



BANKA QENDRORE E REPUBLIKËS SË KOSOVËS
CENTRALNA BANKA REPUBLIKE KOSOVA
CENTRAL BANK OF THE REPUBLIC OF KOSOVO

THE CBK FINANCIAL STATEMENT
/for and up to the first quarter 2023/
-unaudited interim report-

Department of Financial Planning and Reporting

CBK’s Financial Statements for the first quarter 2023

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, 2023.

Abbreviations used in this Report:

CBK – Central Bank of the Republic of Kosovo
IMF – International Monetary Found
SDR – Special Drawing Rights
ICS - Interbank Payment System
EUR - Euro Currency
ECB – European Central Bank
USD – American Dollar
RFI - Rapid Financing Instrument
SBA – Stand by Arrangements

Statement of financial position

as per

	Note	31 March 2023	31 December 2022
Assets			
Cash on hand	5	310,534,376.68	409,425,892.44
Current accounts with non-resident banks	6	263,305,541.78	206,359,121.06
Securities	7	674,742,078.41	666,596,850.73
Placements in money market	8	226,707,964.96	99,949,816.78
In accounts related with IMF	9	311,358,800.37	315,562,356.23
Properties and equipment's	10	4,099,922.52	4,198,767.92
Intangible assets	11	1,037,571.58	1,042,524.27
Other assets	12	2,262,188.02	2,709,316.25
Total assets		1,794,048,444.32	1,705,844,645.68
Liabilities			
Due to domestic commercial banks	13	512,595,463.74	594,281,208.75
Due to IMF related accounts	14	315,068,715.01	318,736,456.03
Due to Governmental Institutions	15	761,217,202.32	585,783,866.95
Due to public and commercial entities	16	125,854,945.79	131,136,704.82
Borrowings	17	1,800,772.77	1,937,945.40
Other domestic liabilities	18	2,269,561.91	2,443,275.88
Total liabilities		1,718,806,661.54	1,634,319,457.83
Capital and reserves			
Authorized capital	19	30,000,000.00	30,000,000.00
Reserve fund	20	41,525,187.85	32,972,924.93
Net result of the period		3,716,594.93	8,552,262.92
Total capital and reserve		75,241,782.78	71,525,187.85
Total liability capital and reserve		1,794,048,444.32	1,705,844,645.68

The related disclosures throughout the notes from pages 6 to 23 are an integral part of these financial statements.

These financial statements were approved by the decision-making bodies¹ of the Central Bank of the Republic of Kosovo on August 03, 2023 and were signed on their behalf by:

[Bashkim Nurboja]

Signed by:

Bashkim Nurboja

Acting Governor

[Faton Ahmetaj]

Signed by:

Faton Ahmetaj

Director of Financial Planning and Reporting Directorate

¹ According to article 34 and 59 of the Law No.03/L –209 on Central Bank of the Republic of Kosovo.

Statement of comprehensive income

	Note	31 March 2023	31 March 2022
Net interest income			
Interest income		5,330,591.32	1,257,155.94
Interest expense		(1,849,223.82)	(286,926.38)
Net interest income	21	3,481,367.50	970,229.56
Fee and commission income			
Fee and commission income		877,241.44	789,147.23
Fee and commission expenses		(332,032.24)	(203,287.23)
Net fee and commission income	22	545,209.20	585,860.00
Other operating income			
Income from regulatory activity	23	1,608,953.68	1,428,700.00
Grant revenues	24	9,108.00	32,845.33
Other operating income	25	1,783.22	3,487.45
Total Operating income (21+22+23+24+25)		5,646,421.60	3,021,122.34
Administrative (operative) expenses			
Personnel expenses	26	(1,257,137.40)	(1,134,193.04)
Depreciation and amortization	10,11	(204,577.09)	(220,259.05)
General and administrative expenses	27	(289,211.31)	(378,964.89)
Total administrative (operative) expenses		(1,750,925.80)	(1,733,416.98)
Net result without exchange rate effect and provisions for expected credit losses		3,895,495.80	1,287,705.36
Net profit/(loss) on exchange rate	28	(122,774.84)	161,155.38
Provision for expected credit losses [net increase / (decrease)]	4	(56,126.03)	81,328.46
Net result of the period		3,716,594.93	1,530,189.20

