



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 2023/
-unaudited interim report-

Department of Financial Planning and Reporting

CBK’s Financial Statements for the third 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 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, 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	30 September 2023	31 December 2022
Assets			
Cash on hand	5	227,794,274.45	409,425,892.44
Current accounts with non-resident banks	6	316,442,165.86	206,359,121.06
Securities	7	794,429,460.92	666,596,850.73
Placements in money market	8	270,904,974.65	99,949,816.78
In accounts related with IMF	9	305,210,918.76	315,562,356.23
Properties and equipment's	10	4,326,483.13	4,198,767.92
Intangible assets	11	948,896.47	1,042,524.27
Other assets	12	2,343,149.68	2,709,316.25
Total assets		1,922,400,323.92	1,705,844,645.68
Liabilities			
Due to domestic commercial banks	13	560,504,637.88	594,281,208.75
Due to IMF related accounts	14	310,412,052.76	318,736,456.03
Due to Governmental Institutions	15	784,189,094.69	585,783,866.95
Due to public and commercial entities	16	173,031,243.75	131,136,704.82
Borrowings	17	1,694,028.99	1,937,945.40
Other domestic liabilities	18	2,222,260.11	2,443,275.88
Total liabilities		1,832,053,318.18	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		18,821,817.89	8,552,262.92
Total capital and reserve		90,347,005.74	71,525,187.85
Total liability capital and reserve		1,922,400,323.92	1,705,844,645.68

The related disclosures throughout the notes from pages 6 to 25 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, 2023 and were signed on their behalf by:

[Ahmet Ismaili]

Signed by:

Ahmet Ismaili

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	30 September 2023	30 September 2022
Net interest income			
Interest income		23,181,853.81	4,883,837.91
Interest expense		(6,536,684.30)	(1,569,229.41)
Net interest income	21	16,645,169.51	3,314,608.50
Fee and commission income			
Fee and commission income		2,956,070.18	2,743,018.48
Fee and commission expenses		(880,302.37)	(683,576.17)
Net fee and commission income	22	2,075,767.81	2,059,442.31
Other operating income			
Income from regulatory activity	23	5,570,115.99	4,737,923.48
Grant revenues	24	30,837.39	57,353.34
Other operating income	25	13,630.31	9,860.99
Total Operating income (21+22+23+24+25)		24,335,521.01	10,179,188.62
Administrative (operative) expenses			
Personnel expenses	26	(3,803,755.01)	(3,407,354.36)
Depreciation and amortization	10,11	(625,361.85)	(624,639.13)
General and administrative expenses	27	(1,109,794.96)	(1,165,525.94)
Total administrative (operative) expenses		(5,538,911.82)	(5,197,519.43)
Net result without exchange rate effect and provisions for expected credit losses		18,796,609.19	4,981,669.19
Net profit/(loss) on exchange rate	28	104,516.38	1,228,129.59
Provision for expected credit losses [net increase / (decrease)]	4	(79,307.68)	(36,166.46)
Net result of the period		18,821,817.89	6,173,632.32

Notes from page 6 up to 25 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	-	-	-	-	18,821,817.89	18,821,817.89
Adjustments during the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	18,821,817.89	18,821,817.89
Balance at 30 September 2023	30,000,000.00	31,443,637.77	1,529,287.16	8,552,262.92	18,821,817.89	90,347,005.74

Notes from page 6 up to 25 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 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	304,997,521.37	235,973,833.62	187,169,387.05	728,140,742.04	52.68%
AA+/Aa1/AA+	-	-	129,406,126.82	129,406,126.82	9.36%
AA/Aa2/AA	-	-	-	-	0.00%
AA-/Aa3/AA-	-	-	222,191,259.43	222,191,259.43	16.07%
A+/A1/A+	8,454,091.50	-	-	8,454,091.50	0.61%
A/A2/A	457,360.03	-	15,773,998.38	16,231,358.41	1.17%
A-/A3/A-	2,617,479.96	34,985,557.59	202,333,857.58	239,936,895.13	17.36%
BBB-/Baa3/BBB-	-	-	37,954,443.91	37,954,443.91	2.75%
Total	316,526,452.86	270,959,391.21	794,829,073.17	1,382,314,917.24	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.

