THE CBK FINANCIAL STATEMENT
/for the first quarter 2018/
-unaudited interim report-

Department of Financial Planning and Reporting
CBK’s Financial Statements for the first quarter 2018

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, 2018.

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

<table>
<thead>
<tr>
<th>Assets</th>
<th>Note</th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>5</td>
<td>298,850,871.22</td>
<td>188,546,925.25</td>
</tr>
<tr>
<td>Current accounts with non-resident banks</td>
<td>6</td>
<td>224,006,383.91</td>
<td>422,009,658.27</td>
</tr>
<tr>
<td>Securities</td>
<td>7</td>
<td>771,916,269.99</td>
<td>592,711,414.27</td>
</tr>
<tr>
<td>Placements in money market</td>
<td>8</td>
<td>8,035,865.59</td>
<td>68,178,188.62</td>
</tr>
<tr>
<td>In accounts related with IMF</td>
<td>9</td>
<td>322,999,827.71</td>
<td>325,763,334.32</td>
</tr>
<tr>
<td>Properties and equipment’s</td>
<td>10</td>
<td>5,332,687.18</td>
<td>5,328,698.54</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>11</td>
<td>2,002,689.02</td>
<td>2,065,365.09</td>
</tr>
<tr>
<td>Other assets</td>
<td>12</td>
<td>14,784,606.15</td>
<td>9,100,769.20</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td><strong>1,647,929,200.77</strong></td>
<td><strong>1,613,704,353.56</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to domestic commercial banks</td>
<td>13</td>
<td>331,524,070.08</td>
<td>331,825,757.36</td>
</tr>
<tr>
<td>Due to IMF related accounts</td>
<td>14</td>
<td>316,612,415.55</td>
<td>318,615,908.24</td>
</tr>
<tr>
<td>Due to Governmental Institutions</td>
<td>15</td>
<td>818,184,451.63</td>
<td>811,339,426.29</td>
</tr>
<tr>
<td>Due to public and commercial entities</td>
<td>16</td>
<td>126,011,777.46</td>
<td>95,808,347.61</td>
</tr>
<tr>
<td>Borrowing</td>
<td>17</td>
<td>2,266,259.07</td>
<td>2,266,259.07</td>
</tr>
<tr>
<td>Other domestic liabilities</td>
<td>18</td>
<td>1,630,592.06</td>
<td>2,047,534.21</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td><strong>1,596,229,565.85</strong></td>
<td><strong>1,561,903,232.78</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital and reserves</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized capital</td>
<td>19</td>
<td>30,000,000.00</td>
<td>30,000,000.00</td>
</tr>
<tr>
<td>Reserve fund</td>
<td>20</td>
<td>21,801,120.78</td>
<td>22,682,588.69</td>
</tr>
<tr>
<td>Net result of the period</td>
<td></td>
<td>(101,485.86)</td>
<td>(881,467.91)</td>
</tr>
<tr>
<td><strong>Total capital and reserve</strong></td>
<td></td>
<td><strong>51,699,634.92</strong></td>
<td><strong>51,801,120.78</strong></td>
</tr>
</tbody>
</table>

| **Total liability capital and reserve**        |      | **1,647,929,200.77**| **1,613,704,353.56**|

Notes from page 6 up to 17 are integral parts of these financial statements

Financial Statements set out on pages below were approved by management of CBK on June 28, 2018 and signed on its behalf by:

Governor
Fehmi Mehmeti

Director of financial Planning and Reporting Directorate
Fatih Ahmetaj
### Statement of comprehensive income

<table>
<thead>
<tr>
<th>Note</th>
<th>31 March 2018</th>
<th>31 March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net interest income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>598,237.65</td>
<td>447,618.47</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(388,940.64)</td>
<td>(135,265.34)</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td><strong>209,297.01</strong></td>
<td><strong>312,353.13</strong></td>
</tr>
<tr>
<td><strong>Fee and commission income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fee and commission income</td>
<td>471,745.67</td>
<td>454,566.49</td>
</tr>
<tr>
<td>Fee and commission expenses</td>
<td>(30,147.25)</td>
<td>(38,802.91)</td>
</tr>
<tr>
<td><strong>Net fee and commission income</strong></td>
<td><strong>441,598.42</strong></td>
<td><strong>415,763.58</strong></td>
</tr>
<tr>
<td><strong>Other operating Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from regulatory activity</td>
<td>980,300.00</td>
<td>932,400.00</td>
</tr>
<tr>
<td>Grant revenues</td>
<td>24,306.12</td>
<td>25,428.47</td>
</tr>
<tr>
<td>Other operating Income</td>
<td>284.63</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Operating Income</strong></td>
<td><strong>1,655,786.18</strong></td>
<td><strong>1,685,945.18</strong></td>
</tr>
<tr>
<td><strong>Administrative (operative) expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>(992,858.70)</td>
<td>(1,018,552.40)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(249,970.19)</td>
<td>(240,960.84)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(243,353.81)</td>
<td>(228,360.81)</td>
</tr>
<tr>
<td><strong>Total administrative (operative) expenses</strong></td>
<td><strong>(1,486,182.70)</strong></td>
<td><strong>(1,487,874.05)</strong></td>
</tr>
<tr>
<td><strong>Net result without exchange rate effect</strong></td>
<td><strong>169,603.48</strong></td>
<td><strong>198,071.13</strong></td>
</tr>
<tr>
<td><strong>Net profit/loss on exchange rate</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>(271,089.34)</td>
<td>52,300.67</td>
</tr>
<tr>
<td><strong>Net result of the period</strong></td>
<td><strong>(101,485.86)</strong></td>
<td><strong>250,371.80</strong></td>
</tr>
</tbody>
</table>

