



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 2012/  
**-unaudited interim report-**

Department of Financial Planning and Reporting

## CBK’s Financial Statements of first quarter 2012

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 March 2012.

**Abbreviations used in this Report:**

CBK – Central Bank of the Republic of Kosovo

IMF – International Monetary Found

SDR – Special Drawing Rights

IT – Information Technology

## Statement of financial position

as per

	Note	31 March 2012	31 December 2011
<b>Assets</b>			
Cash on hand	5	44,612,043	13,455,713
Current accounts with non-resident banks	6	39,207,199	31,512,845
Treasury Bill	7	149,974,528	24,988,353
Placements in money market	8	867,360,720	1,009,046,079
Deposit accounts with IMF	9	153,011,748	155,686,524
Properties and equipment's	10	1,494,653	1,575,364
Intangible assets	11	1,441,181	1,507,256
Other assets	12	928,727	445,313
<b>Total assets</b>		<b>1,258,030,798</b>	<b>1,238,217,447</b>
<b>Liabilities</b>			
Due to domestic commercial banks	13	211,445,473	209,699,652
Due to IMF related accounts	14	154,884,159	156,508,539
Due to Governmental Institutions	15	803,048,725	782,177,775
Due to public and commercial entities	16	36,462,025	37,058,128
Other domestic liabilities	17	3,329,121	3,338,955
<b>Total liabilities</b>		<b>1,209,169,503</b>	<b>1,188,783,049</b>
<b>Capital and reserves</b>			
Authorized capital	18	30,000,000	30,000,000
Reserve fund	19	19,434,398	17,979,500
Net result of the period		(573,103)	1,454,899
<b>Total capital and reserve</b>		<b>48,861,295</b>	<b>49,434,398</b>
<b>Total liability capital and reserve</b>		<b>1,258,030,798</b>	<b>1,238,217,447</b>

Notes from page 5 up to 15 are integral parts of these financial statements

Financial Statements set out on pages below were approved by management of CBK on 14 May 2012 and signed on its behalf by:

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Gani Gërguri  
Governor

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Faton Ahmetaj  
Director of financial Planning and  
Reporting Directorate

## Statement of comprehensive income

	Note	31 March 2012	31 March 2011
<b>Net interest income</b>			
Interest income		1,517,551	1,906,970
Interest expense		(1,142,332)	(1,266,213)
<b>Net interest income</b>	20	<u>375,219</u>	<u>640,757</u>
<b>Fee and commission income</b>			
Fee and commission income		609,637	575,395
Fee and commission expenses		(46,691)	(121,374)
<b>Net fee and commission income</b>	21	<u>562,946</u>	<u>454,021</u>
<b>Other operating Income</b>			
Grant revenues	22	30,864	12,757
Other operating Income	23	385,500	55,858
<b>Total Operating Income</b>		<u><b>1,354,530</b></u>	<u><b>1,163,393</b></u>
<b>Administrative (operative) expenses</b>			
Personnel expenses	24	(591,302)	(492,785)
Depreciation and amortization	10,11	(146,814)	(155,590)
General and administrative expenses	25	(203,469)	(198,696)
<b>Total administrative (operative) expenses</b>		<u><b>(941,585)</b></u>	<u><b>(847,071)</b></u>
<b>Net result without exchange rate effect</b>		<u><b>412,945</b></u>	<u><b>316,322</b></u>
Net gain/loss on exchange rate	26	(986,048)	(1,712,068)
<b>Net result of the period</b>		<u><u><b>(573,103)</b></u></u>	<u><u><b>(1,395,746)</b></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
<b><i>Balance at 01 January 2011</i></b>	<b>30,000,000</b>	<b>14,922,970</b>	<b>3,056,530</b>	<b>47,979,500</b>
<i>Profit for the period</i>	-	-	1,454,899	1,454,899
<i>Transfer to reserve fund</i>	-	3,056,530	(3,056,530)	-
<i>Transfer to statutory fund</i>	-	-	-	-
<b><i>Balance at 31 December 2011</i></b>	<b>30,000,000</b>	<b>17,979,500</b>	<b>1,454,899</b>	<b>49,434,398</b>
<b><i>Balance at 01 January 2012</i></b>	<b>30,000,000</b>	<b>17,979,500</b>	<b>1,454,899</b>	<b>49,434,398</b>
<i>Profit for the period</i>	-	-	(573,103)	(573,103)
<i>Transfer to reserve fund</i>	-	-	-	-
<i>Transfer to statutory fund</i>	-	-	-	-
<b><i>Balance at 31 March 2012</i></b>	<b>30,000,000</b>	<b>17,979,500</b>	<b>881,796</b>	<b>48,861,295</b>

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 Department 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/Aaa – A-2 and P-1).

