



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 2020/  
**-unaudited interim report-**

Department of Financial Planning and Reporting

## CBK’s Financial Statements for the first quarter 2020

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, 2020.

### **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 2020	31 December 2019
<b>Assets</b>			
Cash on hand	5	233,139,976.68	302,165,654.19
Current accounts with non-resident banks	6	216,958,474.93	108,863,319.55
Securities	7	584,802,118.02	576,616,063.03
Placements in money market	8	249,167,255.90	248,863,945.56
In accounts related with IMF	9	291,226,913.42	298,344,638.07
Properties and equipment's	10	4,893,955.67	4,966,830.97
Intangible assets	11	1,864,791.74	1,945,259.86
Other assets	12	1,484,373.85	1,699,894.95
<b>Total assets</b>		<b>1,583,537,860.21</b>	<b>1,543,465,606.18</b>
<b>Liabilities</b>			
Due to domestic commercial banks	13	397,587,686.67	414,941,602.21
Due to IMF related accounts	14	290,708,640.53	297,235,801.64
Due to Governmental Institutions	15	722,894,088.62	719,819,361.54
Due to public and commercial entities	16	112,391,419.79	52,166,681.06
Borrowings	17	2,266,259.07	2,266,259.07
Other domestic liabilities	18	1,533,634.31	1,778,735.30
<b>Total liabilities</b>		<b>1,527,381,728.99</b>	<b>1,488,208,440.82</b>
<b>Capital and reserves</b>			
Authorized capital	19	30,000,000.00	30,000,000.00
Reserve fund	20	25,257,165.36	23,148,464.17
Net result of the period		898,965.86	2,108,701.19
<b>Total capital and reserve</b>		<b>56,156,131.22</b>	<b>55,257,165.36</b>
<b>Total liability capital and reserve</b>		<b>1,583,537,860.21</b>	<b>1,543,465,606.18</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 April, 30 2020 and signed on its behalf by:

  
 Fehmi Mehmeti  
 Governor

  
 Faton Ahmetaj  
 Director of Financial Planning  
 and Reporting Directorate

## Statement of comprehensive income

	Note	31 March 2020	31 March 2019
<b>Net interest income</b>			
Interest income		932,518.81	837,379.89
Interest expense		(266,537.53)	(306,821.66)
<b>Net interest income</b>	21	<b>665,981.28</b>	<b>530,558.23</b>
<b>Fee and commission income</b>			
Fee and commission income		648,576.33	586,979.41
Fee and commission expenses		(94,880.10)	(101,352.06)
<b>Net fee and commission income</b>	22	<b>553,696.23</b>	<b>485,627.35</b>
<b>Other operating Income</b>			
Income from regulatory activity	23	977,041.38	1,002,100.00
Grant revenues	24	36,765.94	24,640.47
Other operating Income	25	1,130.44	121.44
<b>Total Operating Income</b>		<b>2,234,615.27</b>	<b>2,043,047.49</b>
<b>Administrative (operative) expenses</b>			
Personnel expenses	26	(1,087,094.06)	(1,043,665.12)
Depreciation and amortization	10,11	(255,809.53)	(259,477.50)
General and administrative expenses	27	(239,952.13)	(253,276.25)
<b>Total administrative (operative) expenses</b>		<b>(1,582,855.72)</b>	<b>(1,556,418.87)</b>
<b>Net result without exchange rate effect</b>		<b>651,759.55</b>	<b>486,628.62</b>
Net profit/loss on exchange rate	28	247,206.31	237,116.41
<b>Net result of the period</b>		<b>898,965.86</b>	<b>723,745.03</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	Revaluation reserves	Retained earnings	Net result	Total
<b>Balance at 01 January 2019</b>	<b>30,000,000.00</b>	<b>21,213,678.78</b>	<b>-</b>	<b>1,934,785.39</b>	<b>-</b>	<b>53,148,464.17</b>
Transfer to reserve fund	-	1,407,889.59	526,895.80	(1,934,785.39)	-	-
<b>Total transactions required by law</b>	<b>-</b>	<b>1,407,889.59</b>	<b>526,895.80</b>	<b>(1,934,785.39)</b>	<b>-</b>	<b>-</b>
Profit for the period	-	-	-	-	2,108,701.19	2,108,701.19
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,108,701.19</b>	<b>2,108,701.19</b>
<b>Balance at 31 December 2019</b>	<b>30,000,000.00</b>	<b>22,621,568.37</b>	<b>526,895.80</b>	<b>-</b>	<b>2,108,701.19</b>	<b>55,257,165.36</b>
<b>Balance at 01 January 2020</b>	<b>30,000,000.00</b>	<b>22,621,568.37</b>	<b>526,895.80</b>	<b>2,108,701.19</b>	<b>-</b>	<b>55,257,165.36</b>
Transfer to reserve fund	-	-	-	-	-	-
<b>Total transactions required by law</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit for the period	-	-	-	-	898,965.86	898,965.86
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>898,965.86</b>	<b>898,965.86</b>
<b>Balance at 31 March 2020</b>	<b>30,000,000.00</b>	<b>22,621,568.37</b>	<b>526,895.80</b>	<b>2,108,701.19</b>	<b>898,965.86</b>	<b>56,156,131.22</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. 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 Baa1).