Notes from page 6 up to 17 are integral parts of these financial statements.
Statement of changes in equity (capital and reserve)

<table>
<thead>
<tr>
<th></th>
<th>Statutory fund</th>
<th>Reserve fund</th>
<th>Retained earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 01 January 2017</strong></td>
<td>30,000,000.00</td>
<td>21,994,796.78</td>
<td>687,791.91</td>
<td>52,682,588.69</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>-</td>
<td>-</td>
<td>(881,467.91)</td>
<td>(881,467.91)</td>
</tr>
<tr>
<td><strong>Transfer to reserve fund</strong></td>
<td>-</td>
<td>687,791.91</td>
<td>(881,467.91)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transfer to statutory fund</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2017</strong></td>
<td>30,000,000.00</td>
<td>22,682,588.69</td>
<td>(881,467.91)</td>
<td>51,801,120.78</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Statutory fund</th>
<th>Reserve fund</th>
<th>Retained earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 01 January 2018</strong></td>
<td>30,000,000.00</td>
<td>22,682,588.69</td>
<td>(881,467.91)</td>
<td>51,801,120.78</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>-</td>
<td>-</td>
<td>(101,485.86)</td>
<td>(101,485.86)</td>
</tr>
<tr>
<td><strong>Transfer to reserve fund</strong></td>
<td>-</td>
<td>(881,467.91)</td>
<td>881,467.91</td>
<td>-</td>
</tr>
<tr>
<td><strong>Transfer to statutory fund</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance at 31 March 2018</strong></td>
<td>30,000,000.00</td>
<td>21,801,120.78</td>
<td>(101,485.86)</td>
<td>51,699,634.92</td>
</tr>
</tbody>
</table>

Notes from page 6 up to 17 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.

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 AAA till BBBu/ P-1 till Baa2).
Liquidity risk management (continued)

### Carried amounts according to maturity left

<table>
<thead>
<tr>
<th>Note</th>
<th>Carried amount</th>
<th>&lt; 3 months</th>
<th>3-6 months</th>
<th>6-12 months</th>
<th>1-5 years</th>
<th>more than 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>31 March 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Cash on hand</td>
<td>298,850,871.22</td>
<td>298,850,871.22</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6</td>
<td>Current accounts with non-resident banks</td>
<td>224,006,383.91</td>
<td>224,006,383.91</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Treasury bills</td>
<td>771,916,269.99</td>
<td>29,178,924.96</td>
<td>26,324,260.03</td>
<td>159,669,848.57</td>
<td>556,743,236.43</td>
</tr>
<tr>
<td>8</td>
<td>Deposit accounts with non-resident banks</td>
<td>8,035,865.59</td>
<td>8,035,865.60</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9</td>
<td>In accounts related with IMF</td>
<td>322,999,827.71</td>
<td>163,251,083.71</td>
<td>-</td>
<td>4,144,147.00</td>
<td>155,604,597</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,625,809,218.42</td>
<td>723,323,129.40</td>
<td>26,324,260.03</td>
<td>163,813,995.57</td>
<td>712,347,833.43</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Due to domestic banks</td>
<td>(331,524,070.08)</td>
<td>(331,524,070.08)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>14</td>
<td>Due to accounts related to IMF</td>
<td>(316,612,415.55)</td>
<td>(156,863,671.55)</td>
<td>-</td>
<td>(4,144,147.00)</td>
<td>(155,604,597.00)</td>
</tr>
<tr>
<td>15</td>
<td>Due to local governmental institutions</td>
<td>(818,184,451.63)</td>
<td>(818,184,451.63)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>16</td>
<td>Due to public and commercial entities</td>
<td>(126,011,777.46)</td>
<td>(126,011,777.46)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>17</td>
<td>Borrowings</td>
<td>(2,266,259.07)</td>
<td>-</td>
<td>-</td>
<td>(453,251.81)</td>
<td>(1,813,007.26)</td>
</tr>
<tr>
<td>18</td>
<td>Other domestic liabilities</td>
<td>(1,630,592.06)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,596,229,565.85</td>
<td>1,434,214,562.78</td>
<td>-</td>
<td>(4,144,147.00)</td>
<td>(156,057,848.81)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>29,579,652.57</td>
<td>(710,891,433.38)</td>
<td>26,324,260.03</td>
<td>159,669,848.57</td>
<td>556,289,984.62</td>
</tr>
</tbody>
</table>

