



BANK OF ALBANIA
ANNUAL REPORT

201



If you use data of this publication, you are requested to cite the source.

Published by: Bank of Albania

Sheshi "Avni Rustemi" Nr.24, Tiranë, Shqipëri

Tel.: + 355 4 2419301/2/3; + 355 4 2419409/10/11

Fax: + 355 4 2419408

E-mail: public@bankofalbania.org

www.bankofalbania.org

Printed in 900 copies

C O N T E N T S

| | |
|---|-----|
| FOREWORD BY THE GOVERNOR | 11 |
| CHAPTER I GLOBAL ECONOMY AND WORLD MARKETS | 15 |
| I.1. Global Economy | 15 |
| I.2. Monetary Policy of main central banks and financial markets developments | 18 |
| I.3. Primary commodity prices | 19 |
| CHAPTER II PRICE STABILITY AND THE BANK OF ALBANIA'S CORE PURPOSE | 23 |
| II.1. Inflation and core cpi basket items | 23 |
| II.2. Main inflation trends | 25 |
| II.3. Factors impacting inflation | 29 |
| II.4. Target fulfilment and monetary policy | 34 |
| CHAPTER III MACROECONOMIC DEVELOPMENTS | 39 |
| III.1. Gross Domestic Product and Aggregate Demand | 40 |
| III.2. Output by sectors of the economy | 45 |
| III.3. The labour market | 48 |
| III.4. Fiscal developments | 50 |
| III.5. External sector of the economy | 57 |
| CHAPTER IV MONETARY AND FINANCIAL MARKET DEVELOPMENTS | 67 |
| IV.1. Monetary developments | 67 |
| IV.2. Financial market developments | 83 |
| CHAPTER V MONETARY POLICY INSTRUMENTS AND FOREIGN RESERVE MANAGEMENT | 99 |
| V.1. Monetary policy instruments | 99 |
| V.2. Foreign reserve management | 103 |
| CHAPTER VI BANKING SUPERVISION | 109 |
| VI.1. Banking system and non-bank financial institutions | 109 |
| VI.2. On-site examination | 118 |
| VI.3. Licencing and regulatory framework | 120 |
| CHAPTER VII OTHER ACTIVITIES OF THE BANK OF ALBANIA | 127 |
| VII.1. Developments in the payment systems | 127 |
| VII.2. Money Issue | 136 |
| VII.3. Research at the Bank of Albania | 138 |
| VII.4. Statistics activities of the Bank of Albania | 140 |
| VII.5. Public relations | 143 |
| VII.6. European Integration and cooperation | 146 |
| VII.7. Main developments in banking legislation during 2010 | 153 |
| CHAPTER VIII INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS | |
| FOR THE YEAR ENDED 31 DECEMBER 2010 | 161 |
| Independent Auditors' Report | 161 |
| Statement of financial position as at 31 December 2010 | 163 |

| | | |
|---------|---|-----|
| ANNEX 1 | CATALOGUE OF TABLES PUBLISHED ON BANK OF ALBANIA'S WEBSITE | 209 |
| | STATISTICAL APPENDIX | 214 |
| 1. | PRICES, OUTPUT AND LABOUR MARKETS | 214 |
| 1.1 | Consumer price index | 214 |
| 1.2 | Year on year Consumer Price Index, main groups | 214 |
| 1.3 | Producer price index and construction cost index | 215 |
| 1.4 | Annual change of producer price index and construction cost index | 215 |
| 1.5 | Gross domestic product by expenditure approach | 216 |
| 1.6 | Gross domestic product by economic activities | 216 |
| 1.7 | Employment, unemployment and wages | 217 |
| 2. | GOVERNMENT FINANCES | 217 |
| 2.1 | 2.1 Government budget revenue | 217 |
| 2.2 | Government budget expenditure | 218 |
| 2.3 | Fiscal deficit and its financing | 218 |
| 2.4 | Expenditure by functions (COFOG) | 219 |
| 2.5 | Domestic debt stock by instruments | 219 |
| 3. | FINANCIAL SECTOR | 220 |
| 3.1 | Monetary aggregates and their components | 220 |
| 3.2 | Counterparts of monetary aggregates | 221 |
| 3.3 | ALL denominated current account and sight deposits by sector | 222 |
| 3.4 | ALL denominated time deposits by sector | 222 |
| 3.5 | Foreign currency denominated current account and sight deposits by sector | 223 |
| 3.6 | Foreign currency denominated time deposits by sector | 223 |
| 3.7 | Business loans by purpose and currency | 224 |
| 3.8 | Household loans by purpose and currency | 225 |
| 3.9 | Loans by economic activity | 226 |
| 3.10 | Loans by district | 226 |
| 3.11a | Sectoral balance sheet of deposit money banks/ Assets | 227 |
| 3.11b | Sectoral balance sheet of deposit money banks/ Liabilities | 228 |
| 3.12 | Sectoral balance sheet of Bank of Albania | 229 |
| 4. | FINANCIAL MARKETS | 230 |
| 4.1 | Currency breakdown of interest rates on new loans | 230 |
| 4.2 | Currency breakdown of interest rates on new deposits | 231 |
| 4.3 | Maturity breakdown of Treasury bills yields | 232 |
| 5. | EXCHANGE RATE | 233 |
| 5.1 | Exchange rate versus Main foreign currencies | 233 |
| 6. | INTEREST RATES OF MONETARY POLICY INSTRUMENTS | 233 |
| 6.1 | Bank of Albania key interest rates | 233 |
| 7. | EXTERNAL SECTOR STATISTICS | 234 |
| 7.1 | Balance of payments | 234 |
| 7.2 | Export by countries | 235 |
| 7.3 | Export by commodity groups | 236 |
| 7.4 | Import by countries | 236 |
| 7.5 | Import by commodity groups | 237 |
| 7.6 | International investment position | 238 |
| 7.7 | External debt | 238 |

T A B L E S

| | |
|---|-----|
| CHAPTER I GLOBAL ECONOMY AND WORLD MARKETS | 15 |
| Table 1 Key macroeconomic indicators | 15 |
| Table 2 Macroeconomic indicators for BRIC countries. | 16 |
| Table 3 Economic indicators for the countries in the region | 17 |
| CHAPTER II PRICE STABILITY AND THE BANK OF ALBANIA'S CORE PURPOSE | 23 |
| Table 1 Items' average contribution to annual inflation rate (in percentage points) | 24 |
| CHAPTER III MACROECONOMIC DEVELOPMENTS | 39 |
| Table 1 Key economic indicators in the years | 39 |
| Table 2 Industrial output (annual changes, %) | 45 |
| Table 3 Export and import by group-items and trade deficit | 57 |
| CHAPTER VI BANKING SUPERVISION | 109 |
| Table 1 Banking system total assets | 109 |
| Table 2 H (Herfindahl) Index of asset, deposit and credit concentration | 109 |
| Table 3 Quarterly credit growth in 2010 | 110 |
| Table 4 Net profit in ALL billion | 111 |
| Table 5 Core activity profitability indicators, in percentage (cumulative) | 111 |
| Table 6 Banking system profitability indicators (in percentage) | 111 |
| Table 7 Banking system capital adequacy ratio | 111 |
| Table 8 Credit to deposit ratio, over the years, in percentage | 114 |
| Table 9 Bank network expansion at end-2009 | 121 |
| Table 10 Bank network expansion at end-2010 | 121 |
| Table 11 Subjects licensed by the Bank of Albania. | 123 |
| CHAPTER VII OTHER ACTIVITIES OF THE BANK OF ALBANIA | 127 |
| Table 1 Transactions through AIPS during 2007-2010 | 127 |
| Table 2 Types of transactions through AIPS | 128 |
| Table 3 Concentration indicators for AIPS | 128 |
| Table 4 Intraday Loan Facility for AIPS participating institutions | 129 |
| Table 5 Performance of transactions in AECH system in 2007-2010 | 129 |
| Table 6 Concentration indicators for the AECH system | 130 |
| Table 7 Distribution of payments in AECH according to clearing sessions in 2010 | 130 |
| Table 8 Number of customer accounts in the banking system as at 31 December 2010 | 130 |
| Table 9 Share of customer payments in the banking system according to payment instruments | 131 |
| Table 10 Number of ATMs and POSs as at 31 December 2010, compared to 2009 and 2008 | 132 |
| Table 11 Number of cards in circulation as at 31 December 2010, compared to 2009 and 2008 | 133 |
| Table 12 Transactions through cards during 2010 compared to 2009 | 134 |
| Table 13 Performance of home-banking transactions over the years | 134 |
| Table 14 Statistics displayed under the "Statistics" item in the Bank of Albania website | 141 |
| Table 15 Training workshops with high school teachers of economics | 144 |

| C | H | A | R | T | S |
|-------------|--|---|---|---|----|
| CHAPTER I | GLOBAL ECONOMY AND WORLD MARKETS | | | | 15 |
| Chart 1 | Key interest rates | | | | 18 |
| Chart 2 | Some financial indicators in international markets | | | | 19 |
| Chart 3 | Annual fluctuations of oil prices and the Nominal Major Currencies Dollar Index | | | | 19 |
| Chart 4 | Price Index by primary commodities | | | | 20 |
| CHAPTER II | PRICE STABILITY AND THE BANK OF ALBANIA'S CORE PURPOSE | | | | 23 |
| Chart 1 | Core items' contribution to annual inflation (in percentage points) | | | | 23 |
| Chart 2 | Annual inflation by goods and services (in percentage) | | | | 25 |
| Chart 3 | Annual core and non-core inflation (left); respective contribution (right) | | | | 26 |
| Chart 4 | Annual inflation by sectors (left); respective contributions and the EUR/ALL annual exchange rate (right) | | | | 27 |
| Chart 5 | The differential between tradable and net non-tradable inflation rates (in pp) | | | | 28 |
| Chart 6 | Annual inflation, q-o-q (in percentage) | | | | 29 |
| Chart 7 | Spare capacity and unemployment rate | | | | 30 |
| Chart 8 | Average wage index in nominal and real terms (left, y-o-y) and key sectors of the economy (right, y-o-y) | | | | 31 |
| Chart 9 | Labour productivity (LP), unit labour cost (ULC) and the real wage (left); annual change (right) | | | | 31 |
| Chart 10 | Relative exchange rate stability has eased inflationary pressure of foreign origin | | | | 32 |
| Chart 11 | Annual change of EU exports' unit value index and of processed food inflation | | | | 33 |
| Chart 12 | Economic agents' expectations as to inflation after one year | | | | 33 |
| Chart 13 | Interest rate spread (in percentage points) | | | | 33 |
| Chart 14 | Real money supply, y-o-y | | | | 34 |
| Chart 15 | MCI change from the base year | | | | 35 |
| Chart 16 | NEER (left) and Repo (right) | | | | 35 |
| CHAPTER III | MACROECONOMIC DEVELOPMENTS | | | | 39 |
| Chart 1 | Annual and quarterly GDP growth (left), and economic sentiment indicator and capacity utilization rate (right) | | | | 40 |
| Chart 2 | GDP by demand constituents (left, pp) and domestic demand breakdown (right; pp) for 2001 – 2008 | | | | 41 |
| Chart 3 | Downward consumer demand and upward savings trend | | | | 42 |
| Chart 4 | Consumer savings trend | | | | 42 |
| Chart 5 | Quantitative indirect and survey indicators on private sector investments | | | | 43 |
| Chart 6 | Annual change of exports, imports and net export deficit | | | | 43 |
| Chart 7 | Public spending and net financing of budget deficit to GDP | | | | 44 |
| Chart 8 | Sectors' contributions to GDP growth (in percentage points) | | | | 45 |
| Chart 9 | Value-added, output index and industrial confidence indicator | | | | 46 |
| Chart 10 | Contribution by categories to sources of electrical energy and annual percentage change | | | | 46 |
| Chart 11 | Domestic production and the electrical energy exchange balance in GWh (left) and annual production change (right) | | | | 46 |
| Chart 12 | Value-added, turnover index and construction confidence indicator | | | | 47 |
| Chart 13 | Sub-sectors' contribution to annual agricultural output growth (left) and agro-industrial production (right, in %) | | | | 47 |
| Chart 14 | Value-added, turnover and service confidence indices | | | | 48 |
| Chart 15 | GDP at core prices and the number of employed people (y-o-y percentage, left) and unemployment rate (right) | | | | 48 |
| Chart 16 | Employment index by economic activity | | | | 49 |
| Chart 17 | Annual change of expenditure and key items' contribution (left) and expenditure by main items to GDP (right) | | | | 50 |
| Chart 18 | Annual change of revenues and some key items, in % (left) and their realization as a share of GDP, in % (right) | | | | 52 |
| Chart 19 | Budget balance and deficit financing by instruments, in ALL billion | | | | 54 |
| Chart 20 | Primary balance, in ALL billion (left) and as a share of GDP (right) | | | | 55 |
| Chart 21 | Public debt in ALL billion (left) and as a share of GDP (right) | | | | 56 |
| Chart 22 | Quarterly flow of import, export and trade deficit by value to GDP (left) and | | | | |

| | | |
|------------|---|-----|
| | annual contribution of main export items (right) | 58 |
| Chart 23 | Annual changes to import of goods by items (left, in %) and capital imports in index (right) | 58 |
| Chart 24 | Volume and average price per ton of imports/exports | 59 |
| Chart 25 | Value of export products by steady-growing products (left) and accelerated-growing products (right) | 60 |
| Chart 26 | Traditional markets (left) and markets with high domestic export growth (right) | 60 |
| Chart 27 | Main import clusters | 61 |
| Chart 28 | Current account components to GDP in the years | 62 |
| Chart 29 | Financial account and main items – net flows, in EUR. million | 63 |
| | | |
| CHAPTER IV | MONETARY AND FINANCIAL MARKET DEVELOPMENTS | 67 |
| Chart 1 | Y-o-y performance of M3 components and monetary aggregates, in real terms | 67 |
| Chart 2 | Annual inflation and M3 (left) and key interest rate (right) | 68 |
| Chart 3 | Annual rates of ALL monetary aggregates; broad money multiplier | 69 |
| Chart 4 | Ratio of total deposits to GDP and money velocity in the economy | 69 |
| Chart 5 | Annual deposit growth by currency and maturity term | 70 |
| Chart 6 | ALL-denominated deposits to M2 and the contribution of each group to annual ALL-denominated deposit growth | 71 |
| Chart 7 | Foreign-currency deposits to M3 and each group's contribution to annual foreign-currency deposit growth | 71 |
| Chart 8 | Deposit and loan distribution by districts | 72 |
| Chart 9 | Distribution of household deposits and population (left) and business deposits by currency (right) | 73 |
| Chart 10 | Geographic distribution of business loans and number of businesses (left) and household loan by purpose (right) | 73 |
| Chart 11 | Private sector loan portfolio | 74 |
| Chart 12 | Y-o-y private-sector credit growth and GDP (left) and non-performing loans (right) | 76 |
| Chart 13 | Lending standards to businesses (left) and to households (right) | 77 |
| Chart 14 | Lending standards and demand | 77 |
| Chart 15 | Business loan by purpose | 79 |
| Chart 16 | Household loan portfolio | 80 |
| Chart 17 | Changes in applied standards and credit demand | 81 |
| Chart 18 | Liquidity provided by the Bank of Albania and overnight interbank rates | 84 |
| Chart 19 | Interbank rates (left) and the total volume traded in the interbank market (right) | 84 |
| Chart 20 | Interbank market volatility during both observed periods | 85 |
| Chart 21 | Government security yields (left) and yield curve (right) | 87 |
| Chart 22 | Bond yields (left) and bid-to-cover ratio (right) | 88 |
| Chart 23 | The 12-month lek deposit interest rates and the 12-month lek-euro interest rate spread | 89 |
| Chart 24 | Weighted average interest rate on ALL loans (left) and on EUR loans (right) | 90 |
| Chart 25 | ALL and EUR intermediation margins (left) and the weighted average interest rate spread between ALL and EUR loans (right) | 91 |
| Chart 26 | The lek's annual change in nominal effective terms (NEER) (left) and the EMP index (right) | 92 |
| Chart 27 | Daily EUR/ALL and USD/ALL exchange rate (left) and monthly EUR/ALL ratio in the years 2008-2010 (right) | 94 |
| Chart 28 | Annual volatility of the USD/ ALL ratio (left) and the EUR/ALL (right) | 95 |
| Chart 29 | EUR/ALL exchange rate volatility relative to currencies of the Central East Europe and the Balkan (index base – October 2008) | 95 |
| | | |
| CHAPTER V | MONETARY POLICY INSTRUMENTS AND FOREIGN RESERVE MANAGEMENT | 99 |
| Chart 1 | Open market operations and use of standing facilities | 99 |
| Chart 2 | Main open market operation by auction dates (in ALL billion) | 100 |
| Chart 3 | Fine-tuning operations by auction dates (in ALL billions) | 101 |
| Chart 4 | Required reserve (in ALL billion) | 102 |
| Chart 5 | Required reserve remuneration rates | 103 |
| | | |
| CHAPTER VI | BANKING SUPERVISION | 109 |
| Chart 1 | Shares of peer bank groups according to total of assets | 109 |
| Chart 2 | Deposits, in total and divided according to categories of clients | 114 |

| | | |
|-------------|--|-----|
| CHAPTER VII | OTHER ACTIVITIES OF THE BANK OF ALBANIA | 127 |
| Chart 1 | Monthly ILF transactions in AIPS during 2010 | 129 |
| Chart 2 | Share of customer transactions in the banking system | 131 |
| Chart 3 | Distribution of ATMs and POSs as at the end of 2010 | 132 |
| Chart 4 | Share of payment cards according to their type, until end-2010 | 133 |
| Chart 5 | Cardholders according to gender and age, at the end of 2010 | 133 |
| Chart 6 | Money in circulation (in 000 Lek) | 136 |
| Chart 7 | Structure of banknotes | 136 |
| Chart 8 | Structure of the coin | 137 |
| Chart 9 | Coin to banknote ratio | 137 |

B O X E S

| | | |
|--------|---|----|
| Box 1. | Inflation differential by sectors of the CPI basket | 28 |
| Box 2. | Fiscal package adopted for 2010 | 53 |
| Box 3. | External trade profile | 60 |
| Box 4. | Geographic distribution of banking intermediation | 72 |
| Box 5. | Lending Problems in Albania | 76 |
| Box 6. | Results of the 2010 Bank Lending Survey | 81 |
| Box 7. | Change to Bank of Albania's operational framework | 85 |
| Box 8. | Exchange Market Pressure (EMP) | 93 |



Governor of the Bank of Albania, Mr. Ardian Fullani



Bank of Albania Supervisory Council

From left to right, front:

FATOS IBRAHIMI
ARDIAN FULLANI
TEFTA ÇUÇI
KSENOFON KRISAFI

Vice Chairman (First Deputy Governor)
Chairman (Governor of the Bank of Albania)
Member
Member

From left to the right, back:

BENET BECI
ADRIAN CIVICI
HALIT XHAFI
ARJAN KADAREJA
LIMOS MALAJ

Member
Member
Member
Member
Member

FOREWORD BY THE GOVERNOR

Dear reader,

It is a special pleasure for me to write these opening words of this year's Annual Report of the Bank of Albania. At the conclusion of a devoted and successful work by the institution I govern, this annual report sets forth the opinion of the Bank of Albania on the national economy and financial market performance. It also provides a detailed description of the work and activities of the Bank of Albania to accomplish its legal obligations and institutional commitments. We have always emphasised that, more than a legal obligation, the Bank of Albania regards the compilation and publication of this annual report as a communication bridge between the central bank and the public. This philosophy for transparency, which lays at the foundation of our work, contributes to increasing the public trust and confidence in the Bank of Albania and our responsibility to accomplish our mission successfully.

The past year may be considered a positive year for the Albanian economy. Under a strong shock by the external environment, during 2010, the Albanian economy managed to record growth, consolidate macroeconomic stability and strengthen the financial system. In this year, economic activity grew progressively supported by positive global economy performance and private sector dynamism. Moreover, the economic improvement reflected appropriate and coordinated macroeconomic policies undertaken over recent years. Withdrawal of the fiscal stimulus and a reorientation of fiscal policy priorities towards long-term public debt stability were followed by an increase of the monetary stimulus to the economy and progressive easing of monetary and financial conditions. Albania's external position, which has rightfully been identified as one of the main structural weaknesses of the Albanian economy, improved in 2010. As regards financial markets, 2010 was characterised by their normal functioning, downward risk premiums and interest rates, and a relatively stable exchange rate.

Price stability, the primary objective conducting our work and decision-making, was another positive achievement in 2010. Annual average inflation resulted in 3.6%, remaining within the target band of the Bank of Albania. Inflationary effects generated by supply shocks, increased administered prices and depreciated exchange rate were absorbed by a proper monetary policy, which established the right economic and monetary conditions to keep inflation at low levels and under control. Most importantly, it managed to anchor inflationary mid-term expectations by reducing the inflation effect on economic decision-making and supporting the internal financial system development.

This policy of the Bank of Albania is endorsed by its active work to develop further its operational framework in order to improve the banking system financial infrastructure and supervisory framework.

Changes to the Bank of Albania's operational framework of its monetary policy, in June, defined short-term interest rates for the inter-bank market as its monetary operations objective, contributing to the enhancement of monetary policy effectiveness and encouragement of the inter-bank market functioning. Our work will continue, with an aim to fulfil all the technical requirements for the development of a modern monetary policy, conform to our philosophy of targeted inflation and full convergence with the European System of Central Banks' standards.

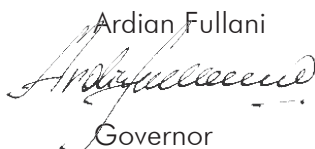
Upgrade of the supervisory and regulatory framework and further development of the payments system, which are described in details in this report, have contributed to maintaining financial and economic stability both at macro- and micro-economic levels. Two years from the shock of the global economic and financial crisis, we may safely conclude that the Albanian financial system overcame the crisis successfully and is now on its way to resurgence. Improvements on liquidity, financial profit and other prudence indicators, during 2010, constitute significant evidence for this trend. Nonetheless, most importantly, the re-established trust and confidence of the public remains a key witness of the healthy conditions of the Albanian financial system and institutions.

Year 2010 ended with a positive balance as concerns other activities of the Bank of Albania. More specifically, analysis and forecast activities improved; volume and quality of research increased; work to improve the statistical methodology quality at the Bank of Albania continued; activities in the field of education and communication with the public and other economic agents and inter-institutional relations intensified and strengthened, both domestically and internationally, in light of the country's European integration and the Bank of Albania institutional development. I invite you to read more about these and other activities in the subsequent sections of this report.

With pleasure and added responsibility, I find that the Bank of Albania is increasingly becoming a financial and economic anchor. Likewise, it is a promoter of structural reforms in the country and holds a respected seat in discussion forums on economic issues. Through continuous investment to strengthen its technical and professional capacities, the Bank of Albania aims to maintain and develop further the trust of the public in the coming years.

In conclusion, I would like to reiterate my appreciation for the staff of the Bank of Albania, whose dedicated work realised the achievements presented in this Report.

Tirana, March 2011

Ardian Fullani

Governor



E X H I B I T I O N
85TH ANNIVERSARY
OF THE NATIONAL COIN



CHAPTER I GLOBAL ECONOMY AND WORLD MARKETS

I.1. GLOBAL ECONOMY

After a year of economic contraction, global economic activity returned to positive growth rates in 2010¹. This growth relied mainly on a rapid economic expansion of emerging economies and economic growth of advanced economies. Numerous fiscal and monetary growth drivers managed to take economic growth rates into positive territory. World inflation was higher than a year earlier, mainly pushed by increased food and energy prices, as well as the statistical effects of low prices during 2009. Financial markets had rising tendencies and were highly volatile in certain segments, in particular in sovereign bonds markets in the euro-area economy. However, albeit the positive performance, the global economy continues to be characterised by structural and conjunctural weaknesses concerning an unequal distribution of economic growth, macroeconomic imbalances within advanced economies and among different countries, financial health and public finance soundness of individual countries, with high unemployment rates and rising already high commodity prices.

| | GDP change | | Unemployment rate | Inflation rate | |
|----------------|------------|------|-------------------|----------------|------|
| | 2009 | 2010 | | 2009 | 2010 |
| US | -2.6 | 2.9 | 9.6 | -0.8 | 1.7 |
| Euro area | -4.1 | 1.7 | 10.0 | 0.3 | 1.6 |
| Germany | -4.7 | 3.6 | 6.8 | 0.2 | 1.2 |
| France | -2.6 | 1.5 | 9.7 | 0.1 | 1.7 |
| United Kingdom | -4.9 | 1.3 | 8.0 | 2.2 | 3.3 |
| Japan | -6.3 | 4.0 | 5.1 | -1.2 | -0.7 |

Table 1 Key macroeconomic indicators

Source: Eurostat, statistics institutions of respective countries.

