>11</u></a>	1,183,567	1,180,421
Dividend receivables		940	-
Other assets	<a href="#"><u>12</u></a>	19,318	17,384
Property and equipment		46,955	47,310
Intangible assets		798	864
Other investments		27,813	27,813
<b>TOTAL ASSETS</b>		<b>16,650,174</b>	<b>16,383,235</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Banknotes and coins in circulation	<a href="#"><u>13</u></a>	7,823,643	7,565,108
Deposits from banks	<a href="#"><u>14</u></a>	6,860,095	7,083,235
Deposits from the Government and other public institutions	<a href="#"><u>15</u></a>	826,718	752,898
Provisions		1,924	2,025
Other liabilities	<a href="#"><u>16</u></a>	3,377	68,669
<b>Total liabilities</b>		<b>15,515,757</b>	<b>15,471,935</b>
<b>EQUITY</b>			
Initial capital		25,000	25,000
Reserves		892,281	886,300
Net profit for the period		217,136	-
<b>Total equity</b>	<a href="#"><u>25</u></a>	<b>1,134,417</b>	<b>911,300</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>16,650,174</b>	<b>16,383,235</b>

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

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

**STATEMENT OF PROFIT OR LOSS (UNAUDITED)**

In thousands of KM	Note	For the period			
		01/04 - 30/06 2024	01/04 - 30/06 2023	01/01 - 30/06 2024	01/01 - 30/06 2023
Interest income		116,336	70,168	231,995	119,427
Interest expense		(3,565)	(3,052)	(7,070)	(6,479)
<b>NET INTEREST INCOME</b>	<a href="#"><u>17</u></a>	<b>112,771</b>	<b>67,116</b>	<b>224,925</b>	<b>112,948</b>
Fee and commission income		5,773	5,373	11,081	10,578
Fee and commission expense		(186)	(131)	(348)	(263)
<b>NET FEE AND COMMISSION INCOME</b>	<a href="#"><u>18</u></a>	<b>5,587</b>	<b>5,242</b>	<b>10,733</b>	<b>10,315</b>
Net foreign exchange gains / (losses)	<a href="#"><u>19</u></a>	94	(16)	138	(480)
Net decreases / increases in impairment on financial assets	<a href="#"><u>20</u></a>	(4)	274	89	621
Other income	<a href="#"><u>21</u></a>	1,096	686	1,204	720
<b>OPERATING INCOME</b>		<b>119,544</b>	<b>73,302</b>	<b>237,089</b>	<b>124,124</b>
Personnel expenses	<a href="#"><u>22</u></a>	(7,019)	(5,215)	(12,353)	(9,702)
Administrative and other operating expenses	<a href="#"><u>23</u></a>	(1,905)	(1,606)	(3,548)	(3,077)
Costs of production of banknotes and coins	<a href="#"><u>24</u></a>	(1,371)	(1,115)	(2,740)	(2,174)
Depreciation and amortisation charge		(663)	(703)	(1,312)	(1,411)
<b>OPERATING EXPENSES</b>		<b>(10,958)</b>	<b>(8,639)</b>	<b>(19,953)</b>	<b>(16,364)</b>
<b>NET PROFIT FOR THE PERIOD</b>		<b>108,586</b>	<b>64,663</b>	<b>217,136</b>	<b>107,760</b>

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

**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

In thousands of KM	Note	For the period			
		01/04 - 30/06 2024	01/04 - 30/06 2023	01/01 - 30/06 2024	01/01 - 30/06 2023
<b>NET PROFIT FOR THE PERIOD</b>		<b>108,586</b>	<b>64,663</b>	<b>217,136</b>	<b>107,760</b>
<b>Other comprehensive income</b>					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
<b>Debt instruments at fair value through other comprehensive income</b>					
Net change in fair value during the period	<a href="#">9</a>	(5,460)	15,824	(22,594)	45,049
Net change in provisions for expected credit losses recognised in profit or loss during the period	<a href="#">5.1.1.</a>	85	17	228	(94)
		<b>(5,375)</b>	<b>15,841</b>	<b>(22,366)</b>	<b>44,955</b>
<b>Monetary gold</b>					
Net change in fair value during the period	<a href="#">10</a>	9,521	(5,268)	28,347	5,137
		<b>9,521</b>	<b>(5,268)</b>	<b>28,347</b>	<b>5,137</b>
<b>Total other comprehensive income</b>		<b>4,146</b>	<b>10,573</b>	<b>5,981</b>	<b>50,092</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>112,732</b>	<b>75,236</b>	<b>223,117</b>	<b>157,852</b>

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

**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

<b>In thousands of KM</b>	<b>Initial capital</b>	<b>Fair value reserves for debt and equity instruments</b>	<b>Fair value reserves for monetary gold</b>	<b>Other reserves</b>	<b>General reserves (Retained earnings)</b>	<b>Total reserves</b>	<b>Net profit for the period</b>	<b>Total equity</b>
<b>Balance at 1 January 2024</b>	<b>25,000</b>	<b>(6,471)</b>	<b>73,530</b>	<b>31,300</b>	<b>787,941</b>	<b>886,300</b>	<b>-</b>	<b>911,300</b>
<b>Total comprehensive (loss) / income for the period</b>	-	<b>(22,366)</b>	<b>28,347</b>	-	-	<b>5,981</b>	<b>217,136</b>	<b>223,117</b>
Net profit for the period	-	-	-	-	-	-	217,136	217,136
Other comprehensive (loss) / income	-	(22,366)	28,347	-	-	5,981	-	5,981
<i>Net decrease in fair value for debt instruments</i>	-	(22,594)	-	-	-	(22,594)	-	(22,594)
<i>Net increases in provisions for expected credit losses for debt instruments recognised in profit or loss</i>	-	228	-	-	-	228	-	228
<i>Net increase in fair value for monetary gold</i>	-	-	28,347	-	-	28,347	-	28,347
<b>Balance at 30 June 2024</b>	<b>25,000</b>	<b>(28,837)</b>	<b>101,877</b>	<b>31,300</b>	<b>787,941</b>	<b>892,281</b>	<b>217,136</b>	<b>1,134,417</b>

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

**STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONTINUED)**

<b>In thousands of KM</b>	<b>Initial capital</b>	<b>Fair value reserves for debt and equity instruments</b>	<b>Fair value reserves for monetary gold</b>	<b>Other reserves</b>	<b>General reserves (Retained earnings)</b>	<b>Total reserves</b>	<b>Net profit for the period</b>	<b>Total equity</b>
<b>Balance at 1 January 2023</b>	<b>25,000</b>	<b>(143,005)</b>	<b>58,111</b>	<b>31,300</b>	<b>573,999</b>	<b>520,405</b>	<b>-</b>	<b>545,405</b>
<b>Total comprehensive income for the period</b>	-	<b>44,955</b>	<b>5,137</b>	-	-	<b>50,092</b>	<b>107,760</b>	<b>157,852</b>
Net profit for the period	-	-	-	-	-	-	107,760	107,760
Other comprehensive income	-	44,955	5,137	-	-	50,092	-	50,092
<i>Net increase in fair value for debt instruments</i>	-	45,049	-	-	-	45,049	-	45,049
<i>Net (releases) of provisions for expected credit losses for debt instruments recognised in profit or loss</i>	-	(94)	-	-	-	(94)	-	(94)
<i>Net increase in fair value for monetary gold</i>	-	-	5,137	-	-	5,137	-	5,137
<b>Balance at 30 June 2023</b>	<b>25,000</b>	<b>(98,050)</b>	<b>63,248</b>	<b>31,300</b>	<b>573,999</b>	<b>570,497</b>	<b>107,760</b>	<b>703,257</b>