|      |                                | 31 December 2017 |            |             |           |                  |
| Assets |                                |            |            |             |           |                  |
| 5    | Cash on hand                    | 188,546,925.25 | 188,546,925.25 | -           | -         | -                |
| 6    | Current accounts with non-resident banks | 422,009,658.27 | 422,009,658.27 | -           | -         | -                |
| 7    | Treasury bills                  | 592,711,441.27 | 128,539,491.37 | 27,157,737.12 | 88,435,170.28 | 348,579,015.71 |
| 8    | Deposit accounts with non-resident banks | 68,178,188.62 | 68,178,188.62 | -           | -         | -                |
| 9    | In accounts related with IMF    | 325,763,334.32 | 164,979,793.32 | -           | 4,170,991.00 | 156,612,550.00 |
|      |                                 | 1,597,209,520.73 | 972,254,056.83 | 27,157,737.12 | 92,606,161.28 | 505,191,565.71 |
| Liabilities |                                |            |            |             |           |                  |
| 13   | Due to domestic banks           | (331,825,757.36) | (331,825,757.36) | -           | -         | -                |
| 14   | Due to accounts related to IMF   | (325,763,334.32) | (164,979,793.32) | -           | (4,170,991.00) | (156,612,550.00) |
| 15   | Due to local governmental institutions | (811,339,426.29) | (811,339,426.29) | -           | -         | -                |
| 16   | Due to public and commercial entities | (95,808,347.61) | (95,808,347.61) | -           | -         | -                |
| 17   | Borrowings                      | (2,266,259.07) | -           | -           | (453,251.81) | (1,813,007.26)  |
| 18   | Other domestic liabilities       | (2,047,534.21) | (2,047,534.21) | -           | -         | -                |
|      |                                 | 1,569,050,658.86 | 1,406,000,858.79 | -           | (4,170,991.00) | (157,065,801.81) |
|      |                                 | 28,158,861.87 | (433,746,801.96) | 27,157,737.12 | 88,435,170.28 | 348,125,763.90 |

31 March 2018

31 December 2017
## 5. Cash on hand

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>298,850,871.22</td>
<td>188,546,925.25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>298,850,871.22</strong></td>
<td><strong>188,546,925.25</strong></td>
</tr>
</tbody>
</table>

It noted considerable growth of a positon cash on hand March 31, 2018. This stems from the impossibility of placing (term deposit) of funds in the financial markets as a result of very low rates and negative. So it was decided that more funds are held as cash due to negative rates that correspondent banks charge us over certain limits.

## 6. Current accounts with non-resident banks

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

<table>
<thead>
<tr>
<th>Account</th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deutsche Bundesbank</td>
<td>20,759.44</td>
<td>62,776,184.68</td>
</tr>
<tr>
<td>Raiffeisen Zentralbank</td>
<td>29,799,905.71</td>
<td>29,800,000.00</td>
</tr>
<tr>
<td>Banque centrale du Luxembourg</td>
<td>6,203.27</td>
<td>39,846,006.15</td>
</tr>
<tr>
<td>Deutsche Bank</td>
<td>193,531,514.14</td>
<td>195,263,401.28</td>
</tr>
<tr>
<td>Nostro Acc. Commerzbank AG</td>
<td>497,403.00</td>
<td>498,537.70</td>
</tr>
<tr>
<td>Nostro Acc. Bayerische Landesbank</td>
<td>17,077.33</td>
<td>78,598,508.23</td>
</tr>
<tr>
<td>Nostro acc. with FED</td>
<td>167,675.68</td>
<td>227,020.23</td>
</tr>
<tr>
<td>Nostro Suspense Account</td>
<td>-</td>
<td>15,000,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>224,006,383.91</strong></td>
<td><strong>422,009,658.27</strong></td>
</tr>
</tbody>
</table>

The current account position compared to December 31, 2017 has been decreased, the change being the normal course of the activity of these accounts and the asset portfolio management (i.e. notes 6, 7 and 8 that are closely related to each other referred to asset management).

