



Central Bank of the Republic of Kosovo

Financial Statements

as of and for the year ended on 31 December 2025

Accompanied by the Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Central Bank of the Republic of Kosovo

Opinion

We have audited the financial statements of Central Bank of the Republic of Kosovo (the "CBK" or the "Central Bank"), which comprise the statement of financial position as at December 31, 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CBK as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the CBK in accordance with the International Ethics Standards Board for Accountant's International Code of Ethics for Professional Accountant's (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the CBK's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the CBK or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the CBK's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CBK's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CBK's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the CBK to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



BDO
BDO Kosova L.L.C.
audit, accounting and financial advisory
Prishtina, Kosovo

Burim Cena,
Engagement Partner


BDO Kosova L.L.C.
Prishtina, Kosovo

June 1, 2026

Central Bank of the Republic of Kosovo
Statement of financial position
As of 31 December 2025

<i>in thousands of Euros</i>	Note	2025	2024
Assets			
Current assets			
Cash	7	131,613	77,017
Current accounts with foreign banks	8	41,016	147,633
Securities (Treasury Bills and Bonds)	9	243,421	192,364
Placements in the money market	10	593,858	506,806
IMF-related assets	11	139,564	154,934
Other assets	14	3,203	2,673
Total current assets		1,152,675	1,081,427
Non-current assets			
Securities (Bonds)	9	546,240	539,730
IMF-related assets	11	23,458	25,255
Property and equipment	12	4,320	4,179
Intangible assets	13	779	836
Total non-current assets		574,797	570,000
Total assets		1,727,472	1,651,427
Liabilities			
Current liabilities			
Liabilities to domestic commercial banks	15	669,177	656,260
Liabilities to IMF-related accounts	16	875	1,135
Liabilities towards government institutions	17	613,776	575,185
Liabilities towards other institutions	18	133,256	104,677
Borrowings	19	212	228
Other liabilities	20	2,991	2,042
Total current liabilities		1,420,287	1,339,527
Non-current liabilities			
Liabilities to IMF-related accounts	16	176,580	189,420
Borrowings	19	955	1,256
Other liabilities	20	794	827
Total non-current liabilities		178,329	191,503
Total liabilities		1,598,616	1,531,030
Capital and reserves			
Authorized capital	21	30,000	30,000
Reserve fund	21a	72,507	56,997
Revaluation reserve	21a, 29	2,473	1,783
Retained earnings		23,876	31,617
Total capital and reserves		128,856	120,397
Total liabilities, capital and reserves		1,727,472	1,651,427

These financial statements have been approved by the decision-making bodies¹ of the Central Bank of the Republic of Kosovo on 21 April 2026 and have been signed on their behalf by:



 Ahmet Ismaili
 Governor



 Faton Ahmetaj
 Director, Department of Finance

The accompanying notes from 1 to 32 are an integral part of these financial statements.

¹ According to Article 34 paragraph 59 of Law No. 03/ L -209 on the Central Bank of the Republic of Kosovo.

Central Bank of the Republic of Kosovo
Statement of profit or loss and other comprehensive income
As of 31 December 2025

<i>in thousands of Euros</i>	Note	2025	2024
Interest income			
Interest income		36,325	45,149
Interest expenses		(13,426)	(17,922)
Net interest income	22	22,899	27,227
Net income from fees and deductions			
Income from fees and charges		5,261	4,716
Expenses from fees and charges		(1,390)	(1,221)
Net income from fees and charges	23	3,871	3,495
Income from regulatory activity and other operating income			
Income from regulatory activity	24	9,698	8,722
Income from grants	20, 25	127	50
Other operating income	26	-	22
Exchange rate profit/(loss)	29	(1,605)	783
Operating income		34,990	40,299
Administrative (operating) expenses			
Personnel expenses and other related	27		
Salaries, pension contributions, and health insurance	27.1	(6,938)	(5,721)
Other personnel related expenses	27.2	(1,023)	(315)
Total personnel and other related expenses		(7,961)	(6,036)
Depreciation and amortization	12.13	(953)	(890)
General and administrative expenses	28	(2,197)	(1,663)
Administrative (operating) expenses		(11,111)	(8,589)
Financial result before expected credit profits/losses		23,879	31,710
Provisions for expected credit losses	4	(3)	(93)
Annual profit/(loss)		23,876	31,617
Other comprehensive income		-	-
Total comprehensive income for the year		23,876	31,617

The accompanying notes from 1 to 32 are an integral part of these financial statements.

Central Bank of the Republic of Kosovo
Statement of changes in equity
For the year ended on 31 December 2025

<i>in thousands of Euros</i>	Capital	Reserve fund	Revaluation reserves	Retained earnings	Total
Balance as of 1 January 2024	30,000	39,507	2,018	27,631	99,156
Transfer to reserve fund	-	17,490	(235)	(17,255)	-
Transfer to Treasury – Ministry of Finance	-	-	-	(10,376)	(10,376)
Total transactions required by law	-	17,490	(235)	(27,631)	(10,376)
Acquisition for the year	-	-	-	31,617	31,617
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	31,617	31,617
Balance as of 31 December 2024	30,000	56,997	1,783	31,617	120,397
Balance as of 1 January 2025	30,000	56,997	1,783	31,617	120,397
Transfer to reserve fund	-	15,510	690	(16,200)	-
Transfer to Treasury – Ministry of Finance	-	-	-	(15,417)	(15,417)
Total transactions required by law	-	15,510	690	(31,617)	(15,417)
Acquisition for the year	-	-	-	23,876	23,876
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	23,876	23,876
Balance as of 31 December 2025	30,000	72,507	2,473	23,876	128,856

The accompanying notes from 1 to 32 are an integral part of these financial statements.

Central Bank of the Republic of Kosovo
Statement of Cash Flows
For the year ended on 31 December 2025

<i>in thousands of Euros</i>	Note	2025	2024
Cash flow from operating activities			
Annual profit		23,876	31,617
Adjustments for:			
Depreciation	12	665	633
Depreciation	13	288	257
Income from grants	25	(127)	(50)
Provisions for expected credit losses	4	3	93
Provisions (other)		72	-
Net foreign exchange profit/loss	29	1,605	(783)
Interest income	22	(36,325)	(45,149)
Interest expenses	22	13,426	17,922
		3,483	4,540
Differences in treasury bills and government bonds		(69,038)	(4,378)
Difference in placements in the money market		40,416	(201,000)
Differences in IMF-related assets		(1,096)	(7,513)
Differences in other assets		(516)	(170)
Differences in liabilities to commercial banks		12,898	65,622
Difference in liabilities to IMF-related accounts		(4,964)	937
Differences in liabilities to government institutions		41,342	62,926
Differences in liabilities to public and commercial institutions		28,581	(135,587)
Differences in other liabilities		281	(6,304)
		51,387	(220,927)
Interest received		35,469	44,869
Interest paid		(13,706)	(17,712)
Net cash generated from/(used in) operating activities		73,150	(193,770)
Cash flow from investment activities			
Purchase of equipment	12	(606)	(428)
Purchase of intangible assets	13	(109)	(198)
Net cash used in investment activities		(715)	(626)
Cash flow from financing activities			
Receipts/(Repayments) from/for borrowings	19	(228)	(224)
Grant collections	20	92	15
Net cash generated from financing activities		(136)	(209)
Net increase/(decrease) in cash and cash equivalents		72,299	(194,605)
Effect of the exchange rate (in cash and its equivalents)		(476)	1,392
Cash and cash equivalents as of 1 January		538,843	732,056
Cash and cash equivalents as of 31 December	30	610,666	538,843

The accompanying notes from 1 to 32 are an integral part of these financial statements.

1. Reporting entity

The Central Bank of the Republic of Kosovo (hereinafter “CBK” or the “Central Bank”), successor to the Banking and Payments Authority of Kosovo, is an independent legal entity with full capacity as a legal entity under the applicable law in the Republic of Kosovo. The CBK is a distinct public entity vested with the authority to license, supervise and regulate financial institutions in the Republic of Kosovo. The Bank operates in accordance with Law No. 03/L-209 “Law on the Central Bank of the Republic of Kosovo” (hereinafter referred to as the “Law on CBK”). Pursuant to this Law, the principal objectives of the CBK are as follows:

- promote and maintain a stable financial system, including a safe, sound and efficient payment system;
- to contribute to the achievement and maintenance of domestic price stability;
- to support the general economic policies of the Government.

As provided by law, the CBK will act in accordance with the principles of an open market economy with free competition, favouring the efficient allocation of resources.

The CBK operates from its offices located in Prishtina. The registered address of the CBK office is as follows:
Str. Luan Haradinaj No. 2
Prishtina, Kosovo

Central Bank Board, Executive Board and Governor (decision-making bodies)

The decision-making bodies of the CBK are the Central Bank Board, the Executive Board and the Governor (according to Article 34 of the Law on CBK). Furthermore, pursuant to Article 34, paragraph 2, as well as the transitional provision of Article 79, paragraph 2 of the Law on CBK, the Central Bank Board consists of **four non-executive members** and the **Governor**, and is responsible for overseeing the implementation of policies as well as the administration and operations of the CBK.

As of 31 December 2025, the Central Bank Board consists of the following members

- Bashkim Nurboja – Chair of the Board (non-executive member)
- Ahmet Ismaili – Governor
- Nora Latifi Jashari – Member (non-executive)
- Nexhat Kryeziu - Member (non-executive)
- Arta Hoxha - Member (non-executive)

Whereas, as of 31 December 2024, the Central Bank Board consisted of following members:

- Bashkim Nurboja – Chair of the Board (non-executive member)
- Ahmet Ismaili – Governor
- Nora Latifi Jashari – Member (non-executive)
- Nexhat Kryeziu - Member (non-executive)
- Arta Hoxha - Member (non-executive)

The Executive Board, in accordance with Article 34, paragraph 3, is responsible for the implementation of CBK policies and its operations. As of 31 December 2025, the Executive Board consists of the Governor, who serves as Chair, and three Deputy Governors; the same composition applied as of 31 December 2024.

2. Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The figures are rounded approximately to the nearest thousand (1,000). As a result of this rounding, minor discrepancies of about (+/-) 1,000 may occur.

b) Basis of measurement

The financial statements have been prepared using the measurement bases specified by IFRS for each type of assets, liabilities, income and expenses. The measurement bases are disclosed in more detail in the accounting policies in Note 3 below.

c) Functional and presentation currency

These financial statements are presented in Euro (“EUR”), which is the functional currency of the CBK, unless otherwise specified in any analytical note. Unless otherwise stated, the financial information presented has been rounded to the nearest thousand. Amounts are rounded to the nearest thousand (1/1,000); as a result, minor discrepancies (+/-) may arise due to such rounding.

d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if they are affected. In particular, information regarding areas of significant estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is described below in Note 5.

The accounting policies set out below have been applied consistently in all periods presented in these financial statements.

e) Developments in the course of the Central Bank’s operational activities in 2024

In 2025, inflation remained a challenge for most global economies; this has also been the trend in 2025 compared to 2024, which was characterized by more moderate price growth. In 2025, inflation increased more significantly compared to 2024. Whereas 2024 was characterized by relative price stability, in 2025 inflation increased again due to higher prices of food, energy, and certain services. Inflation was mainly driven by increases in the prices of certain food items, services and energy, while in some sectors, such as fuels, there were also price declines.

With regard to the operational activities of the Central Bank of the Republic of Kosovo (CBK), the impact of inflation in 2025 has been and remains relatively limited. It should also be emphasized that, on the other hand, interest rates have remained stable, with slight decreases during 2025. Nevertheless, the value of CBK financial assets has not been directly affected by changes in interest rates, due to the nature of the financial instruments portfolio. In 2025, the positive interest rate environment has had an effect on interest income and interest expenses, contributing to the stability of net interest income. This trend has supported the stabilization of CBK’s financial positions and the maintenance of financial sustainability.

Another factor that has been in focus during 2025 has been the assessment of the impact of the global situation, particularly the effect of the war in Ukraine, as well as tensions and conflicts in the Middle East, and the strengthening of international sanctions against the Russian Federation. Although these conflicts remain ongoing, during the reporting period they have not had significant impacts on CBK activities. However, the CBK continues to closely monitor developments and remain vigilant regarding the potential effects these events may have on the country’s economic and financial stability.

