Annual Report 2013

Raiffeisen BANK
Kosovo

Survey of key data

Raiffeisen Bank Kosovo J.S.C.

Monetary values are in € million	2013	2012	Change
Income statement	**1/1-31/12**	**1/1-31/12**	
Net interest income after provisioning	33.5	32.6	2.6%
Net commission income	8.0	7.8	2.1%
Trading profit	0.1	0.1	-31.6%
Net valuation result financial instruments carried at FV	0.8	(0.6)	-240.2%
Net valuation of equity investments	-	0.5	-100.0%
Other operating income	0.1	0.1	63.1%
General administrative expenses	(25.5)	(26.4)	-3.5%
Profit before tax	17.0	14.2	19.9%
Profit after tax	15.2	12.6	20.7%
Earnings per share	N/A	N/A	N/A
Balance sheet			
Loans and advances to banks	63.2	46.1	37.1%
Loans and advances to customers	432.3	401.1	7.8%
Other loans	19.3	20.9	-7.4%
Deposits and borrowings from banks	4.5	4.2	7.8%
Deposits from customers	557.7	513.9	8.5%
Equity (including minorities and profit)	107.0	99.2	7.8%
Balance-sheet total	698.1	628.5	11.1%
Local regulatory information			
Risk-weighted assets B1, including market risk	504.4	490.5	2.8%
Total own funds	86.9	67.1	29.6%
Total own funds requirement	60.5	58.9	2.8%
Excess cover ratio	43.6%	14.0%	29.6 PP
Core capital ratio (Tier 1)	12.4%	12.7%	-0.3 PP
Own funds ratio	17.2%	13.7%	3.5 PP
Performance			
Return on equity (ROE) before tax	17.6%	15.8%	1.8 PP
Return on equity (ROE) after tax	15.8%	14.1%	1.7 PP
Cost/income ratio	54.5%	58.3%	-3.8 PP
Return on assets (ROA) before tax	2.6%	2.2%	0.4 PP
Net provisioning ratio (average risk-weighted assets B2 in banking book)	0.9%	1.1%	-0.2 PP
Risk/earnings ratio	11.2%	12.7%	-1.5 PP
Resources			
Number of staff	684	675	1.3%
Business outlets	52	50	4.0%

Content

Report of the Supervisory Board

Ladies and Gentlemen,

After years of extremely low or even negative growth, 2013 finally showed the first signs of an economic recovery in the Eurozone and Central and Eastern Europe alike. We also saw an increasing shift of economic growth to Central Europe with Poland, Czech Republic and Slovakia taking on a leading role in the region. In addition, political decisions about the future of the European Banking Union were finally made and provided more clarity for the European banking sector. However, the business environment for banks remained difficult. Especially the short-term raising of equity capital requirements and various complex regulatory requirements, as well as banking levies, have been and continue to be an additional burden on banks leading to restricted lending.

In autumn 2013 RBI Group launched the program "Fit for Future 2016" with the goal to lower costs to the level of 2012 by the year 2016. This means that over the next three years we will more than offset inflation and save around € 450 million in total. We were also very satisfied with the € 2.78 billion result of the recent capital increase. The higher free float makes our shares even more attractive for both private and institutional investors. The proceeds will be used to achieve our goal, for the coming 12 to 18 months, of achieving a fully-phased in Basel III CET 1 ratio of 10.0 per cent by the end of the transition period. Both actions were taken in order to support our successful business model across the region and guarantee a sustainable development of the Group in this still challenging environment. Hence, the RBI Group is proud of posting a profit before tax of € 835 million.

As far as Raiffeisen Bank Kosovo is concerned, we are glad to report that it continued to achieve very good results in 2013. The overall macroeconomic environment in Kosovo was stable, and once again the country recorded the highest GDP growth in the region with 3 per cent. It should be emphasized that the banking sector in Kosovo has experienced another very satisfactory year regarding profit and other key performance indicators. Raiffeisen Bank Kosovo contributed significantly to the positive development of the banking sector. In addition to the growth in profit, loans, deposits and total assets, it decreased its Cost Income Ratio from 58 per cent in 2012 to 54.5 per cent in 2013. It also increased the number of electronic banking users by more than 50 per cent and invested significantly in improving customer service.

Let me take this opportunity to thank all employees of Raiffeisen Bank Kosovo for their hard work in this continuously challenging environment and their constant efforts to serve our customers and bring benefits to the entire Raiffeisen Group.

On behalf of the Supervisory Board,

Helmut Breit
Chairman

Report from the CEO

2013 was an excellent year for Raiffeisen Bank Kosovo. The country's macro-economic environment was better than many other countries in Southeastern Europe. This contributed to achieving a range of positive key performance indicators in 2013 including profit after tax of € 15.2 million which represents a 21 per cent increase compared to 2012.

Despite taking a prudent and sensible approach to our lending in all customer segments, our assets continued to grow during 2013. Our total loan portfolio amounted to € 432 million at the end of the year, an 8 per cent increase compared to 2012. It now represents the largest loan portfolio in the local banking sector. Our cautious approach was reflected in the excellent quality of our loan portfolio, and our net provisioning for impairment losses increased by just € 4.4 million, the lowest increase in several years. Customer deposits grew by 9 per cent in 2013 to a total of € 558 million. This is a clear demonstration of the trust customers have in our brand and confirms their satisfaction with our branch service and distribution network. Cost management and improved efficiency were also high priorities in the year under review, and I am pleased to report that this improved our Cost Income Ratio from 58 per cent in 2012 to 54.5 per cent in 2013.

Another high priority was the development of our electronic banking services in areas such as ATMs, point of sale terminals, internet and telephone banking. We improved the functionality, affordability and access to these services across Kosovo, and the usage by our customers therefore increased significantly. The number of customers using our internet banking service increased by 53 per cent and the number of transactions on point of sale terminals rose by 9 per cent compared to 2012. As part of our objective to make banking services convenient and accessible in all parts of the country at all times of the day, the further development of these services will continue to be a high priority in 2014.

2013 will also be remembered as a very special year because we celebrated our 10th anniversary. We are very proud of what we achieved during the past decade and we look back with great pleasure at the contribution we made to the growth and development of Kosovo.

I am also pleased to report that our successful year was recognized and acknowledged by the prestigious global publication "The Banker" who awarded us as "Best Bank in Kosovo" for 2013.

Finally, on behalf of the Management Board, I would like to thank all our staff for achieving another excellent result in 2013. None of this would have been possible without their skills, commitment, loyalty and dedication, and it is my colleagues' strengths and abilities that give me absolute confidence that 2014 will be another very successful year.

On behalf of the Management Board,

Robert Wright
Chairman

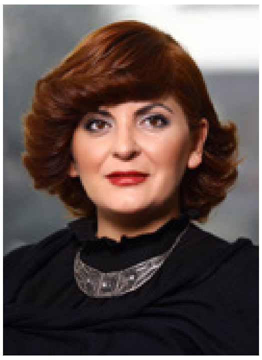
Raiffeisen Bank Kosovo Management Board

Robert Wright

Chairman of the Management Board

Shukri Mustafa

Member of the Management Board



Iliriana Toçi

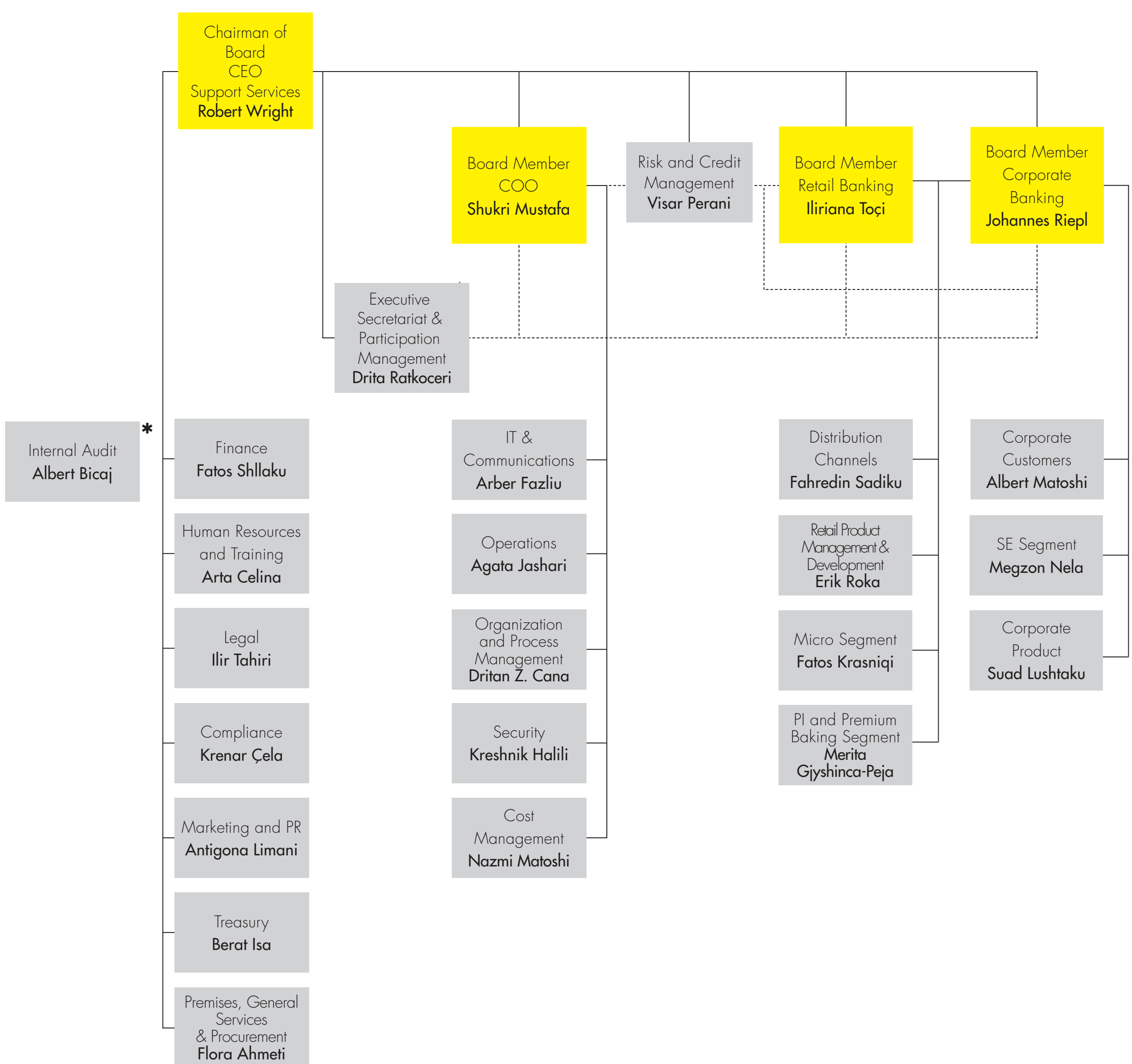
Member of the Management Board

Johannes Riepl

Member of the Management Board

Raiffeisen Bank Kosovo Organisational Structure

as at 31 December 2013



* Internal Audit reports directly to Audit Committee of Supervisory Board

Raiffeisen Bank Kosovo Vision and Mission

Vision
To be the leading universal bank in Kosovo.

Mission
To develop long-term relationships with our customers by providing a wide range of competitive products and a high standard of service.

To be the employer of choice.

Raiffeisen Bank International at a glance

A leading bank in Central and Eastern Europe, including Austria

Raiffeisen Bank Kosovo is a subsidiary of Raiffeisen Bank International AG (RBI), which regards Central and Eastern Europe (including Austria), as its home market. For more than 25 years, RBI has been operating in the Central and Eastern Europe (CEE) region, where today it maintains a closely knit network of subsidiary banks, leasing companies and numerous specialized financial service providers in 15 markets. As a universal bank, RBI ranks among the leading banks in the region. The powerful role played by the bank is supported by the Raiffeisen brand, which is one of the most widely recognized brands in the region. Over time, RBI has positioned itself as a fully integrated corporate and retail banking group in CEE. The bank not only has good access to retail and corporate customers, but also boasts a comprehensive product offering. At the end of 2013 around 55,000 staff served approximately 14.6 million customers in around 3,000 business outlets in CEE.

In Austria, RBI is one of the top corporate and investment banks. It primarily serves Austrian customers, but also international as well as major multinational clients operating in CEE. Moreover, RBI is represented in the world's financial centres and operates branches and representative offices in Asia. All in all, RBI employs about 58,000 staff and has total assets of around € 131 billion.

RBI operates subsidiary banks in the following CEE markets:

• Albania	Raiffeisen Bank Sh.a.
• Belarus	Priorbank JSC
• Bosnia and Herzegovina	Raiffeisen Bank d.d. Bosna i Hercegovina
• Bulgaria	Raiffeisenbank (Bulgaria) EAD
• Croatia	Raiffeisenbank Austria d.d.
• Czech Republic	Raiffeisenbank a.s.
• Hungary	Raiffeisen Bank Zrt.
• Kosovo	Raiffeisen Bank Kosovo J.S.C.
• Poland	Raiffeisen Bank Polska S.A.
• Romania	Raiffeisen Bank S.A.
• Russia	ZAO Raiffeisenbank
• Serbia	Raiffeisen banka a.d.
• Slovakia	Tatra banka, a.s.
• Slovenia	Raiffeisen Banka d.d.
• Ukraine	Raiffeisen Bank Aval JSC

As the parent company of these banks, RBI's shareholding in them is at or near to 100 per cent in most cases.

RBI's development

RZB was founded in 1927 as "Genossenschaftliche Zentralbank". Raiffeisen established its first subsidiary bank in Central and Eastern Europe already back in 1987. Other own subsidiaries have since been established. From 2000 onward, Raiffeisen's expansion into CEE countries has mainly been achieved by acquiring existing banks and subsequently combining them into a holding company that from 2003 operated under the name Raiffeisen International. In April 2005 Raiffeisen International was listed on the stock exchange in order to finance its future growth efficiently. Today's RBI was established in 2010 through the merger of Raiffeisen International with the principal business areas of Raiffeisen Zentralbank Österreich AG (RZB).

RBI has been listed on the Vienna stock exchange since 25 April 2005 (as Raiffeisen International up until 12 October 2010). RZB, which functions as the central institution of the Austrian Raiffeisen Banking Group (RBG), remained the majority shareholder following the merger, holding approximately 78.5 per cent of the shares as of 31 December 2013. The remaining approximate 21.5 per cent of RBI's shares were in free float. Due to the capital increase at the beginning of 2014, the free float rose significantly to about 39.3 per cent after RZB waived its subscription rights and participated in the amount of just € 750 million. As of the editorial deadline RZB held 60.7 per cent of RBI's shares.

For more information please refer to www.rbinternational.com and www.rzb.at.

The Macroeconomic Environment in Kosovo

Note: Information in this chapter is based on material from the Central Bank of Kosovo, the International Monetary Fund, the Ministry of Economy and Finance, and World Bank.

Real economy

Macroeconomic stability of the Kosovo economy continued in 2013 as the country achieved the highest GDP growth in the region with 3 per cent in two consecutive years. Private consumption has stayed robust throughout the year and has not been influenced by the development in the Euro area as was the investment component. The latter recovered by mid-year and until the end of the year businesses reported more book orders, which translated into larger inventory investments. The brighter outlook has also regained investors trust and foreign direct investments look better than a year before. Local elections in the fourth quarter have led to an extended fiscal expansion, in particular with capital investments, while the overall budget deficit remains in line with the IMF agreement.

The informal economy remains one of the main problems for fiscal performance, but also in general for performance measurements of the economy as a whole. The lack of data of this economic segment means its size can be estimated at 40 per cent of the total economy. In addition, the unemployment remains one of the main challenges.

Inflation rate has marked a clear and consistent downward trend throughout the year. The year began with 3.6 per cent annually and ended with 0.5 per cent, averaging 1.8 per cent. This downward trend toward zero combined with the relatively low liquidity of the business sector creates a risk of a deflationary development.

Banking sector

The banking sector has developed positively in the last year, growing assets by € 230 million to a total of € 3.1 billion. The main growth driver was not loans, which only grew by € 42 million within the year, due to an abrupt shortfall in July and August, but securities which added € 98 millions. Provisions for losses and advances have increased by 16 per cent according to the CBK regulations. Although similar in volumes, loans to individual customers were disbursed at a rate double the business loans, the outstanding amounts totalling € 1.8 billion. After a weak start, deposits grew significantly in the last months, totalling an increased volume of € 170 million, or 7 per cent of the total portfolio, thus reaching a volume of € 2.5 billion. This increase happened despite the rapid decrease of deposit interest rates during the last quarter of the year, reaching the lowest average rate of 2.3 per cent. The lowest ever recorded rates are also reported for loans, which averaged 13.6 per cent at the beginning of the year and ended with 11.1 per cent.

According to Cental Bank of Kosovo, at the end of the year the banking industry reached a profit of € 26.6 million, 61 per cent of which was earned during the first two quarters, while the last quarter contributed the least to the total. It should be remembered that CBK regulations for provisioning differ from IFRS standards and can change the picture of profits significantly.

Other developments

The Government could not privatize the telecom provider for a second time, and intends to re-launch the process again in 2014. Government bills have been issued for the first time for periods up to one year, where the offers outweigh the supply, and where low yield rates demonstrate market trust in prudent government budgeting.

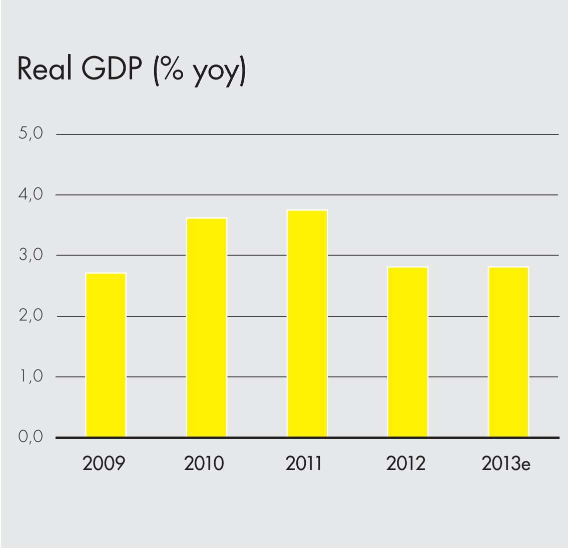
This scenario signals a continuation of mid-term capital expenditures in large single projects, in particular through its budget financed highway project to Albania and the upcoming highway project to Macedonia, which will be financed through a public-private conglomerate.

The Government has also initialized the financial and practical subvention through strategic projects, like the creation of collection points of agricultural output. This set of actions will contribute to the domestic coverage of consumer demand and reduction of the trade imbalance for food products.

