



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 2015/  
**-unaudited interim report-**

Department of Financial Planning and Reporting

## CBK’s Financial Statements for the first quarter 2015

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, 2015.

**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

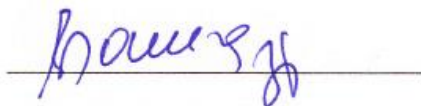
## Statement of financial position

as per

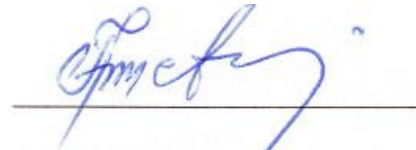
	Note	31 March 2015	31 December 2014
<b>Assets</b>			
Cash on hand	5	26,317,971	29,178,286
Current accounts with non-resident banks	6	285,658,520	323,400,905
Treasury Bill	7	120,793,686	120,788,732
Placements in money market	8	713,144,752	660,123,184
Deposit accounts with IMF	9	245,751,855	234,785,344
Properties and equipment's	10	2,034,712	1,956,247
Intangible assets	11	1,376,157	1,251,509
Other assets	12	992,116	885,498
<b>Total assets</b>		<b>1,396,069,769</b>	<b>1,372,369,704</b>
<b>Liabilities</b>			
Due to domestic commercial banks	13	294,078,427	315,932,136
Due to IMF related accounts	14	249,183,557	238,712,959
Due to Governmental Institutions	15	735,903,588	713,567,379
Due to public and commercial entities	16	62,518,790	50,608,228
Borrowing	17	35,866	33,549
Other domestic liabilities	18	3,293,741	3,180,660
<b>Total liabilities</b>		<b>1,345,013,968</b>	<b>1,322,034,912</b>
<b>Capital and reserves</b>			
Authorized capital	19	30,000,000	30,000,000
Reserve fund	20	20,334,792	19,949,414
Net result of the period		721,009	385,378
<b>Total capital and reserve</b>		<b>51,055,801</b>	<b>50,334,792</b>
<b>Total liability capital and reserve</b>		<b>1,396,069,769</b>	<b>1,372,369,704</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 May 21, 2015 and signed on its behalf by:



Bedri Hamza  
Governor



Faton Ahmetaj  
Director of Financial Planning  
and Reporting

## Statement of comprehensive income

	Note	31 March 2015	31 March 2014
<b>Net interest income</b>			
Interest income		91,354	514,929
Interest expense		(18,069)	(65,641)
<b>Net interest income</b>	21	<u>73,285</u>	<u>449,288</u>
<b>Fee and commission income</b>			
Fee and commission income		314,104	390,978
Fee and commission expenses		(44,408)	(45,997)
<b>Net fee and commission income</b>	22	<u>269,696</u>	<u>344,980</u>
<b>Other operating Income</b>			
Income from regulatory activity	23	722,550	788,800
Grant revenues	24	16,655	16,655
Other operating Income	25	311	484
<b>Total Operating Income</b>		<b>1,082,496</b>	<b>1,600,207</b>
<b>Administrative (operative) expenses</b>			
Personnel expenses	26	(820,061)	(811,600)
Depreciation and amortization	10,11	(119,284)	(120,152)
General and administrative expenses	27	(200,212)	(182,157)
<b>Total administrative (operative) expenses</b>		<b>(1,139,557)</b>	<b>(1,113,909)</b>
<b>Net result without exchange rate effect</b>		<b>(57,061)</b>	<b>486,298</b>
Net gain/loss on exchange rate	28	778,070	71,003
<b>Net result of the period</b>		<b>721,009</b>	<b>557,301</b>