Notes from page 6 up to 23 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 2022	30,000,000.00	26,857,364.96	-	6,115,559.97	-	62,972,924.93
Transfer to reserve fund	-	4,586,272.81	1,529,287.16	(6,115,559.97)	-	-
Total transactions required by law	-	4,586,272.81	1,529,287.16	(6,115,559.97)	-	-
Profit for the period	-	-	-	-	8,552,262.92	8,552,262.92
Adjustments during the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	8,552,262.92	8,552,262.92
Balance at 31 December 2022	30,000,000.00	31,443,637.77	1,529,287.16	-	8,552,262.92	71,525,187.85
Balance at 01 January 2023	30,000,000.00	31,443,637.77	1,529,287.16	8,552,262.92	-	71,525,187.85
Transfer to reserve fund	-	-	-	-	-	-
Total transactions required by law	-	-	-	-	-	-
Profit for the period	-	-	-	-	3,716,594.93	3,716,594.93
Adjustments during the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	3,716,594.93	3,716,594.93
Balance at 31 March 2023	30,000,000.00	31,443,637.77	1,529,287.16	8,552,262.92	3,716,594.93	75,241,782.78

Notes from page 6 up to 23 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 was 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 countries of the European Union and the United States of America with very good credit rating (from AAA till BBB - / Aaa till Baa3).

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 2023					
Credit Rating (S&P/Moody's/Fitch)	Current accounts with non-resident banks	Money market placements	Securities (Treasury Bills and Bonds)	Total carrying value	% of total weight
AAA/Aaa/AAA	255,845,480.04	185,340,912.93	168,936,694.43	610,123,087.40	52.36%
AA+/Aa1/AA+	-	-	110,807,157.70	110,807,157.70	9.51%
AA/Aa2/AA	-	-	60,152,407.76	60,152,407.76	5.16%
AA-/Aa3/AA-	-	-	51,399,305.72	51,399,305.72	4.41%
A+/A1/A+	-	-	20,567,507.15	20,567,507.15	1.77%
A/A2/A	5,138,573.81	-	15,812,494.79	20,951,068.60	1.80%
A-/A3/A-	2,387,072.09	41,427,307.50	208,931,044.41	252,745,424.00	21.69%
BBB-/Baa3/BBB-	-	-	38,524,760.98	38,524,760.98	3.31%
Total	263,371,125.94	226,768,220.43	675,131,372.94	1,165,270,719.31	100.00%

31 December 2022					
Credit Rating (S&P/Moody's/Fitch)	Current accounts with non-resident banks	Money market placements	Securities (Treasury Bills and Bonds)	Total carrying value	% of total weight
AAA/Aaa/AAA	205,717,652.10	54,956,369.97	168,864,323.20	429,538,345.27	44.13%
AA+/Aa1/AA+	-	-	61,222,136.44	61,222,136.44	6.29%
AA/Aa2/AA	-	-	59,987,591.00	59,987,591.00	6.16%
AA-/Aa3/AA-	-	-	51,308,239.81	51,308,239.81	5.27%
A+/A1/A+	137,629.52	-	52,379,453.30	52,517,082.82	5.40%
A/A2/A	330,035.62	-	15,809,887.87	16,139,923.49	1.66%
A-/A3/A-	214,353.88	45,049,537.51	218,414,880.83	263,678,772.22	27.09%
BBB-/Baa3/BBB-	-	-	38,972,705.65	38,972,705.65	4.00%
Total	206,399,671.12	100,005,907.48	666,959,218.10	973,364,796.70	100.00%

Financial risk management (continued)

The following table presents the exposure values at the level of stages according to the requirements of IFRS 9. On the reporting date, we do not have any material change in credit risk since the initial recognition, therefore all financial assets are in stage 1.

	31 March 2023			31 December 2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Current accounts with foreign banks	263,371,125.94			206,399,671.12	-	-
Securities (Treasury bills and government bonds)	675,131,372.94			666,959,218.10	-	-
Money market placements	226,768,220.43			100,005,907.48	-	-
Carrying value	1,165,270,719.31			973,364,796.70	-	-
Expected credit losses (ECL)	(515,134.16)			(459,008.13)	-	-
Net carrying value	1,164,755,585.15			972,905,788.57	-	-

The movements of ECL related to the financial assets that CBK has exposure to during the reporting period are as follows:

	2023			
	Stage 1	Stage 2	Stage 3	Total
ECL as at January 1, 2023	459,008.13	-	-	459,008.13
Transfers in Phase 1	-	-	-	-
Transfers in Phase 2	-	-	-	-
Transfers in Phase 3	-	-	-	-
ECL increase/(decrease) for the year	56,126.03	-	-	56,126.03
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Unwind of discount (recognized in interest income)	-	-	-	-
Changes due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 March 2023:	515,134.16	-	-	515,134.16

Financial risk management (continued)

The movements of ECL related to the financial assets that CBK has exposure to during the year 2021 are as follows:

	2022			Total
	Stage 1	Stage 2	Stage 3	
ECL as at January 1, 2022	406,268.90	-	-	406,268.90
Transfers in Phase 1	-	-	-	-
Transfers in Phase 2	-	-	-	-
Transfers in Phase 3	-	-	-	-
ECL increase/(decrease) for the year	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	52,739.23	-	-	52,739.23
Unwind of discount (recognized in interest income)	-	-	-	-
Changes due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2022:	459,008.13	-	-	459,008.13

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

	Note	Net carried amount	< 1 month	1-3 months	3-12 months	1-5 years	more than 5 years
31 March 2023							
Assets							
Cash on hand	5	310,534,376.68	310,534,376.68	-	-	-	-
Current accounts with non-resident banks	6	263,305,541.78	263,305,541.78	-	-	-	-
Securities	7	674,742,078.41	35,123,132.60	28,829,633.30	201,274,441.66	391,330,686.37	18,184,184.48
Money market placements	8	226,707,964.96	151,448,005.56	55,125,773.45	20,134,185.95	-	-
In accounts related with IMF	9	226,619,379.73	175,531,568.73	-	19,157,929.00	31,929,882.00	-
		1,701,909,341.56	935,942,625.35	83,955,406.75	240,566,556.61	423,260,568.37	18,184,184.48
Liabilities							
Due to domestic banks	13	(512,595,463.74)	(512,595,463.74)	-	-	-	-
Due to accounts related to IMF	14	(236,566,906.29)	(267,278.78)	-	(19,157,929.00)	(31,929,882.00)	(185,211,816.51)
Due to local governmental institutions	15	(761,217,202.32)	(761,217,202.32)	-	-	-	-
Due to public and commercial entities	16	(125,854,945.79)	(125,854,945.79)	-	-	-	-
Borrowings	17	(1,800,772.77)	-	-	(112,548.33)	(900,386.63)	(787,837.81)
Other domestic liabilities	18	(756,320.06)	(756,320.06)	-	-	-	-
		(1,638,791,610.97)	(1,400,691,210.69)	-	(19,270,477.33)	(32,830,268.63)	(185,999,654.32)
		63,117,730.59	(464,748,585.34)	83,955,406.75	221,296,079.28	390,430,299.74	(167,815,469.84)
31 December 2022							
Assets							
Cash on hand	5	409,425,892.44	409,425,892.44	-	-	-	-
Current accounts with non-resident banks	6	206,359,121.06	206,359,121.06	-	-	-	-
Treasury bills	7	666,596,850.73	-	51,407,357.80	140,605,097.99	456,480,166.85	18,104,228.09
Money market placements	8	99,949,816.78	14,799,067.34	40,068,936.61	45,081,812.83	-	-
In accounts related with IMF	9	229,784,641.80	178,039,333.80	-	12,936,327.00	38,808,981.00	-
		1,612,116,322.81	808,623,414.64	91,476,294.41	198,623,237.82	495,289,147.85	18,104,228.09
Liabilities							
Due to domestic banks	13	(594,281,208.75)	(594,281,208.75)	-	-	-	-
Due to accounts related to IMF	14	(239,449,888.50)	(271,255.51)	-	(12,936,327.00)	(38,808,981.00)	(187,433,324.99)
Due to local governmental institutions	15	(585,783,866.95)	(585,783,866.95)	-	-	-	-
Due to public and commercial entities	16	(131,136,704.82)	(131,136,704.82)	-	-	-	-
Borrowings	17	(1,937,945.40)	-	-	(227,993.63)	(911,974.53)	(797,977.24)
Other domestic liabilities	18	(756,036.51)	(756,036.51)	-	-	-	-
		(1,553,345,650.93)	(1,312,229,072.54)	-	(13,164,320.63)	(39,720,955.53)	(188,231,302.23)
		58,770,671.88	(503,605,657.90)	91,476,294.41	185,458,917.19	455,568,192.32	(170,127,074.14)

5. Cash on hand

	31 March 2023	31 December 2022
Cash on hand	310,534,376.68	409,425,892.44
Total	310,534,376.68	409,425,892.44

There is a decrease in the balance on March 31, 2023 compared to December 31, 2022. 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 2023	31 December 2022
Deutsche Bundesbank	189,708,309.21	142,287,953.49
Raiffeisen Zentralbank	4,775,529.94	330,035.62
Banque centrale du Luxembourg	65,264,992.28	63,101,895.71
Deutsche Bank	2,387,072.09	214,353.88
Nostro Acc. Commerzbank AG	363,043.87	137,629.52
Nostro acc. with FED	233,449.05	327,802.90
	262,732,396.44	206,399,671.12
Accrued interest	638,729.50	-
Total carrying amount	263,371,125.94	206,399,671.12
Impairment for expected credit loss (ECL)	(65,584.16)	(40,550.06)
Total net carrying amount	263,305,541.78	206,359,121.06

The position of current accounts (nostro) compared to December 31, 2021 has increased, 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). But, at the same time, this increase also presents the potential for new placements, seeing the new movements in interest rates in the euro currency (referring to ECB's decision on the change of the interest rate in the second half of 2022 and during the year 2023).