**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
<b>31 March 2020</b>							
<b>Assets</b>							
Cash on hand	5	233,139,976.68	233,139,976.68	-	-	-	-
Current accounts with non-resident banks	6	216,958,474.93	216,958,474.93	-	-	-	-
Treasury bills	7	584,802,118.02	16,222,802.84	7,563,872.97	27,236,820.24	531,095,405.85	2,683,216.12
Deposit accounts with non-resident banks	8	249,167,255.90	29,383,255.90	-	219,784,000.00	-	-
In accounts related with IMF	9	291,226,913.42	187,397,107.42	21,083,617.00	33,416,131.00	49,330,058.00	-
		<b>1,575,294,738.95</b>	<b>683,101,617.77</b>	<b>28,647,489.97</b>	<b>280,436,951.24</b>	<b>580,425,463.85</b>	<b>2,683,216.12</b>
<b>Liabilities</b>							
Due to domestic banks	13	(397,587,686.67)	(397,587,686.67)	-	-	-	-
Due to accounts related to IMF	14	(290,708,640.53)	(186,878,834.53)	(21,083,617.00)	(33,416,131.00)	(49,330,058.00)	-
Due to local governmental institutions	15	(722,894,088.62)	(722,894,088.62)	-	-	-	-
Due to public and commercial entities	16	(112,391,419.79)	(112,391,419.79)	-	-	-	-
Borrowings	17	(2,266,259.07)	-	-	-	(906,503.63)	(1,359,755.44)
Other domestic liabilities	18	(1,533,634.31)	(1,533,634.31)	-	-	-	-
		<b>(1,527,381,728.99)</b>	<b>(1,421,285,663.92)</b>	<b>(21,083,617.00)</b>	<b>(33,416,131.00)</b>	<b>(50,236,561.63)</b>	<b>(1,359,755.44)</b>
		<b>47,913,009.96</b>	<b>(738,184,046.15)</b>	<b>7,563,872.97</b>	<b>247,020,820.24</b>	<b>530,188,902.22</b>	<b>1,323,460.68</b>
<b>31 December 2019</b>							
<b>Assets</b>							
Cash on hand	5	302,165,654.19	302,165,654.19	-	-	-	-
Current accounts with non-resident banks	6	108,863,319.55	108,863,319.55	-	-	-	-
Treasury bills	7	576,616,063.03	100,349.13	16,351,350.90	15,092,118.50	542,405,182.97	2,667,061.54
Deposit accounts with non-resident banks	8	248,863,945.56	9,079,945.56	20,000,000.00	219,784,000.00	-	-
In accounts related with IMF	9	298,344,638.07	174,416,764.07	20,917,270.00	37,493,512.00	65,517,092.00	-
		<b>1,534,853,620.40</b>	<b>594,626,032.50</b>	<b>57,268,620.90</b>	<b>272,369,630.50</b>	<b>607,922,274.97</b>	<b>2,667,061.54</b>
<b>Liabilities</b>							
Due to domestic banks	13	(414,941,602.21)	(414,941,602.21)	-	-	-	-
Due to accounts related to IMF	14	(297,235,801.64)	(173,307,927.64)	(20,917,270.00)	(37,493,512.00)	(65,517,092.00)	-
Due to local governmental institutions	15	(719,819,361.54)	(719,819,361.54)	-	-	-	-
Due to public and commercial entities	16	(52,166,681.06)	(52,166,681.06)	-	-	-	-
Borrowings	17	(2,266,259.07)	-	-	-	(906,503.63)	(1,359,755.44)
Other domestic liabilities	18	(1,778,735.30)	(1,778,735.30)	-	-	-	-
		<b>(1,488,208,440.82)</b>	<b>(1,362,014,307.75)</b>	<b>(20,917,270.00)</b>	<b>(37,493,512.00)</b>	<b>(66,423,595.63)</b>	<b>(1,359,755.44)</b>
		<b>46,645,179.58</b>	<b>(767,388,275.25)</b>	<b>36,351,350.90</b>	<b>234,876,118.50</b>	<b>541,498,679.34</b>	<b>1,307,306.10</b>