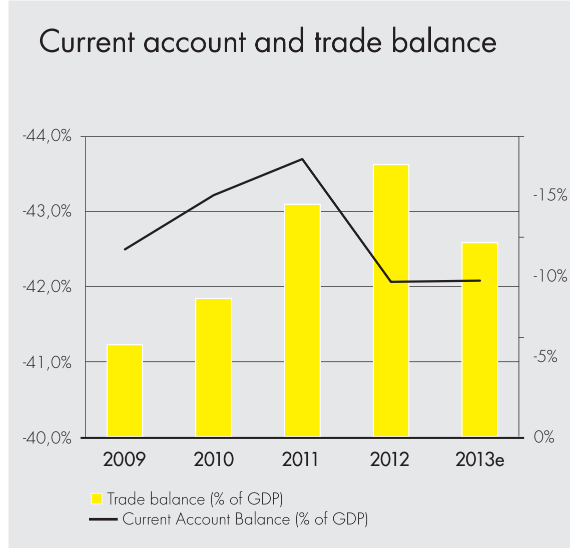
Balance of payments

The current account balance of Kosovo continues to be negative due to the excessive trade imbalance of goods. At the end of the third quarter the deficit was € 244 million, which is significantly lower than the previous year, due to reduced goods imports and higher exports. However, the goods component still adds up to a negative € 1,471 million, counterbalancing by far all the positive components. Current account transfers, which mainly comprise of emigrant remittances amounts to € 889 million and is the largest contributor of a balanced current account. Services and income have shown no changes to the previous year and equate to € 338 million.

The capital account is a negligible € 24 million, while the financial account is € 130 million. The latter comprises of € 192 million in direct investments, while portfolio investments and other investments balance each other out with a negative € 228 million and € 244 million respectively.



Source: CBK, IMF, Raiffeisen RESEARCH

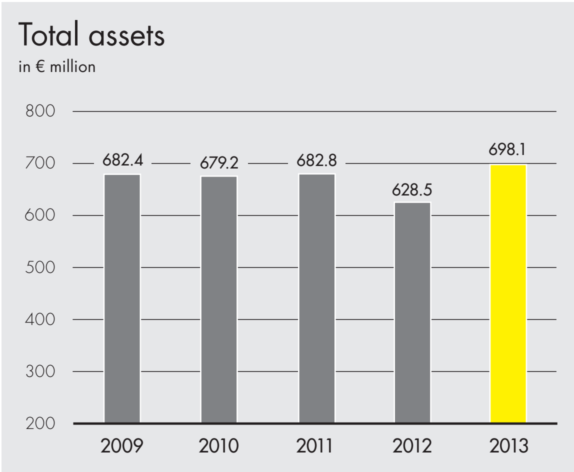


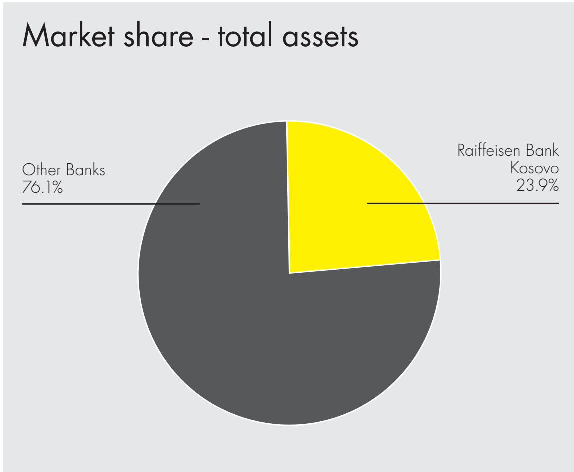
Source: CBK, IMF, Raiffeisen RESEARCH

Raiffeisen Bank Kosovo Overview

Note: The market analysis is based on published financial results of Commercial Banks prepared in compliance with Central Bank of Kosovo (CBK) rules.

The total assets of Raiffeisen Bank Kosovo at 31 December 2013 were € 698.1 million. This is an increase of 11 per cent when compared to the previous year. The market share of the total assets of Raiffeisen Bank Kosovo was 23.9 per cent.

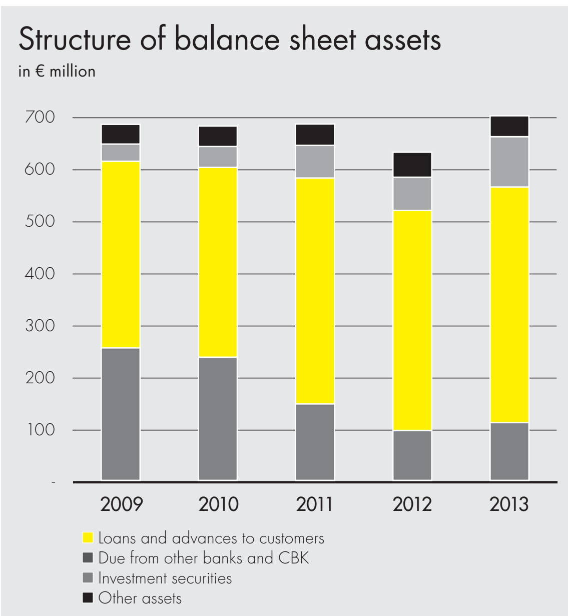




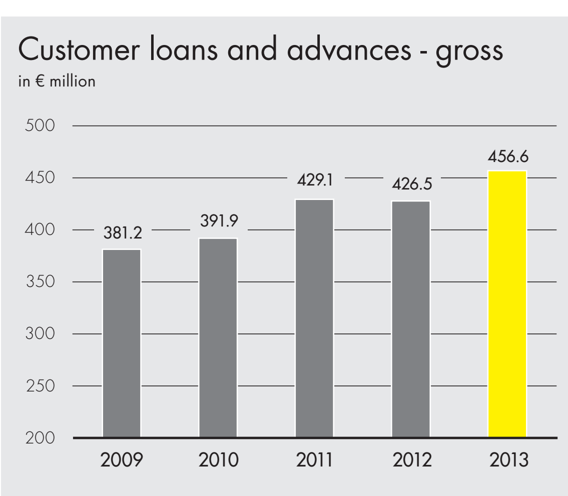
The structure of Raiffeisen Bank Kosovo assets continued to be dominated by loans and advances to customers. As of 31 December 2013, 64.7 per cent of total assets were concentrated in loans and advances to customers after provisioning for loan losses. That is followed by loans and advances to Banks, including exposure with Central Bank of Kosovo (CBK) at 15.8 per cent. The account with CBK also includes the reserves which are required by CBK regulation on minimum reserves.

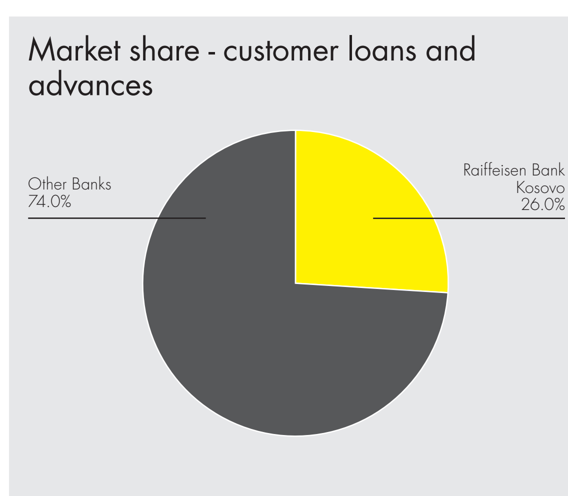
Investment securities comprise 13.7 per cent of assets. Investment securities include investments in Government Bonds of EU countries and the US, as well as Treasury Bills issued by the Kosovo Government.

The total gross loans and advances of Raiffeisen Bank Kosovo as of 31 December 2013 were € 456.6 million (2012: € 426.5 million). This is a 6.3 percent increase compared to 2012.



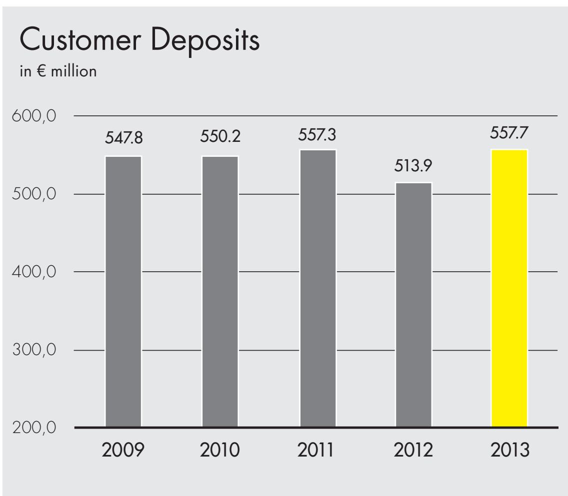
The market share in loans and advances as of 31 December 2013 was 26 per cent (2012: 25 per cent). Raiffeisen Bank Kosovo has also made allowances for credit losses based on credit risk policies. These allowances for credit losses amount to € 24.3 million (2012: € 25.6 million).

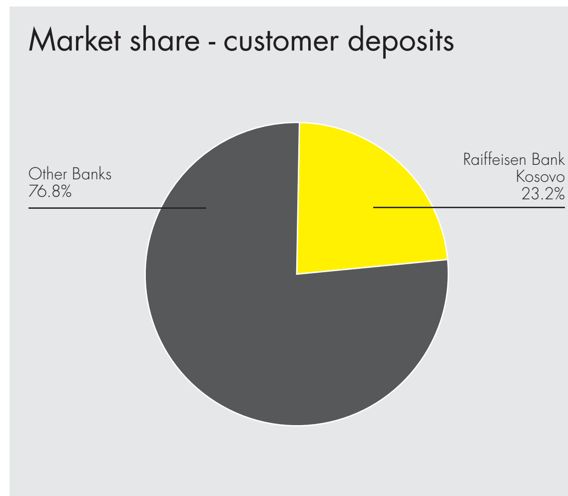




These allowances are for specifically assessed and portfolio assessed credit portfolio and reflect the Raiffeisen Bank Kosovo assessment of risk on the credit portfolio.

Customer deposits in Raiffeisen Bank Kosovo continued to increase significantly. In 2013, the customer deposits were € 557.7 million (2012: € 513.9 million). The Bank's market share in the deposits market was 23.2 per cent of the total banking sector in Kosovo.

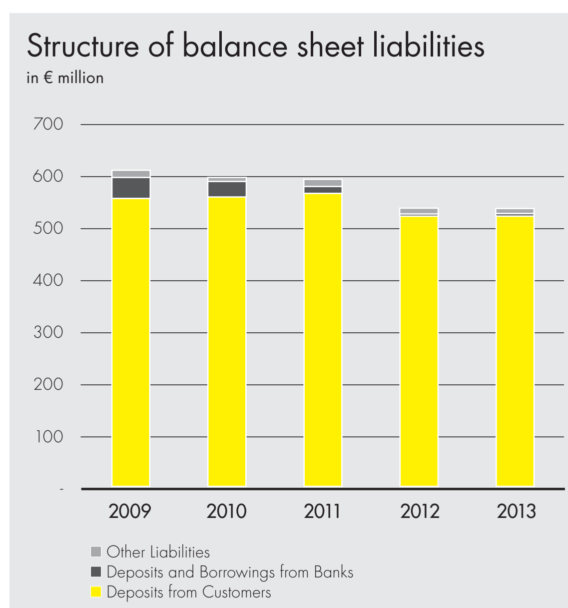




The liabilities structure of the Bank is dominated by customer deposits, which is also the case with the Kosovo market.

The deposits base is mainly from local depositors while financing from abroad including multinational development banks remains low. The domestic generation of finances also contributes towards greater stability in the banking sector and reduces the impact of any volatility in the international markets.

The average rate paid for customers deposits in Kosovo in September 2013 was 3.5 per cent a slight decrease from 3.7 per cent in September 2012. *(Source; CBK - Vlerësimi Tremujor i Ekonomisë, Nr. 4, Tremujori III/2013)*



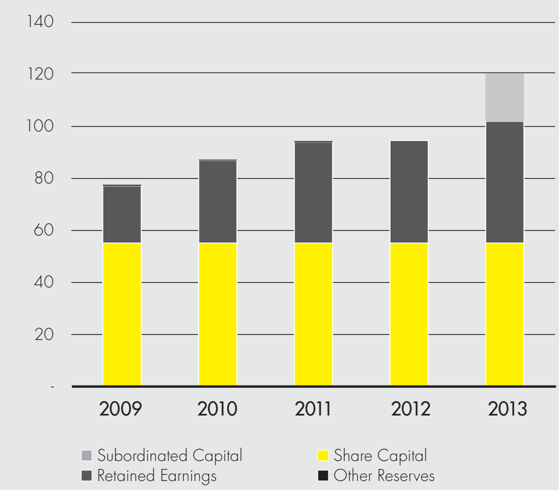
In 2013, Raiffeisen Bank Kosovo received an additional € 19 million long term debt in the form of subordinated debt from its mother company. This funding is also included in the Bank's Tier 2 regulatory capital calculation.

The structure of Raiffeisen Bank Kosovo equity also shows a high proportion of share capital (€ 58 million) which as at 31 December 2013 stands at 54 per cent (2012: 58 per cent). The retained earnings were € 49 million excluding a dividend distribution of € 7.5 million in 2013.

Raiffeisen Bank Kosovo maintains a Capital Adequacy ratio which ensures compliance with the Central Bank of Kosovo regulation on Bank Capital Adequacy. According to the Central Bank Regulation on Bank Capital Adequacy, commercial banks that operate in Kosovo are required to maintain a minimum ratio of 8 per cent in Tier 1 Capital and 12 per cent in total own funds to risk assets and other risks. As of 31 December 2013, Raiffeisen Bank Kosovo had a Tier 1 Capital Adequacy ratio of 12.4 per cent and a total own funds ratio of 17.2 per cent.

Structure of equity

in € million



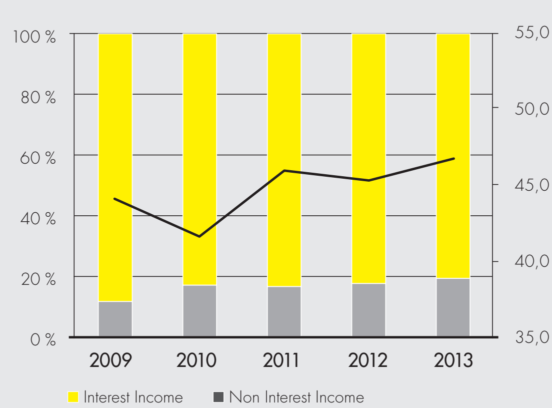
Net income after tax in 2013 was € 15.2 million, which is a 21 per cent increase compared with the financial results a year before (2012: € 12.6 million). Raiffesen Bank Kosovo income is strongly dominated by income generated from loans and advances to local customers. This means that the income is mainly generated in the territory of Kosovo and is not affected by the ongoing crisis in some of the EU countries. The income generated from other banking services also increased in 2013 by 1.3 percentage points.

The income structure for 2013 is presented in the chart below.

The General and Administrative expenses (excluding depreciation of fixed assets) as of 31 December 2013 were € 25 million (2012: € 26.4 million). The cost income ratio was 54.5 per cent (2012: 58.3 per cent). Staff costs also include staff related costs, such as training and other professional development. These costs continue to be an important part of operational expenses as the Bank considers the staff to be the most important asset for future development.

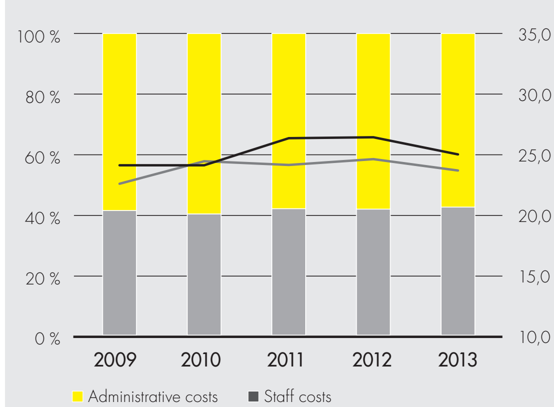
Gross Income development and structure

in € million

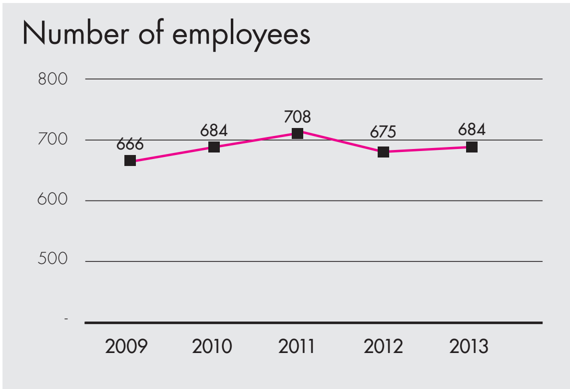


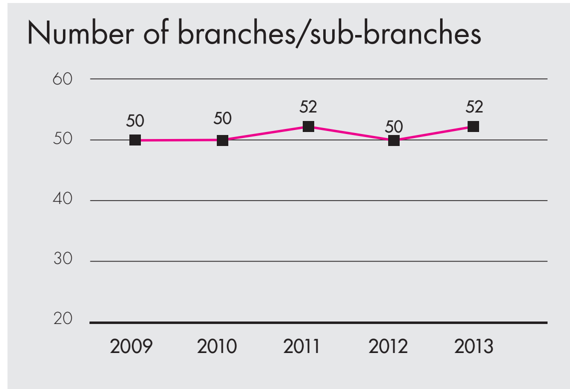
General Administrative expenses development

in € million



The total number of employees in Raiffeisen Bank Kosovo as of 31 December 2013 was 684 employees (2012: 675 employees).





The number of Raiffeisen Bank Kosovo branches as of 31 December 2013 was 52 while the number of ATM's and POS's has continued to increase in the Kosovo market, making banking products more accessible for Kosovo citizens. This multichannel strategy enabled the smooth distribution of products and services to the Bank's customers. The branch network consists of 9 main branches and 43 sub branches across Kosovo.

Treasury

Kosovo money market and the cost of money

2013 was successful as far as the collection and consolidation of deposits was concerned. Raiffeisen Bank Kosovo managed to retain its core deposit customers. Building on the increased trust in the financial system, especially the brand of Raiffeisen Bank Kosovo, the Bank's liquidity remained at stable levels, thus lowering the funding costs on a year on year basis. Prudent asset and liability management made it possible for the Bank to keep the lowest cost of funds in the market compared to the competition, which in turn enabled lower lending rates for certain products. To a large extent the cost savings for interest expense have been achieved through quantitative modeling in Assets and Liabilities management. The Bank utilizes quantitative modeling to discover customer behavior, and consequently the stickiness profiles, for its non-maturing assets and liabilities, for both retail and non retail customers.

The Basis Point Value (BPV) in 2013, decreased to lower than 24,000 BPV.