• EURO AREA ECONOMY

According to preliminary data from Eurostat, the euro-area economy increased by 1.7% in 2010. This increase was higher in Q2 and Q3, while the other quarters of 2010 were featured by decelerated GDP growth. The main factors contributing to this growth were the decisions made by advanced economies' governments, being reflected in increased government and consumer spending, and the export growth under the impact of the global demand. Confidence indicators improved constantly during 2010, reflecting the economic growth. Despite the improved economic activity, unemployment rate rose to 10% in 2010. The 2010 inflation rate settled at 1.6%, very close to the European Central Bank's target.

¹ According to preliminary data from IMF, world economy grew by 5% in 2010. For the same period, economic growth was 7.1% in emerging economies and 3% in advanced economies.

- UNITED STATES ECONOMY

Following the 2009 recess, the US economy, under the influence of continuous fiscal and monetary stimuli, showed recovery trends in 2010. Thus, GDP expanded by 2.9% y-o-y. Increased consumer spending, aggregate investments and federal government spending provided the main contribution to this performance. While exports in value marked an upward trend, their positive influence on GDP calculation was totally dwarfed by faster growing imports. Due to fiscal stimulus, the federal government budget deficit remains high. Although the US budget deficit to GDP decreased by 1.1 percentage points in 2010, it still remains 8.9%. Average unemployment rate was 9.6% in 2010, about 3.5 percentage points higher than the historical average in the last ten years. Average annual inflation rate was 1.7%, mainly affected by high energy price.

- BRIC² COUNTRIES

During 2010, BRIC countries posted economic growth, although the growth rates were not similar across all four countries. Thus, China experienced the fastest growth, estimated at 10.5% in annual terms. Contrary to the previous years, when net exports played a key role in China's economic performance, over this year, consumer spending and aggregate investments were the main contributors to GDP growth. Following the 2009 contraction, the Russian economy showed recovery, albeit at a slower pace. This development is mainly supported by export growth and consumer spending. However, a considerable drop in agricultural output during 2010 H2 and lower oil industry profit vis-à-vis the initial forecast had negative impacts on the domestic economy. In India, the accelerated industrial output growth tendency influenced the economic expansion by 9.5% y-o-y. In Brazil, the industrial output and domestic demand maintained their upward trend during 2010, contributing to the country's positive performance.

BRIC central banks pursued tightening monetary policies by increasing the relevant key interest rates and the required reserve several times during 2010. The main goal remains to prevent national economies from overheating, which is already manifested in high inflationary pressures.

Table 2 Some macroeconomic indicators for BRIC countries

| Countries | Annual real GDP change | | Annual Inflation | |
|-----------|------------------------|------------------|------------------|------|
| | 2009 | 2010 | 2009 | 2010 |
| Brazil | 5.1 | 7.5 ¹ | 4.3 | 5.9 |
| Russia | -7.9 | 3.9 ¹ | 11.7 | 6.9 |
| India | 7.2 | 9.5 | 10.8 | 12.0 |
| China | 8.7 | 10.5 | -0.7 | 3.3 |

Source: IMF, OECD, statistics institutions of respective countries.

¹ IMF, World Economic Outlook, October 2010

- ECONOMIES IN THE REGION

With the exception of Greece, the economies of the region recorded positive GDP growth rates during 2010. The Italian economy recorded an annual

² These countries are Brazil, Russia, India and China.

growth of about 1.1% in 2010. The main contributors were a substantial rise of the external demand and the increase of domestic industrial output. Latest estimations show an annual contraction of the economy by about 4.6% in Greece. Fiscal consolidation undertaken by the Government by cutting public sector wages, expanding the taxable products scope and raising the actual level of taxes, has led to a drop of private consumption and aggregate investment. Although the budget deficit for 2010 is projected at 9.6% to GDP, it remains about 6 percentage points lower than the ratio recorded a year earlier³.

After the contraction of 2009, the Turkish economy recorded a fast expansion of the economy by about 7.5% during this year. In addition to the low comparative base of 2009, consumer spending, net exports and aggregate investments are assessed to have provided a significant contribution to this performance. In the meantime, economic activity in the Former Yugoslav Republic of Macedonia expanded moderately, as a result of a low growth pace of consumer spending and a drop in aggregate investments. According to IMF preliminary data, economic activity in Kosovo improved compared with 2009. Under the effect of increased domestic demand, Kosovo's economy is estimated to have grown by 4.6% in 2010, from 2.9% in 2009. During 2010, economic activity in Croatia contracted compared with a year earlier. Nevertheless, it is worth mentioning that the Croatian economy departed from recession in 2010 Q3, after a series of quarters with negative growth rates. Net exports and a slight rise in consumer spending contributed to this growth. According to preliminary data, net export and industrial output growth led to positive growth rates for the economy of Serbia in 2010.

During 2010, unemployment rate rose in Italy, Greece, Serbia and Croatia and fell in Turkey and Macedonia. Upward annual inflation rates were recorded in all the countries of the region, except for Croatia.

| Country | GDP change | | Annual Inflation | | Unemployment rate 2010 |
|---------|------------|-------------------|------------------|------|---------------------------|
| | 2009 | 2010 | 2009 | 2010 | |
| Italy | -5.0 | 1.1 | 0.8 | 1.6 | 7.8 |
| Greece | -2.0 | -4.6 | 1.3 | 4.7 | 12.2 ² |
| FYROM | -0.6 | 1.3 ¹ | -0.8 | 1.6 | 32.4 ³ |
| Serbia | -3.1 | 1.5 ¹ | 6.6 | 6.5 | 19.2 ⁴ |
| Croatia | -5.8 | -1.8 ¹ | 2.2 | 1.1 | 11.8 |
| Turkey | -4.5 | 7.5 ¹ | 6.3 | 8.6 | 12.0 ² |
| Kosovo | 2.9 | 4.6 ¹ | -2.4 | 3.5 | : |
| Albania | 3.3 | 2.6 ¹ | 2.3 | 3.6 | 13.7 |

Table 3 Economic indicators for the countries in the region

Source: Respective statistics institutions, EuroStat, EcoFin, IMF

¹ IMF outlook, WEO October 2010, and European Commission, EIF autumn 2010

² Arithmetic average for January - November 2010

³ Arithmetic average for 2010 Q1-Q3

⁴ Arithmetic average for January - October 2010

: Data not available

³ According to the assessment of the Report on Economic Adjustment Programme for Greece, December 2010, the European Commission Directorate-General for Economic and Financial Affairs.

I.2. MONETARY POLICY OF MAIN CENTRAL BANKS AND FINANCIAL MARKETS DEVELOPMENTS

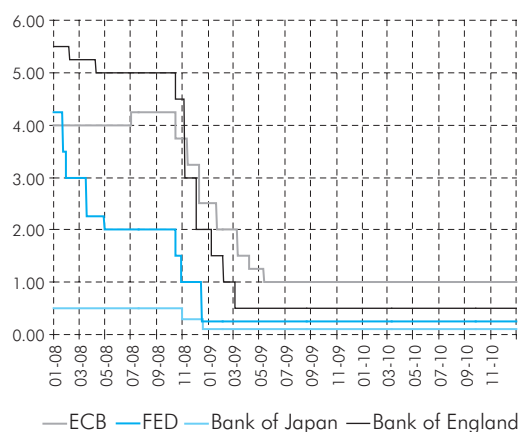
Central banks of advanced economies kept their interest rates unchanged, opting for non-traditional⁴ measures to stimulate their economies. Except for the Bank of Japan, which has also included the lower level of 0% in the definition of its overnight interest rate, other banks did not make any changes in 2010 interest rates. The European Central Bank (ECB) kept its rate at 1%, the Federal Reserve at 0-0.25%, the Bank of England at 0.5%, and the Bank of Japan at 0-0.1%.

Among non-traditional measures used by central banks, the following stand out: the ECB's decision to inject ample fixed-price liquidity until early 2011; the possibility to acquire euro-area government bonds in the secondary market; quantitative easing by the Federal Reserve and the Bank of England, which aim to add the stock of money in circulation by acquiring bonds and other financial instruments.

Financial markets recorded a slightly upward performance in 2010. The winding down effect of several facilities activated by the ECB along the crisis, and the uncertainty induced by problems in some euro-area countries, were reflected in higher EURIBOR rates for all maturity terms in the euro-area money markets. The USD LIBOR rate has pursued a downward trend over most of the year, being more notable in the last months, mainly due to quantitative easing policy pursued by the Federal Reserve (FED). In terms of the bonds market, the demanded yields showed a downward trend in the first half of

the year, and then an upward turnaround during 2010 H2. Optimistic signals for the economic performance in most advanced economies affected the market agents' expectations for central banks' potential key interest rate rise in the near future, contributing positively to demanded yield rise. In the meantime, the introduction of public debt problems in a group of euro-area countries (Greece, Portugal, and Spain) was another factor that influenced further bond yield rise of the respective debt. The stock markets pursued an upward trend during this year recovering gradually the pre-crisis levels. The positive performance of quarterly balance indicators of many businesses supported the growth recorded over this period, whilst the influence of problems with regard to public balance sustainability of the above-mentioned states is reflected in the stock markets' higher volatility.

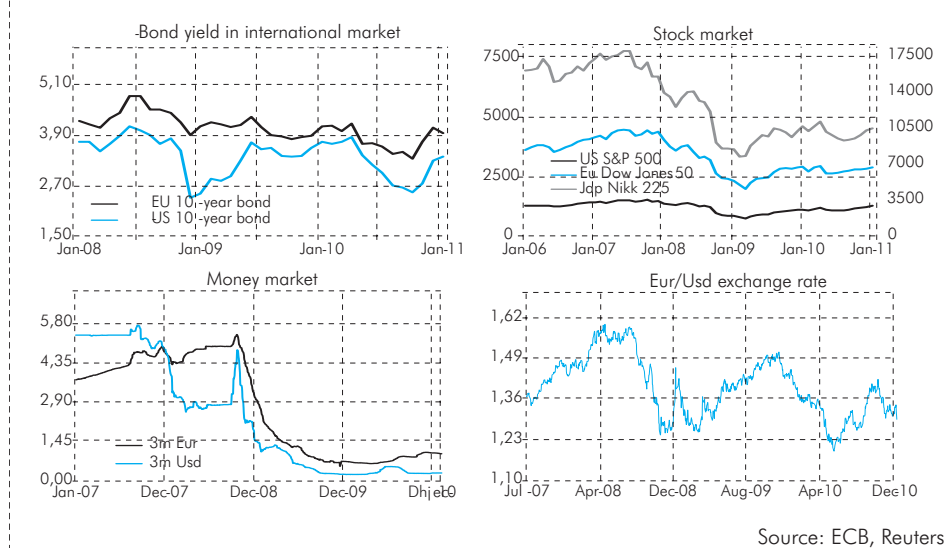
Chart 1 Key interest rates



Source: ECB, FED, Bank of England, Bank of Japan

⁴ These measures focused mainly on high and long-term liquidity injection and acquisition of government T-bonds.

Chart 2 Some financial indicators in international markets



In December 2010, the Euribor rates⁵ averaged 0.30 percentage points higher y-o-y. The three-month Libor interest rates dropped by 0.35 percentage points y-o-y, to 0.30% at end-December.

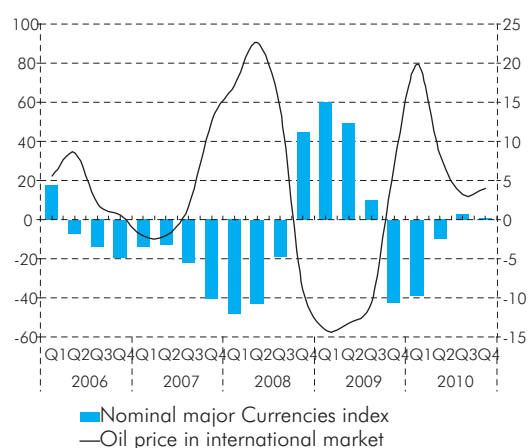
In the foreign exchange markets, the euro depreciated against the US dollar, Japanese yen, British pound and Swiss franc. On average, in December, 1 euro was exchanged for 1.32 US dollars or 9.5% less than a year earlier, while over the course of this year the euro depreciated on average by 4.95% compared to the previous year.

1.3. PRIMARY COMMODITY PRICES

• INTERNATIONAL OIL MARKETS

International oil markets were characterised by upward price trends in 2010. Average price ranged around USD 75-85 per barrel, up by 30.4% of the average annual price. Recovery of the major industrialised economies and ongoing accelerated GDP growth rates in some of the major emerging economies, contributed to upward oil prices. Moreover, a slight depreciation of the US dollar against major international currencies⁶, by around 3%, put pressure on upward prices in international markets. In addition to the increased demand for oil, the global supply of this product increased by about 2.1% compared to a year earlier.

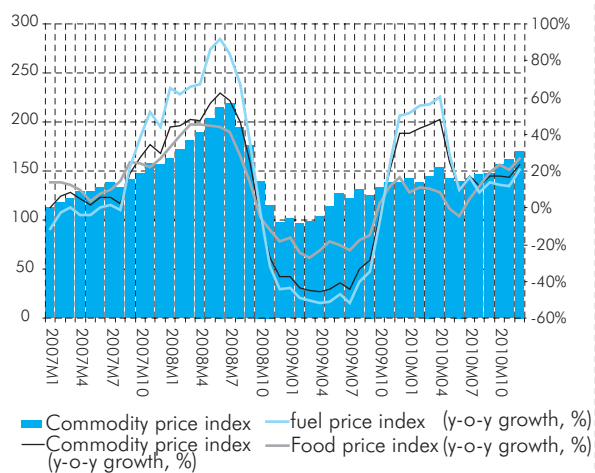
Chart 3 Annual fluctuations of oil prices and the Nominal Major Currencies Dollar Index



⁵ During this period, the 1-, 3-, 6- and 12-month Euribor rates in the money market reached 0.81%, 1.02%, 1.25% and 1.53%, respectively.

⁶ Measured by the Nominal Major Currencies Dollar Index, by the Federal Reserve, including 26 weighted currencies according to trade with the USA, in US Dollars. http://www.federalreserve.gov/releases/H10/Summary/indexn_m.txt.

Chart 4 Price Indexes by primary commodities



Source: IMF, World Economic Outlook, October 2010

• PRIMARY COMMODITY PRICES

Primary commodity indices rose in 2010, due to increased demand as a result of the world economy recovery and low comparative base of 2009, when prices were hit by the international financial markets' turmoil. Adverse weather conditions in Russia, one of the biggest producers of grain, were added factors that contributed to higher food prices globally. Thus, in 2010, the Commodity Price Index was up 24.9% y-o-y; Food Price Index was up 11.5%; and Oil Price Index was up 25.9%.

"Albania going towards its own destiny"



100 Francs Gold Coin, issue of 1926

CHAPTER II PRICE STABILITY AND THE BANK OF ALBANIA'S CORE PURPOSE

The Bank of Albania's Core Purpose is to achieve and maintain price stability. Low and steady inflation rates promote long-term efficient allocation of resources in the economy, prevent unexpected allocation of income, and support the financial stability of the economy. From the quantitative viewpoint, the Bank of Albania targets a 3.0% inflation rate in the medium run, considering the short-term tolerance band of ± 1 percentage point as in line with its price stability target. In compliance with this target, the Bank of Albania compiles and implements the monetary policy, relying on free market instruments for its transmission to the economy and operating under a free-floating exchange rate regime.

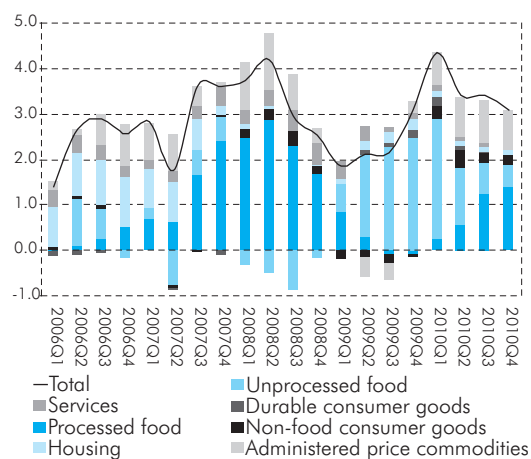
II.1. INFLATION AND CORE CPI BASKET ITEMS

Average annual CPI inflation marked 3.6% in 2010. The first half of the year was characterized by higher inflation rates, followed by downward ones during the second half. At year-end, inflation rate settled at 3.4%.

Upward inflation rate trend observed since 2009 Q4 was more pronounced in the first two months of 2010. During this period, inflation curve edged up due to rise in several administered prices, making inflation rate exceed the upper tolerance band set by the Bank of Albania. March marked inflation return to the 2 - 4% tolerance band. By year-end, it was gradually stabilized at lower values, around the Bank of Albania's 3% target.

Unprocessed food inflation dropped significantly starting from April and onwards, after having recorded positive double-digit rates over the first quarter of the year¹. This item's lowest annual inflation rate (1.5%) was hit in November. Its annual inflation rate during the second half of the year² dropped significantly, resulting about 3 times lower than in the first half of the year. It led to a gradual decline of inflation rate over 2010. Downward seasonal behaviour of these commodity prices, especially in Q2, shifted the inflation rate curve

Chart 1 Core items' contribution to annual inflation (in percentage points)



Source: INSTAT, Bank of Albania

¹ In analyzing inflation, the Bank of Albania refers to grouping the CPI basket by items. This technique aims at establishing the representative CPI basket items by economic function, to explain the role of factors in price volatility.

² Excluding December, when such item's inflation was characterised, as usually, by high monthly and annual inflation rates.

several percentage points downward, making inflation rate stabilize around the target.

Table 1 Items' average contribution to annual inflation rate (in percentage points)

| | Q1-09 | Q2-09 | Q3-09 | Q4-09 | Q1-10 | Q2-10 | Q3-10 | Q4-10 |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Processed foods (pp) | 0.9 | 0.3 | -0.1 | -0.1 | 0.3 | 0.6 | 1.1 | 1.4 |
| Bread and cereals (pp) | 0.6 | 0.2 | -0.1 | -0.3 | -0.2 | -0.1 | 0.1 | 0.4 |
| Alcohol and tobacco (pp) | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.2 | 0.2 | 0.2 |
| Unprocessed foods (pp) | 0.6 | 1.8 | 2.3 | 2.5 | 2.6 | 1.3 | 0.9 | 0.5 |
| Fruit (pp) | 0.0 | 0.3 | 0.5 | 0.6 | 0.2 | 0.1 | 0.3 | 0.1 |
| Vegetables (pp) | -0.3 | 1.4 | 0.9 | 1.0 | 2.0 | 1.5 | 0.1 | -0.7 |
| Services (pp) | 0.4 | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 |
| Administered prices (pp) | 0.1 | -0.4 | -0.4 | 0.3 | 0.7 | 0.9 | 1.0 | 0.9 |
| Fuel and energy (pp) | 0.4 | 0.0 | 0.0 | -0.1 | 0.4 | 0.4 | 0.4 | 0.4 |
| Housing (pp) | 0.1 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| Non-food consumer goods | -0.2 | -0.2 | -0.2 | -0.1 | 0.3 | 0.4 | 0.3 | 0.2 |
| Durable consumer goods (pp) | 0.0 | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 | 0.0 | 0.0 |
| Consumer Price Index (y/y, %) | 1.9 | 2.1 | 2.1 | 3.1 | 4.3 | 3.4 | 3.4 | 3.1 |

Source: INSTAT, Bank of Albania.

Consumer price inflation was characterized by a progressive increase in the contribution of processed food item during 2010. By the end of 2010 H2, processed food inflation approached the rates registered in 2008, a period of extremely high prices of these goods. In January, this item's contribution to headline inflation rate was only 5%, whereas in December, it edged up to 60%. Such a trend reversal of the inflation rate of these goods, especially following the summer of 2010, is mostly attributed to the global conjuncture of this item's commodity prices³. In the second half, there was a rise in all its sub-items, particularly in Bread and Cereals one, which accounts for a considerable share to inflation basket. Bread and cereals inflation posted negative rates, averaging -2.2% from January to July, whereas from August to December it was 5%, contributing by an average of 0.3 percentage points to headline inflation⁴.

Administered prices contributed by about 0.9 percentage points to headline inflation in 2010 or 25% of its average. This contribution was higher than its historical average and was concentrated primarily in 2010 H1. This item's inflation was triggered by rising prices of electricity and water supply, of several health care and education fees. As anticipated, the cancellation of statistical effect of this item's several price increases since October has reduced its contribution at year-end.

In spite of fuel price increase, particularly in December, the contribution of Non-food consumer goods has been insignificant to headline inflation⁵. During 2010, the retail oil price per litre followed its upward trend in international markets, but at slightly decelerated rates. Thus, a litre in the domestic market averaged ALL 129, up 17.5% compared to 2009's average

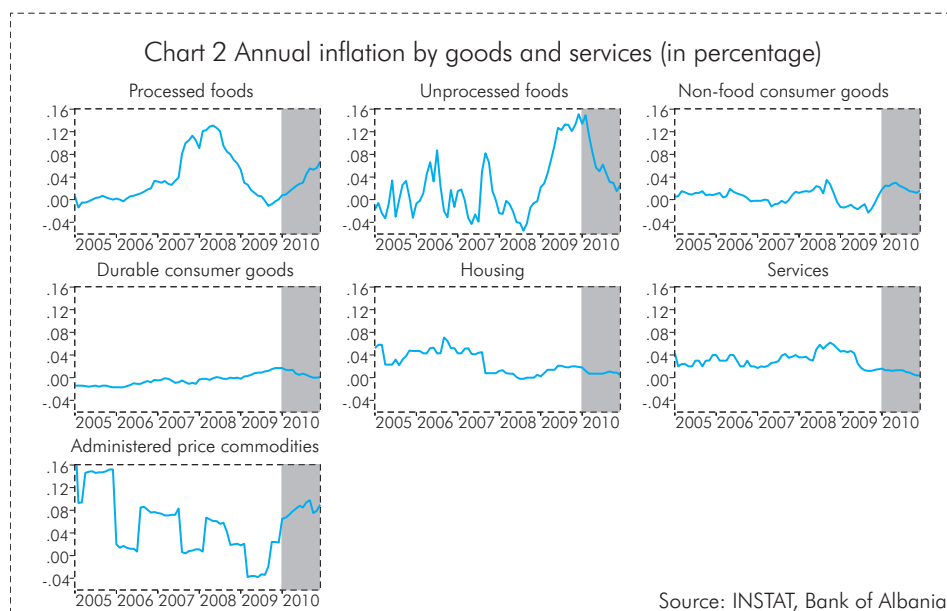
³ At end 2010, this item's commodity price rise was pronounced, remaining only few percentage points far from high values recorded over mid-2008.

⁴ Bread and Cereals contribution by 0.3 percentage points to headline inflation in August - December, equalized the contribution of Durable consumer goods, Housing and Services altogether.

⁵ This item accounted for only 8% of the average headline inflation.

value. Meanwhile, the national currency's depreciation against the U.S. dollar by approximately 9.7% y-o-y has backed the upward pressures on oil market price. Analyzing the performance of Services to personal vehicles index (which is highly correlated to oil price performance), the CPI basket has pointed out a moderate increase, on average by 8.8% in 2010.

Other CPI basket items' prices were almost unchanged or even downward during 2010. In particular, Services and Housing continued to make a very slight contribution to inflation rate formation, although, historically, during summer months, this effect has been higher. The domestic demand for these items' services has contributed to generating lower pressures on their products prices.



II.2. MAIN INFLATION TRENDS

During 2010, inflationary pressures were mainly resulting from the supply shocks. In line with the economic activity performance, the domestic demand has generated subsiding inflationary pressures. This is reflected in the close-to-historical-trend of core inflation and net non-tradable one. Meanwhile, inflation in the tradable sector of the CPI basket, whose prices are well exposed to exchange rate volatility and the global prices conjuncture, reflected their fluctuations throughout 2010.