## 5. Cash on hand

	<b>31 March 2020</b>	<b>31 December 2019</b>
Cash on hand	233,139,976.68	302,165,654.19
<b>Total</b>	<b>233,139,976.68</b>	<b>302,165,654.19</b>

It noted considerable decrease of a position cash on hand March 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:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Deutsche Bundesbank	135,705,384.00	71,229,677.64
Raiffeisen Zentralbank	9,909,809.64	9,899,653.64
Banque centrale du Luxembourg	44,887,348.65	1,827,093.20
Deutsche Bank	24,785,947.46	24,169,294.02
Nostro Acc. Commerzbank AG	471,224.64	499,454.00
Nostro Acc. Bayerische Landesbank	989,992.72	989,992.72
Nostro acc. with FED	208,767.82	248,154.33
<b>Total</b>	<b>216,958,474.93</b>	<b>108,863,319.55</b>

The position of current accounts (nostro) compared to December 31, 2019 has increased significantly, the change is due to the activity of these accounts and portfolio management of assets affected by negative rates in financial markets (respectively notes 5, 6, 7 and 8, which are very closely related to each other referred to from the aspect of asset management). The increase in this group may have an effect on the increase of interest expenses from the negative rates that the corresponding banks (excluding the account with FED - Federal Reserve) apply to the accounts disclosed above.

## 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 0.019% to 3.021% in 2020 (in 2019: 0.019% to 3.021% per annum).



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

	<b>Net carried amount 31 March 2020</b>	<b>Net carried amount 31 December 2019</b>
Germany	66,605,567.00	66,591,593.86
France	10,015,799.20	10,014,287.15
The Netherland	12,548,662.39	12,544,329.74
Slovenia	20,986,722.90	21,415,801.24
Luxemburg	89,261,944.15	89,232,638.17
EuroFima-Switzerland	5,822,300.02	5,821,687.15
KommuneKredit-Denmark	6,047,126.37	6,046,542.85
Austria	77,031,843.68	77,029,414.23
Ireland	103,099,244.58	104,240,670.70
Kosovo	193,382,907.71	183,679,097.94
<b>Total</b>	<b>584,802,118.02</b>	<b>576,616,063.03</b>

**According to type:**

	<b>Net carried amount 31 March 2020</b>	<b>Net carried amount 31 December 2019</b>
Treasury Bills	-	149,932.98
Bonds	584,802,118.02	576,466,130.06
<b>Total</b>	<b>584,802,118.02</b>	<b>576,616,063.03</b>

To this group there was a higher position compare to the period ended December 31, 2019 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 2020 average is around 1.004% (min. 0% and max. 1.500%), whereas in 2019: min. 0% to 5.37% with an average of 0.358%). 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>Net carried amount 31 March 2020</b>	<b>Net carried amount 31 December 2019</b>
Deutsche Bank	239,784,000	239,784,000.00
FED New York	9,383,255.90	9,079,945.56
<b>Total</b>	<b>249,167,255.90</b>	<b>248,863,945.56</b>

