



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 2021/
-unaudited interim report-

Department of Financial Planning and Reporting

CBK’s Financial Statements for the first quarter 2021

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, 2021.

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	31 March 2021	31 December 2020
Assets			
Cash on hand	5	415,254,188.06	308,090,581.36
Current accounts with non-resident banks	6	79,029,789.24	313,343,220.61
Securities	7	580,978,080.49	587,793,209.28
Placements in money market	8	59,291,696.50	58,323,427.72
In accounts related with IMF	9	257,237,084.23	268,198,353.59
Properties and equipment's	10	4,776,075.89	4,888,508.98
Intangible assets	11	1,645,305.79	1,700,404.15
Other assets	12	1,885,011.16	1,883,518.68
Total assets		1,400,097,231.36	1,544,221,224.37
Liabilities			
Due to domestic commercial banks	13	484,160,693.91	566,425,797.59
Due to IMF related accounts	14	258,524,315.33	269,137,185.35
Due to Governmental Institutions	15	514,512,567.90	508,446,061.87
Due to public and commercial entities	16	80,175,787.05	138,661,273.30
Borrowings	17	2,199,492.10	2,154,255.22
Other domestic liabilities	18	2,067,626.96	2,539,286.08
Total liabilities		1,341,640,483.25	1,487,363,859.41
Capital and reserves			
Authorized capital	19	30,000,000.00	30,000,000.00
Reserve fund	20	26,857,364.96	24,694,728.84
Net result of the period		1,599,383.15	2,162,636.12
Total capital and reserve		58,456,748.11	56,857,364.96
Total liability capital and reserve		1,400,097,231.36	1,544,221,224.37

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

These financial statements are only a draft report for preliminary publication, as such they are in the process of approval by the Central Bank Board. These draft financial statements will be republished after approval by the CBK Board.


 Fehmi Mehmeti
 Governor


 Faton Ahmetaj
 Director of Financial Planning
 and Reporting Directorate

Statement of comprehensive income

	Note	31 March 2021	31 March 2020
Net interest income			
Interest income		1,035,816.92	932,518.81
Interest expense		(259,109.12)	(266,537.53)
Net interest income	21	776,707.80	665,981.28
Fee and commission income			
Fee and commission income		687,330.25	648,576.33
Fee and commission expenses		(122,422.61)	(94,880.10)
Net fee and commission income	22	564,907.64	553,696.23
Other operating Income			
Income from regulatory activity	23	1,216,100.00	977,041.38
Grant revenues	24	34,386.33	36,765.94
Other operating Income	25	719.80	1,130.44
Total Operating Income		2,592,821.57	2,234,615.27
Administrative (operative) expenses			
Personnel expenses	26	(1,109,659.98)	(1,087,094.06)
Depreciation and amortization	10,11	(261,370.55)	(255,809.53)
General and administrative expenses	27	(247,304.47)	(239,952.13)
Total administrative (operative) expenses		(1,618,335.00)	(1,582,855.72)
Net result without exchange rate effect		974,486.57	651,759.55
Net profit/loss on exchange rate	28	329,983.63	247,206.31
Provision for expected credit losses (net increase / decrease)		294,912.95	-
Net result of the period		1,599,383.15	898,965.86

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	Revaluation reserves	Retained earnings	Net result	Total
Balance at 01 January 2020	30,000,000.00	22,621,568.37	526,895.80	2,108,701.19	-	55,257,165.36
Transfer to reserve fund	-	1,861,070.55	247,630.64	(2,108,701.19)	-	-
Total transactions required by law	-	1,861,070.55	247,630.64	(2,108,701.19)	-	-
Profit for the period	-	-	-	-	2,162,636.12	2,162,636.12
Adjustments during the year	-	(579,754.74)	17,318.22	-	-	(562,436.52)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	(579,754.74)	17,318.22	-	2,162,636.12	1,600,199.60
Balance at 31 December 2020	30,000,000.00	23,902,884.18	791,844.66	-	2,162,636.12	56,857,364.96
Balance at 01 January 2021	30,000,000.00	23,902,884.18	791,844.66	2,162,636.12	-	56,857,364.96
Transfer to reserve fund	-	-	-	-	-	-
Total transactions required by law	-	-	-	-	-	-
Profit for the period	-	-	-	-	1,599,383.15	1,599,383.15
Adjustments during the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	1,599,383.15	1,599,383.15
Balance at 31 March 2021	30,000,000.00	23,902,884.18	791,844.66	2,162,636.12	1,599,383.15	58,456,748.11

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. As well as the amendment on March 10, 2017 with Law no. 05 / L-150.