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



**STATEMENT OF CASH FLOWS (UNAUDITED)**

	Note	For the period	
		01/01 - 30/06 2024	01/01 - 30/06 2023
<b>In thousands of KM</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net profit for the period</b>		<b>217,136</b>	<b>107,760</b>
Adjusted for:			
Interest income	<a href="#">17</a>	(231,995)	(119,427)
Interest expense	<a href="#">17</a>	7,070	6,479
Net (increase) in impairment on financial assets	<a href="#">20</a>	(89)	(621)
Net foreign exchange (gains) / losses	<a href="#">19</a>	(138)	480
Income from grants		-	(2)
Provisions, net increase		11	24
Net (gains) on disposal of property and equipment		(40)	-
Dividend income recognised in profit or loss		(940)	(721)
Depreciation and amortisation charge		1,312	1,411
<b>Net cash flows from operating activities before changes in operating assets and liabilities</b>		<b>(7,673)</b>	<b>(4,617)</b>
<b>Changes in operating assets and liabilities</b>			
Decrease / (increase) in term deposits with foreign banks		421,823	(939,581)
(Increase) / decrease of debt instruments at fair value through other comprehensive income		(1,622,061)	306,678
(Increase) in debt instruments at amortised cost		(3,145)	(3,261)
(Increase) in other assets		(1,948)	(500)
Increase of banknotes and coins in circulation	<a href="#">13</a>	258,535	135,276
(Decrease) of deposits from banks		(224,316)	(868,030)
Increase / (decrease) of deposits from the Government and other public institutions		73,820	(173,425)
(Decrease) of other liabilities		(996)	(869)
Payments from provisions		(112)	(46)
Interest received		212,189	107,527
Interest paid		(5,894)	(5,987)
<b>Net cash from operating activities</b>		<b>(899,778)</b>	<b>(1,446,835)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property and equipment		40	-
Purchases of property, equipment and intangible assets		(889)	(539)
Dividends received		-	721
<b>Net cash from investing activities</b>		<b>(849)</b>	<b>182</b>

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

**STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)**

	<b>Note</b>	<b>01/01 - 30/06 2024</b>	<b>For the period 01/01 - 30/06 2023</b>
<b>In thousands of KM</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Transfer of the part of annual net profit to the BH budget		(64,319)	-
<b>Net cash from financing activities</b>		<b>(64,319)</b>	<b>-</b>
Net effects from impairment for expected credit losses on cash and cash equivalents		310	582
Net effects of exchange rates on cash and cash equivalents held		159	(539)
<b>Net (decrease) of cash and cash equivalents</b>		<b>(964,477)</b>	<b>(1,446,610)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>7,012,626</b>	<b>7,846,633</b>
<b>Cash and cash equivalents at the end of the period</b>	<a href="#"><u>26</u></a>	<b>6,048,149</b>	<b>6,400,023</b>

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

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024 (UNAUDITED)****1. GENERAL INFORMATION**

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

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

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

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

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

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

The key management members of the Central Bank are:

**The Governing Board**

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

**The Management**

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

The Audit Committee members of the Central Bank are:

**The Audit Committee**

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

## **2. BASIS OF PREPARATION**

### **2.1. Statement of compliance**

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

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

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

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

### **2.2. Basis of measurement**

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

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

### **2.3. Functional and presentation currency**

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

### **2.4. Changes to IFRSs**

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

### **2.5. Accounting policies**

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

### **2.6. Significant accounting judgements and estimates**

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

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

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

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

**2.7. Conditions in the environment for performing the Central Bank's operations for the period 01/01 - 30/06/2024**

In the current reporting period, moderate recovery in the global economy and the eurozone economy has been recorded despite the presence of macroeconomic and geopolitical uncertainties. The eurozone financial markets' circumstances and conditions were also influenced by the announced expectations and decisions of leading central banks, and the European Central Bank ("ECB") lowered its key interest rates by 25 basis points in June 2024. Market interest rates and yield trends in the eurozone financial markets had the increasing tendency, creating a more favorable environment for investing the Central Bank's foreign currency reserves in the current reporting period.

The above mentioned circumstances and market conditions, as well as the operations undertaken in the process of investing the foreign currency reserves of the Central Bank during the current reporting period, had a positive effect to increasing the value of the Central Bank's key financial indicators:

The Central Bank's net foreign assets amount to KM 1,042,372 thousand as at 30 June 2024,

The Central Bank's total equity amounts to KM 1,134,417 thousand as at 30 June 2024 and

The Central Bank's net profit amounts to KM 217,136 thousand for the period 01/01 - 30/6/2024.

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

In the current reporting period, trends in market yields of debt instruments had a volatile character, affecting the changes in the fair value of debt instruments and the Central Bank additionally directed part of the foreign currency reserves funds to portfolio of debt instruments at fair value through other comprehensive income by purchasing debt instruments. On the other hand, monetary gold market prices had the positive trend, increasing its fair value and, at the same time, amortising the volatility of the Central Bank's equity arising from changes in fair value of debt instruments as the result of market yield fluctuations.

The financial effects of the above mentioned changes have increased the value of the total foreign currency reserves, i.e., the net foreign assets and equity of the Central Bank as at 30 June 2024.

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

<b>Note</b>	<b>Title</b>
<a href="#">7</a>	Deposits with foreign banks
<a href="#">9</a>	Debt instruments at fair value through other comprehensive income
<a href="#">10</a>	Monetary gold
<a href="#">17</a>	Net interest income
<a href="#">25</a>	Equity

**2. BASIS OF PREPARATION (CONTINUED)****2.7. Conditions in the environment for performing the Central Bank's operations for the period 01/01 - 30/06/2024 (continued)**

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

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

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

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

<b>Note</b>	<b>Title</b>
<a href="#">13</a>	Banknotes and coins in circulation
<a href="#">14</a>	Deposits from banks
<a href="#">15</a>	Deposits from the Government and other public institutions
<a href="#">17</a>	Net interest income

## CENTRAL BANK OF BOSNIA AND HERZEGOVINA

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

### 3. CURRENCY BOARD ARRANGEMENT

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

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

In thousands of KM	30 June 2024	31 December 2023
<b>Official foreign currency reserves</b>		
Cash in foreign currencies	464,004	455,191
Deposits with foreign banks	6,950,192	8,326,590
Special Drawing Rights with the IMF	3,184	2,073
Debt instruments	8,933,164	7,330,551
Monetary gold	203,806	175,459
Dividend receivables	940	-
<b>TOTAL</b>	<b>16,555,290</b>	<b>16,289,864</b>
<b>Liabilities to non-residents</b>	<b>2,462</b>	<b>2,454</b>
<b>Net foreign currency reserves</b> (Official foreign currency reserves less liabilities to non-residents)	<b>16,552,828</b>	<b>16,287,410</b>
<b>Monetary liabilities</b>		
Banknotes and coins in circulation	7,823,643	7,565,108
Deposits from banks	6,860,095	7,083,235
Deposits from the Government and other public institutions	826,718	752,898
<b>TOTAL</b>	<b>15,510,456</b>	<b>15,401,241</b>
<b>NET FOREIGN ASSETS</b> (Net foreign currency reserves less monetary liabilities)	<b>1,042,372</b>	<b>886,169</b>

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

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

Net foreign assets are the amounts that guarantee the domestic currency stability, respectively monetary stability and absorb potential financial risks arising from official currency reserves management. As at 30 June 2024, the financial balance of net foreign assets amounts to KM 1,042,372 thousand ensuring the full stability of domestic currency (31 December 2023: KM 886,169 thousand).

