



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 2014/
-unaudited interim report-

Department of Financial Planning and Reporting

CBK's Financial Statements for the first quarter 2014

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 for the first quarter is March 31 2014.

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	31 March 2014	31 December 2013
Assets			
Cash on hand	5	28,804,237	27,383,930
Current accounts with non-resident banks	6	2,465,579	61,082,895
Treasury Bill	7	630,898,712	560,827,834
Placements in money market	8	722,917,183	729,472,273
Deposit accounts with IMF	9	229,333,955	231,459,193
Properties and equipment's	10	1,909,591	1,906,755
Intangible assets	11	1,314,201	1,311,315
Other assets	12	1,021,404	976,357
Total assets		1,618,664,861	1,614,420,553
Liabilities			
Due to domestic commercial banks	13	255,653,444	333,173,026
Due to IMF related accounts	14	232,120,453	234,011,065
Due to Governmental Institutions	15	793,908,476	757,445,609
Due to public and commercial entities	16	283,423,320	236,597,584
Other domestic liabilities	17	3,052,454	3,243,854
Total liabilities		1,568,158,146	1,564,471,139
Capital and reserves			
Authorized capital	18	30,000,000	30,000,000
Reserve fund	19	19,949,414	19,762,813
Net result of the period		557,301	186,601
Total capital and reserve		50,506,715	49,949,414
Total liability capital and reserve		1,618,664,861	1,614,420,553

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 April 24, 2014 and signed on its behalf by:

Bedri Hamza
Governor

Faton Ahmetaj
Director of Financial Planning
and Reporting

Statement of comprehensive income

	Note	31 March 2014	31 March 2013
Net interest income			
Interest income		514,929	180,860
Interest expense		(65,641)	(47,791)
Net interest income	20	449,288	133,069
Fee and commission income			
Fee and commission income		390,978	237,918
Fee and commission expenses		(45,997)	(49,447)
Net fee and commission income	21	344,980	188,471
Other operating Income			
Grant revenues	22	16,655	16,655
Other operating Income	23	789,284	403,850
Total Operating Income		1,600,207	742,044
Administrative (operative) expenses			
Personnel expenses	24	(812,950)	(617,329)
Depreciation and amortization	10,11	(120,152)	(121,003)
General and administrative expenses	25	(180,807)	(200,316)
Total administrative (operative) expenses		(1,113,909)	(938,648)
Net result without exchange rate effect		486,298	(196,604)
Net gain/loss on exchange rate	26	71,003	170,750
Net result of the period		557,301	(25,854)

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 2013</i>	30,000,000	19,434,398	328,414	49,762,813
<i>Profit for the period</i>	-	-	186,601	186,601
<i>Transfer to reserve fund</i>	-	328,414	(328,414)	-
<i>Transfer to statutory fund</i>	-	-	-	-
<i>Balance at 31 December 2013</i>	30,000,000	19,762,813	186,601	49,949,414
<i>Balance at 01 January 2014</i>	30,000,000	19,762,813	186,601	49,949,414
<i>Profit for the period</i>	-	-	557,301	557,301
<i>Transfer to reserve fund</i>	-	186,601	(186,601)	-
<i>Transfer to statutory fund</i>	-	-	-	-
<i>Balance at 31 March 2014</i>	30,000,000	19,949,414	557,301	50,506,715

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
31 March 2014						
Assets						
Cash on hand	5	28,804,237	28,804,237	-	-	-
Current accounts with non-resident banks	6	2,465,579	2,465,579	-	-	-
Treasury bills	7	630,898,712	580,924,062	49,974,650	-	-
Deposit accounts with non-resident banks	8	722,917,183	702,914,616	20,002,567	-	-
Assets related to IMF	9	229,333,955	125,950,461	-	-	103,383,494
		1,614,419,665	1,441,058,954	69,977,217	-	103,383,494
Liabilities						
Due to domestic banks	13	-255,653,444	-255,653,444	-	-	-
Due to accounts related to IMF	14	-232,120,453	-128,736,958	-	-	-103,383,494
Due to local governmental institutions	15	-793,908,476	-773,907,742	-20,000,733	-	-
Due to public and commercial entities	16	-283,423,320	-283,423,320	-	-	-
Other domestic liabilities	17	-3,052,454	-3,052,454	-	-	-
		-1,568,158,146	-1,444,773,918	-20,000,733	-	-103,383,494
		46,261,520	-3,714,964	49,976,483.34	-	-
31 December 2013						
Assets						
Cash on hand	5	27,383,930	27,383,930	-	-	-
Current accounts with non-resident banks	6	61,082,895	61,082,895	-	-	-
Treasury bills	7	560,827,834	495,861,142	64,966,692	-	-
Deposit accounts with non-resident banks	8	729,472,273	674,454,800	55,017,473	-	-
Deposits with IMF	9	231,459,193	125,726,232	-	-	105,732,961
		1,610,226,126	1,384,508,999	119,984,165	-	105,732,961
Liabilities						
Due to domestic banks	13	-333,173,026	-333,173,026	-	-	-
Due to accounts related to IMF	14	-231,459,193	-125,726,232	-	-	-105,732,961
Due to local governmental institutions	15	-757,445,609	-757,445,609	0	0	0
Due to public and commercial entities	16	-236,597,584	-236,597,584	0	-	-
Other domestic liabilities	17	-3,243,854	-3,243,854	0	-	-
		-1,561,919,267	-1,456,186,306	0	0	-105,732,961
		48,306,859	-71,677,307	119,984,165	0	0

