



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 third quarter 2022/
-unaudited interim report-

Department of Financial Planning and Reporting

CBK’s Financial Statements for the third quarter 2022

As defined by Law 03/L-209 “On Central Bank of the Republic of Kosovo” (CBK), as a reporting framework for the preparation of financial statement are International Financial Reporting Standards, respectively Article 58 of the law mentioned above. Financial Statements for the third quarter include *statement of financial position, statement of comprehensive income, statement of changes in capital and reserves (equity)*. CBK financial year coincides with calendar year and reporting date for financial statement for the third quarter is September 30, 2022.

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	30 September 2022	31 December 2021
Assets			
Cash on hand	5	536,461,288.08	537,818,328.96
Current accounts with non-resident banks	6	301,084,801.96	151,880,387.03
Securities	7	793,914,453.05	632,601,644.88
Placements in money market	8	90,252,344.52	14,053,233.69
In accounts related with IMF	9	330,568,960.29	323,792,849.09
Properties and equipment's	10	4,219,215.90	4,561,654.69
Intangible assets	11	1,102,994.84	1,341,171.98
Other assets	12	2,217,635.70	2,186,915.49
Total assets		2,059,821,694.34	1,668,236,185.81
Liabilities			
Due to domestic commercial banks	13	645,747,536.12	589,099,206.09
Due to IMF related accounts	14	333,443,163.15	325,853,084.79
Due to Governmental Institutions	15	838,601,314.81	608,361,618.30
Due to public and commercial entities	16	168,802,035.81	77,392,191.69
Borrowings	17	2,030,833.37	2,139,264.56
Other domestic liabilities	18	2,050,253.83	2,417,895.45
Total liabilities		1,990,675,137.09	1,605,263,260.88
Capital and reserves			
Authorized capital	19	30,000,000.00	30,000,000.00
Reserve fund	20	32,972,924.93	26,857,364.96
Net result of the period		6,173,632.32	6,115,559.97
Total capital and reserve		69,146,557.25	62,972,924.93
Total liability capital and reserve		2,059,821,694.34	1,668,236,185.81

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 November 29, 2022 and were signed on their behalf by:


 Fehmi Mehmeti
 Governor


 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	30 September 2022	30 September 2021
Net interest income			
Interest income		4,883,837.91	2,976,708.55
Interest expense		(1,569,229.41)	(1,015,037.04)
Net interest income	21	3,314,608.50	1,961,671.51
Fee and commission income			
Fee and commission income		2,743,018.48	2,431,980.70
Fee and commission expenses		(683,576.17)	(471,288.47)
Net fee and commission income	22	2,059,442.31	1,960,692.23
Other operating income			
Income from regulatory activity	23	4,737,923.48	4,334,569.71
Grant revenues	24	57,353.34	87,122.42
Other operating income	25	9,860.99	12,205.82
Total Operating income (21+22+23+24+25)		10,179,188.62	8,356,261.69
Administrative (operative) expenses			
Personnel expenses	26	(3,407,354.36)	(3,419,404.85)
Depreciation and amortization	10,11	(624,639.13)	(784,774.57)
General and administrative expenses	27	(1,165,525.94)	(967,711.34)
Total administrative (operative) expenses		(5,197,519.43)	(5,171,890.76)
Net result without exchange rate effect and provisions for expected credit losses		4,981,669.19	3,184,370.93
Net profit/(loss) on exchange rate	28	1,228,129.59	405,919.78
Provision for expected credit losses [net increase / (decrease)]	4	(36,166.46)	681,669.53
Net result of the period		6,173,632.32	4,271,960.24

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 2021	30,000,000.00	23,902,884.18	791,844.66	2,162,636.12	-	56,857,364.96
Transfer to reserve fund	-	2,954,480.78	(791,844.66)	(2,162,636.12)	-	-
Total transactions required by law	-	2,954,480.78	(791,844.66)	(2,162,636.12)	-	-
Profit for the period	-	-	-	-	6,115,559.97	6,115,559.97
Adjustments during the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	6,115,559.97	6,115,559.97
Balance at 31 December 2021	30,000,000.00	26,857,364.96	-	-	6,115,559.97	62,972,924.93
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	-	-	-	-	6,173,632.32	6,173,632.32
Adjustments during the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	6,173,632.32	6,173,632.32
Balance at 30 September 2022	30,000,000.00	31,443,637.77	1,529,287.16	-	6,173,632.32	69,146,557.25

