



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 2018/  
**-unaudited interim report-**

Department of Financial Planning and Reporting

## CBK’s Financial Statements for the third 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 third 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 third quarter is September 30, 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

ECB – European Central Bank

USD – American Dollar

## Statement of financial position


as per

	Note	30 September 2018	31 December 2017
<b>Assets</b>			
Cash on hand	5	323,571,686.80	188,546,925.25
Current accounts with non-resident banks	6	68,721,596.00	422,009,658.27
Securities	7	821,683,632.27	592,711,414.27
Placements in money market	8	183,553,773.32	68,178,188.62
In accounts related with IMF	9	328,602,870.77	325,763,334.32
Properties and equipment's	10	5,127,513.53	5,328,698.54
Intangible assets	11	1,850,794.65	2,065,365.09
Other assets	12	12,551,317.72	9,100,769.20
<b>Total assets</b>		<b>1,745,663,185.06</b>	<b>1,613,704,353.56</b>
<b>Liabilities</b>			
Due to domestic commercial banks	13	338,566,734.55	331,825,757.36
Due to IMF related accounts	14	323,616,947.14	318,615,908.24
Due to Governmental Institutions	15	910,872,747.37	811,339,426.29
Due to public and commercial entities	16	115,221,370.47	95,808,347.61
Borrowings	17	2,266,259.07	2,266,259.07
Other domestic liabilities	18	1,573,341.69	2,047,534.21
<b>Total liabilities</b>		<b>1,692,117,400.29</b>	<b>1,561,903,232.78</b>
<b>Capital and reserves</b>			
Authorized capital	19	30,000,000.00	30,000,000.00
Reserve fund	20	21,801,120.78	22,682,588.69
Net result of the period		1,744,663.99	(881,467.91)
<b>Total capital and reserve</b>		<b>53,545,784.77</b>	<b>51,801,120.78</b>
<b>Total liability capital and reserve</b>		<b>1,745,663,185.06</b>	<b>1,613,704,353.56</b>

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 November, 29 2018 and signed on its behalf by:

  
 Fehmi Mehmeti  
 Governor

  
 Faton Ahmetaj  
 Director of Financial Planning  
 and Reporting Directorate

## Statement of comprehensive income

	Note	30 September 2018	30 September 2017
<b>Net interest income</b>			
Interest income		1,996,568.24	1,480,807.80
Interest expense		(711,236.92)	(639,211.70)
<b>Net interest income</b>	21	<b>1,285,331.32</b>	<b>841,596.10</b>
<b>Fee and commission income</b>			
Fee and commission income		1,626,503.84	1,565,895.56
Fee and commission expenses		(226,686.05)	(250,013.77)
<b>Net fee and commission income</b>	22	<b>1,399,817.79</b>	<b>1,315,881.79</b>
<b>Other operating Income</b>			
Income from regulatory activity	23	3,162,559.06	3,016,620.58
Grant revenues	24	73,587.11	76,285.45
Other operating Income	25	7,473.66	2,053.60
<b>Total Operating Income</b>		<b>5,928,768.94</b>	<b>5,252,437.52</b>
<b>Administrative (operative) expenses</b>			
Personnel expenses	26	(3,020,530.54)	(3,070,039.93)
Depreciation and amortization	10,11	(770,729.12)	(730,465.08)
General and administrative expenses	27	(785,559.08)	(814,148.14)
<b>Total administrative (operative) expenses</b>		<b>(4,576,818.74)</b>	<b>(4,614,653.15)</b>
<b>Net result without exchange rate effect</b>		<b>1,351,950.20</b>	<b>637,784.37</b>
Net profit/loss on exchange rate	28	392,713.79	(287,832.71)
<b>Net result of the period</b>		<b>1,744,663.99</b>	<b>349,951.66</b>