3. Significant accounting policies

a) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the official exchange rate prevailing at the reporting date. Foreign exchange gains or losses on monetary items represent the difference between the amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities in foreign currency measured at fair value are translated into the functional currency at the exchange rate at the date when the fair value was determined. Foreign exchange differences arising from revaluation are recognized as profit or loss.

b) Interest income and interest expenses

Interest income and interest expenses will be recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. The effective interest rate is determined at the initial recognition of the financial asset or financial liability and shall not be subsequently revised.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate.

Transaction costs include incremental costs that are directly attributable to the acquisition, issuance, or disposal of a financial asset or financial liability. Interest income and interest expense presented in profit or loss include interest on financial assets and financial liabilities measured at amortized cost, calculated using the effective interest method.

c) Fees and commissions

Fee and commission income and expenses that are an integral part of the effective interest rate of a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fee and commission income, including fees for operational accounts, fund transfer fees, and licensing fees, are recognized when the related services are performed. Other fee and commission expenses relate mainly to transaction and service fees, which are recognized as expenses when the services are received.

d) Employee benefits

The Central Bank of the Republic of Kosovo (CBK) applies mandatory social security contributions, which are defined as employees' pension contributions upon retirement. These contributions are classified as defined contribution plans, in accordance with the applicable legislation in Kosovo. CBK contributions will be recognized as an expense in profit or loss when they are incurred.

In addition, the CBK provides employee benefits on a jubilee basis and in the form of predetermined amounts upon retirement. The CBK recognizes these expenses as they are incurred, in accordance with long-term employee benefit plans.

e) Taxation and profit distribution

The CBK is exempted from corporate income tax in accordance with Law No. 03/L-209, adopted on 22 July 2010. Refer to Note 4(f) for the manner in which the CBK allocates its profit.

Central Bank of the Republic of Kosovo
Notes to the Financial Statements for the year ended on 31 December 2025
(in thousands of Euros, unless otherwise stated)

3. Significant accounting policies (continued)

f) Financial assets and liabilities

Financial assets of the Central Bank of the Republic of Kosovo (CBK) included in these financial statements are classified as financial instruments measured at amortized cost (hold-to-collect business model) and comprise cash and cash equivalents, securities, deposit accounts with non-resident banks, IMF-related assets, and other assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL (Fair Value through Profit or Loss):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The CBK classifies all its financial liabilities as measured at amortized cost using the effective interest rate method. Interest income or interest expense arising from financial liabilities measured at amortized cost is recognized in profit or loss.

Financial liabilities measured at amortized cost include liabilities to resident banks, government institutions, public and commercial entities, IMF-related liabilities, borrowings, and other financial liabilities.

i. Recognition

At initial recognition, a financial asset is classified as measured at: amortized cost (AC), fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

A financial asset or financial liability is initially measured at fair value, plus, for items not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the asset or liability.

As noted above, the CBK holds only financial instruments measured at amortized cost in its books, which meet the criteria of the hold-to-collect business model for contractual cash flows.

ii. Reclassification

The Bank may reclassify its financial assets subsequent to their initial recognition, depending on circumstances, specifically changes in its business model for managing financial assets.

If the Bank reclassifies a financial asset or a group of financial assets from the amortized cost category to the fair value through profit or loss category, their fair value is measured at the date of reclassification. Any net gain or loss arising from the difference between the amortized cost and the fair value of the financial asset is recognized in profit or loss.

iii. Deregistration

The CBK derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the CBK neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

Upon derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income (OCI) are recognized in profit or loss. Any interest in transferred financial assets that qualifies for derecognition and that is created or retained by the CBK are recognized as a separate asset or liability.

3. Significant accounting policies (continued)

f) Financial assets and liabilities (continued)

The CBK enters into transactions whereby it transfers assets recognized in the statement of financial position, but retains substantially all or a portion of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognized. Examples of such transactions include securities lending and sale and repurchase agreements.

In transactions in which the CBK neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, and retains control over the asset, the CBK will continue to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The CBK derecognizes a financial liability when its contractual obligations are discharged, canceled or expire.

iv. Modifications of financial assets and liabilities

If the terms of a financial asset are modified, the CBK assesses whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are considered to have expired. In this case, the original financial asset will be derecognized (see (iii)) and a new financial asset shall be recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification will not result in derecognition of the financial asset. In this case, the CBK recalculates the gross carrying amount of the financial asset and recognizes the amount arising from the adjustment of the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out due to the financial difficulties of the borrower, then the gain or loss are presented together with impairment losses. In other cases, it is presented as interest income.

The CBK derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the extinguished financial liability and the new financial liability with modified terms will be recognized in profit or loss. If the modification of a financial liability does not result in derecognition, then the amortized cost of the liability will be recalculated by discounting the modified cash flows at the original effective interest rate, and the resulting gain or loss will be recognized in profit or loss.

v. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position, when and only when, the CBK has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by accounting standards, or for gains and losses arising from a group of similar transactions.

vi. Measurement of amortized cost

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the amount at maturity, minus any reduction for impairment.

3. Significant accounting policies (continued)
f) Financial assets and liabilities (continued)

vii. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where available, the CBK measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is considered active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If the market for a financial instrument is not active, the CBK determines fair value using a valuation technique. Valuation techniques include the use of recent arm's length transactions between knowledgeable and willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses, and pricing models. The chosen valuation technique maximizes the use of market inputs, relies as little as possible on CBK-specific estimates, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk factors inherent in the financial instrument. The CBK calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other observable and available market data.

viii. Loss allowances

The CBK recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost and not measured at FVTPL. The CBK measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk has not increased significantly since initial recognition.

The CBK considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade." 12-month ECL represents the portion of ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognized are referred to as Stage 1 financial instruments.

Lifetime ECL represents the expected credit losses that result from all possible default events over the expected life of the financial instrument. Financial instruments for which lifetime ECL is recognized but which are not credit-impaired are classified as "Stage 2 – Underperforming financial instruments."

Measurement of ECL

The ECL impairment model is a probability-weighted measurement and incorporates the impact of different possible outcomes. Operationally, this may be difficult to implement, and the selection of relevant economic scenarios may be challenging.

3. Significant accounting policies (continued)
f) Financial assets and liabilities (continued)

For the detailed implementation of ECL, a simplified method has been applied, utilizing a forward-looking loss approach, as follows:

$$\text{Expected Credit Losses (ECL)} = \text{Exposure Value (EV)} \times \text{Loss Given Default (LGD)} \times \text{Probability of Default (PD)}.$$

EV – Exposure Value represents the gross carrying amount of financial assets that are subject to remeasurement under the model.

LGD – Loss Given Default represents the expectation that a portion of the exposure value may not be recovered in the event of default.

These estimates are based on internal judgment and are also supported by certain risk assessment approaches in line with Basel standards for evaluating borrowers that fail to meet their obligations.

PD – Probability of Default is the most sensitive variable and represents the likelihood of non-payment by the counterparty over an observed period (12 months or over the lifetime of the instrument).

The Expected Credit Loss (ECL) model represents a probability-weighted estimate of credit losses and is measured as follows:

- financial assets that are credit-impaired at the reporting date: measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the CBK in accordance with the contract and the cash flows that the CBK expects to receive);
- financial assets that are measured based on expected credit losses at the reporting date: measured as the difference between their gross carrying amount and the expected credit loss allowance for those assets.

g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand, deposits with banks, and highly liquid financial assets with an original maturity of less than three months, which are subject to an insignificant risk of changes in their fair value and are used by the CBK in the management of short-term obligations.

Cash and cash equivalents are carried in the statement of financial position at amortized cost.

h) Investment securities

Investment securities, comprising treasury bills and bonds, are initially measured at fair value plus incremental direct transaction costs and subsequently measured at amortized cost (hold-to-collect business model) using the effective interest rate method. All purchases and sales of investment securities are recognized on the settlement date, i.e. the date when the asset is received or delivered to the counterparty.

Amortized cost / hold-to-collect investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the CBK has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss.

i) Deposits and borrowings

Deposits and borrowings are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

j) IMF-related assets and liabilities

Balances with the IMF are generally presented as part of the Central Bank's accounts as a member. IMF-related assets and liabilities are initially measured at fair value and subsequently measured at their amortized cost. Gains and losses arising from exchange rate revaluation of IMF-related assets and liabilities are recognized in the statement of comprehensive income

3. Significant accounting policies (continued)

k) Property and equipment

i. Recognition and measurement

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of assets constructed by the CBK includes the cost of materials and direct labor, other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

ii. Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the CBK and the cost can be measured reliably. The costs of day-to-day servicing of property and equipment (tangible non-current assets) are recognized in the statement of profit or loss when incurred.

iii. Depreciation

Depreciation is recognized in the statement of profit or loss on a straight-line basis over the useful life of each part of an item of property and equipment.

The estimated useful lives for the current and comparative periods are as follows:

	2025	2024
Investments in rental properties	20 years	20 years
Equipment	5 years	5 years
Computers	3 years	3 years
Vehicles	5 years	5 years

The useful life of other equipment is assessed on a case-by-case basis. The depreciation method, useful life, and residual value are reviewed at the reporting date.

l) Intangible assets

Computer software acquired by the CBK is recognized at historical cost less accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditure on computer software is capitalized only when it increases the future economic benefits embodied in the specific asset. All other expenditures are recognized in the period in which they are incurred.

Amortization expense is recognized in the statement of profit or loss on a straight-line basis over the estimated useful life of the software, from the date it is available for use. The estimated useful life of computer software is based on the expected period of use without the need for significant upgrades, currently ranging from 3 to 10 years.

3. Significant accounting policies (continued)

m) Impairment of non-financial assets

The carrying amounts of the CBK's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent from other assets or groups of assets. Impairment losses are recognized in the statement of profit or loss. Impairment losses of cash-generating units are allocated proportionally among the other assets of the unit (or group of units) on a pro rata basis. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognized in prior periods are assessed at each reporting date to determine whether the impairment has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization and depreciation, had no impairment loss been recognized.

n) Financial liabilities

The sources of funding of the CBK consist of deposits from international, governmental, public, banking, and other financial institutions. Financial liabilities are measured at amortized cost using the effective interest rate method.

o) Income from grants

Government grants are initially recognized as deferred income when there is reasonable assurance that they will be received and that the CBK complies with the conditions attached to the grant. Grants received by the CBK for expenses are recognized in profit or loss on a systematic basis in the same periods in which the expenses are recognized. Grants received by the CBK for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

p) Donor-funded salaries

Certain individuals engaged by the CBK are international experts appointed and funded on a short-term basis by international organizations. Funding from these international organizations includes, but is not limited to, the payment of salaries of these international experts. As this assistance is paid directly to designated individuals by the international organizations, the levels of remuneration are not known and are not included in these financial statements.

q) Provisions

A provision is recognized if, as a result of past events, the CBK has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of cash or other economic resources will be required to settle the liability. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the CBK from the contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing the contract. Before a provision is recognized, the CBK recognizes any impairment loss on the asset associated with that contract.

3. Significant accounting policies (continued)

r) Amendments to accounting policies and disclosures

(i) Standards and interpretations effective for the current period

The following amendments to existing standards issued by the International Accounting Standards Board have become effective for the reporting period:

- **Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”** – Clarification regarding circumstances when a currency is not exchangeable (effective for periods beginning on or after 1 January 2025).

The application of these standards, amendments and interpretations has not had any material impact on the financial statements of the Central Bank in the reporting period.

(ii) Standards and interpretations not yet effective in the reporting period

As at the date of authorization of these financial statements, the following standards, revisions and interpretations have been issued by the IASB but are not yet effective for the reporting period and, as such, have not yet been applied by the Central Bank:

- **Annual Improvements 2024 to IFRS 1, 7, 9 and 10, as well as IAS 7** (issued in July 2024, effective for periods beginning on or after 1 January 2026),
- **Amendments to IFRS 7 and IFRS 9 – Financial Instruments** (supplementations and amendments related to measurement and classification, including amendments concerning energy contracts where pricing, distribution and supply of electricity are dependent on and/or affected by environmental conditions; subject to updates in the period after 2025, effective for periods beginning on or after 1 January 2026),
- **IFRS 18 – Presentation and Disclosures in Financial Statements** (standard under development, effective for periods beginning on or after 1 January 2027).
- **IFRS 19 – Subsidiaries without Public Accountability** (standard under development, effective for periods beginning on or after 1 January 2027).