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

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

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

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

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

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

**4.1. Financial assets measured at fair value**

**In thousands of KM**

	<b>30 June 2024</b>	<b>31 December 2023</b>
<b>Financial assets</b>		
<i>Financial assets measured at fair value through other comprehensive income</i>		
Debt instruments	7,749,597	6,150,130
Monetary gold	203,806	175,459
<b>TOTAL</b>	<b>7,953,403</b>	<b>6,325,589</b>

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



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**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**

	<b>Carrying amount</b>	<b>30 June 2024 Fair value</b>
<b>Financial assets</b>		
<i>Financial assets measured at amortised cost:</i>		
Cash in foreign currencies	464,004	464,004
Deposits with foreign banks	6,950,192	6,950,192
Special Drawing Rights with the IMF	3,184	3,184
Debt instruments at amortised cost	1,183,567	1,066,034
Dividend receivables	940	940
Other financial assets	3,114	3,114
	<b>8,605,001</b>	<b>8,487,468</b>
<i>Financial assets measured at fair value through other comprehensive income - cost choice:</i>		
Other investments	27,813	27,813
	<b>27,813</b>	<b>27,813</b>
<b>Total</b>	<b>8,632,814</b>	<b>8,515,281</b>
 <b>Financial liabilities</b>		
<i>Financial liabilities measured at amortised cost:</i>		
Banknotes and coins in circulation	7,823,643	7,823,643
Deposits from banks	6,860,095	6,860,095
Deposits from the Government and other public institutions	826,718	826,718
Other financial liabilities	3,132	3,132
<b>Total</b>	<b>15,513,588</b>	<b>15,513,588</b>

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**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**

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

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](#)).

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.1 Credit risk exposure

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

In thousands of KM

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>1. Deposits with foreign banks</b>								
As at 1 January	1,657	-	-	1,657	1,850	-	-	1,850
Increases in expected credit losses	4,888	-	-	4,888	6,866	-	-	6,866
Releases of expected credit losses	(59)	-	-	(59)	(108)	-	-	(108)
Releases due to derecognition of term deposits	(5,144)	-	-	(5,144)	(7,281)	-	-	(7,281)
<b>As at 30 June</b>	<b>1,342</b>	<b>-</b>	<b>-</b>	<b>1,342</b>	<b>1,327</b>	<b>-</b>	<b>-</b>	<b>1,327</b>
<b>2. Special Drawing Rights with the IMF</b>								
As at 1 January	-	-	-	-	-	-	-	-
Increases in expected credit losses	-	-	-	-	-	-	-	-
Releases of expected credit losses	-	-	-	-	-	-	-	-
<b>As at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3. Debt instruments at fair value through other comprehensive income</b>								
As at 1 January	904	-	-	904	910	-	-	910
Increases in expected credit losses	626	-	-	626	132	-	-	132
Releases of expected credit losses	(30)	-	-	(30)	(17)	-	-	(17)
Releases due to debt instruments matured	(368)	-	-	(368)	(209)	-	-	(209)
<i>Net increases in / (releases) of during the period</i>	228	-	-	228	(94)	-	-	(94)
<b>As at 30 June</b>	<b>1,132</b>	<b>-</b>	<b>-</b>	<b>1,132</b>	<b>816</b>	<b>-</b>	<b>-</b>	<b>816</b>

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.1. Credit risk exposure (continued)

In thousands of KM

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>4. Debt instruments at amortised cost</b>								
<b>As at 1 January</b>	<b>219</b>	-	-	<b>219</b>	<b>225</b>	-	-	<b>225</b>
Increases in expected credit losses	7	-	-	7	2	-	-	2
Releases of expected credit losses	(8)	-	-	(8)	(5)	-	-	(5)
<b>As at 30 June</b>	<b>218</b>	-	-	<b>218</b>	<b>222</b>	-	-	<b>222</b>
<b>5. Other financial assets</b>								
<b>As at 1 January</b>	<b>6</b>	-	<b>601</b>	<b>607</b>	<b>6</b>	-	<b>601</b>	<b>607</b>
Increases in expected credit losses	3	-	-	3	3	-	-	3
Releases of expected credit losses	(4)	-	-	(4)	(4)	-	-	(4)
<b>As at 30 June</b>	<b>5</b>	-	<b>601</b>	<b>606</b>	<b>5</b>	-	<b>601</b>	<b>606</b>
<b>Total opening balance at 1 January</b>	<b>2,786</b>	-	<b>601</b>	<b>3,387</b>	<b>2,991</b>	-	<b>601</b>	<b>3,592</b>
Total net (releases) of expected credit losses	(89)	-	-	(89)	(621)	-	-	(621)
<b>Total closing balance at 30 June</b>	<b>2,697</b>	-	<b>601</b>	<b>3,298</b>	<b>2,370</b>	-	<b>601</b>	<b>2,971</b>

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.2 Credit risk concentration

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

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

In thousands of KM Classes of financial instruments	30 June 2024				31 December 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Cash in foreign currencies</b>								
Gross carrying amount	464,004	-	-	464,004	455,191	-	-	455,191
Impairment	-	-	-	-	-	-	-	-
<b>Carrying amount</b>	<b>464,004</b>	-	-	<b>464,004</b>	<b>455,191</b>	-	-	<b>455,191</b>
<b>Deposits with foreign banks</b>								
Gross carrying amount	6,951,534	-	-	6,951,534	8,328,247	-	-	8,328,247
Impairment	(1,342)	-	-	(1,342)	(1,657)	-	-	(1,657)
<b>Carrying amount</b>	<b>6,950,192</b>	-	-	<b>6,950,192</b>	<b>8,326,590</b>	-	-	<b>8,326,590</b>
<b>Special Drawing Rights with the IMF</b>								
Gross carrying amount	3,184	-	-	3,184	2,073	-	-	2,073
Impairment	-	-	-	-	-	-	-	-
<b>Carrying amount</b>	<b>3,184</b>	-	-	<b>3,184</b>	<b>2,073</b>	-	-	<b>2,073</b>
<b>Debt instruments at fair value through other comprehensive income</b>								
Gross carrying amount	7,749,597	-	-	7,749,597	6,150,130	-	-	6,150,130
Provisions for expected credit losses (recognised in other comprehensive income)	1,132	-	-	1,132	904	-	-	904
<b>Gross carrying amount</b>	<b>7,749,597</b>	-	-	<b>7,749,597</b>	<b>6,150,130</b>	-	-	<b>6,150,130</b>

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1. Credit risk (continued)