A historically low Euro curve has provided relief for the banks in Kosovo, by allowing them to continue to provide credit to the Kosovo economy. However, the liquidity costs of Kosovo remain high due to the country risk. The liquidity costs are high mainly due to Kosovo country risk parameters, although the liquidity of the market being increased significantly on the second half of the year 2013. To date Kosovo has not been awarded an international rating by the rating agencies. This makes the task of price discovery and, consequently foreign direct investments in Kosovo a difficult matter.

Government securities

The Banks bonds portfolio in foreign and local government securities increased to € 95 million, or around 15 per cent of the total balance sheet. In parallel, the total market for Kosovo Treasury Bills continued to increase. Having a primary dealer role, Raiffeisen Bank Kosovo and its customers continued to be one of the most significant contributors to the Kosovo Government debt market.

Financial derivatives

The Bank's interest rate swaps portfolio is an important risk mitigation tool for its long term portfolio. The yields in the market had a positive effect on the performance of this portfolio in 2013. Interest rate swaps are used to mitigate the risks from the probability of the increased cost of funds. In the months and years to come we believe that the market rates will move from the current historical lows. Bearing in mind that the Kosovo banking industry has predominantly fixed rate loans the financial derivatives of this nature (interest rate swaps), increase the sensitivity of the balance sheet, which is a prudent approach since the interest rate risk at this point of the Euro curve is asymmetric.

Foreign exchange business

Foreign exchange business produced more than € 1.4 million in revenues in 2013 which is slightly lower than 2012. The Raiffeisen Bank Kosovo desk is the most profitable desk in the banking industry in Kosovo. In addition, foreign exchange business has increased turnover in the funds transfer commission income business.

Revenues in Foreign Exchange	2007	2008	2009	2010	2011	2012	2013
Forex income in Thousands Euro	1,052	1,073	1,392	1,326	1,766	1,543	1,407

Custody business

In 2013, Raiffeisen Bank recorded the second year anniversary of custody business. The Bank's customers are able to place trades in almost all exchanges in the world. This feature enables customers to buy and sell securities such as bills, bonds and stocks in the world markets.

Corporate Banking

Corporate Loans

In 2013, Raiffeisen Bank Kosovo played a very active role in the corporate banking sector by working closely with customers and building long-term relationships. It is important for the Bank to develop customer relationships beyond pure lending and deposit collection that benefit both customers and the Bank. The Bank provided customers with financial and transaction advice – a strategy that helped the Bank to further strengthen its position in the corporate segment as the leading bank in the country. In addition, there was a focus on maintaining the quality of the loan portfolio and increasing the efficiency of loan processing.

The sustainability of the business model is reflected by a consistent operating performance through different economic cycles which allows the absorption of higher risk costs in times of economic uncertainty. In 2013, Raiffeisen Bank Kosovo provided bank services to over 500 corporations to enable them to achieve their ambitions.

In spite of the Eurozone crisis which has affected the Kosovo economy and the decline of economies in Southeast Europe, Raiffeisen Bank Kosovo has continued to record a year on year growth of its corporate loan portfolio. The loan volume grew from € 158 million in 2012 to € 177 million in 2013, an increase of 11.6 per cent compared to the previous year. Gross income reached € 13.6 million which is an increase of 21.4 per cent year-on-year followed by net interest income which rose to € 11 million or 22 per cent year-on-year. RoRAC (Return on Risk Adjusted Capital) remained strong at 134 per cent.

On the other side of the balance sheet, the liquidity position remained strong despite some measurements taken on liabilities and interest expense. Corporate deposits continued to grow and reached € 113 million which is a 44 per cent increase compared to the previous year. We consider this a strong sign of trust and loyalty of the customers towards the Raiffeisen Bank brand.

The Bank's aim is to continue to lead the sector over the comming years by providing efficient and tailor made products to customers through business operation of the highest standard. This means that the Bank wants to be recognized not only for its performance, but also for the values it represents in everything it does.

Corporate Product

In 2013, the Corporate Product Department continued to merge customer demands for additional financing with the offer of products and services that focus on financial advice, tailor made solutions and convenient ways of conducting banking.

2013 was a successful year for project financing because the best local developers of real estate projects were selected and financed.

It should also be noted that the Bank continued to support companies with Trade Finance products. The Banks Trade Finance has played a crucial role in giving professional advice and tailoring transactions in line with customer's needs to mitigate the customers risk exposure. This is made possible by having a vast experience in international Trade instruments and by having close relationships with a wide range of international financial institutions throughout the world. During 2013, besides continuing to offer securing instruments to customers for their requests in cross border transactions, the Bank has seen increasing customer interest in Trade Finance products for domestic transactions.

Another major development during 2013 was in Cash Management with the implementation of a new tariff scheme that encourages e-banking transactions. The objectives of the new tariff scheme were better management of customers' liquidity, the increased use of the electronic channels for the execution of transactions and the avoidance of cash payments.

Factoring is a new product in Kosovo offered by Raiffeisen Bank Kosovo. It has a potentially immense role in the market by providing additional liquidity based on account receivables. In a challenging economic environment, the strategy is to identify suitable customers for this product and offer the factoring service in response to their business needs.

Increasing efficiency and becoming lean is a permanent task which leads to shortening the credit generation process and meeting customer expectations for completion of the loan. Customer Relationship Managment enables the sales force to achieve this with the help of leading technology that enables management of customer relationships.

Small Enterprises

Knowing that Small Enterprises (SE) have a very important role in the development of the Kosovo economy, Raiffeisen Bank Kosovo continued to offer services and financial support that they need in order to successfully expand their operations.

With respect to the financing requirements of Small Enterprises, Raiffeisen Bank Kosovo continued to be a reliable financial and advising partner, by supporting new acquired and existing SE customers' needs through a high level of service. As a result of the growth of the Small Enterprises through continuous financial support and advice, during the year under review, a considerable number of customers from SE Segment have been moved to the larger business segment of Corporate with the aim of offering a full range of financial solutions and benefits that will enable them to expand their business.

A high priority in 2013 was strengthening relationships with existing SE customers and developing long term relationships with new customers. Raiffeisen Bank Kosovo is committed to delivering a high banking experience by providing market leading customer service. To facilitate this process a new structure was introduced to support customers on regular basis and this has proved very good results. Highly experienced and successful SE Relationship Managers specialized on the fields of the financial analysis and counseling now service customers on regional levels.

Another priority in 2013 was to increase the efficiency and service quality for SE customers. In order to reach this objective, the largest project ever has been introduced. It is called SE Lean and is totally focused on meeting the needs of a customer.

To enable us to price our loans in line with the risk of our customers' business, the Bank has further developed its risk based pricing model. The Bank also continued to encourage small businesses to increase their transparency and also to continue transactional business through Raiffeisen Bank Kosovo by using electronic channels such as telephone and internet banking.

During 2013, and as a result of the detailed understanding and recognition of the customers' excellent relationship with the Bank, we have introduced an attractive product called factoring, Raiffeisen Bank in Kosovo is the first bank in the market to offer such product and it will enable customers to have their receivables paid more quickly.

Thanks to its continuous commitment to SE customers, Raiffeisen Bank Kosovo was among the leading bank in the market in 2013 with around 37 per cent share of the market.

Retail Banking

Micro Enterprises

Raiffeisen Bank Kosovo continued its support for micro enterprises more intensively during 2013. This fact is also reflected in the general performance of this segment.

During 2013, the Bank worked on simplifying further the loan process, by reducing the time of a loan request review and also by making the process more flexible and appropriate for customers. At the same time, the Bank officials visited the customers and together identified the best ways of financing their business activities.

In the field of agriculture, Raiffeisen Bank Kosovo increased the support for its customers, while offering financial support for expansion of their agricultural activities. Therefore, a considerable number of agro customers had the opportunity to benefit from loans and other forms of financing. The cooperation with the Ministry of Agriculture and USAID for developing, supporting, and financing agro-businesses continued to be successful during 2013 as well.

One of the main projects during 2013 was to increase the usage of alternative channels. Initially, this project was very challenging, but following close and continuous cooperation of the bank officials and customers, providing the customers with the relevant information and support how to use the alternative banking services, the number of customers who use electronic banking services is growing significantly.

Private Individuals

Raiffeisen Bank Kosovo, continued to offer a wide variety of banking products and services to meet the requirements of its individual and premium customers. Continuing to maintain the leadership in lending in the market during 2013, the Bank served more than 234,000 active individual customers through 52 branches across the country including special premium branches in the main cities of Kosovo.

The Bank has managed to maintain its prudent lending growth in 2013, but at the same time increased significantly the disbursement of new loans and also reduced its non-performing loans. Creative lending campaigns enabled a constant growth compared with the market in each quarter of 2013. The Bank also continued to be the brand of choice for many new deposit customers.

In order to further develop its sales staff, the Bank conducted several refresher training courses in sales, services and products, supported by the introduction of a motivating incentive scheme. Another objective was to increase efficiency by simplifying internal processes and reducing waiting time in the Bank branches.

Raiffeisen Bank Kosovo continued to ensure that its Premium customers have the opportunity to discuss in detail their financial plans and investment opportunities with their dedicated relationship manager in an exclusive area that is designated just for Premium customers. During 2013, the Bank introduced a new program called Premium Club. By being a part of the Premium Club, customers will receive discounts and various promotional offers at a wide range of retailers when paying with their gold credit cards.

Product Management and Development

The business environment is changing everyday and this continuously increases the Bank's proactive approach to product management and development. In 2013, the focus was on improving debit and credit card business, offering flexible lending products, enhancing existing distribution channels and introducing new insurance products.

During this period, Raiffeisen Bank Kosovo redesigned its current account package by adding more benefits and making it more attractive for customers.

The Bank also launched new installment and business card products, upgraded distribution channels such as SMS and internet banking that now offer the possibility to pay taxes and pension contributions, and introduced life insurance to premium customers. With a personalized marketing approach the Bank was able to increase customer satisfaction with its products and services, as part of our objective to create lifelong customer relationships.

Distribution Channels

Branch Network

Raiffeisen Bank Kosovo has a broad branch network complemented by electronic banking channels that allow its customers to have simple and friendly access to banking products. 2013 was mainly focused on strengthening the skills and competencies of the branch staff in order to provide more complex financial advice and solutions to customers needs. In addition considerable time was invested in customer care.

2013 was a year of consolidation and improvements in branch premises and the Bank has modernized its branch network by remodeling two branches in Gjakove and Gjilan. The Bank also relocated the Customs Terminal point from Vermica to the Airport and opened two Terminal points in Jarinje and Brnjak which confirm the Bank commitment toward offering a high level of qualitative services.

Contact Center

Throughout 2013, the Bank continued to give a very high priority to increasing the level of customer satisfaction and maintaining long-term relationships with its customers. This focus resulted in a successful year and the Bank continued to offer a market leading 24/7 service to its customers.

Point of Sale Terminals

The Point of Sale business was mainly focused on empowering relationships with the merchants, while simultaneously finding new technical improvements for the usage of Point of Sale terminals. For the first time, the Bank has installed Point of Sale which enable installment payments to make purchases more afordable for our customers.

Service Quality

Customer needs are constantly changing, and the Bank intends to go beyond their expectations to redefine and introduce new experiences of the highest quality customer service. During 2013, the Bank's commitment was to create and maintain good relationships with its customers by enhancing the way the Bank serves each customer in every customer interaction with the Bank.

One of the achievements was a clear understanding of the voice of customers which helped to identify key processes and interactions that impact on customer satisfaction. Addressing customer feedback in a fair and professional way was essential for keeping the business competitive and customers satisfied.

All the findings from different sources of research were translated into actions for further improvements in order to establish stronger relationship with customers. In addition, key processes with the highest impact on the customer experience were identified and a number of initiatives were taken to improve every customer experience within the Bank.

In the years ahead we will continue to improve our customer service to achieve our objective of being the best in the market.

Credit and Risk Management

Risk Management has continued to strengthen its responsibilities and functions during 2013. The structure of the department was strengthened by creating a new risk controlling function that will cover functions such as balance sheet risk management, integrated risk, operational risk and liquidity risk.

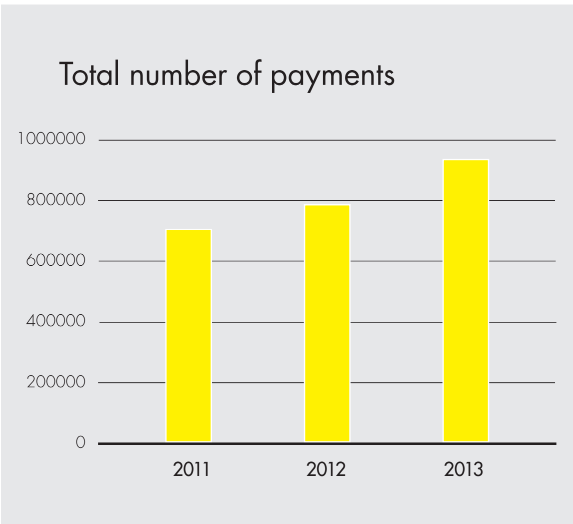
Particular emphasis was given to high standards of operational risks and Raiffeisen Bank Kosovo will be able to further strengthen the measuring, monitoring and prevention activities of operational risk, including fraud management. The collateral management team was also strengthened to enable more accurate and professional approvals.

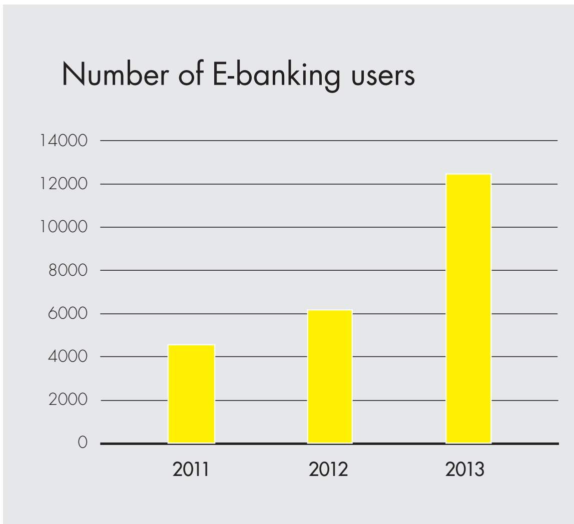
The Bank's customer rating system was upgraded during the year and will give the Bank even better understanding of customer risk profiles to enable us to maintain the exellent quality of the Bank loan portfolio.

Operations

Payments

During 2013, Raiffeisen Bank Kosovo increased the total number of payments to 810,709, an increase of 19 per cent compared to 2012, while the total amount of payments was 4,596 million increasing by 5 per cent compared to 2012.





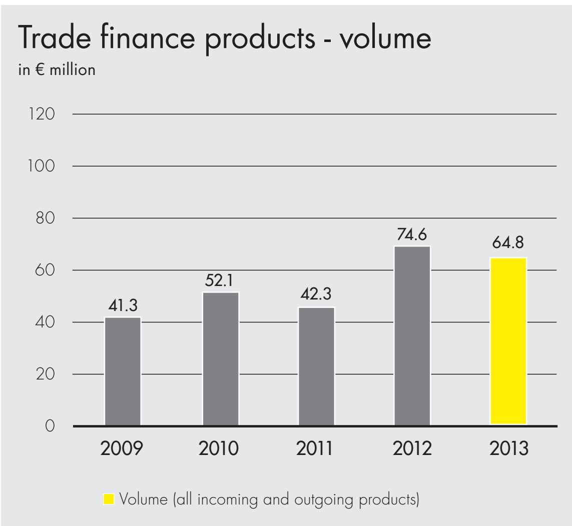
The increased use of the Bank electronic banking services had an impact on the number of transactions and users. The number of users increased by more than 100 per cent compared to 2012.

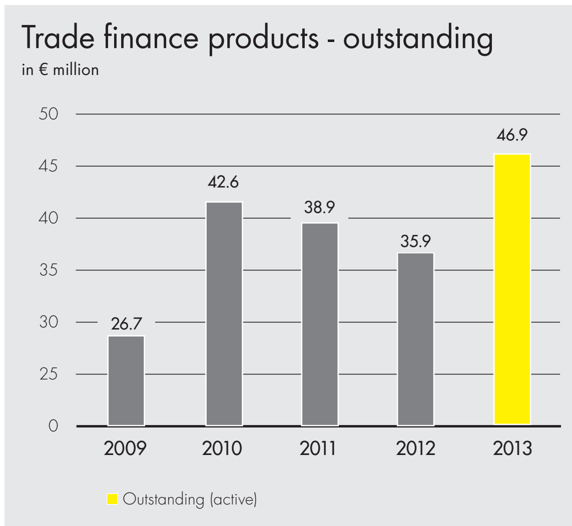
The total number of E-banking transactions increased by 26 percent compared to 2012.

Trade Finance

Raiffeisen Bank Kosovo facilitates and finances a significant volume of domestic and international trade by providing a variety of Trade Finance products.

As shown in the figures below, during 2013 the volume of Trade Finance products was € 65 million.





Also, the outstanding amount of Trade Finance business at the end of 2013 reached € 47 million.

Payroll Processing

Payroll processing is one of the products that the Bank offers to business customers and includes the processing of payroll lists and handling reconciliations. The total number of payrolls processed in year 2013 was 4,430 with a total turnover of € 226 million. Compared with 2012, this service achieved a growth of 4.3 per cent.

Collection Accounts

Collection accounts are services that the Bank offers to business customers who have accounts with Raiffeisen Bank Kosovo. The total number of payments processed in 2013 reached 244,836, with a total turnover of € 156 million. Compared to 2012, the number of payments showed a growth of 3.4 per cent.

Information and Computer Technology

Raiffeisen Bank Kosovo continued to invest in information and computer technology (ICT). The ICT department manages and maintains a large number of sophisticated and complex applications and systems. As a result of the high level of professionalism, in 2013, the ICT department successfully validated the 'ISO/IEC 20000-1:2011' certification earned two years before, when Raiffeisen Bank Kosovo became the first Bank in South Eastern Europe to acquire such international recognition.

What makes Raiffeisen Bank Kosovo unique in the Kosovo market but also in the region is maturity in Business Continuity Management (BCM) and an efficient Disaster Recovery Center (DRC). During 2013, there was a drill of BCM and DRC in order to verify and validate the plans that ensure continuity of Bank operations even in extreme cases that will not impact on Raiffeisen Bank customers or services. This simulation indicates that Raiffeisen Bank Kosovo could survive a situation where the Primary Data Center (Server Room) was completely destroyed while having no negative impact in customers. This makes Raiffeisen Bank Kosovo a world-class-bank for IT and its services.

During 2013, IT of Raiffeisen Bank Kosovo was heavily involved in improving card products, electronic channels and the automation of internal processes enabling a better customer experience.

The ICT department is determined to continue its success and to enable the Bank to seek new business opportunities by providing cost-efficient, reliable, safe and secure solutions and services for its customers.