Notes from page 6 up to 17 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 2017</i></b>	<b>30,000,000.00</b>	<b>21,994,796.78</b>	<b>687,791.91</b>	<b>52,682,588.69</b>
<i>Profit for the period</i>	-	-	(881,467.91)	(881,467.91)
<i>Transfer to reserve fund</i>	-	687,791.91	(687,791.91)	-
<i>Transfer to statutory fund</i>	-	-	-	-
<b><i>Balance at 31 December 2017</i></b>	<b>30,000,000.00</b>	<b>22,682,588.69</b>	<b>(881,467.91)</b>	<b>51,801,120.78</b>
<b><i>Balance at 01 January 2018</i></b>	<b>30,000,000.00</b>	<b>22,682,588.69</b>	<b>(881,467.91)</b>	<b>51,801,120.78</b>
<i>Profit for the period</i>	-	-	1,744,663.99	1,744,663.99
<i>Transfer to reserve fund</i>	-	(881,467.91)	881,467.91	-
<i>Transfer to statutory fund</i>	-	-	-	-
<b><i>Balance at 30 September 2018</i></b>	<b>30,000,000.00</b>	<b>21,801,120.78</b>	<b>1,744,663.99</b>	<b>53,545,784.77</b>

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.

### **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 AAA till A-2u/ P-1 till Baa2).

**Liquidity risk management (continued)****Carried amounts according to maturity left**

	Note	Carried amount	< 3 months	3-6 months	6-12 months	1-5 years	more than 5 years
<b>30 September 2018</b>							
<b>Assets</b>							
Cash on hand	5	323,571,686.80	323,571,686.80		-	-	-
Current accounts with non-resident banks	6	68,721,596.00	68,721,596.00	-	-	-	-
Treasury bills	7	821,683,632.27	19,805,997.46	57,809,856.23	221,029,488.27	523,038,290.31	-
Deposit accounts with non-resident banks	8	183,553,773.32	8,553,773.32	-	175,000,000.00	-	-
In accounts related with IMF	9	328,602,870.77	169,639,448.77	4,233,601.00	16,934,403.00	137,795,418.00	-
		<b>1,726,133,559.16</b>	<b>590,292,502.36</b>	<b>62,043,457.23</b>	<b>412,963,891.27</b>	<b>660,833,708.31</b>	<b>-</b>
<b>Liabilities</b>							
Due to domestic banks	13	(338,566,734.55)	(338,566,734.55)	-	-	-	-
Due to accounts related to IMF	14	(323,616,947.14)	(164,653,525.14)	(4,233,601.00)	(16,934,403.00)	(137,795,418.00)	-
Due to local governmental institutions	15	(910,872,747.37)	(910,872,747.37)	-	-	-	-
Due to public and commercial entities	16	(115,221,370.47)	(115,221,370.47)	-	-	-	-
Borrowings	17	(2,266,259.07)	-	-	-	(566,564.77)	(1,699,694.30)
Other domestic liabilities	18	(1,573,341.69)	(1,573,341.69)	-	-	-	-
		<b>(1,692,117,400.29)</b>	<b>(1,530,887,719.22)</b>	<b>(4,233,601.00)</b>	<b>(16,934,403.00)</b>	<b>(138,361,982.77)</b>	<b>(1,699,694.30)</b>
		<b>34,016,158.87</b>	<b>(940,595,216.86)</b>	<b>57,809,856.23</b>	<b>396,029,488.27</b>	<b>522,471,725.54</b>	<b>(1,699,694.30)</b>
<b>31 December 2017</b>							
<b>Assets</b>							
Cash on hand	5	188,546,925.25	188,546,925.25	-	-	-	-
Current accounts with non-resident banks	6	422,009,658.27	422,009,658.27	-	-	-	-
Treasury bills	7	592,711,414.27	128,539,491.15	27,157,737.12	88,435,170.28	348,579,015.71	-
Deposit accounts with non-resident banks	8	68,178,188.62	68,178,188.62	-	-	-	-
In accounts related with IMF	9	325,763,334.32	164,979,793.32	-	4,170,991.00	156,612,550.00	-
		<b>1,597,209,520.73</b>	<b>972,254,056.61</b>	<b>27,157,737.12</b>	<b>92,606,161.28</b>	<b>505,191,565.71</b>	<b>-</b>
<b>Liabilities</b>							
Due to domestic banks	13	(331,825,757.36)	(331,825,757.36)	-	-	-	-
Due to accounts related to IMF	14	(325,763,334.32)	(164,979,793.32)	-	(4,170,991.00)	(156,612,550.00)	-
Due to local governmental institutions	15	(811,339,426.29)	(811,339,426.29)	-	-	-	-
Due to public and commercial entities	16	(95,808,347.61)	(95,808,347.61)	-	-	-	-
Borrowings	17	(2,266,259.07)	-	-	-	(453,251.81)	(1,813,007.26)
Other domestic liabilities	18	(2,047,534.21)	(2,047,534.21)	-	-	-	-
		<b>(1,569,050,658.86)</b>	<b>(1,406,000,858.79)</b>	<b>-</b>	<b>(4,170,991.00)</b>	<b>(157,065,801.81)</b>	<b>(1,813,007.26)</b>
		<b>28,158,861.87</b>	<b>(433,746,802.18)</b>	<b>27,157,737.12</b>	<b>88,435,170.28</b>	<b>348,125,763.90</b>	<b>(1,813,007.26)</b>