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 BBB + / Aaa till A3).

Financial risk management (continued)

Carrying values of credit risk exposure divided by type and also expressed by the share in percentage with total exposure, are as follows:

31 March 2021					
Credit Rating (S&P/Moody's)	Current accounts with non-resident banks	Money market placements	Securities (Treasury Bills and Bonds)	Total carrying value	% of total weight
AAA/Aaa	43,860,523.60	4,349,680.18	114,990,408.23	163,200,612.01	22.65%
AA+/Aa1	-	-	142,604,495.14	142,604,495.14	19.80%
AA/Aa2	-	-	10,018,416.46	10,018,416.46	1.39%
AA-/Aa3	-	-	-	-	0.00%
A+/A1	450,173.27	-	-	450,173.27	0.06%
A/A2	-	-	102,140,581.21	102,140,581.21	14.18%
BBB+/A3	34,820,931.24	55,000,118.05	212,168,589.79	301,989,639.08	41.92%
Total	79,131,628.11	59,349,798.23	581,922,490.83	720,403,917.17	100.00%

31 December 2020					
Credit Rating (S&P/Moody's)	Current accounts with non-resident banks	Money market placements	Securities (Treasury Bills and Bonds)	Total carrying value	% of total weight
AAA/Aaa	128,168,559.45	8,393,773.94	105,713,338.43	242,275,671.82	25.21%
AA+/Aa1	86,666,044.58	-	147,566,525.62	234,232,570.20	24.38%
AA/Aa2	-	-	10,016,912.60	10,016,912.60	1.04%
AA-/Aa3	-	-	-	-	0.00%
A+/A1	460,000.00	-	-	460,000.00	0.05%
A/A2	-	-	103,281,616.33	103,281,616.33	10.75%
BBB+/A3	98,412,019.12	50,000,000.00	222,180,331.42	370,592,350.54	38.57%
Total	313,706,623.15	58,393,773.94	588,758,724.40	960,859,121.49	100.00%

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

	Note	Net carried amount	< 3 months	3-6 months	6-12 months	1-5 years	more than 5 years
31 March 2021							
Assets							
Cash on hand	5	415,254,188.06	415,254,188.06	-	-	-	-
Current accounts with non-resident banks	6	79,029,789.24	79,029,789.24	-	-	-	-
Treasury bills	7	580,978,080.49	24,734,711.77	19,177,438.81	33,326,402.33	501,626,735.10	2,112,792.48
Money market placements	8	59,291,696.50	59,291,696.50	-	-	-	-
In accounts related with IMF	9	257,237,084.23	171,418,953.23	11,966,190.00	23,932,380.00	49,919,561.00	-
		1,391,790,838.52	749,729,338.80	31,143,628.81	57,258,782.33	551,546,296.10	2,112,792.48
Liabilities							
Due to domestic banks	13	(484,160,693.91)	(484,160,693.91)	-	-	-	-
Due to accounts related to IMF	14	(258,524,315.33)	(172,706,184.33)	(11,966,190.00)	(23,932,380.00)	(49,919,561.00)	-
Due to local governmental institutions	15	(514,512,567.90)	(514,512,567.90)	-	-	-	-
Due to public and commercial entities	16	(80,175,787.05)	(80,175,787.05)	-	-	-	-
Borrowings	17	(2,199,492.10)	-	-	-	(1,099,746.05)	(1,099,746.05)
Other domestic liabilities	18	(2,067,626.96)	(2,067,626.96)	-	-	-	-
		(1,341,640,483.25)	(1,253,622,860.15)	(11,966,190.00)	(23,932,380.00)	(51,019,307.05)	(1,099,746.05)
		50,150,355.27	(503,893,521.35)	19,177,438.81	33,326,402.33	500,526,989.05	1,013,046.43
31 December 2020							
Assets							
Cash on hand	5	308,090,581.36	308,090,581.36	-	-	-	-
Current accounts with non-resident banks	6	313,343,220.61	313,343,220.61	-	-	-	-
Treasury bills	7	587,793,209.28	19,710,149.17	24,719,534.33	24,893,463.87	518,470,061.91	-
Money market placements	8	58,323,427.72	8,387,788.97	49,935,638.75	-	-	-
In accounts related with IMF	9	268,198,353.59	172,425,159.59	11,720,082.00	23,440,164.00	60,612,948.00	-
		1,535,748,792.56	821,956,899.71	86,375,255.08	48,333,627.87	579,083,009.91	-
Liabilities							
Due to domestic banks	13	(566,425,797.59)	(566,425,797.59)	-	-	-	-
Due to accounts related to IMF	14	(269,137,185.35)	(173,363,991.35)	(11,720,082.00)	(23,440,164.00)	(60,612,948.00)	-
Due to local governmental institutions	15	(508,446,061.87)	(508,446,061.87)	-	-	-	-
Due to public and commercial entities	16	(138,661,273.30)	(138,661,273.30)	-	-	-	-
Borrowings	17	(2,154,255.22)	-	-	-	(1,077,127.61)	(1,077,127.61)
Other domestic liabilities	18	(2,539,286.08)	(2,539,286.08)	-	-	-	-
		(1,487,363,859.41)	(1,389,436,410.19)	(11,720,082.00)	(23,440,164.00)	(61,690,075.61)	(1,077,127.61)
		48,384,933.15	(567,479,510.48)	74,655,173.08	24,893,463.87	517,392,934.30	(1,077,127.61)