These standards, amendments, or interpretations are not expected to have a material impact on the Central Bank during the current or future reporting periods, nor on foreseeable future transactions.

The Central Bank has elected not to early adopt these standards, revisions and interpretations prior to their effective dates. The Central Bank anticipates that the application of these standards, revisions and interpretations will not have a material impact on its financial statements. However, their full impact will be reassessed upon their adoption.

4. Financial risk management

a) Introduction and overview

The CBK is exposed to the following risks arising from the conduct of its activities, as well as from the use of financial instruments:

- Credit risk
- Operational risk
- Liquidity risk
- Market risk

This note presents information on the CBK's exposure to the above risks, the CBK's objectives, policies and procedures for measuring and managing risk, as well as the CBK's management of its activities and capital. Additional quantitative and qualitative disclosures are included throughout these financial statements.

Risk management structure

Oversight of the management of the CBK's activities (including risk management) is the responsibility of the Central Bank Board. The Executive Board is responsible for identifying and assessing risks and for drafting plans to ensure business continuity and the security of the Central Bank in the event of unforeseen circumstances. CBK management reports regularly (on a quarterly basis), through the Risk Management Department, Risk Management Committee and the Executive Board, to the CBK Board on risk management and administration practices. The Executive Board, Risk Management Committee, the Investment Committee and the Risk Management Department are responsible, in coordination with organizational units, for drafting and monitoring the CBK's risk management and administration policies. These policies are subsequently implemented by the respective organizational units.

The CBK's risk management and administration policies are established to identify and analyze the risks faced by the CBK, to set appropriate risk limits and controls, and to monitor risks and compliance with established limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. Through training, standards and administrative procedures, the CBK aims to develop an effective and disciplined control environment in which all employees are aware of their roles and responsibilities.

The CBK Audit Committee is also responsible for monitoring and reviewing compliance with risk management policies and procedures, as well as reviewing the adequacy of the risk management framework in relation to the risks faced by the CBK. The CBK Audit Committee is supported in carrying out its duties by the Chief Internal Auditor and Internal Audit (respective units). Internal Audit performs regular and ad hoc audits of risk management controls and procedures, the results of which are reported, through the Chief Internal Auditor, to the Audit Committee and subsequently to the CBK Board.

b) Credit risk

Credit risk is the risk of financial loss to the CBK if a counterparty to a financial instrument fails to meet its contractual obligations, and it arises primarily from the CBK's investments in financial instruments such as securities and deposits (in money markets or current accounts) with other banks. For credit risk management reporting purposes, the CBK considers and consolidates all elements of credit risk exposure (such as exposure arising from delays in the fulfillment of individual obligations, country risk and sector risk).

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Notes to the Financial Statements for the year ended on 31 December 2025
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4. Financial risk management (continued)

Credit risk management (continued)

Credit risk management

i. Investments and exposure to credit risk at the CBK

The CBK limits its exposure to credit risk by investing only in securities issued by governments of EU countries and multinational corporations, and by placing deposits with foreign banks whose short-term obligations are rated in one of the two highest categories by internationally recognized credit rating agencies. Given the high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Risk management is carried out through:

- Limiting the scope and maturity of financial instruments,
- Restricting counterparties to those with acceptable investment-grade and higher credit ratings,
- Limiting the maximum amount and concentration with counterparties.

ii. Exposure to credit risk

Exposure to credit risk as of 31 December 2025 and 31 December 2024 is represented by the carrying amounts of current accounts with foreign banks, securities (Treasury Bills and Bonds) and deposits with banks (including both resident and non-resident banks). For further details on exposure, refer also to Notes 8, 9 and 10.

The credit quality of financial instruments to which the CBK is exposed for the period ending 31 December 2025 ranges from AAA to BB- / Aaa to Baa3 / AAA to BB-.

The table below presents the carrying amounts of exposure to credit risk, categorized by credit rating and also expressed as a percentage of the total.

Breakdown by type and credit rating

31 December 2025						
Credit rating (S&P/Moody's/Fitch)	Current accounts with foreign banks	Placements in the money market	Securities (Treasury Bills and Government Bonds)	Accounts related to the IMF (SDR and use of funds)	Total carrying amount	% of total weight
AAA/Aaa/AAA	29,876	200,305	180,623	-	410,804	25.87%
AA+/Aa1/AA+	777	6,213	131,729	-	138,719	8.73%
AA/Aa2/AA	839	30,020	-	-	30,859	1.94%
AA-/Aa3/AA-	950	95,143	45,965	-	142,058	8.94%
A /A1/A	3,672	104,022	135,932	-	243,626	15.34%
A/A2/A	3,154	35,014	30,426	-	68,593	4.32%
A-/A3/A-	1,430	67,250	37,282	-	105,962	6.67%
BBB/Baa2/BBB	327	41,052	35,566	-	76,945	4.84%
BBB-/Baa3/BBB-	-	-	-	-	-	-
BB-/Ba3/BB-	-	14,970	192,607	-	207,577	13.07%
N/A (no rating – IFI/IMF)	-	-	-	163,022	163,022	10.26%
Total	41,025	593,989	790,130	163,022	1,588,165	100.00%

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Notes to the Financial Statements for the year ended on 31 December 2025
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4. Financial risk management (continued)

Disclosure by type and credit rating

31 December 2024						
Credit rating (S&P/Moody's/Fitch)	Current accounts with foreign banks	Placements in the money market	Securities (Treasury Bills and Government Bonds)	Accounts related to the IMF (SDR and use of funds)	Total carrying amount	% of total weight
AAA/Aaa/AAA	104,510	271,246	176,138	-	551,894	35.21%
AA+/Aa1/AA+	-	-	137,974	-	137,974	8.80%
AA/Aa2/AA	374	20,231	-	-	20,605	1.31%
AA-/Aa3/AA-	10,170	-	163,465	-	173,635	11.08%
A /A1/A	2,928	120,530	-	-	123,458	7.88%
A/A2/A	7,221	25,043	15,506	-	47,770	3.05%
A-/A3/A-	21,460	50,373	29,989	-	101,822	6.50%
BBB/Baa2/BBB	-	-	-	-	-	-
BBB-/Baa3/BBB-	1,012	-	36,700	-	37,712	2.41%
BB-/Ba3/BB-	-	19,479	172,789	-	192,268	12.27%
N/A (unrated (IFI/IMF))	-	-	-	180,189	180,189	11.50%
Total	147,675	506,902	732,561	180,189	1,567,328	100.00%

None of the CBK's exposures are past due. The CBK does not hold any collateral or other credit enhancements against its exposure to credit risk.

The primary criteria for determining exposure are based on credit ratings. Credit ratings are obtained from credit rating agencies. The minimum credit rating permitted for short-term investments is P-2 (Moody's) or A-2 (Standard & Poor's), while for long-term investments it is Baa3 (Moody's) or BBB- (Standard & Poor's).

In exceptional cases, where achieving positive returns is not feasible, exposure to investments is permitted with a short-term credit rating of the issuer of P-3 (Moody's) or A-3 (Standard & Poor's), and a long-term credit rating of the issuer of Ba3 (Moody's) or BB- (Standard & Poor's).

4. Financial risk management (continued)

Credit risk management (continued)

The impairment model for financial assets, based on common credit risk characteristics and changes in credit risk since the initial recognition of financial assets, defines three stages in the expected credit loss (ECL) measurement model. These stages can be summarized as follows:

1. Stage 1 (Performing) of exposure allocation – financial assets that are considered to have low or moderate credit risk are included in this stage upon initial recognition. Based on internal procedures, investments in exposures with high credit risk are not permitted. Accordingly, all investments are allocated to Stage 1 of exposure at initial recognition.
2. Stage 2 (Underperforming) of exposure allocation – if there is a significant increase in credit risk since initial recognition, a financial asset that was in Stage 1 is transferred to Stage 2.
3. Stage 3 (Non-performing) of exposure allocation – transfer to Stage 3 occurs only when there is objective evidence that the counterparty will fail to meet its obligations.

Assessment is performed at initial recognition and at each reporting date. The model applied for Stage 1 exposure is based on a 12-month expected credit loss, but it may depend on the aggregated level of credit exposure if there is a significant increase in credit risk and in the case of impaired financial assets within the portfolio.

A significant increase in credit risk, as a criterion for transfer from Stage 1 to Stage 2, occurs when the exposure moves from investment grade to non-investment grade based on the composite credit rating of a portfolio.

Definition of default:

Default criteria are based on objective evidence of:

- Debtors experiencing significant financial difficulty,
- Breach of contractual obligations related to principal and interest,
- Restructuring of existing terms of obligation fulfillment under a financial instrument,
- Clear evidence/probability that the debtor is entering bankruptcy and/or liquidation,
- Indicators of inactivity in trading (in financial markets).

- The table below presents exposure values by stage. As at the reporting date, there has been no material change in credit risk since initial recognition; therefore, all financial assets are classified in Stage 1.

	2025			2024 ²		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Current accounts with foreign banks	41,025	-	-	147,675	-	-
Securities (Treasury Bills and Government Bonds)	790,130	-	-	732,562	-	-
Placements in the money market	593,989	-	-	506,902	-	-
Gross carrying value	1,425,144	-	-	1,387,139	-	-
Expected Credit Losses (ECL)	(609)	-	-	(606)	-	-
Net carrying amount	1,424,535	-	-	1,386,533	-	-

² In the reporting year (2025) and in the comparative year, financial instruments related to accounts with the IMF are not included, as the assessment/expectation is that this group does not represent an exposure that carries allowance for expected credit losses (ECL).

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4. Financial risk management (continued)
Credit risk management (continued)

Movements in the ECL related to financial assets to which the CBK is exposed are as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2025	606	-	-	606
Transfers in Stage 1	-	-	-	-
Transfers in Stage 2	-	-	-	-
Transfers in Stage 3	-	-	-	-
ECL (decrease) / increase for the year	3	-	-	3
Year-end impact of ECL on exposures transferred between stages during the year	-	-	-	-
Unwinding of discount (recognized in interest income)	-	-	-	-
Changes due to modifications that do not result in derecognition	-	-	-	-
Changes in models and inputs used for ECL calculations	-	-	-	-
Exchange rate adjustments	-	-	-	-
As of 31 December 2025	609	-	-	609
	2024			
	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2024	512	-	-	512
Transfers in Stage 1	-	-	-	-
Transfers in Stage 2	-	-	-	-
Transfers in Stage 3	-	-	-	-
ECL (decrease) / increase for the year	94	-	-	94
Year-end impact of ECL on exposures transferred between stages during the year	-	-	-	-
Unwinding of discount (recognized in interest income)	-	-	-	-
Changes due to modifications that do not result in derecognition	-	-	-	-
Changes in models and inputs used for ECL calculations	-	-	-	-
Exchange rate adjustments	-	-	-	-
As of 31 December 2024	606	-	-	606

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4. Financial risk management (continued)

c) Liquidity risk

Liquidity risk is the risk that the CBK will encounter difficulties in meeting, in a timely manner, obligations arising from its financial liabilities.

Liquidity risk management

The CBK's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its obligations on time, both under normal and adverse conditions, without incurring unacceptable losses or risking damage to the CBK's reputation.

Policies for monitoring and addressing liquidity risk are established by the CBK Executive Board. The CBK manages liquidity risk by investing in short-term deposits with non-resident banks and by maintaining sufficient amounts of cash in its vaults. Liquidity management policies are designed in such a way that, even under stressed conditions, the CBK is able to meet its obligations. The daily liquidity position is monitored and regular liquidity stress testing is conducted under various scenarios, both for normal market conditions and more severe situations. All liquidity policies and procedures are subject to review and approval by CBK management. Monthly reports covering the CBK's liquidity position are regularly submitted to the members of the Investment Committee by the Asset Management Department.