## 5. Cash on hand

	<b>30 September 2018</b>	<b>31 December 2017</b>
Cash on hand	323,571,686.80	188,546,925.25
<b>Total</b>	<b>323,571,686.80</b>	<b>188,546,925.25</b>

It noted considerable growth of a position cash on hand September 30, 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:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Deutsche Bundesbank	8,099,842.38	62,776,184.68
Raiffeisen Zentralbank	9,899,065.59	29,800,000.00
Banque centrale du Luxembourg	343.36	39,846,006.15
Deutsche Bank	49,969,593.68	195,263,401.28
Nostro Acc. Commerzbank AG	492,693.00	498,537.70
Nostro Acc. Bayerische Landesbank	2,880.85	78,598,508.23
Nostro acc. with FED	257,177.14	227,020.23
Nostro Suspense Account	0.00	15,000,000.00
<b>Total</b>	<b>68,721,596.00</b>	<b>422,009,658.27</b>

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 3.021% in 2018 (in 2017: 0.008% to 2.696% per annum).



**Securities according to geographic distribution and type (continued):**

<b>Disclosure by countries:</b>	<b>30 September 2018</b>	<b>31 December 2017</b>
Germany	67,111,350.03	-
France	10,028,194.92	10,036,133.23
The Netherland	12,777,282.58	-
Italy	238,021,726.26	359,512,783.29
Slovenia	22,128,657.36	22,839,552.27
Luxemburg	90,213,192.92	-
EuroFima-Switzerland	6,255,221.12	6,252,941.09
Austria	81,839,172.44	-
Ireland	105,360,191.17	-
Kosovo	187,948,643.47	194,070,004.40
<b>Total</b>	<b>821,683,632.27</b>	<b>592,711,414.27</b>

<b>According to type:</b>	<b>30 September 2018</b>	<b>31 December 2017</b>
Treasury Bills	12,493,680.31	20,969,777.71
Bonds	809,189,951.96	571,741,636.56
<b>Total</b>	<b>821,683,632.27</b>	<b>592,711,414.27</b>

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 third quarter of 2018 average is around 0.87% (min. 0.00% and max. 2.24%), 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:

<b>Money market placements</b>	<b>30 September 2018</b>	<b>31 December 2017</b>
Raiffeisen Zentralbank	-	60,005,761.11
DeutscheBank	175,000,000.00	-
FED New York	8,553,773.32	8,172,427.51
<b>Total</b>	<b>183,553,773.32</b>	<b>68,178,188.62</b>

Just as it is easy to see if we compare 31 December 2017 and 30 September 2018 there is a increase in the position (i.e. item) in the group under note 8. Active time deposits in euro are 175 milion. Whereas, 9.9 million are active time deposits placements in USD.