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 2014</i></b>	<b>30,000,000</b>	<b>19,762,813</b>	<b>186,601</b>	<b>49,949,414</b>
<i>Profit for the period</i>	-	-	385,378	385,378
<i>Transfer to reserve fund</i>	-	186,601	(186,601)	-
<i>Transfer to statutory fund</i>	-	-	-	-
<b><i>Balance at 31 December 2014</i></b>	<b>30,000,000</b>	<b>19,949,414</b>	<b>385,378</b>	<b>50,334,792</b>
<b><i>Balance at 01 January 2015</i></b>	<b>30,000,000</b>	<b>19,949,414</b>	<b>385,378</b>	<b>50,334,792</b>
<i>Profit for the period</i>	-	-	721,009	721,009
<i>Transfer to reserve fund</i>	-	385,378	(385,378)	-
<i>Transfer to statutory fund</i>	-	-	-	-
<b><i>Balance at 31 March 2015</i></b>	<b>30,000,000</b>	<b>20,334,792</b>	<b>721,009</b>	<b>51,055,801</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-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	1-5 years
<b>31 March 2015</b>						
<b>Assets</b>						
Cash on hand	5	26,317,971	26,317,971	-	-	-
Current accounts with non-resident banks	6	285,658,520	285,658,520	-	-	-
Treasury bills	7	120,793,686	70,300,250	-	-	50,493,436
Deposit accounts with non-resident banks	8	713,144,752	378,109,686	285,026,539	50,008,528	-
Assets related to IMF	9	245,561,581	141,752,476	-	-	103,809,105
		<b>1,391,476,511</b>	<b>902,138,903</b>	<b>285,026,539</b>	<b>50,008,528</b>	<b>154,302,541</b>
<b>Liabilities</b>						
Due to domestic banks	13	-294,078,427	-294,078,427	-	-	-
Due to accounts related to IMF	14	-248,992,946	-145,183,841	-	-	-103,809,105
Due to local governmental institutions	15	-735,903,588	-735,903,588	-	-	-
Due to public and commercial entities	16	-62,518,790	-62,518,790	-	-	-
Borrowing's	17	-35,866	-35,866	-	-	-
Other domestic liabilities	18	-3,293,741	-3,293,741	-	-	-
		<b>-1,344,823,357</b>	<b>-1,241,014,252</b>	<b>-</b>	<b>-</b>	<b>-103,809,105</b>
		<b>46,653,153</b>	<b>-338,875,349</b>	<b>285,026,539</b>	<b>50,008,527.78</b>	<b>50,493,436.00</b>
<b>31 December 2014</b>						
<b>Assets</b>						
Cash on hand	5	29,178,286	29,178,286	-	-	-
Current accounts with non-resident banks	6	323,400,905	323,400,905	-	-	-
Treasury bills	7	120,788,732	-	-	70,235,998	50,492,864
Deposit accounts with non-resident banks	8	660,123,184	550,047,814	110,075,370	-	-
Deposits with IMF	9	234,785,344	133,053,961	-	-	101,731,382
		<b>1,368,276,450</b>	<b>1,035,680,966</b>	<b>110,075,370</b>	<b>70,235,998</b>	<b>152,224,247</b>
<b>Liabilities</b>						
Due to domestic banks	13	-315,932,136	-315,932,136	-	-	-
Due to accounts related to IMF	14	-234,785,344	-133,053,961	-	-	-101,731,382
Due to local governmental institutions	15	-713,567,379	-713,567,379	-	-	-
Due to public and commercial entities	16	-50,608,228	-50,608,228	-	-	-
Borrowing's	17	-33,549	-33,549	-	-	-
Other domestic liabilities	18	-3,180,660	-3,180,660	-	-	-
		<b>1,318,107,297</b>	<b>1,216,375,915</b>	<b>-</b>	<b>-</b>	<b>101,731,382</b>
		<b>50,169,153</b>	<b>-180,694,948</b>	<b>110,075,370</b>	<b>70,235,998</b>	<b>50,492,864</b>

**5. Cash on hand**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Cash on hand	26,317,971	29,178,286
<b>Total</b>	<b>26,317,971</b>	<b>29,178,286</b>

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

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

	<b>31 March 2015</b>	<b>31 December 2014</b>
Deutsche Bundesbank	131	121
Raiffeisen Zentralbank	137,171,527	145,496,729
Svenska Handelsbanken	-	10,004,033
Deutsche Bank London AG	80,477,912	104,900,000
Nostro Acc.Pohjola Bank Plc	68,008,951	63,000,022
<b>Total</b>	<b>285,658,520</b>	<b>323,400,905</b>

**7. Securities (Treasury Bill and bonds)**

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 2014: 0.0051% - 0.6114%).

	<b>31 March 2015</b>	<b>31 December 2014</b>
Netherlands	50,793,549	50,791,775
Belgium	69,999,565	69,996,957
<b>Total</b>	<b>120,793,115</b>	<b>120,788,732</b>



**Securities (continued)****According to type:**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Treasury Bills	50,793,549	50,791,775
Bonds	69,999,565	69,996,957
<b>Total</b>	<b>120,793,115</b>	<b>120,788,732</b>

**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 2014: 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:

<b>Placements in money markets</b>	<b>31 March 2015</b>	<b>31 December 2014</b>
Raiffeisen Zentralbank	118,006,941	20,000,833
Svenska Handelsbanken	80,075,354	80,070,392
Internationale Nederlanden Group	135,003,350	50,000,597
Deutsche Bank	80,003,794	-
Rabobank	100,023,257	110,012,620
Danske Bank	110,026,896	100,018,200
Swedbank AB	-	50,012,250
Pohjola Bank Plc	90,005,161	100,007,069
Deutsche Bank	80,003,794	-
Banque Centrale du Luxembourg	-	150,001,222
<b>Total</b>	<b>713,144,752</b>	<b>660,123,184.28</b>