## 7. Securities (Treasury Bills and Bonds)

The two categories that fall within the group under note 7 are debt securities, they have geographical distribution according to the list below (in the table by country). Treasury bills shown on table according to type have a maturity of up to one year. While bonds mature for up to five years. All are in Euro and have effective interest rates moving from 0.008% to 1.716% in 2018 (in 2017: 0.008% to 2.696% per annum).
Securities according to geographic distribution and type (continued):

Disclosure by countries:

<table>
<thead>
<tr>
<th>Country</th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>51,388,600.39</td>
<td>-</td>
</tr>
<tr>
<td>France</td>
<td>10,037,637.08</td>
<td>10,036,133.23</td>
</tr>
<tr>
<td>The Netherland</td>
<td>12,993,248.43</td>
<td>-</td>
</tr>
<tr>
<td>Italy</td>
<td>256,018,653.98</td>
<td>359,512,783.29</td>
</tr>
<tr>
<td>Slovenia</td>
<td>22,410,823.18</td>
<td>22,839,552.27</td>
</tr>
<tr>
<td>Luxemburg</td>
<td>91,202,919.06</td>
<td>-</td>
</tr>
<tr>
<td>EuroFima-Switzerland</td>
<td>6,253,692.75</td>
<td>6,252,941.09</td>
</tr>
<tr>
<td>Austria</td>
<td>81,831,026.57</td>
<td>-</td>
</tr>
<tr>
<td>Ireland</td>
<td>49,730,276.90</td>
<td>-</td>
</tr>
<tr>
<td>Kosovo</td>
<td>190,049,391.66</td>
<td>194,070,004.40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>771,916,269.99</strong></td>
<td><strong>592,711,414.27</strong></td>
</tr>
</tbody>
</table>

According to type:

<table>
<thead>
<tr>
<th>Type</th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury Bills</td>
<td>13,232,713.15</td>
<td>20,969,777.71</td>
</tr>
<tr>
<td>Bonds</td>
<td>758,683,556.84</td>
<td>571,741,636.56</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>771,916,269.99</strong></td>
<td><strong>592,711,414.27</strong></td>
</tr>
</tbody>
</table>

To this group there was a higher position compare to the period ended December 31, 2017 which is the normal flow of portfolio management, mainly based on the optimal rate of return.

8. Deposits with non-residential banks

Within this group includes placements in the money market in non-domestic banks. The interest rate for these placements until the first quarter of 2018 average is around 0.589% (min. 0.005% and max. 1.80%), whereas in 2017: min. 0.118% to 0.005% with an average of 1.46%). These placements mainly contracted maturity up to one year. Analytics by banks is disclosed in the table as bellow:

<table>
<thead>
<tr>
<th>Money market placements</th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raiffeisen Zentralbank</td>
<td>-</td>
<td>60,005,761.11</td>
</tr>
<tr>
<td>FED New York</td>
<td>8,035,865.60</td>
<td>8,172,427.53</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,035,865.60</strong></td>
<td><strong>68,178,188.64</strong></td>
</tr>
</tbody>
</table>

Just as it is easy to see if we compare 31 December 2017 and 31 March 2018 there is a decrease in the position (i.e. item) in the group under note 8. There is no active time deposits in euro. Whereas, 9.9 million are active time deposits placements in USD.
9. Assets related to IMF

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMF Quota</td>
<td>97,453,812.67</td>
<td>98,085,084.65</td>
</tr>
<tr>
<td>SDR holdings</td>
<td>65,212,564.93</td>
<td>66,313,525.53</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>584,706.28</td>
<td>581,183.41</td>
</tr>
<tr>
<td>Use of IMF funds (SBA)</td>
<td>159,748,743.83</td>
<td>160,783,540.73</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>322,999,827.71</strong></td>
<td><strong>325,763,334.32</strong></td>
</tr>
</tbody>
</table>

Above items arise from Kosovo membership in IMF. First item represents the value of the mandatory quota (86,000,000 SDR form February 2016, where at the beginning has been 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 0.789% on average for the reporting period.

Item use of IMF funds, represents use of IMF funds according the agreement for use of credit line by Kosovo Government (SBA). Changes are derived mainly from new disbursement and payments for all active SBA and partially from changes on foreign exchange.

