



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

THE CBK FINANCIAL STATEMENT
/for the third quarter 2012/
-unaudited interim report-

Department of Financial Planning and Reporting

CBK’s Financial Statements of third 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 30 September 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

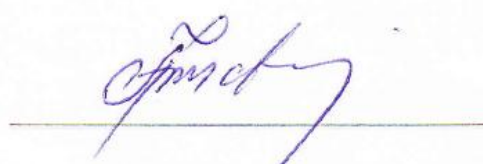
	Note	30 September 2012	31 December 2011
Assets			
Cash on hand	5	40,390,232	13,455,713
Current accounts with non-resident banks	6	93,101,033	31,512,845
Treasury Bill	7	399,906,253	24,988,353
Placements in money market	8	714,205,859	1,009,046,079
Deposit accounts with IMF	9	210,998,318	155,686,524
Properties and equipment's	10	1,411,121	1,575,364
Intangible assets	11	1,378,799	1,507,256
Other assets	12	811,146	445,313
Total assets		1,462,202,760	1,238,217,447
Liabilities			
Due to domestic commercial banks	13	240,799,249	209,699,652
Due to IMF related accounts	14	211,373,257	156,508,539
Due to Governmental Institutions	15	905,367,742	782,177,775
Due to public and commercial entities	16	50,797,837	37,058,128
Other domestic liabilities	17	3,016,631	3,338,955
Total liabilities		1,411,354,716	1,188,783,049
Capital and reserves			
Authorized capital	18	30,000,000	30,000,000
Reserve fund	19	18,026,694	17,979,500
Net result of the period		2,821,350	1,454,899
Total capital and reserve		50,848,044	49,434,398
Total liability capital and reserve		1,462,202,760	1,238,217,447

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 22 October 2012 and signed on its behalf by:



Gani Gërguri
Governor



Faton Ahmetaj
Director of financial Planning and
Reporting Directorate

Statement of comprehensive income

	Note	30 September 2012	30 September 2011
Net interest income			
Interest income		2,566,066	7,385,478
Interest expense		(1,737,925)	(5,450,662)
Net interest income	20	828,141	1,934,816
Fee and commission income			
Fee and commission income		1,360,171	1,925,675
Fee and commission expenses		(304,492)	(418,770)
Net fee and commission income	21	1,055,679	1,506,905
Other operating Income			
Grant revenues	22	31,602	21,794
Other operating Income	23	1,255,059	1,202,798
Total Operating Income		3,170,481	4,666,313
Administrative (operative) expenses			
Personnel expenses	24	(1,748,201)	(1,512,820)
Depreciation and amortization	10,11	(363,253)	(468,706)
General and administrative expenses	25	(653,416)	(721,457)
Total administrative (operative) expenses		(2,764,870)	(2,702,983)
Net result without exchange rate effect		405,611	1,963,330
Net gain/loss on exchange rate	26	2,415,739	1,591,409
Net result of the period		2,821,350	3,554,739

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

Statement of changes in equity (capital and reserve)

	Statutory fund	Reserve fund	Retained earnings	Total
<i>Balance at 01 January 2011</i>	30,000,000	14,922,970	3,056,530	47,979,500
<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>	-	-	-	-
<i>Balance at 31 December 2011</i>	30,000,000	17,979,500	1,454,899	49,434,398
<i>Balance at 01 January 2012</i>	30,000,000	17,979,500	1,454,899	49,434,398
<i>Profit for the period</i>	-	-	2,821,350	2,821,350
<i>Transfer to reserve fund</i>	-	47,195	(1,454,899)	(1,407,704)
<i>Transfer to statutory fund</i>	-	-	-	-
<i>Balance at 30 September 2012</i>	30,000,000	18,026,694	2,821,350	50,848,044

Notes from page 5 up to 15 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 A-1 till A-2/ P-1 till P-2).

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

	Note	Carried amount	< 3 months	3-6 months	6-12 months	1-7 years
30 September 2012						
Assets						
Cash on hand	5	40,390,232	40,390,232	-	-	-
Current accounts with non-resident banks	6	93,101,033	93,101,033	-	-	-
Treasury bills	7	399,906,253	249,918,984	149,987,269	-	-
Deposit accounts with non-resident banks	8	714,205,859	626,199,328	88,006,528	-	-
Assets related to IMF	9	210,998,318	135,837,410	-	-	75,160,908
		1,458,601,694	1,145,446,986	237,993,797	-	75,160,908
Liabilities						
Due to domestic banks	13	-240,799,249	-240,799,249	-	-	-
Due to accounts related to IMF	14	-211,373,257	-136,212,349	-	-	-75,160,908
Due to local governmental institutions	15	-905,367,742	-867,365,937	-38,001,806	-	-
Due to public and commercial entities	16	-50,041,719	-50,041,719	-	-	-
Other domestic liabilities	17	-3,772,749	-3,772,749	-	-	-
		-1,411,354,716	-1,298,192,003	-38,001,806	-	-75,160,908
		47,246,978	-152,745,016	199,991,992	-	-
31 December 2011						
Assets						
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
		1,234,689,513	932,653,629	177,255,072	104,317,038	20,463,773
Liabilities						
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	-	-	-
		-1,187,961,033	-1,094,748,709	-32,651,609	-40,096,942	-20,463,773
		46,728,480	-162,095,080	144,603,463	64,220,097	-