Personnel Training and Management

Being the employer of choice in Kosovo is the mission of Raiffeisen Bank Kosovo which demonstrates a major commitment towards the Bank's employees. Internal transfers and promotions continue to serve as one of the means of developing the banks internal human capital. The total number of internal transfers and promotions during 2013 was 75 which is an increase of 11 per cent on 2012. Total number of employees who joined the Bank during 2013 was 58.

Raiffeisen Bank Kosovo continues to support the development of Kosovo's young potential and help job seekers advance their employment chances. One of the projects which the Bank has supported for several years is "Atomi" and it is has been implemented by the Encompass Center. As part of their training, specific topics where delivered to participants with a high level of Intelligence Quotient (IQ) by Raiffeisen Bank employees.

Developing internal and external human capacities continues to be one of the main goals of the Bank. With this in mind, the Human Resource and Training Department managed and participated in various growth related activities that played an important role in developing the highest achieving top students in Kosovo. The Bank continued its internship program with the best students of several universities in Kosovo and 75 students were engaged in an internship program in 2013. Receiving 627 applications from students shows that Raiffeisen Bank remains being one of the preferred institutions of university students for their very first career steps.

Raiffeisen Bank Kosovo is committed to ensuring that its employees develop their knowledge and skills by offering them a variety of learning and development opportunities through on-the-job training, internal and external classroom training, eLearning, learning assignments and involvement in challenging local and international projects. These projects resulted in knowledge improvements in the field of banking products and services. This way, the Bank gains a competitive advantage in the market by offering a more professional and efficient service to its customers.

During 2013, 64 per cent of the employees participated in various training programs and almost 100 per cent took part in workshops. The figures show an excellent level of achievement according to European standards, with an average of 2.3 training days per employee in 2013. By expanding the range of training offers, maintaining the number of internal trainers, and continuously improving on the quality of training delivery, the Department of Human Resources and Training managed to organize a large number of courses for its employees. During 2013, the number of training days was 1,815 days, and 189 sessions took place within the year.

Raiffeisen Bank Kosovo cooperates with various training providers in and out of Kosova for specific training programs. Training needs identification is done continuously in order to have tailored programs that meet employees' needs. There are also individual development plans for a number of employees, which focus specifically on the competencies of an individual and increase the chance of personal development.

E-Learning, was also a very active way of learning during 2013. In its third year of existence there was an impressive level of interest and support by Bank employees to attend internally created courses. During 2013, we had over 3000 staff enrollments in Raiffeisen Bank Kosovo own created and Raiffeisen Bank International courses. Through e-Learning and blended learning, the Bank already became more efficient and cost-effective in delivering programmes to all employees in a very short period of time. Webinars, callinars and electronic knowledge testing were additional new eLearning methods used in 2013.

In 2013, an internal development initiative called "Diamond Academy" continued in addition to the ongoing Leadership Academy program. These internal programmes aim to develop the knowledge and expertise of the most talented Bank employees and managers through a bright combination of practical, alternative and academic methods of learning.

In addition to the activities already mentioned, Raiffeisen Bank Kosovo continued to sponsor special courses on a wide range of topics from technical to soft skills training as part of its specific support for capacity building. Lifelong learning remains one of the key messages in the Bank.

Financial Statements

The Independent Auditor's Report and Separate Financial Statements for the year ended 31 December 2013 are prepared in accordance with International Financial Reporting Standards

Statement of Management's Responsibilities

To the Shareholders and Board of Directors of Raiffeisen Bank Kosovo J.S.C.

We have prepared the financial statements as at 31 December 2013 and for the year then ended, which presents fairly, in all material respects the financial position of Raiffeisen Bank Kosovo J.S.C. (the "Bank") as at 31 December 2013 and the results of its operations and its cash flows for the year ended. Management is responsible for ensuring that the Bank keeps accounting records that comply with the Kosovo banking regulations and can be suitably amended to disclose with reasonable accuracy the financial position of the Bank and the results of its operations and cash flows in accordance with International Financial Reporting Standards that include International Accounting Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for related accounting periods. Management also has a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Bank and prevent and detect fraud and other irregularities.

Management considers that, in preparing the financial statements, the Bank has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates, and the appropriate International Financial Reporting Standards have been followed.

The financial statements are hereby approved on behalf of the Management Board.

Pristina, Kosovo
March 20, 2014

The Management Board

Robert Wright
Chief Executive Officer
Management Board Chairman

Shukri Mustafa
Chief Operations Officer
Management Board Member

Iliriana Toçi
Retail Banking
Management Board Member

Johannes Riepl
Corporate Banking
Management Board Member

KPMG

KPMG Albania Sh.p.k,
Kosovo Branch
14, Sulejman Vokshi Street
Prishtina, Kosovo

Tel: + 381 (38) 246771
Fax: + 381 (38) 246772
Mail: al-kosovo@kpmg.com
www.kpmg.al

Independent Auditors' Report

To the shareholders and Board of Directors of Raiffeisen Bank Kosovo J.S.C

We have audited the accompanying financial statements of Raiffeisen Bank Kosovo J.S.C ("the Bank"), which comprise the statement of financial position as at 31 December 2013, the statement of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of the Bank as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The financial statements of the Bank as at and for the year ended 31 December 2012 were audited by another auditor, whose report dated 20 March 2013 expressed an unqualified opinion on those financial statements.

Prishtina,
20 March 2014

Separate statement of financial position

(amounts in € 000)	Notes	As at December 31, 2013	As at December 31, 2012
Assets			
Cash and cash equivalents and mandatory reserve	6	77,474	86,218
Loans and advances to banks	7	63,194	46,103
Loans and advances to customers	8	432,251	401,066
Other loans	9	19,322	20,873
Investment securities	10	95,920	64,102
Investments in subsidiaries	11	336	333
Other assets	12	3,124	2,188
Leasehold improvements, equipment and intangible assets	13	6,514	7,613
Total assets		**698,135**	**628,496**
Liabilities			
Deposits from customers	14	557,667	513,869
Deposits and borrowings from banks	15	4,542	4,213
Other liabilities	16	6,843	9,530
Deferred tax liability	23	2,832	1,648
Subordinated loan	17	19,283	-
Total liabilities		**591,167**	**529,260**
Shareholders' equity			
Share capital	18	58,000	58,000
Retained earnings		48,968	41,236
Fair value reserve		-	-
Total shareholders' equity		**106,968**	**99,236**
Total liabilities and shareholders' equity		**698,135**	**628,496**

Approved for issue on behalf of the Management of Raiffeisen Bank Kosovo J.S.C. and signed on its behalf on March 20, 2014.

Shukri Mustafa
Chief Operations Officer
Management Board Member

Robert Wright
Chief Executive Officer
Management Board Member

The separate statement of financial position is to be read in conjunction with the notes to and forming part of the separate financial statements set out on pages 34 - 65.

Separate Statement of profit or loss and other comprehensive income

(amounts in € 000)	Notes	For the year ending December 31, 2013	For the year ending December 31, 2012
Interest income	19	46,800	47,606
Interest expense	19	(9,100)	(10,266)
Net interest income		**37,700**	**37,340**
Provision for loan impairment	8	(5,456)	(5,295)
Recoveries from loans written off		1,183	1,016
Provision for losses on commitments and contingent liabilities		102	(221)
Net interest income after provisions		**33,529**	**32,840**
Fee and commission income	20	11,112	10,881
Fee and commission expense	20	(3,153)	(3,084)
Net trading income		93	135
Net valuation of financial instruments held for trading		799	(570)
Net valuation of equity investments		-	500
Other operating income		134	82
Operating income		**42,514**	**40,784**
Staff costs	21	(10,764)	(10,685)
Other operating expenses	22	(14,758)	(15,929)
Profit before income tax		**16,992**	**14,170**
Income tax expense	23	(1,760)	(1,549)
Profit for the year		**15,232**	**12,621**
Other comprehensive income			
Valuation result of available for sale financial instruments recorded in equity		-	(442)
Total comprehensive income for the year		**15,232**	**12,179**

The separate statement of profit and loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the separate financial statements set out on pages 34 - 65.

Separate statement of changes in equity

(amounts in € 000)	Share capital	Retained earnings	Other Reserves	Total shareholder's equity
Balance at January 1, 2012	58,000	40,615	442	99,057
Distributed Dividend		(12,000)		(12,000)
Profit for the year	-	12,621	-	12,621
Net change in fair value of AFS	-	-	(442)	(442)
Balance at 31 December 2012	**58,000**	**41,236**	**-**	**99,236**
Distributed Dividend		(7,500)		(7,500)
Profit for the year	-	15,232	-	15,232
Balance at 31 December 2013	**58,000**	**48,968**	**-**	**106,968**

The separate statement of changes in equity is to be read in conjunction with the notes to and forming part of the separate financial statements set out on pages 34 - 65.

Separate statement of cash flow

(amounts in € 000)	Notes	For the year ending December 31, 2013	For the year ending December 31, 2012
Cash flows from operating activities			
IInterest received on loans		45,713	46,147
Interest received on placements		18	94
Interest received on government bonds		(1,276)	1,665
Interest paid		(7,882)	(10,978)
Fees and commissions received		11,178	10,895
Fees and commissions paid		(3,153)	(3,084)
Net valuation of equity investments		-	500
Other income received		138	1,106
Staff costs paid		(10,992)	(10,452)
Other operating expenses paid		(11,972)	(11,511)
Income tax paid		(250)	(1,295)
Cash flow from operating activities before changes in operating assets and liabilities		**21,522**	**23,087**
Changes in operating assets and liabilities			
Net (decrease) / increase in mandatory liquidity reserve		734	5,764
Net decrease in loans and advances to banks		(17,091)	39,804
Net increase in loans and advances to customers		(33,590)	5,978
Net increase in government bonds		(29,502)	(1,950)
Net (increase) / decrease in other assets		(1,261)	(5)
Net increase in customer accounts		43,981	(43,465)
Net increase / (decrease) in deposits from banks		17	(465)
Net increase (decrease) in other liabilities		(2,693)	(3,289)
Net cash flow (used in)/from operating activities		**(17,883)**	**25,459**
Cash flows from investing activities			
Payments for leasehold improvements, equipment and intangible assets		(2,112)	(2,981)
Net cash used in investing activities		**(2,112)**	**(2,981)**
Cash flows from financing activities			
Repayment of borrowings		382	(8,891)
Proceeds from Subordinated loan		19,000	-
Dividends distributed		(7,500)	(12,000)
Net cash flow from/(used in) financing activities		**11,882**	**(20,891)**
Effect of exchange rate changes		104	30
Net decrease in cash and cash equivalents		**(8,009)**	**1,617**
Cash and cash equivalents at the beginning of year	6	35,354	33,737
Cash and cash equivalents at 31 December(excluding mandatory liquidity reserve)	**6**	**27,345**	**35,354**

The separate statement of cash flows is to be read in conjunction with the notes to and forming part of the separate financial statements set out on pages 34 - 65.

Notes to the separate financial statements for the year ended 31 December 2013

1. Reporting entity

Raiffeisen SEE Region Holding GmbH is the 100% shareholder of Raiffeisen Bank Kosovo J.S.C. Raiffeisen SEE Region Holding GmbH is a 100% indirect subsidiary of Raiffeisen Bank International AG.

At the date of foundation of the Bank and up to February 2003 the Bank was called the "American Bank of Kosovo". During February 2003 the shareholders of the Bank decided to change the name of the Bank to Raiffeisen Bank Kosovo J.S.C. The change of the name was approved by the Central Bank of Republic of Kosovo (the "CBK", formerly known as Banking and Payments Authority of Kosovo - BPK) on 28 April 2003.

The Bank operates under a banking licence issued by the CBK on 8 November 2001. The Bank's principal business activities are commercial and retail banking operations within Kosovo.

As at 31 December 2013 the Bank has 9 branches and 43 sub-branches within Kosovo (31 December 2012: 9 branches and 41 sub-branches). The Bank's registered office is located at the following address: UCK Street No 51, 10000 Prishtina, Republic of Kosovo.

2. Basis of preparation

2.1. Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board (IASB).

2.2. Basis of preparation

The financial statements have been prepared on a historical cost basis except for the following material items:

Items	Measurement basis
Available-for-sale financial assets	Fair value
Derivative financial instruments	Fair value

2.3. Functional and presentation currency

The Bank's functional currency used in preparing the financial statements is euro as it is the currency of the primary economic environment in which the Bank operates and it reflects the economic substance of the underlying events ("functional currency"). All amounts have been rounded to the nearest thousand, except when otherwise indicated.

2.4. Use of judgments and estimates

In preparing these separate financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3.17.

3. Significant accounting policies

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

3.1. Subsidiaries and consolidation

Subsidiaries are entities controlled by the Bank. Control exists as the Bank is exposed, or has rights, to variable returns from its involvement with the investee (subsidiary) and has the ability to affect those returns through its power over the investee.

These financial statements represent the result and financial position of the Bank alone and do not include those of its subsidiaries, as detailed in Note 11.

A parent need not present consolidated financial statements if the parent is itself a wholly-owned subsidiary and the ultimate or any intermediate parent of the parent produces consolidated financial statements available for public use that comply with International Financial Reporting Standards. The Bank prepares separate financial statements in accordance with IFRS. Interests in subsidiaries are accounted for at cost in the separate financial statements.

3.2. Foreign Currencies transactions

Foreign exchange transactions are recorded at the rate ruling at the day of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

Official spot exchange rates for major currencies used in the translation of the reporting date items denominated in foreign currencies were as follows (in €):

Compared to €	31 December 2013	31 December 2012
1 USD	0.7257	0.7570
1 CHF	0.8156	0.8282
1 GBP	1.1976	1.2240

3.3. Financial assets and financial liabilities

(i) Recognition

The Bank initially recognises loans and advances, deposits, and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

The Bank classifies its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- at fair value through profit or loss;
- available-for-sale.

See 3.3.1 to 3.3.7

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost. See 3.3.1 and 3.3.5

(iii) Derecognition

Financial assets

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

On 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 derecognised) 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 recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

Financial liabilities
The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them 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 under IFRS.

(v) Amortised cost measurement
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 maturity amount, minus any reduction for impairment.

(vi) Fair value measurement
Policy applicable from 1 January 2013
'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 in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Policy applicable before 1 January 2013
'Fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, then the Bank establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Bank, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price. Where the Bank has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or ask price adjustment is applied only to the net open position as appropriate.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

(vii) Identification and measurement of impairment

Impairment of loans and advances

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral;

The estimated period between losses occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and 12 months; in exceptional cases, longer periods are warranted.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit and loss.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets reflect and are directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the profit and loss against impairment charge for credit losses.

Impairment of available-for-sale financial assets
The Bank assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of debt investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit and loss.

3.3.1. Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading ("trading assets"), including the derivatives held, and financial assets designated at fair value through profit or loss at inception. The Bank does not apply hedge accounting.The Bank has designated financial assets and financial liabilities at fair value through profit or loss in either of the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise;

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

a) financial assets held for trading
A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

b) Designated at fair value through profit and loss
Financial assets and financial liabilities are designated at fair value through profit or loss when:
- Doing so significantly reduces measurement inconsistencies that would arise if the related instruments were treated as held for trading and the underlying financial instruments were carried at amortized cost for loans and advances to customers or banks and debt securities in issue;
- Certain investments, such as equity investments, are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit and loss; and
- Financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated at fair value through profit and loss.

3.3.2. Available for sale financial assets

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Available-for-sale investments comprise equity securities and debt securities. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale investments are measured at fair value after initial recognition.
Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss. Impairment losses are recognised in profit or loss.

Other fair value changes, other than impairment losses are recognised in other comprehensive income and presented in the fair value reserve within equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

3.3.3. Loans and advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and advances to banks and loans and advances to customers are classified as loans and receivables.

All loans and advances are initially recognized at fair value, being the cash advanced to borrowers. After initial recognition, these are subsequently measured at amortized costs using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Loans and advances are reported net of provisions for loan losses.

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

3.3.4. Investments held-to-maturity

Investments held-to-maturity, are investments in government bonds that the Bank has the intent and ability to hold to maturity.

Held-to-maturity investments are carried at amortised cost using the effective interest method, less any impairment losses. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Bank from classifying investment securities as held-to-maturity for the current and the following two financial years.

3.3.5. Derivative financial instruments

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Gains and losses arising from changes in fair value of derivatives are included in 'Gains and Losses from investment securities' in profit or loss for the period.

The Bank uses derivative financial instruments such as over the counter (OTC) interest rate options and forward currency contracts to hedge its risk arising from fluctuations of market interest rates and foreign currency fluctuations. No hedge accounting is applied for derivative instruments. Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently measured at fair value and the change in fair values is recognized in profit or loss.

3.3.6 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

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

3.3.7. Mandatory liquidity reserves

In accordance with the CBK rules, the Bank should meet the minimum average liquidity requirement. The liquidity requirement is calculated on a weekly basis as 10% of the deposit base, defined as the average total deposit liabilities to the non-banking public in euro and other currencies, over the business days of the maintenance period. The assets with which the Bank may satisfy its liquidity requirement are the euro deposits with the CBK and 50% of the euro equivalent of cash denominated in readily convertible currencies. Deposits with the CBK must not be less than 5% of the applicable deposit base. As the respective liquid assets are not available to finance the Bank's day to day operations, they have been excluded from cash and cash equivalents for the purposes of the cash flow statement.

3.4. Leasehold improvements and equipment

Leasehold improvements and equipment are stated at historical cost less accumulated depreciation and accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items of leasehold improvements and equipment.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

The carrying values of leasehold improvements and equipment are reviewed for impairment when events change or changes in circumstances indicate that the carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of leasehold improvements and equipment is the higher of fair value less costs to sell and value in use. In assessing the value in use, the 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 assets.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of profit and loss and other comprehensive income.

Depreciation of assets is charged on a straight-line basis at prescribed rates to allocate the cost of property and equipment over their estimated useful lives. The annual depreciation rates are determined by the estimated useful lives of certain assets as per the table below:

Leasehold improvements are depreciated over the lower of useful life and the lease term.

ATMs, other bank and office equipment & IT servers	5 years
Computer hardware	3 years

Depreciation methods, useful lives and residual values are reassessed at reporting date.

3.5. Intangible assets

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Bank and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Intangible assets are entirely comprised of computer software which is amortized using the straight-line method over their estimated useful life of five years and licenses which are amortized during the license term.

3.6. Repossessed property

In certain circumstances, property is repossessed following the foreclosure of loans that are in default. Repossessed properties are measured at € 1,000 each and are recorded under 'Other assets'. Management intention on repossessed properties is to sell as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

3.7. Borrowings

Borrowings are recognized initially at cost, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between proceeds net of transaction costs and the redemption value is recognized in the profit or loss over the period of the borrowings using the effective interest method.