5.1.2. Credit risk concentration (continued)

In thousands of KM

Classes of financial instruments	30 June 2024				31 December 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Debt instruments at amortised cost</b>								
Gross carrying amount	1,183,785	-	-	1,183,785	1,180,640	-	-	1,180,640
Impairment	(218)	-	-	(218)	(219)	-	-	(219)
<b>Carrying amount</b>	<b>1,183,567</b>	<b>-</b>	<b>-</b>	<b>1,183,567</b>	<b>1,180,421</b>	<b>-</b>	<b>-</b>	<b>1,180,421</b>
<b>Other financial assets</b>								
Gross carrying amount	3,119	-	601	3,720	3,545	-	601	4,146
Impairment	(5)	-	(601)	(606)	(6)	-	(601)	(607)
<b>Carrying amount</b>	<b>3,114</b>	<b>-</b>	<b>-</b>	<b>3,114</b>	<b>3,539</b>	<b>-</b>	<b>-</b>	<b>3,539</b>

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1. Credit risk (continued)**

**5.1.2. Credit risk concentration (continued)**

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

In thousands of KM	30 June 2024	31 December 2023
<b>Carrying amount</b>		
Monetary gold	203,806	175,459
Other investments	27,813	27,813
<b>TOTAL</b>	<b>231,619</b>	<b>203,272</b>

**Concentration per credit rating**

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

**Deposits with foreign banks**

In thousands of KM	30 June 2024	31 December 2023
<b>Credit rating</b>		
AAA	3,873,389	3,914,210
AA+	865	431
AA	-	836,324
AA-	1,339,153	806,995
A+	-	-
A	1,625,286	2,224,953
A-	-	-
II <sup>1</sup>	112,841	545,334
BBB+	-	-
BBB	-	-
BBB-	-	-
<b>Total</b>	<b>6,951,534</b>	<b>8,328,247</b>
Impairment	(1,342)	(1,657)
<b>TOTAL</b>	<b>6,950,192</b>	<b>8,326,590</b>

<sup>1</sup> International institutions



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**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.1. Credit risk (continued)**

**5.1.2. Credit risk concentration (continued)**

**Debt instruments at fair value through other comprehensive income**

**In thousands of KM**

<b>Credit rating</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
AAA	2,158,204	2,015,799
AA+	1,309,242	653,467
AA	-	1,578,434
AA-	2,941,844	723,414
A+	-	-
A	73,916	37,616
A-	751,985	683,479
BBB+	-	-
BBB	514,406	457,921
BBB-	-	-
<b>TOTAL</b>	<b>7,749,597<sup>2</sup></b>	<b>6,150,130</b>

**Debt instruments at amortised cost**

**In thousands of KM**

<b>Credit rating</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
AAA	142,589	141,871
AA+	283,548	283,696
AA	55,164	221,715
AA-	314,824	146,741
A+	-	-
A	41,084	41,528
A-	192,184	191,383
BBB+	-	-
BBB	154,392	153,706
BBB-	-	-
<b>Total</b>	<b>1,183,785</b>	<b>1,180,640</b>
Impairment	(218)	(219)
<b>TOTAL</b>	<b>1,183,567</b>	<b>1,180,421</b>

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

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.2. Market risk**

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

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

As at 30 June 2024, the exposure of the Central Bank's foreign currency reserves, including fluctuations of the prices of financial instruments and changes of foreign exchange rates against the KM, equals to KM 60,968 thousand (31 December 2023: KM 29,493 thousand), which represents 0.37% of the total financial assets (31 December 2023: 0.18% of the total financial assets).

As at 30 June 2024, Value at Risk (VaR) is doubled comparing to its value as at 31 December 2023. The increase in VaR value was primarily influenced by the increase in the Central Bank's foreign currency reserve portfolio interest rate risk exposure, and increase in sensitivity of debt instruments arising from changes in market yields. As at 30 June 2024, the value of debt instruments at fair value through other comprehensive income is by 26% higher than as at 31 December 2023, and its average modified duration, as a measure of sensitivity to changes in market yields, increased to 1.28 years from 0.97 years. Additionally, the volatility of gold market price expressed in EUR has significantly increased.

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

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Interest rate risk	41,039	21,641
Risk of change in EUR price of monetary gold	14,427	7,477
Foreign exchange risk	5,502	375
<b>Total VaR</b>	<b>60,968</b>	<b>29,493</b>

**5.2.1. Interest rate risk**

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

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

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

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

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

The Central Bank uses the modified duration of debt instruments at fair value through other comprehensive income as a key measure of interest rate risk exposure. The modified duration is a measure of the price sensitivity of financial instrument to changes in interest rates, i.e., the market yield of a debt instrument. The modified duration is expressed as the number of years and the longer the duration, the higher the interest rate risk. The modified duration of the portfolio is calculated as a weighted average of the cash flows' maturities of individual financial instruments in the portfolio, where the weight is the present value of the cash flow. The modified duration of the portfolio of debt instruments at fair value through other comprehensive income amounts to 1.28 years as at 30 June 2024 (31 December 2023: 0.97 years).

In the first six months 2024, eurozone bonds yields recorded relatively milder fluctuating trends with a tendency for yields to increase by an average of 50-60 basis points, depending on the issuer and the maturity of the bonds. These trends are the result of adjustments in market expectations in line with potential changes in the monetary policy of the ECB and the Federal Reserve System (Fed) forecasts, as well as announced eurozone and the USA economic indicators.

At the beginning of June 2024, the ECB decreased the three key interest rates for the eurozone by 25 basis points. The ECB explained this rate cuts by stating that it is appropriate to ease the degree of monetary policy restriction after nine months of holding rates steady, based on updated forecasts of inflation dynamics and the strength of monetary policy transmission.

In the first six months 2024, the Fed did not change its reference interest rate, although it had previously announced multiple cuts during 2024. The Fed explained the decision to refrain from cutting the reference interest rate by stating that US monetary policymakers do not expect it to be appropriate to reduce rates until they have greater confidence that inflation is sustainably moving towards 2%. Although, in March 2024, US monetary policymakers indicated that they expected three rate cuts in 2024, the latest revised forecast is that only one rate cut is expected in 2024.

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

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:

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**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.2. Market risk (continued)**

**5.2.1. Interest rate risk (continued)**

<b>30 June 2024</b>						
<b>In thousands of KM</b>	<b>Up to 3</b>	<b>From 3</b>	<b>From 1</b>	<b>Over 3</b>	<b>Non-</b>	<b>Total</b>
	<b>months</b>	<b>to 12</b>	<b>to 3</b>	<b>years</b>	<b>interest</b>	
		<b>months</b>	<b>years</b>		<b>bearing</b>	
Cash in foreign currencies	-	-	-	-	464,004	464,004
Deposits with foreign banks	6,301,272	618,148	-	-	30,772	6,950,192
Special Drawing Rights with the IMF	3,159	-	-	-	25	3,184
Debt instruments at fair value through other comprehensive income	2,505,673	5,223,948	-	-	19,976	7,749,597
Monetary gold	-	-	-	-	203,806	203,806
Debt instruments at amortised cost	-	58,483	288,974	834,096	2,015	1,183,568
Dividend receivables	-	-	-	-	940	940
Other financial assets	-	-	-	-	3,114	3,114
Other investments	-	-	-	-	27,813	27,813
<b>Total financial assets</b>	<b>8,810,104</b>	<b>5,900,579</b>	<b>288,974</b>	<b>834,096</b>	<b>752,465</b>	<b>16,586,218</b>
Banknotes and coins in circulation	-	-	-	-	7,823,643	7,823,643
Deposits from banks	6,859,436	-	-	-	659	6,860,095
Deposits from the Government and other public institutions	-	-	-	-	826,718	826,718
Other financial liabilities	-	-	-	-	3,132	3,132
<b>Total financial liabilities</b>	<b>6,859,436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,654,152</b>	<b>15,513,588</b>
<b>INTEREST RATE GAP</b>	<b>1,950,668</b>	<b>5,900,579</b>	<b>288,974</b>	<b>834,096</b>	<b>(7,901,687)</b>	<b>1,072,630</b>