5. Cash on hand

	31 March 2014	31 December 2013
Cash on hand	28,804,237	27,383,930
Total	28,804,237	27,383,930

6. Current accounts with non-resident banks

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

	31 March 2014	31 December 2013
Deutsche Bundesbank	206,811	39,336,538
Raiffeisen Zentralbank	32,825	5,358,108
Banque De France	91	91
Deutsche Bank London AG	2,225,852	16,388,158
Total	2,465,579	61,082,895

7. Securities (Treasury Bill)

Securities issued by governments of European Union (France, Belgium and Italy) with contractual maturity from one to seven month. Interest rate (yield) ranges from 0.139% – 0.370% (in 2013: 0.0051% - 0.6114%).

	31 March 2014	31 December 2013
France	134,983,107	244,953,112
Netherlands	95,986,772	215,900,468
Italy	154,981,338	-
Belgium	244,947,495	99,974,254
Total	630,898,712	560,827,834

8. Deposits with non-residential banks

Deposits with non-residential banks usually bear an average interest rate of 0.103% minimum 0.02% and max 0.300%, while in 2013: min. 0.005%, max. 0.300% , and an average of 0.0675%), mostly with a maturity up to one year. Analytically, according to the banks as below:

Placements in money markets	31 March 2014	31 December 2013
Raiffeisen Zentralbank	123,806,823	109,400,686
Svenska Handelsbanken	151,007,124	150,960,899
Deutsche Bundesbank	130,002,542	130,003,111
Rabobank	60,032,174	30,026,838
Danske Bank	20,002,428	30,022,500
Swedbank AB	90,033,771	120,018,389
Pohjola Bank Plc	5,000,069	-
DNB Bank ASA	50,002,478	-
Banque Centrale du Luxembourg	93,029,776	159,039,850
	722,917,183	729,472,273

9. Assets related to IMF

	31 March 2014	31 December 2013
IMF Quota	66,197,599	65,921,788
SDR holdings	59,547,887	59,597,112
Accrued Interest	204,975	207,333
Use of IMF funds (SBA)	103,383,494	105,732,961
Total	229,333,955	231,459,193

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 0.11% 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 2013	Total Depreciation/ Amortization for period 31 March 2014	Total Depreciation/ Amortization accumulated till 31 March 2014	Net Value as of 31 March 2014
Property, plant and equipment	4,749,439	2,802,016	70,841	2,872,863	1,909,591
Equipment's, offices and other	1,533,073	1,305,569	15,743	1,321,315	211,759
Vehicles	243,451	222,441	10,197	232,638	10,813
Premises	2,045,505	471,475	25,569	497,044	1,548,461
Computer hardware	927,410	802,530	19,333	821,866	105,544
Work in process	33,014	-	-	-	33,014
Intangible assets	2,177,033	813,521	49,311	862,832	1,314,201
Intangible assets	2,012,112	813,521	49,311	862,832	1,149,280
Intangible assets – work in process	164,921	-	-	-	164,921
Total	6,959,485	3,615,537	120,152	3,735,695	3,223,791

12. Other assets

Other assets are as below:

	31 March 2014	31 December 2012
Accrual income	845,182	898,437
Prepayment	176,222	77,920
Total	1,021,404	976,357

13. Due to domestic banks

	31 March 2014	31 December 2013
ProCredit Bank - Kosovë	56,855,167	53,159,017
Raiffeisen Bank - Kosovë	44,346,187	35,042,472
NLB Prishtina	54,624,451	76,582,486
Komercijalna Banka - Mitrovica branch	4,415,273	4,188,905
Banka Ekonomike	14,893,205	37,565,452
Banka për Biznes	10,036,809	22,302,557
Banka Kombëtare Tregtare e Shqipërisë	17,045,876	36,173,126
TEB - Turk Ekonomi Bankasi sh.a.	51,403,670	61,508,582
Turkiye Is Bankasi a.s.	2,016,729	6,645,255
Banka Kreditore e Prishtinës	16,077	5,173
Total	255,653,444	333,173,026

