



BANKA QENDRORE E REPUBLIKËS SË KOSOVËS
CENTRALNA BANKA REPUBLIKE KOSOVA
CENTRAL BANK OF THE REPUBLIC OF KOSOVO

THE CBK FINANCIAL STATEMENT
/for the first quarter 2011/
-unaudited interim report-

Directorate for Financial Planning and Reporting

CBK's Financial Statements of first quarter 2011

As defined by Law 03/L-209 “On Central Bank of the Republic of Kosovo” (CBK), as a reporting framework for the preparation of financial statement are International Financial Reporting Standards, Respectively Article 58 of the law mentioned above. Financial Statements for the first quarter include *statement of financial position, statement of comprehensive income, statement of changes in capital and reserves (equity)*. CBK financial year coincides with calendar year and reporting date for financial statement of the first quarter is 31 March2011.

Abbreviations used in this Report:

CBK – Central Bank of the Republic of Kosovo

IMF – International Monetary Found

SDR – Special Drawing Rights

Statement of financial position

as per

	Note	31 March 2011	31 December 2010
Assets			
Cash on hand	5	72,496,958	60,194,928
Current accounts with non resident banks	6	16,751,791	25,620,824
Treasury Bill	7	229,562,276	199,274,643
Placements in money market	8	823,386,864	807,331,478
Deposit accounts with IMF	9	150,049,297	154,553,901
Properties and equipments	10	1,733,494	1,736,473
Intangible assets	11	895,498	898,167
Other assets	12	385,055	428,165
Total assets		1,295,261,233	1,250,038,581
Liabilities			
Due to domestic commercial banks	13	186,855,338	203,572,088
Due to IMF related accounts	14	151,149,685	153,868,486
Due to Governmental Institutions	15	893,033,324	798,721,062
Due to public and commercial entities	16	14,516,141	43,228,193
Other domestic liabilities	17	3,122,990	2,669,252
Total liabilities		1,248,677,479	1,202,059,081
Capital and reserves			
Authorized capital	18	30,000,000	30,000,000
Reserve fund	19	17,979,500	14,922,970
Net result of the period		(1,395,746)	3,056,530
Total capital and reserve		46,583,754	47,979,500
Total liability capital and reserve		1,295,261,233	1,250,038,581

Notes from page 5 up to 14 are integral parts of these financial statements

Financial Statements set out on pages below were approved by management of CBK on 30 June 2011 and signed on its behalf by:

Gani Gërguri
Governor

Faton Ahmetaj
Director of financial Planning and
Reporting Directorate

Statement of comprehensive income

	Note	31 March 2011	31 March 2010
Net interest income			
Interest income		1,906,970	797,030
Interest expense		(1,266,213)	(420,269)
Net interest income	20	<u>640,756.74</u>	<u>376,761</u>
Fee and commission income			
Fee and commission income		575,395	579,620
Fee and commission expenses		(121,374)	(54,367)
Net fee and commission income	21	<u>454,021</u>	<u>525,253</u>
Other operating Income			
Grant revenues	22	12,757	8,955
Other operating Income	23	55,858	58,525
Total Operating Income		<u>1,163,393</u>	<u>969,494</u>
Administrative (operative) expenses			
Personnel expenses	24	(492,785)	(519,441)
Depreciation and amortization	10,11	(155,590)	(138,554)
General and administrative expenses	25	(198,696)	(204,176)
Total administrative (operative) expenses		<u>(847,071)</u>	<u>(862,171)</u>
Net result without exchange rate effect		<u>316,322</u>	<u>107,323</u>
Net gain/loss on exchange rate	26	(1,712,068)	1,739,886
Net result of the period		<u><u>(1,395,746)</u></u>	<u><u>1,847,209</u></u>

Notes from page 5 up to 14 are integral parts of these financial statements

Statement of changes in equity (capital and reserve)

	Statutory fund	Reserve fund	Retained earnings	Total
Balance at 01 January 2010	30,000,000	11,202,820	3,720,150	44,922,970
<i>Profit for the period</i>	-	-	3,056,530	3,056,530
<i>Transfer to reserve fund</i>	-	3,720,150	-3,720,150	-
<i>Transfer to statutory fund</i>				
Balance at 31 December 2010	30,000,000	14,922,970	3,056,530	47,979,500
Saldo me 01 Janar 2011	30,000,000	14,259,350	3,056,530	47,979,500
<i>Rezultati financiar i periudhës</i>	-	-	-1,395,746	-1,395,746
<i>Transferi në fondin rezervë</i>	-	3,056,530	-3,056,530	-
<i>Transfer to statutory fund</i>	-	-	0	-
Balance at 31 March 2011	30,000,000	17,979,500	-1,395,746	46,583,754

Notes from page 5 up to 14 are integral parts of these financial statements

Financial statements of the Central Bank of the Republic of Kosovo

1. Reporting Institution

Central Bank of the Republic of Kosovo – CBK, which operates under the Law no. 03/L-209 “On Central Bank of the Republic of Kosovo” approved in July 2010.