5. Cash on hand

	31 March 2021	31 December 2020
Cash on hand	415,254,188.06	308,090,581.36
Total	415,254,188.06	308,090,581.36

There is an increase in the balance on March 31, 2021 compared to December 31, 2020. It is mainly derived from daily cash operations but which is within the scope of activity.

6. Current accounts with non-resident banks

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

	31 March 2021	31 December 2020
Deutsche Bundesbank	38,987,432.89	127,998,268.81
Raiffeisen Zentralbank	10,026,805.01	9,902,766.40
Banque centrale du Luxembourg	4,606,353.98	86,666,044.58
Deutsche Bank	24,794,126.27	88,509,252.72
Nostro Acc. Commerzbank AG	450,173.27	460,000.00
Nostro acc. with FED	266,736.69	170,290.64
Total carrying amount	79,131,628.11	313,706,623.15
Impairment for expected credit loss	(101,838.87)	(363,402.54)
Total net carrying amount	79,029,789.24	313,343,220.61

The position of current accounts (nostro) compared to December 31, 2020 has decreased significantly, the change is due to the activity of these accounts and the management of the asset portfolio also affected by the negative rates in the financial markets (respectively notes 5, 6, 7 and 8, which are very closely related to each other referred to in terms of asset management). The reduction in this group may have the effect of reducing interest expense from the negative rates that correspondent banks (excluding the Fed - Federal Reserve account) apply to the accounts disclosed above.

7. Securities (Treasury Bills and Bonds)

Both categories that belong to the group under note 7 are debt letters issued (issued) by different countries and institutions in Europe and United States of America, in analytics the geographical distribution is as listed on page 10 (in the table by geographical distribution). Treasury bills disclosed also on page 10, have a contracted maturity of up to one year. While those of government bonds have a contracted maturity of one year to over five years. All are in Euro and have effective interest rates ranging from 0.019% to 3.023% annual in 2021 (in 2020 same reporting period: 0.019% to 3.021% annual).