Exposure to liquidity risk

The remaining contractual maturity of financial assets and liabilities, excluding future interest payments:

	Note	Net carrying amount	current items		Non-current items		
			Less than 1 month	1-3 months	3 months to 1 year	1 year to 5 years	Over 5 years
31 December 2025							
<i>Non-derivative assets</i>							
Cash	7	131,613	131,613	-	-	-	-
Current accounts in foreign banks	8	41,016	41,016	-	-	-	-
Securities	9	790,130	19,984	72,978	150,928	501,416	44,824
Placements in the money market	10	593,989	377,618	211,364	5,007	-	-
Account in IMF	11	162,292	138,834	-	-	-	23,458
		1,719,040	709,065	284,342	155,935	501,416	68,282
<i>Non-derivative liabilities</i>							
To domestic commercial banks	15	(669,177)	(669,177)	-	-	-	-
To IMF-related accounts	16	(156,870)	(63)	-	-	-	(156,807)
To government institutions	17	(613,776)	(613,776)	-	-	-	-
To public and commercial institutions	18	(133,256)	(133,256)	-	-	-	-
From borrowing/borrowings	19	(1,167)	-	(106)	(106)	(849)	(106)
Other local liabilities	20	(762)	(762)	-	-	-	-
		(1,575,008)	(1,417,034)	(106)	(106)	(849)	(156,913)
		144,032	(707,969)	284,236	155,829	500,567	(88,631)

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4. Financial risk management (continued)

c) Liquidity risk

31 December 2024	Note	Non current items			Non-current items		
		Net carrying amount	Less than 1 month	1 to 3 months	3 months to 1 year	1-5 years	over 5 years
<i>Non-derivative assets</i>							
Cash		77,017	77,017	-	-	-	-
Current accounts in foreign banks	8	147,633	147,633	-	-	-	-
Securities	9	732,562	-	68,521	124,312	533,085	6,644
Placements in the money market	10	506,902	335,402	171,500	-	-	-
Account in IMF	11	179,206	153,951	-	-	-	25,255
		1,643,320	714,003	240,021	124,312	533,085	31,899
<i>Non-derivative liabilities</i>							
To domestic commercial banks	15	(656,260)	(656,260)	-	-	-	-
To IMF-related accounts	16	(168,887)	(68)	-	-	-	(168,819)
To government institutions	17	(575,185)	(575,185)	-	-	-	-
To public and commercial institutions	18	(104,677)	(104,677)	-	-	-	-
From borrowing/borrowings	19	(1,484)	-	(114)	(114)	(913)	(343)
Other local liabilities	20	(760)	(760)	-	-	-	-
		(1,507,253)	(1,336,950)	(114)	(114)	(913)	(169,162)
		136,067	(622,947)	239,907	124,198	532,172	(137,263)

To manage liquidity risk arising from financial liabilities, the CBK maintains liquid assets, including cash and cash equivalents, and securities for which there is an active and liquid market.

4. Financial risk management (continued)

d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not related to changes in the creditworthiness of the borrower/issuer), will affect the CBK's income or the value of the financial instruments it holds. The objective of market risk management is to manage and control exposure to market risk within acceptable parameters, while optimizing investment returns.

Market risk management

The CBK's operations are subject to the risk of fluctuations in interest rates to the extent that interest-bearing assets and liabilities mature or are repriced at different times or in different amounts. Assets and liabilities with variable interest rates are exposed to basis risk, which is the risk arising from differences in the repricing characteristics of various floating rate indices.

Risk management activities aim to optimize net interest income based on market interest rate levels, consistent with the CBK's operating strategies. The CBK's exposure to market risk relates only to non-trading portfolios.

Exposure to interest rate risk - non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss arising from fluctuations in future cash flows or in the fair values of financial instruments due to changes in market interest rates. Interest rate risk is primarily managed by monitoring gaps between interest rate positions and by maintaining pre-approved limits for repricing intervals. The Investment Committee is responsible for monitoring the implementation of these limits.

A summary of the CBK's position regarding interest rate gaps for non-trading portfolios is presented in the table below.

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4. Financial risk management (continued)

(d) Market risks (continued)

Exposure to interest rate risk - non-trading portfolios

31 December 2025	Note	Net carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	over 5 years
Current accounts with foreign banks	8	41,016	41,016	-	-	-	-
Securities (bonds and treasury bills)	9	790,130	-	20,807	12,697	655,929	100,697
Placements in the money market	10	593,989	438,508	150,474	5,007	-	-
Funds in IMF-related accounts	11	159,545	138,834	-	-	-	20,711
Total		1,584,680	618,358	171,281	17,704	655,929	121,408
Liabilities to domestic banks	15	(669,177)	(669,177)	-	-	-	-
Liabilities to IMF-related accounts	16	(156,870)	(63)	-	-	-	(156,807)
Liabilities towards government institutions	17	(613,776)	(613,776)	-	-	-	-
Liabilities to commercial and public entities	18	(133,256)	(133,256)	-	-	-	-
From borrowing/borrowings	19	(1,167)	-	-	-	-	(1,167)
Other domestic liabilities	20	(762)	(762)	-	-	-	-
Total		(1,575,008)	(1,417,034)	-	-	-	(157,974)
Difference		9,672	(798,676)	171,281	17,704	655,929	(36,566)
31 December 2024	Note	Net carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	over 5 years
Current accounts with foreign banks	8	147,633	147,633	-	-	-	-
Securities (bonds and treasury bills)	9	732,562	9,583	-	4,781	652,294	65,904
Placements in the money market	10	506,902	305,261	201,641	-	-	-
Funds in IMF-related accounts	11	176,459	153,951	-	-	-	22,508
Total		1,563,556	616,428	201,641	4,781	652,294	88,412
Liabilities to domestic banks	15	(656,260)	(656,260)	-	-	-	-
Liabilities to IMF-related accounts	16	(168,887)	(68)	-	-	-	(168,819)
Liabilities to government institutions	17	(575,185)	(575,185)	-	-	-	-
Liabilities to commercial and public entities	18	(104,677)	(104,677)	-	-	-	-
From borrowing/borrowings	19	(1,484)	-	-	-	-	(1,484)
Other domestic liabilities	20	(760)	(760)	-	-	-	-
Total		(1,507,253)	(1,336,950)	-	-	-	(170,303)
Difference		56,303	(720,522)	201,641	4,781	652,294	(81,891)

Non-interest bearing financial assets and liabilities are not included in the table above.

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4. Financial risk management (continued)

(d) Market risks (continued)

Non-trading general interest rate risk is managed by the Asset Management Department, which uses investments in securities and deposits with banks to manage the overall risk arising from the CBK's non-trading activities.

Interest rate risk management against interest rate change limits is performed by monitoring the sensitivity of the CBK's assets and liabilities to various standard and non-standard interest rate scenarios. The standard scenarios, which are assessed on a periodic basis, include a parallel decrease or increase in all yield curves by 100 basis points ("bps"). An analysis of the CBK's sensitivity to an increase or decrease in market interest rates (assuming no asymmetric movements in yield curves and a constant financial position) is as follows:

2025		
	100 bps Increase	100 bps Decrease
Expected impact on profit (loss)	97	(97)
2024		
	100 bps Increase	100 bps Decrease
Expected impact on profit (loss)	563	(563)

Exposure to other market/foreign exchange risks of non-trading portfolios

The CBK is exposed to SDRs related to its assets and liabilities with the IMF, as well as to USD in relation to its assets in the form of current accounts with non-resident banks and investments in USD-denominated securities, which are continuously monitored. The CBK's exposure to foreign currency risk is as follows:

2025	SDR		USD		GBP	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
Expected impact on profit (loss)	(155)	155	205	205	50	(50)
2024	SDR		USD		GBP	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
Expected impact on profit (loss)	(118)	118	209	(209)	-	-

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4. Financial risk management (continued)

(d) Market risks (continued)

	Euro	GBP	USD (Equivalent in Euro)	SDR (Equivalent in Euro)	Total net carrying amount
31 December 2025					
Assets					
Cash	131,613	-	-	-	131,613
Current accounts with foreign banks	39,387	17	1,612	-	41,016
Securities (Bonds and treasury bills)	776,966	-	12,695	-	789,661
Placements in the money market	548,678	5,006	40,174	-	593,858
Funds in IMF-related accounts	731	-	-	162,291	163,022
Other funds	3,203	-	-	-	3,203
Total	1,500,578	5,023	54,481	162,291	1,722,373
Liabilities					
Liabilities to domestic banks	669,177	-	-	-	669,177
Liabilities to IMF-related accounts	812	-	-	176,643	177,455
Liabilities to government institutions	579,819	-	33,957	-	613,776
Liabilities to commercial and public entities	133,256	-	-	-	133,256
From borrowing/borrowings	-	-	-	1,167	1,167
Other domestic liabilities	3,785	-	-	-	3,785
Total	1,386,849	-	33,957	177,810	1,598,616
Net foreign currency position	113,729	5,023	20,524	(15,519)	123,757
31 December 2024					
Assets					
Cash	77,017	-	-	-	77,017
Current accounts with foreign banks	147,187	-	446	-	147,633
Securities (Bonds and treasury bills)	717,731	-	14,363	-	732,094
Placements in the money market	462,327	-	44,479	-	506,806
Funds in IMF-related accounts	983	-	-	179,206	180,189
Other funds	2,673	-	-	-	2,673
Total	1,407,918	-	59,288	179,206	1,646,412
Liabilities					
Liabilities to domestic banks	656,260	-	-	-	656,260
Liabilities to IMF-related accounts	1,067	-	-	189,488	190,555
Liabilities to government institutions	536,779	-	38,406	-	575,185
Liabilities to commercial and public entities	104,677	-	-	-	104,677
From borrowing/borrowings	-	-	-	1,484	1,484
Other domestic liabilities	2,869	-	-	-	2,869
Total	1,301,652	-	38,406	190,972	1,531,030
Net foreign currency position	106,266	-	20,882	(11,766)	115,382

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4. Financial risk management (continued)

(d) Market risk (continued)

The CBK primarily conducts its operations in Euro, while other foreign currencies held in its portfolio mainly include Special Drawing Rights (SDRs), United States Dollar (USD) and British Pound (GBP). The exchange rates used for translation as of 31 December 2025 and 2024 were as follows:

	2025	2024
	Euro	Euro
1 SDR	1.16553	1.25482
1 USD	0.85106	0.96256
1 GBP	1.14600	-

SDRs are supplementary reserve assets that support external transactions/exchanges and are allocated and held by the International Monetary Fund (IMF). Although SDRs are not a currency per se, they represent a potential claim on the freely usable currencies of IMF member countries with which they can be exchanged. SDRs were created in 1969 due to a shortage of assets in preferred reserve currencies at the time, such as the US dollar and gold. The value of SDRs is determined as a weighted average of a basket of five currencies: the Euro, the US dollar, the British pound, the Japanese yen and the Chinese yuan (renminbi).

USD balances consist of funds held in current accounts and term deposits with the Federal Reserve Bank of New York, while GBP balances consist of placements in the money market and current accounts.

(e) Operational risk

Operational risk is the risk of direct or indirect losses arising from a variety of causes associated with the CBK's processes, personnel, technology and infrastructure, as well as from external factors other than credit, market and liquidity risks, such as legal and regulatory requirements and generally accepted standards of corporate conduct. Operational risk arises from all of the CBK's operations and affects all organizational units.

The CBK's objective is to manage operational risk while balancing the avoidance of financial losses and reputational damage with cost-effective management.

Primary responsibility for the development and implementation of controls to monitor operational risk rests with each organizational unit through its management staff. This responsibility is supported by compliance with all CBK policies, rules and procedures for managing operational risk in the following areas:

- requirements for segregation of duties and responsibilities, including independent authorization of transactions;
- requirements for transaction assessment and monitoring;
- compliance with regulatory and legal requirements;
- documentation of controls and procedures;
- requirements for periodic assessment of operational risk and the adequacy of controls and procedures for managing this risk;
- requirements for reporting operational losses and proposing corrective actions;
- development of contingency plans;
- training and professional development;
- ethical and conduct standards;
- risk mitigation, including insurance, where appropriate.

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4. Financial risk management (continued)

(f) Capital management

Compliance with standards and the reporting framework for financial items is ensured by the CBK through internal policies, rules and procedures, based on which periodic reporting is prepared. These are subsequently reviewed by the Risk Management Department and Internal Audit. The findings of the assessments by both the Risk Management Department and Internal Audit are discussed with the management of the respective organizational units to which they relate, and are also submitted to and discussed by the Audit Committee and the decision-making bodies of the CBK.

In accordance with the Law, the CBK establishes and maintains a general reserve. The general reserve may not be used except for the purpose of covering losses that may arise from its activities. In addition, the CBK establishes revaluation reserve accounts for the accumulation of unrealized gains and, consequently, for covering unrealized losses arising from its positions in foreign currencies, gold, financial instruments and other assets.

In accordance with Law No. 03/L-209, the net income or net loss of the CBK is calculated in compliance with International Financial Reporting Standards (IFRS).