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.2. Market risk (continued)**

**5.2.1. Interest rate risk (continued)**

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

*Sensitivity analysis based on scenarios of predefined changes in market yields*

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

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

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

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

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.2. Market risk (continued)**

**5.2.1. Interest rate risk (continued)**

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

Change in market yields	+/- 1 bp	+/- 50 bp	+/- 100 bp	+/- 200 bp
<b>Change of the financial assets value (in thousands of KM)</b>	(991)/991	(49,570)/49,570	(99,140)/99,140	(198,281)/198,281

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

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

In the case of the scenario of an upward shift of the yield curve on euro bonds by 1 bp (0.01%), the financial assets of the Central Bank would be decreased by KM 991 thousand as at 30 June 2024 (As at 31 December 2023: KM 595 thousand).

In the case of the scenario of a downward shift of the yield curve on euro bonds by 1 bp (0.01%), the financial assets of the Central Bank would be higher by KM 991 thousand as at 30 June 2024 (As at 31 December 2023: KM 595 thousand).

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

**5.2.2. Foreign exchange risk**

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

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

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

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**5.3. Liquidity risk**

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

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

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

<b>30 June 2024</b>						
<b>In thousands of KM</b>	<b>Up to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 1 to 3 years</b>	<b>Over 3 years</b>	<b>Without specified maturity</b>	<b>Total</b>
Banknotes and coins in circulation	7,823,643	-	-	-	-	7,823,643
Deposits from banks	6,860,095	-	-	-	-	6,860,095
Deposits from the Government and other public institutions	826,718	-	-	-	-	826,718
Other financial liabilities	3,132	-	-	-	-	3,132
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>15,513,588</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,513,588</b>

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

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

**6. CASH IN FOREIGN CURRENCIES**

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

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Cash in foreign currencies:		
EUR	464,004	455,191
<b>TOTAL</b>	<b>464,004</b>	<b>455,191</b>

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.

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

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Demand deposits	2,025,202	1,811,641
Term deposits with maturity up to three months or less from the date of acquisition	3,556,309	4,744,565
Impairment	(1,176)	(1,486)
<b>Included in cash and cash equivalents (<a href="#">Note 26</a>)</b>	<b>5,580,335</b>	<b>6,554,720</b>
Term deposits with maturity over three months from the date of acquisition	1,370,023	1,772,041
Impairment	(166)	(171)
<b>Total</b>	<b>1,369,857</b>	<b>1,771,870</b>
<b>TOTAL</b>	<b>6,950,192</b>	<b>8,326,590</b>



**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

**7. DEPOSITS WITH FOREIGN BANKS (CONTINUED)**

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

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Term deposits:		
EUR	4,922,626	6,512,976
USD	3,706	3,630
	<b>4,926,332</b>	<b>6,516,606</b>
Impairment	(1,193)	(1,520)
<b>Total</b>	<b>4,925,139</b>	<b>6,515,086</b>
Demand deposits:		
EUR	2,014,432	1,802,057
CHF	5,728	4,325
USD	2,969	3,199
GBP	2,073	2,060
	<b>2,025,202</b>	<b>1,811,641</b>
Impairment	(149)	(137)
<b>Total</b>	<b>2,025,053</b>	<b>1,811,504</b>
<b>TOTAL</b>	<b>6,950,192</b>	<b>8,326,590</b>

Deposits with foreign banks include net accrued interest in the amount of KM 30,772 thousand as at 30 June 2024 (31 December 2023: Included net accrued interest in the amount of KM 36,082 thousand).

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

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Up to one month	3,049,819	3,983,673
From one to two months	622,575	960,845
From two to three months	630,707	738,995
From three to four months	363,889	298,167
From four to twelve months	259,342	534,926
<b>Total</b>	<b>4,926,332</b>	<b>6,516,606</b>
Impairment	(1,193)	(1,520)
<b>TOTAL</b>	<b>4,925,139</b>	<b>6,515,086</b>

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

**7. DEPOSITS WITH FOREIGN BANKS (CONTINUED)**

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

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
<b>Foreign central banks</b>		
Term deposits	1,504,456	2,038,953
Overnight deposits	-	-
Demand deposits	2,000,817	1,799,686
	<b>3,505,273</b>	<b>3,838,639</b>
<b>Foreign commercial banks</b>		
Term deposits	1,975,896	2,739,866
Overnight deposits	1,340,721	1,199,902
Demand deposits	16,803	4,506
	<b>3,333,420</b>	<b>3,944,274</b>
<b>International financial institutions</b>		
Term deposits	105,259	537,885
Overnight deposits	-	-
Demand deposits	7,582	7,449
	<b>112,841</b>	<b>545,334</b>
<b>Total</b>	<b>6,951,534</b>	<b>8,328,247</b>
Impairment ( <a href="#">Note 5.1.1.</a> )	(1,342)	(1,657)
<b>TOTAL</b>	<b>6,950,192</b>	<b>8,326,590</b>

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:

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Switzerland	1,820,976	2,264,654
Germany	1,565,225	1,052,667
France	1,339,927	1,960,734
Luxembourg	1,338,473	1,855,256
Great Britain	787,984	1,096,037
Netherlands	98,084	98,468
USA	865	431
<b>Total</b>	<b>6,951,534</b>	<b>8,328,247</b>
Impairment	(1,342)	(1,657)
<b>TOTAL</b>	<b>6,950,192</b>	<b>8,326,590</b>

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

**8. SPECIAL DRAWING RIGHTS WITH THE IMF**

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Account of Special Drawing Rights with the IMF	3,159	2,053
Accrued interest	25	20
<b>Total</b>	<b>3,184</b>	<b>2,073</b>
Impairment	-	-
<b>TOTAL</b>	<b>3,184</b>	<b>2,073</b>

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

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

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Coupon debt instruments	5,773,791	4,476,401
Accrued interest on coupon debt instruments	45,093	29,919
<b>Total</b>	<b>5,818,884</b>	<b>4,506,320</b>
Discount debt instruments	1,955,830	1,672,235
Accrued (discount) on discount debt instruments	(25,117)	(28,425)
<b>Total</b>	<b>1,930,713</b>	<b>1,643,810</b>
<b>TOTAL</b>	<b>7,749,597</b>	<b>6,150,130</b>

As at 30 June 2024, provisions for expected credit losses for debt instruments at fair value through other comprehensive income amount to KM 1,132 thousand (31 December 2023: KM 904 thousand). During the reporting period, net increases in provisions for expected credit losses, recognised in profit or loss for the period, amount to KM 228 thousand (01/01 - 30/06/2023: Net releases amounting to KM 94 thousand). More information about these changes in the reporting periods is disclosed in [Notes 5.1.1.](#) and [20](#).