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:

30 September 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	293,036,907.81	65,270,663.47	178,902,955.37	537,210,526.65	45.31%
AA+/Aa1/AA+	-	-	123,406,657.39	123,406,657.39	10.41%
AA/Aa2/AA	-	-	60,669,423.98	60,669,423.98	5.12%
AA-/Aa3/AA-	-	-	41,398,419.97	41,398,419.97	3.49%
A+/A1/A+	104,735.63	-	122,335,543.72	122,440,279.35	10.33%
A/A2/A	4,018,482.84	-	15,925,973.00	19,944,455.84	1.68%
A-/A3/A-	3,992,733.70	25,018,826.39	212,523,171.72	241,534,731.81	20.37%
BBB-/Baa3/BBB-	-	-	39,089,539.90	39,089,539.90	3.30%
Total	301,152,859.98	90,289,489.86	794,251,685.05	1,185,694,034.89	100.00%

31 December 2021					
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	109,931,529.63	4,414,621.23	113,843,872.54	228,190,023.41	28.56%
AA+/Aa1/AA+	-	-	134,240,569.94	134,240,569.94	16.80%
AA/Aa2/AA	-	-	10,010,511.57	10,010,511.57	1.25%
AA-/Aa3/AA-	-	-	-	-	0.00%
A+/A1/A+	441,358.74	-	-	441,358.74	0.06%
A/A2/A	9,944,154.17	-	118,190,932.06	128,135,086.23	16.04%
A-/A3/A-	31,595,818.65	9,644,200.92	216,576,573.23	257,816,592.80	32.27%
BBB-/Baa3/BBB-	-	-	40,107,391.82	40,107,391.82	5.02%
Total	151,912,861.19	14,058,822.15	632,969,851.16	798,941,534.50	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.

	30 September 2022			31 December 2021		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Current accounts with foreign banks	301,152,859.98			151,912,861.19	-	-
Securities (Treasury bills and government bonds)	794,251,685.05			632,969,851.16	-	-
Money market placements	90,289,489.86			14,058,822.15	-	-
Carrying value	1,185,694,034.89			798,941,534.50	-	-
Expected credit losses (ECL)	(442,435.36)			(406,268.90)	-	-
Net carrying value	1,185,251,599.53			798,535,265.60	-	-

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

	2022			
	Stage 1	Stage 2	Stage 3	Total
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	36,166.46	-	-	36,166.46
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 30 September 2022:	442,435.36	-	-	442,435.36

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:

	2021			Total
	Stage 1	Stage 2	Stage 3	
ECL as at January 1, 2021	1,399,263.88	-	-	1,399,263.88
Transfers in Phase 1	-	-	-	-
Transfers in Phase 2	-	-	-	-
Transfers in Phase 3	-	-	-	-
ECL increase/(decrease) for the year	(992,994.98)	-	-	(992,994.98)
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 December 2021:	406,268.90	-	-	406,268.90