Profits available for distribution are determined:

- by deducting from net profit the total amount of unrealized revaluation gains and allocating an equivalent amount to the respective unrealized revaluation reserve account; and
- by deducting from the relevant unrealized revaluation reserve account and adding to distributable profits the amount of any unrealized gain that had been deducted from net profit in one or more previous years and is realized during the current financial year.

Unrealized revaluation losses are transferred to the respective unrealized revaluation reserve accounts until such reserve accounts reach a zero balance; thereafter, such losses are covered by the profit of the current year, then by the general reserves and subsequently by authorization against the capital account.

According to Article 56, paragraph 1.1 of Law No. 03/L-209 on the Central Bank of the Republic of Kosovo, net income is first allocated to the general reserve until the total amount of initial capital and general reserves equals five percent (5%) of the Central Bank's monetary liabilities.

Fifty percent (50%) of the net realized income remaining after meeting the above 5% requirement is to be transferred to the Ministry of Finance. The remaining 50% of realized income is to be allocated to the CBK's general reserve account.

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4. Financial risk management (continued)

(f) Capital management (continued)

Distributable income		
Description	2025	2024
Total comprehensive income for the year	23,876	31,617
Of which are unrealized revaluation gains (Note 29)	-	(783)
Of which are unrealized revaluation losses realized in the current year	-	-
Distributable income	23,876	30,834
Capital, general reserve account and distributable income		
	2025	2024
Capital	30,000	30,000
General reserves	72,507	56,997
Distributable income	23,876	30,834
Total capital, general reserve account and distributable income	126,383	117,831
Total monetary liabilities		
	2025	2024
To domestic commercial banks	669,025	656,127
To government institutions	613,291	574,631
To IMF-related accounts	176,643	189,488
To public and commercial institutions	133,130	104,576
From borrowing/borrowings	1,167	1,484
To other monetary liabilities	762	760
Total monetary liabilities³	1,594,018	1,527,066
Report according Article 56, paragraph 1.1.	7.93%	7.72%
Capital and reserves (article 56, p.1.1.)	126,383	117,831
Capital and reserves (article 56, p.1.1.) - Limits 5%	79,701	76,353
Shareable income above the 5% limit	23,876	30,834
50% of the distributable income	11,938	15,417

(g) Asset management

In accordance with Law No. 03/L-209 and Law No. 03/L-048, the CBK has been assigned the responsibility for making and managing authorized investments on behalf of the Ministry of Finance.

5. Use of estimates and judgments

The preparation of financial statements involves the use of estimates and assumptions regarding future events that affect the recognized amounts of assets, liabilities, income and expenses. Management discusses with the Central Bank Board the development, selection and disclosure of the CBK's critical accounting policies and estimates, and the application of these policies and estimates. Estimates and judgments are continuously reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

³ Excluding accruals.

5. Use of estimates and judgments

Key sources of estimation uncertainty

Allowance for expected credit losses

Assets recorded at amortized cost are assessed on an ongoing basis to identify potential impairment. Estimation uncertainties that may result in a material adjustment in the reporting period arise in cases such as determining inputs for the ECL measurement model, including forward-looking information and key assumptions used in estimating recoverable cash flows.

Specific components within the total impairment provisions for financial assets assessed individually are based on management's best estimate of the present value of expected cash flows to be received. In estimating these cash flows, management exercises judgment regarding the financial condition of the counterparty and the net realizable value of any collateral held.

Other global developments and effects of general global crises

In the financial statements for 2024 and 2025, the Bank's international reserves, consisting of securities and short-term bank deposits (in Euro) disclosed under the respective line items, have not been materially affected by economic slowdown, inflation trends, or other global crises during these years, in the markets where the external reserves are exposed. Furthermore, no material impact is expected in the year following the reporting period.

Critical accounting judgments in applying the CBK's accounting policies

Critical accounting judgments made in applying the CBK's accounting policies include:

Classification of financial assets and liabilities

The CBK's accounting policies allow assets and liabilities to be classified at initial recognition into different accounting categories depending on specific circumstances.

In classifying financial assets as held to collect contractual cash flows, the CBK has demonstrated a positive intention and the ability to hold these assets until maturity, as required by the accounting policies.

Additionally, judgments made in the application of accounting policies that have a significant effect on the amounts recognized in the financial statements include: determining the criteria for assessing whether the credit risk of a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information in the measurement of Expected Credit Losses (ECL), and the selection and approval of models used to measure ECL.

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6. Financial assets and liabilities (accounting classifications and fair values)

The table below presents the classification for each class of the CBK's financial assets and liabilities, as well as their fair values. All financial assets are held at amortized cost (held to collect contractual cash flows).

31 December	Note	2025		2024	
		Amortized cost	Fair value	Amortized cost	Fair value
Cash	7	131,613	131,613	77,017	77,017
Current accounts with foreign banks	8	41,016	41,016	147,633	147,633
Securities	9	789,661	784,536	732,094	724,185
Placements in the money market	10	593,858	593,858	506,806	506,806
IMF-related assets	11	163,022	163,022	180,189	180,189
Other assets	14	3,203	3,203	2,673	2,673
		1,722,373	1,717,248	1,646,412	1,638,503
Liabilities to domestic banks	15	669,177	669,177	656,260	656,260
Liabilities to IMF-related accounts	16	177,455	177,455	190,555	190,555
Liabilities to government institutions	17	613,776	613,776	575,185	575,185
Liabilities to commercial and public entities	18	133,256	133,256	104,677	104,677
From borrowing/borrowings	19	1,167	1,167	1,484	1,484
Other liabilities	20	3,785	3,785	2,869	2,869
		1,598,616	1,598,616	1,531,030	1,531,030

7. Cash and cash equivalents

Cash

	2025	2024
Cash	131,613	77,017
Total value	131,613	77,017

Balances follow the normal trend in the management of the value/amount of cash in our financial positions for the reporting periods and for the years ended 31 December of the respective years, as disclosed in this note.

Cash and cash equivalents consist of:

	Note	2025	2024
Cash	7	131,613	77,017
Current accounts with foreign banks	8	40,915	147,104
Treasury bills with maturities up to three months		-	9,583
Deposits with foreign banks with maturities up to three months	10	438,138	305,139
Total		610,666	538,843

Cash and cash equivalents are held for the purpose of meeting primarily short-term liquidity obligations. An investment qualifies as a cash equivalent when it has a short-term maturity, less than three months from the date of acquisition.

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8. Current accounts with foreign banks

These accounts are held with the following banks:

	2025	2024
Deutsche Bundesbank	18,229	47,999
Raiffeisen Bank International a.g.	3,316	1,721
Deutsche Bank a.g.	2,407	1,166
Banque centrale du Luxembourg	11,576	55,761
Commerzbank a.g.	151	465
Bank of Lithuania (Lietuvos bankas)	732	6,026
Federal Reserve Bank (FED-NY)	216	327
DZ Bank a.g.	443	374
Hrvatska Narodna Banka	1,428	21,368
Erste Group Bank a.g.	205	743
National Bank of Belgium	360	10,145
Banca D'Italia	326	1,009
Banque De France	560	-
Bank of England	16	-
Landesbank Baden-Wuerttemberg a.g.	396	-
Oesterreichische Nationalbank (OeNB)	554	-
Total carrying amount	40,915	147,104
Expected Credit Losses (ECL)	(9)	(42)
Total net amount	40,906	147,062

Current accounts with foreign banks
Accrued interest

	2025	2024
Deutsche Bundesbank	64	272
Raiffeisen Bank International a.g.	-	-
Deutsche Bank a.g.	-	-
Banque centrale du Luxembourg	9	152
Commerzbank a.g.	-	-
Bank of Lithuania	15	28
Federal Reserve Bank (FED-NY)	-	-
DZ Bank a.g.	-	-
Hrvatska Narodna Banka	2	92
Erste Group Bank a.g.	-	-
National Bank of Belgium	12	25
Banca D'Italia	-	2
Banque de France	1	-
Bank of England	-	-
Landesbank Baden-Wuerttemberg a.g.	-	-
Oesterreichische Nationalbank (OeNB)	7	-
Current accounts with banks – accruals	110	571
Current accounts with banks - Total	41,016	147,633

The interest rate for the reporting period is between 0.10% and 3.25%. Whereas in the comparative period they ranged between 0.66% and 4.00%, Indicating a decreasing trend in 2025 compared to 2024.

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8. Current accounts with foreign banks (continued)

Movements in ECL related to current accounts with foreign banks are as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2025	42	-	-	42
Transfers in Stage 1	-	-	-	-
Transfers in Stage 2	-	-	-	-
Transfers in Stage 3	-	-	-	-
ECL (decrease) / increase for the year	(33)	-	-	(33)
Year-end impact of ECL on exposures transferred between stages during the year	-	-	-	-
Unwinding of discount (recognized in interest income)	-	-	-	-
Changes due to modifications that do not result in derecognition	-	-	-	-
Changes in models and inputs used for ECL calculations	-	-	-	-
Exchange rate adjustments	-	-	-	-
As of 31 December 2025	9	-	-	9
	2024			
	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2024	117	-	-	117
Transfers in Stage 1	-	-	-	-
Transfers in Stage 2	-	-	-	-
Transfers in Stage 3	-	-	-	-
ECL (decrease) / increase for the year	(75)	-	-	(75)
Year-end impact of ECL on exposures transferred between stages during the year	-	-	-	-
Unwinding of discount (recognized in interest income)	-	-	-	-
Changes due to modifications that do not result in derecognition	-	-	-	-
Changes in models and inputs used for ECL calculations	-	-	-	-
Exchange rate adjustments	-	-	-	-
As of 31 December 2024	42	-	-	42

9. Securities (Treasury Bills and Bonds)

Both categories within this grouping consist of debt instruments issued by European Union countries, the United States and Kosovo. The Treasury Bills disclosed below have maturities of up to one year. Whereas the bonds have maturities of up to 7 years. The effective interest rate on securities ranges between -0.014% and 4.273% per annum in 2025 (2024: -0.014% to 4.998% per annum).

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9. Securities (Treasury Bills and Government Bonds) (continued)

Analytical disclosure of securities by type and by issuing country:

By country:

Country	2025			2024		
	Carrying amount	Expected credit losses	Net value	Carrying amount	Expected credit losses	Net value
Germany	56,581	(32)	56,549	58,625	(34)	58,591
France	58,987	(46)	58,941	48,499	(30)	48,469
Netherlands	94,061	(31)	94,030	73,606	(37)	73,569
Finland	58,578	(28)	58,550	67,759	(40)	67,719
Slovenia	37,282	(31)	37,251	29,989	(19)	29,970
Luxembourg	29,981	(3)	29,978	29,543	(4)	29,539
Belgium	76,946	(42)	76,904	69,117	(36)	69,081
Austria	60,453	(36)	60,417	70,216	(49)	70,167
Ireland	45,965	(7)	45,958	45,849	(15)	45,834
America	12,697	(2)	12,695	14,364	(2)	14,362
Italy	35,566	(14)	35,552	36,700	(30)	36,670
Poland	15,354	(39)	15,315	15,506	(38)	15,468
Lithuania	15,072	(6)	15,066	-	-	-
Kosovo	192,607	(152)	192,455	172,789	(134)	-
Total	790,130	(469)	789,661	732,562	(468)	732,094

By type:

	2025			2024		
	Carrying amount	Expected credit losses	Net value	Carrying amount	Expected Credit Losses (ECL)	Net value
Treasury bills	12,697	(2)	12,695	14,364	(2)	14,362
Bonds	777,433	(467)	776,966	718,198	(466)	717,732
Total	790,130	(469)	789,661	732,562	(468)	732,094

Movements in ECL related to debt securities measured at amortized cost are as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2025	468	-	-	468
Transfers in Stage 1	-	-	-	-
Transfers in Stage 2	-	-	-	-
Transfers in Stage 3	-	-	-	-
ECL (decrease) / increase for the year	1	-	-	1
Year-end impact of ECL on exposures transferred between stages during the year	-	-	-	-
Unwinding of discount (recognized in interest income)	-	-	-	-
Changes due to modifications that do not result in derecognition	-	-	-	-
Changes in models and inputs used for ECL calculations	-	-	-	-
Exchange rate adjustments	-	-	-	-
As of 31 December 2025	469	-	-	469

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9. Securities (Treasury Bills and Government Bonds) (continued)

Movements in ECL related to debt securities measured at amortized cost (continued)

	2024			
	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2024	367	-	-	367
Transfers in Stage 1	-	-	-	-
Transfers in Stage 2	-	-	-	-
Transfers in Stage 3	-	-	-	-
ECL (decrease) / increase for the year	101	-	-	101
Year-end impact of ECL on exposures transferred between stages during the year	-	-	-	-
Unwinding of discount (recognized in interest income)	-	-	-	-
Changes due to modifications that do not result in derecognition	-	-	-	-
Changes in models and inputs used for ECL calculations	-	-	-	-
Exchange rate adjustments	-	-	-	-
As of 31 December 2024	468	-	-	468

The table below presents the geographical distribution of investments in securities, including the minimum, maximum and average effective interest rates. It also presents the concentration percentage and maturities at the country level.