- **CORE AND NON-CORE INFLATION**

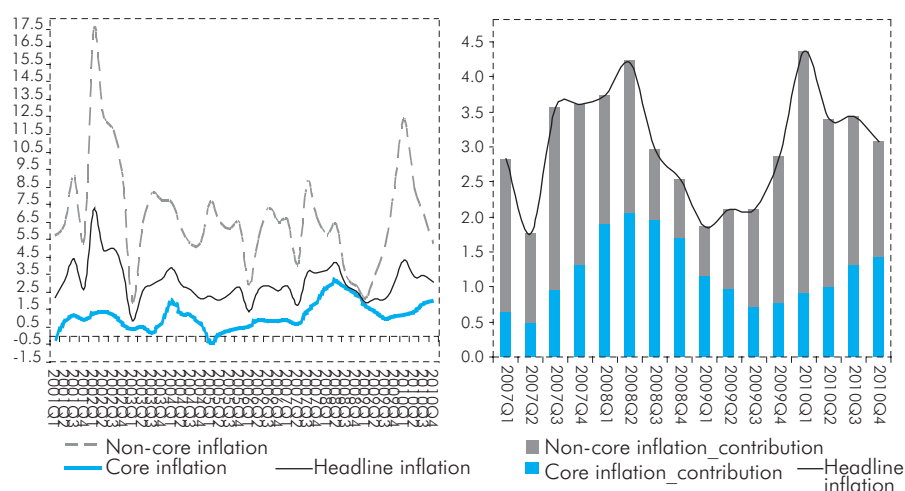
Core inflation – representing the persistent inflation trend – reflects quite well the performance of the aggregate demand against the producing capacity

and monetary conditions in the economy. In 2010, the annual core inflation⁶ fluctuated within the 1.2% - 2.3% band, with an average of 1.7%.

While the first half of the year marked low historical values of this indicator, the period from August to December 2010, created a higher profile of its trend relative to that of 2009. Shocks to prices of several basic food products, particularly to Bread and cereals, were the main driver to this behaviour. Notwithstanding these developments, the average contribution profile to headline inflation in 2010, continued to be dominated by non-core inflation impact (67%). In response to internal and external supply shocks, this inflation rate fluctuated within a wide band of values (4.7% - 14.1%)⁷, with a declining trend during the second half of the year. The main drivers to non-core inflation rate were: national currency's annual depreciation, albeit at contained rates in the second half of the year; rise by several times in administered prices; performance of primary commodity prices in international markets.

In 2010, analyses and assessments showed that the above factors failed to transmit second-round effects on goods and services prices, used to measure the core inflation rate. Economic agents' inflation expectations were not affected, remaining anchored close to the Bank of Albania's target.

Chart 3 Annual core and non-core inflation (left); respective contribution (right)



Source: INSTAT, Bank of Albania

• INFLATION BY SECTORS OF THE CPI BASKET PRICES

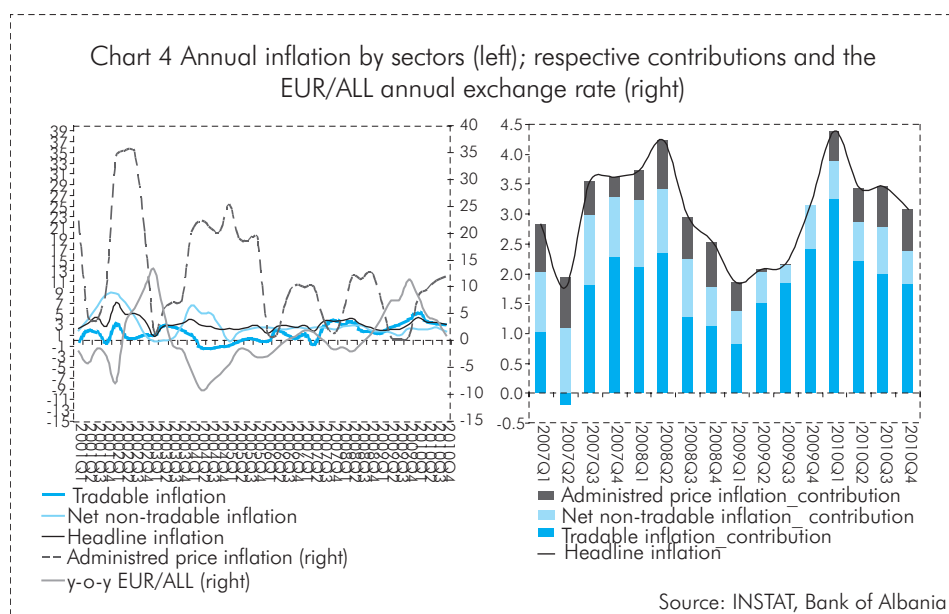
Average annual inflation in the tradable sector, net non-tradable sector⁸ and the share of fully administered prices of the CPI basket, resulted 3.8%, 2% and 10.2% respectively, in 2010.

⁶ The average of both measures (permanent-exclusion method and trimmed mean).

⁷ The annual non-core inflation rates in February and October 2010 were 14.1% and 4.7%, respectively.

⁸ The following goods and services of a pure administrative price nature are excluded from this sector: electricity, water, medical and hospital services. Their indices at respective weights to CPI basket are used to construct the fully administered price index.

Contribution profile continued to weigh on the inflation in the tradable sector, forming about 65% of the annual headline inflation, with a downward trend during 2010. Inflation in the tradable sector, mainly of goods, was faced with shocks generated from the national currency's depreciation and unfavourable global conjunctures of primary commodity prices. The intensity of action of the first factor resulted strong during 2010 H1, while the second factor's influence became evident in the rest of the year. Under the pressure of these factors, inflation in the tradable sector of the CPI basket fluctuated significantly within the 2.5% - 5.8% range. The curbing of the national currency's depreciation is estimated to have partly offset the international price rise pass-through into the domestic prices during August - December 2010.



Historical trend path of the tradable inflation supports its upward trend compared to the 2009's average and to that of the past decade⁹. It shows that exposure to global price rise risk is translated more sensitively into national currency's depreciation conditions, as long as the Albanian economy is highly dependant on import of consumer and intermediate goods¹⁰.

The trend of net non-tradable inflation of the CPI basket, mainly of services, was steady, contributing by 18% on average to the 2010 headline inflation. In 2010, the average annual inflation of the CPI basket resulted slightly higher than a year earlier, but 0.8 percentage points below the 2001-2010 historical average. These developments suggest the presence of contained domestic demand-induced inflationary pressures on the economy during 2010.

The core and net non-tradable inflation trends, against the backdrop of macroeconomic environment analysis, with a continuous negative output gap on average, have served as important monetary policy decision-making indicators.

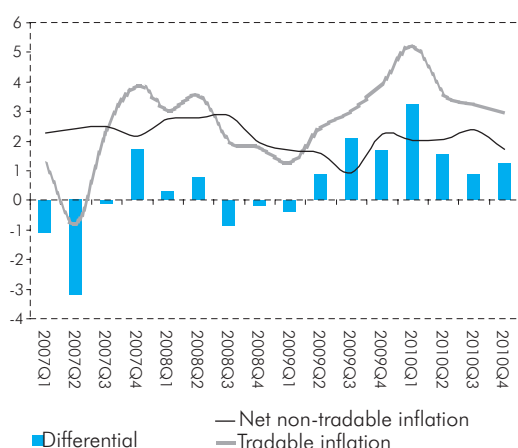
⁹ The average annual inflation of the respective sector for 2009 and 2001 - 2010 is 2.7% and 1.5%, respectively.

¹⁰ For 2010, their average share to imports resulted 33% and 52%, respectively.

BOX 1. INFLATION DIFFERENTIAL BY SECTORS OF THE CPI BASKET

The indicator of inflation differential between tradable and net non-tradable inflation, synthesizes the sectoral trend analysis of consumer prices and the source of their creation. An expansion of its positive value would signal elevated inflationary pressures from external environment and vice-versa. These pressures may be an outcome of rising prices of raw materials and primary commodities in international markets, import price rise, national currency's depreciation, whose instantaneous combination increases the imported inflation's contribution to headline inflation.

Chart 5 The differential between tradable and net non-tradable inflation rates (in pp)



Source: INSTAT, Bank of Albania.

The presence of a positive differential since mid 2009¹¹ onwards, shows that domestic inflationary pressures have been stronger from inflation of tradable goods rather than from non-tradable services. The 2010 Q1, following the depreciating exchange rate pass-through, hit the highest positive differential, against the setting that net non-tradable inflation remained stable.

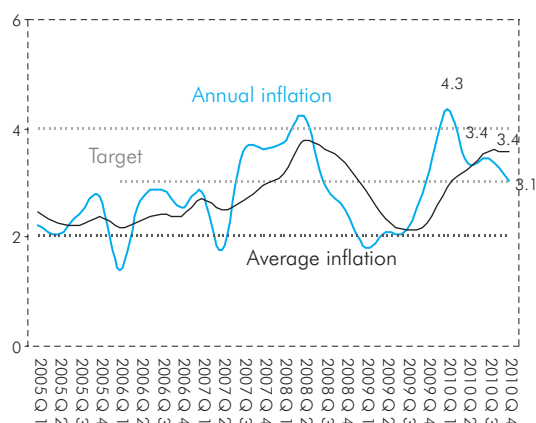
The differential remained positive throughout the following period, albeit at more moderate levels than in the previous period. Its growth in 2010 Q4 is attributed to global price trend. The Bank of Albania's assessments do not highlight any strong pass-through of tradable sector's rising prices of the CPI basket to those of non-tradable sector (also known as second-round effects), at least at the six-quarter horizon.

¹¹ Upon onset of the national currency's gradual depreciation, mainly against the euro.

II.3. FACTORS IMPACTING INFLATION

During 2010, inflation was determined mainly by rise in administered prices, primary commodities in international markets and the depreciated exchange rate trend. The sluggish domestic demand and the presence of spare capacity in labour and production markets contributed to subdued inflationary pressures generated from the domestic economy and were reflected in low rates of core inflation and of non-tradable inflation. Also, this factor impacted on buffering out the supply shocks to headline inflation and contained their transmission to costs of goods and services produced domestically. Inflation expectations of economic agents, consumers, businesses and financial market, remained anchored to the Bank of Albania's target, reflecting, inter alia, the monetary policy measures to meet its price stability mission. Finally, the expansion of monetary base in the economy was relatively rapid, but on track, being in line with the demand of the economy for real monetary assets.

Chart 6 Annual inflation, q-o-q (in percentage)



Source: INSTAT, Bank of Albania

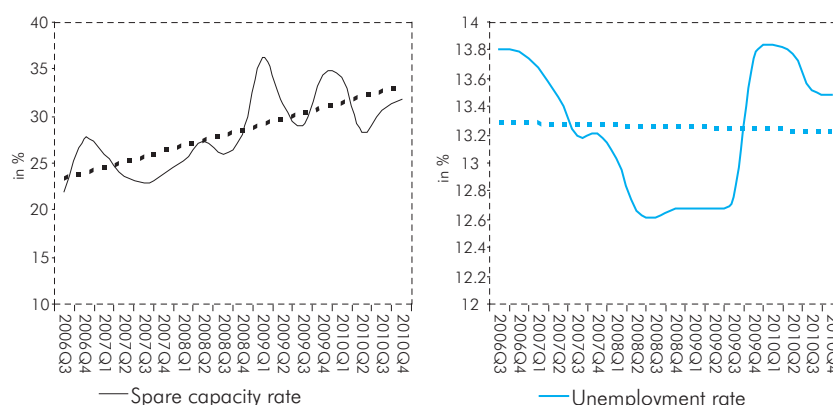
• ASSESSMENT OF INFLATIONARY PRESSURES ON THE REAL SECTOR OF THE ECONOMY

After contraction of economic activity in 2009 Q4, the Albanian economy posted positive growth rates in the first three quarters of 2010. According to preliminary data from INSTAT, the country's economic activity expanded by about 3.6% on average for the first-nine month period of the year. The positive economic growth rates during 2010 slightly mitigated but not eradicated the gap between actual and potential output.

Downward annual inflation trend and core inflation rates in line with the historical average attest to contained inflationary pressures from the domestic economy. Relative exchange rate stability following 2010 Q1 mitigated inflationary pressures from the external economy and the disinflationary impact of the negative output gap.

In line with economic activity developments, the labour market indicators showed signs of stabilization. Unemployment rate fell slightly; however, it is still higher than the historical average, reflecting the mismatch between the labour market supply and demand. In the meantime, the capacity utilization rate, following a significant improvement in 2010 Q2, dropped again in the next quarters. The relatively high unemployment rate and availability of spare capacity suggest the existence of unutilized capacity in the economy, putting disinflationary pressures on CPI inflation in the country.

Chart 7 Spare capacity* and unemployment rates



*Spare capacity rate is estimated as a difference between maximum capacity utilization rate (100%) and capacity utilization rate reported at business surveys.

Source: INSTAT, Bank of Albania

• WAGE AND UNIT LABOUR COST

In spite of the slack in the labour market indicators, wages were not decelerated during the first nine months of the year¹². The wage index in the economy¹³ recorded an annual average growth rate of about 9.3% in the first three quarters of the year, up 1.6 percentage points from the 2009's figure, however, fluctuating near the historical average annual rate of 9.7% recorded over the last three years. Meanwhile, it is estimated that this period's real wage¹⁴ growth averaged 5.3% y-o-y, down by about 1.3 percentage points from the average annual growth that has been recorded since 2007. Qualitative indicators from business confidence surveys on wage developments over 2010 Q4¹⁵, suggest that the moderate wage growth model will perform in line with the labour market slack.

During January - September 2010, the signals given by labour productivity and unit labour cost¹⁶ are a consequence of the dynamics followed by the realization of the value-added and the performance of employment and wages. Labour productivity index on 2010 first nine months experienced an average annual change of -3.4%. This development is inherited from the

¹² The upward wage trend during this period may reflect, inter alia, the efforts to formalize the economy and improve business reporting, as well as the fiscal policy's impact, through public sector's wage rise and the minimum and reference wage setting for several sectors of the economy.

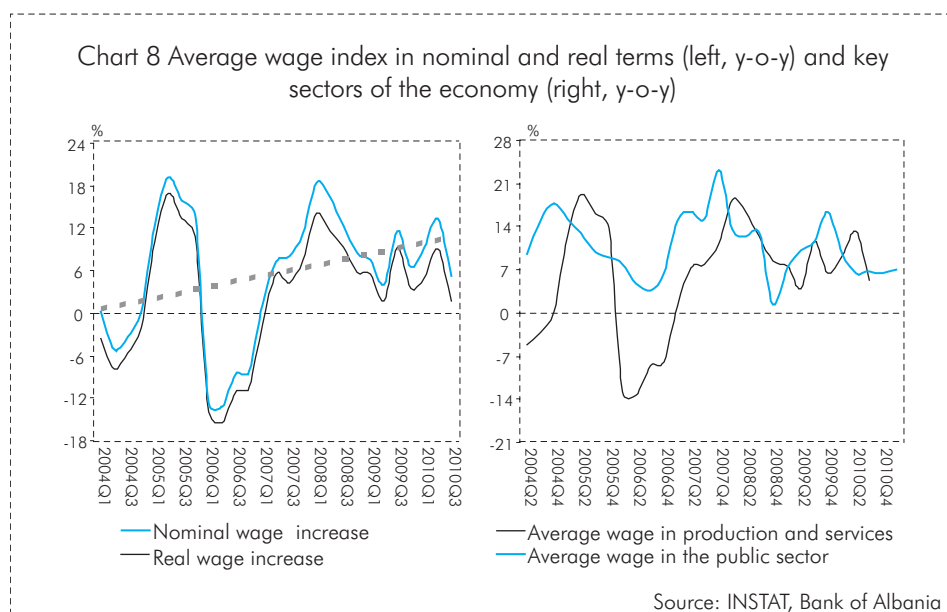
¹³ Wage index in the economy, referred to as "average wage" is measured as a ratio of wages fund index to employees number index, whose source is the INSTAT's "Short-term Statistics", which exclude "Agriculture".

¹⁴ Real wage represents the average wage deflated to inflation, which is estimated as a ratio of the average wage index to inflation rate. The data are quarterly.

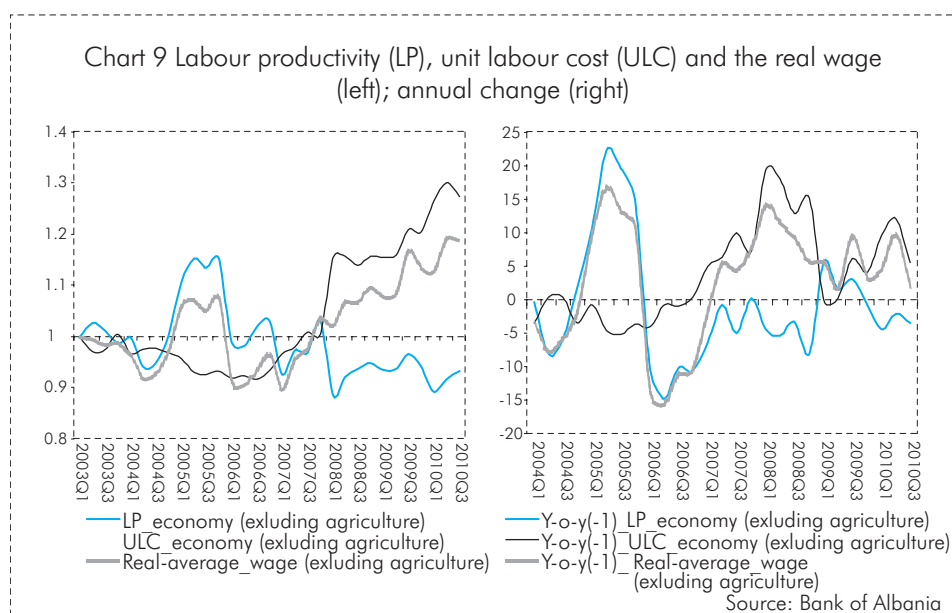
¹⁵ Business confidence survey (2010 Q4), Bank of Albania.

¹⁶ The measures refer to labour productivity and unit labour cost in the economy, excluding agriculture. The calculations have used value-added data (seasonally adjusted – INSTAT, GDP, 2010 Q3) and those from short-term statistics on employment and wages (INSTAT, Short-term statistics, 2010 Q3). The real average wage index is obtained after deflating to that of the CPI, seasonally adjusted. The indicators are re-based on 2003 Q1, for comparison.

2009 Q4. It reflects curbing of value-added growth rates, against a more modest response to this phenomenon by the labour market.



With a negative average annual growth rate of labour productivity, the performance of annual unit labour cost was led primarily by increases in the real wage index. The average annual unit labour cost for January-September 2010 is estimated to have increased by 9%.



The 2010 Q3 highlighted a high restraint of unit labour cost growth rate (5.5%). If this restraint continues, the risks for additional inflationary pressures from increased costs due to higher wages would decrease in the medium run. In the short run, a primary role in this respect would be played by increased demand and capacity utilization rate, which would lead to unit labour cost reduction. In the long run, Albanian businesses should pay more attention to

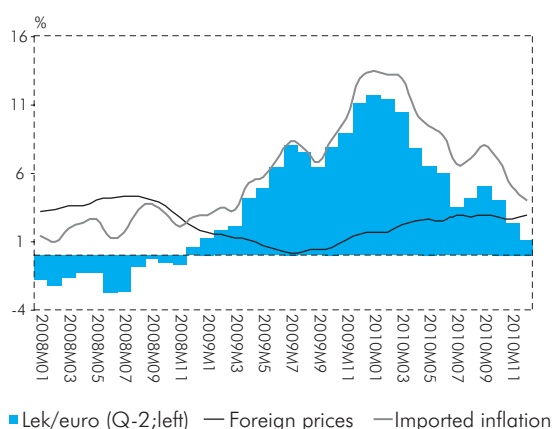
productivity growth, introduction of advanced technology and keeping of their costs in check.

- *IMPORTED INFLATION*

Inflationary pressures from external economy on the overall consumer price level at home were present during 2010. The recovered global economic situation and the increased trade activity were accompanied by rising raw-material and consumer prices. Against the background of ongoing depreciating exchange rate, albeit at slower paces, these developments have been translated into added inflationary pressures from imported inflation.

In Italy and Greece, inflation ranged around 1.5% and 4.7% on average during 2010. As a result, their aggregate index (HPI)¹⁷ resulted 2.6%, being in line with the average historical growth rate¹⁸, but significantly higher from the 2009's 1% growth rate. Impacted mainly by high rates of the exchange rate depreciation against the European currency at end-2009, imported inflation¹⁹ recorded 13.2% y-o-y in 2010 Q1, reinforcing the upward trend observed during 2009 H2. Following this high rate, imported inflation slowed to 9.6%, 7.3% and 5.4% in the next quarters. Lower annual depreciation exchange rates have somewhat offset the rising prices of raw materials and consumer goods in the global markets, dampening the inflationary pressures of foreign origin.

Chart 10 Relative exchange rate stability has eased inflationary pressure of foreign origin



Source: Bank of Albania, Statistical Institutes of Italy and Greece.

Despite the decelerated trend of imported inflation on overall consumer prices, its pressure is more pronounced on certain domestic consumer basket items, which are more import-oriented. Thus, rising raw-material prices in the global market, mainly foodstuffs', have led to significant rise of processed food inflation.

Import processed food prices – as proxied by the unit value index of exports of these products from European Union countries to those of the Balkans – picked up by about 3.5% on average in September – November 2010, compared with the deflator that has been registered since early 2009²⁰. The correlation analysis shows that annual changes in these prices have a strong positive correlation (0.7) and impact with a 2-month lag on processed food prices at home.

¹⁷ Herfindahl price index is estimated as a weighted average of consumer prices in Italy and Greece at respective market share.

¹⁸ This rate is 2.6% for 2000 – 2009.

¹⁹ The proxy estimated by the Bank of Albania, which is obtained by combining information on the CPI of Greece and Italy for the euro/lek exchange rate (with a two-month lag) and Albania's import share to those countries.

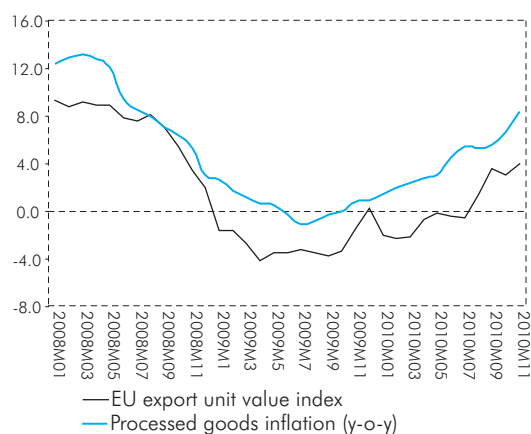
²⁰ These prices dropped by about 2.1% on average in 2009 M01 – 2010 M08.

• INFLATION EXPECTATIONS ²¹

Economic agents' expectations as to inflation rate after one year were within the 2-4% range in 2010. Consumer confidence survey registered low expectations for inflation rate after one year. Inflation expected by consumers fluctuated around 2.2%, showing simultaneously the lowest levels and volatility among economic agents' expectations. Meanwhile, businesses' expectations as to inflation after one year were volatile during 2010. After an increase by 2.6% in 2010 Q1, they fell back in 2010 Q2. Following the current inflation performance at the time when the trend was measured, in 2010 Q3 businesses expected a higher inflation rate after a year, i.e., 2.4%, to fall back to 2.2% in 2010 Q4.

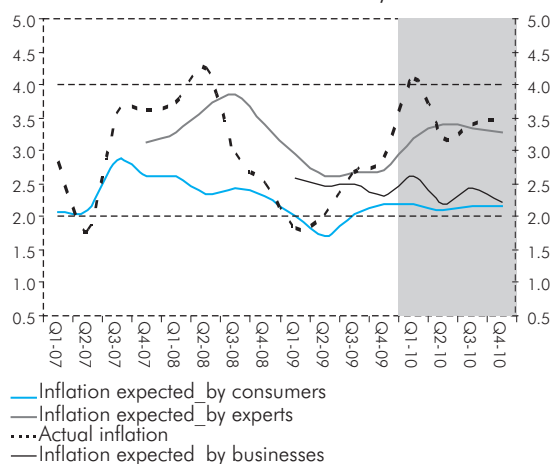
The record of financial experts' survey results shows that they have higher expectations than businesses and consumers. This behaviour was verified even during 2010. In 2010 Q1 and Q2, experts' expectations continued their upward performance having started since early 2009, to settle close to these levels during the second half of the year. Experts' expectations measured at end-2010 for 2011 Q4's annual inflation resulted 3.3%.