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
30 September 2022							
Assets							
Cash on hand	5	536,461,288.08	536,461,288.08	-	-	-	-
Current accounts with non-resident banks	6	301,084,801.96	301,084,801.96	-	-	-	-
Securities	7	793,914,453.05	76,902,289.42	115,027,062.95	146,436,829.33	431,909,840.92	23,638,430.43
Money market placements	8	90,252,344.52	5,231,553.41	10,001,014.56	75,019,776.55	-	-
In accounts related with IMF	9	241,013,320.05	199,713,320.05	-	5,162,500.00	36,137,500.00	-
		1,962,726,207.66	1,119,393,252.92	125,028,077.51	226,619,105.88	468,047,340.92	23,638,430.43
Liabilities							
Due to domestic banks	13	(645,747,536.12)	(645,747,536.12)	-	-	-	-
Due to accounts related to IMF	14	(250,817,795.68)	(13,209,777.65)	-	(5,162,500.00)	(36,137,500.00)	(196,308,018.03)
Due to local governmental institutions	15	(838,601,314.81)	(838,601,314.81)	-	-	-	-
Due to public and commercial entities	16	(168,802,035.81)	(168,802,035.81)	-	-	-	-
Borrowings	17	(2,030,833.37)	-	-	(119,460.82)	(955,686.53)	(955,686.02)
Other domestic liabilities	18	(756,036.51)	(756,036.51)	-	-	-	-
		(1,906,755,552.30)	(1,667,116,700.90)	-	(5,281,960.82)	(37,093,186.53)	(197,263,704.05)
		55,970,655.36	(547,723,447.98)	125,028,077.51	221,337,145.06	430,954,154.39	(173,625,273.62)
31 December 2021							
Assets							
Cash on hand	5	537,818,328.96	537,818,328.96	-	-	-	-
Current accounts with non-resident banks	6	151,880,387.03	151,880,387.03	-	-	-	-
Treasury bills	7	632,601,644.88	-	27,849,001.01	346,142,556.12	224,592,344.25	34,017,743.50
Money market placements	8	14,053,233.69	14,053,233.69	-	-	-	-
In accounts related with IMF	9	239,903,415.71	176,544,293.71	12,251,080.00	-	51,108,042.00	-
		1,576,257,010.27	880,296,243.39	40,100,081.01	346,142,556.12	275,700,386.25	34,017,743.50
Liabilities							
Due to domestic banks	13	(589,099,206.09)	(589,099,206.09)	-	-	-	-
Due to accounts related to IMF	14	(248,584,361.69)	(267,915.52)	(12,251,080.00)	-	(51,108,042.00)	(184,957,324.17)
Due to local governmental institutions	15	(608,361,618.30)	(608,361,618.30)	-	-	-	-
Due to public and commercial entities	16	(77,392,191.69)	(77,392,191.69)	-	-	-	-
Borrowings	17	(2,139,264.56)	-	-	(225,185.79)	(900,743.17)	(1,013,335.60)
Other domestic liabilities	18	(756,036.51)	(756,036.51)	-	-	-	-
		(1,526,332,678.84)	(1,275,876,968.11)	(12,251,080.00)	(225,185.79)	(52,008,785.17)	(185,970,659.77)
		49,924,331.43	(395,580,724.72)	27,849,001.01	345,917,370.33	223,691,601.08	(151,952,916.27)

5. Cash on hand

	30 September 2022	31 December 2021
Cash on hand	536,461,288.08	537,818,328.96
Total	536,461,288.08	537,818,328.96

There is a decrease in the balance on September 30, 2022 compared to December 31, 2021. 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:

	30 September 2022	31 December 2021
Deutsche Bundesbank	227,879,071.19	64,669,264.60
Raiffeisen Zentralbank	4,018,482.84	9,944,154.18
Banque centrale du Luxembourg	64,846,783.37	44,984,988.27
Deutsche Bank	3,992,733.70	31,595,818.56
Nostro Acc. Commerzbank AG	104,735.63	441,358.74
Nostro acc. with FED	311,053.25	277,276.84
Total carrying amount	301,152,859.98	151,912,861.19
Impairment for expected credit loss (ECL)	(68,058.02)	(32,474.16)
Total net carrying amount	301,084,801.96	151,880,387.03

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 the decision of the ECB on the change of the basic interest rate from July 27, 2022, September 14 and from November 02, 2022).

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 3.023% annual in 2022 (in 2021 same reporting period: 0.019% to 3.023% annual).

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

Country	Carrying amount 30 September 2022	Impairment for expected credit loss	Net carrying amount 30 September 2022
Germany	75,756,861.10	(26,543.11)	75,730,317.99
France	60,669,423.98	(27,202.26)	60,642,221.72
The Netherland	32,049,788.93	(10,389.60)	32,039,399.33
Slovenia	20,995,683.10	(12,091.02)	20,983,592.08
Luxembourg	59,974,397.06	(2,545.32)	59,971,851.74
Belgium	41,398,419.97	(15,762.06)	41,382,657.91
Denmark	6,013,525.43	(860.54)	6,012,664.89
Austria	82,334,643.05	(17,348.81)	82,317,294.24
Ireland	122,335,543.72	(5,636.55)	122,329,907.17
United States of America	5,108,380.57	(714.92)	5,107,665.66
Italy	39,089,539.90	(20,753.25)	39,068,786.65
Poland	15,925,973.00	(33,960.96)	15,892,012.04
Finland	41,072,014.34	(14,030.62)	41,057,983.72
Kosovo	191,527,490.90	(149,392.99)	191,378,097.91
Total	794,251,685.05	(337,232.00)	793,914,453.05