Country	2025					
	Minimum effective interest	Maximum effective interest	Average effective interest	Carrying amount	% of total weight	Maturity
Germany	1.87197%	3.03205%	2.60787%	56,581	7.16%	2026 - 2031
France	1.94560%	2.37200%	2.15880%	58,987	7.47%	2027
Netherlands	2.06588%	2.36018%	2.19421%	94,061	11.90%	2026 - 2030
Finland	2.08483%	3.05094%	2.65691%	58,578	7.41%	2026 - 2028
Slovenia	2.17237%	3.15152%	2.59231%	37,282	4.72%	2026 - 2031
Luxembourg	2.13459%	2.26451%	2.21208%	29,981	3.79%	2026 - 2028
Belgium	0.22016%	2.31102%	1.61380%	76,946	9.74%	2026 - 2029
Austria	2.14269%	2.80866%	2.50527%	60,453	7.65%	2026 - 2029
Ireland	2.17326%	2.60733%	2.38268%	45,965	5.82%	2028 - 2031
America	4.00743%	4.27301%	4.14022%	12,697	1.61%	2026
Italy	-0.01403%	0.05282%	0.01940%	35,566	4.50%	2026
Poland	0.05768%	0.07231%	0.06645%	15,354	1.94%	2027 - 2028
Lithuania	1.96459%	1.96459%	1.96459%	15,072	1.91%	2026
Kosovo	1.58227%	3.69770%	2.37278%	192,607	24.38%	2026 - 2031
Total				790,130	100%	

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9. Securities (Treasury Bills and Bonds) (continued)

Securities (Treasury Bills and Bonds)

Country	2024			Carrying amount	% of total weight	Maturity
	Minimum effective interest	Maximum effective interest	Average effective interest			
Germany	0.49757%	3.03205%	2.10637%	58,625	8.00%	2025 - 2027
France	0.85635%	2.37200%	1.61417%	48,499	6.62%	2025 - 2027
Netherlands	2.06588%	2.36018%	2.17894%	73,606	10.05%	2026 - 2028
Finland	0.85555%	3.05094%	2.20657%	67,759	9.25%	2025 - 2028
Slovenia	0.47233%	3.15152%	2.08428%	29,989	4.09%	2025 - 2028
Luxembourg	1.16414%	2.26451%	1.88860%	29,543	4.03%	2025 - 2026
Belgium	0.22016%	2.63902%	1.72340%	69,117	9.44%	2025 - 2029
Austria	2.14269%	3.37129%	2.67847%	70,216	9.58%	2025 - 2029
Ireland	2.17326%	3.31140%	2.62184%	45,849	6.26%	2025 - 2031
America	4.60941%	4.99778%	4.80360%	14,364	1.96%	2025
Italy	-0.01403%	0.05282%	0.01940%	36,700	5.01%	2026
Poland	0.05768%	0.07231%	0.06645%	15,506	2.12%	2027 - 2028
Kosovo	0.98795%	3.69770%	2.17685%	172,789	23.59%	2025 - 2029
Total				732,562	100%	

10. Placements in the money market

Active placements as at the reporting date (end of 2025) are mainly short-term placements of up to three months and are disclosed on the following page by geographical distribution (primarily in the financial markets of the Eurozone and the USA).

The management of the placements portfolio and other financial instruments is carried out in accordance with the CBK's internal policies.

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10. Placements in the money market (continued)

Placements in the money market are composed as follows:

	2025			2024		
	Carrying amount	Expected Credit Losses (ECL)	Net value	Carrying amount	Expected Credit Losses (ECL)	Net value
Time deposits						
Deutsche Bank a.g.	35,000	(1)	34,999	25,000	(2)	24,998
Banque Centrale du Luxembourg	130,000	(9)	129,991	165,000	(15)	164,985
Deutsche Bundesbank Raiffeisen Bank International a.g.	70,000	(22)	69,978	100,000	(35)	99,965
DZ Bank a.g.	33,957	(4)	33,953	38,406	(7)	38,399
Erste Group Bank a.g.	20,000	-	20,000	20,200	-	20,200
Hrvatska Narodna Banka	70,000	(2)	69,998	82,000	-	82,000
Hrvatska Narodna Banka	67,000	(33)	66,967	50,000	(27)	49,973
Banque de France	90,000	(34)	89,966	-	-	-
Banca D'Italia	41,000	(16)	40,984	-	-	-
Bank of England	4,968	(2)	4,966	-	-	-
Landesbank Baden-Wuerttemberg a.g.	10,000	-	10,000	-	-	-
Federal Reserve Bank (FED-NY)	6,213	(1)	6,212	6,064	(1)	6,063
Banka Kombëtare Tregtare Kosovë	14,968	(7)	14,961	19,469	(9)	19,460
	593,106	(131)	592,975	506,139	(96)	506,043
Accrued interest on time deposits						
Deutsche Bank a.g.	14	-	14	43	-	43
Banque centrale du Luxembourg	250	-	250	165	-	165
Deutsche Bundesbank Raiffeisen Bank International a.g.	56	-	56	16	-	16
DZ Bank a.g.	8	-	8	8	-	8
Erste Group Bank a.g.	14	-	14	31	-	31
Erste Group Bank a.g.	56	-	56	116	-	116
Hrvatska Narodna Banka	251	-	251	374	-	374
Banque de France	136	-	136	-	-	-
Banca D'Italia	52	-	52	-	-	-
Bank of England	38	-	38	-	-	-
Landesbank Baden-Wuerttemberg a.g.	5	-	5	-	-	-
Federal Reserve Bank (FED-NY)	1	-	1	1	-	1
Banka Kombëtare Tregtare Kosovë	2	-	2	9	-	9
	883	-	883	763	-	763
Total	593,989	(131)	593,858	506,902	(96)	506,806

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10. Placements in the money market (continued)

Movements in ECL related to deposits with non-resident banks measured at amortized cost are as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2025	96	-	-	96
Transfers in Stage 1	-	-	-	-
Transfers in Stage 2	-	-	-	-
Transfers in Stage 3	-	-	-	-
ECL (decrease) / increase for the year	35	-	-	35
Year-end impact of ECL on exposures transferred between stages during the year	-	-	-	-
Unwinding of discount (recognized in interest income)	-	-	-	-
Changes due to modifications that do not result in derecognition	-	-	-	-
Changes in models and inputs used for ECL calculations	-	-	-	-
Exchange rate adjustments	-	-	-	-
As of 31 December 2025	131	-	-	131
	2024			
	Stage 1	Stage 2	Stage 3	Total
ECL as of 1 January 2024	28	-	-	28
Transfers in Stage 1	-	-	-	-
Transfers in Stage 2	-	-	-	-
Transfers in Stage 3	-	-	-	-
ECL (decrease) / increase for the year	68	-	-	68
Year-end impact of ECL on exposures transferred between stages during the year	-	-	-	-
Unwinding of discount (recognized in interest income)	-	-	-	-
Changes due to modifications that do not result in derecognition	-	-	-	-
Changes in models and inputs used for ECL calculations	-	-	-	-
Exchange rate adjustments	-	-	-	-
As of 31 December 2024	96	-	-	96

Placements in the money market are in Euro and US Dollar, with the effective interest rate during 2025 ranging from 1.97% to 4.25% per annum (2023: 2.31% to 5.30% per annum), and with initial maturities from 1 to 365 days. Deposits have a minimum credit rating ranging from AAA/Aaa/AAA to BB-/Ba3/BB-, based on ratings assigned for 2023 by Standard & Poor's / Moody's / Fitch.

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11. IMF-related assets (International Monetary Fund)

	2025	2024
Paid-in quota (reserve tranche position – RTP)	23,458	25,255
SRD titles	138,834	153,951
Accrued interest	730	983
IMF	163,022	180,189

The assets listed above relate to Kosovo’s membership in the IMF in June 2009. In relation to Kosovo’s membership in the IMF, the CBK acts as a depository and fiscal agent. This is in accordance with Law No. 03/L-209 on the Central Bank of the Republic of Kosovo and Law No. 03/L-152 on the Membership of the Republic of Kosovo in the International Monetary Fund and World Bank Group Organizations.

The IMF quota represents the subscription quota, which was determined at the time of accession and subsequently adjusted, and is expressed in SDRs. The total quota amounts to SDR 82.6 million. As disclosed above in Note 11, only the equivalent of the paid-in portion (reserve tranche) of the quota plus an additional amount in accordance with IMF regulations is presented, based on IMF rules, regulations and decisions. It should be noted that the items related to IMF accounts are presented on a net basis, meaning that the unpaid portion of the quota is maintained in off-balance sheet accounts in the amount of approximately SDR 62.3 million, or EUR 72.6 million for 2025 (while in 2024 the amounts were approximately SDR 62.3 million, or EUR 78.1 million).

SDR holdings represent assets approved by the IMF Board of Governors in accordance with SDR allocations to IMF member countries (decisions taken on 28 August 2009 and 9 September 2009). In addition, there was a new allocation in 2021 (as defined by the IMF) in the amount of SDR 79,168,385, approved by the IMF Board of Governors on 2 August 2021 and effective on 23 August 2021. As a result, the item “SDR titles with the IMF” in the name of the Republic of Kosovo increased by the respective amount from the effective date of the transaction. SDR titles and part of the paid-in quota earn interest; the annual interest rates in 2025 ranged on average between 2.664% and 3.236% (2024: 3.159% to 4.136%).

The CBK acts as a depository institution (bank) for the Government of Kosovo. It manages activities and flows arising from arrangements with the IMF. For each event related to borrowing arrangements and the use of funds, the CBK and the Government of Kosovo sign memorandums of understanding in cases where Kosovo borrows or utilizes financial instruments from the IMF.

During the reporting period, the borrowing obtained under the Rapid Financing Instrument (RFI) was repaid. In 2024, this borrowing amounted to SDR 10.325 million, or EUR 12.956 million. This loan was initially obtained in 2020.

Other instruments include borrowing under the Resilience and Sustainability Facility (RSF), amounting to SDR 61.950 million, or EUR 72.134 million (compared to 2024, when it amounted to SDR 54.206 million, or EUR 68.018 million, as off-balance sheet items).

Additionally, there is a new instrument (drawdown of funds/SBA) in 2025 in the amount of SDR 80.122 million, or EUR 93.294 million, under the Stand-By Arrangement (SBA), which was drawn/disbursed in June 2025 (also an off-balance sheet item).

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12. Property and equipment

Property and equipment consist of the following:

	Investments in rental properties	Equipment	Computers	Vehicles	Total
Cost					
As of 1 January 2024	6,128	2,765	2,283	389	11,565
Purchases	55	173	200	-	428
Purchases in progress	(4)	111	-	-	107
Transfer from/to (correction)	-	-	-	-	-
Decommissioning	-	(25)	(8)	-	(33)
As of 31 December 2024	6,179	3,024	2,475	389	12,067
As of 1 January 2025	6,179	3,024	2,475	389	12,067
Purchases	48	236	322	-	606
Purchases in progress	58	135	-	-	193
Transfer from/to (correction)	-	-	-	-	-
Decommissioning	-	(15)	(1)	-	(16)
As of 31 December 2025	6,285	3,380	2,796	389	12,850
Depreciation					
As of 1 January 2024	2,609	2,441	1,859	380	7,289
Depreciation of the year	310	115	171	9	632
Transfer from/to (correction)	-	-	-	-	-
Decommissioning	-	-	(6)	-	(6)
As of 31 December 2024	2,919	2,556	2,024	389	7,888
As of 1 January 2025	2,919	2,556	2,024	389	7,888
Depreciation of the year	316	153	189	-	658
Transfer from/to (correction)	-	-	-	-	-
Decommissioning	-	(15)	(1)	-	(16)
As of 31 December 2025	3,235	2,694	2,212	389	8530
Carrying amounts					
As of 1 January 2024	3,519	324	424	9	4,276
As of 31 December 2024	3,260	468	451	-	4,179
As of 31 December 2025	3,050	686	584	-	4,320

There are no assets pledged as collateral as at 31 December 2025 (31 December 2024: none). In accordance with the Law on the CBK, the Central Bank, for the purpose of conducting its official activities, uses and administers property and premises, including movable and immovable assets, located at Garibaldi Street 33, Prishtina.