Chart 11 Annual change of EU exports' unit value index and of processed food inflation



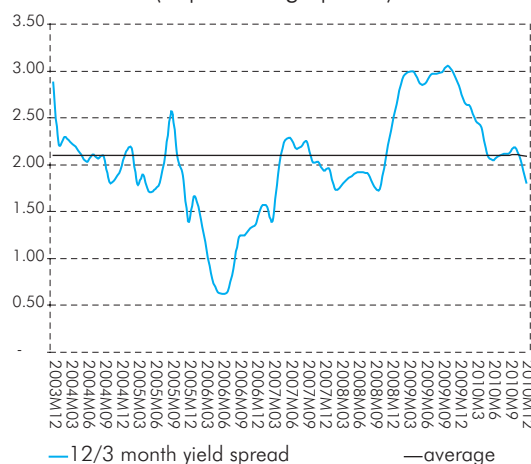
Source: Bank of Albania, Eurostat

Chart 12 Economic agents' expectations as to inflation after one year



Source: Confidence Survey, Banks' Survey, Bank of Albania

Chart 13 Interest rate spread (in percentage points)



Source: Bank of Albania

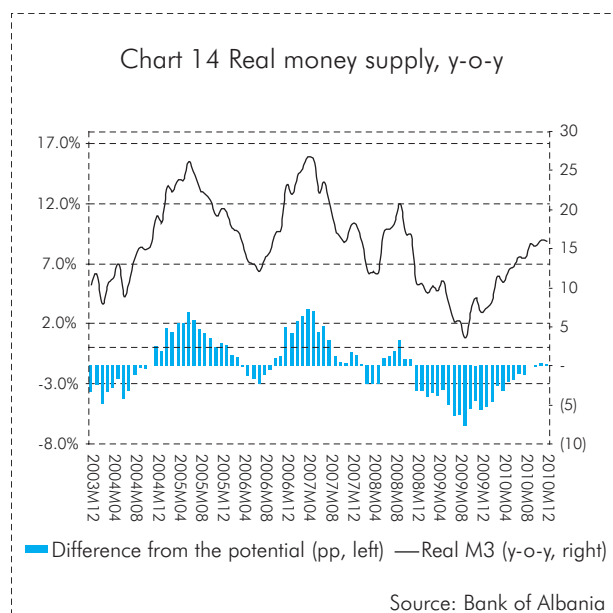
In the meantime, official data on the performance of financial markets in 2010 show that the spread between long- and short-term interest rates settled close to historical average levels. This fact suggests that financial market

²¹ The Bank of Albania measures economic agents' inflation expectations through business and consumer confidence indicator and experts' trend surveys. Information on inflation expectations in financial markets is also obtained from interest rate curve slope.

agents do not expect additional inflationary pressures in the economy. The transmission of easing monetary policy to all maturity terms in the price market of money also confirms a lower risk premium on long-term instruments.

• ASSESSMENT OF MONETARY INFLATION PRESSURES

During 2010, monetary expansion in the economy was in line with the economic agents' added money demand, without putting pressure on price performance. Real money supply grew on average by 7% y-o-y, preserving lower levels than the historical average of the past 5 years. The 2010 H2 highlighted the narrowing of this money gap²² in the economy, in line with the country's economic activity recovery. Notwithstanding this gap narrowing, the monetary expansion does not signal any increased pressures on price performance because it is still supported by increased foreign-currency component of money demand. In the meantime, the domestic credit contribution remains moderate and close to lower historical levels. In real terms, domestic credit grew by 4.5% on average in 2010, evidently below the historical average of 12.6% in the last 5 years. Despite the rapid growth of lending activity over the last two months of the year, domestic money demand remained almost similar to that of 2010 H1, due to funding shift from the public sector to the private one.



II.4. TARGET FULFILMENT AND MONETARY POLICY

During 2010, the Bank of Albania's monetary policy was conducted in a macroeconomic environment characterized by positive economic growth rates and contained inflationary pressures. The Albanian economy settled at an upward trend, supported by ongoing recovery of the global economic activity, stimulating monetary conditions and positive tendencies of domestic financial markets.

The contained inflationary pressures, anchored inflation expectations, and moderate economic growth rates, enabled continuation of expansionary monetary policy launched in 2009. Also, reduction of fiscal stimulus during this year increased the room for policy operation in terms of promoting the domestic demand. The Bank of Albania has aimed at transmitting a cautious monetary stimulus to the economy, by keeping the key interest rate at low levels, and even cutting it further, as well as by injecting appropriate liquidity into the banking system. Monetary conditions continued to stimulate the aggregate demand, as also reflected by the performance of monetary conditions index in

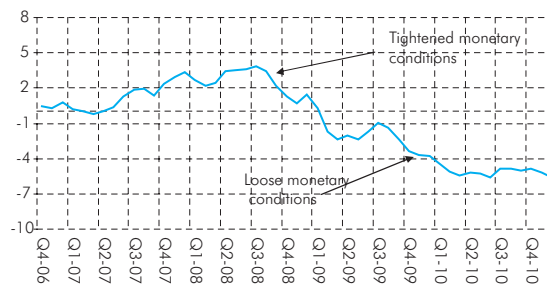
²² The difference between the current real M3 and the potential level, estimated by using the historical trend path.

the economy. The composite Monetary Conditions Index continued to remain at significantly lower than neutral levels.

Their stimulating performance reflects both the downward interest rate trend and the ongoing depreciation of the exchange rate over the last two years. While low interest rates have favoured the boosting of consumption and investments at home, the depreciated exchange rate has supported the growth of Albanian exports throughout the year.

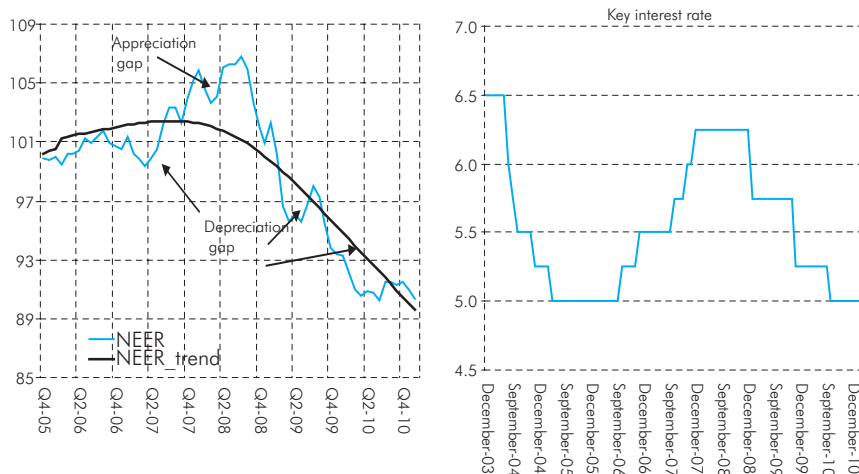
In July 2010, the Bank of Albania cut the key interest rate by 0.25 percentage points, to 5.0% - the lowest historical level. Also, the Bank of Albania continued injecting liquidity into the banking system to promote financial intermediation and support the economic activity growth. During 2010, the Bank of Albania injected an average of about ALL 23 billion in the interbank market. Improved banking system liquidity conditions and the sluggish demand for monetary assets by the public and private sectors, have supported transmission of easing monetary policy to all segments of financial markets over the last months of 2010. Monetary and financial data of Q4 show decreased interbank rates in the primary government security market and in ALL-denominated deposit market. Flattening risk premium in the banking system, improving liquidity indicators and reducing government borrowing in the domestic financial market were accompanied by a downward long-term ALL-denominated loan interest rate trend.

Chart 15 MCI change* from the base year



*Monetary Conditions Index is a weighted average of changes in the key interest rate and the nominal effective exchange rate (NEER) of the lek against a base period (December 2005). The ratio of Albania's Monetary Conditions Index is estimated at 1.82:1, which means that the depreciation pass-through by 1.82 percentage points of the NEER into the aggregate demand may be offset by 1% interest rate rise. An increase in the MCI may be regarded as a sign of tightened monetary conditions at home, but not as the monetary policy stance.
Source: Bank of Albania

Chart 16 NEER (left) and Repo (right)



Source: Bank of Albania

On the other hand, transmission of monetary policy into ALL-denominated loan interest rates was contained by the existence of high risk premiums in

financial markets and the banking system. This performance is also confirmed by the Bank of Albania's surveys with the banks' credit officers. They showed that this system has remained prudent in terms of easing credit conditions, both those affecting the product cost and other selecting conditions of lending prudence, relating to collateral size and type, business plans, loan size to operating income, etc. Therefore, long-term interest rates of ALL-denominated loans have remained high, characterized by a significant volatility, depending on bank clients.

Also, in June, the Bank of Albania approved the change of operational objective, from quantitative targeting of money indicators to short-term interest rate targeting and their orientation towards key interest rate. This change helped reduce the interest rate volatility and enhance the transmission efficiency of monetary policy signals to the interbank market.

LIGJ MBI RREGULLIMIN E MONEDHES FZ 40, 31 Korrik 1925

Ligjë

Mbi rregullimin e monedhës
aprovuarë prej Dhomës Deputetve me
23 Qershuer 1925 e prej Dhomës Senatit
me 5 Korrik 1925

Monedha ligjore në tokën shqypëtare asht
franga ar.

CHAPTER III MACROECONOMIC DEVELOPMENTS

Albanian economy during 2010 was characterized by gradually improved aggregate demand, consolidated macroeconomic stability and decreased risk premiums. According to available data, the Albanian economy grew by 3.6% over the first nine months of 2010, whereas the average annual inflation ranged close to the Bank of Albania's target. Budget deficit to GDP decreased by 4 percentage points. Preliminary data suggest that the current account deficit narrowed by 5 percentage points of GDP.

Economic growth was supported mainly by foreign demand and increased Albanian exports, whereas the domestic demand was sluggish. The latter was also affected by consolidated public finances and reduced budget deficit in 2010, whereas consumer spending and investments were contained, due to uncertainty about the future and the spare capacity. In sectoral terms, the development of Albanian economy was supported primarily by the growth of service and industry sectors. Construction sector continued to be contracted over the first nine months of the year, whereas agriculture registered a satisfactory growth.

Table 1 Key economic indicators in the years

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---------|---------|---------|------------------|------------------|---------------------|
| Real GDP growth (in %) | 5.7 | 5.4 | 5.9 | 7.7 ¹ | 3.3 ² | 3.6 ³ |
| GDP (at current prices, in ALL mln.) | 814,797 | 882,209 | 967,670 | 1,088,132 | 1,143,610 | NA |
| Number of people employed (in thousand) | 932.0 | 935.1 | 939.0 | 974.1 | 899.3 | 916.9 |
| Unemployment rate | 14.2 | 13.8 | 13.2 | 12.7 | 13.7 | 13.5 |
| Inflation rate (y-o-y) | 2.0 | 2.5 | 3.1 | 2.2 | 3.7 | 3.4 |
| Budget deficit (including grants, as a share of GDP) | (3.5) | (3.3) | (3.5) | (5.5) | (7.0) | (3.1) ² |
| Public debt (as a share of GDP) | 57.4 | 56.2 | 53.5 | 54.8 | 59.7 | 58.4 ² |
| External debt (as a share of GDP) | 17.2 | 16.6 | 15.3 | 18.0 | 23.4 | 25.1 ² |
| Current account (excluding official transfers, as a share of GDP) | (10.0) | (7.3) | (11.4) | (15.8) | (15.5) | (11.9) ² |
| ALL/USD average exchange rate | 99.9 | 98.1 | 90.4 | 83.9 | 95.0 | 103.9 |
| ALL/EUR average exchange rate | 124.2 | 123.1 | 123.6 | 122.8 | 132.1 | 137.8 |
| M3 aggregate (annual average) | 15.6 | 11.6 | 15.8 | 12.3 | 6.0 | 10.6 |

1- Non-definitive; 2- Preliminary data 3 –Annual average growth over the first three quarters

Source: INSTAT, Ministry of Finance, IMF and Bank of Albania.

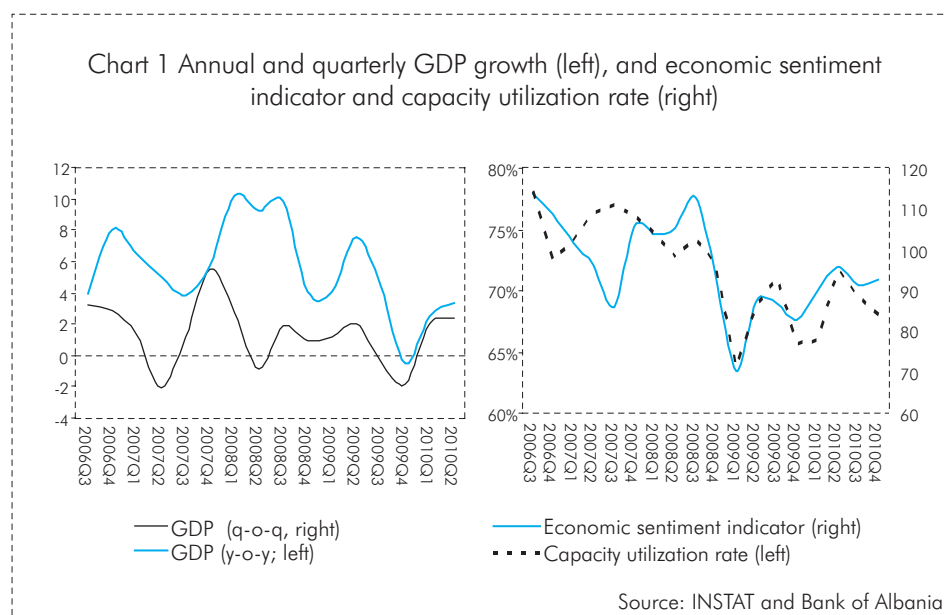
Financial market interest rates were downward during 2010, reflecting the easy monetary policy pursued by the Bank of Albania and the public sector's lower borrowing from domestic financial markets. On the other hand, the exchange rate continued to follow a slight depreciating trajectory in line with the structural changes in the Albanian economy and international financial markets.

The restored confidence in the financial system, stabilized macroeconomic situation and prudential and regulatory measures taken by the Bank of

Albania, led to the stabilization and improvement of capitalization, liquidity and profitability indicators of the banking system. This made the credit support of the economy be upward during the year. However, it is still suffering from lack of the demand and realistic, qualitative and creditable business plans, as well as from the banks' tight lending conditions. The easing of lending terms and conditions in 2010 H2 and the upward interest of the banks in financing domestic consumption and investments, decreased uncertainty and risk premiums, as well as the overall sound balance sheets of businesses and consumers, are expected to stimulate the domestic demand in 2011.

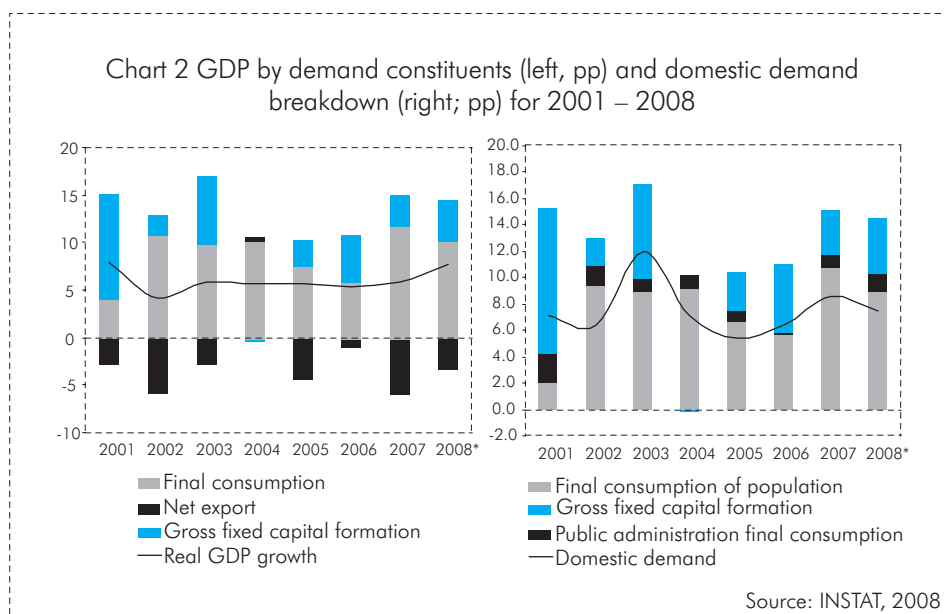
III.1. GROSS DOMESTIC PRODUCT AND AGGREGATE DEMAND

Aggregate demand has progressively increased year-on-year, after having contracted in 2009 Q4. The Albanian economy grew by 2.5%, 3.3% and 4.9%, respectively in 2010 Q1, Q2 and Q3. The strong upward trend of lending to the economy and of merchandise imports, increased budget revenues, and improved economic sentiment indicator in 2010 Q4 suggest ongoing positive economic growth rates for Q4.



Economic growth is supported mainly by foreign demand, whereas domestic demand continues to provide a low contribution. Ongoing global economy recovery and its positive impact on the demand for exports supported the country's economic growth during 2010. At the same time, consumer confidence indicator rose in 2010 H1, supporting the private consumption. While economic activity recovered in 2010 H1, private investments were generally more restrained, showing growth only in 2010 H2. On the other

hand, the contribution of public spending to aggregate demand and to economic growth was declining gradually over 2010.¹



Indirect indices from official statistics and also qualitative confidence survey indicators show that private consumption grew slightly in 2010, influenced even by the statistical base effects of 2009 decline.

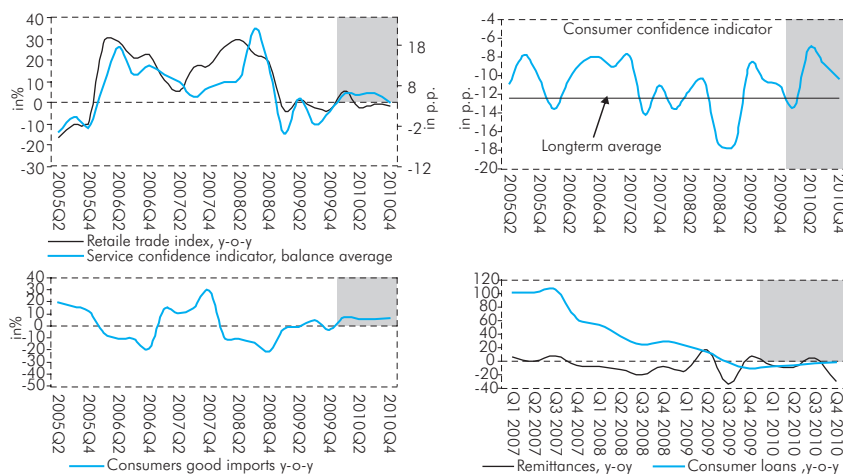
Private consumption growth q-o-q has been uneven. Indirect indices show that its recovery was more evident in 2010 H1. Retail trade index, which grew by 1.6% y-o-y in 2010 H1, fell by 0.9% in 2010 H2. On the other hand, consumer goods import experienced y-o-y growth throughout 2010, following the 2009 decline. Consumer goods import registered strong growth in Q1, by 7.3%. Over the next three quarters, the growth was decelerated, respectively, 5.9% in 2010 Q2 and Q3 and 6.4% in Q4.

During 2010, private consumption was supported by rising disposable incomes, attributed mostly to wage increases. Other funding sources, remittances and consumer loans remained at low levels. Remittances dropped by 11.7% y-o-y and consumer credit shrank slightly. Meanwhile, the 2-4% inflation rate helped maintain positive real growth rates of disposable income.

Uncertainties around overall economic and financial situation and expectations for future employment were the main concerns leading to restrained consumption in 2010. After having registered significant increase

¹ Measurement of domestic aggregate demand by its expenditure items is estimated annually and becomes available with long lags. (Chart .2, till year 2008). Therefore, private consumption, investments, and other components of aggregate demand by quarters are estimated by using indirect data from consumer goods imports and investments, retail trade volume, qualitative data from business and consumer confidence surveys and funding sources of these components.

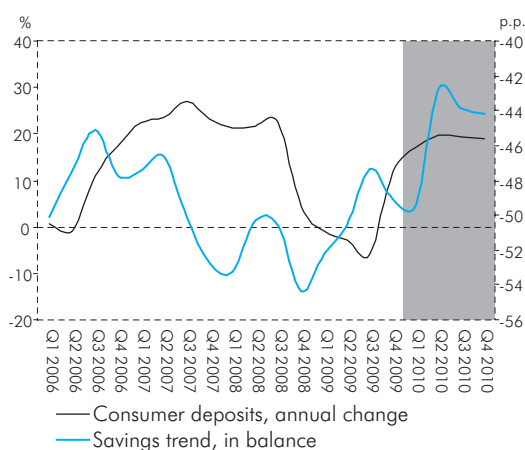
Chart 3 Downward consumer demand and upward savings trend



Source: INSTAT and Bank of Albania

in H1, consumer confidence indicator fell in H2, being reflected in consumer behaviour with regard to consumption and savings. The ongoing upward household deposit trend and increased savings indicator obtained from consumer confidence survey, suggest continued cautious stance of households related to their spending.

Chart 4 Consumer savings trend

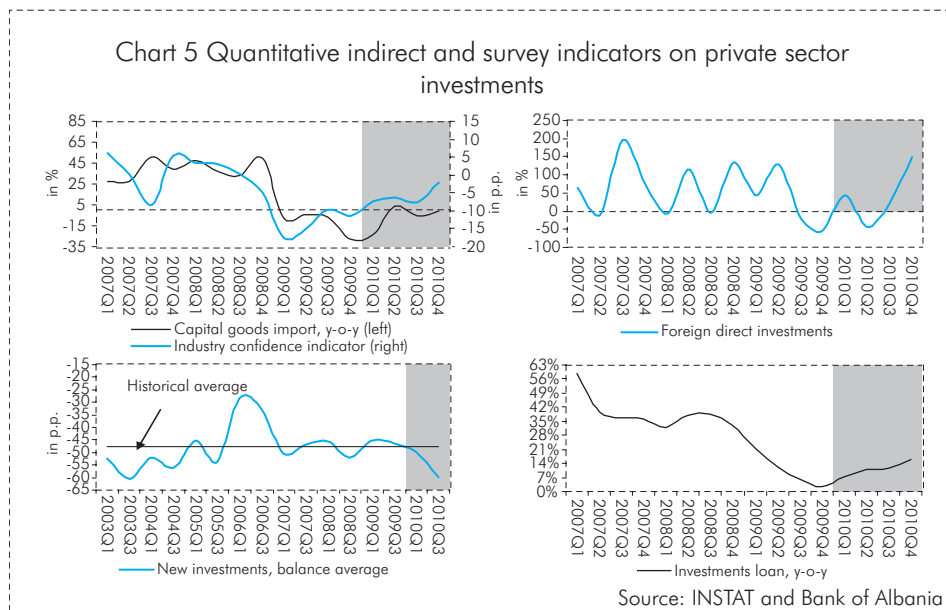


Source: INSTAT and Bank of Albania

During 2010, private investments slightly recovered the sharp descent having been registered a year earlier. However, their growth was slow, following the domestic economic activity recovery with a several-month lag. Foreign direct investments, which were volatile over the 2010 H1, registered significant growth in 2010 H2. During 2010 Q1, the process of inventory accumulation contributed positively to aggregate demand. In the next period, their contribution is estimated to have been negative.