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 2014 are around 85% and 31 December 2013 about 91% 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 2014	31 December 2013
Current account FMN No. 1	165,237	164,804
Expenses account FMN No. 2	5,601	5,587
Account in trust of IMF	153,444,716	155,663,128
Part paid of IMF quota	16,176,483	16,107,699
IMF SDR allocated by IMF	62,122,983	61,864,149
Accrued Interest	203,266	205,697
Total	232,120,453	234,011,065

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 2014	31 December 2013
Treasury – Ministry of Economy and Finance	24,457,249	12,887,506
Privatization Agency of Kosovo	484,546,661	530,328,298
Interim Administrative Institutions	108,982	259,597
Total	509,112,892	543,475,402
Term Deposits		
Treasury – Ministry of Economy and Finance	224,793,634	193,963,606
Privatization Agency of Kosovo	60,001,950	40,006,600
Total Term Deposits	284,795,584	233,970,206
Total	793,908,476	757,445,609

Deposits in current accounts have an interest rate 0.00% while for time deposits the interest rate ranges from 0.020% up to 0.200%.

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 2014	31 December 2013
Insurance Companies	4,193,985	4,198,621
Public utility corporations	279,159,166	232,328,771
Pension Funds	68,365	68,377
Other	1,804	1,815
Total	283,423,320	236,597,584

17. Other liabilities

	31 March 2014	31 December 2013
Escrow account	2,428,044	2,428,050
Deferred income	511,534	534,881
Payable accounts	74,131	131,302
Accrued expenses	38,745	149,620
Total	3,052,454	3,243,854

18, 19 Regulatory capital and reserves

	31 March 2014	31 December 2013
Capital and general reserve		
Authorised capital	30,000,000	30,000,000
Reserve fund	19,949,414	19,762,813
Net result for the period	557,301	186,601
Total	50,506,715	49,949,414

20. Net interest income

	31 March 2014	31 March 2013
Interest Income		
From placements	240,251	138,328
From treasury bill	254,666	29,895
From deposit current accounts	9,423	12,636
	504,340	180,860
Interest expense		
Due to current accounts	17,987	12,636
Due to commercial banks	129	-
Fix term deposits	47,525	35,032
	65,641	47,667
Net interest income	449,288	133,193

21. Net fee and commission income

	31 March 2014	31 March 2013
Net fee and commission income		
From cash deposits	124,641	88,746
From incoming transfer	7,793	8,550
From outgoing transfers	54,400	43,027
From domestic transfers (Domestic payment system))	95,741	57,422
From credit registry system	28,318	19,914
From Treasury asset management	73,000	10,000
Other fees	7,085	10,259
	390,978	237,918
Fee and commission expense		
From cash transportation	45,132	45,357
From correspondent bank transactions	866	4,089
	45,997	49,447
Net fee and commission position	344,980	188,471

22. Grant revenue

	31 March 2014	31 March 2013
Grant revenue	16,655	16,655

23. Other operational incomes

	31 March 2014	31 March 2013
Income from CBK regulatory activity	788,800	403,850
Other income	484	-
Total	789,284	403,850

24. Personnel expenses

	31 March 2014	31 March 2013
Wages and salary expenses	626,463	453,511
Social security and health insurance	147,213	118,036
Staff training costs	6,281	7,971
Board expenses	27,674	29,518
Other	5,319	8,294
Total	812,950	617,329

Total number of employees on March 31, 2014 is 195. (while in March 31, 2013: 182).

25. General and administrative expenses

	31 March 2014	31 March 2013
Insurance expenses	41,495	43,000
Repairs and maintenance	6,938	19,645
Application maintenance	43,612	51,847
Communication expenses (telephone, fax, and internet)	6,500	3,522
Public utility expenses	25,511	21,073
Audit and consulting expenses	-	-
Security (guard and transportation)	7,125	8,080
Travel and transportation	16,034	14,280
Vehicle operating expenses	4,970	6,237
Consumable administrative material	7,601	12,286
Cafeteria expenses	3,389	4,547
Consumable expenses (IT and non-IT equipment supply)	2,114	7,518
Publishing and literature	5,730	3,589
Representation expenses	3,501	2,668
Membership to professional institutions	-	-
Other	6,261	2,025
Total	180,781	200,317

26. Net result of changes in exchange rates

	31 March 2014	31 March 2013
Net unrealized profit/loss from exchange rate	71,003	170,750

27. Cash and cash equivalents

	Note	31 March 2014	31 December 2013
Cash in hand	5	28,804,237	27,383,930
Cash accounts with non-resident banks	6	2,465,579	61,082,895
Treasury bill with maturity up to three months		349,964,374	189,965,169
Placements with non-resident banks with maturity up to three months		562,852,969	553,492,114
Total		944,087,158	831,924,109

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 2013 this was 645,152 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.