3.8. Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities may develop in a way not initially expected. Therefore they are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. In case that the contingent liability results in a present obligation that can be measured reliably, a provision on-balance has to be made. Only irrevocable commitments give rise to a credit risk, therefore only irrevocable contingencies and commitments can be subject to provisioning. For significant exposures, the assessment is done individually. In case of portfolio based assessment the portfolio-building and calculation of portfolio-based provisions are calculated as indicated in the impairment of Loans and Advances.

3.9. Employee benefits

The Bank pays only contributions to publicly administered pension plan on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

3.10. Share capital

Dividends on ordinary shares

Dividends on ordinary shares are recognized in equity in the period in which they are approved by the Bank's shareholders. Dividends for the year that are declared after the reporting date are disclosed as events after the end of the reporting period.

3.11. Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized through profit or loss for the period within 'interest income' and 'interest expense' using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. Interest income and expense presented in the statement of profit or loss and OCI include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis; and
- interest on available-for-sale investment securities calculated on an effective interest basis.

3.12. Fee and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income – including account servicing fees, sales commission, placement fees– are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

3.13. Operating leases

Payments made under operating leases are charged to expenses on a straight-line basis over the term of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lesser by way of penalty is recognized as an expense in the period in which termination takes place.

3.14. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets and deferred tax liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit and tax obligation, respectively will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

3.15. Changes in accounting policies

The Bank has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

a. IFRS 10 Consolidated Financial Statements (2011)
b. IFRS 12 Disclosure of Interest in Other Entities
c. IFRS 13 Fair Value Measurement

The nature and the effects of the changes are explained below

(a) Subsidiaries

As a result of IFRS 10 (2011), the Bank has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. IFRS 10 (2011) introduces a new control model that focuses on whether the Bank has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. In accordance with the transitional provisions of IFRS 10 (2011), the Bank reassessed its control conclusions as of 1 January 2013. The change did not have an impact on the Bank's financial statements as the consolidation conclusion was not changed after the reassessment.

(b) Interest in other entities

As a result of IFRS 12, the Group has expanded disclosures about its interests in subsidiaries (see Note 11).

(c) Fair value measurement

In accordance with the transitional provisions of IFRS 13, the Bank has applied the new definition of fair value as set out in Note 5, prospectively. The change had no significant impact on the measurements of the Bank's assets and liabilities.

3.16. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2013, and have not been applied in preparing these financial statements. Those that may be relevant to the Bank are set out below. The Bank does not plan to adopt these standards early.

(i) IFRS 9 Financial Instruments (2013), IFRS 9 Financial Instruments (2010) and IFRS 9 Financial Instruments (2009) (together, IFRS 9)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. IFRS 9 (2013) introduces new requirements for hedge accounting. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets.

The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in an equity instrument that is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in OCI. No amount recognised in OCI would ever be reclassified to profit or loss at a later date. However, dividends on such investments would be recognised in profit or loss, rather than OCI, unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in OCI would be measured at fair value with changes in fair value recognised in profit or loss.

The standard requires derivatives embedded in contracts with a host that is a financial asset in the scope of the standard not to be separated; instead, the hybrid financial instrument is assessed in its entirety for whether it should be measured at amortised cost or fair value.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in OCI rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 (2013) introduces new requirements for hedge accounting that align hedge accounting more closely with risk management. The requirements also establish a more principles-based approach to hedge accounting and address inconsistencies and weaknesses in the hedge accounting model in IAS 39.

The mandatory effective date of IFRS 9 is not specified but will be determined when the outstanding phases are finalised. However, early application of IFRS 9 is permitted.

The Bank has started the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed. Given the nature of the Bank's operations, this standard is expected to have a pervasive impact on the Bank's financial statements.

(ii) Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The amendments to IAS 32 clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Early application is permitted.

The Bank is still evaluating the potential effect of the adoption of the amendments to IAS 32.

3.17. Critical accounting estimates and key sources of estimation uncertainty

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Impairment charge for credit losses

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the profit or loss, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in the Bank, or national or local economic conditions that correlate with defaults on assets in the Bank.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

b) Impairment of available for-sale investments

The Bank determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price where applicable. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

d) Recent volatility in global financial markets

The recent volatility in international financial markets during 2013 had some but limited impact to the financial sector in Kosovo, as there was no major exposure of the sector abroad. Any exposure in Securities was mainly limited to OECD countries with AA rating OIC. The Kosovo banking sector continued its normal operations by relying on lending to the domestic economy, while its main source of finance remained deposits in Kosovo.

4. Financial risk management

4.1. Overview

The Bank has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The internal controls and additional risk control tools set by Raiffeisen International Risk Management enable the controlled risk management of the Bank. The risk management and risk control tools have been set according to the latest risk management know-how. The main Risk Management Tools have been endorsed by Raiffeisen International and are applied for use by the Bank.

From January 2008, the Bank has been complying with and reports based on Basel II requirements at the Group level covering credit and market risks. The standardised approach is being applied so far. Its transformation into the latest approach is in the development phase. The implementation of Basel II requirements should ensure a better management of the capital.

The simple financial and market environment in Kosovo allows for the use of simple analysis method. Future more complex factors and risks in the banking industry will be supported by the development of new methods to better manage them.

Based on the Bank policies, the Bank's total assets are classified and analysed as follows:

- Analysis of assets based on the class of asset / product (the assets are classified based on the Group Product Catalogue);
- Analysis of assets based on the credit quality (the assets are classified based on the Group Directives);
- Analysis of assets in line with the measurement basis;
- Analysis of assets based on age, which means analysis performed for assets that are past due but not impaired;
- Individual analysis of assets determined as impaired by impairment factors;
- Analysis of assets based on the collateral type and with consideration to the recoverable estimated amount;
- Analysis of assets based on the concentration of risks for industry / sector / segment / certain exposure amount.

4.2. Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Bank considers all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

The Bank takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to a monthly or more frequent review. Limits on the level of credit risk by borrower are approved by Management.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits, where appropriate. Exposure to credit risk is also managed, in part, by obtaining collateral and corporate and personal guarantees.

The Bank's maximum exposure to credit risk is primarily reflected in the carrying amounts of financial assets on the statement of financial position. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as a result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Bank uses the same credit policies in making conditional obligations as it does for on-balance sheet financial instruments through established credit approvals, risk control limits and monitoring procedures.

The Bank holds different types of collateral as security for the credit risk. Additionally, other credit enhancement methods are applied. The main types of collateral are listed below:

- Property (land, houses)
- Apartments
- Vehicles
- Equipment
- Personal Guarantee

Impaired loans and securities
Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s).

Past due but not impaired loans
Loans where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for impairment
The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for Groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy
The Bank writes off a loan balance (and any related allowances for impairment losses) when Bank Problem Loans Committee determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Set out below is an analysis of financial assets past due not impaired and impaired assets.

2013	Total gross carrying amount	Past due, but not impaired assets	Individually impaired assets (total carrying amount)	Individual loan loss provisions	Portfolio-based loan loss provisions	Fair value of the collateral
Corporate Customers	267,962	65,835	35,887	(13,498)	(4,116)	218,706
Retail Customers	188,596	13,645	5,305	(5,133)	(1,560)	169,334
Total Loans and Advances to Customers	456,558	79,480	41,192	(18,631)	(5,676)	388,040

2012	Total gross carrying amount	Past due, but not impaired assets	Individually impaired assets (total carrying amount)	Individual loan loss provisions	Portfolio-based loan loss provisions	Fair value of the collateral
Corporate Customers	244,128	75,514	25,936	(11,592)	(6,200)	175,539
Retail Customers	182,577	14,269	6,360	(6,183)	(1,663)	162,021
Total Loans and Advances to Customers	426,705	89,783	32,296	(17,775)	(7,863)	337,560

The aging analysis on both past due and impaired and past due but not impaired loans and overdrafts is as follows:

2013	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	More than 12 months	Total
Loans and advances to customers Past Due, but not impaired	6,358	16,604	22,001	34,517	79,480
Loans and advances to customers past due and impaired past due and impaired	22,527	764	2,733	15,168	41,192

2012	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	More than 12 months	Total
Loans and advances to customers past Due, but not impaired	9,239	18,390	15,520	46,634	89,783
Loans and advances to customers past due and impaired	15,211	1,372	3,968	11,745	32,296

The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk as at 31 December 2013 and 31 December 2012 for loans and advances to customers past due and impaired is shown below:

2013	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	More than 12 months	Total
Corporate Customers	21,493	546	2,013	11,835	35,887
Retail Customers	1,034	218	720	3,333	5,305
Total Loans and advances to customers impaired	22,527	764	2,733	15,168	41,192

2012	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	More than 12 months	Total
Corporate Customers	14,239	1,198	3,007	7,492	25,936
Retail Customers	972	174	961	4,253	6,360
Total Loans and advances to customers impaired	15,211	1,372	3,968	11,745	32,296

Loans and advances to Banks

Interbank exposures are closely monitored on a daily basis by risk management and the Treasury Department. The Bank limits its deposits and other banking transactions to sound local or international banks. Before a business relationship is initiated with a given bank, the management and the Risk Department carry out an analysis of the institution's financial standing. The financial performance of the counterparties is continuously monitored. Moreover, all correspondent banks as well as bond issuers in which the Bank has investment exposures are continuously monitored for their ratings by international rating agencies like: Moody's, Standard & Poor's (S&P) and Fitch.

A function independent from the treasury department, usually risk management, has to monitor that the exposure toward all banks does not exceed regulatory limits or internal limits set by the management of the Bank.

In accordance to the new regulation on large exposures of the Central Bank of Republic of Kosovo, banks shall not have any aggregate credit risk exposure to related counterparties exceeding 15% of Tier I Regulatory Capital.

Loans and advances to banks are granted without collateral. The table below presents the Bank's current accounts and time deposits with corresponding banks by credit ratings:

At 31 December	2013	2012
AAA	-	-
AA+ to AA-	68,235	58,423
A+ to A-	-	-
BBB+ to B-	5,806	-
	74,041	**58,423**

4.3 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities. The Bank is exposed to daily calls on its available cash resources from current accounts, maturing deposits, loan draw downs and guarantees. The liquidity risk is managed by the Management of the Bank.

The Bank holds mid to long term assets and due to market conditions, finances its portfolio with short term debt. In this process the Bank inherits liquidity risk pertaining to maturity mismatches. The risks if managed correctly are acceptable risks. The Bank issues long term assets, such as PI loans and Mortgages, and these portfolios are mainly financed by demand deposits and Term Deposits up to 1 year. The management receives on a daily basis the liquidity ratio information of the Bank, and also on a weekly basis receives a liquidity report sorted by Business segment. Since the Bank issues mid to long term assets, and finances it with short to mid-term debt, it is also exposed to interest rate risk.

The table below shows assets and liabilities as at 31 December 2013 and 2012 by their remaining contractual maturity. Some of the assets however, may be of a longer term nature; for example loans are frequently renewed and accordingly short term loans can have longer term duration.

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	More than 12 months	Non - Specific	Total
Assets						
Cash and cash equivalents and mandatory liquidity reserve	11,180	-	-	-	66,294	77,474
Loans and advances to banks	63,194	-	-	-	-	63,194
Loans and advances to customers	55,612	47,990	144,471	184,178	-	432,251
Other Loans	734	-	2,273	16,315	-	19,322
Investment securities	15,114	12,687	61,939	6,180	-	95,920
Other assets	-	-	1,889	-	-	1,889
Total financial assets	**145,834**	**60,677**	**210,572**	**206,673**	**66,294**	**690,050**
Liabilities						
Deposits from customers	397,846	21,560	112,439	25,822	-	557,667
Deposits and borrowings from banks	3,451	-	273	818	-	4,542
Subordinated debt	283	-	-	19,000	-	19,283
Other liabilities	-	-	5,449	-	-	5,449
Total financial liabilities	**403,596**	**20,621**	**117,614**	**45,110**	**-**	**586,941**
Net gap position at 31 December 2013	**(257,762)**	**40,056**	**92,958**	**161,563**	**66,294**	**103,109**

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	More than 12 months	Non - Specific	Total
Assets						
Cash and cash equivalents and mandatory liquidity reserve	12,668	-	-	-	73,550	86,218
Loans and advances to banks	46,103	-	-	-	-	46,103
Loans and advances to customers	35,785	58,521	128,461	178,299	-	401,066
Other Loans	533	-	1,753	18,588	-	20,873
Investment securities	17,338	17,270	4,216	25,277	-	64,102
Other assets	-	-	270	-	-	270
Total financial assets	**112,427**	**75,791**	**134,700**	**222,164**	**73,550**	**618,632**
Liabilities						
Deposits from customers	366,590	23,205	104,151	19,923	-	513,869
Deposits and borrowings from banks	522	-	2,600	1,091	-	4,213
Other liabilities	-	-	7,869	-	-	7,869
Total financial liabilities	**367,112**	**23,205**	**114,620**	**21,014**	**-**	**525,951**
Net gap position at 31 December 2012	**(254,685)**	**52,586**	**20,080**	**201,150**	**73,550**	**92,681**

The maturity analysis of loans to customers is based on the remaining maturity dates of the credit agreements, which means taking into account the instalments due on a monthly basis.

Liquidity reporting on a weekly basis at business segment level, monitoring of stickiness ratio separately for all business segments, banking book limits and reports which measure the interest risks and gaps, are currently the tools applied to manage and limit the underlying risk of conducting business.

Mandatory liquidity reserves are included within demand and less than one month as the majority of liabilities to which this balance relates are also included within this category.

The maturity analysis for financial liabilities is analysed as follows:

- Based on earliest contractual maturity date – worst case scenario;
- Based on contractual undiscounted cash-flows;
- Determination of the time bands;
- Expected cash-flows are used as supplementary information.

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace interest-bearing liabilities as they mature at an acceptable cost are important factors in assessing the liquidity of the Bank and its exposure to changes in interest and exchange rates.

The Bank has a significant maturity mismatch of the assets and liabilities maturing within one year. This liquidity mismatch arises due to the fact that the major source of finance for the Bank as at 31 December 2013 was customer accounts being on demand and maturing in less than one month. Management believes that in spite of a substantial portion of customers accounts being on demand, diversification of these deposits by number and type of depositors would indicate that these customers' accounts provide a long-term and stable source of funding for the Bank.

The Bank has improved the net position though other sources of funding, which provide middle-term finance and intend to continue matching assets vs. liability maturity in the periods to come. In addition, the Bank has an unused Credit Facility Agreement, which will provide support in case of liquidity needs.

The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

4.4 Market risk

Market risk is the risk that the value of an investment will decrease due to moves in market factors. The four standard market risk factors are:

- Equity risk or the risk that stock prices will change.
- Interest rate risk or the risk that interest rates will change.
- Currency risk or the risk that foreign exchange rates will change.
- Commodity risk or the risk that commodity prices (i.e. grains, metals, etc.) will change.

The Bank takes on exposure to market risks. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Geographical risk

The geographical concentration of the Bank's financial assets and liabilities as at 31 December 2013 and 2012 is set out below:

	Kosovo	EU	Other	Total
Assets				
Cash and cash equivalents and mandatory liquidity reserve	66,294	6,474	4,706	77,474
Loans and advances to banks	-	63,194	-	63,194
Loans and advances to customers	432,251	-	-	432,251
Other Loans	-	19,322	-	19,322
Investment securities	7,738	75,730	12,452	95,920
Other assets	1,889	-	-	1,889
Total financial assets	**508,172**	**164,720**	**17,158**	**690,050**
Liabilities				
Deposits from customers	515,026	19,994	22,647	557,667
Deposits from banks	414	4,076	52	4,542
Subordinated debt	-	19,283	-	19,283
Other liabilities	3,160	2,289	-	5,449
Total financial liabilities	**518,600**	**45,642**	**22,699**	**586,941**
Net gap position at 31 December 2013	**(10,428)**	**119,077**	**(5,541)**	**103,109**

	Kosovo	EU	Other	Total
Assets				
Cash and cash equivalents and mandatory liquidity reserve	73,549	9,686	2,983	86,218
Loans and advances to banks	-	46,103	-	46,103
Loans and advances to customers	401,066	-	-	401,066
Other Loans	-	20,873	-	20,873
Investment securities	5,988	41,497	16,617	64,102
Other assets	270	-	-	270
Total financial assets	**480,873**	**118,159**	**19,600**	**618,632**
Liabilities				
Deposits from customers	482,641	12,412	18,816	513,869
Deposits from banks	201	3,913	99	4,213
Other liabilities	4,429	3,440	-	7,869
Total financial liabilities	487,271	19,765	18,915	525,951
Net gap position at 31 December 2012	**(6,398)**	**98,394**	**685**	**92,681**

Currency risk

This is a form of risk that arises from the change in price of one currency against another. The currency risk is managed through monitoring of open FX positions. These positions are set for daily positions and also separately, for overnight positions. The sensitivity analysis is provided to the management on weekly basis.

The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Management sets limits on the level of exposure by currency and in total, which are monitored daily. The use of euro in Kosovo and limited exposure to other currencies results in a limited need to use derivatives.

The Market Risk Report encapsulating the Interest Rate Risk Report and the Open FX currency report is sent to the management on the weekly basis. The respective report is produced by RZB Vienna Risk management based on the inputs that are provided from local reporting resources.

The table below summarises the Bank's exposure to foreign currency exchange rate risk at 31 December 2013 and 2012. Included in the table are the Bank's financial assets and liabilities at carrying amounts, categorised by currency and translated into € '000.

	EUR	USD	Other	Total
Assets				
Cash and cash equivalents and mandatory liquidity reserve	65,331	5,735	6,408	77,474
Loans and advances to banks	35,700	14,702	12,792	63,194
Loans and advances to customers	432,251	-	-	432,251
Other Loans	19,322	-	-	19,322
Investment securities	83,468	12,452	-	95,920
Other assets	1,889	-	-	1,889
Total financial assets	**637,961**	**32,889**	**19,200**	**690,050**
Liabilities				
Deposits from customers	504,963	34,642	18,062	557,667
Deposits from banks	4,323	218	1	4,542
Subordinated debt	19,283	-	-	19,283
Other liabilities	5,449	-	-	5,449
Total financial liabilities	**534,018**	**34,860**	**18,063**	**586,941**
Net gap position at 31 December 2013	103,943	(1,971)	1,137	103,109

	EUR	USD	Other	Total
Assets				
Cash and cash equivalents and mandatory liquidity reserve	72,458	4,744	9,016	86,218
Loans and advances to banks	36,500	7,767	1,836	46,103
Loans and advances to customers	401,066	-	-	401,066
Other Loans	20,873	-	-	20,873
Investment securities	47,485	16,617	-	64,102
Other assets	270			270
Total financial assets	**578,652**	**29,128**	**10,852**	**618,632**
Liabilities				
Deposits from customers	469,321	29,150	15,398	513,869
Deposits from banks	4,211	1	1	4,213
Other liabilities	7,869	-	-	7,869
Total financial liabilities	**481,401**	**29,151**	**15,399**	**525,951**
Net gap position at 31 December 2012	97,251	(23)	(4,547)	92,681

Foreign currency sensitivity analysis

The foreign currencies to which the Bank is mainly exposed are US Dollar (USD), Swiss Franc (CHF) and British Pound (GBP). The following table details the Bank's sensitivity to the respective increase and decrease in the value of euro against the foreign currencies. The percentage used is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a respective change in foreign currency rates. The sensitivity analysis includes placements with other banks, cash with correspondent banks as well as customer deposits where the denomination of the amounts is in a currency other than the currency of the lender or the borrower.
A positive number below indicates an increase in profit and other equity where the euro strengthens with respective percentages against the relevant currency. For the respective weakening of the euro against the relevant currency, there would be approximately equal and opposite impact on the profit and other equity, and the balances below would be negative.

