



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

THE CBK FINANCIAL STATEMENT
/for the second quarter 2013/
-unaudited interim report-

Department of Financial Planning and Reporting

CBK's Financial Statements of second quarter 2013

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 second 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 second quarter is 30 June 2013.

Abbreviations used in this Report:

CBK – Central Bank of the Republic of Kosovo

IMF – International Monetary Found

SDR – Special Drawing Rights

IT – Information Technology

ICS –Interbank Clearing and Settlement

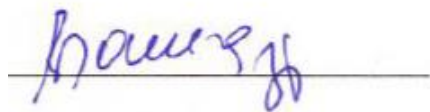
Statement of financial position

as per

	Note	30 June 2013	31 December 2012
Assets			
Cash on hand	5	39,294,369	16,760,683
Current accounts with non-resident banks	6	62,247,802	99,548,597
Treasury Bill	7	495,843,760	285,983,557
Placements in money market	8	639,346,884	821,590,389
Deposit accounts with IMF	9	241,922,423	245,400,991
Properties and equipment's	10	1,428,704	1,449,471
Intangible assets	11	1,322,054	1,425,386
Other assets	12	246,934	461,984
Total assets		1,481,652,929	1,472,621,059
Liabilities			
Due to domestic commercial banks	13	254,564,514	302,146,984
Due to IMF related accounts	14	244,149,255	246,890,456
Due to Governmental Institutions	15	891,859,212	821,509,211
Due to public and commercial entities	16	38,534,659	49,779,049
Other domestic liabilities	17	3,176,457	2,532,546
Total liabilities		1,432,284,098	1,422,858,246
Capital and reserves			
Authorized capital	18	30,000,000	30,000,000
Reserve fund	19	19,762,813	19,434,398
Net result of the period		(393,982)	328,415
Total capital and reserve		49,368,831	49,762,813
Total liability capital and reserve		1,481,652,929	1,472,621,059

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 July 25, 2013 and signed on its behalf by:



Bedri Hamza
Governor



Faton Ahmetaj
Director of financial Planning and
Reporting Directorate

Statement of comprehensive income

	Note	30 June 2013	30 June 2012
Net interest income			
Interest income		377,016	2,274,169
Interest expense		(100,566)	(1,623,728)
Net interest income	20	<u>276,450</u>	<u>650,441</u>
Fee and commission income			
Fee and commission income		639,497	914,467
Fee and commission expenses		(107,825)	(147,432)
Net fee and commission income	21	<u>531,672</u>	<u>767,036</u>
Other operating Income			
Grant revenues	22	33,310	13,871
Other operating Income	23	903,308	765,464
Total Operating Income		<u>1,744,740</u>	<u>2,196,811</u>
Administrative (operative) expenses			
Personnel expenses	24	(1,284,003)	(1,171,476)
Depreciation and amortization	10,11	(241,423)	(241,640)
General and administrative expenses	25	(428,218)	(438,655)
Total administrative (operative) expenses		<u>(1,953,644)</u>	<u>(1,851,770)</u>
Net result without exchange rate effect		<u>(208,905)</u>	<u>345,041</u>
Net gain/loss on exchange rate	26	(185,077)	1,884,905
Net result of the period		<u><u>(393,982)</u></u>	<u><u>2,229,946</u></u>

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 2012</i>	30,000,000	17,979,500	1,454,899	49,434,398
<i>Profit for the period</i>	-	-	328,415	328,415
<i>Transfer to reserve fund</i>	-	1,454,899	(1,454,899)	-
<i>Transfer to statutory fund</i>	-	-	-	-
<i>Balance at 31 December 2012</i>	30,000,000	19,434,398	328,415	49,762,813
<i>Balance at 01 January 2013</i>	30,000,000	19,434,398	328,415	49,762,813
<i>Profit for the period</i>	-	-	(393,982)	(393,982)
<i>Transfer to reserve fund</i>	-	328,415	(328,415)	-
<i>Transfer to statutory fund</i>	-	-	-	-
<i>Balance at 30 June 2013</i>	30,000,000	19,762,813	(393,982)	49,368,831