7. Securities (Treasury Bills and Bonds)

Both categories that belong to the group under note 7 are debt instruments issued (issued) by different countries and institutions in Europe and United States of America, the geographical distribution is as listed in analytic on page 12 (in the table by geographical distribution). Treasury bills disclosed also on page 12, 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. Effective interest rates range are from -0.014% to 5.034% annual in 2023 (in 2022 same reporting period: 0.019% to 3.023% annual).

7. Securities (Treasury Bills and Bonds) (continued)**Securities according to geographic distribution and type:****Disclosure by countries:**

Country	Carrying amount 31 March 2023	Impairment for expected credit loss	Net carrying amount 31 March 2023
Germany	95,870,236.68	(46,903.08)	95,823,333.60
France	60,152,407.76	(32,671.06)	60,119,736.70
The Netherland	49,098,638.43	(17,095.37)	49,081,543.06
Finland	51,351,904.95	(21,056.30)	51,330,848.65
Slovenia	21,045,195.81	(15,575.45)	21,029,620.36
Luxembourg	13,555,948.80	(1,690.85)	13,554,257.95
Belgium	51,399,305.72	(29,300.32)	51,370,005.40
Denmark	6,014,712.91	(1,143.55)	6,013,569.36
Austria	59,455,252.75	(13,364.05)	59,441,888.70
Ireland	20,567,507.15	(1,207.97)	20,566,299.18
United States of America	4,397,157.61	(856.79)	4,396,300.82
Italy	38,524,760.98	(31,665.06)	38,493,095.92
Poland	15,812,494.79	(28,465.68)	15,784,029.11
Kosovo	187,885,848.60	(148,299.00)	187,737,549.60
Total	675,131,372.94	(389,294.53)	674,742,078.41

Country	Carrying amount 31 December 2022	Impairment for expected credit loss	Net carrying amount 31 December 2022
Germany	95,693,210.64	(40,121.77)	95,653,088.87
France	59,987,591.00	(28,492.02)	59,959,098.98
The Netherland	48,956,084.94	(18,201.69)	48,937,883.25
Finland	51,251,401.41	(18,358.82)	51,233,042.59
Slovenia	21,020,711.50	(13,129.08)	21,007,582.42
Luxembourg	13,520,091.22	(1,101.53)	13,518,989.69
Belgium	51,308,239.81	(22,180.95)	51,286,058.86
Denmark	6,014,125.70	(910.69)	6,013,215.01
Austria	9,970,735.03	(2,137.97)	9,968,597.06
Ireland	52,379,453.30	(3,352.74)	52,376,100.56
United States of America	4,680,810.70	(760.40)	4,680,050.30
Italy	38,972,705.65	(24,050.77)	38,948,654.88
Poland	15,809,887.87	(35,067.65)	15,774,820.22
Kosovo	197,394,169.33	(154,501.29)	197,239,668.04
Total	666,959,218.10	(362,367.37)	666,596,850.73

According to type:

	Carrying amount 31 March 2023	Impairment for expected credit loss	Net carrying amount 31 March 2023
Treasury Bills	73,846,985.74	(17,982.26)	73,829,003.48
Bonds	601,284,387.20	(371,312.27)	600,913,074.93
Total	675,131,372.94	(389,294.53)	674,742,078.41

	Carrying amount 31 December 2022	Impairment for expected credit loss	Net carrying amount 31 December 2022
Treasury Bills	24,642,137.20	(5,898.44)	24,636,238.76
Bonds	642,317,080.90	(356,468.93)	641,960,611.97
Total	666,959,218.10	(362,367.37)	666,596,850.73

8. Money market placements

This group includes money market placements in our correspondent banks and lending to commercial banks backed by collateral of securities of the Government of Kosovo through the execution of the repurchase agreement. The interest rate for these placements for the first quarter of 2023 on average is about 2.093% (minimum: 0.050% and maximum: 4.800 %), while in the same period in 2022: on average 0.207% (minimum: 0.050% and maximum: 0.300%). These placements mainly have a contracted maturity of up to one year, while lending to commercial banks through execution of the repurchase agreement have up to eight days maturity. The analysis by institutions / banks is disclosed in the table below:

Money market placements by banks:	Carrying amount 31 March 2023	Impairment for expected credit loss	Net carrying amount 31 March 2023
Deutsche Bank	25,000,000.00	(15,954.85)	24,984,045.15
Banque centrale du Luxembourg	80,000,000.00	(5,869.52)	79,994,130.48
Deutsche Bundesbank	100,000,000.00	(30,068.87)	99,969,931.13
Federal Reserve Bank (FED-NY)	5,057,471.26	(990.27)	5,056,480.99
Banka Kombëtare Tregtare Sh.A.	16,376,000.00	(7,371.96)	16,368,628.04
	226,433,471.26	(60,255.47)	226,373,215.79
Accrued (accrual) interest on Money market placements:			
Deutsche Bank	47,895.83	-	47,895.83
Banque centrale du Luxembourg	263,580.56	-	263,580.56
Deutsche Bundesbank	19,861.11	-	19,861.11
Federal Reserve Bank (FED-NY)	-	-	-
Banka Kombëtare Tregtare Sh.A.	3,411.67	-	3,411.67
	334,749.17	-	334,749.17
Gjithsej	226,768,220.43	(60,255.47)	226,707,964.96

Money market placements by banks:	Carrying amount 31 December 2022	Impairment for expected credit loss	Net carrying amount 31 December 2022
Deutsche Bank	45,000,000.00	(52,931.66)	44,947,068.34
Banque centrale du Luxembourg	50,000,000.00	(2,382.01)	49,997,617.99
Deutsche Bundesbank	-	-	-
Federal Reserve Bank (FED-NY)	4,781,548.85	(777.03)	4,780,771.82
Banka Kombëtare Tregtare Sh.A.	-	-	-
	99,781,548.85	(56,090.70)	99,725,458.15
Accrued (accrual) interest on Money market placements:			
Deutsche Bank	49,537.50	-	49,537.50
Banque centrale du Luxembourg	174,250.00	-	174,250.00
Deutsche Bundesbank	-	-	-
Federal Reserve Bank (FED-NY)	571.13	-	571.13
Banka Kombëtare Tregtare Sh.A.	-	-	-
	224,358.63	-	224,358.63
Total	100,005,907.48	(56,090.70)	99,949,816.78

If we compare the reporting period with the comparative period, there is an increase between these two periods, which is mainly the normal course of portfolio management as well as influenced by the possibility of placement after the rate increase in the euro currency.

9. Assets related to IMF

	31 March 2023	31 December 2022
IMF Quota	102,175,623.32	103,490,615.68
SDR holdings	156,740,831.41	159,168,915.23
Accrued Interest	1,354,533.98	1,157,517.48
Use of IMF funds	51,087,811.66	51,745,307.84
Total	311,358,800.37	315,562,356.23

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. As well as the new allocation / distribution 2021 (according to IMF definitions) in the amount of 79,168,385 SDR approved by the Board of Governors of the IMF on 02 August 2021 and effective on 23 August 2021. As a result, position of SDR in the IMF on behalf of the Republic of Kosovo has increased for the value above mentioned from the effective date of the transaction.

Special Drawing Rights – SDR deposits are deposits that bring an interest of 3.286% on average for the reporting period (while for January – March 2022, 0.159%).

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**Tangible Assets:**

Historical cost	Premises	Equipment, offices and other	Computer hardware	Vehicles	Assets in process of capitalization	Total
At 01 January 2022	6,113,235.74	2,494,050.32	1,804,641.07	389,349.16	-	10,801,276.29
Acquisitions	-	36,475.20	107,523.00	-	3,680.00	147,678.20
Transfer from / to (correction)	-	-	-	-	-	-
Disposals/Written Offs	-	(2,267.00)	(1,499.80)	-	-	(3,766.80)
At 31 December 2022	6,113,235.74	2,528,258.52	1,910,664.27	389,349.16	3,680.00	10,945,187.69
At 01 January 2023	6,113,235.74	2,528,258.52	1,910,664.27	389,349.16	3,680.00	10,945,187.69
Acquisitions	-	3,280.00	27,918.80	-	-	31,198.80
Transfer from / to (correction)	-	-	-	-	-	-
Disposals/Written Offs	-	-	(1,991.60)	-	-	(1,991.60)
At 31 March 2023	6,113,235.74	2,531,538.52	1,936,591.47	389,349.16	3,680.00	10,974,394.89
Depreciation						
At 01 January 2022	1,987,305.43	2,227,407.82	1,672,465.82	352,442.53	-	6,239,621.60
Depreciation for the year	310,355.57	116,796.02	67,051.43	13,840.00	-	508,043.02
Disposals/Written Offs	-	-	(1,244.85)	-	-	(1,244.85)
At 31 December 2022	2,297,661.00	2,344,203.84	1,738,272.40	366,282.53	-	6,746,419.77
At 01 January 2023	2,297,661.00	2,344,203.84	1,738,272.40	366,282.53	-	6,746,419.77
Depreciation for the year	77,588.92	25,811.56	23,025.92	3,460.00	-	129,886.40
Disposals/Written Offs	-	-	(1,833.80)	-	-	(1,833.80)
At 31 March 2023	2,375,249.92	2,370,015.40	1,759,464.52	369,742.53	-	6,874,472.37
Net Carrying amounts						
At 01 January 2022	4,125,930.31	266,642.50	132,175.25	36,906.63	-	4,561,654.69
At 31 December 2022	3,815,574.74	184,054.68	172,391.87	23,066.63	3,680.00	4,198,767.92
At 31 March 2023	3,737,985.82	161,523.12	177,126.95	19,606.63	3,680.00	4,099,922.52