**Liquidity risk management (continued)****Carried amounts according to maturity left**

	Note	Carried amount	< 3 months	3-6 months	6-12 months	1-5 years
<b>31 March 2012</b>						
<b>Assets</b>						
Cash on hand	5	44,612,043	44,612,043	-	-	-
Current accounts with non-resident banks	6	39,207,199	39,207,199	-	-	-
Treasury bills	7	149,974,528	99,987,973	49,986,554	-	-
Deposit accounts with non-resident banks	8	867,360,720	748,202,443	45,005,075	74,153,202	-
Assets related to IMF	9	153,011,748	132,547,975	-	-	20,463,773
		<b>1,254,166,237</b>	<b>1,064,557,632</b>	<b>94,991,629</b>	<b>74,153,202</b>	<b>20,463,773</b>
<b>Liabilities</b>						
Due to domestic banks	13	(211,445,473)	(211,445,473)	-	-	-
Due to accounts related to IMF	14	(154,884,159)	(134,420,386)	-	-	(20,463,773)
Due to local governmental institutions	15	(803,048,725)	(677,828,742)	(125,219,983)	-	-
Due to public and commercial entities	16	(36,462,025)	(36,462,025)	-	-	-
Other domestic liabilities	17	(3,329,121)	(3,329,121)	-	-	-
		<b>(1,209,169,503)</b>	<b>(1,063,485,747)</b>	<b>(125,219,983)</b>	<b>-</b>	<b>(20,463,773)</b>
		<b>44,996,734</b>	<b>1,071,886</b>	<b>(30,228,354)</b>	<b>74,153,202</b>	<b>-</b>
<b>31 December 2011</b>						
<b>Assets</b>						
Cash on hand	5	13,455,713	13,455,713	-	-	-
Current accounts with non-resident banks	6	31,512,845	31,512,845	-	-	-
Treasury bills	7	24,988,353	24,988,353	-	-	-
Deposit accounts with non-resident banks	8	1,009,046,079	727,473,968	177,255,072	104,317,038	-
Deposits with IMF	9	155,686,524	135,222,750	-	-	20,463,773
		<b>1,234,689,513</b>	<b>932,653,629</b>	<b>177,255,072</b>	<b>104,317,038</b>	<b>20,463,773</b>
<b>Liabilities</b>						
Due to domestic banks	13	(209,699,652)	(209,699,652)	-	-	-
Due to accounts related to IMF	14	(155,686,524)	(135,222,750)	-	-	(20,463,773)
Due to local governmental institutions	15	(782,177,775)	(709,429,224)	(32,651,609)	(40,096,942)	-
Due to public and commercial entities	16	(37,058,128)	(37,058,128)	-	-	-
Other domestic liabilities	17	(3,338,955)	(3,338,955)	-	-	-
		<b>(1,187,961,033)</b>	<b>(1,094,748,709)</b>	<b>(32,651,609)</b>	<b>(40,096,942)</b>	<b>(20,463,773)</b>
		<b>46,728,480</b>	<b>(162,095,080)</b>	<b>144,603,463</b>	<b>64,220,097</b>	<b>-</b>

**5. Cash on hand**

	<b>31 March 2012</b>	<b>31 December 2011</b>
Cash on hand	44,612,043	13,455,713
<b>Total</b>	<b>44,612,043</b>	<b>13,455,713</b>

**6. Current accounts with non-resident banks**

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

	<b>31 March 2012</b>	<b>31 December 2011</b>
Deutsche Bundesbank	39,008,933	30,960,554
Raiffeisen Zentralbank	127,293	61,147
Deutsche Bank London AG	70,973	9,666
Commerzbank	-	481,477
<b>Total</b>	<b>39,207,199</b>	<b>31,512,844</b>

**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 0.13% – 0.29% ( in 2011: 0.35% - 1.20%).

	<b>31 March 2012</b>	<b>31 December 2011</b>
France	49,995,433	-
Belgium	99,979,094	24,988,353
<b>Total</b>	<b>149,974,528</b>	<b>24,988,353</b>



## 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:

<b>Placements in money markets</b>	<b>31 March 2012</b>	<b>31 December 2011</b>
Raiffeisen Zentralbank	109,406,198	129,634,466.11
ING Bank	111,530,463	121,050,772
Deutsche Bundesbank	-	80,009,067
KBC	-	87,519,520
Rabobank	132,919,417	132,695,967
Danske Bank	60,030,042	98,535,303
Commerzbank	-	-
Banque De France	110,247,035	166,108,825
Banque Centrale du Luxembourg	206,934,429	157,307,359
Svenska Handelsbanken	136,293,135	36,184,800
	<b>867,360,720</b>	<b>1,009,046,079</b>