10, 11 Tangible and Intangible Assets

<table>
<thead>
<tr>
<th>Category of main assets</th>
<th>Historical cost</th>
<th>Depreciation/ Amortization accumulated up to 31 December 2017</th>
<th>Depreciation/ Amortization for period 31 Mar 2018</th>
<th>Total Depreciation/ Amortization accumulated till 31 Mar 2018</th>
<th>Net Value as 31 Mar 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>9,937,308.84</td>
<td>4,447,603.38</td>
<td>157,882.11</td>
<td>4,605,485.49</td>
<td>5,332,867.18</td>
</tr>
<tr>
<td>Equipment’s, offices and other</td>
<td>2,296,899.45</td>
<td>1,731,701.77</td>
<td>39,986.44</td>
<td>1,771,688.21</td>
<td>525,211.24</td>
</tr>
<tr>
<td>Vehicles</td>
<td>320,149.16</td>
<td>261,633.78</td>
<td>7,239.93</td>
<td>268,873.71</td>
<td>51,275.45</td>
</tr>
<tr>
<td>Premises</td>
<td>3,112,994.85</td>
<td>920,631.05</td>
<td>37,920.19</td>
<td>958,551.24</td>
<td>2,154,443.61</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>2,133,042.82</td>
<td>1,534,500.61</td>
<td>72,735.55</td>
<td>1,607,236.16</td>
<td>526,670.49</td>
</tr>
<tr>
<td>Work in process</td>
<td>2,075,086.39</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,075,086.39</td>
</tr>
<tr>
<td>Disposal</td>
<td>(863.83)</td>
<td>(863.83)</td>
<td>-</td>
<td>(863.83)</td>
<td>-</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>3,903,599.03</td>
<td>1,808,821.93</td>
<td>92,088.08</td>
<td>1,900,910.01</td>
<td>2,002,689.02</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>3,903,599.03</td>
<td>1,808,821.93</td>
<td>92,088.08</td>
<td>1,900,910.01</td>
<td>2,002,689.02</td>
</tr>
<tr>
<td>Intangible assets– work in process</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,840,907.87</strong></td>
<td><strong>6,256,425.31</strong></td>
<td><strong>249,970.19</strong></td>
<td><strong>6,506,395.50</strong></td>
<td><strong>7,335,376.20</strong></td>
</tr>
</tbody>
</table>
12. Other assets
Other assets are as below:

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued income</td>
<td>1,040,921.29</td>
<td>1,128,062.16</td>
</tr>
<tr>
<td>Prepayment</td>
<td>367,579.86</td>
<td>107,507.04</td>
</tr>
<tr>
<td>Payment in process (SNP/DepoX)</td>
<td>13,376,105.00</td>
<td>7,865,200.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,784,606.15</strong></td>
<td><strong>9,100,769.20</strong></td>
</tr>
</tbody>
</table>

13. Due to domestic banks

<table>
<thead>
<tr>
<th>Bank/Institution</th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>ProCredit Bank - Kosovë</td>
<td>62,315,506.32</td>
<td>47,737,020.17</td>
</tr>
<tr>
<td>Raiffeisen Bank - Kosovë</td>
<td>65,986,349.27</td>
<td>56,743,154.84</td>
</tr>
<tr>
<td>NLB Prishtina</td>
<td>54,158,078.98</td>
<td>66,433,413.61</td>
</tr>
<tr>
<td>Komercijalna Banka - Dega Mitrovicë</td>
<td>5,886,057.82</td>
<td>5,620,504.29</td>
</tr>
<tr>
<td>Banka Ekonomike e Prishtinë</td>
<td>40,019,443.41</td>
<td>30,554,102.16</td>
</tr>
<tr>
<td>Banka për Biznes</td>
<td>21,590,084.56</td>
<td>33,998,176.76</td>
</tr>
<tr>
<td>Banka Kombëtare Tregtare e Shqipërisë</td>
<td>17,985,675.31</td>
<td>23,227,274.97</td>
</tr>
<tr>
<td>Turk Ekonomi Bankasi Sh.A</td>
<td>46,096,929.23</td>
<td>49,997,817.14</td>
</tr>
<tr>
<td>Turkiye Is Bankasi A.S.</td>
<td>15,756,403.09</td>
<td>16,180,143.17</td>
</tr>
<tr>
<td>T.C. Zirat Bankasi A.S.Dega Kosove</td>
<td>1,705,429.05</td>
<td>1,326,496.32</td>
</tr>
<tr>
<td>Banka Kreditore e Prishtinë</td>
<td>24,113.04</td>
<td>7,653.93</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>331,524,070.08</strong></td>
<td><strong>331,825,757.36</strong></td>
</tr>
</tbody>
</table>

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, 2018 above disclosed is around 2.4 times higher the required amount.