The contribution of private investments to aggregate demand growth was absent during 2010 H1. Affected by low capacity utilization rate and tight lending conditions, Albanian businesses have been reluctant to make new investments. In construction

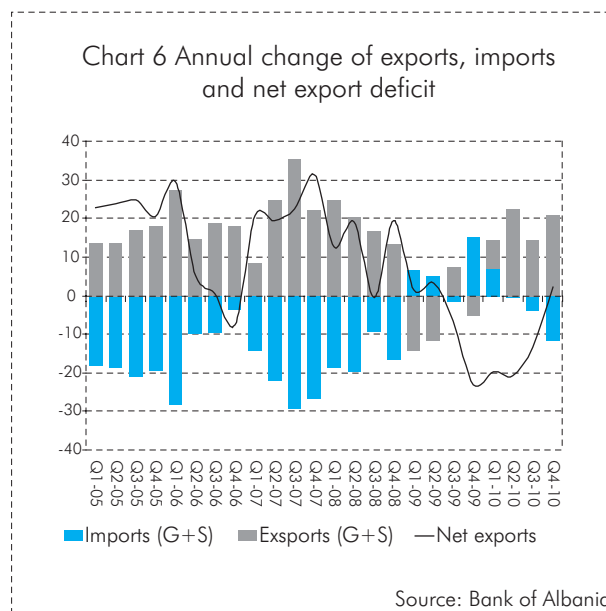
sector, the total building permits approved for housing and engineering constructions were downward for four consecutive quarters, starting from 2009 Q2. Meanwhile, indirect private investment indicators show that their level grew during the second half of the year. This performance was supported by improved business confidence indicator, sustainable external demand recovery, as well as increased bank credit to businesses, in response to eased credit conditions and banks' increased attention paid to lending. According to bank credit survey, investment standards stopped tightening in 2010 Q3 and



began easing in 2010 Q4. According to this survey, business loan demand for investment was low but upward throughout 2010.

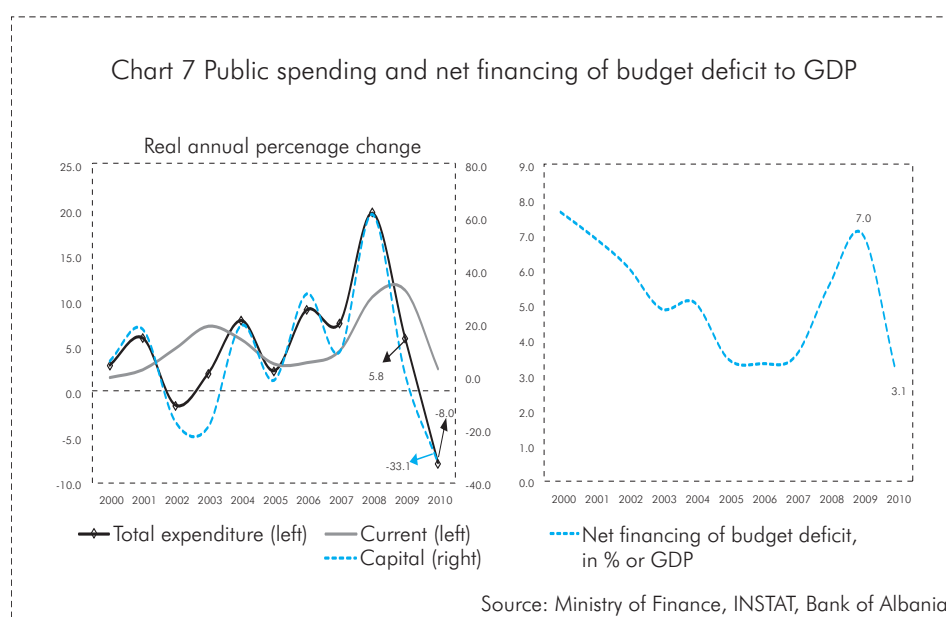
The annual deficit contraction of goods and services net exports during 2010 provided a positive contribution to annual GDP. Subsequently, net export indicator narrowed by 12.9% y-o-y. This development was influenced by rising exports of goods and services by about 16% y-o-y. The contraction of net export deficit is estimated to have provided a substantial positive contribution to economic activity during 2010.

Increased foreign demand for Albanian goods and services has supported domestic output growth. In particular, it is reflected in good performance of the sectors related to exports of goods and services, such as industry and tourism-related services. The recovery in the world activity, exchange rate adjustment, and the flexibility of Albanian businesses to find new markets for their products, have been determining factors in increasing exports and improving Albania's external sector's balance sheet. On the other hand, this trend has also reflected the statistical effects of Albania's weak export performance during 2009. It is also favoured by favourable conjunctural factors, such as high mineral prices in global markets and suitable weather conditions for hydroelectric generation. However, in 2010, export and import indicators, deflated from price volatility, shows that export growth was higher than what statistics show, whereas imports contracted in response to a still sluggish domestic demand. Overall, it is estimated that the contribution of net export narrowing to real GDP growth is even more positive. Notwithstanding



these positive developments, the maintaining of positive contribution of this aggregate demand constituent to economic growth in the years ahead will be one of the challenges of the Albanian economy.

Fiscal consolidation process was accompanied by a sharp reduction of public spending contribution to aggregate demand and economic growth in 2010. In real terms², budget spending contracted by about 8% in 2010, while budget deficit decreased by 4 percentage points as a share of GDP. Public investments experienced a real contraction by about 33.1% in 2010, vs. a real growth of 0.1% in 2009. Coupled with fiscal correction effect³, this public investment trend reflects also the statistical effect of the previous year's high investments⁴.



Due to restraining direct impact of fiscal consolidation on economic growth, the public sector's lower need for borrowing from domestic financial markets led to interest rate cut and increased the banks' attention to private sector lending. This phenomenon was especially evident during 2010 Q4, when the decreased government security portfolio was accompanied by rapid growth of lending to the economy. In the long run, keeping public debt level in check contributes positively to decreasing the financial market risk premiums and the real interest rates in the economy, as well as to increasing the long-term investments.

² Real change of budget spending is obtained by deflating nominal expenditures to average annual inflation per budget year.

³ Fiscal correction for 2010, which aimed at reducing budget spending, was mostly supported by reduced capital expenditure relative to the previous year.

⁴ Between the period 2008 and 2009 Q2, there was a high concentration of capital expenditures, due to Rrëshen-Kalimash road construction.

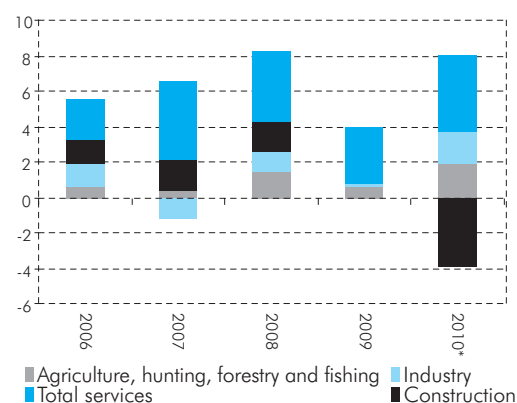
III.2. OUTPUT BY SECTORS OF THE ECONOMY

The economic growth over the first nine-month period of 2010 reflected mainly the strong growth in industry, followed by the growth in services and agriculture sectors. In the meantime, construction sector deepened the contraction having started since late 2009.

Production sector⁵ slowed during the first nine months of the year, reducing the positive contribution to economic growth. This contribution is estimated at about 0.4 percentage points, from 0.6 percentage points in the same period of 2009. Within the production sector, the value-added from industry and agriculture to GDP offset the descent in construction.

Industrial output for the first nine-month period of 2010 was up 19.8% y-o-y. Significant improvement⁶ of economic activity in this branch was mainly affected by increased foreign demand for Albanian products, their higher prices in international markets – while the national currency continues to be weak - and the base effect of comparison with the low level of 2009. This development was reflected in the growth in industrial exports and sales at home, as proxied by the volume turnover indicator. Industrial sector's sales accelerated their annual growth rate in the first three quarters, registering an annual average growth of about 36.5%. This increase was triggered mainly by accelerated sales growth in the extracting industry. Industrial goods export increased by 60.5% y-o-y over the first nine-month period of 2010, compared to the negative growth a year earlier.

Chart 8 Sectors' contributions to GDP growth* (in percentage points)



*Years are estimated as the annual growth average of first three quarters.
Source: INSTAT and Bank of Albania

| | 2008 | 2009 | 2010* |
|-------------------------|------|------|-------|
| Industry | 8.7 | 12.6 | 36.5 |
| Extractive industry | -1.2 | -6.8 | 56.7 |
| Processing industry | 8.8 | 11.0 | 13.2 |
| Electricity, gas, water | 15.6 | 25.2 | 104.3 |

* Year 2010 is estimated according to the average of three quarters.
Source: INSTAT and Bank of Albania.

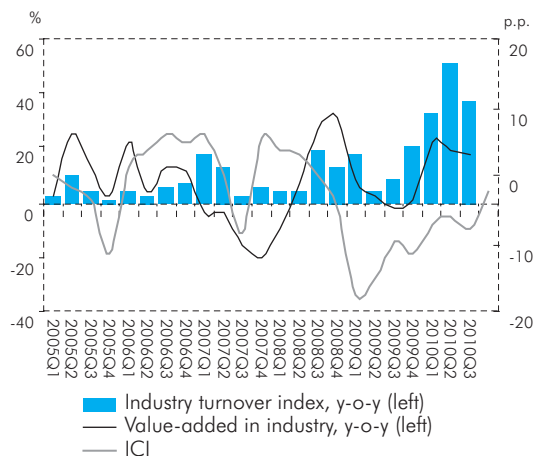
Table 2 Industrial output (annual changes, %)

Positive growth rates of industrial output are expected to persist in 2010 Q4. Export of these goods grew by about 50% in this quarter. In the meantime, the industrial confidence indicator grew by 5.5 percentage points, up by 0.2 percentage points from its historical average. Also, information on new industrial orders and the upward trend of industrial loan support the outlook for recovery of its activity over the periods ahead.

⁵ Production sector includes industry, construction and agriculture.

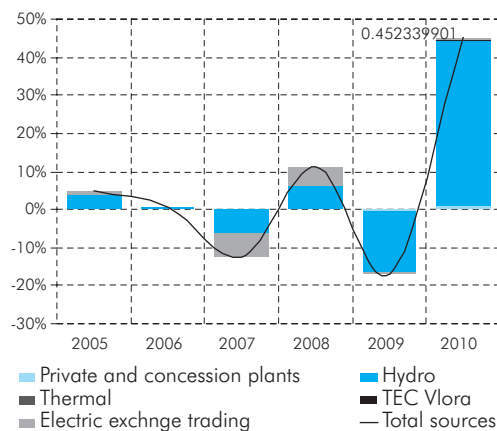
⁶ The average historical growth rate is 11.2 for the period between the years 2003 – 2008.

Chart 9 Value-added, turnover index and industrial confidence indicator



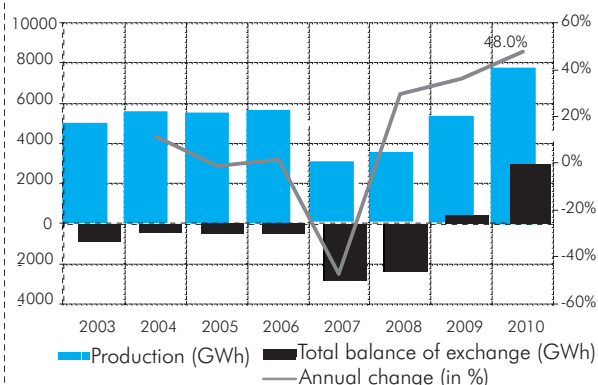
Source: INSTAT and Bank of Albania

Chart 10 Contribution by categories to sources of electrical energy and annual percentage change



Source: AEC and Bank of Albania

Chart 11 Electric power domestic production and balance of exchange (left) and annual change in production (right)



Source: AEC and Bank of Albania calculations

Electricity production grew by about 48.0% during 2010. Sources of electrical energy⁷ in the country increased by 45.2% during the year, mainly due to 43.4% rise in electricity generated from hydropower plants. Since early 2009, electricity generated from concession and private plants has been added to electricity generated from public thermal and hydropower plants⁸.

Net balance of electricity exchanged in 2010 totalled 2931.2.6 GWh, about 6.7 times higher than in the previous year. In 2010, exports accounted for about 37.9% of electricity generated domestically, up by 29.5 percentage points on a year earlier.

The slowdown in production sector's contribution to the country's economic activity growth during 2010 reflected mainly the contraction in construction.

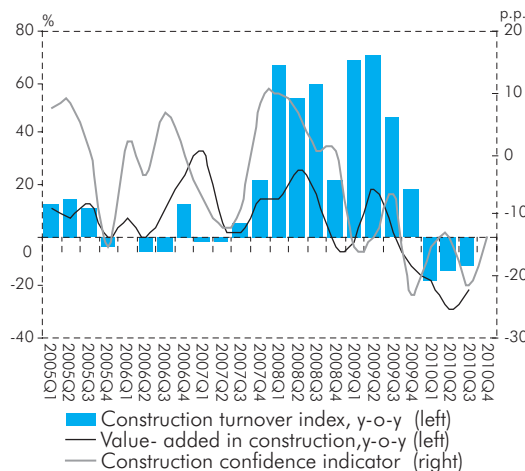
The value-added generated from construction recorded an average annual contraction of -23.1% in the first three quarters of 2010. The deterioration in construction activity contributed negatively to gross domestic product, by -3.4 percentage points. While the activity of this branch fell sharply, the housing market price correction was slower.

⁷ Domestic electrical energy sources refer to electricity generated from hydropower plants, thermal electric plants, concession and private plants as well as imported electric energy (import and exchange-trading contracts).

⁸ Even though their present contribution to total sources of production is low, they remain a source of electrical energy supply in the domestic market.

During 2003 - 2008, construction experienced a double-digit growth, supported by the upward trend in approved permits for private constructions, a high demand for housing, the demographic dynamic movements as well as the favourable funding support. Starting from 2009 H2, construction activity has fallen significantly, being reflected in the decreased number of housing constructions (22.5% on average during 2010), stable or downward trend of house prices, decreased values in engineering constructions, road and highway sub-branch (20.3% average annual decline during 2010). The descent in the added construction volume over the past two years was driven by the decline in the demand for residential buildings, public investments, or expansion of enterprise manufacturing capacities and lower lending to construction during past two years, compared to preceding years. In particular, the demand for housing is decelerated in response to consumer uncertainty about the future and consumer expectations for house price correction.

Chart 12 Value-added, turnover index and construction confidence indicator



Agriculture value-added grew on average about 9% y-o-y during the first three quarters of 2010, or up 5.8 percentage points from the figure marked over the same period of 2009. As a result, this sector is estimated to have provided a substantial contribution to annual GDP growth. Higher agricultural prices in global markets convey proper incentives for a long-term growth of agricultural production in the Albanian economy. Reforms and structural developments (aimed at enhancing efficiency in agricultural production, facilitating access of Albanian agricultural products to domestic and international markets, as well as supporting financially this sector's businesses and farms) should be a priority of economic development in Albania.

Chart 13 Sub-sectors' contribution to annual agricultural output growth (left) and agro-industrial production (right, in %)

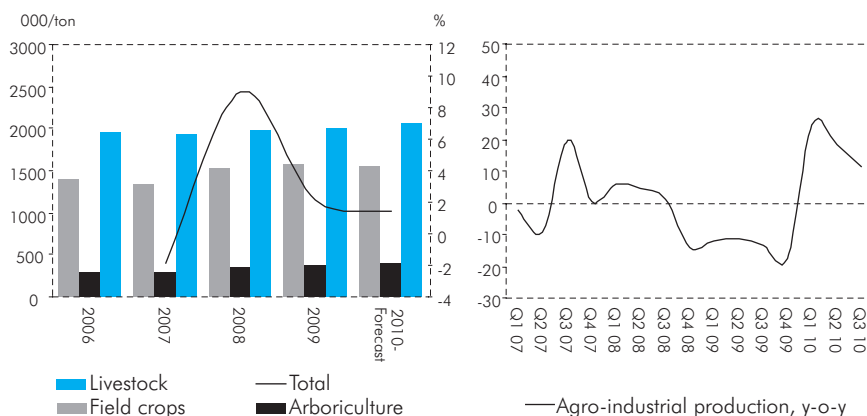
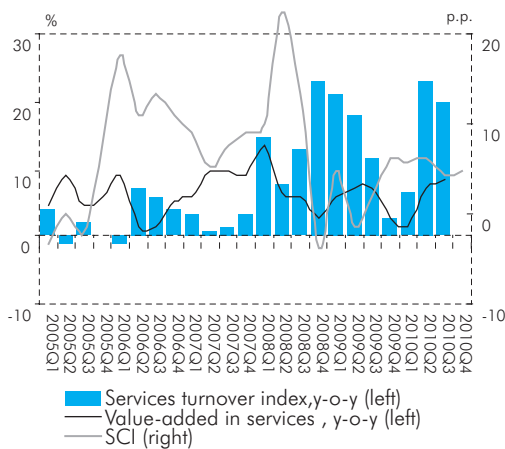


Chart 14 Value-added, turnover and service confidence indices



Source: INSTAT and Bank of Albania

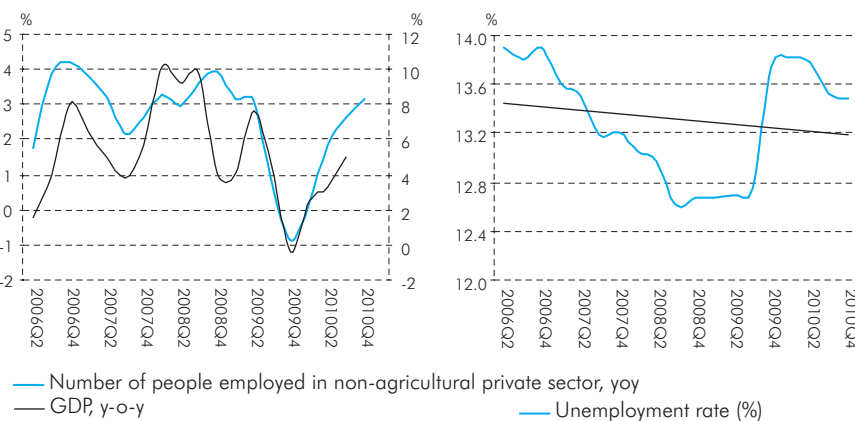
Service sector continued to provide a major contribution to generating positive economic growth rates. The service value-added contributed an average annual growth of about 3.2 percentage points to GDP for the first three quarters of 2010. Over this period, the value-added posted 5.6% average annual growth, showing a progressive trend from Q1 to Q3. Transport and Other services highlighted accelerated annual growth rates. Other services, which relate mainly with health, education and financial intermediation, have contributed by about 60% to Q3's economic growth. In the meantime, the value-added in Trade, hotels, and restaurants sub-branch, related closely to consumer spending, recorded a decelerated y-o-y and q-o-q growth rate⁹. Within the service sector, Post and telecommunication sub-branch dropped 7.2% y-o-y in the first nine-month period of the year (compared with up 36.5% in the same period a year earlier).

Based on data from business service surveys, this sector's confidence appears less optimistic in 2010 Q4, compared with the first nine-month period of the year. The confidence indicator of businesses operating in the service sector, having increased slightly in Q3, fell 2.2 percentage points in Q4. However, it is standing at its historical average.

III.3. THE LABOUR MARKET

Recovery of economic activity in 2010 conditioned the stabilization of the labour market during this period. Following the deterioration observed in

Chart 15 GDP at basic prices and the number of employed people (y-o-y percentage, left) and unemployment rate (right chart)



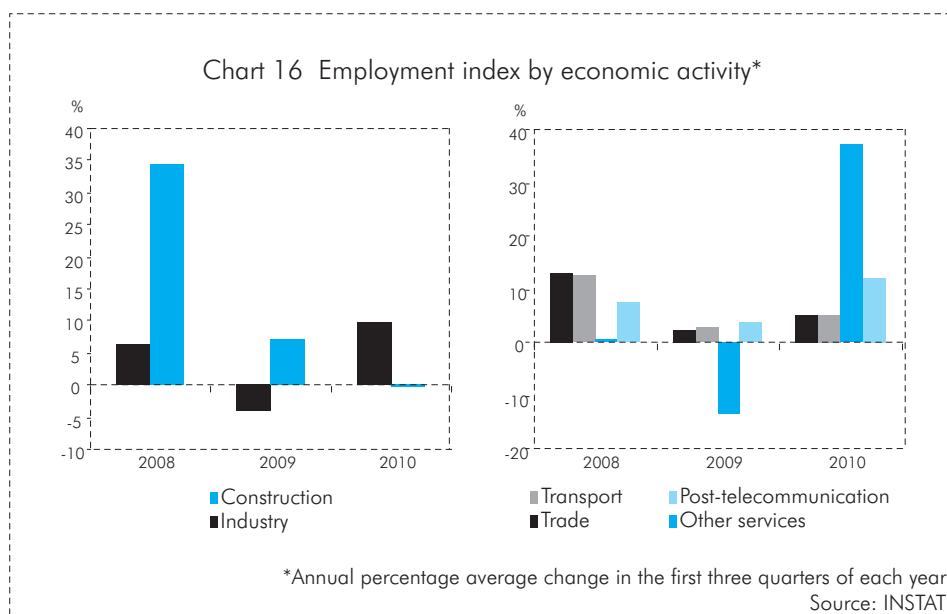
Source: INSTAT

⁹ The Q3's decelerated growth in this branch is unexpected because of its seasonality related to the tourism season.

2009 Q4, employment growth was slow but steady, while the increase in the number of unemployed people was lower. Unemployment rate fell by about 0.26 percentage points compared with the end of the previous year, standing at 13.49%. However, relative to previous years, it remains elevated, suggesting the existence of spare capacity in this market.

During 2010, the non-agricultural private sector's employment rate ¹⁰ picked up by 1.9% in 2010. In contrast, the public sector's employment rate levelled out in average terms.

A more detailed sectoral analysis based on short-term statistical data shows that increase in the private sector's non-agricultural employment has derived primarily from better-performing branches. In the first nine months, the industry and service employment indices increased by 9.8% and 5.2% y-o-y, respectively. In contrast, construction employment index fell by 0.5% over this period. Quarterly distribution of this index attests to positive developments in construction employment during Q3, following the fall registered in the first two quarters of the year.



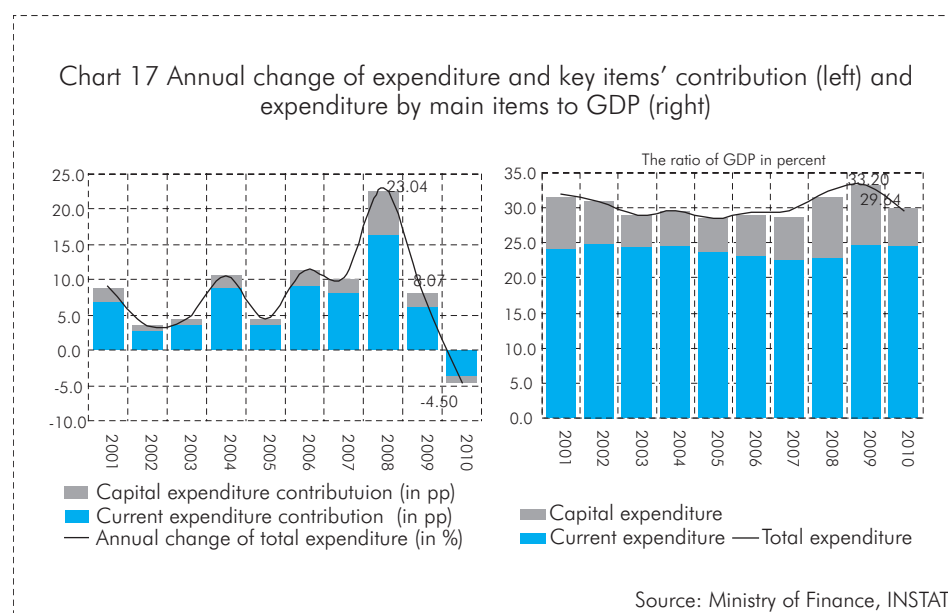
Data from surveys support the trend observed in the labour market. For Q4, survey indicators suggest further improved employment, which would be reflected in the production sector, whereas service sector is expected to maintain the Q3's levels.

¹⁰ The total number of people employed dropped by 6.7% in the first nine months of this year, due to decline in private agricultural sector, reflecting the statistical effect of their measurement. This is because the average number of people employed in the private agricultural sector from 2008 Q2 to 2009 Q3 is estimated according to the 2007 Labour Force Survey, whereas for 2009 Q4 it is estimated according to the 2008 Labour Force Survey (Source: INSTAT, "Conjuncture – Key economic indicators, January – March 2010").