Country	Carrying amount 31 December 2021	Impairment for expected credit loss	Net carrying amount 31 December 2021
Germany	65,703,432.33	(31,832.88)	65,671,599.45
France	10,010,511.57	(15,784.57)	9,994,727.00
The Netherland	12,122,288.06	(4,284.85)	12,118,003.21
Slovenia	-	-	-
Luxembourg	87,452,340.06	(16,883.58)	87,435,456.48
Belgium	-	-	-
Denmark	6,026,744.20	(2,945.66)	6,023,798.54
Austria	72,365,533.28	(21,445.42)	72,344,087.86
Ireland	102,229,116.73	(10,821.00)	102,218,295.73
United States of America	4,414,104.55	(1,248.42)	4,412,856.13
Italy	40,107,391.82	(63,422.07)	40,043,969.75
Poland	15,961,815.33	(35,340.65)	15,926,474.68
Finland	-	-	-
Kosovo	216,576,573.23	(164,197.20)	216,412,376.03
Total	632,969,851.16	(368,206.28)	632,601,644.88

According to type:

	Carrying amount 30 September 2022	Impairment for expected credit loss	Net carrying amount 30 September 2022
Treasury Bills	25,051,853.15	(5,269.51)	25,046,583.65
Bonds	769,199,831.90	(331,962.49)	768,867,869.41
Total	794,251,685.05	(337,232.00)	793,914,453.05

	Carrying amount 31 December 2021	Impairment for expected credit loss	Net carrying amount 31 December 2021
Treasury Bills	4,414,104.55	(1,248.42)	4,412,856.13
Bonds	628,555,746.61	(366,957.86)	628,188,788.75
Total	632,969,851.16	(368,206.28)	632,601,644.88

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 third quarter of 2022 on average is about 0.857% (minimum: 0.050% and maximum: 3.050 %), while in the same period in 2021: on average 0.018% (minimum: -0.600% and maximum: 0.250%). 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 30 September 2022	Impairment for expected credit loss	Net carrying amount 30 September 2022
Federal Reserve Bank (FED-NY)	5,231,842.43	(732.28)	5,231,110.15
Deutsche Bank	25,000,000.00	(34,332.70)	24,965,667.30
Banque centrale du Luxembourg	60,000,000.00	(2,080.36)	59,997,919.64
Banka Kombëtare Tregtare Sh.A.	-	-	-
	90,231,842.43	(37,145.34)	90,194,697.09
Accrued (accrual) interest on Money market placements:			
Federal Reserve Bank (FED-NY)	443.26	-	443.26
Deutsche Bank	18,826.39	-	18,826.39
Banque centrale du Luxembourg	38,377.78	-	38,377.78
Banka Kombëtare Tregtare Sh.A.	-	-	-
	57,647.43	-	57,647.43
Gjithsej	90,289,489.86	(37,145.34)	90,252,344.52

Money market placements by banks:	Carrying amount 31 December 2021	Impairment for expected credit loss	Net carrying amount 31 December 2021
Federal Reserve Bank (FED-NY)	4,414,621.23	(1,248.56)	4,413,372.67
Deutsche Bank	-	-	-
Banque centrale du Luxembourg	-	-	-
Banka Kombëtare Tregtare Sh.A.	9,644,000.00	(4,339.89)	9,639,660.11
	14,058,621.23	(5,588.46)	14,053,032.77
Accrued (accrual) interest on Money market placements:			
Federal Reserve Bank (FED-NY)	-	-	-
Deutsche Bank	-	-	-
Banque centrale du Luxembourg	-	-	-
Banka Kombëtare Tregtare Sh.A.	200.92	-	200.92
	200.92	-	200.92
Total	14,058,822.15	(5,588.46)	14,053,233.69

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. Active placements in euro are with money market placements with Deutsche Bank and with Banque Centrale du Luxembourg. Whereas, we have a placement of 5 million in USD on the reporting date (in the placement table) is expressed the equivalent in euros.