## 9. Assets related to IMF

	<b>31 March 2012</b>	<b>31 December 2011</b>
IMF Quota	68,685,396	70,005,909
SDR holdings	63,861,835	65,149,070
Accrued Interest	743	67,772
Use of IMF funds (SBA)	20,463,773	20,463,773
<b>Total</b>	<b>153,011,748</b>	<b>155,686,524</b>

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 0.15% – 0.16% 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 December 2011	Total Depreciation/ Amortization for period	Total Depreciation/ Amortization accumulated till 31 March 2012	Net Value as of 31 March 2012
<b>Property, plant and equipment</b>	<b>3,879,133</b>	<b>2,303,768</b>	<b>80,738</b>	<b>2,384,480</b>	<b>1,494,653</b>
Equipment's, offices and other	1,318,059	1,174,363	20,369	1,194,732	123,327
Vehicles	287,151	175,497	12,745	188,242	98,909
Premises	1,443,609	319,820	16,676	336,496	1,107,113
Computer hardware	830,315	634,088	30,948	665,010	165,305
<b>Intangible assets</b>	<b>2,581,397</b>	<b>1,074,114</b>	<b>66,103</b>	<b>1,140,216</b>	<b>1,441,181</b>
<b>Intangible assets</b>	1,960,573	1,074,114	36,333	1,110,446	850,127
<b>Intangible assets – work in process</b>	620,824	-	29,770	29,770	591,054
<b>Total</b>	<b>6,460,530</b>	<b>3,377,882</b>	<b>146,841</b>	<b>3,524,696</b>	<b>2,935,834</b>

**12. Other assets**

Other assets are as below:

	<b>31 March 2012</b>	<b>31 December 2011</b>
Accrual income	711,726	370,789
Prepayment	217,002	74,524
<b>Total</b>	<b>928,727</b>	<b>445,313</b>

**13. Due to domestic banks**

	<b>31 March 2012</b>	<b>31 December 2011</b>
ProCredit Bank - Kosovë	66,492,288	64,802,525
Raiffeisen Bank - Kosovë	40,938,734	38,088,958
NLB Prishtina	25,644,720	20,168,239
Komercijalna Banka - Mitrovica branch	3,674,298	3,590,253
Banka Ekonomike	22,531,851	26,574,852
Banka për Biznes	18,098,292	29,342,477
Banka Kombëtare Tregtare e Shqipërisë	12,804,284	9,573,532
TEB - Turk Ekonomi Bankasi sh.a.	21,228,649	17,545,069
Banka Kreditore e Prishtinës	32,357	13,747
<b>Total</b>	<b>211,445,473</b>	<b>209,699,652</b>

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**

	<b>31 March 2012</b>	<b>31 December 2011</b>
Current account FMN No. 1	173,638	175,015
Expenses account FMN No. 2	5,454	5,454
Account in trust of IMF	73,487,315	73,487,315
Part paid of IMF quota	16,759,357	17,075,937
IMF SDR allocated by IMF	64,457,651	65,696,883
Accrued Interest	745	67,935
<b>Total</b>	<b>154,884,159</b>	<b>156,508,539</b>

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:

<b>Current account</b>	<b>31 March 2012</b>	<b>31 December 2011</b>
Treasury – Ministry of Economy and Finance	78,106,766	89,326,101
Privatization Agency of Kosovo	318,815,031	265,310,121
Interim Administrative Institutions	1,113,346	728,556
<b>Total</b>	<b>398,035,142</b>	<b>355,364,778</b>
<b>Term Deposits</b>		
Treasury – Ministry of Economy and Finance	125,015,644	105,042,076
Privatization Agency of Kosovo	279,997,938	321,770,921
<b>Total Term Deposits</b>	<b>405,013,583</b>	<b>426,812,997</b>
<b>Total</b>	<b>803,048,725</b>	<b>782,177,775</b>

Deposits in current accounts have an interest rate 0.10% while for time deposits the interest rate ranges from 0.10% up to 1.53%.