	30 September 2023			31 December 2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Current accounts with foreign banks	316,526,452.86	-	-	206,399,671.12	-	-
Securities (Treasury bills and government bonds)	794,829,073.17	-	-	666,959,218.10	-	-
Money market placements	270,959,391.21	-	-	100,005,907.48	-	-
Carrying value	1,382,314,917.24	-	-	973,364,796.70	-	-
Expected credit losses (ECL)	(538,315.81)	-	-	(459,008.13)	-	-
Net carrying value	1,381,776,601.43	-	-	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	79,307.68	-	-	79,307.68
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 2023:	538,315.81	-	-	538,315.81

Financial risk management (continued)

The movements of ECL related to the financial assets that CBK has exposure to during the year 2022 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
30 September 2023							
Assets							
Cash on hand	5	227,794,274.45	227,794,274.45	-	-	-	-
Current accounts with non-resident banks	6	316,442,165.86	316,442,165.86	-	-	-	-
Securities	7	794,429,460.92	66,135,653.53	89,473,660.95	295,128,867.66	338,419,113.68	5,272,165.10
Money market placements	8	270,904,974.65	115,091,672.95	155,813,301.70	-	-	-
In accounts related with IMF	9	220,342,557.87	181,894,959.56	-	19,223,799.16	19,223,799.16	-
		1,829,913,433.75	907,358,726.35	245,286,962.65	314,352,666.82	357,642,912.84	5,272,165.10
Liabilities							
Due to domestic banks	13	(560,504,637.88)	(560,504,637.88)	-	-	-	-
Due to accounts related to IMF	14	(231,377,858.91)	(6,676,131.59)	-	(19,223,799.16)	(19,223,799.16)	(186,254,129.01)
Due to local governmental institutions	15	(784,189,094.69)	(784,189,094.69)	-	-	-	-
Due to public and commercial entities	16	(173,031,243.75)	(173,031,243.75)	-	-	-	-
Borrowings	17	(1,694,028.99)	-	-	(112,935.30)	(903,482.38)	(677,611.31)
Other domestic liabilities	18	(756,900.07)	(756,900.07)	-	-	-	-
		(1,751,553,764.29)	(1,525,158,007.98)	-	(19,336,734.46)	(20,127,281.54)	(186,931,740.32)
		78,359,669.46	(617,799,281.63)	245,286,962.65	295,015,932.36	337,515,631.30	(181,659,575.22)
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

	30 September 2023	31 December 2022
Cash on hand	227,794,274.45	409,425,892.44
Total	227,794,274.45	409,425,892.44

There is a decrease in the balance on September 30, 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:

	30 September 2023	31 December 2022
Deutsche Bundesbank	229,869,687.69	142,287,953.49
Raiffeisen Zentralbank	8,454,091.50	330,035.62
Banque centrale du Luxembourg	73,817,205.31	63,101,895.71
Deutsche Bank	2,617,479.96	214,353.88
Nostro Acc. Commerzbank AG	457,360.03	137,629.52
Nostro acc. with FED	279,605.28	327,802.90
	315,495,429.77	206,399,671.12
Accrued interest	1,031,023.09	-
Total carrying amount	316,526,452.86	206,399,671.12
Impairment for expected credit loss (ECL)	(84,287.00)	(40,550.06)
Total net carrying amount	316,442,165.86	206,359,121.06

The position of current accounts (nostro) compared to December 31, 2022 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: -0.014% to 3.023% annual).