	US Dollar (USD)		Swiss Franc (CHF)		British Pound (GBP)	
	2013	2012	2013	2012	2013	2012
Sensitivity rates	5%	7%	2%	1%	3%	3%
Profit and loss	(101)	(5)	1	0	(1)	0

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year. US Dollar, Swiss Franc and British Pound denominated transactions are infrequent and are only for transactions and placements with non-EU financial institutions.

Interest rate risk

This is the risk that the relative value of an interest-bearing asset will lose in value. The Bank's assets being largely in mid to long fixed term loans, and liabilities being mainly short term deposits, exposes the bank to a mismatch in interest rates, and consequently the corresponding gaps exposed the Bank to interest rate movements in the market.

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

The Bank is exposed to interest rate risk, principally as a result of lending at fixed interest rates, in amounts and for periods, which differ from those of term deposits at fixed interest rates. In practice interest rates are generally fixed on a short-term basis. Management sets limits on the level of mismatch of interest rate re-pricing that may be undertaken. Under the interest rate SWAP contracts, the Bank agrees to exchange the difference between the fixed and floating rate interest amount calculated on agreed notional principal amounts. Cash in hand and balances with CBK on which no interest is paid are included in the "non-interest bearing" column in the below table as well as non-interest bearing deposits of customers.

In order to hedge for the gaps in fixed-mid to long term loans vs. variable short to mid-term debt, financial derivative called Interest Rate Swap is used, whereby Raiffeisen Bank Kosovo is mainly a fixed side interest payer, whereas in return the counterparty is variable rate payer, and the variable side is indexed to 6 Month EURIBOR, to ensure optimal sensitivity.

Raiffeisen Bank Kosovo applies active risk management to hedge against market risk positions. Interest rate risk is hedged through financial derivatives. In order to ensure long term profitability on existing loan portfolios, maturing in 2013 up to 15 years, these positions are hedged through Interest Rate Swaps. The positions are measured using basis point value method.

The table below summarises the Bank's exposure to interest rate risks. Included in the table are the Bank's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	More than 12 months	Non-interest bearing	Total
Assets						
Cash and cash equivalents and mandatory liquidity reserve	11,180	-	-	-	66,294	77,474
Loans and advances to banks	62,861	-	-	-	333	63,194
Loans and advances to customers	55,612	47,990	144,471	184,178	-	432,251
Other Loans	734	-	2,273	16,315	-	19,322
Investment securities	15,114	12,687	61,939	6,180	-	95,920
Other assets	-	-	-	-	1,889	1,889
Total financial assets	**145,501**	**60,677**	**208,683**	**206,673**	**68,516**	**690,050**
Liabilities						
Deposits from customers	142,933	20,621	111,892	25,292	256,929	557,667
Deposits from banks	980	-	273	818	2,471	4,542
Subordinated debt	283	-	-	19,000	-	19,283
Other liabilities	-	-	-	-	5,449	5,449
Total financial liabilities	**144,196**	**20,621**	**112,165**	**45,110**	**264,849**	**586,941**
Net gap position at 31 December 2013	1,305	40,056	96,518	161,563	(196,333)	103,109

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	More than 12 months	Non-interest bearing	Total
Assets						
Cash and cash equivalents and mandatory liquidity reserve	12,668	-	-	-	73,550	86,218
Loans and advances to banks	45,755	-	-	-	348	46,103
Loans and advances to customers	35,785	58,521	128,461	178,299	-	401,066
Other Loans	532	-	1,753	18,588	-	20,873
Investment securities	17,339	17,270	4,216	25,277	-	64,102
Other assets	-	-	-	-	270	270
Total financial assets	112,079	75,791	134,430	222,164	74,168	618,632
Liabilities						
Deposits from customers	155,952	23,205	104,151	19,923	210,638	513,869
Deposits from banks	37	-	2,600	1,091	485	4,213
Other liabilities	-	-	-	-	7,869	7,869
Total financial liabilities	155,989	23,205	106,751	21,014	218,992	525,951
Net gap position at 31 December 2012	(43,910)	52,586	27,679	201,150	(144,824)	92,681

The table below summarises the effective interest rates by major currencies for major monetary financial instruments. The analysis has been prepared using annual effective rates.

In percentage	2013				2012			
	EUR	USD	CHF	GBP	EUR	USD	CHF	GBP
Assets								
Placements on call with other banks	(0.0)	0.0	0.0	0.4	0.1	0.2	0.0	0.4
Term deposits with other banks	(0.0)	0.1	(0.4)	0.3	0.1	0.2	N/A	0.4
Government Bonds HTM yield	2.2	1.7	N/A	N/A	1.8	1.1	N/A	N/A
Government Bonds AFV yield	1.2	0.0	N/A	N/A	2.5	0.1	N/A	N/A
Loans and advances to customers	10.3	N/A	N/A	N/A	10.7	N/A	N/A	N/A
Other Loans	1.8	N/A	N/A	N/A	2.3	N/A	N/A	N/A
Liabilities								
Customer accounts	0.3	0.0	0.0	0.0	0.4	0.0	0.0	0.0
Term deposits	3.5	1.3	0.9	1.2	3.8	1.2	1.0	1.0
Savings accounts	1.4	0.2	0.1	0.2	2.2	0.3	0.3	0.3

From Risk Management and control perspective there are two aspects of risk:

- Risk evaluation
- Risk Control

Interest Risk Evaluation

The Interest Rate risk is measured using VaR (Value at risk) approach. This approach implies a measurement of scenario using 10 days duration and 99% confidence interval. The VaR is measured at stress of 1bps shift in the Yield curve. This Scenario assumes the implication on Profit and loss account of the Bank, in case the yield curve moves in one or the other direction by one basis point or 0.01%. The results of the sensitivity analysis are presented to the management on a weekly basis, and are independently reviewed by RZB Vienna Risk Management.

Interest Rate Risk Control

The mechanism of control interest rate risk is utilized through the daily Basis Point Value reports. The Bank currently owns BPV limit of € 55 thousand. For the purpose of measuring BPV, administered rate products are modelled using replicating portfolio. The Basis Point Value is measured per currency and per time band. The limits are also set for each currency and for different time bands.

4.5 Operational risk

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Bank standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Bank.

4.6 Capital Risk Management

Regulatory capital

The Bank manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Bank's overall strategy remains unchanged from previous year. The capital structure of the Bank consists of debt, which includes borrowings, and equity attributable to equity holders, comprising issued capital and retained earnings.

Capital requirements for operational risk

The capital requirements for operational risk are calculated based on CBK regulation "on operational risk management", using the basic indicator approach. Under the Basic Indicator Approach, the capital requirement for operational risk is equal to 15 % (fifteen percent) of the relevant indicator. The relevant indicator is the average over three years of the sum of net interest income and net non-interest income.

Ratio

The Capital Adequacy Ratio is the proportion of the regulatory capital to risk weighted assets, off balance-sheet items and other risks, expressed as a percentage. The minimum required Capital Adequacy Ratio is 8% for Tier 1 capital and 12% for total own funds. The Bank has met these regulatory requirements during the year.

Risk-Weighted Assets (RWAs)

Assets are weighted according to broad categories of national risk, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Six categories of risk weights (0%, 20%, 50%, 75%, 100%, 150%) are applied; for example cash and money market instruments have a zero risk weighting which means that no capital is required to support the holding of these assets. Property and equipment carries a 100% risk weighting, meaning that it must be supported by capital (Tier 1) equal to 8% of the carrying amount. Off-balance-sheet credit related commitments are taken into account. The amounts are then weighted for risk using the same percentages as for on-balance-sheet assets.

	31 December 2013	31 December 2012
Total risk weighted assets	431,769	419,530
Total risk weighted off balance exposures	21,540	15,446
Total risk weighted assets for operational risk	51,101	55,476
Total	**504,410**	**490,452**
Regulatory capital (Total Capital)	86,934	68,591
Capital adequacy ratio (Total Capital)	17.23%	13.99%

The modified capital adequacy ratio is equal to the capital adequacy ratio.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Bank's management of capital during the period.

Gearing ratio

The Bank's risk management committee reviews the capital structure on a continuously basis. As part of this review, the committee considers the cost of capital and the risk associated with each class of capital. The gearing ratio at the year ended was as follow:

	2013	2012
Debt	23,357	3,728
Equity	106,968	99,236
Net debt to equity ratio	**22%**	**4%**

5. Fair value of financial instruments

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Cash and cash equivalents and mandatory reserve

Cash and cash equivalents include inter-bank placements and items in the course of collection. As these balances are short term and at floating rates their fair value is considered to equate to their carrying amount. Had all the declines in fair value below cost been considered significant or prolonged, the Bank would suffer an additional € 7,184 thousand loss in its 2013 financial statements (2012: € 15,326 thousand), being the transfer of the total fair value reserve to the profit and loss.

Assets	Carrying value	Fair value Level 2	Carrying value	Fair value Level 2
Loans and advances to banks	63,194	63,194	46,103	46,103
Loan and advances to customers	432,251	426,727	401,066	392,441
Other Loans	19,322	16,684	20,873	17,056
Investment securities	95,920	96,074	64,102	60,744
Liabilities				
Deposits from customers	557,667	556,866	513,869	513,576
Deposits from banks	4,542	4,519	4,213	4,036

6. Cash and cash equivalents and mandatory reserve

	2013	2012
Cash on hand	30,251	37,140
Balances with the CBK	36,042	36,409
Correspondent accounts with other banks	11,181	10,872
Money market placements	-	1,797
Total	**77,474**	**86,218**

Cash, cash equivalents and mandatory reserve include a mandatory liquidity reserve balance with CBK of € 50,129 thousand (31 December 2012: € 50,864 thousand). The liquidity reserve balance requirement is calculated on the basis of a simple average over a week and should be maintained as 10 per cent of bank deposits payable within one year. It consists of balances with CBK and 50% of cash on hand. As such the balance can vary from day-to-day. This balance is excluded from cash and cash equivalents for the purposes of the cash flow statement.

As at 31 December 2013 and 2012 the Bank's cash and cash equivalents for the purposes of cash flow statement were as follows:

	2013	2012
Total cash and cash equivalents and mandatory reserve	77,474	86,218
Less: Mandatory liquidity reserve	(50,129)	(50,864)
Cash and cash equivalents for the purposes of cash flow statement	**27,345**	**35,354**

The CBK pays interest on the Bank's average assets holdings with the CBK above 5% of the applicable deposit base up to the amount of its average minimum liquidity reserve requirement. As at 31 December 2013 the interest was paid at the rate of 0% per annum (31 December 2012: 0.10% per annum).

7. Loans and advances to banks

Term deposits and call deposits are placed with banks operating in OECD countries. Guarantee deposits represent placements with Raiffeisen Bank Austria as at 31 December 2013 and 2012.

The balance loans and advances to banks includes accrued interest income in the amount of € 1 thousand (31 December 2012: € 1 thousand).

Guarantee deposits include an amount of € 333 thousand as at 31 December 2013 (31 December 2012: € 348 thousand) which represent restricted deposits with a related party in relation to guarantees issued on the Bank's behalf, for its customers. The Bank does not have the right to use these funds for the purposes of funding its own activities.

	2013	2012
Term deposits	62,861	45,755
Guarantee deposits	333	348
Total loans and advances to banks	**63,194**	**46,103**

8. Loans and advances to customers

	2013	2012
Corporate Customers		
Current and rescheduled loans	150,529	146,239
Overdraft facilities	117,433	97,889
	267,962	**244,128**
Retail Customers		
Current and rescheduled loans	178,039	172,288
Overdraft facilities	10,557	10,288
	188,596	**182,576**
Loans and advances to customers	**456,558**	**426,704**
Less: Provision for loan impairment	(24,307)	(25,638)
Loans and advances to customers, net	**432,251**	**401,066**

Loans and advances to customers include accrued interest income in the amount of € 1,861 thousand (31 December 2012: € 1,565 thousand).

Movements in the provision for loan impairment are as follows:

	2013	2012
Provision for loan impairment at the beginning of the year	**25,638**	**26,376**
Net charge for provision for loan impairment during the year	5,456	5,295
Write offs	(6,787)	(6,033)
Provision for loan impairment at the end of the year	**24,307**	**25,638**

As at 31 December 2013 the Bank has 356 borrowers (31 December 2012: 377 borrowers) with aggregated loan amounts above € 100 thousand. The aggregate amount of these loans is € 281,240 thousand or 62 % of the gross loan portfolio (31 December 2012: € 258,315 thousand or 60% of the gross loan portfolio).

Economic sector risk concentrations within the customer loan portfolio are as follows:

	2013		2012	
	Amount	%	Amount	%
Trade	191,786	41%	156,298	37%
Individuals	182,166	40%	171,596	40%
Manufacturing, chemical and processing	34,974	8%	31,307	7%
Service	23,000	5%	31,899	7%
Construction and construction servicing	19,586	4%	21,528	5%
Food industry and agriculture	2,339	1%	1,888	0%
Other	2,707	1%	12,189	4%
Total loans and advances to customers before provision for loan impairment	**456,558**	**100%**	**426,705**	**100%**

9. Other loans

	2013	2012
Other loans	19,322	20,873
Total other loans	**19,322**	**20,873**

Other loans portfolio contains loans granted to customers in other European countries. The loan processing and administration is done by Raiffeisen Bank International in Vienna and Raiffeisen Bank Kosovo is only participating in the deals by the means of funding the financing. These loans granted to the companies with good credit rating and are risk free, guaranteed by RBI and have not been allocated any risk provisions.

Other Loans – regional distribution	2013	2012
France	19,322	20,873
Total other loans	19,322	20,873

10. Investment securities

	2013	2012
Held to maturity investments (Government Bonds)	12,349	22,854
Financial Investments at fair value (Government Bonds)	75,833	35,260
Kosovo Government treasury bills	7,738	5,988
Available for sale equity investments	-	-
Total investment securities	95,920	64,102

Held to maturity investments as at 31 December 2013 relate to Government Bonds of Republic of Germany and Republic of Poland with remaining maturities ranging between 1 and 7 months.
Financial Investments at fair value as at 31 December 2013 represent 0.1-1.5 year, bonds denominated in euro issued by Germany, Republic of France, Austria, United States of America, Sweden, Denmark, Netherlands, Finland and Republic of Kosovo (Government T-bills).

11. Investment in subsidiaries

	2013	2012
Investment in Raiffeisen Leasing Kosovo	333	333
Investment in Raiffeisen Insurance Broker Kosovo	3	-
Total investments in subsidiaries	336	333

The table below provides details of the significant subsidiaries of the Bank:

	Principal place of business	Ownership interest	
Subsidiary		2013	2012
Raiffesien Leasing Kosovo	Kosovo	70%	70%
Raiffeisen Insurance Broker Kosovo	Kosovo	70%	n/a

The Bank does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which banking subsidiaries operate. The supervisory frameworks require banking subsidiaries to keep certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios.

12. Other assets

	2013	2012
Prepayments and advances for services	1,200	1,886
Fees receivables	1,889	270
Other receivables	35	32
Total other assets	3,124	2,188

13. Leashold improvements, equipment and intangible assets

	Leasehold improvements	ATM, other bank and office equipment	Computer hardware	Intangible assets	Total
Cost as at 31 December					
2011	3,864	11,586	2,381	7,632	25,463
Additions	261	953	234	879	2,327
Disposals	(126)	(212)	(63)	-	(401)
2012	**3,999**	**12,327**	**2,552**	**8,511**	**27,389**
Additions	154	1,249	62	647	2,112
Disposals	-	(1,127)	(20)	-	(1,147)
2013	**4,153**	**12,449**	**2,594**	**9,158**	**28,354**
Accumulated depreciation and amortisation at 31 December					
2011	**2,981**	**6,960**	**1,577**	**5,001**	**16,519**
Depreciation/amortisation charge for the year (Note 22)	439	1,655	372	1,135	3,601
Eliminated on disposals	(110)	(173)	(61)	-	(344)
2012	**3,310**	**8,442**	**1,888**	**6,136**	**19,776**
Depreciation/amortisation charge for the year (Note 22)	305	1,373	435	998	3,111
Eliminated on disposals	-	(1,027)	(20)	-	(1,047)
2013	**3,615**	**8,788**	**2,303**	**7,134**	**21,840**
Net book value at 31 December					
2013	538	3,661	291	2,024	6,514
2012	689	3,885	664	2,375	7,613

14. Deposits from customers

	2013	2012
Corporate customers:		
Current accounts	87,511	62,642
Savings accounts	6,655	4,534
Term deposits and margin accounts	31,069	19,492
	125,235	**86,668**
Retail customers:		
Current accounts	169,418	147,995
Savings accounts	120,666	136,157
Term deposits and margin accounts	142,348	143,049
	432,432	**427,201**
Total customer accounts	557,667	513,869

As at 31 December 2013, customer accounts include accrued interest expense in the amount of € 2,276 thousand (31 December 2012: € 2,456 thousand).

As at 31 December 2013 the Bank has 581 customers with balances above € 100 thousand (31 December 2012: 561 customers). The aggregate balances of these customers are € 195,442 thousand or 35 % of total customer accounts (31 December 2012: € 163,112 thousand or 32% of total customer accounts).

15. Deposits and borrowings from banks

	2013	2012
Borrowings		
Supranational institutions and development banks	4,074	3,728
Deposits		
Other commercial banks – non OECD Countries	468	485
Total deposits and borrowings from banks	**4,542**	**4,213**

In the borrowings amount as at 31 December 2013 is included accrued interest of € 0 thousand (31 December 2012: € 37 thousand).

Maturity of the loans from supranational institutions and development banks is during 2015.

