



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 2013/  
**-unaudited interim report-**

Department of Financial Planning and Reporting

## CBK’s Financial Statements of third 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 third quarter is 30 September 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

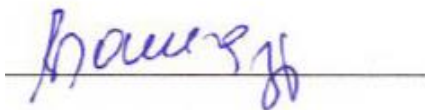
## Statement of financial position

as per

	Note	30 September 2013	31 December 2012
<b>Assets</b>			
Cash on hand	5	34,806,601	16,760,683
Current accounts with non-resident banks	6	15,336,743	99,548,597
Treasury Bill	7	654,860,852	285,983,557
Placements in money market	8	603,541,348	821,590,389
Deposit accounts with IMF	9	239,635,643	245,400,991
Properties and equipment's	10	1,728,690	1,449,471
Intangible assets	11	1,273,258	1,425,386
Other assets	12	620,848	461,984
<b>Total assets</b>		<b>1,551,803,982</b>	<b>1,472,621,059</b>
<b>Liabilities</b>			
Due to domestic commercial banks	13	318,529,733	302,146,984
Due to IMF related accounts	14	242,917,297	246,890,456
Due to Governmental Institutions	15	897,854,882	821,509,211
Due to public and commercial entities	16	40,698,154	49,779,049
Other domestic liabilities	17	3,257,421	2,532,546
<b>Total liabilities</b>		<b>1,503,257,487</b>	<b>1,422,858,246</b>
<b>Capital and reserves</b>			
Authorized capital	18	30,000,000	30,000,000
Reserve fund	19	19,762,813	19,434,398
Net result of the period		(1,216,318)	328,415
<b>Total capital and reserve</b>		<b>48,546,495</b>	<b>49,762,813</b>
<b>Total liability capital and reserve</b>		<b>1,551,803,982</b>	<b>1,472,621,059</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 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 September 2013	30 September 2012
<b>Net interest income</b>			
Interest income		616,500	2,274,169
Interest expense		(140,217)	(1,623,728)
<b>Net interest income</b>	20	<u>476,283</u>	<u>650,441</u>
<b>Fee and commission income</b>			
Fee and commission income		1,052,641	914,467
Fee and commission expenses		(210,844)	(147,432)
<b>Net fee and commission income</b>	21	<u>841,797</u>	<u>767,036</u>
<b>Other operating Income</b>			
Grant revenues	22	49,965	13,871
Other operating Income	23	1,386,534	765,464
<b>Total Operating Income</b>		<u><b>2,754,579</b></u>	<u><b>2,196,811</b></u>
<b>Administrative (operative) expenses</b>			
Personnel expenses	24	(1,959,793)	(1,171,476)
Depreciation and amortization	10,11	(359,582)	(241,640)
General and administrative expenses	25	(710,139)	(438,655)
<b>Total administrative (operative) expenses</b>		<u><b>(3,029,515)</b></u>	<u><b>(1,851,770)</b></u>
<b>Net result without exchange rate effect</b>		<u><b>(274,935)</b></u>	<u><b>345,041</b></u>
Net gain/loss on exchange rate	26	(941,382)	1,884,905
<b>Net result of the period</b>		<u><u><b>(1,216,318)</b></u></u>	<u><u><b>2,229,946</b></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
<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>	-	-	328,415	328,415
<i>Transfer to reserve fund</i>	-	1,454,899	(1,454,899)	-
<i>Transfer to statutory fund</i>	-	-	-	-
<b><i>Balance at 31 December 2012</i></b>	<b>30,000,000</b>	<b>19,434,398</b>	<b>328,415</b>	<b>49,762,813</b>
<b><i>Balance at 01 January 2013</i></b>	<b>30,000,000</b>	<b>19,434,398</b>	<b>328,415</b>	<b>49,762,813</b>
<i>Profit for the period</i>	-	-	(1,216,318)	(1,216,318)
<i>Transfer to reserve fund</i>	-	328,415	(328,415)	-
<i>Transfer to statutory fund</i>	-	-	-	-
<b><i>Balance at 30 September 2013</i></b>	<b>30,000,000</b>	<b>19,762,813</b>	<b>(1,216,318)</b>	<b>48,546,495</b>