As you can easily see, we have almost the same trend compared to December 31, 2019. If we compare them, there is an increase compared to December 31, 2019 and March 31, 2020, mainly due to the increase of placements in dollars for 100 thousand dollars. in part from the change in the EUR / USD exchange rate. Active deposits in euros on the reporting date are 240 million, of which 220 million are deposits in the form of deposits with the ability to call / withdraw with

predetermined capabilities (Call Deposits) with indefinite maturity and 20 million with one-year maturity. Whereas, we have a placement of 10.3 million in USD matured on the reporting date (in the table of placements) the counter value in euros is expressed.

## 9. Assets related to IMF

	31 March 2020	31 December 2019
IMF Quota	102,895,524.92	102,083,693.80
SDR holdings	63,059,064.02	63,116,223.40
Accrued Interest	358,901.21	534,789.34
Use of IMF funds (SBA)	124,913,423.27	132,609,931.53
<b>Total</b>	<b>291,226,913.42</b>	<b>298,344,638.07</b>

Above items arise from Kosovo membership in IMF. Item IMF Quota 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.

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). 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 2019	Total Depreciation/ Amortization for period 31 March 2020	Total Depreciation/ Amortization accumulated till 31 March 2020	Net Value as 31 March 2020
<b>Property, plant and equipment</b>	<b>10,506,936.67</b>	<b>5,747,393.12</b>	<b>155,792.69</b>	<b>5,903,184.25</b>	<b>4,893,955.67</b>
Equipment's, offices and other	2,536,010.61	2,078,728.53	40,580.16	2,119,308.69	416,701.92
Vehicles	389,349.16	324,166.54	4,055.93	328,222.47	61,126.69
Premises	5,314,296.44	1,417,799.34	67,671.27	1,485,470.61	3,828,825.83
Computer hardware	2,267,280.46	1,926,697.15	43,485.33	1,970,182.48	297,097.98
Work in process	290,203.25	-	-	-	290,203.25
<b>Intangible assets</b>	<b>4,541,442.02</b>	<b>2,576,633.44</b>	<b>100,016.84</b>	<b>2,676,650.28</b>	<b>1,864,791.74</b>
Intangible assets	4,033,665.02	2,576,633.44	100,016.84	2,676,650.28	1,357,014.74
Intangible assets– work in process	507,777.00	-	-	-	507,777.00
<b>Total</b>	<b>15,338,581.94</b>	<b>8,324,025.00</b>	<b>255,809.53</b>	<b>8,579,834.53</b>	<b>6,758,747.41</b>

**12. Other assets**

Other assets are as below:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Accrued income	1,113,155.47	1,557,794.18
Prepayment	371,218.38	142,100.77
<b>Total</b>	<b>1,484,373.85</b>	<b>1,699,894.95</b>

Here it is easy to notice that we have reduced our estimates for the first quarter of 2020, compared to December 31, 2019

**13. Due to domestic banks**

	<b>31 March 2020</b>	<b>31 December 2019</b>
ProCredit Bank - Kosovë	59,793,297.61	55,951,663.45
Raiffeisen Bank - Kosovë	59,370,677.09	60,931,328.15
NLB Prishtina	71,284,641.55	81,661,777.01
Komercijalna Banka - Mitrovica Branch	8,119,418.93	7,623,490.77
Banka Ekonomike e Prishtinës	34,864,698.22	41,843,659.37
Banka për Biznes	44,233,809.79	42,068,526.87
Banka Kombëtare Tregtare e Shqipërisë	37,684,246.88	40,778,607.06
Turk Ekonomi Bankasi Sh.A	63,785,192.34	54,878,104.66
Turkiye Is Bankasi A.S.	11,604,240.70	19,307,459.16
T.C. Zirat Bankasi A.S.Kosovo Branch	6,843,803.87	9,896,928.39
Banka Kreditore e Prishtinës	3,659.69	57.32
<b>Total</b>	<b>397,587,686.67</b>	<b>414,941,602.21</b>

In this group are disclosed balances current accounts of commercial banks operating within Kosovo that have an account on the CBK. Commercial banks that operate in Kosovo are obliged to hold liquidity reserve money in CBK, in total amount as of March 31, 2020 above disclosed is around 2.34 times higher the required amount.