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-2u / 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	1-5 years
30 June 2013						
Assets						
Cash on hand	5	39,294,369	39,294,369	-	-	-
Current accounts with non-resident banks	6	62,247,802	62,247,802	-	-	-
Treasury bills	7	495,843,760	345,933,392	149,910,368	-	-
Deposit accounts with non-resident banks	8	639,346,884	615,346,657	24,000,227	-	-
Assets related to IMF	9	241,922,423	129,975,801	-	-	111,946,622
		1,478,655,237	1,192,798,020	173,910,595	-	111,946,622
Liabilities						
Due to domestic banks	13	-254,564,514	-254,564,514	-	-	-
Due to accounts related to IMF	14	-244,149,255	-132,202,633	-	-	-111,946,622
Due to local governmental institutions	15	-891,859,212	-756,915,697	-134,943,515	-	-
Due to public and commercial entities	16	-38,534,659	-38,534,659	-	-	-
Other domestic liabilities	17	-3,176,457	-3,176,457	-	-	-
		-1,432,284,098	-1,185,393,961	-134,943,515	-	-111,946,622
		46,371,139	7,404,059	38,967,080	-	-
31 December 2012						
Assets						
Cash on hand	5	16,760,683	16,760,683	-	-	-
Current accounts with non-resident banks	6	99,548,597	99,548,597	-	-	-
Treasury bills	7	285,983,557	189,991,032	95,992,525	-	-
Deposit accounts with non-resident banks	8	821,590,389	540,921,693	280,668,696	-	-
Deposits with IMF	9	245,400,991	132,343,066	-	-	113,057,924
		1,469,284,218	979,565,073	376,661,221	-	113,057,924
Liabilities						
Due to domestic banks	13	-302,146,984	-302,146,984	-	-	-
Due to accounts related to IMF	14	-245,400,991	-132,343,066	-	-	-113,057,924
Due to local governmental institutions	15	-821,509,211	-748,760,661	-32,651,609	-40,096,942	0
Due to public and commercial entities	16	-49,779,049	-49,779,049	0	-	-
Other domestic liabilities	17	-2,532,546	-2,532,546	0	-	-
		-1,421,368,781	-1,235,562,306	-32,651,609	-40,096,942	-113,057,924
		47,915,437	-255,997,233	344,009,612	-40,096,942	0

5. Cash on hand

	30 June 2013	31 December 2012
Cash on hand	39,294,369	16,760,683
Total	39,294,369	16,760,683

6. Current accounts with non-resident banks

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

	30 June 2013	31 December 2012
Deutsche Bundesbank	23,509,698	40,239,672
Raiffeisen Zentralbank	5,298,136	650,000
Banque De France	91	1,050,095
Banque centrale du Luxembourg	1,072	40,344,742
Deutsche Bank London AG	33,438,805	17,264,088
Total	62,247,802	99,548,597

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 0.0051% – 0.6113% (in 2012: 0.005% - 2.131%).

	30 June 2013	31 December 2012
Belgium	179,979,928	245,989,008
France	59,988,820	-
Germany	24,999,569	-
Italy	230,875,442	39,994,549
Total	495,843,760	285,983,557

8. Deposits with non-residential banks

Deposits with non-residential banks usually bear an average interest rate of 0.046% minimum 0.005% and max 0.220%, while in 2012: min. 0.05%, max. 1.68% , and an average of 0.29%), mostly with a maturity up to one year. Analytically, according to the banks as below:

Placements in money markets	30 June 2013	31 December 2012
Raiffeisen Zentralbank	65,020,814	162,005,254
Svenska Handelsbanken	165,976,181	110,026,813
ING Bank	-	85,611,767
Deutsche Bundesbank	-	50,000,104
Rabobank	145,029,361	161,204,348
Deutsche Bank	-	85,029,006
Banque Centrale du Luxembourg	263,320,528	167,713,098
	639,346,884	821,590,389