III.4. FISCAL DEVELOPMENTS

Observing the public debt stock threshold below 60% of GDP, and maintaining low budget deficit levels, have been two most important operational objectives set forth under the 2010-2012 Fiscal Macroeconomic Framework¹¹. These two pillars have served as anchors to support fiscal sustainability in the medium and long run. Public finance sustainability became one of the most important issues in 2010 agenda, as a consequence of the deteriorating fiscal position on a year earlier. Increased public debt and budget deficit in 2009, as a consequence of fiscal stimuli in view of the revitalization of the economy, led to changing the fiscal policy stance in 2010. Against this setting, fiscal policy was oriented towards fiscal consolidation process that was accelerated especially after 2010 H1, with the approval of the revised budget that established a lower level of expenditure than the one projected at year-start. The 2010 fiscal consolidation was carried out by combining reduced expenditure and increased revenues. Though the measures taken in this regard included even the income-side correction, the 2010 fiscal consolidation essence consisted in controlling and curbing the budget spending. Consequently, in late 2010 the budget deficit was curbed by about 3.9 percentage points on a year earlier.

The 2010 budget spending was down by 4.5%¹² from the previous year's figure, thus suggesting a lower contribution of the public sector to aggregate demand. For 2010, total expenditure accounted for about 29.6% of GDP, against 33.2% on a year earlier. Current expenditure accounted for approximately 24.6% of GDP, from 24.8% a year earlier, while capital expenditure accounted for about 5.5% of GDP, marking about 2.9 percentage points lower than a year earlier.



¹¹ Fiscal Macroeconomic Framework is a constituent of the SPI and is compiled by the Ministry of Finance.

¹² Budget spending for 2010 is down 3.0% on a year earlier, if we exclude the "AEC loan repayment" as a total expenditure item.

Budget spending trend was dictated by lower annual growth rates of current expenditure and contraction of capital spending in annual terms. In late 2010, current expenditure grew 6.0% y-o-y, from 13.4% a year earlier. Meanwhile, capital spending was down 29.6%, from up 2.4% as at end-2009.

Tight fiscal policy pursued in 2010, has changed the budget spending composition, providing a structure of a lower share of capital spending to total expenditure, relative to the previous year¹³. Social security outlays still account for the highest share to total expenditure (about 29%¹⁴). This sub-item, together with interest expense on public debt, hit the highest growth in annual terms (respectively 9.8 and 14.6%). Interest expenses increased especially during the past two years due to increased interest payments on external debt. The increase in external debt share, in commercial terms, and the national currency's depreciation against a basket of major foreign currencies led to external debt's higher interest expenses.

In 2010, budget revenues performed differently from 2009. Although their growth rate remained below the historical average, its trajectory was steadier than in 2009¹⁵. Budget revenues as at end-2010 were up 8.4%, from up 2.8% on a year earlier¹⁶. As a share of GDP, fiscal revenues for 2010 are estimated at about 26.5%, up by 0.3 percentage points from the previous year.

Tax authority's decisions and developments in non-tax revenue item are two key factors that have positively influenced revenues. Increase in revenues from tax authority's decisions owes to adoption of several alterations to the fiscal package¹⁷, which are translated into increased direct and indirect taxes and duties. Another factor that has positively influenced 2010 budget revenue growth is the sharp increase in non-tax revenues, thanks to including a part of privatization receipts to this cluster of revenues.

VAT revenues, accounting for the largest share to total revenues (35%), increased at comparable paces to the previous year (3.6% versus 2.8% in 2009), levels significantly below their historical average¹⁸. Maintaining these rates suggests slower increase in the domestic demand. It should be highlighted that the increase in VAT revenues in 2010 was driven by increased value of import of goods subject to this tax type¹⁹. Increased revenues from VAT only thanks to tax on value of imported goods, is due to high share (about 74% in 2010) of VAT of these goods to total VAT, as well as the national currency's

¹³ In 2010, current and capital expenditures (excluding the "AEC loan repayment") accounted for 82% and 18%, respectively, to the total, from 75% and 25% in 2009.

¹⁴ The deficit resulting from social insurance scheme accounted for 138% of the total budget deficit.

¹⁵ In 2009, budget revenue growth paces decelerated after the first quarter of the year, while 2010, particularly the last five months highlighted their acceleration, with an annual growth rate standing at above 5.7%.

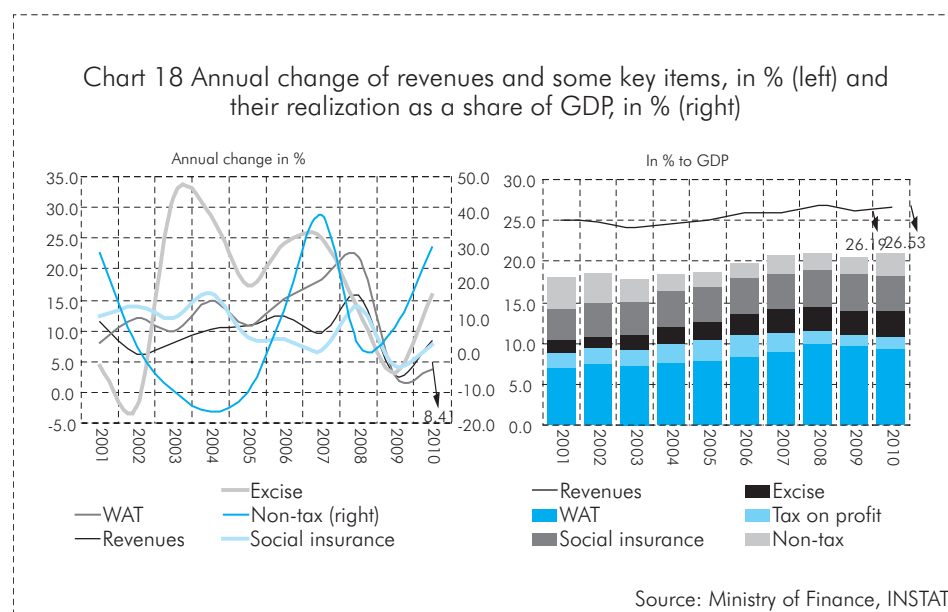
¹⁶ The 2010 annual budget revenue growth, excluding privatisation receipts, is 5.6%.

¹⁷ For more details on changes to fiscal package, see Box 2: "Fiscal Package adopted for 2010"

¹⁸ The historical average annual growth rate of VAT revenues is estimated at about 11.7% in 2001-2010.

¹⁹ Referring to SIT classification, excluding the "Beverages and tobacco" and "Fuels" items.

depreciating trend against the basket of major foreign currencies²⁰. On the other hand, in spite of measures taken by the tax authority to expand the scope of businesses for VAT registration, VAT revenues from production of domestic goods and services contracted in annual terms²¹.



20 In 2010, the national currency's depreciation averaged 9.3% vs. American dollar and 4.3% vs. Euro.

21 VAT revenues collected by tax administration dropped by 10.7% y-o-y.

BOX 2. FISCAL PACKAGE ADOPTED FOR 2010

Amendments to the 2010 fiscal package consisted in:

- Amendments to the VAT law. They brought about expanded scope of businesses for VAT registration, by lowering the business annual turnover threshold from 8 million to 5 million, as from January 1, 2010, as well as by setting a minimum threshold for Vat registration of ALL 2 million for liberal professions (lawyers and notaries; chartered accountants and professional accountants; doctors and dentists (including specialists), pharmacists, nurses, architects, engineers, veterinarians, agronomists, midwives and economists; and real estate assessors. The supply of educational services by public and private institutions is an exempt supply in the VAT law.
- Amendments to the Law on excise tax. Glass packaging, plastic packaging, piles and primary batteries, tires and fireworks were added to the range of goods subject to excise tax. At the same time, perfumes and different types of mineral water were excluded from excise tax. Also, the way of applying the excise tax for incandescent lamps was changed (from commodity value percentage into fixed amount) and also the existing excise taxes were increased for some oil sub-products (fuel type coal oil; crude oil as fuel; acyclic and

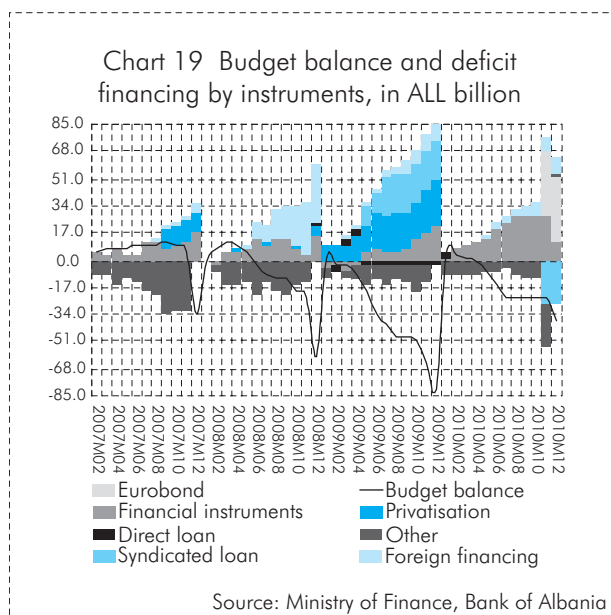
cyclic hydrocarbons). The excise tax was decreased solely for the item “No-baked decaffeinated or not decaffeinated coffee”.

- Amendments to the Law on “National Taxes”, counted the reviewing of the tax on used cars; setting forth a fixed tax for mineral rent; reviewing the carbon tax and changing the tax on games of chance.

Except excise tax revenues, the growth rates of other tax revenues were below their historical average. Excise tax revenues as at end-2010 grew by 15.8% y-o-y, remaining 1 percentage point above the annual average growth recorded over 2007-2009. Increase in the amount of imported fuel²² and tobacco, in excise tax for several oil products, as well as in the scope of goods subject to excise tax in 2010²³ are factors that have contributed to substantial pickup in excise tax revenues.

Personal income tax is another item that posted annual growth rates markedly below its historical average. At end-2010, in spite of application of the same rate as a year earlier, this tax revenue item grew by 0.9% y-o-y compared to the two-digit growth (over 10%) in the two previous years, suggesting the presence of automatic stabilizers along the year²⁴.

At end-2010, the budget deficit is estimated at about 3.1% of GDP, from 7.0% at the end of the past year. The difference by 3.9 percentage points from the previous year represents the fiscal correction extent to maintain sustainable public finances²⁵. In nominal terms, the budget deficit at end-2010 resulted about ALL 38.1 billion, being reduced by about 53% from end 2009.



In the first 10 months of 2010, budget deficit was financing according to the “traditional” way, through issuance of domestic debt instruments, as well as through external borrowing to finance the projects. In November 2010, a new instrument was added to the range of government borrowing, i.e., the EUR. 300 million Eurobond. With the Eurobond issue, the existing structure (the 10-month period) of deficit financing was changed. Of this amount, about EUR. 192.6 million was transferred to repay the syndicated loan²⁶, whilst the rest was used to

finance the deficit for the two remaining months of the year. On the other hand, in order to maintain the deficit within the limit specified in the 2010

²² Fuels account for the major share to imported goods volume, which are subject to excise tax.

²³ Goods added to 2010 excise tax list were glass packaging, plastic packaging, tires, fireworks, as well as piles and primary batteries.

²⁴ Automatic stabilizers imply the mechanisms that duly stimulate or contract the economy, without needing a change in the country’s economic policies.

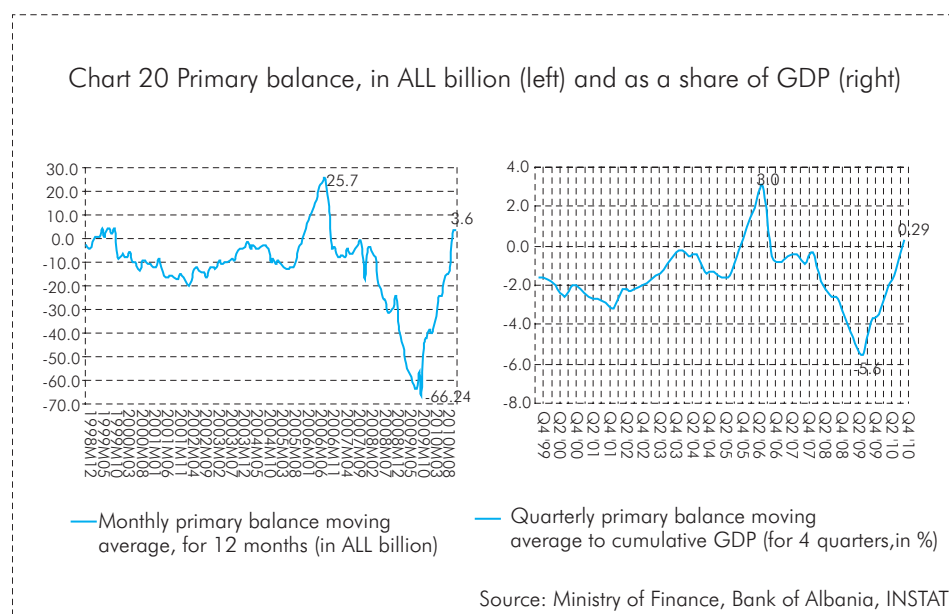
²⁵ It should be highlighted that it is difficult to define the fiscal correction size to support the fiscal sustainability.

²⁶ Syndicated loan granted in 2009 H1 falls due in 2011 H1.

budget law²⁷, in the last two months of 2010, domestic borrowing decreased by ALL 16.1 billion, an amount almost equal to the amount remaining from Eurobond issue.

At end-2010, budget deficit financing through bonds and treasury bills issuance was about ALL 11.1 billion, accounting for about 29% of net deficit financing for this budget year. Unlike the trend observed in 2009, especially in 2009 Q4, during 2010, market stakeholders' preferences were for long-term government securities. Their tendency to extend the investment horizon in government securities, combined with a high level of liquidity in the market²⁸ have contributed to reducing the government debt stock in short-term instruments (3- and 6-month T-bills), making more room for long-term domestic debt instruments. Only in December 2010, the tax authority issued about ALL 15.5 billion T-bills less than the amount that fell due within that month²⁹. This development is reflected mostly in reducing the T-bill portfolio owned by the Bank of Albania, offering a picture similar to that of advanced and emerging economies³⁰. On the other hand, the reduced domestic debt in short-term securities was transmitted to significant reduced T-bill yields, generating grounds for decreasing risk premium in the future. At end-2010, the short-term debt stock (in T-bills of the three maturities) resulted about 59% of total domestic debt, versus 63% a year earlier. This development is expected to be transmitted to reduction of debt refinancing risk in the future.

Budget deficit financing through foreign resources (excluding Eurobond) resulted 27% for 2010. Besides the above-mentioned instruments, receipts



²⁷ Referring to Budget Law revised in July 2010, as well as to 2010 Budget Law. Each of them provided for a budget deficit of ALL 38.1 billion.

²⁸ The government securities investors' bid was very high, since the bid-ask ratio with respect to the issued amount settled above 1 throughout 2010.

²⁹ Of this amount, ALL 9.1 billion belongs to 3-month T-bills, 3.9 billion to 6-month T-bills and 2.4 billion to 12-month T-bills.

³⁰ We refer to "Fiscal Monitor", November 2010, IMF, about fiscal developments in developed and emerging economies.

from privatization of state-owned enterprises constitute another budget deficit financing element. However, this item's share of 1% to total financing is almost negligible in comparison to 2009, when privatization receipts accounted for about 34% of total budget deficit financing.

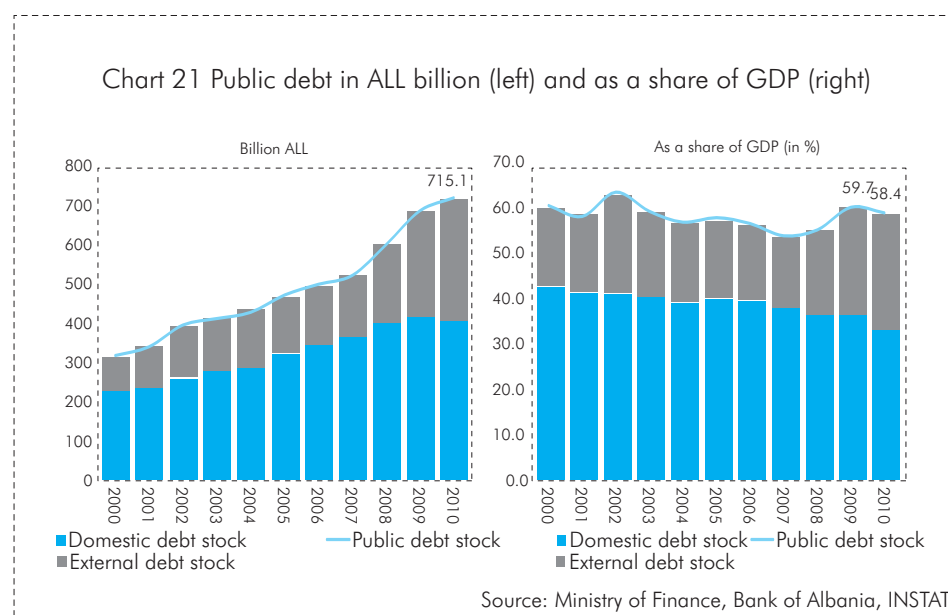
In 2010, fiscal consolidation process is illustrated through the trajectory followed by the primary deficit during the year. Primary deficit, especially after 2010 Q2, significantly improved both in nominal terms and as a share of GDP. At period-end, this indicator recorded positive values for the first time since 2006 Q3.

Latest primary balance developments provided a positive contribution to public debt dynamics, especially in 2010 Q4.

At end-2010, public debt stock resulted about ALL 715.1 billion³¹, of which 57% represented the domestic debt stock and the rest represented the external debt. The public debt stock composition has changed from a year earlier, when these ratios were 61% and 39%, respectively. This public debt composition, which highlights an increased share of external debt to total debt y-o-y, carries higher exposure to changes in global financial markets and in foreign exchange ones. On the other hand, meeting the government's borrowing need with foreign resources made more room for private sector borrowing in the domestic market. This public debt structure, besides the risks it carries over, serves also as a driver to the country's economic activity growth, expands investors' scope in government securities and precedes the private sector's foreign borrowing.

Public debt as at end-2010 is estimated at about 58.4% of GDP, marking

Chart 21 Public debt in ALL billion (left) and as a share of GDP (right)



a reduction of about 1.2 percentage points from the previous year. Domestic

³¹ External debt data on end-2010 are preliminary.

debt stock as at end-2010 was about 33.3% of GDP or down 3 percentage points from end-2009, whereas external debt was about 25.2% of GDP, from 23.4% at end-2009.

III.5.EXTERNAL SECTOR OF THE ECONOMY

Net current account balance resulted in a deficit of about EUR 1056.3 million in 2010. In annual terms, current account deficit shrank by approximately 21.5%, somewhat easing the problem of its sustainability. Consequently, current account deficit accounted for 11.9% of nominal GDP³² or down by 3.6 percentage points from the 2009's figure.

The analysis of current account by its main items points out the narrowing of net export deficit as a primary contributor to correction of the latter. At the same time, the net deficit narrowing of income account has provided a substantial positive contribution to the annual current account performance. Current transfers have recorded a similar value to 2009's, however, lower level of remittances by about EUR. 91.6 million this year is worth mentioning.

- *EXTERNAL TRADE*

The year 2010 was characterized by accelerated growth rate of our country's trade activity, mainly affected by the recovered trade exchanges in international conjuncture and expanded external demand. Trade recorded absolute values close to those of 2008 and increased by approximately 16.2% in annual terms relative to those of 2009. The ratio of import coverage by export was estimated at 33.7%, about 6.8 percentage points higher than the six-year historical average. The 2010 trade deficit dynamics shows that it narrowed by about 7.8% y-o-y, accounting for 25.9% of nominal GDP.

Table 3 Export and import by group-items and trade deficit

| | Export (EUR. Million) | Annual change (In %) | Import (EUR. million) | Annual change (In %) | Trade deficit (EUR. million) | Annual change (In %) |
|------------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|------------------------------------|----------------------------|
| Food and live animals | 42.4 | 17.9 | 441.7 | 11.8 | -399.28 | 11.17 |
| Beverages and tobacco | 4.5 | 33.8 | 143.3 | 15.7 | -138.71 | 15.21 |
| Raw materials and minerals | 135.6 | 67.1 | 63.3 | (33.8) | 72.30 | -596.40 |
| Fuels | 210.9 | 132.5 | 479.2 | 25.3 | -268.27 | -8.07 |
| Animal and vegetable oils and fats | 0.8 | 152.4 | 41.2 | 5.2 | -40.45 | 4.04 |
| Chemical products | 11.2 | (10.7) | 387.3 | 6.8 | -376.11 | 7.47 |
| Processed goods | 288.0 | 111.5 | 913.5 | 12.5 | -625.47 | -7.44 |
| Machinery and equipment | 49.2 | 41.2 | 673.5 | (9.2) | -624.35 | -11.70 |
| Miscellaneous processed goods | 428.8 | 20.6 | 331.0 | 11.8 | 97.78 | 64.29 |
| Total | 1,171.5 | 56.1 | 3,474.1 | 6.9 | -2,302.55 | -7.83 |

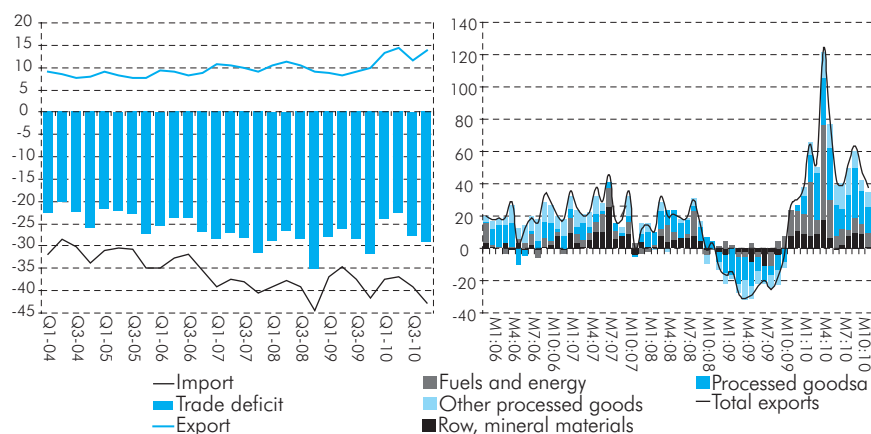
Source: General Customs Directorate, Bank of Albania.

Exports of goods by value showed an upward accelerated trend during the

³² INSTAT's figure on nominal GDP is used for 2003 – 2009, whereas IMF's outlook on GDP is used for 2010, in line with the "IMF Article IV Consultation, 2010", July 2010.

year, up by about 56% y-o-y, to 13.2% of nominal GDP. This trend in exports, in addition to the impact of low base effect of comparison in 2009, was also affected by several important by factors, such as the national currency's depreciated position vs. the common European currency, the upward price trend for raw materials and base metals in international markets, improved

Chart 22 Quarterly flow of import, export and trade deficit by value to GDP (left) and annual contribution of main export items (right)

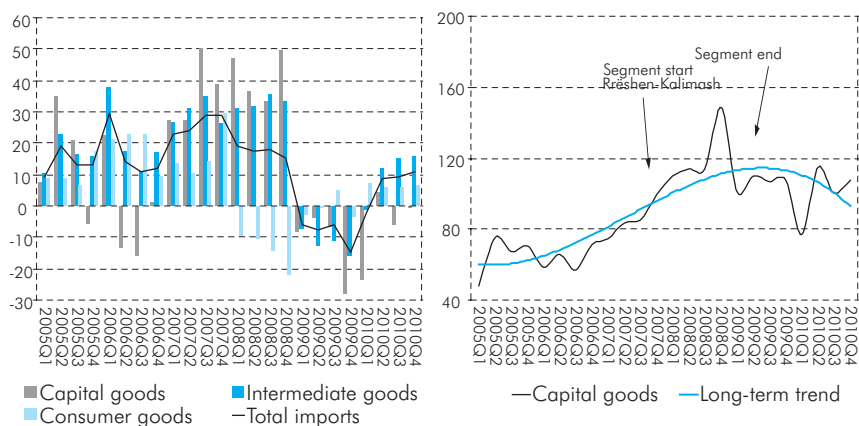


Source: Bank of Albania, General Customs Directorate

domestic demand in our main trading partners³³ and exploitation of new markets by domestic exporters. Thus, some of the major products that positively contributed to export growth this year were electricity, chrome ore, processed materials of aluminium, chromium and steel, cement and re-export textiles.