5. Cash on hand

	30 September 2012	31 December 2011
Cash on hand	40,390,232	13,455,713
Total	40,390,232	13,455,713

6. Current accounts with non-resident banks

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

	30 September 2012	31 December 2011
Deutsche Bundesbank	39,921,637	30,960,554
Raiffeisen Zentralbank	3,992	61,147
Deutsche Bank AG (Frankfurt)	12,124,727	9,666
Commerzbank AG	-	481,477
Banque De France	1,050,095	-
Banque centrale du Luxembourg	40,000,583	-
Total	93,101,033	31,512,844

7. Securities (Treasury Bill)

Securities issued by governments of European Union (Belgium) with contractual maturity up to 12 month. Interest rate (yield) ranges from 0.005% – 2.149% (in 2011: 0.35% - 1.20%).

	30 September 2012	31 December 2011
Belgium	249,980,447	24,988,353
Italy	149,925,807	-
Total	399,906,253	24,988,353

8. Deposits with non-residential banks

Deposits with non-residential banks usually bear an average interest rate of 0.347 % minimum 0.01% and max 1.68%, while in 2011: min. 0.05%, max. 1.68% , and an average of 0.53%), mostly with a maturity up to one year. Analytically, according to the banks as below:

Money market placements	30 September 2012	31 December 2011
Raiffeisen Zentralbank	165,366,411	129,634,466
ING Bank	70,578,679	121,050,772
Deutsche Bundesbank	80,000,822	80,009,067
KBC	-	87,519,520
Rabobank	70,200,156	132,695,967
Danske Bank	-	98,535,303
Banque De France	-	166,108,825
Banque Centrale du Luxembourg	240,053,263	157,307,359
Svenska Handelsbanken	88,006,528	36,184,800
	714,205,859	1,009,046,079

9. Assets related to IMF

	30 September 2012	31 December 2011
IMF Quota	70,566,988	70,005,909
SDR holdings	65,123,480	65,149,070
Accrued Interest	146,942	67,772
Use of IMF funds (SBA)	75,160,908	20,463,773
Total	210,998,318	155,686,524

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 0.08% – 0.12% 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 30 September 2012	Net Value as of 30 September 2012
Property, plant and equipment	3,902,033	2,260,062	230,849	2,490,911	1,411,121
Equipment's, offices and other	1,357,564	1,174,356	56,468	1,230,824	126,740
Vehicles	243,451	131,771	34,994	166,765	76,685
Premises	1,443,609	319,821	52,766	372,587	1,071,022
Computer hardware	857,409	634,114	86,621	720,735	136,674
Intangible assets	2,585,323	1,074,120	132,404	1,206,524	1,378,799
Intangible assets	2,559,896	1,074,120	132,404	1,206,524	1,353,372
Intangible assets – work in process	25,427	-	-	-	25,427
Total	6,487,356	3,334,182	363,253	3,697,435	2,789,920

12. Other assets

Other assets are as below:

	30 September 2012	31 December 2011
Accrued income	722,000	370,789
Prepayment	89,146	74,524
Total	811,146	445,313

13. Due to domestic banks

	30 September 2012	31 December 2011
ProCredit Bank - Kosovë	79,089,759	64,802,525
Raiffeisen Bank - Kosovë	42,248,357	38,088,958
NLB Prishtina	27,592,558	20,168,239
Komercijalna Banka - Mitrovica branch	3,714,717	3,590,253
Banka Ekonomike	29,631,077	26,574,852
Banka për Biznes	14,233,003	29,342,477
Banka Kombëtare Tregtare e Shqipërisë	13,842,137	9,573,532
TEB - Turk Ekonomi Bankasi sh.a.	30,441,585	17,545,069
Banka Kreditore e Prishtinës	6,054	13,747
Total	240,799,249	209,699,652

In this group are disclosed commercial banks balances with the CBK. Commercial banks which are operating in Kosovo in CBK they keep balances in accordance with the liquidity reserve regulation.

