



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 2013/
-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 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

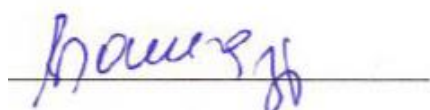
Statement of financial position

as per

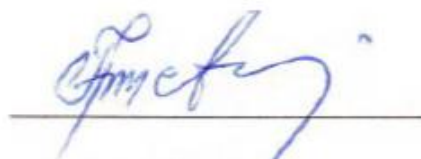
	Note	31 March 2013	31 December 2012
Assets			
Cash on hand	5	43,889,852	16,760,683
Current accounts with non-resident banks	6	55,619,445	99,548,597
Treasury Bill	7	310,984,497	285,983,557
Placements in money market	8	824,605,983	821,590,389
Deposit accounts with IMF	9	245,613,448	245,400,991
Properties and equipment's	10	1,458,075	1,449,471
Intangible assets	11	1,373,718	1,425,386
Other assets	12	559,937	461,984
Total assets		1,484,104,955	1,472,621,059
Liabilities			
Due to domestic commercial banks	13	308,325,942	302,146,984
Due to IMF related accounts	14	247,172,616	246,890,456
Due to Governmental Institutions	15	808,317,074	821,509,211
Due to public and commercial entities	16	68,126,670	49,779,049
Other domestic liabilities	17	2,425,572	2,532,546
Total liabilities		1,434,367,874	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		(25,731)	328,415
Total capital and reserve		49,737,081	49,762,813
Total liability capital and reserve		1,484,104,955	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 30 April 2013 and signed on its behalf by:



Bedri Hamza
Governor



Faton Ahmetaj
Director of financial Planning and
Reporting Directorate

Statement of comprehensive income

	Note	31 March 2013	31 March 2012
Net interest income			
Interest income		180,858	1,517,551
Interest expense		(47,667)	(1,146,178)
Net interest income	20	<u>133,191</u>	<u>371,373</u>
Fee and commission income			
Fee and commission income		237,918	609,637
Fee and commission expenses		(49,447)	(46,691)
Net fee and commission income	21	<u>188,471</u>	<u>562,946</u>
Other operating Income			
Grant revenues	22	16,655	30,864
Other operating Income	23	403,850	385,500
Total Operating Income		<u>742,167</u>	<u>1,350,684</u>
Administrative (operative) expenses			
Personnel expenses	24	(613,082)	(591,302)
Depreciation and amortization	10,11	(121,003)	(146,814)
General and administrative expenses	25	(204,563)	(203,469)
Total administrative (operative) expenses		<u>(938,648)</u>	<u>(941,585)</u>
Net result without exchange rate effect		<u>(196,481)</u>	<u>409,099</u>
Net gain/loss on exchange rate	26	170,750	(986,048)
Net result of the period		<u><u>(25,731)</u></u>	<u><u>(576,949)</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>	-	-	(25,731)	(25,731)
<i>Transfer to reserve fund</i>	-	328,415	(328,415)	-
<i>Transfer to statutory fund</i>	-	-	-	-
<i>Balance at 31 March 2013</i>	30,000,000	19,762,813	(25,731)	49,737,081

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
31 March 2013						
Assets						
Cash on hand	5	43,889,852	43,889,852	-	-	-
Current accounts with non-resident banks	6	55,619,445	55,619,445	-	-	-
Treasury bills	7	310,984,497	114,997,124	195,987,373	-	-
Deposit accounts with non-resident banks	8	824,605,983	733,598,602	91,007,381	-	-
Assets related to IMF	9	245,613,448	132,555,524	-	-	113,057,924
		1,480,713,225	1,080,660,547	286,994,753	-	113,057,924
Liabilities						
Due to domestic banks	13	-308,325,942	-308,325,942	-	-	-
Due to accounts related to IMF	14	-247,172,616	-134,114,691	-	-	-113,057,924
Due to local governmental institutions	15	-808,317,074	-808,317,074	-	-	-
Due to public and commercial entities	16	-68,126,670	-68,126,670	-	-	-
Other domestic liabilities	17	-2,425,572	-2,425,572	-	-	-
		-1,434,367,874	-1,321,309,949	-	-	-113,057,924
		46,345,351	-240,649,402	286,994,753	-	-
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