2. Basis for preparation of Financial Statements

Reporting Framework

Financial statements are in accordance with International Financial Reporting Standards (IFRS) for interim reporting.

Basis of measurements

Financial Statements have been prepared on the bases of historical cost.

Functional and presentation currency

These financial statements are presented in euro, EUR, which is CBK’s functional currency. In case when financial information is presented in other currency it will be indicated. All financial information presented are rounded to zero (decimal values not shown).

3. Accounting Policies

Financial statements are prepared by using consistency of accounting policies, and emphasize that there were no new policy or change in accounting policies applied.

4. Financial Risk Management

Financial risk in CBK is presented as; liquidity risk, operational risk, credit risk and market risk. Financial risk in CBK is mostly related to asset management activity and is mainly managed from Asset Management Directorate in accordance with the policy of asset investment and management approved by the Board. Assets exposed as the result of their financial management activity are mainly within European Union Countries with very good credit rating (from AAA – A-2 and P-1).

Carried amounts according to maturity left

	Note	Carried amount	< 3 months	3-6 months	6-12 months	1-5 years
31 March 2011						
Assets						
Cash on hand	5	72,496,958	72,496,958	-	-	-
Current accounts with non-resident banks	6	16,751,791	16,751,791	-	-	-
Treasury bills	7	229,562,276	159,851,700	69,710,576	-	-
Deposit accounts with non-resident banks	8	823,386,864	471,947,422	87,074,917	264,364,526	-
Assets related to IMF	9	150,049,297	127,955,810	-	-	22,093,487
		1,292,247,186	871,097,167	156,800,524	264,364,526	22,093,487
Liabilities						
Due to domestic banks	13	-186,855,338	-186,855,338	-	-	-
Due to accounts related to IMF	14	-151,149,685	-129,056,198	-	-	22,093,487
Due to local governmental institutions	15	-893,033,324	-465,987,683	-227,162,964	-199,882,677	-
Due to public and commercial entities	16	-14,516,141	-14,516,141	-	-	-
Other domestic liabilities	17	-3,122,990	-3,122,990	-	-	-
		-1,248,677,479	-799,538,350	-227,162,964	-199,882,677	22,093,487
		43,569,707	71,558,817	-70,362,440	64,481,849	22,093,487
31 December 2010						
Assets						
Cash on hand	5	60,194,928	60,194,928	-	-	-
Current accounts with non-resident banks	6	25,620,824	25,620,824	-	-	-
Treasury bills	7	199,274,643	69,901,952	94,665,182	34,707,509	-
Deposit accounts with non-resident banks	8	807,331,478	567,765,432	103,143,262	136,422,784	-
Deposits with IMF	9	154,553,901	132,460,414	-	-	22,093,487
		1,246,975,774	855,943,550	197,808,444	171,130,293	22,093,487
Liabilities						
Due to domestic banks	13	-203,572,088	-203,572,088	-	-	-
Due to accounts related to IMF	14	-153,868,487	-131,775,000	-	-	22,093,487
Due to local governmental institutions	15	-798,721,063	-527,101,139	-100,222,238	-171,397,685	-
Due to public and commercial entities	16	-43,981,438	-43,981,438	-	-	-
Other domestic liabilities	17	-2,669,252	-2,669,252	-	-	-
		-1,202,812,328	-909,098,917	-100,222,238	-171,397,685	22,093,487
		44,163,446	-53,155,367	97,586,206	-267,392	-

5. Cash on hand

	31 March 2011	31 December 2010
Cash on hand	72,496,958	60,194,928
Total	72,496,958	60,194,928

6. Current accounts with non-residential banks

Composition of current accounts with non-residential banks is as follows:

	31 Mars 2011	31 Dhjetor 2010
Deutsche Bundesbank	16,320,971	25,067,799
Raiffeisen Zentralbank	79,658	233,652
Commerzbank	84,452	315,250
Banque De France	4,127	4,123
Banque centrale du Luxembourg	7,780	-
Deutsche Bank London AG	254,803	-
Gjithsej	16,751,791	25,620,824

7. Securities (Treasury Bill)

Securities issued by governments of European Union (France, Belgium and Italy) with contractual maturity up to 12 month. Interest rate (yield) ranges from 0.358% – 0.976% (in 2009: 0.2287% - 0.390%).