During the year, imports by value increased by about 6.9% compared to

Chart 23 Annual changes to import of goods by items (left, in %) and capital imports in index (right)*



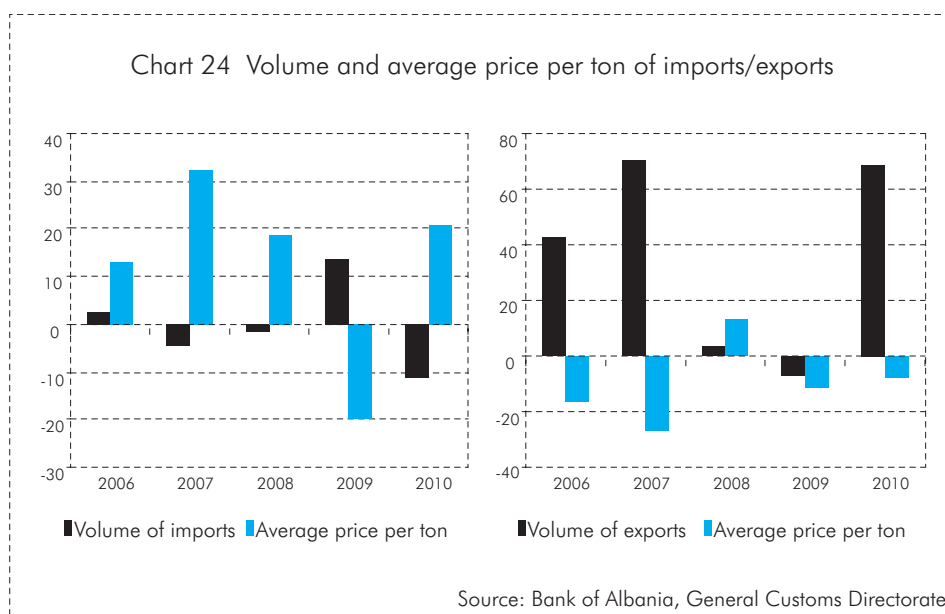
*The index is fixed to the quarterly average of capital goods import for 2010.

Source: Bank of Albania, General Customs Directorate

³³ Though consumer spending in Greece was contracted during 2010, our exports to this country recorded positive upward rates.

2009, influenced by higher prices in international markets. Their ratio to nominal GDP was 39.1% or 1.9 percentage points lower compared to the previous year's figure. The division of imports according to their final use in the economy highlights 11% annual growth of intermediate goods import, which was influenced by the expansion of imports of intermediate industrial goods. The same trend followed the import of the item "consumer goods", which, as a result of expansion of household consumer goods import, rose by 6.3% y-o-y. On the other hand, in 2010 the import of capital goods fell by 6% y-o-y. Besides lower import of vehicles this year, the decline in import of machinery and equipment made a substantial contribution to this performance. Simultaneously, the effect of increased capital imports due to construction of Rreshen-Kalimash road over the previous years is estimated to have cancelled out during the first half of this year.

External trade results by volume for 2010³⁴ reflect an accelerated annual growth of total export volume and an annual decrease of total volume of goods import. Hence, if the volume of exports expanded by about 69% y-o-y, the average price per ton of exported goods fell by about 7.7% y-o-y. Against a backdrop of increased competitiveness from international exporters and positive impact of currency depreciation, domestic exporters have preferred



to compete on price, in order to keep their current market share and enter into new markets. In contrast, the import volume declined by about 11.5% y-o-y, whereas the average price per ton of imported goods rose by about 21% compared to 2009.

Albania's trade was concentrated in EU countries, where the combined share of trade exchanges with Italy and Greece accounted for 70% of the total. Exports experienced accelerated upward pace to countries such as Austria, Bulgaria, Switzerland, Czech Republic, Spain, Greece, Italy, Turkey and the United States and declined to Montenegro, Romania, and Former Yugoslav Republic of Macedonia. Imports grew from countries, such as Austria, Italy,

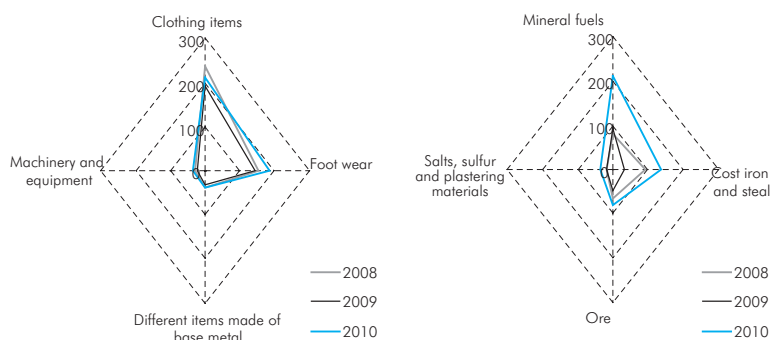
³⁴ Goods trade in volume is released monthly by the Directory of Customs.

CEFTA³⁵ member states, Poland, Romania and Slovenia, and decreased from Germany, Switzerland, China, Greece, Russia and Turkey.

BOX 3. EXTERNAL TRADE PROFILE

In the context of identifying trends and dynamics of Albania's external trade developments, a special importance is assigned to import and export data decomposition according to markets and main products. Although respective markets and products of imports and exports change over years, it is of interest to highlight

Chart 25 Value of export products by steady-growing products (left) and accelerated-growing products (right)

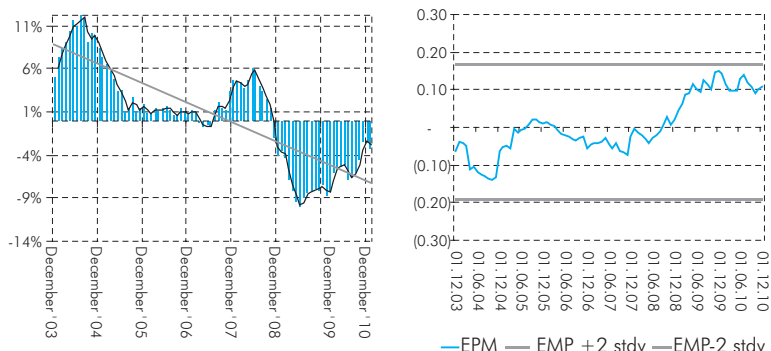


Source: Bank of Albania, General Customs Directorate

key components that affected the volatility of exports and imports during 2010.

After 2009 export contraction, the year 2010 registered an expansion of traditionally exported goods from Albania in the form of textile re-exports. Although assessed comparatively low in absolute terms compared to export of textile products, export of electric power machinery³⁶ and base metal articles³⁷ have demonstrated a

Chart 26 The lek's annual change in nominal effective terms (NEER*) (left) and the EMP index (right)



*NEER – nominal effective exchange rate, measured relative to both major currencies, according to an approximate weight they have when traded abroad, EUR (80 %) and USD (20 %). A rise in the NEER implies the lek's appreciation.

Source: Bank of Albania

Former Yugoslav Republic of Macedonia, Montenegro, Serbia, Bosnia-Herzegovina, Moldova, Kosovo, Albania.

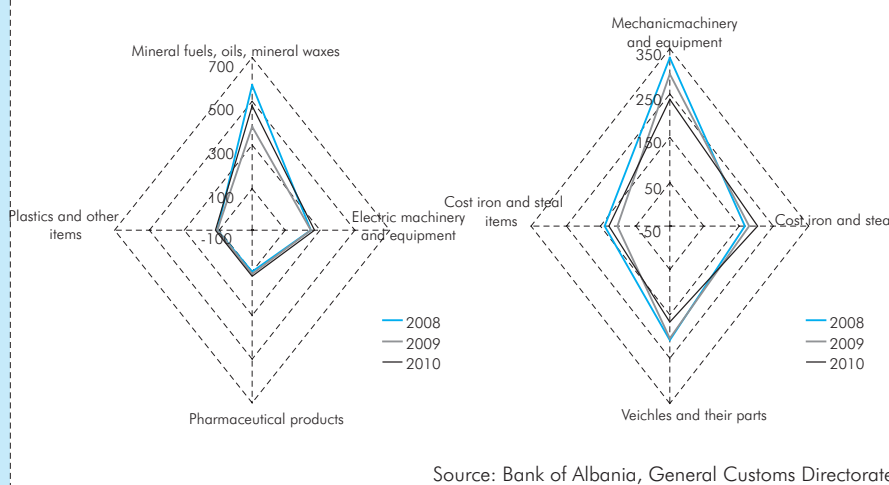
³⁶ Mainly electro motors, generators and electric equipment for landline telephony.

³⁷ Mainly metal equipment for doors.

sustainable growth rate. On the other hand, export of mineral fuels, steel and cast iron provided the major contribution to export expansion this year, featuring a three-digit growth rate. The same trend is shown by the two other groups which are affected by constant growth of export of cement and higher international prices in ore row materials.

As concerns main markets where domestic exporters compete, though there appeared a tendency to penetrate into new markets, 50% of exports are addressed to Italy. At the same time, the speeded-up economic performance experienced in China and Turkey has helped attract our exports to these countries. In the meantime, the speeded-up growth of mineral fuels export has helped grow the share of penetration

Chart 27 Main import clusters



to Swiss and Spanish markets.

Import products that have the largest share to total imports are mineral fuels, which are closely related to international oil and energy prices and electric equipment and machinery. Coupled with the import of electric machinery and equipment and of pharmaceutical products, both above-mentioned clusters form products with the lowest volatility among major categories of import in our country. On the other hand, import of vehicles and their parts, as well as of mechanical machinery and equipment recorded annual decline during 2009 and 2010. Two other constituent clusters of steel and cast-iron were volatile.

Italy and Greece remain the origin of the majority of imports. Meanwhile, annual imports from Greece, Russia, China, Germany and Turkey were downward during 2009 and 2010. Following a decline in 2009, imports from Italy showed a positive growth rate for 2010. However, during 2010 the more accelerated upward rate of imports from countries with the largest share to the total, was recorded with Croatia, up by 112% y-o-y.

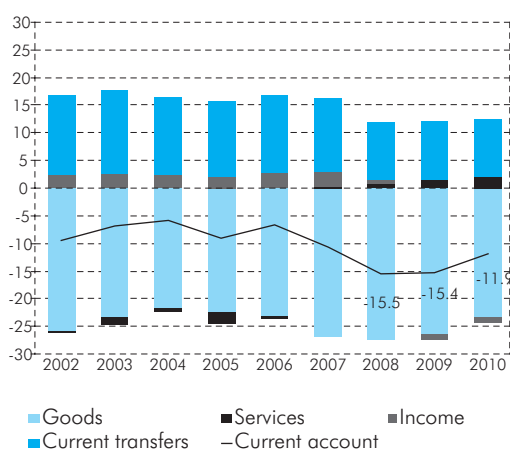
Although during 2010, the scope of products exported from our country was expanded, still focus was on two types of exports: raw materials and textile products. These two types of exports represent two different implications on Albania's competitiveness against the regional markets. Export of raw materials in the form of ores, being subject to only one or two processing step, impacts on maintaining low value-added of these exports. Meanwhile, the comparative advantage in textile industry lies on low production costs, which make our exports more competitive in the market. In this way, long-term economic policies on competitiveness of our economy

should be addressed more to increasing the value-added of exports and enhancing their sophistication, investing in production technology.

- **SERVICES, REVENUES AND CURRENT TRANSFERS**

The combined net account position of services, income and current transfers increased the financing flows by about 7.2% y-o-y, funding about 49.3% of trade deficit over the observed period. Increased net foreign-currency inflows from services account was helped by the decline in outflows from tourism. Thus, although foreign-currency inflows from foreign passengers' personal expenses declined by about 2.6% y-o-y, contraction of resident travellers' expenses abroad by about 20.9% was the main contributor to growth of net services account position. Meanwhile, the annual performance of transport and insurance services followed similar trend to performance of the goods trade deficit.

Chart 28 Current account components to GDP in the years



Source: Bank of Albania

The negative balance recorded in income account in 2010, by EUR. 76.8 million, represented a reduction of this deficit by 23.6% y-o-y. Against the setting of high risk perception by foreign investors, 2009 highlighted an increase in the repatriation pace of profits from foreign direct investments. Although this trend continued during 2010, albeit at more moderate upward rates, higher net inflows of income from work and income from portfolio investments helped reduce the negative net account position.

Net current transfers resulted 1.7% lower this year compared with the previous year. Remittances continued their downward trend having started since 2007, due to labour market slack in countries where their concentration is higher and the cyclicity characterizing them. In 2010, these financial inflows fell by about 11.7% y-o-y, accounting for 7.8% of nominal GDP. On the other hand, government transfers and other transfers were higher this year.

- **CAPITAL AND FINANCIAL ACCOUNT**

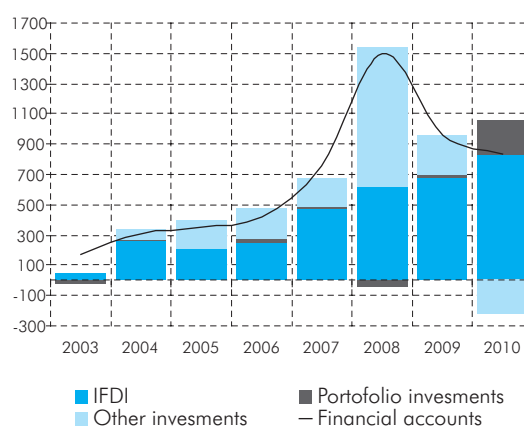
Net flows in capital and financial account recorded a surplus of about EUR 924.7 million during 2010, falling by about 11.2% compared to the same period the previous year. Decreased surplus in this account was caused by the y-o-y descent of financial account flows by about 12.3%. In relation to GDP, (net) capital and financial inflows represented about 10.4%, from 12.0% in the previous year. Currently, the surplus of this account managed to finance only 87.5% of the 2010 current account.

The flow of Albania's cross-border financial liabilities was EUR. 1081.2 million in 2010, up by 19.3% from 2009. The increase in financial liabilities was mainly due to increased foreign direct investments in Albania and

significant growth of portfolio investments. The portfolio investments increased in 2010 Q4 due to EUR 300 million Eurobond issue in international markets. The total borrowing flow (private and public withdrawals) during the year resulted EUR. 238.0 million, about 46.2% lower compared with a year earlier. External debt payments reduced Albania's cross-border liabilities by about EUR. 279.5 million during the year. These payments were offset mainly by using the Eurobond funds. Likewise in 2009, residents' liabilities abroad continued to decrease as a consequence of banking system short-term debt settlement.

Foreign direct investments inflows in 2010 yielded EUR. 827.4 million, up by about 17.1% y-o-y. Foreign direct investments in 2010 were oriented mainly to hydropower sector and hydrocarbon one. The ratio of net foreign direct investments (inflows - outflows) to nominal GDP for 2010 is estimated at about 9.4% or about up 1.6 percentage points from the previous year. Excluding privatization receipts, the inflows of foreign direct investments in 2010 increased by 66.4% compared to 2009. This change was due to a higher level of privatization receipts and the important role they played in FDI growth in 2009³⁸.

Chart 29 Financial account and main items-net flows in EUR million



Source: Bank of Albania, Ministry of Finance

Financial asset account in 2010 was characterized by a pronounced increase in our assets invested abroad compared with a year earlier. As a result of increase in our banks' deposits at non-resident banks and portfolio investments, our financial assets invested abroad are estimated at EUR. 242.1 million. A year earlier, our assets invested abroad dropped by about EUR. 50.2 million. During 2010, the "currency and deposit" account, as well as portfolio investments contributed respectively about EUR. 125.7 million and EUR. 89.0 million to our assets invested abroad.

Foreign reserves were up about EUR. 178.8 million in 2010, from down EUR. 32.0 million in 2009.

³⁸ During 2009, privatization revenues are estimated at Eur. 210.8 million, from only Eur. 3 million in 2010.

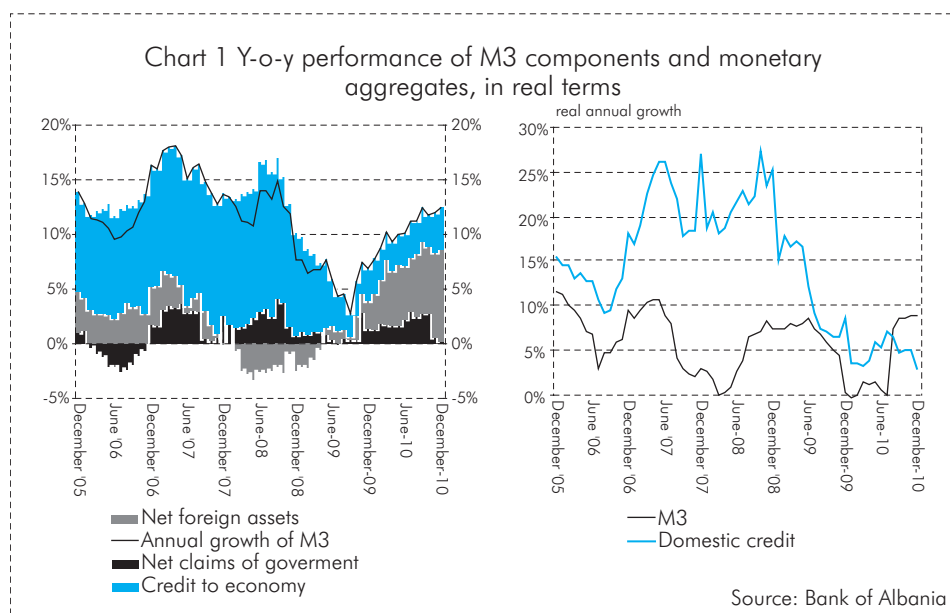


"Pursuant to the ratification of Convention of 1925, the first Albanian national banknote was issued, with the value: 5 lekë/1 gold franc (lekë was determined as the monetary unit, with the value: 5 lekë = 1 gold franc). This banknote was very soon withdrawn from circulation because the Albanian Government protested against the eagle stamped on it, which was of the Roman style, one-headed instead of a double-headed one. According to available documents, it was printed by "Richter" in Naples of Italy and was in circulation only for 5 days."

CHAPTER IV MONETARY AND FINANCIAL MARKET DEVELOPMENTS

IV.1. MONETARY DEVELOPMENTS

Albania's improved growth rates are reflected in the monetary indicators dynamics. Monetary indicators in 2010 highlighted expansion of money supply in the economy, in line with the upward contribution of the foreign-currency component and the restrained expansion of net domestic assets. Also, this performance is consistent with the shifting of monetary assets towards longer maturities¹, with moderate growth of credit to the economy during 2010, and with the most rapid circulation of money in the economy, in view of eased monetary conditions during this year. Good management of the global crisis effects by means of a coherent cooperation of fiscal and monetary policy was associated with boosted public confidence in the banking system and improved liquidity indicators. Together with the overall economic climate improvement in the country and foreign currency inflows, these developments led to remonetisation of the economy during 2010². This trend was reflected in the growth of M3 to GDP, which reached 80.1% in 2010, from 76.2% in 2009.



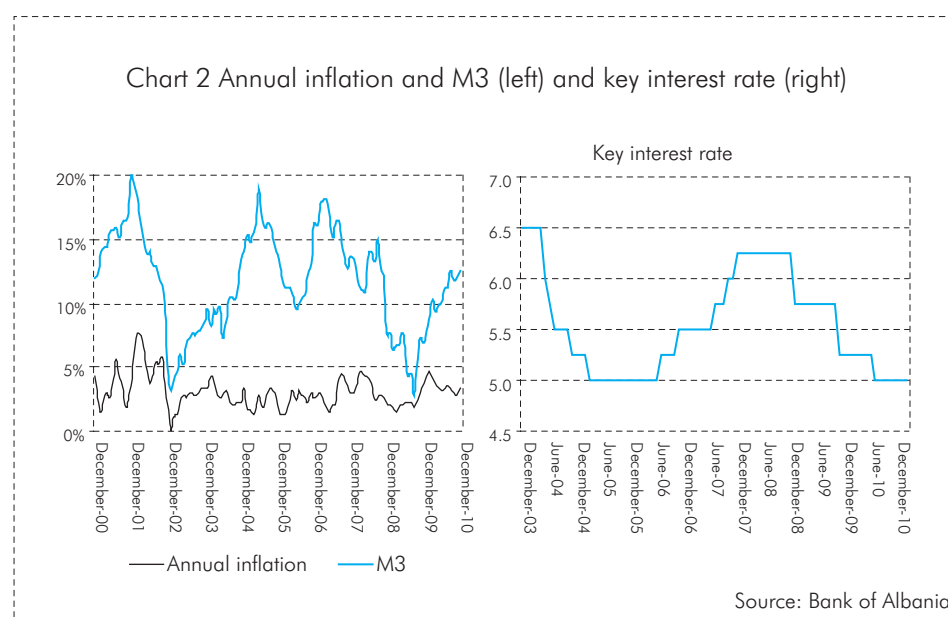
The effect of deposits return into the banking system was materialized in the expansion of foreign assets of the system and to a lower extent, in the expansion of private sector lending. Lending growth rates were significantly below the historical average levels, thus attesting to private economic agents'

¹ In the major part of 2010, there is highlighted the economic agents' propensity to save.

² Following to deposit withdrawal from the banking system in October 2008 – March 2009.

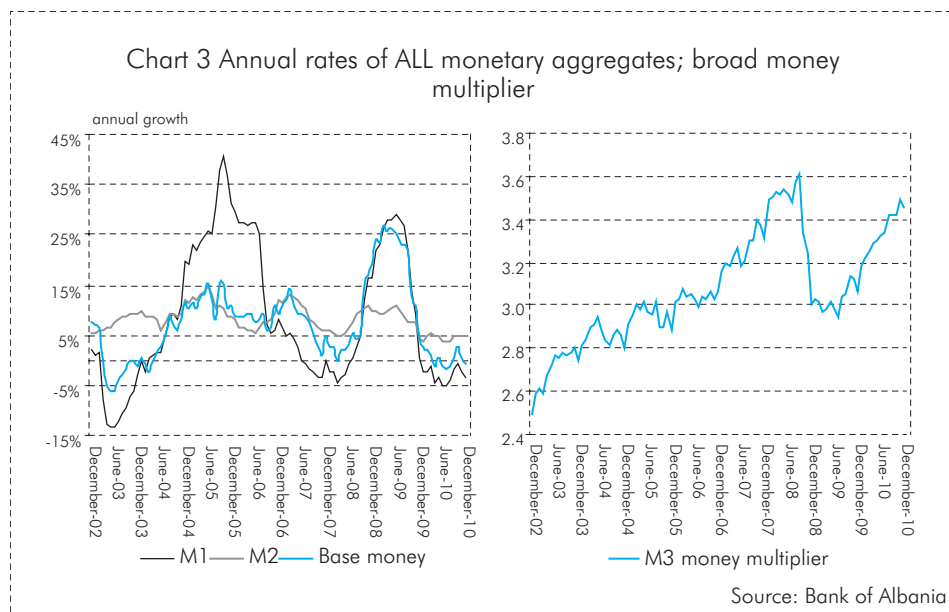
moderate demand for money. Although banks eased the credit terms and conditions and reduced the funding cost, recovery of the private sector demand for loans took place gradually and moderately, due to uncertainties and expectations for the future. Public sector demand for monetary assets most of the year provided a steady contributed to M3 aggregate growth. Overall, monetary conditions in the economy were stimulating and promoted financial intermediation and support to sustainable economic growth.

Broad money in the economy, aggregate M3, posted an average growth of about 10.6% y-o-y in 2010. Throughout the year, the highest contribution to this growth was given by the banks' net foreign assets, by 5.7 percentage points on average. The private sector contribution, averaging about 3 percentage points to broad money expansion, continued to be significantly below the recent years' average contribution. Considering the price performance, the real money supply grew gradually, to stabilize at 8.4% at year-end. The M3 aggregate's annual real growth rate resulted below its historical average during the major part of the year, hence attesting to the subdued monetary inflation pressures.