	31 March 2013	31 December 2012
Cash on hand	43,889,852	16,760,683
Total	43,889,852	16,760,683

6. Current accounts with non-resident banks

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

	31 March 2013	31 December 2012
Deutsche Bundesbank	2,494,651	40,239,672
Raiffeisen Zentralbank	21,118,308	650,000
Banque De France	1,050,096	1,050,095
Banque centrale du Luxembourg	344,811	40,344,742
Deutsche Bank London AG	30,611,578	17,264,088
Total	55,619,445	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% – 0.1796% (in 2012: 0.005% - 2.131%).

	31 March 2013	31 December 2012
Belgium	225,988,884	245,989,008
France	49,997,082	-
Italy	34,998,531	39,994,549
Total	310,984,497	285,983,557

8. Deposits with non-residential banks

Deposits with non-residential banks usually bear an average interest rate of 0.067% minimum 0.005% and max 0.20%, 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	31 March 2013	31 December 2012
Raiffeisen Zentralbank	159,720,545	162,005,254
Svenska Handelsbanken	130,946,746	110,026,813
ING Bank	-	85,611,767
Deutsche Bundesbank	115,000,315	50,000,104
Rabobank	171,218,278	161,204,348
Deutsche Bank	-	85,029,006
Banque Centrale du Luxembourg	247,720,100	167,713,098
	824,605,983	821,590,389

9. Assets related to IMF

	31 March 2013	31 December 2012
IMF Quota	69,022,316	68,784,210
SDR holdings	63,321,949	63,347,860
Accrued Interest	211,258	210,996
Use of IMF funds (SBA)	113,057,924	113,057,924
Total	245,613,448	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 0.09% 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 31 March 2013	Net Value as of 31 March 2013
Property, plant and equipment	4,087,653	2,560,239	69,339	2,629,578	1,458,075
Equipment's, offices and other	1,335,357	1,199,036	16,477	1,215,514	119,843
Vehicles	243,451	177,942	11,125	189,067	54,384
Premises	1,549,789	391,344	19,372	410,717	1,139,073
Computer hardware	919,466	791,916	22,364	814,280	105,186
	39,590	-	-	-	39,590
Intangible assets	2,681,557	1,256,175	51,664	1,307,839	1,373,718
Intangible assets	2,656,130	1,256,175	51,664	1,307,839	1,348,291
Intangible assets – work in process	25,427	-	-	-	25,427
Total	6,769,210	3,816,414	121,003	3,937,417	2,831,794

12. Other assets

Other assets are as below:

	31 March 2013	31 December 2012
Accrual income	378,136	389,692
Prepayment	181,801	72,292
Total	559,937	461,984

13. Due to domestic banks

	31 March 2013	31 December 2012
ProCredit Bank - Kosovë	94,675,080	94,808,337
Raiffeisen Bank - Kosovë	47,642,665	36,409,493
NLB Prishtina	31,372,532	51,456,140
Komercijalna Banka - Mitrovica branch	3,935,570	3,827,011
Banka Ekonomike	22,035,968	24,657,190
Banka për Biznes	18,621,799	20,728,123
Banka Kombëtare Tregtare e Shqipërisë	16,368,157	36,557,021
TEB - Turk Ekonomi Bankasi sh.a.	66,668,815	26,667,820
Turkiye Is Bankasi a.s.	6,999,796	6,999,300
Banka Kreditore e Prishtinës	5,560	36,550
Total	308,325,942	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 31 March 2013 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

	31 March 2013	31 December 2012
Current account FMN No. 1	170,186	171,961
Expenses account FMN No. 2	5,829	5,829
Account in trust of IMF	165,156,134	165,156,134
Part paid of IMF quota	16,856,974	16,795,030
IMF SDR allocated by IMF	64,773,833	64,550,382
Accrued Interest	209,659	211,120
Total	247,172,616	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

	31 March 2013	31 December 2012
Treasury – Ministry of Economy and Finance	103,095,798	73,696,775
Privatization Agency of Kosovo	549,848,032	549,403,359
Interim Administrative Institutions	347,206	405,685
Total	653,291,035	623,505,820

Term Deposits

Treasury – Ministry of Economy and Finance	155,026,039	198,003,392
Privatization Agency of Kosovo	-	-
Total Term Deposits	155,026,039	198,003,392
Total	808,317,074	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 0.010% up to 0.20%.