Securities according to geographic distribution and type (continued):
Disclosure by countries:

Country	Carrying amount 31 March 2021	Impairment for expected credit loss	Net carrying amount 31 March 2021
Germany	66,191,362.22	(157,008.25)	66,034,353.97
France	10,018,416.46	(108,235.87)	9,910,180.59
The Netherland	12,343,212.13	(27,066.66)	12,316,145.47
Slovenia	10,299,649.88	(33,226.05)	10,266,423.83
Luxemburg	88,411,479.78	(93,688.34)	88,317,791.44
EuroFima-Switzerland	5,614,254.49	(2,526.09)	5,611,728.40
KommuneKredit- Denmark	6,039,949.93	(8,470.82)	6,031,479.11
Austria	74,733,292.24	(250,136.73)	74,483,155.51
Ireland	102,140,581.21	(96,509.90)	102,044,071.31
United States of America	4,261,352.47	(2,884.08)	4,258,468.39
Kosovo	201,868,940.02	(164,657.55)	201,704,282.47
Total	581,922,490.83	(944,410.34)	580,978,080.49

Country	Carrying amount 31 December 2020	Impairment for expected credit loss	Net carrying amount 31 December 2020
Germany	66,177,184.72	(157,101.55)	66,020,083.17
France	10,016,912.60	(104,027.94)	9,912,884.66
The Netherland	12,338,769.12	(26,938.65)	12,311,830.47
Slovenia	20,731,897.56	(67,241.15)	20,664,656.41
Luxemburg	88,381,758.61	(92,808.41)	88,288,950.20
EuroFima-Switzerland	5,613,502.82	(2,526.22)	5,610,976.60
KommuneKredit- Denmark	6,039,362.71	(8,472.60)	6,030,890.11
Austria	74,729,286.07	(248,105.97)	74,481,180.10
Ireland	103,281,616.33	(96,701.14)	103,184,915.19
United States of America	-	-	-
Kosovo	201,448,433.86	(161,591.48)	201,286,842.38
Total	588,758,724.40	(965,515.12)	587,793,209.28

According to type:

	Carrying amount 31 March 2021	Impairment for expected credit loss	Net carrying amount 31 March 2021
Treasury Bills	4,261,350.13	(2,884.08)	4,258,466.05
Bonds	577,661,140.70	(941,526.26)	576,719,614.44
Total	581,922,490.83	(944,410.34)	580,978,080.49

	Carrying amount 31 December 2020	Impairment for expected credit loss	Net carrying amount 31 December 2020
Treasury Bills	-	-	-
Bonds	588,758,724.40	(965,515.12)	587,793,209.28
Total	588,758,724.40	(965,515.12)	587,793,209.28

Within the group there is a decrease in the total balance compared to the period 31 December 2020 which is a normal course of portfolio management, mainly based on asset security first and then on the opportunities for more optimal rates of return on assets.

8. Money market placements

This group includes money market placements in our correspondent banks. The interest rate for these placements until the first quarter of 2021 on average is about 0.008% (minimum: 0.000% and maximum: 0.250%), while in 2020: on average 0.162% (minimum: -0.590% and maximum: 1,500%). These placements mainly have a contracted maturity of up to one year. The analysis by banks is disclosed in the table below:

Money market placements by banks:	Carrying amount 31 March 2021	Impairment for expected credit loss	Net carrying amount 31 March 2021
Raiffeisen Bank International AG	50,000,000.00	(52,841.25)	49,947,158.75
Federal Reserve Bank (FED-NY)	4,349,680.17	(3,010.41)	4,346,669.76
Banka Kombetare Tregtare Sh.A.	5,000,118.05	(2,250.06)	4,997,867.99
	59,349,798.22	(58,101.72)	59,291,696.50
Accrued (accrual) interest on Money market placeminets:			
Raiffeisen Bank International AG	-	-	-
Federal Reserve Bank (FED-NY)	-	-	-
Banka Kombetare Tregtare Sh.A.	118.06	-	118.06
	118.06	-	118.06
Total	59,349,798.23	(58,101.72)	59,291,696.50

Money market placements by banks:	Carrying amount 31 December 2020	Impairment for expected credit loss	Net carrying amount 31 December 2020
Raiffeisen Bank International AG	50,000,000.00	(64,361.25)	49,935,638.75
Federal Reserve Bank (FED-NY)	8,393,773.94	(5,984.97)	8,387,788.97
Banka Kombetare Tregtare Sh.A.	-	-	-
	58,393,773.94	(70,346.22)	58,323,427.72
Accrued (accrual) interest on Money market placeminets:			
Raiffeisen Bank International AG	-	-	-
Federal Reserve Bank (FED-NY)	-	-	-
Banka Kombetare Tregtare Sh.A.	-	-	-
	-	-	-
Total	58,393,773.94	(70,346.22)	58,323,427.72