14. Due to accounts related to IMF

<table>
<thead>
<tr>
<th>Account</th>
<th>31 March 2017</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current account FMN No. 1</td>
<td>243,634.53</td>
<td>245,212.71</td>
</tr>
<tr>
<td>Expenses account FMN No. 2</td>
<td>5,899.14</td>
<td>5,937.35</td>
</tr>
<tr>
<td>IMF securities account</td>
<td>233,285,668.30</td>
<td>234,796,811.89</td>
</tr>
<tr>
<td>Part paid of IMF quota</td>
<td>17,167,140.36</td>
<td>17,239,069.92</td>
</tr>
<tr>
<td>IMF SDR allocated by IMF</td>
<td>65,325,217.29</td>
<td>65,748,371.38</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>584,855.93</td>
<td>580,504.99</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>316,612,415.55</strong></td>
<td><strong>318,615,908.24</strong></td>
</tr>
</tbody>
</table>

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.

The paid quota is held in SDR (SDR 14,160,000), which in the table above is expressed in euro.

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:

<table>
<thead>
<tr>
<th>Current account</th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury – Ministry of Economy and Finance</td>
<td>341,376,280.27</td>
<td>339,905,741.61</td>
</tr>
<tr>
<td>Privatization Agency of Kosovo</td>
<td>476,674,352.67</td>
<td>471,298,880.77</td>
</tr>
<tr>
<td>Interim Administrative Institutions</td>
<td>133,818.69</td>
<td>134,803.91</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>818,184,451.63</strong></td>
<td><strong>811,339,426.29</strong></td>
</tr>
</tbody>
</table>

Deposits on current accounts benefit interest of 0.00% (both for the reporting period and the comparative period). There are no active term deposits in the reporting period, as well as for 2017 and 31 December 2017 there were no term deposits. Change is the flow of the operational activity of the institutions that make up the group.

16. Due to Public and Commercial Entities

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

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance Companies</td>
<td>4,978,695.65</td>
<td>4,906,427.31</td>
</tr>
<tr>
<td>Public Institutions</td>
<td>121,031,313.98</td>
<td>90,900,146.47</td>
</tr>
<tr>
<td>Pension Funds and other</td>
<td>1,767.83</td>
<td>1,773.83</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>126,011,777.46</strong></td>
<td><strong>95,808,347.61</strong></td>
</tr>
</tbody>
</table>

Mainly increase compared to 2017 is attributable to the account of fund and safe custody account of Kosovo Energy Corporation (KEK). It is to be mentioned that accounts change derive from normal operating activity of the accounts included in group.
17. Borrowings

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings from World Bank</td>
<td>2,266,259.07</td>
<td>2,266,259.07</td>
</tr>
<tr>
<td>Total</td>
<td>2,266,259.07</td>
<td>2,266,259.07</td>
</tr>
</tbody>
</table>

We have two projects that have been financed by the World Bank through the loan: the project for the Business Continuity and the project for the real-time payments system (RTGS). The Real Time Payment System Project is in operation since July 2016, while the Business Continuity has been inaugurated at the end of 2016.

18. Other liabilities

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Escrow account</td>
<td>756,036.51</td>
<td>756,036.51</td>
</tr>
<tr>
<td>Deferred income</td>
<td>570,994.93</td>
<td>596,095.95</td>
</tr>
<tr>
<td>Payables and Accrued expenses</td>
<td>303,560.62</td>
<td>695,401.75</td>
</tr>
<tr>
<td>Total</td>
<td>1,630,592.06</td>
<td>2,047,534.21</td>
</tr>
</tbody>
</table>

Within the group is a slight reduction in the total balance of the group compared with 31 December 2017. Mainly influenced by the reduction of accounts payable balance to March 31, 2018, compared to 31 December 2017.

19,20 Regulatory capital and reserves

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized capital</td>
<td>30,000,000.00</td>
<td>30,000,000.00</td>
</tr>
<tr>
<td>Reserve fund</td>
<td>21,801,120.78</td>
<td>22,682,588.69</td>
</tr>
<tr>
<td>Net result for the period</td>
<td>(101,485.86)</td>
<td>(881,467.91)</td>
</tr>
<tr>
<td>Total</td>
<td>51,699,634.92</td>
<td>51,801,120.78</td>
</tr>
</tbody>
</table>

The negative financial result is influenced by Net profit/loss on exchange rate revaluation for foreign currency position. Unrealized profit/loss from exchange rate position in the reporting date was (271,089.34) Euro, if we exclude this position than we have a positive financial result around 169,603.48 Euro.
21. Net interest income