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 2013	31 December 2012
Insurance Companies	4,139,402	4,227,355
Public utility corporations	63,160,898	44,725,294
Pension Funds	68,413	68,425
Other	1,851	1,863
Total	67,370,564	49,022,937

17. Other liabilities

	31 March 2013	31 December 2012
Escrow account	2,428,068	2,428,074
Deferred income	653,635	665,424
Payable accounts	75,693	95,076
Accrued expenses	24,281	100,082
Total	3,181,678	3,288,657

18, 19 Regulatory capital and reserves

	31 March 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	(25,731)	328,415
Total	49,737,081	49,762,813

20. Net interest income

	31 March 2013	31 March 2012
Interest Income		
From placements	138,328	1,434,793
From treasury bill	29,895	53,539
From deposit current accounts	12,635	29,219
	180,858	1,517,551
Interest expense		
Due to current accounts	12,636	104,653
Due to commercial banks	-	45,586
Fix term deposits	35,032	995,939
	47,667	1,146,178
Net interest income	133,191	371,373

21. Net fee and commission income

	31 March 2013	31 March 2012
Net fee and commission income		
From cash deposits	88,746	109,352
From incoming transfer	8,550	10,850
From outgoing transfers	43,027	38,001
From domestic transfers (Domestic payment system))	57,422	45,671
From credit registry system	19,914	25,615
From asset management	10,000	375,000
Other fees	10,259	5,148
	237,918	609,637
Fee and commission expense		
From cash transportation	45,357	45,567
From correspondent bank transactions	4,089	1,123
	49,447	46,691
Net fee and commission position	188,471	562,946

22. Grant revenue

	31 March 2013	31 March 2012
Grant revenue	16,655	30,864

23. Other operational incomes

	31 March 2013	31 March 2012
Income from CBK regulatory activity	403,850	385,500
Other income		
Total	403,850	385,500

24. Personnel expenses

	31 March 2013	31 March 2012
Wages and salary expenses	453,511	452,238
Social security and health insurance	118,036	97,220
Staff training costs	7,971	8,959
Board expenses	29,518	28,838
Other	4,047	4,047
Total	613,082	591,302

Total number of employees on March 31, 2013 is 182. (March 31, 2012: 176).

25. General and administrative expenses

	31 March 2013	31 March 2012
Insurance expenses	43,000	49,995
Repairs and maintenance	19,645	14,451
Application maintenance	51,847	40,356
Communication expenses (telephone, fax, and internet)	3,522	15,875
Public utility expenses	21,073	19,916
Audit and consulting expenses	-	-
Security (guard and transportation)	8,080	11,180
Travel and transportation	14,280	11,138
Vehicle operating expenses	6,237	2,635
Consumable administrative material	12,286	9,193
Cafeteria expenses	4,547	3,437
Consumable expenses (IT and non-IT equipment supply)	7,518	8,525
Publishing and literature	3,589	7,547
Representation expenses	2,668	3,645
Membership to professional institutions	4,247	2,829
Other	2,024	2,748
Total	204,563	203,470

26. Net result of changes in exchange rates

	31 March 2013	31 March 2012
Net unrealized profit/loss from exchange rate	170,750	(986,048)

27. Cash and cash equivalents

	Note	31 March 2013	31 March 2012
Cash in hand	5	43,889,852	16,760,683
Cash accounts with non-resident banks	6	55,619,445	99,548,597
Treasury bill with maturity up to three months		114,997,124	189,991,032
Placements with non-resident banks with maturity up to three months		733,598,602	540,921,693
Total		948,105,024	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 request⁰) 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.