**9. Assets related to IMF**

	<b>31 March 2015</b>	<b>31 December 2014</b>
IMF Quota	75,266,718	70,405,644
SDR holdings	66,485,757	62,461,468
Accrued Interest	190,273	186,849
Use of IMF funds (SBA)	103,809,105	101,731,382
<b>Total</b>	<b>245,751,855</b>	<b>234,785,344</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 0.11% 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 2014	Total Depreciation/ Amortization for period 31 March 2015	Total Depreciation/ Amortization accumulated till 31 March 2015	Net Value as of 31 March 2015
<b>Property, plant and equipment</b>	<b>5,119,033</b>	<b>3,012,709</b>	<b>71,614</b>	<b>3,084,322</b>	<b>2,034,712</b>
Equipment's, offices and other	1,680,151	1,383,233	21,150	1,404,384	275,768
Vehicles	320,149	175,351	6,644	181,995	138,155
Premises	2,057,395	574,048	25,717	599,765	1,457,630
Computer hardware	1,026,400	880,078	18,103	898,178	128,221
Work in process	34,938	-	-	-	34,938
<b>Intangible assets</b>	<b>2,443,833</b>	<b>1,020,005</b>	<b>47,669</b>	<b>1,067,675</b>	<b>1,376,157</b>
Intangible assets	2,242,534	1,020,005	47,669	1,067,675	1,174,859
Intangible assets – work in process	201,299	-	-	-	201,299
<b>Total</b>	<b>7,562,866</b>	<b>4,032,714</b>	<b>119,283</b>	<b>4,151,996</b>	<b>3,410,869</b>

**12. Other assets**

Other assets are as below:

	<b>31 March 2015</b>	<b>31 December 2012</b>
Accrual income	720,258	770,153
Prepayment	271,858	115,345
<b>Total</b>	<b>992,116</b>	<b>885,498</b>

**13. Due to domestic banks**

	<b>31 March 2015</b>	<b>31 December 2014</b>
ProCredit Bank - Kosovë	86,223,125	111,811,925
Raiffeisen Bank - Kosovë	48,132,645	46,132,586
NLB Prishtina	37,381,027	42,823,662
Komercijalna Banka - Mitrovica branch	4,831,165	4,756,632
Banka Ekonomike	15,222,487	10,914,868
Banka për Biznes	15,805,954	20,891,487
Banka Kombëtare Tregtare e Shqipërisë	25,357,617	23,838,779
TEB - Turk Ekonomi Bankasi sh.a.	54,864,151	46,685,633
Türkiye Is Bankasi a.s.	6,201,897	8,056,244 €
Banka Kreditore e Prishtinës	58,361	20,320
<b>Total</b>	<b>294,078,429</b>	<b>315,932,136</b>

In this group are disclosed balances current accounts of commercial banks operating within Kosovo that have an account on the CBK. Commercial banks that operate in Kosovo are obliged to hold liquidity reserve money in CBK, in total amount as of march 31, 2015 above disclosed is around 2.5 times higher the required amount.

**16. Due to accounts related to IMF**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Current account FMN No. 1	184,689	176,014
Expenses account FMN No. 2	6,261	5,967
Account in trust of IMF	159,763,673	155,057,691
Part paid of IMF quota	18,404,446	17,214,125
IMF SDR allocated by IMF	70,633,877	66,072,013
Accrued Interest	190,611	187,149
<b>Total</b>	<b>249,183,557</b>	<b>238,712,959</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:

**Current account**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Treasury – Ministry of Economy and Finance	187,317,390	90,481,430
Privatization Agency of Kosovo	548,412,098	557,800,769
Interim Administrative Institutions	174,100	268,244
<b>Total</b>	<b>735,903,588</b>	<b>648,550,443</b>

**Term Deposits**

Treasury – Ministry of Economy and Finance	-	65,016,936
Privatization Agency of Kosovo	-	-
<b>Total Term Deposits</b>	<b>-</b>	<b>65,016,936</b>
<b>Total</b>	<b>735,903,588</b>	<b>713,567,379</b>

Deposits in current accounts have an interest rate 0.00% (for the reporting and comparing period). Time deposits for reportin period are none, while as of December 31, 2014 the interest rate ranges from 0.010% up to 0.370% (on average 0.0686%).

**16. Due to Public and Commercial Entities**

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

	<b>31 March 2015</b>	<b>31 December 2014</b>
Insurance Companies	9,344,802	4,982,004
Public utility corporations	53,103,915	45,556,128
Pension Funds	68,317	68,329
Other	1,755	1,767
<b>Total</b>	<b>62,518,790</b>	<b>50,608,228</b>

**17. Borrowing's**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Borrowing's from World Bank	35,866	33,549
<b>Total</b>	<b>35,866</b>	<b>33,549</b>

The increase between reporting dates are as a result of revaluation of position which is held on SDR (because the obligation is on SDR). The amount above has to do with the RTGS (Real Time Gross Settlement) project which is on its development phase.