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From placements</td>
<td>28,093.90</td>
<td>17,969.45</td>
</tr>
<tr>
<td>From securities</td>
<td>314,227.04</td>
<td>241,858.75</td>
</tr>
<tr>
<td>From deposit current accounts</td>
<td>129,441.70</td>
<td>47,762.89</td>
</tr>
<tr>
<td>From negative rates on deposits</td>
<td>126,475.01</td>
<td>-</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From IMF Account (SDR Allocation)</td>
<td>129,167.66</td>
<td>60,681.43</td>
</tr>
<tr>
<td>From correspondent banks</td>
<td>258,502.50</td>
<td>69,491.89</td>
</tr>
<tr>
<td>From Borrowing</td>
<td>1,270.48</td>
<td>5,092.02</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td><strong>598,237.65</strong></td>
<td><strong>307,591.09</strong></td>
</tr>
</tbody>
</table>

As you can be seen from the table under note 21, revenues from interest rates are higher compared with the same period of last year. As well interest expenses are higher compared with the same period of last year. But net interest revenues are a little higher than the same period of last year.

Average interest rates on net interest revenues (taking into consideration only committed portfolio) brought in about 0.107% (in the same period of 2017 0.086%).

22. Net fee and commission income

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net fee and commission income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From cash deposits</td>
<td>133,760.03</td>
<td>139,499.43</td>
</tr>
<tr>
<td>From incoming transfer</td>
<td>16,635.00</td>
<td>9,257.00</td>
</tr>
<tr>
<td>From outgoing transfers</td>
<td>68,829.92</td>
<td>63,585.04</td>
</tr>
<tr>
<td>From domestic transfers (Domestic payment system)</td>
<td>205,349.92</td>
<td>199,813.32</td>
</tr>
<tr>
<td>From credit registry system</td>
<td>37,875.80</td>
<td>34,263.70</td>
</tr>
<tr>
<td>Other fees</td>
<td>9,295.00</td>
<td>8,148.00</td>
</tr>
<tr>
<td><strong>Fee and commission expense</strong></td>
<td><strong>471,745.67</strong></td>
<td><strong>454,566.49</strong></td>
</tr>
<tr>
<td>From cash transportation</td>
<td>28,224.84</td>
<td>37,000.00</td>
</tr>
<tr>
<td>From correspondent bank transactions</td>
<td>1,922.41</td>
<td>1,802.91</td>
</tr>
<tr>
<td>From payment services (IPS)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net fee and commission position</strong></td>
<td><strong>441,598.42</strong></td>
<td><strong>415,763.58</strong></td>
</tr>
</tbody>
</table>

1 Referring to the negative rates that are being followed by the financial markets of the euro currency, based also on ECB reference rates, the CBK has set negative rates on some of its depositors since September 2016.
An increase compared to March 31, 2017, it derived from increased volume of activities, especially for the forth item of the group.

23. Incomes from regulatory activity

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks licenses renewal fees</td>
<td>620,000.00</td>
<td>590,000.00</td>
</tr>
<tr>
<td>Bank licenses fees</td>
<td>4,300.00</td>
<td>2,800.00</td>
</tr>
<tr>
<td>Insurance Companies licenses renewal fees</td>
<td>256,000.00</td>
<td>254,000.00</td>
</tr>
<tr>
<td>Insurance Companies licenses fees</td>
<td>30,700.00</td>
<td>27,800.00</td>
</tr>
<tr>
<td>Pension funds renewal fees</td>
<td>6,000.00</td>
<td>6,000.00</td>
</tr>
<tr>
<td>Other financial institution fees</td>
<td>63,300.00</td>
<td>51,800.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>980,300.00</strong></td>
<td><strong>932,400.00</strong></td>
</tr>
</tbody>
</table>

The change as a rise is mainly based on the growth of the base (volume of activity) compared with the same period 2017.

24. Grant revenue

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant revenue</td>
<td>24,306.12</td>
<td>25,428.47</td>
</tr>
</tbody>
</table>

There are two grants that effect note 24 grant revenues. They are grant for application of management of whole process of issuing the government securities (which in fact the complete application was granted to us) and partial financing from grant for the application of credit registry also the grant on supervision financial reporting application. Decrease on grant revenue is derived by the grand for credit registry which is fully amortized during year 2017.

25. Other operational incomes

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other income</td>
<td>284.63</td>
<td>-</td>
</tr>
</tbody>
</table>

Incomes from other activity are not regular ones and which could not be part of any regular items of incomes listed in previous notes.
26. Personnel expenses

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salary expenses</td>
<td>758,928.45</td>
<td>780,691.20</td>
</tr>
<tr>
<td>Social security and health insurance</td>
<td>163,205.70</td>
<td>170,142.81</td>
</tr>
<tr>
<td>Staff training costs</td>
<td>11,115.46</td>
<td>8,505.01</td>
</tr>
<tr>
<td>Board expenses</td>
<td>22,959.27</td>
<td>19,524.27</td>
</tr>
<tr>
<td>Daily meal</td>
<td>31,299.00</td>
<td>32,979.00</td>
</tr>
<tr>
<td>Other</td>
<td>5,350.82</td>
<td>6,710.11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>992,858.70</strong></td>
<td><strong>1,018,552.40</strong></td>
</tr>
</tbody>
</table>

Total number of employees who were active on the payroll during January-March 2018 is 212 (215 in January-March 2017).