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	1-7 years
<b>30 September 2013</b>						
<b>Assets</b>						
Cash on hand	5	34,806,601	34,806,601	-	-	-
Current accounts with non-resident banks	6	15,336,743	15,336,743	-	-	-
Treasury bills	7	654,860,852	488,904,173	165,956,679	-	-
Deposit accounts with non-resident banks	8	603,541,348	563,531,073	40,010,274	-	-
Assets related to IMF	9	239,635,643	127,689,021	-	-	111,946,622
		<b>1,548,181,186</b>	<b>1,230,267,612</b>	<b>205,966,953</b>	<b>-</b>	<b>111,946,622</b>
<b>Liabilities</b>						
Due to domestic banks	13	-318,529,733	-318,529,733	-	-	-
Due to accounts related to IMF	14	-242,917,297	-130,970,676	-	-	-111,946,622
Due to local governmental institutions	15	-897,854,882	-676,900,156	-220,954,726	-	-
Due to public and commercial entities	16	-40,698,154	-40,698,154	-	-	-
Other domestic liabilities	17	-3,257,421	-3,257,421	-	-	-
		<b>-1,503,257,487</b>	<b>-1,170,356,139</b>	<b>-220,954,726</b>	<b>-</b>	<b>-111,946,622</b>
		<b>44,923,699</b>	<b>59,911,472</b>	<b>-14,987,773</b>	<b>-</b>	<b>-</b>
<b>31 December 2012</b>						
<b>Assets</b>						
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
		<b>1,469,284,218</b>	<b>979,565,073</b>	<b>376,661,221</b>	<b>-</b>	<b>113,057,924</b>
<b>Liabilities</b>						
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	-	-
		<b>-1,421,368,781</b>	<b>-1,235,562,306</b>	<b>-32,651,609</b>	<b>-40,096,942</b>	<b>-113,057,924</b>
		<b>47,915,437</b>	<b>-255,997,233</b>	<b>344,009,612</b>	<b>-40,096,942</b>	<b>0</b>

**5. Cash on hand**

	<b>30 September 2013</b>	<b>31 December 2012</b>
Cash on hand	34,806,601	16,760,683
<b>Total</b>	<b>34,806,601</b>	<b>16,760,683</b>

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

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

	<b>30 September 2013</b>	<b>31 December 2012</b>
Deutsche Bundesbank	197,638	40,239,672
Raiffeisen Zentralbank	528,859	650,000
Banque De France	91	1,050,095
Banque centrale du Luxembourg	-	40,344,742
Deutsche Bank London AG	14,610,155	17,264,088
<b>Total</b>	<b>15,336,743</b>	<b>99,548,597</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 0.0051% – 0.6113% ( in 2012: 0.005% - 2.131%).

	<b>30 September 2013</b>	<b>31 December 2012</b>
Belgium	205,968,057	245,989,008
France	159,989,922	-
Holandë	10,999,546	-
Italy	277,903,327	39,994,549
<b>Total</b>	<b>654,860,852</b>	<b>285,983,557</b>



## 8. Deposits with non-residential banks

Deposits with non-residential banks usually bear an average interest rate of 0.048% minimum 0.005% and max 0.270%, 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 September 2013	31 December 2012
Raiffeisen Zentralbank	111,800,707	162,005,254
Svenska Handelsbanken	145,994,979	110,026,813
ING Bank	-	85,611,767
Deutsche Bundesbank	25,000,146	50,000,104
KBC	24,000,080	-
Rabobank	50,013,469	161,204,348
Danske Bank	75,002,833	-
Deutsche Bank	-	85,029,006
Banque Centrale du Luxembourg	171,729,134	167,713,098
	<b>603,541,348</b>	<b>821,590,389</b>