9. Assets related to IMF

	30 September 2022	31 December 2021
IMF Quota	108,451,040.79	102,216,084.31
SDR holdings	167,122,103.27	158,073,950.74
Accrued Interest	770,295.84	143,691.56
Use of IMF funds	54,225,520.39	63,359,122.48
Total	330,568,960.29	323,792,849.09

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 0.722% on average for the reporting period (while for January – September 2021, 0.055%).

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 2021	5,795,047.34	2,663,675.79	2,409,512.06	389,349.16	4,620.00	11,262,204.35
Acquisitions	313,568.40	1,250.00	5,464.00	-	-	320,282.40
Transfer from / to (correction)	4,620.00	-	-	-	(4,620.00)	-
Disposals/Written Offs	-	(170,875.47)	(610,334.99)	-	-	(781,210.46)
At 31 December 2021	6,113,235.74	2,494,050.32	1,804,641.07	389,349.16	-	10,801,276.29
At 01 January 2022	6,113,235.74	2,494,050.32	1,804,641.07	389,349.16	-	10,801,276.29
Acquisitions	-	27,283.20	6,400.00	-	1,740.00	35,423.20
Transfer from / to (correction)	-	-	-	-	-	-
Disposals/Written Offs	-	-	-	-	-	-
At 30 September 2022	6,113,235.74	2,521,333.52	1,811,041.07	389,349.16	1,740.00	10,836,699.49
Depreciation						
At 01 January 2021	1,688,440.62	2,239,718.83	2,106,933.39	338,602.53	-	6,373,695.37
Depreciation for the year	298,864.81	158,564.46	175,284.50	13,840.00	-	646,553.77
Disposals/Written Offs	-	(170,875.47)	(609,752.07)	-	-	(780,627.54)
At 31 December 2021	1,987,305.43	2,227,407.82	1,672,465.82	352,442.53	-	6,239,621.60
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	232,766.70	89,945.87	44,769.42	10,380.00	-	377,861.99
Disposals/Written Offs	-	-	-	-	-	-
At 30 September 2022	2,220,072.13	2,317,353.69	1,717,235.24	362,822.53	-	6,617,483.59
Net Carrying amounts						
At 01 January 2021	4,106,606.72	423,956.96	302,578.67	50,746.63	4,620.00	4,888,508.98
At 31 December 2021	4,125,930.31	266,642.50	132,175.25	36,906.63	-	4,561,654.69
At 30 September 2022	3,893,163.61	203,979.83	93,805.83	26,526.63	1,740.00	4,219,215.90

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

Historical cost	Computer software	Software under development	Total
At 01 January 2021 (as stated)	4,658,281.96	31,037.92	4,689,319.88
Corrections for the previous year	-	(20,052.92)	(20,052.92)
At 01 January 2021 (restated)	4,658,281.96	10,985.00	4,669,266.96
Acquisitions	43,069.80	-	43,069.80
Transfer from / to (correction)	10,985.00	(10,985.00)	-
Disposals/Written Offs	(1,547,969.31)	-	(1,547,969.31)
At 31 December 2021	3,164,367.45	-	3,164,367.45
At 01 January 2022	3,164,367.45	-	3,164,367.45
Acquisitions	8,600.00	-	8,600.00
Transfer from / to (correction)	-	-	-
Disposals/Written Offs	-	-	-
At 30 September 2022	3,172,967.45	-	3,172,967.45
Amortization			
At 01 January 2021	2,988,915.73	-	2,988,915.73
Amortization for the year	382,249.05	-	382,249.05
Disposals/Written Offs	(1,547,969.31)	-	(1,547,969.31)
At 31 December 2021	1,823,195.47	-	1,823,195.47
At 01 January 2022	1,823,195.47	-	1,823,195.47
Amortization for the year	246,777.14	-	246,777.14
Disposals/Written Offs	-	-	-
At 30 September 2022	2,069,972.61	-	2,069,972.61
Net Carrying amounts			
At 01 January 2021	1,669,366.23	10,985.00	1,680,351.23
At 31 December 2021	1,341,171.98	-	1,341,171.98
At 30 September 2022	1,102,994.84	-	1,102,994.84

12. Other assets

Other assets are as below:

	30 September 2022	31 December 2021
Income Receivables	1,827,896.92	2,057,689.94
Prepayment	389,738.78	129,225.55
Total	2,217,635.70	2,186,915.49