Even on March 31, 2021 we have almost the same trend compared to December 31, 2020. If we compare them there is a slight increase between December 31, 2020 and March 31, 2021, which is mainly the normal flow of portfolio management. Active placements in euros at the reporting date are 55 million of which 50 million are with Raiffeisen Bank International AG, while we also have two placements (2 million and 3 million) with commercial banks. In the form of collateral supported lending of securities of the Government of Kosovo through the execution of the repurchase agreement with the Central Bank of the Republic of Kosovo (CBK)¹. Whereas, we have an active placement of 5 million in USD on the reporting date (in the placement table) is expressed the equivalent in euros.

¹ Regulations on the repurchase of securities with the Central Bank of the Republic of Kosovo

9. Assets related to IMF

	31 March 2021	31 December 2020
IMF Quota	99,839,121.22	97,785,733.23
SDR holdings	59,423,302.16	58,518,669.26
Accrued Interest	190,339.94	242,413.92
Use of IMF funds (SBA)	97,784,320.91	111,651,537.18
Total	257,237,084.23	268,198,353.59

Above items arise from Kosovo membership in IMF. Item IMF Quota represents the value of the mandatory quota (86,000,000 SDR from February 2016, where at the beginning has been 59,000,000 SDR) set to Kosovo by IMF in Euros.

Item SDR Holdings 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 0.552% 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) and the emergency assistance agreement under the Rapid Financing Instrument (RFI) in the amount of SDR 41.3 million 10 April 2020. Changes are derived mainly from new disbursement, payments 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 2020	Total Depreciation/ Amortization for period 31 March 2021	Total Depreciation/ Amortization accumulated till 31 March 2021	Net Value as 31 March 2021
Property, plant and equipment	11,316,473.82	6,373,695.37	166,702.56	6,540,397.93	4,776,075.89
Equipment's, offices and other	2,663,675.79	2,239,718.83	41,684.43	2,281,403.26	382,272.53
Vehicles	389,349.16	338,602.53	3,460.00	342,062.53	47,286.63
Premises	5,843,852.64	1,688,440.62	74,075.98	1,762,516.60	4,081,336.04
Computer hardware	2,414,976.23	2,106,933.39	47,482.15	2,154,415.54	260,560.69
Work in process	4,620.00	-	-	-	4,620.00
Intangible assets	4,728,889.51	2,988,915.73	94,667.99	3,083,583.72	1,645,305.79
Intangible assets	4,708,836.59	2,988,915.73	94,667.99	3,083,583.72	1,625,252.87
Intangible assets– work in process	20,052.92	-	-	-	20,052.92
Total	16,045,363.33	9,362,611.10	261,370.55	9,623,981.65	6,421,381.68

12. Other assets

Other assets are as below:

	31 March 2021	31 December 2020
Accrued income	1,402,271.36	1,784,105.56
Prepayment	478,997.80	99,483.12
Payments in process (SNP/DepoX)	3,742.00	(70.00)
Total	1,885,011.16	1,883,518.68

Payments in process will be settled after the DepoX system executes payments on the first day of work.

13. Due to domestic banks

	31 March 2021	31 December 2020
ProCredit Bank - Kosovë	75,571,735.49	63,303,161.48
Raiffeisen Bank - Kosovë	84,697,594.13	81,228,224.15
NLB Prishtina	79,587,999.69	123,677,894.15
Komercijalna Banka - Dega Mitrovicë	9,134,632.34	8,666,290.01
Banka Ekonomike e Prishtinës	41,058,537.56	57,529,783.39
Banka për Biznes	58,754,188.22	52,511,845.41
Banka Kombëtare Tregtare e Shqipërisë	47,654,560.94	74,520,031.15
Turk Ekonomi Bankasi Sh.A	55,762,700.28	69,448,324.65
Turkiye Is Bankasi A.S.	18,426,177.81	19,498,241.32
T.C. Zirat Bankasi A.S.Dega Kosovë	5,843,200.36	8,150,433.16
Banka Kreditore e Prishtinës	8,107.46	4,867.47
Banka Credins Kosovë	7,661,259.63	7,886,701.25
Total	484,160,693.91	566,425,797.59

Disclosed in this group are the balances of commercial banks operating in the country (Kosovo). They in the CBK keep the funds according to the legal regulations for the liquidity reserve. In total, the amount disclosed above for the reporting period March 31, 2021 is about 2.46 times higher than the amount of required reserve to be held with the CBK.