## 9. Assets related to IMF

	30 September 2013	31 December 2012
IMF Quota	66,798,679	68,784,210
SDR holdings	60,685,093	63,347,860
Accrued Interest	205,249	210,996
Use of IMF funds (SBA)	111,946,622	113,057,924
<b>Total</b>	<b>239,635,643</b>	<b>245,400,991</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 0.07% 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 September 2013	Net Value as of 30 September 2013
<b>Property, plant and equipment</b>	<b>4,493,519</b>	<b>2,560,239</b>	<b>204,590</b>	<b>2,764,829</b>	<b>1,728,690</b>
Equipment's, offices and other	1,483,834	1,199,036	55,692	1,254,729	229,105
Vehicles	243,451	177,942	33,374	211,317	32,134
Premises	1,589,379	391,344	58,942	450,286	1,139,093
Computer hardware	857,409	791,916	56,581	848,498	8,912
	319,446	-	-	-	319,446
<b>Intangible assets</b>	<b>2,684,425</b>	<b>1,256,175</b>	<b>154,992</b>	<b>1,411,167</b>	<b>1,273,258</b>
<b>Intangible assets</b>	2,656,130	1,256,175	154,992	1,411,167	1,244,963
<b>Intangible assets – work in process</b>	28,295	-	-	-	28,295
<b>Total</b>	<b>7,177,944</b>	<b>3,816,414</b>	<b>359,582</b>	<b>4,175,996</b>	<b>3,001,948</b>

**12. Other assets**

Other assets are as below:

	30 September 2013	31 December 2012
Accrual income	554,600	389,692
Prepayment	66,248	72,292
<b>Total</b>	<b>620,848</b>	<b>461,984</b>

**13. Due to domestic banks**

	<b>30 September 2013</b>	<b>31 December 2012</b>
ProCredit Bank - Kosovë	72,697,572	94,808,337
Raiffeisen Bank - Kosovë	31,125,574	36,409,493
NLB Prishtina	51,309,816	51,456,140
Komercijalna Banka - Mitrovica branch	4,168,347	3,827,011
Banka Ekonomike	30,360,339	24,657,190
Banka për Biznes	10,286,955	20,728,123
Banka Kombëtare Tregtare e Shqipërisë	25,814,388	36,557,021
TEB - Turk Ekonomi Bankasi sh.a.	84,662,784	26,667,820
Turkiye Is Bankasi a.s.	8,091,899	6,999,300
Banka Kreditore e Prishtinës	12,060	36,550
<b>Total</b>	<b>318,529,733</b>	<b>302,146,984</b>

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 September 2013 are around 66% and 31 December 2012 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**

	<b>30 September 2013</b>	<b>31 December 2012</b>
Current account FMN No. 1	168,873	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	16,318,729	16,795,030
IMF SDR allocated by IMF	62,687,065	64,550,382
Accrued Interest	204,126	211,120
<b>Total</b>	<b>242,917,297</b>	<b>246,890,456</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>30 September 2013</b>	<b>31 December 2012</b>
Treasury – Ministry of Economy and Finance	88,160,060	73,696,775
Privatization Agency of Kosovo	548,411,513	549,403,359
Interim Administrative Institutions	328,186	405,685
<b>Total</b>	<b>636,899,758</b>	<b>623,505,820</b>
<b>Term Deposits</b>		
Treasury – Ministry of Economy and Finance	240,954,657	198,003,392
Privatization Agency of Kosovo	20,000,467	-
<b>Total Term Deposits</b>	<b>260,955,124</b>	<b>198,003,392</b>
<b>Total</b>	<b>897,854,882</b>	<b>821,509,211</b>

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:

	<b>30 September 2013</b>	<b>31 December 2012</b>
Insurance Companies	4,008,735	4,227,355
Public utility corporations	36,619,203	44,725,294
Pension Funds	68,389	68,425
Other	1,827	1,863
<b>Total</b>	<b>40,698,154</b>	<b>49,022,937</b>

**17. Other liabilities**

	<b>30 September 2013</b>	<b>31 December 2012</b>
Escrow account	2,428,056	2,428,074
Deferred income	544,505	665,424
Payable accounts	224,414	95,076
Accrued expenses	60,445	100,082
<b>Total</b>	<b>3,257,421</b>	<b>3,288,657</b>

**18, 19 Regulatory capital and reserves**

	<b>30 September 2013</b>	<b>31 December 2012</b>
<b>Capital and general reserve</b>		
Authorised capital	30,000,000	30,000,000
Reserve fund	19,762,813	19,434,398
Net result for the period	(1,216,318)	328,415
<b>Total</b>	<b>48,546,495</b>	<b>49,762,813</b>