10, 11 Tangible and Intangible Assets (continued)**Intangible Assets:**

Historical cost	Computer software	Software under development	Total
At 01 January 2022	3,164,367.45	-	3,164,367.45
Acquisitions	22,477.50	-	22,477.50
Transfer from / to (correction)	-	-	-
Disposals/Written Offs	-	-	-
At 31 December 2022	3,186,844.95	-	3,186,844.95
At 01 January 2023	3,186,844.95	-	3,186,844.95
Acquisitions	69,738.00	-	69,738.00
Transfer from / to (correction)	-	-	-
Disposals/Written Offs	-	-	-
At 31 March 2023	3,256,582.95	-	3,256,582.95
Amortization			
At 01 January 2022	1,823,195.47	-	1,823,195.47
Amortization for the year	321,125.21	-	321,125.21
Disposals/Written Offs	-	-	-
At 31 December 2022	2,144,320.68	-	2,144,320.68
At 01 January 2023	2,144,320.68	-	2,144,320.68
Amortization for the year	74,690.69	-	74,690.69
Disposals/Written Offs	-	-	-
At 31 March 2023	2,219,011.37	-	2,219,011.37
Net Carrying amounts			
At 01 January 2022	1,341,171.98	-	1,341,171.98
At 31 December 2022	1,042,524.27	-	1,042,524.27
At 31 March 2023	1,037,571.58	-	1,037,571.58

12. Other assets

Other assets are as below:

	31 March 2023	31 December 2022
Income Receivables	1,799,958.50	2,529,462.55
Prepayment	462,229.52	179,853.70
Total	2,262,188.02	2,709,316.25

Mainly composed of receivables in process and prepayments that are settled according to service coverage.

13. Due to domestic banks

	31 March 2023	31 December 2022
ProCredit Bank	70,600,328.63	80,077,142.80
Raiffeisen Bank	72,614,463.58	71,544,994.71
NLB Prishtina	77,644,688.94	96,370,884.56
Banka Ekonomike e Prishtinës	47,371,027.30	95,223,029.03
Banka për Biznes	37,511,066.11	51,888,539.74
Banka Kombëtare Tregtare e Shqipërisë	74,637,624.37	73,113,489.90
Turk Ekonomi Bankasi Sh.A	78,637,335.64	66,726,579.32
Komercijalna Banka - Dega Mitrovicë	10,074,265.33	9,867,389.26
Turkiye Is Bankasi A.S.	19,433,575.16	22,401,460.28
T.C. Zirat Bankasi A.S.Dega Kosovë	11,093,846.90	10,593,575.76
Banka Kreditore e Prishtinës	22,697.14	30,984.68
Banka Credins Kosovë	3,562,301.02	5,289,893.27
PriBank Sh.A.	9,392,243.62	11,153,245.44
Total	512,595,463.74	594,281,208.75

Disclosed in this group are the balances of commercial banks operating in the country. 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, 2023 is about 2.15 times (and as of December 31, 2021 this was 2.55 times) higher than the value of the required reserve to be kept in the CBK. From January 1, 2023, the CBK applies a positive rate of 0.15% (annual) to all CBK depositors, while it applies the same rate to the balances of commercial banks at the CBK up to the minimum mandatory reserve level. For banks that have balances above the minimum reserve requirement, interest will be applied to the value of the minimum reserve requirement at the bank level.