16. Due to accounts related to IMF

	30 September 2012	31 December 2011
Current account FMN No. 1	173,078	175,015
Expenses account FMN No. 2	5,868	5,454
Account in trust of IMF	79,442,906	69,209,767
Part paid of IMF quota	17,520,117	17,075,937
IMF SDR allocated by IMF	67,353,496	65,696,883
Accrued Interest	67,818	67,935
Total	211,373,258	152,230,991

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	30 September 2012	31 December 2011
Treasury – Ministry of Economy and Finance	144,726,827	89,326,101
Privatization Agency of Kosovo	566,794,999	265,310,121
Interim Administrative Institutions	906,115	728,556
Total	712,427,940	355,364,778
Short Term Deposits		
Treasury – Ministry of Economy and Finance	192,939,803	105,042,076
Privatization Agency of Kosovo	-	321,770,921
Total Term Deposits	192,939,803	426,812,997
Total	905,367,742	782,177,775

Deposits in current accounts have an interest rate 0.00% annually (from 13 July 2012, before this date the rate was 0.05%) while for short term deposits the interest rate ranges from 0.010% up to 2.131%.

16. Due to Public and Commercial Entities

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

	30 September 2012	31 December 2011
Insurance Companies	4,069,521	6,937,644
Public utility corporations	45,901,886	30,050,129
Pension Funds	68,437	68,445
Other	1,875	1,911
Total	50,041,719	37,058,128

17. Other liabilities

	30 September 2012	31 December 2011
Escrow account	2,428,080	2,427,107
Deferred income	639,368	657,037
Payable accounts	683,255	114,483
Accrued expenses	22,045	140,328
Total	3,772,749	3,338,955

18, 19 Regulatory capital and reserves

	30 September 2012	31 December 2011
Capital and general reserve		
Authorised capital	30,000,000	30,000,000
Reserve fund	18,026,694	17,979,500
Net result for the period	2,821,350	1,454,899
Total	50,848,044	49,434,398

20. Net interest income

	30 September 2012	30 September 2011
Interest Income		
From placements	2,283,781	6,468,106
From treasury bill	175,130	573,957
From deposit current accounts	107,154	343,415
	2,566,066	7,385,478
Interest expense		
Due to current accounts	238,830	569,473
Due to commercial banks	73,552	383,187
Fix term deposits	1,425,543	4,498,003
	1,737,925	5,450,662
Net interest income	828,141	1,934,816

21. Net fee and commission income

	30 September 2012	30 September 2011
Net fee and commission income		
From cash deposits	337,939	272,443
From incoming transfer	27,704	56,602
From outgoing transfers	151,542	158,754
From domestic transfers (Domestic payment system))	211,310	191,286
From credit registry system	96,961	106,212
From asset management	375,000	1,125,000
Other fees	159,715	15,378
	1,360,171	1,925,675
Fee and commission expense		
From cash transportation	159,498	202,934
From correspondent bank transactions	144,994	215,836
	304,492	418,770
Net fee and commission position	1,055,679	1,506,905

22. Grant revenue

	30 September 2012	30 September 2011
Grant revenue	31,602	21,794

23. Other operational incomes

	30 September 2012	30 September 2011
Income from CBK regulatory activity	1,240,767	1,201,813
Other income	14,292	985
Total	1,255,059	1,202,798

24. Personnel expenses

	30 September 2012	30 September 2011
Wages and salary expenses	1,325,637	1,108,489
Social security and health insurance	286,777	251,911
Staff training costs	28,500	50,004
Board expenses	95,146	90,276
Other	12,141	12,141
Total	1,748,201	1,512,820

Total number of employees on June 30, 2012 is 177. (June 30, 2011: 170).

25. General and administrative expenses

	30 September 2012	30 September 2011
Insurance expenses	99,990	119,101
Repairs and maintenance	25,935	22,186
Application maintenance	85,342	110,946
Communication expenses (telephone, fax, and internet)	29,038	31,449
Public utility expenses	38,388	35,530
Audit and consulting expenses	-	-
Security (guard and transportation)	24,500	28,100
Travel and transportation	41,524	46,025
Vehicle operating expenses	8,666	10,226
Consumable administrative material	13,983	15,799
Cafeteria expenses	8,423	8,173
Consumable expenses (IT and non-IT equipment supply)	18,650	18,655
Publishing and literature	14,533	19,879
Representation expenses	9,177	7,053
Membership to professional institutions	14,281	7,304
Other	6,224	8,215
Total	438,655	488,641

26. Net result of changes in exchange rates

	30 September 2012	30 September 2011
Net unrealized profit/loss from exchange rate	2,415,739	1,591,409

27. Cash and cash equivalents

	Note	30 September 2012	30 December 2011
Cash in hand	5	40,390,232	13,455,713
Cash accounts with non-resident banks	6	93,101,033	31,512,845
Treasury bill with maturity up to three months		149,925,807	24,988,353
Placements with non-resident banks with maturity up to three months		626,199,328	727,473,968
Total		909,616,399	797,430,879

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) 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.