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

	<b>31 March 2020</b>	<b>31 December 2019</b>
Current account FMN No. 1	257,238.81	255,209.23
Expenses account FMN No. 2	6,228.54	6,179.40
IMF securities account	202,556,567.64	209,640,482.49
Part paid of IMF quota	18,552,278.65	18,363,463.67
IMF SDR allocated by IMF	68,972,904.59	68,428,718.15
Accrued Interest	363,422.30	541,748.70
<b>Total</b>	<b>290,708,640.53</b>	<b>297,235,801.64</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

	31 March 2020	31 December 2019
Treasury – Ministry of Economy and Finance	450,116,547.21	444,301,083.98
Privatization Agency of Kosovo	272,583,690.63	275,159,950.46
Interim Administrative Institutions	193,850.78	358,327.10
<b>Total</b>	<b>722,894,088.62</b>	<b>719,819,361.54</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 2020 and 31 December 2019 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 2020	31 December 2019
Insurance Companies	4,600,814.83	4,717,094.16
Public Institutions	107,788,883.13	47,447,861.07
Pension Funds and other	1,721.83	1,725.83
<b>Total</b>	<b>112,391,419.79</b>	<b>52,166,681.06</b>

There is an increase compared to 2019, which is attributed entirely to the group of public institutions. Respectively, the funds of the Trust have increased in their account with the CBK. But only for the reporting date as a temporary position.

**17. Borrowings**

	<b>31 March 2020</b>	<b>31 December 2019</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>31 March 2020</b>	<b>31 December 2019</b>
Escrow account	756,036.51	756,036.51
Deferred income	379,740.64	404,396.62
Payables and Accrued expenses	397,857.16	618,302.17
<b>Total</b>	<b>1,533,634.31</b>	<b>1,778,735.30</b>

Within the group is a slight reduction in the total balance of the group compared with 31 December 2019. Mainly influenced by the reduction of accounts payable balance to March 31, 2020, compared to 31 December 2019.

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

	<b>31 March 2020</b>	<b>31 December 2019</b>
Authorized capital	30,000,000.00	30,000,000.00
Reserve funds	25,257,165.36	23,148,464.17
Net result for the period	898,965.86	2,108,701.19
<b>Total</b>	<b>56,156,131.22</b>	<b>55,257,165.36</b>

The financial result is positive for about EUR 899 thousand, 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 247 thousand (as unrealized gain), even if we exclude this financial result remains positive of some EUR 652 thousand.

**21. Net interest income**

	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Interest Income</b>		
From placements	26,863.76	52,943.32
From securities	577,581.11	451,790.50
From deposit current accounts	88,171.61	182,427.17
From negative rates on deposits <sup>1</sup>	239,902.33	150,218.90
	<b>932,518.81</b>	<b>837,379.89</b>
<b>Interest expense</b>		
From IMF Account (SDR Allocation)	95,974.50	190,417.49
From correspondent banks	165,968.62	113,129.38
From Borrowing	4,594.41	3,274.79
	<b>266,537.53</b>	<b>306,821.66</b>
<b>Net interest income</b>	<b>665,981.28</b>	<b>530,558.23</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 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 0.319% (in the same period of 2019 0.245%).