**9. Assets related to IMF**

	<b>30 September 2018</b>	<b>31 December 2017</b>
IMF Quota	99,557,415.46	98,085,084.65
SDR holdings	65,177,571.38	66,313,525.53
Accrued Interest	670,861.53	581,183.41
Use of IMF funds (SBA)	163,197,022.40	160,783,540.73
<b>Total</b>	<b>328,602,870.77</b>	<b>325,763,334.32</b>

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 0.892% 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**

Category of main assets	Historical cost	Depreciation/ Amortization accumulated up to 31 December 2017	Total Depreciation/ Amortization for period 30 September 2018	Total Depreciation/ Amortization accumulated till 30 September 2018	Disposal January- September 2018	Net Value as 30 September 2018
<b>Property, plant and equipment</b>	<b>10,067,433.70</b>	<b>4,447,603.38</b>	<b>493,180.62</b>	<b>4,940,784.00</b>	<b>863.83</b>	<b>5,127,513.53</b>
Equipment's, offices and other	2,405,553.86	1,731,701.77	129,755.42	1,861,457.19	-	544,096.67
Vehicles	320,149.16	261,633.78	21,719.79	283,353.57	-	36,795.59
Premises	5,201,291.64	920,631.05	167,787.31	1,088,418.36	-	4,112,873.28
Computer hardware	2,141,302.87	1,534,500.61	173,918.10	1,708,418.71	863.83	433,747.99
Work in process	-	-	-	-	-	-
Disposal	(863.83)	(863.83)	-	(863.83)	-	-
<b>Intangible assets</b>	<b>3,937,165.08</b>	<b>1,808,821.93</b>	<b>277,548.50</b>	<b>2,086,370.43</b>	<b>-</b>	<b>1,850,794.65</b>
Intangible assets	3,937,165.08	1,808,821.93	277,548.50	2,086,370.43	-	1,850,794.65
Intangible assets– work in process	-	-	-	-	-	-
<b>Total</b>	<b>14,004,598.78</b>	<b>6,256,425.31</b>	<b>770,729.12</b>	<b>7,027,154.43</b>	<b>863.83</b>	<b>6,978,308.18</b>

**12. Other assets**

Other assets are as below:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Accrued income	1,085,321.29	1,128,062.16
Prepayment	251,721.43	107,507.04
Payment in process (SNP/DepoX)	11,214,275.00	7,865,200.00
<b>Total</b>	<b>12,551,317.72</b>	<b>9,100,769.20</b>

**13. Due to domestic banks**

	<b>30 September 2018</b>	<b>31 December 2017</b>
ProCredit Bank - Kosovë	52,079,992.46	47,737,020.17
Raiffeisen Bank - Kosovë	60,591,987.55	56,743,154.84
NLB Prishtina	52,850,474.77	66,433,413.61
Komercijalna Banka - Dega Mitrovicë	6,158,408.46	5,620,504.29
Banka Ekonomike e Prishtinës	52,473,104.55	30,554,102.16
Banka për Biznes	35,196,901.21	33,998,176.76
Banka Kombëtare Tregtare e Shqipërisë	23,879,898.06	23,227,274.97
Turk Ekonomi Bankasi Sh.A	38,998,113.35	49,997,817.14
Turkiye Is Bankasi A.S.	14,075,425.83	16,180,143.17
T.C. Zirat Bankasi A.S.Dega Kosove	2,244,764.92	1,326,496.32
Banka Kreditore e Prishtinës	17,663.39	7,653.93
<b>Total</b>	<b>338,566,734.55</b>	<b>331,825,757.36</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 September 30, 2018 above disclosed is around 2.36 times higher the required amount.