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13. Intangible assets

Intangible assets consist of the following:

	Computer software	Total
Cost		
Balance as of 1 January 2024		
	3,326	3,326
Purchases	198	198
Balance as of 31 January 2024	3,524	3,524
Balance as of 1 January 2025	3,524	3,524
Purchases	109	109
Purchases in progress	129	129
Balance as of 31 January 2025	3,762	3,762
Amortization		
Balance as of 1 January 2024	2,430	2,430
Amortization for the year	258	258
Balance as of 31 January 2024	2,688	2,688
Balance as of 1 January 2025	2,688	2,688
Amortization for the year	295	295
Balance as of 31 January 2025	2,983	2,983
Carrying amounts		
Balance as of 1 January 2024	896	896
Balance as of 31 January 2024	836	836
Balance as of 31 January 2025	779	779

During 2025 and the comparative year, there were no assets derecognized or disposed of that had a material value to be presented.

14. Other assets

Other assets consist of the following

	2025	2024
Accrued income from fees	2,865	2,536
Accounts receivable and prepayments, payments in process	338	137
Total	3,203	2,673

Accrued income from fees represents fees from license renewals and other fees for domestic financial institutions, accrued for the last quarter.

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15. Liabilities to domestic commercial banks

According to CBK Rule XVII on Banking Supervision, commercial banks operating in Kosovo are required to maintain liquidity reserves in the amount of 10% of their customers' eligible deposits. At least half of this reserve must be held in accounts with the CBK.

Liabilities to domestic banks

	2025	2024
ProCredit Bank Kosovo	26,782	47,192
Raiffeisen Bank Kosovo	37,610	39,546
NLB Prishtina	26,848	44,723
Banka Ekonomike	14,179	22,214
Banka për Biznes	11,595	18,156
Banka Kombëtare Tregtare	19,931	37,048
Turkish Economic Bank (TEB)	19,483	38,654
Turkiye Is Bankasi A.S.	-	2,533
T.C. Ziraat Bankasi A.S. - Branch in Kosovo	2,198	4,641
Credins Bank Kosovo	1,218	2,070
PriBank sh.a.	2,358	3,074
Credit Bank of Prishtina	-	68
Total required reserve up to 5%	162,198	259,916
Additional amount above the required reserve 5%		
ProCredit Bank Kosovo	57,600	47,192
Raiffeisen Bank Kosovo	62,511	39,546
NLB Prishtina	139,188	96,195
Banka Ekonomike	52,757	38,051
Banka për Biznes	36,049	18,156
Banka Kombëtare Tregtare (Branch in Prishtina)	48,741	79,657
Turkish Economic Bank (TEB)	59,166	48,429
Turkiye Is Bankasi A.S.	874	4,554
T.C. Ziraat Bankasi A.S. – Branch in Kosovo	26,387	10,255
Credins Bank Kosovo	8,377	2,070
PriBank sh.a.	15,093	12,041
Credit Bank of Prishtina	88	68
Total additions to current accounts	506,827	396,211

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15. Liabilities to domestic commercial banks (continued)

Accrued interest	2025	2024
ProCredit Bank Kosovo	26	23
Raiffeisen Bank Kosovo	30	23
NLB Prishtina	28	23
Banka Ekonomike	14	11
Banka për Biznes	11	10
Banka Kombëtare Tregtare (Kosovo)	18	17
Turkish Economy Bank (TEB)	20	20
Turkiye Is Bankasi A.S.	-	1
T.C. Ziraat Bankasi A.S. – Kosovo branch	2	2
Credins Bank Kosovo	1	1
PriBank sh.a.	2	2
Credit Bank of Prishtina	-	-
Total accrued interest	152	133
Total banks	669.177	656.260

The interest rate applied as at 31 December 2025 is 0.30% (31 December 2024: 0.30%) for deposits up to the required reserve level. The required reserve is calculated in accordance with the relevant regulation on liquidity reserve requirements.

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16. Liabilities to IMF-related accounts

	2025	2024
IMF Account no. 2	63	68
	-	-
IMF SDR – Allocation	156,807	168,819
Accrued interest	812	1,067
Total liability to IMF	157,682	169,954

Liabilities to Government

IMF – Paid-in quota by the Government	19,773	20,601
Total liability to Governance	19,773	20,601
Total	177,455	190,555

The above amounts relate to Kosovo's membership in the IMF in June 2009.

Account No. 2 is the IMF's operational account with the CBK and is opened in accordance with requirements based on IMF rules and regulations.

The paid-in portion of the IMF quota by the Government of Kosovo represents the amount paid by the Government of Kosovo to the IMF on account of its quota.

SDR allocations (issuances) represent allocations made by the IMF to its member countries, approved by the IMF Board of Governors on 28 August 2009 and 9 September 2009. In addition, the 2021 allocation (issuance), as defined by the IMF, in the amount of SDR 79,168,385, was approved by the IMF Board of Governors on 2 August 2021 and became effective on 23 August 2021. As a result, this item in the name of the Republic of Kosovo increased by the respective amount from the effective date of the transaction.

SDR allocations/issuances and the paid-in portion of the quota bear interest, with average annual interest rates ranging from 2.664% to 3.236% for 2025 (2024: 3.159% to 4.156%).

Liabilities to IMF accounts are presented on a net basis, reflecting only financial items. Commitments related to promissory notes are maintained as off-balance sheet items. These are disclosed under Note 11 of these financial statements.

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17. Liabilities to government institutions

Liabilities to government institutions include current accounts as follows:

Current account	2025	2024
Treasury - Ministry of Finance	179,095	249,422
Privatization Agency the Kosovo	194,103	179,143
Total I	373,198	428,565

Current accounts – accrued interest	2025	2024
Treasury - Ministry of Finance	84	74
Privatization Agency the Kosovo	50	46
Total II	134	120

Time deposit accounts	2025	2024
Treasury - Ministry of Finance	240,000	146,000
Privatization Agency the Kosovo	-	-
Total III	240,000	146,000

Time deposit accounts - accrued interest	2025	2024
Treasury - Ministry of Finance	444	500
Privatization Agency the Kosovo	-	-
Total IV	444	500

Total current accounts/time deposits	2025	2024
Treasury - Ministry of Finance	419,623	395,996
Privatization Agency the Kosovo	194,153	179,189
Total (I, II, III and IV)	613,776	575,185

The effective annual interest rate for current accounts for 2025 is 0.30% (for 2024 also 0.30%).

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18. Liabilities towards other institutions

Current account	2025	2024
Insurance companies	4,176	4,164
Public institutions	128,952	100,410
Licensed pension funds	-	-
Provisional Administrative Institution (EULEX)	93	66
Others	2	2
	133,223	104,642

Current accounts - accrued interest	2025	2024
Insurance companies	1	1
Public institutions	32	34
Licensed pension funds	-	-
Provisional Administrative Institution (EULEX)	-	-
Other	-	-
	33	35
Total	133,256	104,677

The effective annual interest rate for current accounts for 2025 is 0.30% (for 2024 0.30%).

Public institutions are entities established for purposes of public interest, with the main share of this group consisting of the *Kosovo Pension Savings Trust (a public institution)*, the *Deposit Insurance Fund*, and the *Credit Guarantee Fund*. Meanwhile, trust account(s) of the Kosovo Energy Corporation (KEK) and KOSTT, as well as other accounts, represent a secondary share within this grouping.

Breakdown of the liabilities to public institutions (Note 18 continued):

Public institutions	2025	2024
Kosovo Pension Savings Trust (KPST)	26,510	10,937
Deposit Insurance Fund of Kosovo (DIFK)	91,372	77,454
Credit Guarantee Fund (CGF)	10,232	10,789
Kosovo Transmission and Market Operator (KOSTT)	274	273
Kosovo Energy Corporation (KEK)	428	426
Regional Water Supply Company (RWC Prishtina) JSC	148	148
Post and Telecom of Kosovo - PTK - J.S.C.	15	412
Other institutions	5	5
Total	128,984	100,444

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19. Liabilities from borrowing/borrowings

	2025	2024
Carrying value as of January 1	1,484	1,662
Loan repayments (installments)	(228)	(224)
Foreign exchange rate adjustments	(89)	46
Total as of December 31	1,167	1,484

The amounts above represent borrowings from the World Bank in SDR, translated into euro at the reporting date. The Bank has utilized the opportunity to borrow under favorable terms (low interest rate and a grace period on principal repayments of approximately 10 years).

Interest payments commenced from the beginning of disbursement in 2014, while principal repayments started in October 2021. The maturity/closure date of the loan is 15 April 2031.

The borrowing is mainly related to the project for the development of domestic payment systems enabling real-time processing, as well as the business continuity center project. Both of these projects have now been completed. The changes are due to the repayment of respective installments and partly due to movements in the EUR/SDR exchange rate at the reporting date compared to the comparative period.

20. Other liabilities

	2025	2024
Custody accounts	762	760
Deferred income from grants	32	67
Other deferred income	10	10
Allowances/provisions for contingent liabilities	426	365
Other creditors	1,285	995
Long-term employee benefits	1,270	672
Total	3,785	2,869

As of 31 December 2025, within custody accounts there is an amount of EUR 762 thousand (as at 31 December 2024: balance was EUR 760 thousand; the change relates to interest payments during 2025), which is associated with the current operational account of the former Insurance Company Kosova, which was liquidated in April 2010. According to the relevant process, this amount has remained as a custody account held by the CBK.

Movements in allowances / provisions for contingent liabilities during the year are as follows:

	2025	2024
Carrying value as of January 1	365	505
Allowances/expenses from provisions for contingent liabilities (note 28)	72	-
Reduction of provisions during the year	(11)	(140)
Total	426	365

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20. Other liabilities (continued)

Movements in grant revenues are as follows:

	Other	World Bank	European Central Bank	Total
Deferred income from grants as of 1 January 2024	-	102	-	102
Grants received during the year	-	-	15	15
Grants recognized as income for the year (note: 25)	-	(35)	(15)	(50)
	-	-	-	-
Deferred income from grants as of 31 December 2024	-	67	-	67
Deferred income from grants as of 1 January 2025	-	67	-	67
Grants received during the year	2	-	90	92
Grants recognized as income for the year (note: 25)	(2)	(35)	(90)	(127)
	-	-	-	-
Deferred income from grants as of 31 December 2025	-	32	-	32

The grant from the Ministry of Finance stems from their project for the development of a securities registry application (for government issuances of Kosovo). Upon completion of the project, the application was transferred to the CBK as a grant and is managed by the CBK.

The World Bank grant was provided for the implementation of on-site supervision, while the ECB grant relates to a regional training project by the European Central Bank for regional central banks, of which the CBK is a participant.

21. Authorized capital

The authorized capital of the CBK as of 31 December 2025 and 2024 is EUR 30,000 thousand, in accordance with Law No. 03/L-209 adopted on 22 July 2010.

The CBK reports to the Assembly of Kosovo. The capital of the CBK is not subject to any obligations.

21a. Reserve fund and revaluation reserve

The reserve fund and revaluation reserve are governed by Article 54 of Law No. 03/L-209 on the Central Bank of the Republic of Kosovo. The profit under this Law.

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22. Net interest income

Net interest income consist of the following:

	2025	2024
Interest income		
From current accounts	3,135	12,521
From deposit accounts	14,155	14,285
From securities (Treasury Bills and Bonds)	14,785	12,450
From IMF accounts	4,250	5,893
From negative rates on deposits	-	-
	36,325	45,149
Interest expenses		
In the accounts of non-bank entities (IMF)	4,720	6,395
Negative rates on nostro accounts with correspondent banks	1,669	1,459
To current accounts with the treasury	6,600	9,640
To other institutions (public, commercial and other)	427	416
From borrowing	10	12
	13,426	17,922
Net interest income	22,899	27,227

During 2025, interest rates experienced a slight decline. Meanwhile, during 2024, they remained relatively high. As a result of these movements in interest rates, and from the management of interest-bearing items (the respective portfolio) within financial instruments, there have been changes (a decrease) in the grouped items of this note for *interest income* and *expenses*, as well as in *net interest income item*.