14. Due to accounts related to IMF

	31 March 2023	31 December 2022
Current account FMN No. 1	261,624.02	264,991.10
Expenses account FMN No. 2	5,654.10	6,264.57
IMF securities account	128,181,546.04	129,831,232.62
Part paid of IMF quota	18,790,736.66	18,870,418.73
SDR allocated by IMF	166,421,079.85	168,562,906.26
Accrued Interest	1,408,074.34	1,200,642.75
Total	315,068,715.01	318,736,456.03

The above items represent positions of accounts related to IMF following Kosovo's membership in this institution.

14. Due to accounts related to IMF (continued)

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.

Allocations in the form of Special Drawing Rights (SDRs) in the IMF consist of the allocations mentioned in note 9 which are disbursed on 28 August and 9 September 2009, as well as the distribution (issuance/allocation) in 2021 (as defined by the IMF) in the amount of 79,168,385 DVT (SDR) approved by the Board of Governors of the IMF on August 2, 2021 and effective on August 23, 2021. As a result, this item on behalf of the Republic of Kosovo has increased by the amount in question from effective transaction. The interest rate for the allocation item for the reporting and comparative period is the same as for DST (SDR) Holdings.

15. Due to Governmental Domestic Institutions

Due to governmental institutions comprise of:

Current account

	31 March 2023	31 December 2022
Treasury – Ministry of Economy and Finance	595,068,857.13	419,664,482.64
Privatization Agency of Kosovo	165,935,556.57	165,854,074.15
Interim Administrative Institutions	212,788.62	265,310.16
Total	761,217,202.32	585,783,866.95

Deposits on current accounts benefit interest of 0.15% (while for the comparative period the interest rate is 0.00%). There are no active term deposits in the reporting period, as well as for 31 December 2022 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 per listing below:

	31 March 2023	31 December 2022
Insurance Companies	4,442,327.63	4,761,599.88
Public Institutions	121,410,867.64	126,373,351.11
Pension Funds and other	1,750.52	1,753.83
Total	125,854,945.79	131,136,704.82

Public institutions and companies consist of the Kosovo Pension Savings Fund, accounts from the Deposit Insurance Fund and trust accounts of KEK (Kosovo Energy Corporation), as the weightiest components of this group.

17. Borrowings

	31 March 2023	31 December 2022
Borrowings from World Bank	1,800,772.77	1,937,945.40
Total	1,800,772.77	1,937,945.40

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 return of funds is over 10 years. The change is as a result of payment of principal and due to conversion of SDR to EUR at the reporting date, respectively as a result of change in the EUR / SDR exchange rate.

18. Other liabilities

	31 March 2023	31 December 2022
Escrow account	756,320.06	756,036.51
Deferred income	138,535.03	150,936.09
Payables and Accrued expenses	692,217.62	853,814.08
Long term Emp. Benefit	682,489.20	682,489.20
Total	2,269,561.91	2,443,275.88

Within the group is a reduction in the total balance of the group compared with 31 December 2022. Mainly influenced by the reduction of accounts payable balance to March 31, 2023, compared to 31 December 2022.

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

	31 March 2023	31 December 2022
Authorized capital	30,000,000.00	30,000,000.00
Reserve funds	41,525,187.85	32,972,924.93
Net result for the period	3,716,594.93	8,552,262.92
Total	75,241,782.78	71,525,187.85

The financial result of the period is positive for about 3.7 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 on the reporting date is worth about 123 thousand euros (as an unrealized loss), the item of provisions for expected credit losses (net increase/(decrease)) is worth 56 thousand euros (as an unrealized loss) and if we exclude these two items, the financial result remains positive of around 3.9 million euros (see page 6 - Net result without the effect of the exchange rate and provisions).

21. Net interest income

	31 March 2023	31 March 2022
Interest Income		
From placements	2,312,160.90	4,312.12
From securities	1,737,265.23	845,200.57
From deposit current accounts	1,281,165.19	64,952.70
From negative rates on deposits ²	-	342,690.55
	5,330,591.32	1,257,155.94
Interest expense		
From CBK depositors ³	485,772.16	-
From IMF Account (SDR Allocation)	1,359,075.89	68,475.68
From correspondent banks	-	213,749.22
From Borrowing	4,375.77	4,701.48
	1,849,223.82	286,926.38
Net interest income	3,481,367.50	970,229.56

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. 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 engaged portfolio) brought in about 1.545% (in the same period of 2022 0.596%).

22. Net fee and commission income

	31 March 2023	31 March 2022
Net fee and commission income		
From cash deposits	315,333.00	278,846.75
From incoming transfer	17,478.61	26,325.71
From outgoing transfers	125,649.74	99,230.00
From domestic transfers (Domestic payment system)	369,052.29	339,696.77
From credit registry system	45,219.80	38,842.00
Other fees	4,508.00	6,206.00
	877,241.44	789,147.23
Fee and commission expense		
From cash transportation	329,927.20	201,147.88
From correspondent bank transactions	2,105.04	2,139.35
	332,032.24	203,287.23
Net fee and commission position	545,209.20	585,860.00

There is a decrease compared to the same period of the previous year, this is from the normal flow (change in volume) of activity for the items disclosed within the group.