**17. Other liabilities**

	<b>31 March 2015</b>	<b>31 December 2014</b>
Escrow account	2,428,020	2,428,026
Deferred income	586,752	461,977
Payable accounts	252,774	145,906
Accrued expenses	26,195	144,750
<b>Total</b>	<b>3,293,741</b>	<b>3,180,660</b>

**18, 19 Regulatory capital and reserves**

	31 March 2015	31 December 2014
<b>Capital and general reserve</b>		
Authorised capital	30,000,000	30,000,000
Reserve fund	20,334,792	19,949,414
Net result for the period	721,009	385,378
<b>Total</b>	<b>51,055,801</b>	<b>50,334,792</b>

**20. Net interest income**

	31 March 2015	31 March 2014
<b>Interest Income</b>		
From placements	77,924	240,251
From treasury bill	4,955	254,666
From deposit current accounts	8,475	20,011
	<b>91,354</b>	<b>514,929</b>
<b>Interest expense</b>		
Due to current accounts	8,989	17,992
Due to commercial banks	-	-
Fix term deposits	8,001	47,525
From Borrowing	1,079	124
	<b>18,069</b>	<b>65,641</b>
<b>Net interest income</b>	<b>73,285</b>	<b>449,288</b>

**21. Net fee and commission income**

	31 March 2015	31 March 2014
<b>Net fee and commission income</b>		
From cash deposits	81,071	124,641
From incoming transfer	12,259	7,793
From outgoing transfers	57,147	54,400
From domestic transfers (Domestic payment system))	102,129	95,741
From credit registry system	29,557	28,318
From Treasury asset management	25,000	73,000
Other fees	6,941	7,085
	<b>314,104</b>	<b>390,978</b>
<b>Fee and commission expense</b>		
From cash transportation	43,859	45,132
From correspondent bank transactions	549	866
	<b>44,408</b>	<b>45,997</b>
<b>Net fee and commission position</b>	<b>269,696</b>	<b>344,980</b>

**23. Incomes from regulatory activity**

	<b>31 Mars 2015</b>	<b>31 Mars 2015</b>
Banks licenses renewal fees	419,000	480,000
Bank licenses fees	6,100	5,200
Insurance Companies licenses renewal fees	226,000	240,000
Insurance Companies licenses fees	34,600	21,150
Pension funds renewal fees	2,900	7,000
Other financial institution fees	33,950	35,450
<b>Total</b>	<b>722,550</b>	<b>788,800</b>

**24. Grant revenue**

	<b>31 March 2015</b>	<b>31 March 2014</b>
Grant revenue	<b>16,655</b>	<b>16,655</b>

**25. Other operational incomes**

	<b>31 March 2015</b>	<b>31 March 2014</b>
Other income	311	484
<b>Total</b>	<b>311</b>	<b>484</b>

**24. Personnel expenses**

	<b>31 March 2015</b>	<b>31 March 2014</b>
Wages and salary expences	638,277	626,463
Social security and health insurance	149,065	144,647
Staff training costs	8,558	6,281
Board expenses	17,750	27,674
Other	6,410	6,535
<b>Total</b>	<b>820,061</b>	<b>811,600</b>

Total number of employees on March 31, 2015 is 203. (while in March 31, 2014: 195). On the category of other expenses are also the compensations for additional pension fund that CBK pay for its employees and for some of them was not able to transfer this obligation to licensed pension funds because they have been already retired when the management dived to transfer these fund to licensed pension funds and financial support for living accommodation.

**27. General and administrative expenses**

	<b>31 March 2015</b>	<b>31 March 2014</b>
Insurance expenses	52,570	41,495
Repairs and maintenance	5,977	6,938
Application maintenance	59,269	43,612
Communication expenses (telephone, fax, and internet)	9,243	6,526
Public utility expenses	21,633	25,511
Security (guard and transportation)	6,480	7,125
Travel and transportation	11,077	16,034
Vehicle operating expenses	6,388	4,970
Consumable administrative material	1,613	7,601
Cafeteria expenses	6,731	3,389
Consumable expenses (IT and non-IT equipment supply)	3,816	2,114
Publishing and literature	2,539	5,730
Representation expenses	5,288	3,501
Membership to professional institutions	5,766	1,350
Other	1,821	6,261
<b>Total</b>	<b>200,212</b>	<b>182,157</b>

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

	<b>31 March 2015</b>	<b>31 March 2014</b>
Net unrealized profit/loss from exchange rate	<b>778,070</b>	<b>71,003</b>



**29. Cash and cash equivalents**

	Note	31 March 2015	31 December 2014
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
<b>Total</b>		<b>944,087,158</b>	<b>831,924,109</b>

**30. 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<sup>0</sup>) 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 2014 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.