Tabela Letrave me Vlerë		
Maturiteti	31 Mars 2011	31 Dhjetor 2010
0-3 Muaj	159,851,700	69,901,952
3-6 Muaj	69,710,576	94,665,182
6-12 Muaj	-	34,707,509
Mbi 12 Muaj	-	-
Gjithsej	229,562,276	199,274,643

8. Deposits with non-residential banks

Deposits with non-residential banks usually bear an average interest rate of 1.246% minimum 0.20% and max 1.67%, while in 2010: min. 0.10%, max. 0.81% , and an average of 0.53%), mostly with a maturity up to one year. Analytically, according to the banks as below:

Placements in money markets	31 March 2011	31 December 2010
Raiffeisen Zentralbank	137,786,126	94,634,625
ING Bank	137,274,746	150,220,403
KBC	50,033,112	20,003,772
Rabobank	136,510,680	136,422,784
Danske Bank	97,556,805	97,393,240
Commerzbank	54,097,716	53,858,209
Banque De France	84,510,006	144,400,340
Banque Centrale du Luxembourg	125,617,673	110,398,104
	823,386,864	807,331,478

9. Assets related to IMF

	31 March 2011	31 December 2010
IMF Quota	66,147,725	68,420,235
SDR holdings	61,807,018	63,992,596
Accrued Interest	1,067	47,583
Use of IMF funds (SBA)	22,093,487	22,093,487
Total	150,049,297	154,553,901

Above items arise from Kosovo membership in IMF. First item represents the value of the mandatory quota (59,000,000 SDR) set to Kosovo by IMF in Euros. Second item represents the value deposited in SDR (Special Drawing rights) on behalf of the Republic of Kosovo according to the decisions of the Executive Board of IMF on 28 August (43,737,278 SDR) and 9 September 2009 (11,631,135 SDR) in euros in the table above . Special Drawing Rights – SDR deposits are deposits that bring an interest of 0.36% – 0.54% for the reporting period.

Last item represents IMF funds according the agreement for use of credit line by Kosovo Government (SBA).

10, 11 Tangible and Intangible Assets

Category of main assets	Historical cost	Depreciation/ Amortization/ accumulated up to 31 March 2011	Total Depreciation/ Amortization accumulated	Net Value on 31 March 2011	Category of main assets
Property, plant and equipment	4,116,652	2,261,912	121,247	2,383,158	1,733,494
Equipments, offices and other	1,595,401	1,220,225	57,623	1,277,848	317,553
Vehicles	287,151	121,310	14,120	135,429	151,721
Premises	1,362,462	255,856	15,991	271,847	1,090,615
Computer hardware	871,639	664,520	33,513	698,034	173,606
Intangible assets	2,031,585	1,110,193	34,343	1,136,087	895,498
Intangible assets	2,031,585	1,110,193	34,343	1,136,087	895,498
Gjithsej	6,148,237	3,372,105	155,590	3,519,245	2,628,992

12. Other assets

Other assets are as below:

	31 March 2011	31 December 2010
Acruial income	125,269	323,658
Prepayment	260,409	104,508
Total	385,677	428,165

13. Due to domestic banks

	31 March 2011	31 December 2010
ProCredit Bank - Kosovë	53,846,225	64,953,439
Raiffeisen Bank - Kosovë	72,557,814	51,494,826
NLB Prishtina	20,917,746	26,051,568
Komercijalna Banka - Mitrovica branch	3,100,461	2,974,175
Banka Ekonomike	8,061,164	9,554,529
Banka për Biznes	8,252,245	18,065,121
Banka Kombëtare Tregtare e Shqipërisë	5,020,118	9,367,056
TEB - Turk Ekonomi Bankasi sh.a.	15,311,176	21,104,206
Banka Kreditore e Prishtinës	332,961	7,170
Total	186,855,338	203,572,088

In this group are disclosed commercial banks balances with the CBK, in accordance with the liquidity reserve regulation.

16. Due to accounts related to IMF

	31 March 2011	31 December 2010
Current account FMN No. 1	167,398	167,398
Expenses account FMN No. 2	5,674	5,674
Account in trust of IMF	72,809,267	72,809,267
Part paid of IMF quota	16,077,413	16,629,754
IMF SDR allocated by IMF	62,076,179	64,208,810
Accrued Interest	13,755	47,583
Total	151,149,685	153,868,486

The above items represent positions of accounts related to IMF following Kosovo's membership in this institution. Three first items represent opened accounts according to IMF regulation: two operational accounts and one account in trust for securities issued by Kosovo Government as payable notes. Part of the fee (quota) paid is held in SDR (14,160,000 SDR). IMF SDR are allocations mentioned before (note 9) according to allocations on 28 August and 09 September 2009 (both allocations make a total of 55,368,413 SDR).