14. Due to accounts related to IMF

	31 March 2021	31 December 2020
Current account FMN No. 1	255,641.33	250,383.57
Expenses account FMN No. 2	6,043.53	5,919.23
IMF securities account	173,115,113.55	185,433,003.76
Part paid of IMF quota	18,032,263.99	17,656,542.41
IMF SDR allocated by IMF	66,924,136.77	65,547,710.20
Accrued Interest	191,116.16	243,626.18
Total	258,524,315.33	269,137,185.35

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

	31 March 2021	31 December 2020
Treasury – Ministry of Economy and Finance	323,893,664.46	316,896,944.34
Privatization Agency of Kosovo	190,342,603.02	191,456,987.26
Interim Administrative Institutions	276,300.42	92,130.27
Total	514,512,567.90	508,446,061.87

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 2020 and 31 December 2020 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:

	31 March 2021	31 December 2020
Insurance Companies	4,751,549.70	4,688,387.87
Public Institutions	75,422,439.52	133,971,081.60
Pension Funds and other	1,797.83	1,803.83
Total	80,175,787.05	138,661,273.30

There is a decrease compared to December 31, 2020, which is entirely attributable to the group of public institutions and companies.

17. Borrowings

	31 March 2021	31 December 2020
Borrowings from World Bank	2,199,492.10	2,154,255.22
Total	2,199,492.10	2,154,255.22

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. The change is due to the conversion of the SDR to EUR at the reporting date, respectively as a result of the change in the EUR / SDR exchange rate.

18. Other liabilities

	31 March 2021	31 December 2020
Escrow account	756,036.51	756,036.51
Deferred income	281,387.66	306,028.15
Payables and Accrued expenses	401,131.36	848,149.99
Long term Emp. Benefit	629,071.43	629,071.43
Total	2,067,626.96	2,539,286.08

Within the group is a slight reduction in the total balance of the group compared with 31 December 2020. Mainly influenced by the reduction of accounts payable balance to March 31, 2021, compared to 31 December 2020.

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

	31 March 2021	31 December 2020
Authorized capital	30,000,000.00	30,000,000.00
Reserve funds	26,857,364.96	24,694,728.84
Net result for the period	1,599,383.15	2,162,636.12
Total	58,456,748.11	56,857,364.96

The financial result of the period is positive for about 1,599 million euros, mainly influenced by the satisfactory realization of revenues and maintenance of expenditures according to the budget planning for the reporting period. The item of foreign exchange revaluation at the reporting date is in the amount of about 330 thousand euros (as unrealized profit), the item of provisions for expected credit losses (net increase / (decrease)) is in the amount of 295 thousand euros (as unrealized profit)) and if we exclude these two items the financial result remains positive of about 974 thousand euros.

21. Net interest income

	31 March 2021	31 March 2020
Interest Income		
From placements	166.82	26,863.76
From securities	694,649.01	577,581.11
From deposit current accounts	9,518.94	88,171.61
From negative rates on deposits ²	331,482.15	239,902.33
	1,035,816.92	932,518.81
Interest expense		
From IMF Account (SDR Allocation)	10,696.32	95,974.50
From correspondent banks	248,412.80	165,968.62
From Borrowing	-	4,594.41
	259,109.12	266,537.53
Net interest income	776,707.80	665,981.28

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 lower compared with the same period of last year. This has resulted in net interest revenues are higher than the same period of last year.

Average interest rates on net interest revenues (taking into consideration only committed portfolio) brought in about 0.485% (in the same period of 2020 0.319%).