16. Other liabilities

	2013	2012
Clearing deposits from payment transfer business	3	1,393
Negative fair value financial derivative instruments	1,646	2,881
Deferred income	1,246	1,398
Accrued staff costs	993	1,074
Payables	888	894
Accrued operating expenses	838	577
Interest Rate SWAP payable	643	560
Provision for losses on commitments and contingent liabilities (see below)	147	263
Tax payable	122	128
Liabilities on leased assets	113	45
Other	204	317
Total other liabilities	**6,843**	**9,530**

Clearing deposits from payment transfer business comprise bank's suspense accounts which result in debit balance in amount of € 3 thousand as at 31 December 2013 (31 December 2012: € 1,393 thousand). Clearing deposits comprise clearing accounts for debit and credit cards, payments and other items. Deferred income as at December 31, 2013 represents the amount of loan deferred fees.

Details of related party balances are presented under Note 25.

Movements in the provision for losses on commitments and contingent liabilities are as follows:

	2013	2012
Provision for losses on commitments and contingent liabilities at the beginning of the year	**263**	**161**
Provision / (release of provision) for losses on commitments and contingent liabilities	(102)	221
Usage of previous year provisions (14)	(119)	
Provision for losses on commitments and contingent liabilities at the end of the year	**147**	**263**

Following is the breakdown of the provision as at 31 December:

	2013	2012
Provision for contingent liabilities	130	99
Provision for legal cases	17	164
Total Provision	**147**	**263**

17. Subordinated loan

Subordinated loan consist of the loan issued by Raiffeisen Bank International, the following are the balances for year 2013 and 2012:

	2013	2012
Subordinated loan	19,283	-
Total	19,283	-

18. Share capital

Authorised and registered share capital of the Bank comprises 100 shares of common stock. During 2013, the share capital amount remained unchanged at € 58,000 thousand. The structure of the share capital of the Bank as at 31 December 2013 and 2012 is as follows:

	2013			2012		
Shareholder	Number of shares	Amount in thousands EUR	Voting share	Number of shares	Amount in thousands EUR	Voting share
Raiffeisen International Bank-Holding AG (RI)	100	58,000	100%	100	58,000	100%

All shares have equal rights to dividends and carry equal voting rights.

19. Interest income and expense

	2013	2012
Interest income		
Loans and advances to customers	45,570	45,631
Loans and advances to banks	17	91
Other loans – funded participations	353	586
Financial investments	860	1,298
Total interest income	46,800	47,606
Interest expense		
Deposits from customers	(6,887)	(8,675)
Deposits from banks	(356)	(707)
Derivative financial instruments (non-trading)	(1,123)	(789)
Subordinated debt	(706)	-
Other interest expense	(28)	(95)
Total interest expense	(9,100)	(10,266)
Net interest income	37,700	37,340

20. Fee and commission income and expense

	2013	2012
Payments transfer business	8,190	8,025
Loan administration and guarantee business	1,230	1,200
Foreign currency business	1,407	1,543
Agency services for third party products	265	91
Other banking services	20	22
Total fee and commission income	**11,112**	**10,881**
Payment transfer business	(2,900)	(2,627)
Agency services for own products	-	-
Other banking services	(253)	(457)
Total fee and commission expense	**(3,153)**	**(3,084)**
Net fee and commission income	7,959	7,797

21. Staff costs

	2013	2012
Salaries and wages	9,659	9,767
Expenses on retirement benefits	501	516
Other voluntary social expenses	375	318
Employee services prepayment	229	84
Total staff cost	10,764	10,685

The remuneration of directors and key executives is determined by the Raiffeisen International management having regard to the performance of individuals and market trends. The Managing Board related expense for 2013 amounted to € 625 thousand (2012: € 547 thousand).

22. Other operating expenses

	2013	2012
Office space expenses (rental, maintenance, other)	3,149	3,400
Depreciation of tangible assets	2,113	2,466
IT cost	2,060	2,035
Advertising, PR and promotional expenses	1,345	1,510
Security expenses	1,077	1,087
Amortization of intangible assets	998	1,135
Other administrative expense	632	833
Communication expenses	466	581
Office supplies	439	513
Legal, advisory and consulting expenses	1,184	860
Training expenses for staff	246	347
Deposit insurance fees	489	586
Car expenses	428	437
Travelling expenses	132	139
Total other operating expenses	14,758	15,929

23. Income taxes

	2013	2012
Current tax charge	576	748
Deferred taxation	1,184	801
Income tax expense for the year	**1,760**	**1,549**

The income tax rate applicable to the Bank's income is 10% (31 December 2012: 10%). The reconciliation between the expected and the actual taxation charge is provided below.

	2013	2012
Profit before taxation	16,993	14,170
Tax charge for the year at the applicable statutory rate	1,699	1,417
Tax effect of items which are not deductible for taxation purposes and other regulatory differences	(1,123)	(669)
Adjustment on previous year tax expense	-	-
Current tax charge	**576**	**748**

Differences between IFRS financial statements and Kosovo statutory taxation regulations give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and for profit tax purposes. The tax effect of the movement on these temporary differences is recorded at the rate of 10%.

	2011	Movement during 2012	2012
Tax effect of deductible temporary differences			
Leasehold improvements, equipment and intangible assets	(88)	22	(66)
Term deposits – accrued interest	171	(5)	166
Staff bonuses	-	70	70
Gross deferred tax asset/(liability)	**83**	**87**	**170**
Tax effect of taxable temporary differences			
Loan impairment provision	(1,725)	(1,264)	(2,989)
Off Balance sheet provision	(6)	(7)	(13)
Total net deferred tax asset / (liability)	**(1,648)**	**(1,184)**	**(2,832)**

24. Contigencies and commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Bank are received. As at 31 December 2013 the Bank had a number of legal cases pending in the court. On the basis of internal judgement based on previous court rulings and Management decision, the Bank has made a provision of € 17 thousand as the nearest estimate of possible cash outflows arising from possible court decisions. The amount of € 147 thousand was included as a release in the 2013 result.

Tax regulations. Raiffeisen Bank has calculated the tax profit and has paid to the TAK all advance payments as required by law. The difference between actual charge and booked estimation has been recognised in 2013 as a profit

Capital commitments. As at 31 December 2013 the Bank has no capital commitments in respect of the purchase of equipment and software (31 December 2012: Nil).

Operating lease commitments. The future minimum lease payments under non-cancellable operating leases, where the Bank is the lessee, are as follows:

	2013	2012
Not more than 1 year	2,109	1,953
More than 1 year and not more than 5 years	3,816	2,786
Total operating lease commitments	**5,925**	**4,739**

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Commitments to make loans at a specific rate of interest during a fixed period of time are accounted for as derivatives. Unless these commitments do not extend beyond the period expected to be needed to perform appropriate underwriting, they are considered to be "regular way" transactions.

Outstanding credit related commitments are as follows:

	2013	2012
Commitments to extend credit	33,054	38,979
Guarantees and similar commitments issued (credit facility)	36,524	24,417
Guarantees and similar commitments issued (cash covered)	1,365	7,410
Letters of credit (credit facility)	267	590
Letters of credit (cash covered)	252	-
TF line of credit	8,486	3,454
Stand by letter of credit	93	99
Letters of comfort	-	-
Total credit related commitments	**80,041**	**74,949**

Commitments to extend credit represent loan amounts in which the loan documentation has been signed but the money not yet disbursed and unused amounts of overdraft limits in respect of customer accounts. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to losses in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Bank monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

The total outstanding contractual amount of commitments to extend credit and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Interest Rate SWAPs. The main purpose of these instruments is to mitigate the interest rate risk associated to the fixed rate lending. As of December 31, 2013, the Bank has 45 interest rate SWAP contracts with a notional amount of € 42,000 thousand (December 31, 2012: € 42,000 thousand). The Bank pays fixed and receives variable interest rates. The net valuation result of these contracts for the year ended 31 December 2013 was € 1,235 thousand (2012: € 518 thousand).

25. Related party transactions

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Banking transactions are entered into in the normal course of business with significant shareholders, directors, companies with which the Bank has significant shareholders in common and other related parties. These transactions include settlements, placements, deposit taking and foreign currency transactions. These transactions are priced at market rates. The outstanding balances at the year end and related income and expense items during the year with related parties are as follows:

		2013		2012
	Parent	Other related party	Parent	Other related party
Statement of financial position				
Cash and cash equivalents and mandatory reserve	511	-	5,272	-
Loans and advances to banks	-	-	-	-
Loans and advances to customers	-	13,733	-	11,708
Other Loans	19,322	-	20,873	-
Investment securities	-	-	-	-
Other assets	-	9	53	10
Liabilities				
Customer accounts	-	3	-	2
Deposits and borrowings from banks	2,983	52	220	100
Subordinated debt	19,283	-		
Other liabilities	2,520	114	3,580	61
Statement of profit and loss and other comprehensive income				
Interest income	361	322	587	344
Interest expense	(1,835)	-	(808)	(4)
Net fees and commission	(177)	(7)	(162)	(38)
Net valuation result financial instruments carried at fair value	1,235		(518)	
Net valuation of equity investments	-	-	-	-
Other operating expenses	(1,668)	(187)	(1,188)	(37)
Purchase of intangible assets	263	-	244	-
Management Remuneration	-	625	-	547
Off Balance Sheet				
Guarantees	-	-	-	-
Letter of credit	-	-	-	-

26. Subsequent events

There are no significant events after the reporting date that may require adjustment or disclosure in the separate financial statements.

Raiffeisen Glossary

Gable Cross

The gable cross is part of the trademark used by almost every company in the Raiffeisen Banking Group and RZB Group in CEE. It represents two stylized horse's heads, crossed and attached to the gable of a house. It is a symbol of protection rooted in old European folk tradition: a gable cross on the roof was believed to protect the house and its occupants from outside dangers and to ward off evil. It symbolizes the protection and security that the members of the Raiffeisen banks enjoy through their self-determined collaboration. Today, the gable cross is one of Austria's best-known trademarks and a well-recognized brand in CEE.

Raiffeisen Bank International

Raiffeisen Bank International AG (RBI) regards Central and Eastern Europe (CEE), including Austria, as its home market. In CEE, RBI operates as a universal bank through a closely knit network of subsidiary banks, leasing companies and numerous specialized financial service providers in 15 markets. At the end of 2013 around 55,000 staff served approximately 14.6 million customers in around 3,000 business outlets in CEE. In Austria, RBI is one of the top corporate and investment banks. Moreover, RBI is represented in the world's financial centres and operates branches and representative offices in Asia. All in all, RBI employs about 58,000 staff and has total assets of approximately € 131 billion.

RBI has been listed on the Vienna stock exchange since 25 April 2005 (as Raiffeisen International up until 12 October 2010). RZB, which functions as the central institution of the Austrian Raiffeisen Banking Group (RBG), remained the majority shareholder following the merger, holding approximately 78.5 per cent of the shares as of 31 December 2013. The remaining approximate 21.5 per cent of RBI's shares were in free float. Due to the capital increase at the beginning of 2014, the free float rose significantly to about 39.3 per cent after RZB waived its subscription rights and participated in the amount of just € 750 million. As of the editorial deadline RZB held 60.7 per cent of RBI's shares.

RZB

Founded in 1927, Raiffeisen Zentralbank Österreich AG (RZB) is the central institution of the Austrian Raiffeisen Banking Group (RBG) and acts as group centre for the entire RZB Group, including RBI. RZB functions as the key link between RBG and RBI, with its banking network in Central and Eastern Europe (CEE) and numerous other international operations.

RZB Group

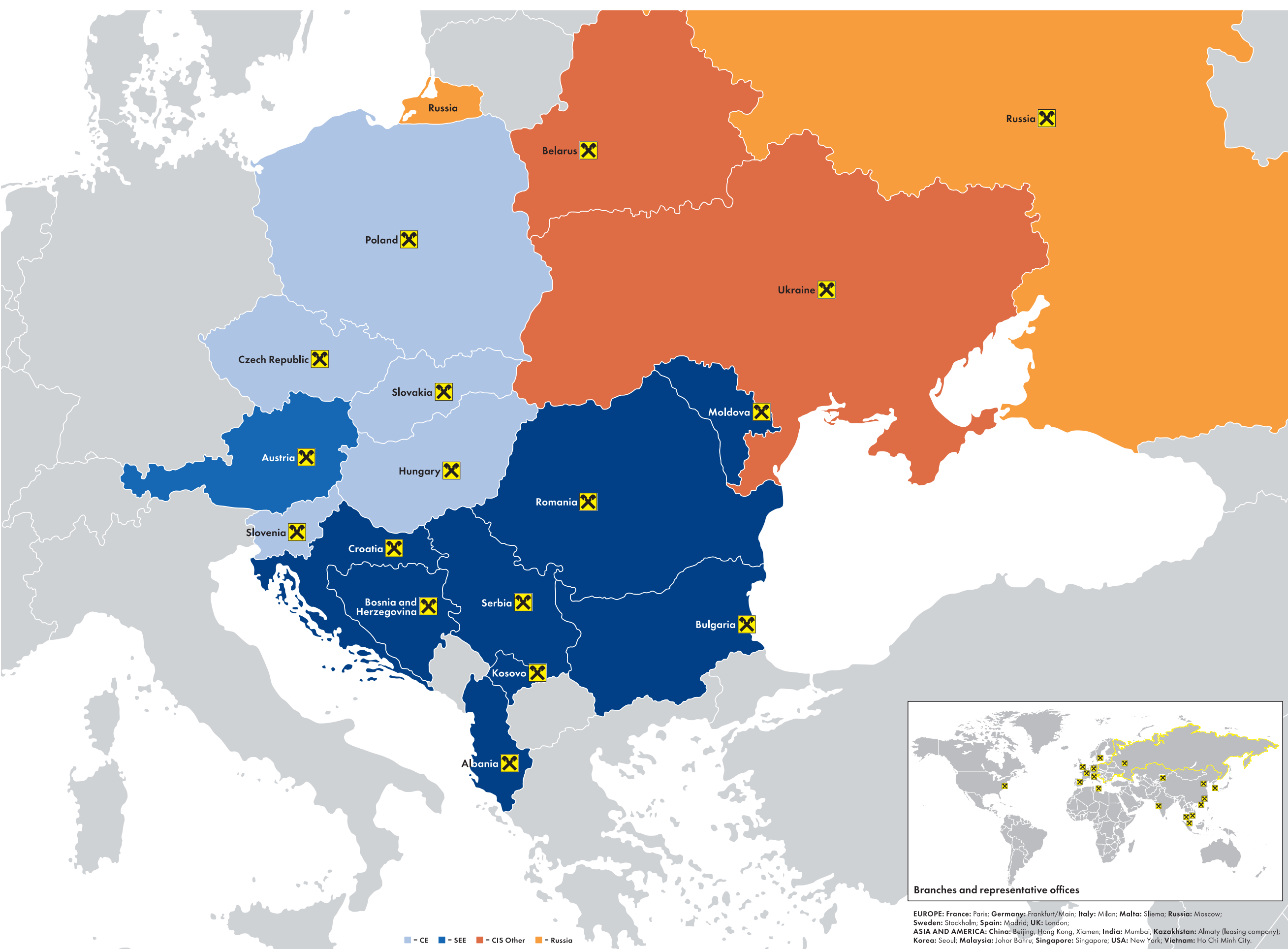
The Group owned and steered by RZB. Raiffeisen Bank International is the Group's largest unit.

Raiffeisen Banking Group

The Raiffeisen Banking Group (RBG) is Austria's largest banking group by total assets. As per year-end 2012, RBG's consolidated balance-sheet total amounted to more than € 291 billion. It represents about a quarter of all banking business in Austria and comprises the country's largest banking network with 2,285 business outlets and more than 29,700 employees. RBG consists of *Raiffeisen Banks* on the local level, *Regional Raiffeisen Banks* on the provincial level and RZB as central institution. RZB also acts as the link between the international operations of its group and RBG. Raiffeisen Banks are private cooperative credit institutions, operating as universal banks. Each province's Raiffeisen Banks are owners of the respective Regional Raiffeisen Bank, which in their entirety own approximately 90 per cent of RZB's ordinary shares.

The Raiffeisen Banks go back to an initiative of the German social reformer *Friedrich Wilhelm Raiffeisen* (1818 – 1888), who, by founding the first cooperative banking association in 1862, has laid the cornerstone of the global organization of Raiffeisen cooperative societies. Only 10 years after the foundation of the first Austrian Raiffeisen banking cooperative in 1886, already 600 savings and loan banks were operating according to the Raiffeisen system throughout the country. According to Raiffeisen's fundamental principle of self-help, the promotion of their members' interests is a key objective of their business policies.

RBI Group in Europe



Addresses and Contacts

Raiffeisen Bank Kosovo Branch Network

Raiffeisen Bank Kosovo J.S.C.