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

13. Due to domestic banks

	30 September 2022	31 December 2021
ProCredit Bank	73,402,374.45	68,786,501.68
Raiffeisen Bank	77,091,066.94	81,320,412.95
NLB Prishtina	112,196,486.96	86,342,187.45
Banka Ekonomike e Prishtinës	87,595,342.22	78,541,569.78
Banka për Biznes	65,085,545.84	61,534,638.08
Banka Kombëtare Tregtare e Shqipërisë	93,593,630.22	86,666,247.18
Turk Ekonomi Bankasi Sh.A	73,037,005.28	85,173,425.24
Komercijalna Banka - Dega Mitrovicë	9,847,849.57	10,090,155.26
Turkiye Is Bankasi A.S.	29,706,461.27	20,370,019.79
T.C. Zirat Bankasi A.S.Dega Kosovë	8,944,294.66	7,133,503.38
Banka Kreditore e Prishtinës	1,745.41	13,225.29
Banka Credins Kosovë	8,245,733.30	3,127,320.01
PriBank Sh.A.	7,000,000.00	-
Total	645,747,536.12	589,099,206.09

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 September 30, 2022 is about 2.8 times (and as of December 31, 2021 this was 2.8 times) higher than the value of the required reserve to be kept in the CBK.

14. Due to accounts related to IMF

	30 September 2022	31 December 2021
Current account FMN No. 1	277,692.43	261,727.63
Expenses account FMN No. 2	6,564.83	6,187.41
IMF securities account	136,054,194.01	140,483,385.54
Part paid of IMF quota	19,665,696.39	18,470,342.49
SDR allocated by IMF	176,642,321.64	166,486,981.68
Accrued Interest	796,693.85	144,460.04
Total	333,443,163.15	325,853,084.79

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

	30 September 2022	31 December 2021
Treasury – Ministry of Economy and Finance	666,266,722.95	423,321,525.19
Privatization Agency of Kosovo	172,032,556.11	184,736,709.38
Interim Administrative Institutions	302,035.75	303,383.73
Total	838,601,314.81	608,361,618.30

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 31 December 2021 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:

	30 September 2022	31 December 2021
Insurance Companies	4,761,927.88	4,810,943.55
Public Institutions	164,038,346.10	72,579,470.31
Pension Funds and other	1,761.83	1,777.83
Total	168,802,035.81	77,392,191.69

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. The increase mainly stems from the increase in funds of the Kosovo Pension Savings Fund and trust accounts in the name of KEK.

17. Borrowings

	30 September 2022	31 December 2021
Borrowings from World Bank	2,030,833.37	2,139,264.56
Total	2,030,833.37	2,139,264.56

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

	30 September 2022	31 December 2021
Escrow account	756,036.51	756,036.51
Deferred income	162,012.87	211,162.22
Payables and Accrued expenses	516,940.11	835,432.38
Long term Emp. Benefit	615,264.34	615,264.34
Total	2,050,253.83	2,417,895.45

Within the group is a reduction in the total balance of the group compared with 31 December 2021. Mainly influenced by the reduction of accounts payable balance to September 30, 2022, compared to 31 December 2021.

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

	30 September 2022	31 December 2021
Authorized capital	30,000,000.00	30,000,000.00
Reserve funds	32,972,924.93	26,857,364.96
Net result for the period	6,173,632.32	6,115,559.97
Total	69,146,557.25	62,972,924.93

The financial result of the period is positive for about 6.1 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 1.2 million euros (as unrealized profit), the item of provisions for expected credit losses (net increase / (decrease)) is in the amount of 36 thousand euros (as unrealized loss) and if we exclude these two items the financial result remains positive of about 4.9 thousand euros (see page 6 - Net result without the effect of the exchange rate and provisions).

21. Net interest income

	30 September 2022	30 September 2021
Interest Income		
From placements	179,321.93	1,939.37
From securities	2,977,187.33	2,141,594.00
From deposit current accounts	930,455.57	29,323.91
From negative rates on deposits ²	796,873.08	803,851.27
	4,883,837.91	2,976,708.55
Interest expense		
From IMF Account (SDR Allocation)	984,835.52	33,549.54
From correspondent banks	568,787.42	917,659.09
From Borrowing	15,606.47	12,271.19
	1,569,229.41	1,015,037.04
Net interest income	3,314,608.50	1,961,671.51

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 committed portfolio) brought in about 0.500% (in the same period of 2021 0.398%).