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

Country	Carrying amount 30 September 2023	Impairment for expected credit loss	Net carrying amount 30 September 2023
Germany	99,835,170.81	(38,562.07)	99,796,608.74
France	140,081,456.55	(71,169.27)	140,010,287.28
The Netherland	69,077,193.83	(19,395.62)	69,057,798.21
Finland	60,264,158.97	(18,560.26)	60,245,598.71
Slovenia	20,669,773.76	(15,291.99)	20,654,481.77
Luxembourg	13,629,157.24	(1,868.73)	13,627,288.51
Belgium	50,904,519.53	(22,501.35)	50,882,018.18
Denmark	-	-	-
Austria	69,141,967.85	(15,370.26)	69,126,597.59
Ireland	31,205,283.35	(1,950.72)	31,203,332.63
United States of America	4,627,865.16	(879.87)	4,626,985.29
Italy	37,954,443.91	(28,297.93)	37,926,145.98
Poland	15,773,998.38	(28,135.72)	15,745,862.66
Kosovo	181,664,083.83	(137,628.46)	181,526,455.37
Total	794,829,073.17	(399,612.25)	794,429,460.92

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 30 September 2023	Impairment for expected credit loss	Net carrying amount 30 September 2023
Treasury Bills	192,975,806.06	(55,430.44)	192,920,375.62
Bonds	601,853,267.11	(344,181.81)	601,509,085.30
Total	794,829,073.17	(399,612.25)	794,429,460.92

	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 third quarter of 2023 on average is about 3.582% (minimum: 0.050% and maximum: 5.300 %), while in the same period in 2022: on average 0.857% (minimum: 0.050% and maximum: 3.050%). 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 ten days maturity. The analysis by institutions / banks is disclosed in the table below:

Money market placements by banks:	Carrying amount 30 September 2023	Impairment for expected credit loss	Net carrying amount 30 September 2023
Deutsche Bank	25,000,000.00	(6,415.05)	24,993,584.95
Banque centrale du Luxembourg	130,000,000.00	(10,436.03)	129,989,563.97
Deutsche Bundesbank	100,000,000.00	(32,149.35)	99,967,850.65
Federal Reserve Bank (FED-NY)	5,286,010.95	(1,005.34)	5,285,005.61
Banka Kombëtare Tregtare Sh.A.	9,797,000.00	(4,410.80)	9,792,589.20
	270,083,010.95	(54,416.56)	270,028,594.39
Accrued (accrual) interest on Money market placements:			
Deutsche Bank	186,108.33	-	186,108.33
Banque centrale du Luxembourg	644,044.44	-	644,044.44
Deutsche Bundesbank	43,000.00	-	43,000.00
Federal Reserve Bank (FED-NY)	778.23	-	778.23
Banka Kombëtare Tregtare Sh.A.	2,449.25	-	2,449.25
	876,380.26	-	876,380.26
Total	270,959,391.21	(54,416.56)	270,904,974.65

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

	30 September 2023	31 December 2022
IMF Quota	102,526,928.83	103,490,615.68
SDR holdings	156,226,174.90	159,168,915.23
Accrued Interest	1,602,283.66	1,157,517.48
Use of IMF funds	44,855,531.37	51,745,307.84
Total	305,210,918.76	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 3.689% on average for the reporting period (while for January – September 2022, 0.722%).

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. These loans are in the name of Kosovo, and the use is by the Government of Kosovo. In terms of liabilities, this item has its counter value as a liability from the IMF (through the account in care of the IMF - note 14).

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	-	155,063.11	372,100.04	-	7,844.00	535,007.15
Transfer from / to (correction)	-	-	-	-	-	-
Disposals/Written Offs	-	(3,024.00)	(5,099.40)	-	-	(8,123.40)
At 30 September 2023	6,113,235.74	2,680,297.63	2,277,664.91	389,349.16	11,524.00	11,472,071.44
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	232,766.70	71,147.79	89,599.70	10,380.00	-	403,894.19
Disposals/Written Offs	-	-	(4,725.65)	-	-	(4,725.65)
At 30 September 2023	2,530,427.70	2,415,351.63	1,823,146.45	376,662.53	-	7,145,588.31
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 30 September 2023	3,582,808.04	264,946.00	454,518.46	12,686.63	11,524.00	4,326,483.13

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	124,815.86	-	124,815.86
Transfer from / to (correction)	-	-	-
Disposals/Written Offs	-	-	-
At 30 September 2023	3,311,660.81	-	3,311,660.81
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	218,443.66	-	218,443.66
Disposals/Written Offs	-	-	-
At 30 September 2023	2,362,764.34	-	2,362,764.34
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 30 September 2023	948,896.47	-	948,896.47