**22. Net fee and commission income**

	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Net fee and commission income</b>		
From cash deposits	234,948.28	183,248.52
From incoming transfer	24,578.24	23,005.00
From outgoing transfers	79,484.95	87,640.00
From domestic transfers (Domestic payment system)	268,543.06	235,152.99
From credit registry system	37,316.80	48,252.90
Other fees	3,705.00	9,680.00
	<b>648,576.33</b>	<b>586,979.41</b>
<b>Fee and commission expense</b>		
From cash transportation	92,634.52	98,760.56
From correspondent bank transactions	2,245.58	2,591.50
From payment services (IPS)	-	-
	<b>94,880.10</b>	<b>101,352.06</b>
<b>Net fee and commission position</b>	<b>553,696.23</b>	<b>485,627.35</b>

An increase compared to same period 2019, 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>31 March 2020</b>	<b>31 March 2019</b>
Banks licenses renewal fees	621,000.00	629,000.00
Bank licenses fees	1,600.00	14,200.00
Insurance Companies licenses renewal fees	263,000.00	270,000.00
Insurance Companies licenses fees	6,500.00	18,700.00
Pension funds renewal fees	5,000.00	6,000.00
Other financial institution fees	79,941.38	64,200.00
<b>Total</b>	<b>977,041.38</b>	<b>1,002,100.00</b>

The change as a reduction is mainly based on the reduction of the base (volume of activity) compared to the same period of 2019.

**24. Grant revenue**

	<b>31 March 2020</b>	<b>31 March 2019</b>
Grant revenue	36,765.94	24,640.47

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**

	<b>31 March 2020</b>	<b>31 March 2019</b>
Other income	1,130.44	121.44

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**

	<b>31 March 2020</b>	<b>31 March 2019</b>
Wages and salary expenses	824,953.77	788,583.59
Social security and health insurance	184,159.14	168,667.51
Staff training costs	18,391.98	18,435.20
Board expenses	19,541.67	28,974.49
Daily meal	35,505.00	34,317.00
Other	4,542.50	4,687.33
<b>Total</b>	<b>1,087,094.06</b>	<b>1,043,665.12</b>

The total number of employees who have been active in the payroll during the period January-March 2020 is: 229 (in the period January - March 2019, 224).

Other categories of personnel costs include additional pension compensation (2020, 2,700.12 euros; 2019, 2,700.11 euros) and financial support for housing (2020, 1,842.38 euros; 2019, 1,987.22 euros). Additional pension compensation is the result of previous decisions, from which some former employees are directly compensated by the CBK, unable to transfer this obligation to them of pension funds at the moment when the CBK has transferred the management of the additional pension fund.

**27. General and administrative expenses**

	<b>31 March 2020</b>	<b>31 March 2019</b>
Insurance expenses	85,829.69	78,120.47
Repairs and maintenance	12,241.94	13,220.82
Application maintenance	69,471.74	75,161.83
Communication expenses (telephone, fax, and internet)	3,272.15	2,551.72
Public utility expenses	12,848.83	9,753.86
Consulting and auditing expenses	413.94	1,742.54
Travel and transportation	11,756.72	34,872.49
Vehicle operating expenses	4,009.52	3,035.35
Consumable administrative material	9,866.85	8,342.23
Cafeteria expenses	6,495.77	6,750.86
Consumable expenses (IT and non-IT equipment supply)	1,693.25	2,352.00
Publishing and literature	2,071.50	2,180.00
Representation expenses	2,576.93	3,628.46
Membership to professional institutions	7,469.58	8,752.24
Other	9,933.72	2,811.38
<b>Total</b>	<b>239,952.13</b>	<b>253,276.25</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**

<b>Exchange Rate Revaluation</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
From USD Position	237,076.56	172,388.92
From SDR Position	10,129.75	64,727.49
<b>Net unrealized profit/loss from exchange rate</b>	<b>247,206.31</b>	<b>237,116.41</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**

	<b>Note</b>	<b>31 March 2020</b>	<b>31 December 2019</b>
Cash in hand	5	233,139,976.68	302,165,654.19
Cash accounts with non-resident banks	6	216,958,474.93	108,863,319.55
Placements with non-resident banks with maturity up to three months		9,383,255.90	9,079,945.56
<b>Total</b>		<b>459,481,707.51</b>	<b>420,108,919.30</b>

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, 2020 is approximately 645,152 euros (December 31, 2019, this liability was expected 645,152 euro), CBK acts as financial intermediary (bank guarantee) and funds held in safe-custody account.