Raiffeisen Bank Kosovo J.S.C.
Head Office
UÇK Street No. 51
10000 Pristina
Phone: +381 (0)38 222 222, ext. 142
Fax: +381 (0)38 20 30 11 25
SWIFT: RBKOXKPR
E-mail: info@raiffeisen-kosovo.com

Corporate Office
Eqrem Çabej No. 8
10000 Pristina
Phone: +381 (0)38 222 222 ext. 412

Premium Banking
Agim Ramadani Street, No. 15
10000 Pristina
Phone: +381 38 222 222, ext. 405

Pristina Branch
Nena Tereze Street, No. 52
10000 Prishtina
Phone: +381 38 222 222, ext. 482

Pristina "Bill Clinton" Sub-Branch
Bill Clinton Boulevard, n.n.
10000 Pristina
Phone: +381 (0)38 222 222, ext. 401

Pristina "Sunny Hill" Sub-Branch
Gazmend Zajmi Street, n.n., Bregu i Diellit
10000 Pristina
Phone: +381 (0)38 222 222, ext. 420

Pristina Kodra e Trimave
Vëllezërit Fazliu Street, Kodra e Trimave
10000 Pristina
Phone: +381 38 222 222, ext. 465

Pristina Dardania
Dardania b 5/7, Dardania
10000 Pristina
Phone: +381 38 222 222, ext. 455

Pristina Ulpiana
Bulevardi Dëshmorët e Kombit Street
10000 Pristina
Phone: +381 38 222 222, ext. 435

Pristina Technical School
Nazim Gafurri Street, p.n.
10000 Pristina
Phone: +381 38 222 222, ext. 427

Pristina Albi Mall
Veternik
10000 Pristina
Phone: +381 38 222 222, ext. 425

Pristina Dragodan
Rruga Ahmet Krasniqi C1, OB2, Lok 1,2
10000 Pristina
Tel.: 038 222 222, lok. 490
Fax: 038 20 30 1 448

Fushe Kosova Sub-Branch
Nena Tereze Street, No. 80
12000 Fushe Kosova
Phone: +381 (0)38 222 222, ext. 470
Fax: +381 (0)38 20 30 14 80

Airport Sub-branch
Prishtina International Airport J.S.C.
Vrella, Lipjan
Phone: +381 (0)38 222 222, ext. 390

Obiliq Sub-branch
Hasan Prishtina Street, p.n.
12000 Obiliq
Phone: +381 (0)38 222 222, ext. 467
Fax: +381 (0)38 20 30 14 70

Drenas Sub-Branch
Skenderbeu Street, n.n.
13000 Gllogovc
Phone: +381 (0)38 222 222, ext. 460
Fax: +381 (0)38 20 30 13 35

Gracanica Sub-Branch
Ulica Kralja Milutina b.b
Phone: +377 (0)45 322 853
Phone: +381(0) 222 222 ext 450

Lipjan Sub-Branch
Lidhja e Prizrenit Street, n.n.
14000 Lipjan
Phone: +381 (0)38 222 222, ext. 441

Podujeva Sub-Branch
Rr. Skëndërbeu p.n.
11000 Podujeva
Phone: +381 (0)38 222 222, ext. 430

Ferizaj Branch
Dëshmorët e Kombit Street, No. 39
70000 Ferizaj
Phone: +381 (0)38 222 222, ext. 655

Ferizaj Sub-Branch
Rexhep Bislimi, n. 28
70000 Ferizaj
Phone: +381 (0)38 222 222, ext. 667

Hani i Elezit Sub-Branch
Magjistralja Prishtinë – Shkup, Qendër
71510 Hani i Elezit
Phone: +381 (0)38 222 222, ext. 486

Hani i Elezit Sub-branch
Customs Terminal, n.n.
71510 Hani i Elezit
Phone: + 381 (0)38 222 222 ext. 485

Kaçanik Sub-Branch
Agim Bajrami Street, n.n.
71000 Kaçanik
Phone: +381 (0)38 222 222, ext. 670

Shtime Sub-Branch
Prishtina Street, n.n.
72000 Shtime
Phone: +381 (0)38 222 222, ext. 680

Shtrpce Sub-Branch
Main Street, n.n.
73000 Shtërpce
Phone: +381 (0)38 222 222, ext. 690

Gjakova Branch
Nena Tereza No. 328
50000 Gjakovë
Phone: +381 (0)38 222 222, ext. 701

Gjakova Sub-branch
Yll Morina Street, p.n., Orize District
50000 Gjakovë
Phone: +381 (0)38 222 222, ext. 715

Rahovec Sub-Branch
Avdulla Bugari, n.n.
21010 Rahovec
Phone: +381 (0)38 222 222, ext. 730

Gjilan Branch
Bulevardi i Pavaresise, n.n.
60000 Gjilan
Phone: +381 (0)38 222 222, ext. 750

Gjilan Sub-branch
28 Nëntori Street, nr. 207
60000 Gjilan
Phone: +381 (0)38 222 222, ext. 765

Kamenica Sub-Branch
Tringe Ismajli Street, No.12/a
62000 Kamenica
Phone: +381 (0) 38 222 222, ext. 770

Vitia Sub-Branch
Adem Jashari Street, n.n.
61000 Vitia
Phone: +381 (0) 38 222 222, ext. 780

Mitrovica Branch
Ali Pashe Tepelena Street, n.n.
40000 Mitrovica
Phone: +381 (0)38 222 222, ext. 555

Mitrovica Sub-branch
Mbreteresha Teute, n. n.
40000 Mitrovica
Phone: +381 (0)38 222 222, ext. 585

Vushtrri Sub-Branch
Deshmoret e Kombit Street, n.n.
42000 Vushtrri
Phone: +381 (0)38 222 222, ext. 560

Skenderaj Sub-Branch
Adem Jashari Square, n.n.
41000 Skenderaj
Phone: +381 (0)38 222 222, ext. 570

North Mitrovica Branch
Kralja Petra I, n.n.
Phone: +381 (0)38 222 222, ext. 581

Brnjak Sub-branch
Border Crossing with Srbia
Customs Gate1 in Brnjak
Phone: +381 (0)38 222 222 ext 584

Jarinje Sub-branch
Border Crossing with Srbia
Customs Gate 31 in Jarinje
Phone: +381 (0)38 222 222 ext 588

Peja Branch
Haxhi Zeka Square
30000 Peja
Phone: +381 (0) 38 222 222, ext. 607

Peja Sub-Branch
Bill Clinton Street, n.n.
30000 Pejë
Phone: +381 38 222 222, ext. 615

Peja Sub Branch
St. Beteja e Koshares, No. 81
30000, Pejë
Phone: +381 (0)38 222 222 ext 610 & 611

Decan Sub-Branch
Luan Haradinaj Street, n.n.
51000 Decan
Phone: +381 (0)38 222 222, ext. 620

Istog Sub-Branch
2 Korriku Street, n.n.
31000 Istog
Phone: +381 (0)38 222 222, ext. 640

Klina Sub-Branch
Muje Krasniqi Square, n.n.
32000 Klina
Phone: +381 (0) (0)38 222 222, ext. 630

Prizren Branch
Nena Tereze, Bazhdarhane, No. 7
20000 Prizren
Phone: +381 (0)38 222 222, ext. 507

Prizren Sub-Branch
Rrasat e Koshares n.n.
20000 Prizren
Phone: +381 (0)38 222 222, ext. 520

Prizren Sub-Branch
De Rada Street, n.n.
20000, Prizren
Phone: +381 (0) 38 222 222, ext. 525

Malisheva Sub-Branch
Rilindja Kombëtare Street, n.n.
24000 Malisheva
Phone: +381 (0)38 222 222, ext. 530

Suhareka Sub-Branch
Brigada 123 Street, n.n.
23000 Suhareka
Phone: +381 (0)38 222 222, ext. 540

Dragash Sub-branch
Sheshi i Dëshmorëve p.n.
22000 Dragash
Phone: +381 (0)38 222 222, ext. 535

Raiffeisen Bank International AG

Austria
Am Stadtpark 9
1030 Vienna
Phone: +43-1-71 707-0
Fax: +43-1-71 707-1715
www.rbinternational.com
ir@rbinternational.com
rbi-pr@rbinternational.com

Banking Network

Albania
Raiffeisen Bank Sh.a.
"European Trade Center"
Bulevardi "Bajram Curri"
Tirana
Phone: +355-4-23 8 1000
Fax: +355-4-22 755 99
SWIFT/BIC: SGSBALTX
www.raiffeisen.al

Belarus
Priorbank JSC
V. Khoruzhey Str. 31-A
220002 Minsk
Phone: +375-17-28 9-9090
Fax: +375-17-28 9-9191
SWIFT/BIC: PJCBBY2X
www.priorbank.by

Bosnia and Herzegovina
Raiffeisen BANK d.d.
Bosna i Hercegovina
Zmaja od Bosne bb
71000 Sarajevo
Phone: +387-33-287 101
Fax: +387-33-21 385 1
SWIFT/BIC: RZBABA2S
www.raiffeisenbank.ba

Bulgaria
Raiffeisenbank (Bulgaria) EAD
Ulica N. Gogol 18/20
1504 Sofia
Phone: +359-2-91 985 101
Fax: +359-2-94 345 28
SWIFT/BIC: RZBBBGSF
www.rbb.bg

Croatia
Raiffeisenbank Austria d.d.
Petrinjska 59
10000 Zagreb
Phone: +385-1-45 664 66
Fax: +385-1-48 116 24
SWIFT/BIC: RZBHHR2X
www.rba.hr

Czech Republic
Raiffeisenbank a.s.
Hvezdova 1716/2b
14078 Prague 4
Phone: + 420-221-141-111
Fax: +420-221-142-111
SWIFT/BIC: RZBCCZPP
www.rb.cz

Hungary
Raiffeisen Bank Zrt.
Akadémia utca 6
1054 Budapest
Phone: +36-1-48 444-00
Fax: +36-1-48 444-44
SWIFT/BIC: UBRTHUHB
www.raiffeisen.hu

Kosovo
Raiffeisen Bank Kosovo J.S.C.
Rruga UÇK, No. 51
10000 Pristina
Phone: +381-38-22 222 2
Fax: +381-38-20 301 130
SWIFT/BIC: RBKOXKPR
www.raiffeisen-kosovo.com

Poland
Raiffeisen Bank Polska S.A.
Ul. Piekna20
00-549 Warsaw
Phone: +48-22-58 5-2000
Fax: +48-22-58 5-2585
SWIFT/BIC: RCBWPLPW
www.raiffeisen.pl

Romania
Raiffeisen Bank S.A.
246 C Calea Floreasca
014476 Bucharest
Phone: +40-21-30 610 00
Fax: +40-21-23 007 00
SWIFT/BIC: RZBRROBU
www.raiffeisen.ro

Russia
ZAO Raiffeisenbank
Smolenskaya-Sennaya Sq. 28
119002 Moscow
Phone: +7-495-72 1-9900
Fax: +7-495-72 1-9901
SWIFT/BIC: RZBMRUMM
www.raiffeisen.ru

Serbia
Raiffeisen banka a.d.
Djordja Stanojevica 16
11070 Novi Beograd
Phone: +381-11-32 021 00
Fax: +381-11-22 070 80
SWIFT/BIC: RZBSRSBG
www.raiffeisenbank.rs

Slovakia
Tatra banka, a.s.
Hodžovo námestie 3
P.O. Box 42
85005 Bratislava 55
Phone: +421-2-59 19-1111
Fax: +421-2-59 19-1110
SWIFT/BIC: TATRSKBX
www.tatrabanka.sk

Slovenia
Raiffeisen Banka d.d.
Zagrebška cesta 76
2000 Maribor
Phone: +386-2-22 931 00
Fax: +386-2-30 344 2
SWIFT/BIC: KREKSI22
www.raiffeisen.si

Ukraine
Raiffeisen Bank Aval JSC
9, Vul Leskova
01011 Kiev
Phone: +38-044-49 088 88
Fax: +38-044-295-32 31
SWIFT/BIC: AVALUAUK
www.aval.ua

Leasing companies

Austria
Raiffeisen-Leasing
International GmbH
Am Stadtpark 3
1030 Vienna
Phone: +43-1-71 707-2071
Fax: +43-1-71 707-76 2966
www.rli.co.at

Albania
Raiffeisen Leasing Sh.a.
"European Trade Center"
Bulevardi "Bajram Curri"
Tirana
Phone: +355-4-22 749 20
Fax: +355-4-22 325 24
www.raiffeisen-leasing.al

Belarus
JLLC "Raiffeisen-Leasing"
V. Khoruzhey 31-A
220002 Minsk
Phone: +375-17-28 9-9394
Fax: +375-17-28 9-9974
www.rl.by

Bosnia and Herzegovina
Raiffeisen Leasing d.o.o. Sarajevo
Danijela Ozme 3
71000 Sarajevo
Phone: +387-33-25 435 4
Fax: +387-33-21 227 3
www.rlbh.ba

Bulgaria
Raiffeisen Leasing Bulgaria OOD
Mladost 4, Business Park Sofia
Building 7B, 4th floor
1766 Sofia
Phone: +359-2-49 191 91
Fax: +359-2-97 420 57
www.rlbg.bg

Croatia
Raiffeisen Leasing d.o.o.
Radnicka cesta 43
10000 Zagreb
Phone: +385-1-65 9-5000
Fax: +385-1-65 9-5050
www.rl-hr.hr

Czech Republic
Raiffeisen-Leasing s.r.o.
Hvezdova 1716/2b
14078 Prague 4
Phone: +420-221-511-611
Fax: +420-221-511-666
www.rl.cz

Hungary
Raiffeisen Lízing Zrt.
Vaci ut 81-85
1139 Budapest
Phone: +36-1-298 8000
Fax: +36-1-298 8010
www.raiffeisenlizing.hu

Kazakhstan
Raiffeisen Leasing Kazakhstan LLP
Shevchenko Str. 146, No. 12
050008 Almaty
Phone: +7-727-37 8-5430
Fax: +7-727-37 8-5431
www.rlkz.at

Kosovo
Raiffeisen Leasing Kosovo
Gazmend Zajmi n.n., Sunny Hill
10000 Pristina
Phone: +381-38-22 222 2
Fax: +381-38-20 301 136
www.raiffeisenleasing-kosovo.com

Moldova
I.C.S. Raiffeisen Leasing S.R.L.
Alexandru cel Bun 51
2012 Chisinau
Phone: +373-22-27 931 3
Fax: +373-22-22 838 1
www.raiffeisen-leasing.md

Poland
Raiffeisen-Leasing Polska S.A.
Ul. Prosta 51
00-838 Warsaw
Phone: +48-22-32 636-66
Fax: +48-22-32 636-01
www.rl.com.pl

Romania
Raiffeisen Leasing IFN S.A.
246 D Calea Floreasca 014476 Bucharest
Phone: +40-21-36 532 96
Fax: +40-37-28 799 88
www.raiffeisen-leasing.ro

Russia
OOO Raiffeisen-Leasing
Stanislavskogo Str. 21/1
109004 Moscow
Phone: +7-495-72 1-9980
Fax: +7-495-72 1-9572
www.raiffeisen-leasing.ru

Serbia
Raiffeisen Leasing d.o.o.
Djordja Stanojevica 16
11070 Novi Beograd
Phone: +381-11-220 7400
Fax: +381-11-228 9007
www.raiffeisen-leasing.rs

Slovakia
Tatra-Leasing s.r.o.
Hodžovo námestie 3
81106 Bratislava
Phone: +421-2-59 19-3168
Fax: +421-2-59 19-3048
www.tatraleasing.sk

Slovenia
Raiffeisen Leasing d.o.o.
Zagrebška cesta 76
2000 Maribor
Phone: +386-1-28 162 00
Fax: +386-1-24 162 68
www.rl-sl.si

Ukraine
LLC Raiffeisen Leasing Aval
9, Moskovskyi Av.
Build. 5 Office 101
04073 Kiev
Phone: +38-044-59 024 90
Fax: + 38-044-20 004 08
www.rla.com.ua

Real estate leasing companies

Czech Republic
Raiffeisen Leasing Real Estate s.r.o.
Hvezdova 1716/2b
14078 Prague 4
Phone: +420-221-511-610
Fax: +420-221-511-641
www.rlre.cz

Branches and representative offices - Europe

France
RBI Representative Office Paris
9-11 Avenue Franklin D. Roosevelt
75008 Paris
Phone: +33-1-45 612 700
Fax: +33-1-45 611 606

Germany
RBI Frankfurt Branch
Mainzer Landstraße 51
60329 Frankfurt
Phone: +49-69-29 921 918
Fax: +49-69-29 921 9-22

Sweden
RBI Representative Office
Nordic Countries
Drottninggatan 89, 14th floor
113 60 Stockholm
Phone: +46-8-440 5086
Fax: +46-8-440 5089

UK
RBI London Branch
10 King William Street
London EC4N 7TW
Phone: +44-20-79 33-8000
Fax: +44-20-79 33-8099

Branches and representative offices – Asia and America

China

RBI Beijing Branch
Beijing International Club Suite 200
2nd floor
Jianguomenwai Dajie 21
100020 Beijing
Phone: +86-10-65 32-3388
Fax: +86-10-65 32-5926

RBI Representative Office Harbin
Room 1104, Pufa Piaza No. 209
Chang Jiang Street
Nang Gang District
150090 Harbin
Phone: +86-451-55 531 988
Fax: +86-451-55 531 988

RBI Hong Kong Branch
Unit 2102, 21st Floor,
Tower One, Lippo Centre
89 Queensway, Hong Kong
Phone: +85-2-27 30-2112
Fax: +85-2-27 30-6028

RBI Xiamen Branch
Unit B, 32/F, Zhongmin Building,
No. 72 Hubin North Road,
Xiamen, Fujian Province
361013, P.R. China
Phone: +86-592-26 2-3988
Fax: +86-592-26 2-3998

RBI Representative Office Zhuhai
Room 2404, Yue Cai Building
No. 188, Jingshan Road, Jida,
Zhuhai, Guangdong Province
P.R. China
Phone: +86-756-32 3-3500
Fax: +86-756-32 3-3321

India

RBI Representative Office Mumbai
803, Peninsula Heights
C.D. Barfiwala Road, Andheri (W)
400 058 Mumbai
Phone: +91-22-26 230 657
Fax: +91-22-26 244 529

Korea

RBI Representative Office Korea
1809 Le Meilleur Jongno Tower
24 Jongno 1-ga
Seoul 110-888
Republic of Korea
Phone: +82-2-72 5-7951
Fax: +82-2-72 5-7988

Malaysia

RBI Labuan Branch
Licensed Labuan Bank No. 110108C
Level 6 (1E), Main Office Tower
Financial Park
Labuan
Malaysia
Phone: +607-29 1-3800
Fax: +607-29 1-3801

Singapore

RBI Singapore Branch
One Raffles Quay
#38-01 North Tower
Singapore 048583
Phone: +65-63 05-6000
Fax: +65-63 05-6001

USA

RB International Finance (USA) LLC
1133 Avenue of the Americas,
16th Floor
10036 New York
Phone: +01-212-84 541 00
Fax: +01-212-94 420 93

RZB Austria Representative Office New York
1133 Avenue of the Americas,
16th Floor
10036 New York
Phone: +01-212-59 3-7593
Fax: +01-212-59 3-9870

Vietnam

RBI Representative Office
Ho-Chi-Minh-City
35 Nguyen Hue Str.,
Harbour View Tower
Room 601A, 6th Floor, Dist 1
Ho-Chi-Minh-City
Phone: +84-8-38 214 718, +84-8-38 214 719
Fax: +84-8-38 215 256

Selected Raiffeisen Specialist Companies

F.J. Elsner Trading GmbH
Am Heumarkt 10
1030 Vienna
Phone: +43-1-79 736-0
Fax: +43-1-79 736-230
www.elsner.at

Kathrein Privatbank
Aktiengesellschaft
Wipplingerstraße 25
1010 Vienna
Phone: +43-1-53 451-300
Fax: +43-1-53 451-8000
www.kathrein.at

Raiffeisen Centrobank AG
Tegetthoffstraße 1
1015 Vienna
Phone: +43-1-51 520-0
Fax: +43-1-51 343-96
www.rcb.at

ZUNO BANK AG
Muthgasse 26
1190 Vienna
Phone: +43-1-90 728 88-01
www.zuno.eu

Editor, Publisher
Raiffeisen Bank Kosovo J.S.C.
UÇK Street, No. 51
10000 Prishtina
Phone: +381-38-22 222 2
Fax: +381-38-20 301 130
SWIFT/BIC: RBKOXKPR
www.raiffeisen-kosovo.com

Editorial team:
Marketing and PR Department and Finance Department

Editorial deadline:
30 April 2014

Pre-press:
New Moment New Ideas sh.p.k.

The online version of the annual report is available in English and Albanian at: www.raiffeisen-kosovo.com

This annual report has been prepared and the data checked with the greatest possible care. However, rounding, transmission, typesetting and printing errors cannot be ruled out. This annual report was prepared in English. The annual report in Albanian version is a translation of the original English version. The English version supersedes the Albanian version.