9. Assets related to IMF

	30 June 2013	31 December 2012
IMF Quota	67,839,095	68,784,210
SDR holdings	61,928,690	63,347,860
Accrued Interest	208,017	210,996
Use of IMF funds (SBA)	111,946,622	113,057,924
Total	241,922,423	245,400,991

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 0.07% on average 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 2012	Total Depreciation/ Amortization for period	Total Depreciation/ Amortization accumulated till 30 June 2013	Net Value as of 30 June 2013
Property, plant and equipment	4,127,038	2,560,239	138,095	2,698,334	1,428,704
Equipment's, offices and other	1,341,125	1,199,036	32,102	1,231,138	109,987
Vehicles	243,451	177,942	22,250	200,192	43,259
Premises	1,589,379	391,344	39,075	430,419	1,158,960
Computer hardware	919,466	791,916	44,669	836,585	82,881
	33,617	-	-	-	33,617
Intangible assets	2,681,557	1,256,175	103,328	1,359,503	1,322,054
Intangible assets	2,656,130	1,256,175	103,328	1,359,503	1,296,627
Intangible assets – work in process	25,427	-	-	-	25,427
Total	6,808,595	3,816,414	241,423	4,057,837	2,750,758

12. Other assets

Other assets are as below:

	30 June 2013	31 December 2012
Accrual income	485,900	389,692
Prepayment	113,734	72,292
ICS - Transaction in process	(352,700)	-
Total	246,934	461,984

13. Due to domestic banks

	30 June 2013	31 December 2012
ProCredit Bank - Kosovë	66,514,503	94,808,337
Raiffeisen Bank - Kosovë	39,218,996	36,409,493
NLB Prishtina	32,365,824	51,456,140
Komercijalna Banka - Mitrovica branch	4,115,697	3,827,011
Banka Ekonomike	23,664,552	24,657,190
Banka për Biznes	10,928,983	20,728,123
Banka Kombëtare Tregtare e Shqipërisë	19,214,583	36,557,021
TEB - Turk Ekonomi Bankasi sh.a.	51,263,649	26,667,820
Turkiye Is Bankasi a.s.	7,266,390	6,999,300
Banka Kreditore e Prishtinës	11,337	36,550
Total	254,564,514	302,146,984

In this group are disclosed balances of commercial banks operating within Kosovo and have on the CBK the required reserve according with the liquidity reserve regulation, (on 30 June 2013 are around 79% and 31 December 2013 about 68% of above value is as per required reserve the other part is above the required reserve).

16. Due to accounts related to IMF

	30 June 2013	31 December 2012
Current account FMN No. 1	169,974	171,961
Expenses account FMN No. 2	5,772	5,829
Account in trust of IMF	163,532,732	165,156,134
Part paid of IMF quota	16,570,493	16,795,030
IMF SDR allocated by IMF	63,663,441	64,550,382
Accrued Interest	206,843	211,120
Total	244,149,255	246,890,456

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 June 2013	31 December 2012
Treasury – Ministry of Economy and Finance	97,197,973	73,696,775
Privatization Agency of Kosovo	565,646,244	549,403,359
Interim Administrative Institutions	87,633	405,685
Total	662,931,850	623,505,820
Term Deposits		
Treasury – Ministry of Economy and Finance	228,927,362	198,003,392
Privatization Agency of Kosovo	-	-
Total Term Deposits	228,927,362	198,003,392
Total	891,859,212	821,509,211

Deposits in current accounts have an interest rate 0.00% (from July 13, 2012, till this date it was 0.05%) while for time deposits the interest rate ranges from 0.005% up to 0.220%.