12. Other assets

Other assets are as below:

	30 September 2023	31 December 2022
Income Receivables	1,974,508.50	2,529,462.55
Prepayment	293,641.18	179,853.70
Payments/Claims in process (ICS/DepoX)	75,000.00	-
Total	2,343,149.68	2,709,316.25

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

13. Due to domestic banks

	30 September 2023	31 December 2022
ProCredit Bank LTD	75,333,511.10	80,077,142.80
Raiffeisen Bank J.S.C.	79,573,764.55	71,544,994.71
NLB Banka SH.A.	96,832,041.42	96,370,884.56
Banka Ekonomike	66,294,559.61	95,223,029.03
Banka për Biznes SH.A.	54,806,183.08	51,888,539.74
Banka Kombëtare Tregtare Tirana AL	71,866,364.62	73,113,489.90
Turk Ekonomi Bankasi Sh.A.	70,889,766.84	66,726,579.32
Komercijalna Banka BG Mitrovica B	8,295,220.87	9,867,389.26
Turkiye Is Bankasi A.S.	13,377,517.00	22,401,460.28
T.C. Zirat Bankasi A.S.Dega Kosovë	11,637,882.30	10,593,575.76
Banka Kreditore e Prishtinës	2,211.41	30,984.68
Banka Credins Kosovë	2,960,438.94	5,289,893.27
PriBank Sh.A.	8,522,843.21	11,153,245.44
Total (without accrued interest)	560,392,304.95	594,281,208.75
Accrued interest	112,332.93	-
Total	560,504,637.88	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 September 30, 2023 is about 2.28 times (and as of December 31, 2022 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) while from August 1, 2023, a rate of 0.30% applies to all CBK depositors. The same rate is applied 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

	30 September 2023	31 December 2022
Current account FMN No. 1	262,523.55	264,991.10
Expenses account FMN No. 2	5,674.98	6,264.57
IMF securities account	122,214,333.42	129,831,232.62
Part paid of IMF quota	19,260,851.60	18,870,418.73
SDR allocated by IMF	166,993,277.41	168,562,906.26
Accrued Interest	1,675,391.80	1,200,642.75
Total	310,412,052.76	318,736,456.03

14. Due to accounts related to IMF (continued)

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.

The paid part of the quota includes the interest paid by the MFI for this item, according to IMF regulations, which is expressed in euros in the table under note 14.

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.

In May 2023, the IMF has approved two types of financing for Kosovo, a credit line in the amount of 80.12 million SDR [or about 99.45 million euros according to the exchange rate on September 30, 2023] and an instrument for sustainability and stability (budget) in the amount of 61.95 million SDR [or about 76.9 million euros according to the exchange rate September 30, 2023]. Both of these financial instruments are active from May 25, 2023.

15. Due to Governmental Domestic Institutions

Due to governmental institutions comprise of:

Current account	30 September 2023	31 December 2022
Treasury – Ministry of Economy and Finance	620,321,782.45	419,664,482.64
Privatization Agency of Kosovo	163,524,756.71	165,854,074.15
Interim Administrative Institutions	135,931.59	265,310.16
Total current account	783,982,470.75	585,783,866.95
Accrual interest on current account		
Treasury – Ministry of Economy and Finance	165,655.70	-
Privatization Agency of Kosovo	40,934.13	-
Interim Administrative Institutions	34.11	-
Total accrued interest	206,623.94	-
Total	784,189,094.69	585,783,866.95

Deposits on current accounts benefit interest of 0.15%, while from August 1, 2023 they benefit from an interest of 0.30% (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:

	30 September 2023	31 December 2022
Insurance companies	4,445,332.36	4,761,599.88
Public institutions and companies	168,546,173.82	126,373,351.11
Non-public pension funds and others	1,739.94	1,753.83
Total current account	172,993,246.12	131,136,704.82
Accrual interest on current account		
Insurance companies	1,111.38	-
Public institutions and companies	36,885.80	-
Non-public pension funds and others	0.45	-
Total accrued interest	37,997.63	-
Total	173,031,243.75	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

	30 September 2023	31 December 2022
Borrowings from World Bank	1,694,028.99	1,937,945.40
Total	1,694,028.99	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

	30 September 2023	31 December 2022
Escrow account	756,900.07	756,036.51
Deferred income	119,964.70	150,936.09
Payables and Accrued expenses	662,716.92	853,814.08
Long term Emp. Benefit	682,489.20	682,489.20
Total current account	2,222,070.89	2,443,275.88
Accrual interest on current account		
Escrow account	189.22	-
Total accrued interest	189.22	-
Total	2,222,260.11	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 September 30, 2023, compared to 31 December 2022.