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

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

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

	30 June 2024		31 December 2023	
	In thousands of KM	%	In thousands of KM	%
<i>France</i>	2,071,949	26.74	1,578,434	25.67
<i>Germany</i>	1,435,511	18.52	1,842,371	29.96
<i>Belgium</i>	869,895	11.24	683,296	11.11
<i>Austria</i>	760,204	9.81	303,826	4.94
<i>Spain</i>	751,985	9.70	683,479	11.11
<i>Netherlands</i>	638,919	8.24	173,428	2.82
<i>Finland</i>	549,038	7.08	349,641	5.69
<i>Italy</i>	514,406	6.64	457,921	7.45
<i>Luxembourg</i>	83,774	1.08	-	-
<i>Slovakia</i>	73,916	0.95	37,616	0.60
<i>Ireland</i>	-	-	40,118	0.65
<b>TOTAL</b>	<b>7,749,597</b>	<b>100.00</b>	<b>6,150,130</b>	<b>100.00</b>

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

In thousands of KM	01/04 - 30/06	01/04 - 30/06	For the period	
	2024	2023	01/01 - 30/06	01/01 - 30/06
			2024	2023
<b>As at</b>	<b>7,428,064</b>	<b>5,395,564</b>	<b>6,150,130</b>	<b>5,887,589</b>
Purchases during the period	1,807,546	998,913	3,790,344	998,913
Interest income recognised during the period ( <a href="#">Note 17</a> )	54,561	7,031	102,325	11,490
Effects of negative interest rates recognised during the period ( <a href="#">Note 17</a> )	-	(1,574)	-	(3,547)
Maturities of debt instruments	(1,513,983)	(779,251)	(2,234,658)	(1,295,830)
Maturities of coupons	(21,133)	(10,548)	(35,955)	(17,705)
Net unrealised change in fair value during the period	(5,460)	15,824	(22,594)	45,049
Transaction costs	2	1	5	1
<b>As at</b>	<b>7,749,597</b>	<b>5,625,960</b>	<b>7,749,597</b>	<b>5,625,960</b>

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

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

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

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

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Up to 3 months	1,210,364	716,892
From 3 to 12 months	2,981,501	2,943,406
From 1 to 3 years	2,729,464	2,414,490
Over 3 years	828,268	75,342
<b>TOTAL</b>	<b>7,749,597</b>	<b>6,150,130</b>

**10. MONETARY GOLD**

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

<b>As at</b>	<b>Quantity of ounces</b>	<b>Price per ounce in KM</b>	<b>Fair value of monetary gold In thousands of KM</b>
30 June 2024	48,000	4,245.96	203,806
31 December 2023	48,000	3,655.40	175,459
30 June 2023	48,000	3,441.19	165,177

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

<b>In thousands of KM</b>	<b>01/04 - 30/06 2024</b>	<b>01/04 - 30/06 2023</b>	<b>01/01 - 30/06 2024</b>	<b>For the period 01/01 - 30/06 2023</b>
<b>As at</b>	<b>194,285</b>	<b>170,445</b>	<b>175,459</b>	<b>160,040</b>
Net unrealised change in fair value during the period	9,521	(5,268)	28,347	5,137
<b>As at</b>	<b>203,806</b>	<b>165,177</b>	<b>203,806</b>	<b>165,177</b>

**11. DEBT INSTRUMENTS AT AMORTISED COST**

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

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

**11. DEBT INSTRUMENTS AT AMORTISED COST (CONTINUED)**

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

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Coupon debt instruments	1,181,770	1,178,064
Accrued interest on coupon debt instruments	2,015	2,576
<b>Total</b>	<b>1,183,785</b>	<b>1,180,640</b>
Impairment	(218)	(219)
<b>TOTAL</b>	<b>1,183,567</b>	<b>1,180,421</b>

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:

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Up to 3 months	-	-
From 3 to 12 months	58,616	58,406
From 1 to 3 years	289,566	154,187
Over 3 years	835,603	968,047
<b>Total</b>	<b>1,183,785</b>	<b>1,180,640</b>
Impairment	(218)	(219)
<b>TOTAL</b>	<b>1,183,567</b>	<b>1,180,421</b>

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**

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Gross carrying amount of other financial assets	3,720	4,146
Impairment	(606)	(607)
<b>Other financial assets</b>	<b>3,114</b>	<b>3,539</b>
<b>Other nonfinancial assets</b>	<b>16,204</b>	<b>13,845</b>
<b>TOTAL</b>	<b>19,318</b>	<b>17,384</b>

As at reporting dates, other nonfinancial assets are mostly related to the prepaid expenses for banknotes and coins production in the amount of KM 13,435 thousand (31 December 2023: KM 11,062 thousand).

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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**13. BANKNOTES AND COINS IN CIRCULATION**

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

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Banknotes in circulation	7,545,761	7,300,012
Coins in circulation	277,882	265,096
<b>TOTAL</b>	<b>7,823,643</b>	<b>7,565,108</b>

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

<b>In thousands of KM</b>	<b>01/04 - 30/06</b>	<b>01/04 - 30/06</b>	<b>01/01 - 30/06</b>	<b>For the period 01/01 - 30/06</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Banknotes and coins in circulation as at</b>	<b>7,628,206</b>	<b>7,397,890</b>	<b>7,565,108</b>	<b>7,436,097</b>
Net increase in value of banknotes and coins in circulation during the period	195,437	173,483	258,535	135,276
<b>Banknotes and coins in circulation as at</b>	<b>7,823,643</b>	<b>7,571,373</b>	<b>7,823,643</b>	<b>7,571,373</b>

**14. DEPOSITS FROM BANKS**

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

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Deposits from resident banks:		
- KM	6,450,611	7,082,560
- EUR	408,825	-
	6,859,436	7,082,560
Reserve accounts of the Central Bank organizational units	626	642
Special deposits of resident banks - blocked funds	33	33
<b>TOTAL</b>	<b>6,860,095</b>	<b>7,083,235</b>

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

Deposits from resident banks include accrued remuneration on the basis of required reserve policy in the amount of KM 1,176 thousand as at 30 June 2024 (31 December 2023: Included the accrued remuneration in the amount of KM 1,181 thousand).

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

**15. DEPOSITS FROM THE GOVERNMENT AND OTHER PUBLIC INSTITUTIONS**

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Budgetary deposits from BH institutions	701,372	633,891
Deposits from other local governments and government institutions	113,583	85,101
Deposits from other public institutions	8,736	16,887
Deposits-BH foreign debt	3,008	-
Deposit account under the IMF transactions	19	17,019
<b>TOTAL</b>	<b>826,718</b>	<b>752,898</b>

**16. OTHER LIABILITIES**

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Other financial liabilities	3,132	68,423
Other nonfinancial liabilities	245	246
<b>TOTAL</b>	<b>3,377</b>	<b>68,669</b>

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

**17. NET INTEREST INCOME**

<b>In thousands of KM</b>	<b>01/04 - 30/06 2024</b>	<b>01/04 - 30/06 2023</b>	<b>01/01 - 30/06 2024</b>	<b>For the period 01/01 - 30/06 2023</b>
<b>Interest income arising from:</b>				
Deposits with foreign banks ( <a href="#">Note 7</a> )	58,730	60,130	123,584	101,970
Debt instruments at fair value through other comprehensive income ( <a href="#">Note 9</a> )	54,561	7,031	102,325	11,490
Debt instruments at amortised cost ( <a href="#">Note 11</a> )	2,985	2,966	5,966	5,896
Special Drawing Rights with the IMF	60	41	120	71
<b>Total</b>	<b>116,336</b>	<b>70,168</b>	<b>231,995</b>	<b>119,427</b>
<b>Interest expense arising from:</b>				
Deposits from resident banks	(3,565)	(1,478)	(7,070)	(2,932)
Effects of negative interest rates from debt instruments at fair value through other comprehensive income ( <a href="#">Note 9</a> )	-	(1,574)	-	(3,547)
<b>Total</b>	<b>(3,565)</b>	<b>(3,052)</b>	<b>(7,070)</b>	<b>(6,479)</b>
<b>Net interest income</b>	<b>112,771</b>	<b>67,116</b>	<b>224,925</b>	<b>112,948</b>