**16. Due to Public and Commercial Entities**

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

	<b>31 March 2012</b>	<b>31 December 2011</b>
Insurance Companies	4,203,489	6,937,644
Public utility corporations	32,188,186	30,050,129
Pension Funds	68,450	68,445
Other	1,899	1,911
<b>Total</b>	<b>36,462,025</b>	<b>37,058,128</b>

**17. Other liabilities**

	<b>31 March 2012</b>	<b>31 December 2011</b>
Escrow account	2,427,715	2,427,107
Deferred income	626,234	657,037
Payable accounts	241,671	114,483
Accrued expenses	33,502	140,328
<b>Total</b>	<b>3,329,121</b>	<b>3,338,955</b>

**18, 19 Regulatory capital and reserves**

	<b>31 March 2012</b>	<b>31 December 2011</b>
<b>Capital and general reserve</b>		
Authorised capital	30,000,000	30,000,000
Reserve fund	19,434,398	17,979,500
Net result for the period	(573,103)	1,454,899
<b>Total</b>	<b>48,861,295</b>	<b>49,434,398</b>

**20. Net interest income**

	<b>31 March 2012</b>	<b>31 March 2011</b>
<b>Interest Income</b>		
From placements	1,434,793	1,619,405
From treasury bill	53,539	242,571
From deposit current accounts	29,219	44,994
	<b>1,517,551</b>	<b>1,906,970</b>
<b>Interest expense</b>		
Due to current accounts	104,647	58,673
Due to commercial banks	41,746	41,436
Fix term deposits	995,939	1,166,104
	<b>1,142,332</b>	<b>1,266,213</b>
<b>Net interest income</b>	<b>375,219</b>	<b>640,757</b>

**21. Net fee and commission income**

	<b>31 March 2012</b>	<b>31 March 2011</b>
<b>Net fee and commission income</b>		
From cash deposits	109,352	44,994
From incoming transfer	10,850	18,123
From outgoing transfers	38,001	35,707
From domestic transfers (Domestic payment system))	45,671	41,366
From credit registry system	25,615	24,220
From asset management	375,000	375,000
Other fees	5,148	3,712
	<b>609,637</b>	<b>543,122</b>
<b>Fee and commission expense</b>		
From cash transportation	45,567	46,709
From correspondent bank transactions	1,123	1,351
	<b>46,691</b>	<b>48,060</b>
<b>Net fee and commission position</b>	<b>562,946</b>	<b>495,062</b>

**22. Grant revenue**

	<b>31 March 2012</b>	<b>31 March 2011</b>
Grant revenue	30,864	12,757

**23. Other operational incomes**

	<b>31 March 2012</b>	<b>31 March 2010</b>
Income from CBK regulatory activity	385,500	54,873
Other income	-	985
<b>Total</b>	<b>385,500</b>	<b>55,858</b>

**24. Personnel expenses**

	<b>31 March 2012</b>	<b>31 March 2011</b>
Wages and salary expenses	452,238	361,310
Social security and health insurance	97,220	84,404
Staff training costs	8,959	9,139
Board expenses	28,838	32,905
Other	4,047	4,047
<b>Total</b>	<b>591,302</b>	<b>491,806</b>

Total number of employees on March 31, 2012 is 176. (March 31, 2011: 169).

**25. General and administrative expenses**

	<b>31 March 2012</b>	<b>31 March 2011</b>
Insurance expenses	49,995	59,550
Repairs and maintenance	14,451	6,197
Application maintenance	40,355	54,850
Communication expenses (telephone, fax, and internet)	15,876	13,916
Public utility expenses	19,916	18,409
Audit and consulting expenses	-	-
Security (guard and transportation)	11,180	5,720
Travel and transportation	11,138	9,048
Vehicle operating expenses	2,635	4,480
Consumable administrative material	9,193	4,761
Cafeteria expenses	3,437	3,988
Consumable expenses (IT and non-IT equipment supply)	8,525	3,668
Publishing and literature	7,548	8,633
Representation expenses	3,645	602
Membership to professional institutions	2,829	979
Other	2,747	4,873
<b>Total</b>	<b>203,469</b>	<b>199,676</b>

**26. Net result of changes in exchange rates**

	<b>31 March 2012</b>	<b>31 March 2011</b>
Net unrealized profit/loss from exchange rate	<b>(986,048)</b>	<b>(1,712,068)</b>

**27. Cash and cash equivalents**

	<b>Note</b>	<b>31 March 2012</b>	<b>31 March 2011</b>
Cash in hand	5	44,612,043	13,455,713
Cash accounts with non-resident banks	6	39,207,199	31,512,844
Treasury bill with maturity up to three months		99,987,973	24,988,353
Placements with non-resident banks with maturity up to three months		748,202,443	727,473,968
<b>Total</b>		<b>932,009,658</b>	<b>805,125,233</b>

**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 request<sup>0</sup>) 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.