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. This policy may change in the next period, as the ECB has changed the basic interest rate from July 27, 2022, and at the same time it may result in less interest expenses from correspondent counters.

³ From January 1, 2023, CBK applies a positive rate of 0.15% (annual) to all its depositors.

23. Incomes from regulatory activity

	31 March 2023	31 March 2022
Banks licenses renewal fees	1,076,000.00	969,000.00
Bank licenses fees	13,700.00	14,900.00
Insurance Companies licenses renewal fees	430,000.00	370,000.00
Insurance Companies licenses fees	9,900.00	8,900.00
Pension funds renewal fees	6,500.00	6,900.00
Other financial institution fees	72,853.68	59,000.00
Total	1,608,953.68	1,428,700.00

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

24. Grant revenue

	31 March 2023	31 March 2022
Grant revenue	9,108.00	32,845.33

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*.

While the grants for financing training and personnel development (financed by the ECB-Bundesbank) and that of the feasibility study for the training center have a much smaller weight.

25. Other operational incomes

	31 March 2023	31 March 2022
Other income	1,783.22	3,487.45

Incomes from other activity are not regular ones and which could not be part of any regular items of incomes listed in previous notes. For example, the sale of tokens that contain certificates for access to the Depo-x system, for customers using the system in question, mainly to commercial banks and the like.

26. Personnel expenses

	31 March 2023	31 March 2022
Wages and salary expenses	910,119.99	854,392.63
Social security and health insurance	229,381.46	215,558.50
Staff training costs	27,600.33	8,119.92
Board expenses	29,129.78	20,228.63
Daily meal	58,128.50	32,764.50
Other	2,777.34	3,128.86
Total	1,257,137.40	1,134,193.04

The total number of employees who have been active in the payroll during the period January-March 2023 is: 232 (in the period January - March 2020, 230).

Other categories of staff costs include additional pension compensation (2023, 2,264.13 euros; 2022, 2,264.13 euros), financial support for housing (2023, 513.21 euros; 2022, 864.73 euros) and the student internship program (2023, 0.00 euros, 2022, 0.00 euros). 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 2023	31 March 2022
Insurance expenses	102,499.97	153,339.47
Repairs and maintenance	15,461.98	22,593.23
Application maintenance	106,449.91	90,190.89
Communication expenses (telephone, fax, and internet)	1,106.59	7,943.07
Public utility expenses	19,294.83	26,938.43
Consulting and auditing expenses	552.48	643.11
Security (guard and transportation)	-	28,506.40
Travel and transportation	13,925.85	6,447.04
Vehicle operating expenses	865.03	2,478.58
Consumable administrative material	9,644.50	4,696.15
Cafeteria expenses	7,948.88	8,312.51
Consumable expenses (IT and non-IT equipment supply)	3,822.19	2,902.71
Publishing and literature	574.00	4,147.90
Representation expenses	1,677.90	3,164.57
Membership to professional institutions	3,601.38	8,661.90
Other	1,785.82	7,998.93
Total	289,211.31	378,964.89

Changes in general administrative expenses are the result of operational activities and decisions, as well as partially from any activity that did not have the same periodicity in the comparative periods. But viewed as a whole and analytically, all are within their usual and planned trend.

28. Net result of changes in exchange rates

Exchange Rate Revaluation	31 March 2023	31 March 2022
From USD Position	(189,801.87)	189,433.28
From SDR Position	67,027.03	(28,277.90)
Net unrealized profit/loss from exchange rate	(122,774.84)	161,155.38

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 2023	31 December 2022
Cash in hand	5	310,534,376.68	409,425,892.44
Cash accounts with non-resident banks	6	262,732,396.44	206,399,671.12
Placements with non-resident banks with maturity up to three months		181,584,666.26	24,798,136.65
Total		754,851,439.38	640,623,700.21

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 short term maturity, less than three months from the date of purchase.

30. Commitments and contingencies

On the reporting date, CBK has an agreement with Banque Centrale du Luxembourg, respectively it has committed to term deposit in the amount of 20,000,000.00 euros from April 3, 2023 to April 11, 2023 with a rate of 2.88%.

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, 2023 is approximately 710,835 euros (December 31, 2022, this liability was expected 718,484 euro), CBK acts as financial intermediary (bank guarantee) and funds held in safe-custody account.