The other category include the staff costs include additional pension compensation (2018, 2,977.58 euro; 2017, 3,598.89 euro), fees for the internship program for students (2018, zero euro; 2017, 160.00 euro) and financial support for housing (2018, 2,373.24 euro; 2017, 2,951.22 euro). Additional

27. General and administrative expenses

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018</th>
<th>31 March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance expenses</td>
<td>80,325.65</td>
<td>48,030.52</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>10,610.87</td>
<td>7,741.35</td>
</tr>
<tr>
<td>Application maintenance</td>
<td>70,331.42</td>
<td>60,974.67</td>
</tr>
<tr>
<td>Communication expenses (telephone, fax, and internet)</td>
<td>2,820.64</td>
<td>4,605.62</td>
</tr>
<tr>
<td>Public utility expenses</td>
<td>16,811.76</td>
<td>31,608.70</td>
</tr>
<tr>
<td>Consulting and auditing expenses</td>
<td>1,769.23</td>
<td>1,628.40</td>
</tr>
<tr>
<td>Security (guard and transportation)</td>
<td>15,528.00</td>
<td>5,580.00</td>
</tr>
<tr>
<td>Travel and transportation</td>
<td>16,929.38</td>
<td>25,262.49</td>
</tr>
<tr>
<td>Vehicle operating expenses</td>
<td>2,628.24</td>
<td>2,106.74</td>
</tr>
<tr>
<td>Consumable administrative material</td>
<td>3,044.76</td>
<td>1,263.13</td>
</tr>
<tr>
<td>Cafeteria expenses</td>
<td>4,317.59</td>
<td>7,463.19</td>
</tr>
<tr>
<td>Consumable expenses (IT and non-IT equipment supply)</td>
<td>4,617.59</td>
<td>2,512.69</td>
</tr>
<tr>
<td>Publishing and literature</td>
<td>1,112.70</td>
<td>2,492.40</td>
</tr>
<tr>
<td>Representation expenses</td>
<td>1,958.65</td>
<td>9,116.50</td>
</tr>
<tr>
<td>Membership to professional institutions</td>
<td>8,161.13</td>
<td>9,870.55</td>
</tr>
<tr>
<td>Other</td>
<td>2,386.20</td>
<td>8,103.86</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>243,353.81</strong></td>
<td><strong>228,360.81</strong></td>
</tr>
</tbody>
</table>

The change is mainly derived by security (guard and transportation) related by the increase of the amount of cash held in vault and any activity that did not have the same periodicity in comparative periods.
28. Net result of changes in exchange rates

<table>
<thead>
<tr>
<th>Exchange Rate Revaluation</th>
<th>31 March 2018</th>
<th>31 March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>From USD Position</td>
<td>(223,665.70)</td>
<td>-</td>
</tr>
<tr>
<td>From SDR Position</td>
<td>(47,423.64)</td>
<td>52,300.67</td>
</tr>
<tr>
<td>Net unrealized profit/loss from exchange rate</td>
<td>(271,089.34)</td>
<td>52,300.67</td>
</tr>
</tbody>
</table>

The result presented above is temporary (specifically only to reporting date) and can change depending on the movement of exchange rates EUR / SDR and EUR/USD.

29. Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>31 March 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>5</td>
<td>298,850,871.22</td>
<td>188,546,925.25</td>
</tr>
<tr>
<td>Cash accounts with non-resident banks</td>
<td>6</td>
<td>224,006,383.91</td>
<td>422,009,658.27</td>
</tr>
<tr>
<td>Treasury bill with maturity up to three months</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Placements with non-resident banks with maturity up to three months</td>
<td>8,035,865.60</td>
<td>8,172,427.53</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>530,893,120.73</strong></td>
<td><strong>618,729,011.05</strong></td>
</tr>
</tbody>
</table>

30. Commitment and contingencies

Membership in the World Bank

After the accession of the Republic of Kosovo in the World Bank and its sub-agencies Kosovo Government has issued notes payable (upon request), pledging that it will pay at the request of the World Bank (her sub-agencies) for the membership fee. The value of their March 31, 2018 is approximately 645.152 euros (December 31, 2017, this liability was expected 645.152 euro), CBK acts as financial intermediary (bank guarantee) and funds held in safe-custody account.