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

**17. NET INTEREST INCOME (CONTINUED)**

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

In thousands of KM	For the period			
	01/04 - 30/06 2024	01/04 - 30/06 2023	01/01 - 30/06 2024	01/01 - 30/06 2023
<b>1. Financial assets at amortised cost</b>				
<i>Interest income arising from:</i>				
Deposits with foreign banks	58,730	60,130	123,584	101,970
Debt instruments at amortised cost	2,985	2,966	5,966	5,896
Special Drawing Rights with the IMF	60	41	120	71
<b>Total</b>	<b>61,775</b>	<b>63,137</b>	<b>129,670</b>	<b>107,937</b>
<b>2. Debt instruments at fair value through other comprehensive income</b>				
Interest income	54,561	7,031	102,325	11,490
Effects of negative interest rates	-	(1,574)	-	(3,547)
<b>Total</b>	<b>54,561</b>	<b>5,457</b>	<b>102,325</b>	<b>7,943</b>
<b>3. Financial liabilities at amortised cost</b>				
Interest expenses arising from deposits from resident banks	(3,565)	(1,478)	(7,070)	(2,932)
<b>Total</b>	<b>(3,565)</b>	<b>(1,478)</b>	<b>(7,070)</b>	<b>(2,932)</b>
<b>Net interest income</b>	<b>112,771</b>	<b>67,116</b>	<b>224,925</b>	<b>112,948</b>

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

In thousands of KM	For the period			
	01/04 - 30/06 2024	01/04 - 30/06 2023	01/01 - 30/06 2024	01/01 - 30/06 2023
<b>Interest income</b>				
Term deposits	48,240	51,728	102,569	87,521
Demand deposits	10,490	8,402	21,015	14,449
<b>Total</b>	<b>58,730</b>	<b>60,130</b>	<b>123,584</b>	<b>101,970</b>

The average effective yield rate on deposits with foreign banks amounts to 3.95% in the period 01/01 - 30/06/2024 (01/01 - 30/06/2023: The average effective yield rate amounted to 2.64%).

The average effective yield rate on debt instruments at fair value through other comprehensive income amounts to 2.80% in the period 01/01 - 30/06/2024 (01/01 - 30/06/2023: The average effective yield rate amounted to 0.29%).

The average effective yield rate on debt instruments at amortised cost amounts to 1.02% in the period 01/01 - 30/06/2024 (01/01 - 30/06/2023: The average effective yield rate amounted to 1.01%).

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

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

**17. NET INTEREST INCOME (CONTINUED)**

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

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

In the period 01/01 - 30/06/2024, the Central Bank calculates and pays a remuneration to resident banks at prescribed rates on KM required reserves amounts, i.e., EUR required reserves amounts. The Central Bank applies the zero-remuneration rate on the amounts exceeding required reserves, regardless of required reserve currency allocation and maintenance.

In the period 01/01 - 30/06/2023, the Central Bank calculated and paid a remuneration to resident banks at prescribed rates on the required reserves amounts generated from domestic currency base and from the foreign currency base and the domestic currency with a currency clause base. The zero-remuneration rate is calculated on the amounts exceeding required reserves.

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

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

Interest expenses arising from deposits from resident banks include expenses arising from the required reserves in the amount of KM 7,070 thousand in the period 01/01 - 30/06/2024 (01/01 - 30/06/2023: Interest expenses on deposits from resident banks amounted to KM 2,932 thousand).

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

**18. NET FEE AND COMMISSION INCOME**

In thousands of KM	01/04 - 30/06	01/04 - 30/06	For the period	
	2024	2023	01/01 - 30/06 2024	01/01 - 30/06 2023
<b>Fee and commission income arising from:</b>				
Services for resident banks	5,374	5,019	10,332	9,865
Services for the Government and other non-banking clients	399	354	749	713
<b>Total</b>	<b>5,773</b>	<b>5,373</b>	<b>11,081</b>	<b>10,578</b>
<b>Fee and commission expenses arising from:</b>				
Custodian and other expenses for debt instruments	(178)	(121)	(331)	(245)
Transactions with foreign banks	(7)	(9)	(15)	(16)
Other fee and commission expenses	(1)	(1)	(2)	(2)
<b>Total</b>	<b>(186)</b>	<b>(131)</b>	<b>(348)</b>	<b>(263)</b>
<b>Net fee and commission income</b>	<b>5,587</b>	<b>5,242</b>	<b>10,733</b>	<b>10,315</b>

**19. NET FOREIGN EXCHANGE GAINS / (LOSSES)**

In thousands of KM	01/04 - 30/06	01/04 - 30/06	For the period	
	2024	2023	01/01 - 30/06 2024	01/01 - 30/06 2023
Net realised foreign exchange (losses) / gains	(7)	(16)	29	45
Net unrealised foreign exchange gains / (losses)	101	-	109	(525)
<b>TOTAL</b>	<b>94</b>	<b>(16)</b>	<b>138</b>	<b>(480)</b>

**20. NET DECREASES / INCREASES IN IMPAIRMENT ON FINANCIAL ASSETS**

In thousands of KM	01/04 - 30/06	01/04 - 30/06	For the period	
	2024	2023	01/01 - 30/06 2024	01/01 - 30/06 2023
Net releases of impairment for deposits with foreign banks	82	287	315	523
Net (increases) in impairment for Special Drawing Rights with the IMF	-	-	-	-
Net (increases) in / releases of provisions for expected credit losses for debt instruments at fair value through other comprehensive income	(85)	(17)	(228)	94
Net (increases) in / releases of impairment for debt instruments at amortised cost	(1)	4	1	3
Net releases of impairment for other financial assets	-	-	1	1
<b>TOTAL</b>	<b>(4)</b>	<b>274</b>	<b>89</b>	<b>621</b>

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

**21. OTHER INCOME**

In thousands of KM	01/04 - 30/06	01/04 - 30/06	01/01 - 30/06	For the period
	2024	2023	2024	01/01 - 30/06 2023
Dividend income	940	721	940	721
Other income	156	(35)	264	(1)
<b>TOTAL</b>	<b>1,096</b>	<b>686</b>	<b>1,204</b>	<b>720</b>

**22. PERSONNEL EXPENSES**

In thousands of KM	01/04 - 30/06	01/04 - 30/06	01/01 - 30/06	For the period
	2024	2023	2024	01/01 - 30/06 2023
Salaries	3,618	2,571	6,728	5,132
Contributions and other fees on salaries	2,014	1,431	3,744	2,855
Other employee benefits	1,038	913	1,456	1,309
Contributions and other fees on other employees' benefits	346	300	414	382
<b>Total</b>	<b>7,016</b>	<b>5,215</b>	<b>12,342</b>	<b>9,678</b>
Net increases in provisions for severance payments and jubilee awards	3	-	11	24
<b>TOTAL</b>	<b>7,019</b>	<b>5,215</b>	<b>12,353</b>	<b>9,702</b>

Personnel expenses include KM 2,360 thousand of defined pension contributions paid to the public pension funds in BH (01/01 - 30/06/2023: KM 1,833 thousand).