15. Due to Governmental Domestic Institutions

Due to governmental institutions comprise of:

Current account

	31 March 2011	31 December 2010
Treasury – Ministry of Economy and Finance	75,319,830	49,572,088
Privatization Agency of Kosovo	154,006,327	65,088,763
Interim Administrative Institutions	1,808,704	1,677,860
Total	231,134,861	116,338,710

Term Deposits

Treasury – Ministry of Economy and Finance	274,937,823	224,702,520
Privatization Agency of Kosovo	386,960,641	457,679,832
Total Term Deposits	661,898,464	682,382,351
Total	893,033,324	798,721,062

Deposits in current accounts have an interest rate 0.10% while for time deposits the interest rate ranges from 0.20% up to 0.81%.

16. Due to Public and Commercial Entities

Dues to commercial and public entities are as below and are all assets in current accounts:

	31 March 2011	31 December 2010
Insurance Companies	5,041,283	5,026,996
Public utility corporations	9,404,923	38,131,340
Pension Funds	68,086	67,899
Other	1,849	1,958
Total	14,516,141	43,228,193

17. Other liabilities

	31 March 2011	31 December 2010
Escrow account	2,419,185	2,418,769
Deferred income	131,042	121,591
Payable accounts	548,599	17,652
Accrued expenses	24,164	111,240
Tota	3,122,990	2,669,252

18, 19 Regulatory capital and reserves

	31 March 2011	31 December 2010
Capital and general reserve		
Authorised capital	30,000,000	30,000,000
Reserve fund	17,979,500	14,922,970
Net result for the period	(1,847,209)	3,056,530
Total	46,583,754	47,979,500

20. Net interest income

	31 March 2011	31 March 2010
Interest Income		
From placements	1,619,405	393,869
From treasury bill	242,571	372,843
From deposit current accounts	44,994	30,318
	1,906,970	797,030
Interest expense		
Due to current accounts	58,673	170,157
Due to commercial banks	41,436	38,608
Fix term deposits	1,166,104	211,504
	1,266,213	420,269
Net interest income	640,757	376,761

21. Net fee and commission income

	31 March 2011	31 March 2010
Net fee and commission income		
From cash deposits	77,267	89,661
From incoming transfer	18,123	5,865
From outgoing transfers	35,707	46,860
From domestic transfers (Domestic payment system))	41,366	34,548
From credit registry system	24,220	19,004
From asset management	375,000	375,000
Other fees	3,712	8,682
	575,395	579,620
Fee and commission expense		
From cash transportation	46,709	52,055
From correspondent bank transactions	74,665	2,312
	121,374	54,367
Net fee and commission position	454,021	525,253

22. Grant revenue

	31 March 2011	31 March 2010
Grant revenue	12,757	8,955

23. Other operational incomes

	31 March 2011	31 March 2010
Income from CBK regulatory activity	54,873	58,525
Other income	985	-
Total	55,858	58,528

24. Personnel expenses

	31 March 2011	31 March 2010
Wages and salary costs	361,310	358,885
Social security and health insurance costs	84,404	93,894
Staff training costs	9,139	28,489
Board costs	32,905	29,824
Other	5,026	8,348
Total	492,785	519,440

Total number of employees on June 30, 2011 is 170. (June 30 2010: 167).

25. General and administrative expenses

	31 March 2011	31 March 2010
Insurance expenses	59,551	64,656
Repairs and maintenance	61,97	11,489
Application maintenance	54,849	25,692
Communication expenses (telephone, fax, and internet)	13,916	16,165
Public utility expenses	18,408	19,088
Audit and consulting expenses	-	-
Security (guard and transportation)	5,720	7,080
Travel and transportation	9,048	12,808
Vehicle operating expenses	4,480	7,810
Consumable administrative material	4,762	6,035
Cafeteria expenses	3,988	4,023
Consumable expenses (IT and non-IT equipment supply)	3,668	14,695
Publishing and literature	8,633	5,715
Representation expenses	602	7,863
Other	4,872	5,453
Total	198,696	202,522

26. Net result of changes in exchange rates

	31 March 2011	31 March 2010
Net unrealised profit/loss from exchange rate	(1,712,068)	1,739,886

27. Cash and cash equivalents

	Shënim	30 Qershor 2011	31 Dhjetor 2010
Cash in hand	5	72,496,958	60,194,928
Cash accounts with non-resident banks	6	16,751,791	25,620,824
Treasury bill with maturity up to three months	7	159,851,700	69,862,650
Placements with non-resident banks with maturity up to three months	8	471,947,422	567,626,966
Total		721,047,871	723,305,368

28. Commitment and contingencies**Membership in the World Bank**

Following the membership of the Republic of Kosovo in World bank and its agencies, Kosovo Government has issued payable notes (upon request⁰) committed to pay in accordance with World bank request (and its sub-agencies) the admission fee that is around 4,007,488 euro. The Cbk has the financial intermediary role (guarantee bank) and assets shall be held in a safe custody account.