22. Net fee and commission income

	31 March 2021	31 March 2020
Net fee and commission income		
From cash deposits	259,552.50	234,948.28
From incoming transfer	10,707.72	24,578.24
From outgoing transfers	79,077.38	79,484.95
From domestic transfers (Domestic payment system)	293,573.15	268,543.06
From credit registry system	38,649.50	37,316.80
Other fees	5,770.00	3,705.00
	687,330.25	648,576.33
Fee and commission expense		
From cash transportation	120,519.50	92,634.52
From correspondent bank transactions	1,903.11	2,245.58
From payment services (IPS)	-	-
	122,422.61	94,880.10
Net fee and commission position	564,907.64	553,696.23

An increase compared to same period 2020, it derived from normal volume of activities.

² 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

	31 March 2021	31 March 2020
Banks licenses renewal fees	799,000.00	621,000.00
Bank licenses fees	2,800.00	1,600.00
Insurance Companies licenses renewal fees	330,000.00	263,000.00
Insurance Companies licenses fees	23,500.00	6,500.00
Pension funds renewal fees	6,400.00	5,000.00
Other financial institution fees	54,400.00	79,941.38
Total	1,216,100.00	977,041.38

The change as an increase is mainly based on the increase of the base (volume of activity) compared to the same period of 2020.

24. Grant revenue

	31 March 2021	31 March 2020
Grant revenue	34,386.33	36,765.94

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*.

25. Other operational incomes

	31 March 2021	31 March 2020
Other income	719.80	1,130.44

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

	31 March 2021	31 March 2020
Wages and salary expenses	848,491.99	824,953.77
Social security and health insurance	204,291.18	184,159.14
Staff training costs	432.00	18,391.98
Board expenses	16,980.47	19,541.67
Daily meal	35,505.00	35,505.00
Other	3,959.34	4,542.50
Total	1,109,659.98	1,087,094.06

The total number of employees who have been active in the payroll during the period January-March 2021 is: 230 (in the period January - March 2020, 229).

Other categories of staff costs include additional pension compensation (2021, 2,271.05 euros; 2020, 2,700.12 euros), financial support for housing (2021, 1,368.29 euros; 2020, 1,842.38 euros) and the student internship program (2021, 320.00 euros, 2020, 0.00 euro). Additional pension compensation is a result of previous decisions, from where some former employees are compensated directly by the CBK, unable to transfer this obligation to them to pension funds at the moment when the CBK has transferred the management of the supplementary pension fund.

27. General and administrative expenses

	31 March 2021	31 March 2020
Insurance expenses	80,534.16	85,829.69
Repairs and maintenance	11,627.43	12,241.94
Application maintenance	83,829.08	69,471.74
Communication expenses (telephone, fax, and internet)	1,129.65	3,272.15
Public utility expenses	15,697.02	12,848.83
Consulting and auditing expenses	1,020.80	413.94
Security (guard and transportation)	9,873.60	-
Travel and transportation	2,092.50	11,756.72
Vehicle operating expenses	4,035.55	4,009.52
Consumable administrative material	5,569.88	9,866.85
Cafeteria expenses	7,700.38	6,495.77
Consumable expenses (IT and non-IT equipment supply)	2,486.50	1,693.25
Publishing and literature	1,970.50	2,071.50
Representation expenses	4,450.61	2,576.93
Membership to professional institutions	7,869.54	7,469.58
Other	7,417.27	9,933.72
Total	247,304.47	239,952.13

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	31 March 2021	31 March 2020
From USD Position	398,713.14	237,076.56
From SDR Position	(68,729.51)	10,129.75
Net unrealized profit/loss from exchange rate	329,983.63	247,206.31

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	31 March 2021	31 December 2020
Cash in hand	5	415,254,188.06	308,090,581.36
Cash accounts with non-resident banks	6	79,131,628.11	313,706,623.15
Placements with non-resident banks with maturity up to three months		9,349,798.23	8,393,773.94
Total		503,735,614.40	630,190,978.45

Cash and its equivalents are held for the purpose of meeting mainly short-term liquidity liabilities. An investment qualifies as the cash equivalent when it has matured in the short term, less than three months from the date of purchase.

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, 2021 is approximately 645,152 euros (December 31, 2020, this liability was expected 645,152 euro), CBK acts as financial intermediary (bank guarantee) and funds held in safe-custody account.