The average number of employees in the reporting period amounts to 357 (01/01 - 30/06/2023: 349 employees).

**23. ADMINISTRATIVE AND OTHER OPERATING EXPENSES**

In thousands of KM	01/04 - 30/06	01/04 - 30/06	01/01 - 30/06	For the period
	2024	2023	2024	01/01 - 30/06 2023
Payment systems maintenance expenses	453	432	901	867
IT infrastructure expenses	253	233	497	438
Overhead expenses	242	223	486	449
Access to official services expenses	225	197	407	373
Fixed assets maintenance expenses	108	104	191	156
Other administrative and operating expenses	624	417	1,066	794
<b>TOTAL</b>	<b>1,905</b>	<b>1,606</b>	<b>3,548</b>	<b>3,077</b>

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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**24. COSTS OF PRODUCTION OF BANKNOTES AND COINS**

In thousands of KM	01/04 - 30/06	01/04 - 30/06	01/01 - 30/06	For the period 01/01 - 30/06
	2024	2023	2024	2023
Costs of production and design of banknotes	743	487	1,485	974
Costs of production and design of coins	628	628	1,255	1,200
<b>TOTAL</b>	<b>1,371</b>	<b>1,115</b>	<b>2,740</b>	<b>2,174</b>

**25. EQUITY**

The structure of equity is presented in the following table:

In thousands of KM	30 June 2024	31 December 2023
<b>Initial capital</b>	<b>25,000</b>	<b>25,000</b>
Fair value reserves for debt and equity instruments	(28,837)	(6,471)
Fair value reserves for monetary gold	101,877	73,530
Other reserves	31,300	31,300
General reserves (Retained earnings)	787,941	787,941
<b>Total reserves</b>	<b>892,281</b>	<b>886,300</b>
Net profit for the period	217,136	-
<b>TOTAL</b>	<b>1,134,417</b>	<b>911,300</b>

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

**26. CASH AND CASH EQUIVALENTS**

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

In thousands of KM	30 June 2024	30 June 2023
Foreign currency deposits with maturity up to three months or less from the date of acquisition ( <a href="#">Note 7</a> )	3,556,309	4,388,777
Foreign currency demand deposits ( <a href="#">Note 7</a> )	2,025,202	1,478,224
Cash in foreign currencies ( <a href="#">Note 6</a> )	464,004	531,551
Special Drawing Rights with the IMF ( <a href="#">Note 8</a> )	3,184	1,654
Giro accounts ( <a href="#">Note 12</a> )	626	987
<b>Total</b>	<b>6,049,325</b>	<b>6,401,193</b>
Impairment	(1,176)	(1,170)
<b>TOTAL</b>	<b>6,048,149</b>	<b>6,400,023</b>

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

**27. RELATED PARTIES TRANSACTIONS**

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

**In thousands of KM**

As at 30 June 2024	<b>BH Ministry of Finance and Treasury</b>	<b>BH Indirect Taxation Authority</b>	<b>BH Deposit Insurance Agency</b>	<b>Total</b>
<b>ASSETS</b>				
Other assets	5	3	-	8
<b>TOTAL</b>	<b>5</b>	<b>3</b>	<b>-</b>	<b>8</b>
<b>LIABILITIES</b>				
Deposits from depositors	474,354	266,013	38	740,405
Other liabilities	-	3	-	3
<b>TOTAL</b>	<b>474,354</b>	<b>266,016</b>	<b>38</b>	<b>740,408</b>

**In thousands of KM**

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

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

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

**In thousands of KM**

			<b>For the period</b>	
	<b>01/04 - 30/06 2024</b>	<b>01/04 - 30/06 2023</b>	<b>01/01 - 30/06 2024</b>	<b>01/01 - 30/06 2023</b>
<b>Fee and commission income</b>				
BH Ministry of Finance and Treasury	17	16	34	31
BH Indirect Taxation Authority BH	9	7	17	14
Deposit Insurance Agency	1	4	1	9
<b>TOTAL</b>	<b>27</b>	<b>27</b>	<b>52</b>	<b>54</b>

By performing its functions of the banker, the depository and the fiscal agent prescribed by the Law on the Central Bank, the Central Bank also maintains certain bookkeeping and executes transactions for the State and BH institutions that are recorded off-balance. More information about these off-balance records is disclosed in [Notes 28](#) and [29](#).

**CENTRAL BANK OF BOSNIA AND HERZEGOVINA**

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

**27. RELATED PARTIES TRANSACTIONS (CONTINUED)**

**Remuneration of key management members**

The total remuneration of the key management members, in the period 01/01 - 30/06/2024, amounts to KM 681 thousand, out of which KM 424 thousand is related to salaries and other remuneration and KM 257 thousand is related to taxes and contributions (01/01 - 30/06/2023: Out of the total amount of KM 525 thousand, the amount of KM 329 thousand was related to salaries and other remunerations and KM 196 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 accounts.

Off-balance sheet deposits consist of:

<b>In thousands of KM</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Deposits of the Council of Ministers of BH for the Budget of BH institutions	310,553	304,440
Deposits of the Council of Ministers of BH for servicing of BH foreign debt	7,309	10,294
Other deposits of the Council of Ministers of BH	376	298
Deposits of the Council of Ministers of BH on the basis of succession	51	48
<b>Total</b>	<b>318,289</b>	<b>315,080</b>
Funds of the Deposit Insurance Agency of BH	36,739	589
<b>Total</b>	<b>36,739</b>	<b>589</b>
Budget deposits of the entities' governments-Federation BH	1	-
<b>Total</b>	<b>1</b>	<b>-</b>
Deposit accounts of resident banks	27,479	21,035
Deposits - Retirement allowance from Germany	154	237
<b>Total</b>	<b>27,633</b>	<b>21,272</b>
<b>TOTAL</b>	<b>382,662</b>	<b>336,941</b>

BH Ministry of Finance and Treasury is the institution that acts on behalf of the Council of Ministers of BH and State in deposit management and coordination. As at 30 June 2024 the total of these funds amount to KM 318,289 thousand (31 December 2023: KM 315,080 thousand).

## CENTRAL BANK OF BOSNIA AND HERZEGOVINA

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

### 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.

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**

	<b>30 June 2024</b>	<b>31 December 2023</b>
Quota	637,694	631,516
Special Drawing Rights with the IMF	3,184	2,073
<b>TOTAL ASSETS</b>	<b>640,878</b>	<b>633,589</b>
IMF account No.1	1,594	1,579
IMF account No.2	631	624
Securities	1,119,258	1,291,461
SDR allocation	998,064	988,395
Accrued interest on SDR allocation	6,775	6,867
Accounts of payable charges	4,092	5,710
<b>TOTAL LIABILITIES</b>	<b>2,130,414</b>	<b>2,294,637</b>
<b>BH NET POSITION WITH THE IMF</b>	<b>1,489,536</b>	<b>1,661,048</b>

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 30 June 2024 and the date of approval of these condensed interim financial statements that would require adjustment or are material but do not require adjustment.