22. Net fee and commission income

	30 September 2022	30 September 2021
Net fee and commission income		
From cash deposits	1,036,772.75	892,845.75
From incoming transfer	74,138.30	66,106.22
From outgoing transfers	290,393.34	248,908.80
From domestic transfers (Domestic payment system)	1,203,352.09	1,092,807.20
From credit registry system	118,698.00	115,692.73
Other fees	19,664.00	15,620.00
	2,743,018.48	2,431,980.70
Fee and commission expense		
From cash transportation	646,574.92	441,359.29
From correspondent bank transactions	37,001.25	29,929.18
	683,576.17	471,288.47
Net fee and commission position	2,059,442.31	1,960,692.23

There is an increase 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.

23. Incomes from regulatory activity

	30 September 2022	30 September 2021
Banks licenses renewal fees	3,137,460.71	2,904,139.17
Bank licenses fees	28,700.00	22,300.00
Insurance Companies licenses renewal fees	1,307,777.43	1,149,452.79
Insurance Companies licenses fees	26,600.00	51,100.00
Pension funds renewal fees	20,729.60	20,650.42
Other financial institution fees	216,655.74	186,927.33
Total	4,737,923.48	4,334,569.71

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

	30 September 2022	30 September 2021
Grant revenue	57,353.34	87,122.42

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

	30 September 2022	30 September 2021
Other income	9,860.99	12,205.82

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

	30 September 2022	30 September 2021
Wages and salary expenses	2,558,596.10	2,616,182.55
Social security and health insurance	644,460.51	646,200.78
Staff training costs	19,824.23	1,660.74
Board expenses	76,367.84	40,140.49
Daily meal	97,919.10	103,469.50
Other	10,186.58	11,750.79
Total	3,407,354.36	3,419,404.85

The total number of employees who have been active in the payroll during the period January-September 2022 is: 230 (in the period January - September 2021, 234).

Other categories of staff costs include additional pension compensation (2022, 6,792.39 euros; 2021, 6,799.31 euros), financial support for housing (2022, 2,594.19 euros; 2021, 3,991.48 euros) and the student internship program (2022, 800.00 euros, 2021, 960.00 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

	30 September 2022	30 September 2021
Insurance expenses	409,660.57	310,266.12
Repairs and maintenance	78,220.55	63,040.11
Application maintenance	291,653.35	258,352.41
Communication expenses (telephone, fax, and internet)	24,538.27	24,800.88
Public utility expenses	61,074.89	59,786.97
Consulting and auditing expenses	9,195.00	9,759.97
Security (guard and transportation)	83,939.20	83,029.60
Travel and transportation	53,682.84	8,587.50
Vehicle operating expenses	13,251.52	12,030.20
Consumable administrative material	14,686.60	14,652.56
Cafeteria expenses	33,936.79	32,489.29
Consumable expenses (IT and non-IT equipment supply)	16,698.17	10,942.05
Publishing and literature	13,500.40	9,981.44
Representation expenses	12,274.87	13,893.61
Membership to professional institutions	28,494.79	22,956.22
Other	20,718.13	33,142.41
Total	1,165,525.94	967,711.34

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	30 September 2022	30 September 2021
From USD Position	1,497,601.65	505,963.69
From SDR Position	(269,472.06)	(100,043.91)
Net unrealized profit/loss from exchange rate	1,228,129.59	405,919.78

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

29. Cash and cash equivalents

	Note	30 September 2022	31 December 2021
Cash in hand	5	536,461,288.08	537,818,328.96
Cash accounts with non-resident banks	6	301,152,859.98	151,912,861.19
Placements with non-resident banks with maturity up to three months		5,232,285.69	14,058,822.15
Total		842,846,433.75	703,790,012.30

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. Commitment and contingencies**Membership in the World Bank**

After the accession of the Republic of Kosovo in the World Bank and its sub-agencies Kosovo Government has issued notes payable (upon request), pledging that it will pay at the request of the World Bank (her sub-agencies) for the membership fee. The value of their September 30, 2022 is approximately 645,152 euros (December 31, 2021, this liability was expected 645,152 euro), CBK acts as financial intermediary (bank guarantee) and funds held in safe-custody account.