**14. Due to accounts related to IMF**

	<b>30 September 2018</b>	<b>31 December 2017</b>
Current account FMN No. 1	248,893.54	245,212.71
Expenses account FMN No. 2	6,026.48	5,937.35
IMF securities account	238,321,288.41	234,796,811.89
Part paid of IMF quota	17,632,078.70	17,239,069.92
IMF SDR allocated by IMF	66,735,303.83	65,748,371.38
Accrued Interest	673,356.18	580,504.99
<b>Total</b>	<b>323,616,947.14</b>	<b>318,615,908.24</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.

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:

### Current account

	<b>30 September 2018</b>	<b>31 December 2017</b>
Treasury – Ministry of Economy and Finance	524,372,223.68	339,905,741.61
Privatization Agency of Kosovo	386,288,236.30	471,298,880.77
Interim Administrative Institutions	212,287.39	134,803.91
<b>Total</b>	<b>910,872,747.37</b>	<b>811,339,426.29</b>

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:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Insurance Companies	4,580,230.87	4,906,427.31
Public Institutions	110,639,383.77	90,900,146.47
Pension Funds and other	1,755.83	1,773.83
<b>Total</b>	<b>115,221,370.47</b>	<b>95,808,347.61</b>

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**

	<b>30 September 2018</b>	<b>31 December 2017</b>
Borrowings from World Bank	2,266,259.07	2,266,259.07
<b>Total</b>	<b>2,266,259.07</b>	<b>2,266,259.07</b>

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**

	<b>30 September 2018</b>	<b>31 December 2017</b>
Escrow account	756,036.51	756,036.51
Deferred income	520,845.73	596,095.95
Payables and Accrued expenses	296,459.45	695,401.75
<b>Total</b>	<b>1,573,341.69</b>	<b>2,047,534.21</b>

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 September 30, 2018, compared to 31 December 2017.

**19,20 Regulatory capital and reserves****Capital and general reserve**

	<b>30 September 2018</b>	<b>31 December 2017</b>
Authorized capital	30,000,000.00	30,000,000.00
Reserve fund	21,801,120.78	22,682,588.69
Net result for the period	1,744,663.99	(881,467.91)
<b>Total</b>	<b>53,545,784.77</b>	<b>51,801,120.78</b>

The financial result is positive for about 1.74 million, mainly due to satisfactory performance of revenues and maintenance of expenditures according to budget planning for the reporting period. The foreign currency revaluation item at the reporting date is in the amount of approximately EUR 393 thousand (as unrealized gain), even if we exclude this financial result remains positive of some EUR 1.35 million.

**21. Net interest income**

	30 September 2018	30 September 2017
<b>Interest Income</b>		
From placements	105,836.50	80,513.09
From securities	1,119,693.43	757,156.91
From deposit current accounts	436,696.38	227,393.65
From negative rates on deposits <sup>1</sup>	334,341.93	415,744.15
	<b>1,996,568.24</b>	<b>1,480,807.80</b>
<b>Interest expense</b>		
From IMF Account (SDR Allocation)	441,864.49	246,212.41
From correspondent banks	268,101.95	379,594.35
From Borrowing	1,270.48	13,404.94
	<b>711,236.92</b>	<b>639,211.70</b>
<b>Net interest income</b>	<b>1,285,331.32</b>	<b>841,596.10</b>

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 0.170% (in the same period of 2017 0.159%).

**22. Net fee and commission income**

	30 September 2018	30 September 2017
<b>Net fee and commission income</b>		
From cash deposits	486,681.31	459,611.85
From incoming transfer	57,772.99	55,889.58
From outgoing transfers	213,451.54	216,997.60
From domestic transfers (Domestic payment system)	724,374.30	713,516.73
From credit registry system	116,116.70	93,949.80
Other fees	28,107.00	25,930.00
	<b>1,626,503.84</b>	<b>1,565,895.56</b>
<b>Fee and commission expense</b>		
From cash transportation	191,378.47	242,706.25
From correspondent bank transactions	35,307.58	7,307.52
From payment services (IPS)	-	-
	<b>226,686.05</b>	<b>250,013.77</b>
<b>Net fee and commission position</b>	<b>1,399,817.79</b>	<b>1,315,881.79</b>

An increase compared to same period 2017, it derived from normal volume of activities.