The interest rate applied to clients during 2025 is 0.30% (also 0.30% in 2024).

It should be noted that items related to IMF accounts are denominated in SDR and bear interest rates as disclosed in Notes 11 and 16 of these financial statements for 2025 (these also experienced a decline in 2025 compared to 2024).

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23. Net income from fees and charges

Net income from fees and charges is composed as follows:

	2025	2024
Fee income		
From cash deposits	1,685	1,524
From incoming foreign transfers	111	109
From outgoing foreign transfers	736	640
From the inter-bank clearing system	2,387	2,172
From the credit registry system	302	252
Other fees	40	19
Total fee income	5,261	4,716
Fee expenses		
For money transportation	1,331	1,168
For transactions with correspondent banks	59	53
Total fee expenses	1,390	1,221
Net income from fees and charges	3,871	3,495

This category of income stems from services provided to the Bank's clients, including payments, deposits, the credit registry platform, as well as account maintenance and custody items (there are no changes in fees; the increase results from higher transaction volumes).

24. Income from regulatory activities

Income from regulatory activities mainly includes fees imposed on financial institutions in Kosovo as part of licensing or license renewal, as well as other applicable fees related to their activities, for which the CBK has legal authority to regulate.

	2025	2024
Income from service fees, and regulation and supervision		
From commercial banks	6,545	5,760
From insurance companies	2,676	2,550
From non-bank financial institutions	445	383
From pension funds	32	29
Total	9,698	8,722

There are also no changes in fees in this case; the increase results from higher activity volumes.

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25. Income from grants

Income from grants are composed as follows:

	2025	2024
World Bank	35	35
Grants from the European Union	90	15
Other	2	-
Total	127	50

26. Other operating income

	2025	2024
Other income	-	22
Total	-	22

Other income consists of income that is not related to the CBK's ordinary activities and any other items disclosed separately in specific notes.

27. Personnel expenses (salaries and compensation) and other related

Personnel expenses and other related personnel expenses are composed as follows:

27.1 Salaries, pension contributions, and health insurance

	2025	2024
Wages	5,679	4,689
Pension contributions (employer)	917	739
Health and life insurance costs	342	293

27.2 Other personnel related expenses

	2025	2024
Long-term employee benefit plans	598	14
Staff training	199	143
Central Bank Board Expenses	188	147
Others	38	11
	1,023	315
Total	7,961	6,036

The average number of employees actively contributing to the disclosed expenses for 2025 was 251 (the average in 2024 was 239).

27. Personnel expenses (salaries and compensation) and other related

27.1 Salaries, pension contributions, and health insurance

Employee benefits such as salaries, pension contributions and health insurance constitute the main subcategory of personnel expenses and, at the same time, represent the most significant component of the institution's operating costs. This subcategory includes base salaries, salary supplements, as well as other compensations considered as direct benefits to personnel, incurred during the reporting year.

During the reporting period, an increase in this subcategory is observed, which is the result of several key factors. Firstly, the increase is related to the filling of new positions in order to meet the institution's operational and developmental needs. Secondly, changes in compensation levels reflect revisions made during the reporting year, aimed at aligning with market conditions and maintaining competitiveness in the financial sector.

The basis for these changes lies in the strategy to strengthen professional capacities through the engagement of a sufficient number of staff, as well as ensuring an appropriate level of professional quality. This aims to maintain a comparable level of professional preparedness of CBK staff with other institutions in the financial sector. An additional factor contributing to the increase in expenses is the lack of alignment of compensation with inflation in previous years. As a result, during the reporting year, a partial adjustment of compensation to reflect inflationary effects has been undertaken, which has been reflected in the increase in employee benefits.

27.2 Other related personnel expenses

Within other expenses and long-term liabilities are included expenses for training and professional development of personnel, expenses related to the Central Bank's debt, as well as long-term liabilities for employee benefits and other similar obligations. These categories represent an important element of the institution's financial management and human resource policies.

Other employee benefits also carry significant weight and mainly stem from incentive policies aimed at retaining staff at the CBK and fulfilling legal obligations (three salaries upon retirement). These policies are designed to ensure long-term staff stability and preserve institutional expertise. In this context, employees receive additional compensation in certain cases, such as upon reaching milestone anniversaries or at the time of retirement. For example, in the event of retirement, employees are granted compensation equivalent to three monthly salaries, and depending on budgetary and financial determinations, staff may also receive additional compensation for milestone anniversaries.

Financial reporting standards require that these benefits be recognized in each reporting period, based on the extent to which they have been earned up to the reporting date. In accordance with the requirements of International Financial Reporting Standards, during the reporting year an assessment and recognition of long-term employee benefit obligations has been carried out. As a result of this process, a present obligation has been recognized, which has led to an increase in long-term liabilities amounting to approximately EUR 598 thousand. This amount represents the accounting recognition of the obligation and does not imply an immediate cash outflow during 2025, but rather represents a future obligation of the institution.

Overall, personnel expense items, including employee benefits and other long-term expenses, reflect the institution's commitment to investing in human capital. The increase in these expenses is mainly the result of staff expansion, continuous professional development through training and education, as well as policies designed to ensure sustainable competitiveness in the labor market within the financial sector.

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28. General and administrative expenses

General and administrative expenses consist of the following:

	2025	2024
Maintenance of computer software	652	432
General insurance policy expenses	285	228
Travel and transportation	213	159
Physical security and storage costs	163	157
Maintenance and repairs	123	100
Utilities	90	89
Activities for the 25 th anniversary of the establishment of the CBK	-	95
Provision expenses	72	-
Memberships in professional associations	70	53
Professional technical assistance and other external services	65	35
Cash operating expenses	62	40
Cafeteria expenses	57	52
Publication and literature expenses	52	30
Communication expenses (telephone, telex and internet)	50	32
Social activities	46	42
Audit and consulting expenses	29	25
Vehicle operating expenses	27	25
Conferences, seminars and workshops	23	4
Representation expenses	15	14
Financial Education	14	2
Consumer spending on computers and other related items	8	5
Office supplies	5	4
Consumables for equipment expenses	3	4
Promoting knowledge (for students)	3	2
Representative materials	2	4
Other	68	30
Total	2,197	1,663

The trend within the respective expense categories has shown an increase compared to 2024, mainly as a result of relevant management decisions to expand activities and achieve greater coverage through electronic applications (digitalization). It should also be noted that all expenses remain within their respective annual allowable limits.

In general, the structure of general and administrative expenses is dominated by maintenance of computer systems, insurance, travel and operational services, while the overall increase in 2025 is mainly related to higher expenses for maintenance of computer software, professional services and institutional activities.

Expenses for *maintenance of computer software* dominate the group and carry the largest share. This category has recorded the highest increase and constitutes a significant portion of total expenses. The increase is related to improvements in existing systems, new licenses for operating systems (Microsoft), and maintenance of other applications.

28. General and administrative expenses (continued)

Travel and transport expenses have increased as a result of the intensification of official activities, participation in international meetings, conferences, or institutional activities.

General insurance policy expenses have increased as a result of the expansion of insurance coverage, rising insurance premiums, and the addition of assets requiring coverage.

Expenses for representation, conferences, seminars, and workshops, memberships in professional associations, as well as financial education, indicate a commitment to increased institutional activities, official meetings, or internal and external events that took place during 2025, as well as a commitment to enhancing financial knowledge and expanding international cooperation through counterpart institutions and organizations, from which relevant knowledge is gained and exchanged.

Social activities include: various events and activities such as gifts for children at the end of the year, ceremonies and gifts for staff retirement, gifts for March 8, as well as other events and activities aimed at promoting socialism within the CBK staff.

The financial education program (or financial education) is an activity of the CBK that aims to familiarize the wider society in Kosovo with basic knowledge of financial management and raise their awareness about the opportunities to use the access to finance and financial services, aiming to raise the culture of financing and savings.

Memberships in professional associations mainly consist of memberships in international associations and institutions, including associations of supervisory regulators (banks, insurance, and pensions), credit registries, internal audit, as well as financial reporting standards bodies.

During 2024, the Central Bank marked its 25th anniversary with various activities, and as a result, there were expenses dedicated to these activities, presented as an item in the table under Note 28 (more detailed analytics are disclosed in the 2024 financial statements).

Under the item of professional technical assistance and other external services, the change compared to the previous period mainly comes from an increase in the volume of translation services and additional consultancy for a liquidation process, while other components have remained almost unchanged.

Meanwhile, other items in general have either maintained their trend or have increased in line with their specific requirements and needs.

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29. Net profit/(loss) from foreign exchange valuation (exchange rate) and expected credit losses

The net unrealized loss from foreign exchange valuation (exchange rate) amounts to (1,608) thousand Euro for the year ended 31 December 2025 (whereas in 2024: a gain of 690 thousand), and represents the unrealized profit/loss arising from differences generated by foreign currency revaluations from the conversion of assets and liabilities denominated in USD, GBP and SDRs into their Euro equivalent values reflected in the books of the Central Bank.

Within non-Euro currencies, we have the following respective positions:

		31 December 2025	
Note:		Assets	Liabilities
8,10	GBP	4,383	-
8,9,10	USD	64,015	39,900
11,16	SDR	139,242	152,557
		31 December 2024	
		Assets	Liabilities
	GBP	-	-
8,9,10	USD	61,594	39,900
11,16	SDR	142,814	152,191

The effect arising from changes in the foreign exchange rate results from:

	31 December 2025	31 December 2024
from GBP	(32)	-
from USD	(2,525)	1,100
from SDR	952	(317)
	(1,605)	783

The gain/loss from changes in the “exchange rate” is a temporary non-operational position arising from items in foreign currency (USD and SDRs as disclosed above), which at the reporting date shall be reported at their Euro equivalent value according to the exchange rate at the reporting date. Changes in the foreign exchange rate also result in differences (profit or loss), which as such only serve to balance the financial items - equivalent values - but do not represent actual realized profits or losses.

Active positions in USD (United States Dollar) are disclosed under Note 4(d), while the position in SDRs (Special Drawing Rights) is disclosed under Notes 11 and 16.

Unrealized profit/loss	2025	2024
From the foreign exchange position	(1605)	783
From the position of financial instruments (Note 4)	(3)	(93)
Total revaluation profit/loss	(1,608)	690

If this effect is excluded (namely the amounts of 1,608 thousand Euro unrealized loss in 2025 and 690 thousand Euro unrealized gain in 2024), then the operating financial result for 2025 is 25,042 thousand Euro and for 2024 is **30,927 thousand Euro**.

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30. Contractual and contingent liabilities

Legal cases

The Central Bank has several ongoing legal proceedings against it as of the reporting date of these financial statements. It is the opinion of management that the final outcome of these lawsuits shall not have a significant effect on the financial statements of the Central Bank for the year ended 31 December 2025; however, in order to exercise prudence (the prudence principle), for some of them a reserve fund has been assessed and allocated, disclosed as an item under other liabilities.

Contingent liabilities (future)

Contingent liabilities consist of:

	2025	2024
Commitments/contracts for renovation and repair	4	84
Commitments/contracts for equipment	586	686
Commitments Applications in process	551	116
Total	1,141	886

In 2009, Kosovo became a member of the World Bank Group organizations – the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the Multilateral Investment Guarantee Agency (MIGA). In relation to this membership, the Central Bank acts as a depository. This is in accordance with Law No. 03/L-209 on the Central Bank of the Republic of Kosovo and Law No. 03/L-152 on the Membership of the Republic of Kosovo in the International Monetary Fund and World Bank Group Organizations.

In June 2009, the Government of Kosovo issued promissory notes to make payments related to the memberships in the aforementioned World Bank agencies, in accordance with their payment requests and instructions. The total amount as of 31 December 2025 was 718 thousand, and in 2024 the total amount of these items was 718 thousand Euro.

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31. Transactions with related parties

Related parties include Key Management and the Board of the Central Bank. Their compensation is presented as follows:

	2025	2024
Compensation for the CBK Board	103	100
Compensation for the Audit Committee	11	11
Compensation for the Governance and Human Resources Committee	6	6
Compensation for Senior Executive Management	232	204
Total	352	321

32. Subsequent events

No material events have occurred after the reporting date that would require adjustments to the financial statements.