**20. Net interest income**

	<b>30 September 2013</b>	<b>30 September 2012</b>
<b>Interest Income</b>		
From placements	350,290	2,283,781
From treasury bill	231,420	175,130
From deposit current accounts	34,790	107,154
	<b>616,500</b>	<b>2,566,066</b>
<b>Interest expense</b>		
Due to current accounts	35,510	239,295
Due to commercial banks	-	73,087
Fix term deposits	104,706	1,425,543
	<b>140,217</b>	<b>1,737,925</b>
<b>Net interest income</b>	<b>476,283</b>	<b>828,141</b>

**21. Net fee and commission income**

	<b>30 September 2013</b>	<b>30 September 2012</b>
<b>Net fee and commission income</b>		
From cash deposits	330,896	337,939
From incoming transfer	33,412	27,704
From outgoing transfers	136,893	151,542
From domestic transfers (Domestic payment system))	299,295	211,310
From credit registry system	85,626	96,961
From Treasury asset management	142,000	375,000
Other fees	24,518	26,065
	<b>1,052,641</b>	<b>1,226,520</b>
<b>Fee and commission expense</b>		
From cash transportation	198,806	159,498
From correspondent bank transactions	12,037	11,343
	<b>210,844</b>	<b>170,841</b>
<b>Net fee and commission position</b>	<b>841,797</b>	<b>1,055,679</b>

**22. Grant revenue**

	<b>30 September 2013</b>	<b>30 September 2012</b>
Grant revenue	<b>49,965</b>	<b>31,602</b>

**23. Other operational incomes**

	<b>30 September 2013</b>	<b>30 September 2012</b>
Income from CBK regulatory activity	1,378,644	1,240,767
Other income	7,890	14,292
<b>Total</b>	<b>1,386,534</b>	<b>1,255,059</b>

**24. Personnel expenses**

	<b>30 September 2013</b>	<b>30 September 2012</b>
Wages and salary expenses	1,442,842	1,325,637
Social security and health insurance	367,911	286,777
Staff training costs	34,703	28,500
Board expenses	102,196	95,146
Other	12,141	12,141
<b>Total</b>	<b>1,959,793</b>	<b>1,748,201</b>

Total number of employees on September 30, 2013 is 187. (while in September 30, 2012: 179).

**25. General and administrative expenses**

	<b>30 September 2013</b>	<b>30 September 2012</b>
Insurance expenses	129,000	149,985
Repairs and maintenance	44,935	37,167
Application maintenance	156,319	115,262
Communication expenses (telephone, fax, and internet)	45,877	38,320
Public utility expenses	56,743	58,792
Audit and consulting expenses	-	-
Security (guard and transportation)	32,720	48,140
Travel and transportation	74,571	54,753
Vehicle operating expenses	21,077	12,618
Consumable administrative material	23,390	21,405
Cafeteria expenses	15,942	13,057
Consumable expenses (IT and non-IT equipment supply)	31,845	29,120
Publishing and literature	15,447	19,253
Representation expenses	19,202	26,392
Membership to professional institutions	16,514	20,399
Other	26,557	8,755
<b>Total</b>	<b>710,139</b>	<b>653,417</b>

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

	<b>30 September 2013</b>	<b>30 September 2012</b>
Net unrealized profit/loss from exchange rate	<b>-941,382</b>	<b>1,008,035</b>

**27. Cash and cash equivalents**

	<b>Note</b>	<b>30 September 2013</b>	<b>31 December 2012</b>
Cash in hand	5	34,806,601	16,760,683
Cash accounts with non-resident banks	6	15,336,743	99,548,597
Treasury bill with maturity up to three months		488,904,173	189,991,032
Placements with non-resident banks with maturity up to three months		563,531,073	540,921,693
<b>Total</b>		<b>1,102,578,590</b>	<b>847,222,006</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) 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. The amount changed due to payment of one of the payable security (promissory note) was paid by the Treasury – Ministry of Finance of Kosovo after IBRD request.