<sup>1</sup> 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.

**23. Incomes from regulatory activity**

	<b>30 September 2018</b>	<b>30 September 2017</b>
Banks licenses renewal fees	2,003,468.73	1,884,946.68
Bank licenses fees	22,500.00	20,700.00
Insurance Companies licenses renewal fees	867,284.64	846,657.05
Insurance Companies licenses fees	64,700.00	101,000.00
Pension funds renewal fees	18,972.58	18,972.86
Other financial institution fees	185,633.11	144,343.99
<b>Total</b>	<b>3,162,559.06</b>	<b>3,016,620.58</b>

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**

	<b>30 September 2018</b>	<b>30 September 2017</b>
Grant revenue	<b>73,587.11</b>	<b>76,285.45</b>

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**

	<b>30 September 2018</b>	<b>30 September 2017</b>
Other income	<b>7,473.66</b>	<b>2,053.60</b>

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**

	<b>30 September 2018</b>	<b>30 September 2017</b>
Wages and salary expenses	2,280,239.28	2,333,987.77
Social security and health insurance	494,066.25	506,495.52
Staff training costs	53,171.27	48,846.05
Board expenses	80,603.15	63,155.10
Daily meal	93,414.00	95,848.50
Other	19,036.59	21,706.99
<b>Total</b>	<b>3,020,530.54</b>	<b>3,070,039.93</b>

Total number of employees who were active on the payroll during January-September 2018 is 216 (217 in January-September 2017).

The other category include the staff costs include additional pension compensation (2018, 8,840.29euro; 2017, 10,606.11euro), fees for the internship program for students (2018, 4,317.50euro; 2017, 2,717.50euro) and financial support for housing (2018, 5,878.8euro; 2017, 8,383.38euro).

**27. General and administrative expenses**

	<b>30 September 2018</b>	<b>30 September 2017</b>
Insurance expenses	212,149.37	192,169.00
Repairs and maintenance	39,481.78	32,155.72
Application maintenance	220,594.81	196,287.23
Communication expenses (telephone, fax, and internet)	11,849.20	25,871.56
Public utility expenses	54,946.55	78,763.68
Consulting and auditing expenses	6,151.93	3,454.42
Security (guard and transportation)	47,736.00	49,120.00
Travel and transportation	76,838.51	95,280.77
Vehicle operating expenses	10,510.39	12,722.78
Consumable administrative material	5,314.54	5,994.42
Cafeteria expenses	25,092.11	30,123.69
Consumable expenses (IT and non-IT equipment supply)	14,887.56	11,892.67
Publishing and literature	7,005.65	10,071.97
Representation expenses	15,353.04	23,571.72
Membership to professional institutions	21,475.95	25,768.02
Other	16,171.69	20,900.49
<b>Total</b>	<b>785,559.08</b>	<b>814,148.14</b>

The change is mainly derived by any activity that did not have the same periodicity in comparative periods.



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

Exchange Rate Revaluation	30 September 2018	30 September 2017
From USD Position	306,031.86	-
From SDR Position	86,681.93	(287,832.71)
<b>Net unrealized profit/loss from exchange rate</b>	<b>392,713.79</b>	<b>(287,832.71)</b>

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**

	Note	30 September 2018	30 September 2017
Cash in hand	5	323,571,686.80	188,546,925.25
Cash accounts with non-resident banks	6	68,721,596.00	422,009,658.27
Treasury bill with maturity up to three months		-	-
Placements with non-resident banks with maturity up to three months		8,553,773.33	8,172,427.53
<b>Total</b>		<b>400,847,056.13</b>	<b>618,729,011.05</b>

**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 September 30, 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.