16. Due to Public and Commercial Entities

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

	30 June 2013	31 December 2012
Insurance Companies	4,042,770	4,227,355
Public utility corporations	34,421,649	44,725,294
Pension Funds	68,401	68,425
Other	1,839	1,863
Total	38,534,659	49,022,937

17. Other liabilities

	30 June 2013	31 December 2012
Escrow account	2,428,068	2,428,074
Deferred income	602,275	665,424
Payable accounts	139,488	95,076
Accrued expenses	6,626	100,082
Total	3,176,457	3,288,657

18, 19 Regulatory capital and reserves

	30 June 2013	31 December 2012
Capital and general reserve		
Authorised capital	30,000,000	30,000,000
Reserve fund	19,762,813	19,434,398
Net result for the period	(393,982)	328,415
Total	49,368,831	49,762,813

20. Net interest income

	30 June 2013	30 June 2012
Interest Income		
From placements	249,805	2,087,311
From treasury bill	103,091	97,479
From deposit current accounts	24,119	89,379
	377,016	2,274,169
Interest expense		
Due to current accounts	24,537	215,091
Due to commercial banks	-	70,461
Fix term deposits	76,029	1,338,176
	100,566	1,623,728
Net interest income	276,450	650,441

21. Net fee and commission income

	30 June 2013	30 June 2012
Net fee and commission income		
From cash deposits	195,385	214,378
From incoming transfer	20,686	15,300
From outgoing transfers	89,783	99,297
From domestic transfers (Domestic payment system))	194,112	127,810
From credit registry system	60,866	64,837
From Treasury asset management	60,000	375,000
Other fees	18,666	17,846
	639,497	914,467
Fee and commission expense		
From cash transportation	98,674	88,098
From correspondent bank transactions	9,151	59,334
	107,825	147,432
Net fee and commission position	531,672	767,036

22. Grant revenue

	30 June 2013	30 June 2012
Grant revenue	33,310	13,871

23. Other operational incomes

	30 June 2013	30 June 2012
Income from CBK regulatory activity	903,297	751,171
Other income	12	14,292
Total	903,308	765,464

24. Personnel expenses

	30 June 2013	30 June 2012
Wages and salary expenses	939,916	885,518
Social security and health insurance	241,888	193,312
Staff training costs	25,873	19,692
Board expenses	68,232	64,860
Other	8,094	8,094
Total	1,284,003	1,171,476

Total number of employees on June 30, 2013 is 183. (while in June 30, 2012: 177).

25. General and administrative expenses

	30 June 2013	30 June 2012
Insurance expenses	86,000	99,990
Repairs and maintenance	27,113	25,935
Application maintenance	100,970	85,343
Communication expenses (telephone, fax, and internet)	16,397	29,038
Public utility expenses	38,156	38,388
Audit and consulting expenses	-	-
Security (guard and transportation)	14,380	24,500
Travel and transportation	52,028	41,524
Vehicle operating expenses	11,380	8,666
Consumable administrative material	19,799	13,982
Cafeteria expenses	9,609	8,423
Consumable expenses (IT and non-IT equipment supply)	20,735	18,650
Publishing and literature	7,722	14,533
Representation expenses	8,140	9,177
Membership to professional institutions	8,757	14,281
Other	7,033	6,225
Total	428,218	438,655

26. Net result of changes in exchange rates

	30 June 2013	30 June 2012
Net unrealized profit/loss from exchange rate	-185,077	1,884,905

27. Cash and cash equivalents

	Note	30 June 2013	31 December 2012
Cash in hand	5	39,294,369	16,760,683
Cash accounts with non-resident banks	6	62,247,802	99,548,597
Treasury bill with maturity up to three months		345,933,392	189,991,032
Placements with non-resident banks with maturity up to three months		615,346,657	540,921,693
Total		1,062,822,219	847,222,006

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) this part of admission fee that is around 645,152 euro (as of 31 December 2012 this was 4,007,488 euro). The reduction has resulted as they requested the encashment of one of the promissory note. The CBK has the financial intermediary role (guarantee bank) and assets shall be held in a safe custody account.