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

	30 September 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	18,821,817.89	8,552,262.92
Total	90,347,005.74	71,525,187.85

The financial result of the period is positive for about 18.8 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 104.5 thousand euros (as an unrealized profit), the item of provisions for expected credit losses (net increase/(decrease)) is worth 79.3 thousand euros (as an unrealized loss) and if we exclude these two items, the financial result remains positive at 18.7 million euros (see page 6 - Net result without the effect of the exchange rate and provisions).

The definitions under the law² for allocation of distributable earnings:

Article 56 - paragraph 1.1. and 1.2:

1.1.all distributable earnings will first be applied to the general reserve fund until the aggregate amount of initial capital and general reserves equals five percent (5%) of the Central Bank's monetary liabilities;

1.2. thereafter, 50 percent (50%) of the distributable earnings will be transferred to the Ministry as general revenue for the budget of the State and 50 percent will be allocated to the general reserve fund of the Central Bank.

Article 55 - paragraph 2.1. and 2.2:

2.1. by deducting from the net profits, the total amount of unrealized revaluation gains, and by allocating an equivalent amount to the respective unrealized revaluation reserve account; and

2.2. by deducting from the appropriate unrealized revaluation reserve account and adding to the distributable earnings as determined in sub-paragraph 2.1. of this paragraph the amount of any unrealized profit that was deducted from the net profits for one or more previous years and was realized during the current financial year.

² Law No. 03/L-209 for the Central Bank of the Republic of Kosovo

Table – Distributable earnings as defined by law

Distributable earnings		
Description	30 September 2023	31 December 2022
Total comprehensive income for the year	18,821,817.89	8,552,262.92
From which are unrealized revaluation gains (profits) (note 29)	104,516.38	541,884.33
From which are unrealized revaluation losses which were realized in the current year	-	-
Distributable earnings	18,717,301.51	8,010,378.59
Capital, general reserve account and distributable earnings		
	30 September 2023	31 December 2022
Capital	30,000,000.00	30,000,000.00
General reserve	39,506,755.59	31,443,637.77
Distributable earnings	18,717,301.51	8,010,378.59
Total Capital, general reserve account and distributable earnings	88,224,057.10	69,454,016.36
Total monetary liabilities³		
	30 September 2023	31 December 2022
Due to commercial banks	560,392,304.95	594,281,208.75
Due to government	783,982,470.75	585,783,866.95
Due to IMF related accounts ⁴	186,522,327.54	187,704,580.66
Due to public and commercial entities	172,993,246.12	131,136,704.82
Due to borrowings	1,694,028.99	1,937,945.40
Due to other monetary liabilities	756,900.07	756,036.51
Total monetary liabilities	1,706,341,278.42	1,501,600,343.09
Ratio as per article 56, paragraph 1.1.	5.17%	4.63%

³ Excluding accrual balances.⁴ Excluding securities account.

21. Net interest income

	30 September 2023	30 September 2022
Interest Income		
From placements	11,696,458.00	179,321.93
From securities	7,184,799.55	2,977,187.33
From deposit current accounts	4,300,596.26	930,455.57
From negative rates on deposits ⁵	-	796,873.08
	23,181,853.81	4,883,837.91
Interest expense		
From CBK depositors ⁶	1,945,905.55	-
From IMF Account (SDR Allocation)	4,579,750.83	984,835.52
From correspondent banks	-	568,787.42
From Borrowing	11,027.92	15,606.47
	6,536,684.30	1,569,229.41
Net interest income	16,645,169.51	3,314,608.50

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 2.083% (in the same period of 2022 0.500%).

22. Net fee and commission income

	30 September 2023	30 September 2022
Net fee and commission income		
From cash deposits	1,064,612.50	1,036,772.75
From incoming transfer	60,923.61	74,138.30
From outgoing transfers	331,413.36	290,393.34
From domestic transfers (Domestic payment system)	1,324,288.11	1,203,352.09
From credit registry system	156,491.60	118,698.00
Other fees	18,341.00	19,664.00
	2,956,070.18	2,743,018.48
Fee and commission expense		
From cash transportation	841,532.54	646,574.92
From correspondent bank transactions	38,769.83	37,001.25
	880,302.37	683,576.17
Net fee and commission position	2,075,767.81	2,059,442.31

There is a decrease in net revenues from fees and commission compared to the same period of the previous year, this is due to the normal course of activity for the items disclosed within the group (change in volume, especially in the activity of cash circulation, transfers outgoing (international) as well as local transfers).

⁵ 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.

⁶ From January 1, 2023, CBK applies a positive rate of 0.15% (annual) to all its depositors, while from August 1, 2023 this rate has increased to 0.30% (annual).

23. Incomes from regulatory activity

	30 September 2023	30 September 2022
Banks licenses renewal fees	3,665,481.16	3,137,460.71
Bank licenses fees	74,600.00	28,700.00
Insurance Companies licenses renewal fees	1,517,751.83	1,307,777.43
Insurance Companies licenses fees	41,300.00	26,600.00
Pension funds renewal fees	20,078.54	20,729.60
Other financial institution fees	250,904.46	216,655.74
Total	5,570,115.99	4,737,923.48

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 2023	30 September 2022
Grant revenue	30,837.39	57,353.34

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 2023	30 September 2022
Other income	13,630.31	9,860.99

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 2023	30 September 2022
Wages and salary expenses	2,782,448.61	2,558,596.10
Social security and health insurance	689,857.12	644,460.51
Staff training costs	82,816.72	19,824.23
Board expenses	74,199.37	76,367.84
Daily meal	165,088.50	97,919.10
Other	9,344.69	10,186.58
Total	3,803,755.01	3,407,354.36

The total number of employees who have been active in the payroll during the period January-September 2023 is: 230 (in the period January - September 2022, 230).

Other categories of staff costs include additional pension compensation (2023, 6,792.39 euros; 2022, 6,792.39 euros), financial support for housing (2023, 1,512.30 euros; 2022, 2,594.19 euros) and the student internship program (2023, 1,040.00 euros, 2022, 800.00 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 2023	30 September 2022
Insurance expenses	307,499.99	409,660.57
Repairs and maintenance	68,121.00	78,220.55
Application maintenance	320,206.00	291,653.35
Communication expenses (telephone, fax, and internet)	24,140.99	24,538.27
Public utility expenses	65,085.07	61,074.89
Consulting and auditing expenses	7,247.34	9,195.00
Security (guard and transportation)	84,482.70	83,939.20
Travel and transportation	74,914.57	53,682.84
Vehicle operating expenses	16,151.17	13,251.52
Consumable administrative material	31,258.39	14,686.60
Cafeteria expenses	32,292.51	33,936.79
Consumable expenses (IT and non-IT equipment supply)	11,097.09	16,698.17
Publishing and literature	10,368.00	13,500.40
Representation expenses	25,032.31	12,274.87
Membership to professional institutions	27,547.01	28,494.79
Other	4,350.82	20,718.13
Total	1,109,794.96	1,165,525.94

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 2023	30 September 2022
From USD Position	(515,992.38)	1,497,601.65
From SDR Position	620,508.76	(269,472.06)
Net unrealized profit/loss from exchange rate	104,516.38	1,228,129.59

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 2023	31 December 2022
Cash in hand	5	227,794,274.45	409,425,892.44
Cash accounts with non-resident banks	6	315,495,429.77	206,399,671.12
Placements with non-resident banks with maturity up to three months		175,185,096.76	24,798,136.65
Total		718,474,800.98	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**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, 2023 is approximately 718,536 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.