During the major part of the year, the public sector provided a significant contribution to money growth in the economy, averaging 1.8 percentage points for 2010. Public sector domestic borrowing rates are generally associated with seasonal swings in the demand for cash in circulation, which are reflected in narrow money indicators in the economy, i.e., M1 and monetary base. The currency outside banks indicator was contracted steadily throughout 2010, recording an average of about 4.4% decline y-o-y. Consequently, this indicator's share to ALL-denominated M2 aggregate was reduced to 32.3% at end-December, compared with 36.2% on a year earlier. Monthly developments have generally followed the seasonal performance, characterized by a higher increase of currency outside banks in July and December, periods that correspond to the seasonality of the increased demand

for cash by both the public and private sectors. Reserve money indicator, monetary base, has marked moderate growth rates, with the annual rates averaging to about 0.3% during 2010.



The supply-side positive developments indicate full recovery of deposit stock in 2010³, reflecting the boosted confidence of economic agents in the banking system. Total deposit stock grew by an average of about 15.5% y-o-y. In December, deposits marked the highest annual growth rate, by 18.5% - or about ALL 123 billion - thus registering growth rates similar to those of the pre-global crisis⁴ period. High growth rates of deposits were registered in July - September, coinciding with the seasonality of foreign currency inflows.

Year 2010 highlighted a decline in money velocity⁵ indicator. The long-term

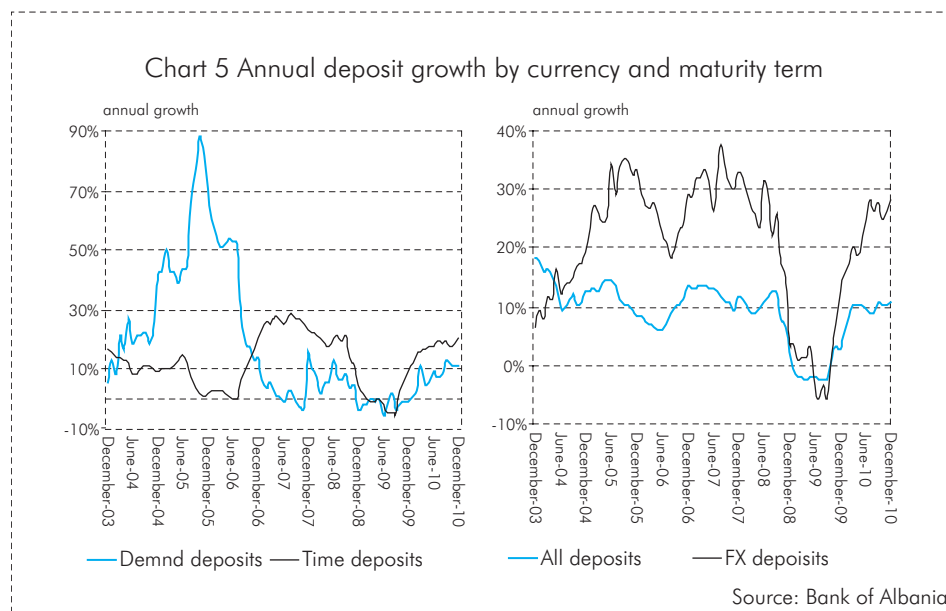
³ Deposit stock recovery in nominal terms was carried out since 2009, whereas adjusted for the exchange rate effect of total deposits to GDP 2010

⁴ In 2005-2007, the annual average deposit growth fluctuated to about 18%.

⁵ This indicator is measured as a ratio of GDP to M3 and serves as a proxy to the velocity of money circulation in the economy.

downward trend of this indicator reflected the rapid monetary stock expansion, thanks to the boosted confidence in the banking system and greatest use of new financial products and instruments provided by this system for economic agents' payment means.

The deposit stock totalled roughly 80.1% to the broad money, compared



with 76% as at previous year's December. Re-monetization of the economy was also reflected in the increased ratio of deposits to GDP, to 64.2% at end-2010, from 57.9% on a year earlier. The deposit time structure in 2010 shifted towards longer-term maturities. This trend is demonstrated in the increased share of time deposits to total ones, accounting for 78.6% at period-end, from 77.2% in December 2009. The deposit behaviour by economic agents has kept its structure almost unchanged, with the domination of household deposits by about 85% to the total stock.

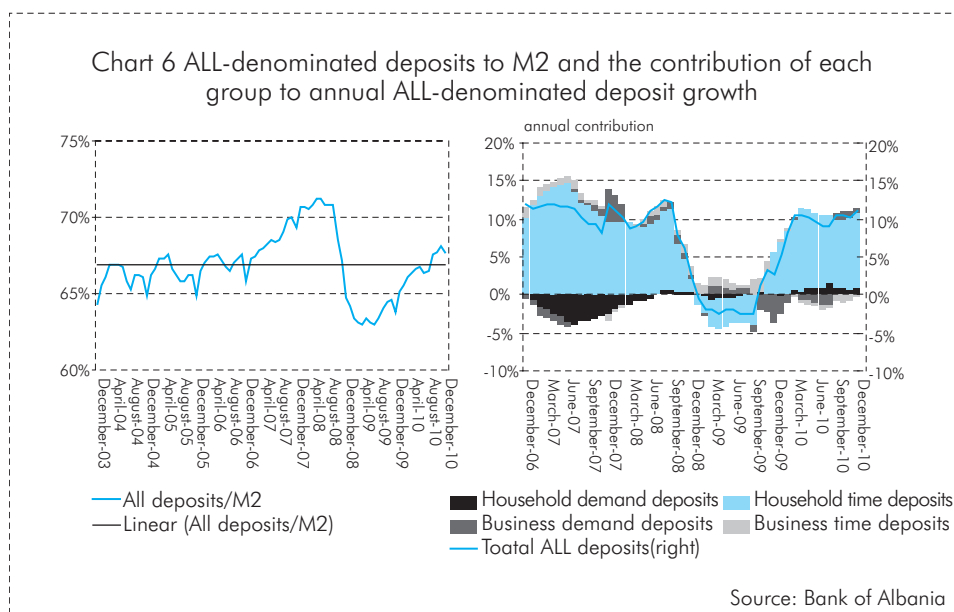
• LEK COMPONENT OF MONEY SUPPLY – M2 AGGREGATE

Private agents' relatively lower demand for ALL-denominated monetary assets has led to lower creation of lek of money supply component. The public sector's domestic borrowing has dominated the main developments in the ALL aggregate, M2. Fiscal agent's demand for money as at October has made the major contribution to M2 aggregate expansion.

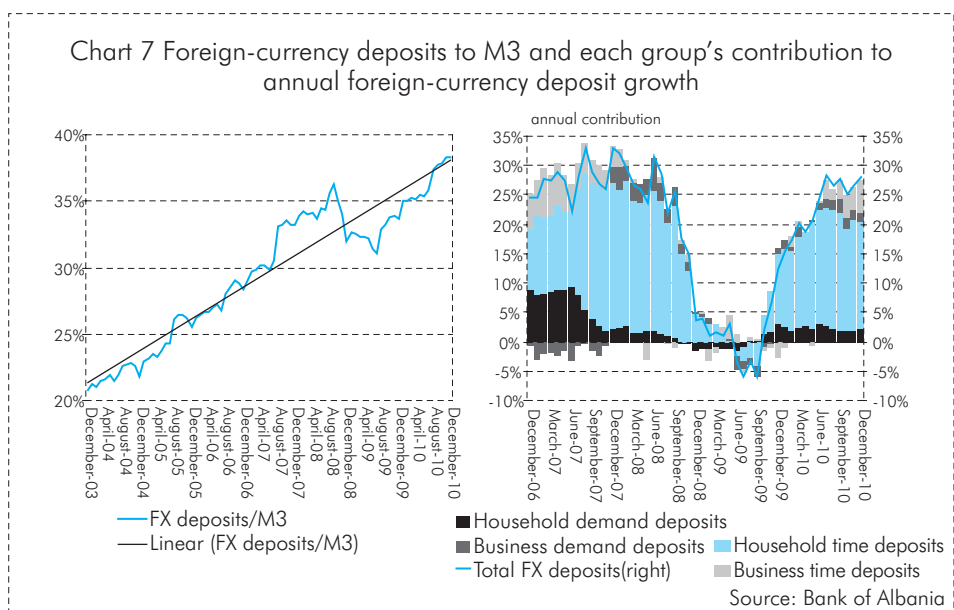
The fiscal agent decreased the domestic borrowing over the last two months of the year, a period which is associated with its decreased contribution to base money expansion. This period coincides also with the expansion of private sector's activity, which is funded basically from the domestic monetary assets. As at year-end, the system's ALL-denominated deposits resulted up 11%, or up ALL 40 billion of the stock. ALL money multiplier increased to 2.13 as at end-2010, from 2.04 on a year earlier.

• FOREIGN CURRENCY COMPONENT OF M3 AGGREGATE

M3 aggregate growth rates increased throughout 2010, when the



foreign currency component of the broad money dominated the monetary developments. Foreign-currency deposit stock registered a y-o-y growth of about 28% or ALL 82.5 billion. The positive developments in the external sector of the economy and economic agents' higher demand for foreign currency led to rapid recovery of growth rates in foreign-currency assets. Due to higher cash flows and faster money multiplying in the economy, the broad money multiplier marked upward rates, recording an annual average of 3.34 in 2010, from 3.03 in 2009.

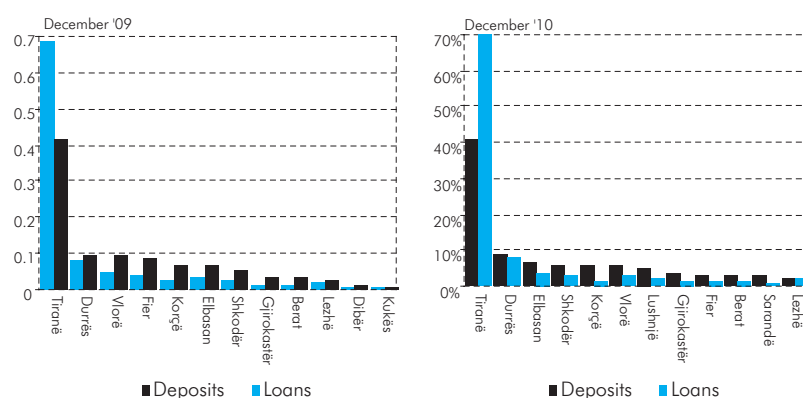


BOX 4 GEOGRAPHIC DISTRIBUTION OF BANKING INTERMEDIATION

Using bank financial intermediaries by economic agents depends, to a great extent, on their number and size in fulfilling the population needs and the country's economic activity. Thus, the geographic distribution of financial intermediation is a determinant factor in the role of the banking system intermediaries relative to the degree of savings and investments in an economy. Geographic distribution of banks in Albania is characterized by high concentration of lending and to a lesser extent, by low concentration of deposits. In general, this trend has reflected, besides the characteristics of concentration of population, the degree of socio-economic development in different areas of the country, as well.

Geographic loan distribution has not undergone any significant changes over the years. Likewise in 2009, during 2010 lending to the economy was concentrated mainly in Tirana, which absorbed 70% of the total loans outstanding, recording a slight increase from the previous year's figure (around 69%). In the meantime, deposit distribution continued to be somewhat more uniform, mostly concentrated in Tirana and the coastal cities of Durrës and Vlora.

Chart 8 Deposit and loan distribution by districts



Source: Bank of Albania

Deposit market continued to be more concentrated in businesses rather than households. The deposit stock structure as at end-2010 highlights a higher concentration of business deposits in Tirana and a more balanced distribution of business deposits in other districts, as compared to the previous year. Household deposits are generally in line with the geographic distribution of the country's population, reflecting also other factors, such as poverty and income level, migration and savings/consumption trend. Hence, Tirana's household deposits account for about 41% of total deposits⁶. The rest is concentrated mainly in lowlands and coastal areas, which have a higher level of remittances.

Geographic loan distribution is more concentrated than deposits, for both households and businesses. Business loans in Tirana account for about 75% of the total, slightly up compared to the previous year's 74%, thanks to higher net lending flows to this district in 2010. Over the course of this period, high net flows were also recorded in the districts of Kukës, Peshkopi, Kavaja and Lezha. Loan concentration in Tirana

⁶ A year earlier, deposits in Tirana accounted for about 42% of total stock.

Chart 9 Distribution of household deposits and population (left) and business deposits by currency (right)

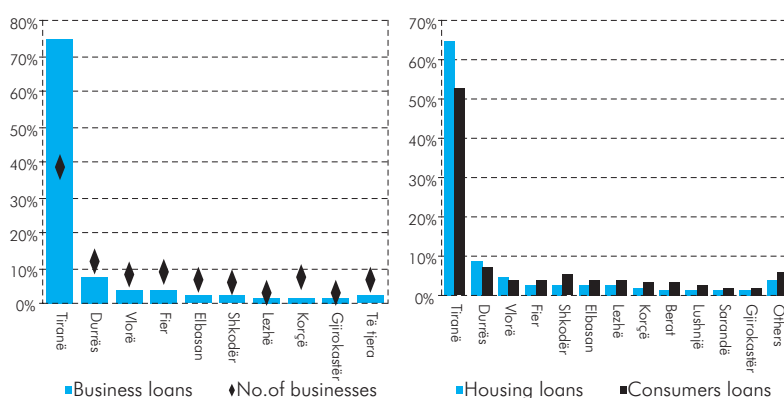


Source: Bank of Albania, INSTAT

is indicative of the high concentration of economic activity in this area, where about 40% of the country's businesses operate. Also, the geographic loan distribution is in line with the financial activity distribution in different districts, judging from the presence of banks and their branches in these cities. Thus, Tirana accounts for about 40% of total banks and their branches operating in Albania.

Geographic household loan distribution is more proportionate and balanced than business loans. Household loans in Tirana account for about 57% of total outstanding loans, while the rest is more uniformly allocated to other districts of the country. Mortgage loan accounts for the major share (about 79%) of the household loan portfolio, simultaneously demonstrating the highest concentration within this category. Above 80% of the mortgage loan is made to Tirana, Durrës, Vlorë and Fier, reflecting the greatest development of the real estate market in these districts⁷. In the meantime, disproportionateness in consumer loan allocation is lower. About 53% of consumer loan is extended to households living in Tirana, whereas the geographic distribution of the rest results more uniform.

Chart 10 Geographic distribution of business loans and number of businesses (left) and household loan by purpose (right)



Note: The data on the number of businesses are for 2009.

Source: Bank of Albania, INSTAT

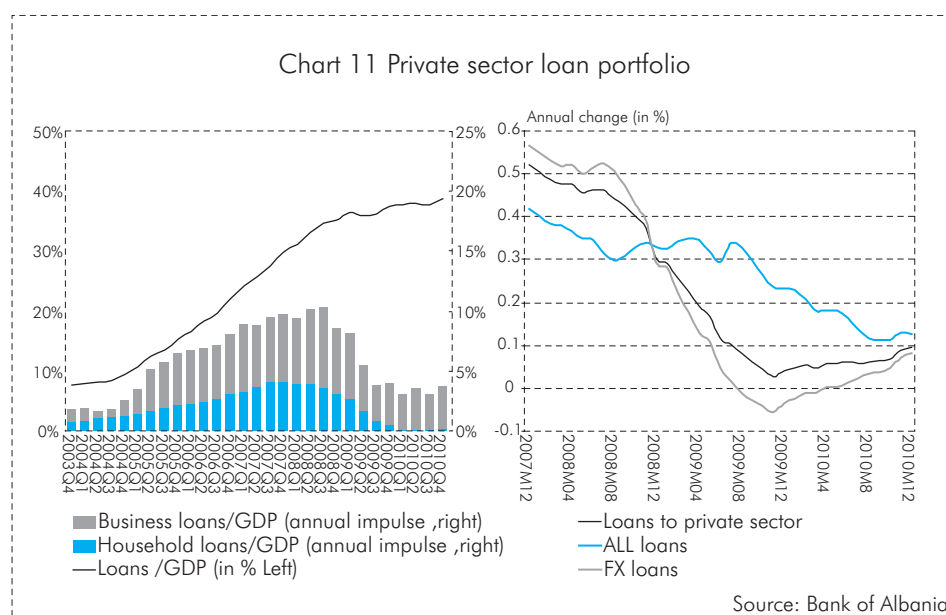
⁷ In 2009, mortgage loans allocated to these districts accounted for about 85% of the total.

• LENDING TO THE PRIVATE SECTOR

The banks' financial intermediation, particularly lending, is an important component supportive to the economic activity. During 2010, banks were cautious in financing the private sector. Anyway, good liquidity conditions and banks' soundness influenced banks' capacity to finance private sector and somewhat ease the lending standards. Credit supply expansion was associated with economic agents' increased credit demand, in line with the gradual recovery of Albania's economic activity. Also, the measures taken in terms of macroeconomic and regulatory framework were aimed at promoting banks to increase the economy's financing. Consequently, at the end of 2010, lending showed higher upward rates compared to the first half of the year.

As a share of gross domestic product, credit to the private sector reached 38.7% or 1.7 percentage points higher than a year earlier. Credit impulse⁸ in economic growth, after hitting its historical low level in 2010 Q3, increased to 3.2% in Q4. However, it is still close to historical lows. In the first half of the year, lending to the private sector was affected by the dampened demand for monetary assets, in response to the developments in the country's economic activity, as well as the banks' prudence in financing the economy⁹. In 2010 H2, the improved private sector demand for monetary assets, good liquidity conditions and banks' capitalization level, decreased public sector demand for domestic financing, and eased lending standards have all contributed to faster credit growth rates.

Private-sector loan portfolio showed moderate growth rates in 2010. It grew on average about 10% in annual nominal terms, significantly lower than the 20% annual growth in 2009. Loan portfolio is dominated by foreign-currency loans, accounting for about 68%, mainly in euro. As such, the



⁸ This indicator is measured as a ratio of net credit flows to annualized nominal GDP.

⁹ During this period, the loan portfolio quality was deteriorated, driving to Banks' cautious stance in fulfilling the private sector demand for loans.

exchange rate movements play an important role in the dynamics of nominal loan performance. Corrected for foreign exchange volatility, the 2010 loan portfolio highlights a gradually improved growth rate¹⁰ y-o-y, peaking over the last two months of the year to 9.7%, compared to 4.2% growth as at December 2009.

Improved foreign-currency liquidity in the banking system, in response to channelling the foreign-currency inflows into the system, and more relaxed exchange-rate performance during 2010, stimulated the increase in foreign-currency lending to the private sector. Also, lower cost of foreign-currency loans as compared to ALL loans, has pushed the demand for this loan up. This portfolio, after being contracted over the first quarter, has gradually showed positive growth rates, marking the highest annual growth in December, by 7.8%. However, throughout the year, banks continued to be cautious in terms of foreign-currency household lending¹¹. Annual ALL credit growth rates slowed during the year, to 15.6%¹² on average, mainly reflecting the sustained growth of this portfolio in 2009 and the private sector's lower preference for ALL loans. In the meantime, the decrease in government financing at year-end pushed the banks' financing to the private sector higher in both the lek and foreign currency.

¹⁰ The following analysis of lending to the economy is corrected for the exchange rate movements.

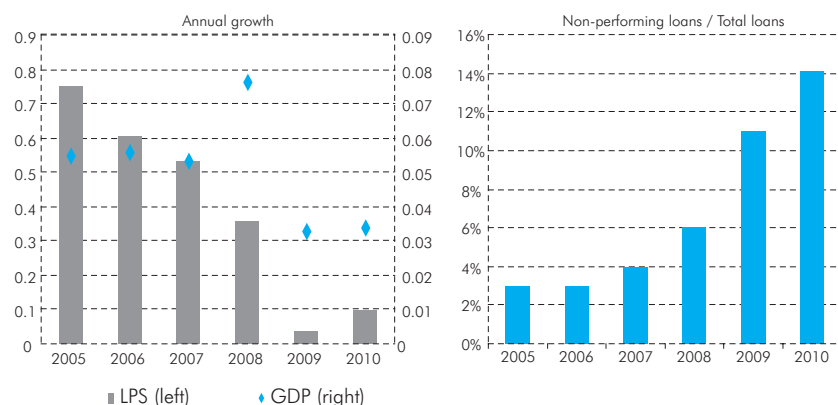
¹¹ Due to lack of generation of household foreign-currency income, implying lower natural protection of this group compared to businesses.

¹² During 2009, the ALL private-sector loan portfolio increased 30.6% on average. The maintaining of high ALL credit growth rates over this period reflected also the banks' tendency to make ALL loans to their clients, in view of more pronounced difficulties in generating foreign-currency funds.

BOX 5 LENDING PROBLEMS IN ALBANIA

Notwithstanding the recovery of economic activity in the country during 2010, credit has continued to grow at low rates. This situation is in line with the theoretical framework of the correlation between credit and the real economy, according to which, following a slowdown or recession, credit growth follows the economic activity recovery with one lag. Also, over the past two years lending in Albania performed similarly to the experience of other countries of the South-East and Central Europe, but at more moderate levels.

Chart 12 Y-o-y private-sector credit growth and GDP (left) and non-performing loans (right)



Source: INSTAT, Bank of Albania

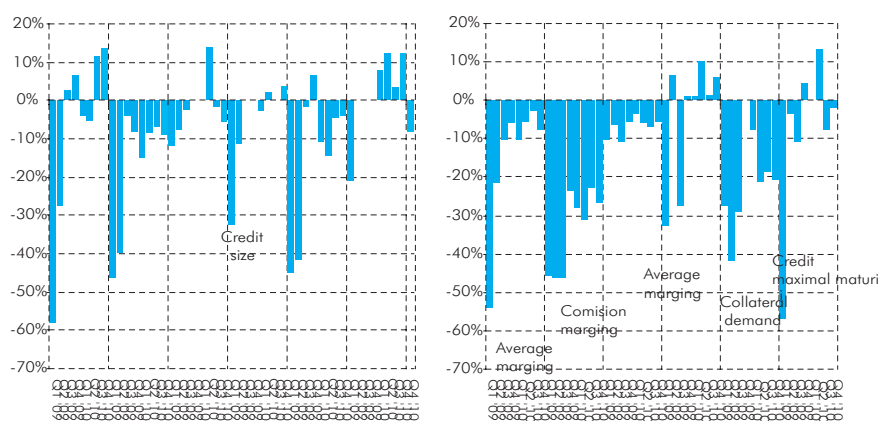
Initially, lending slowdown came as a result of tight credit supply. Difficulties in liquidity, particularly in foreign currency, with which banks were faced in late 2008 and early 2009, made them to briskly share out the funds remaining for lending, tightening the household and business lending standards. The tightening of lending standards brought about naturally the decline in the demand for loans. Also, faced with tighter conditions of foreign financing and the consequences and uncertainties imported from external economic environment, the Albanian economy showed slowdown in 2009 H2, marking an annual contraction in 2009 Q4. The economic slowdown further contributed to reducing the demand for loans and the still low demand of the private sector for goods and services in 2010 led to a low demand for loans during this year as well.

From a general viewpoint, lending in the country, along with monetary policy decisions to reduce the cost of money is also influenced by the supervisory and financial stability policies pursued by the supervisory authority and reflected in changing the regulations and infrastructure where the banking system operates. In this regard, the Bank of Albania has made a number of operational improvements in regulatory and supervisory framework and has created the necessary conditions, taking care to promote simultaneously lending to the economy and implement best practices in the lending process.

Another significant impact on lending is also played by the individual banks' long-term strategies and policies. They may aim at strengthening the position of these banks in the financial market, and also providing services in the strategic sectors of the economy, served slightly or not served at all by other segments of the financial market. Regardless of the purpose, these policies condition the amount of bank loans sustaining certain sectors of the economy.

Lending in 2010 was influenced by both the demand and supply-side factors. On the supply-side, despite good position of liquidity and capitalization, banks continued to be cautious in terms of lending. Among the factors that conditioned this behaviour of banks are the economic situation in certain sectors of the economy, for example in construction, the economic activity of which contracted for several consecutive quarters, and the financial situation of their clients. Despite reduced risk premiums in the Albanian economy during 2010, the effects of the slowdown of the economy persisted in bank balance sheets. The ratio of nonperforming loans, from an average of 4% in 2005-2008, has grown steadily over the last two years, reaching 14% at the end of 2010. Consequently, even though credit interest rates were downward, banks have remained cautious in assessing and financing high-risk clients, applying higher interest rates on those loans.

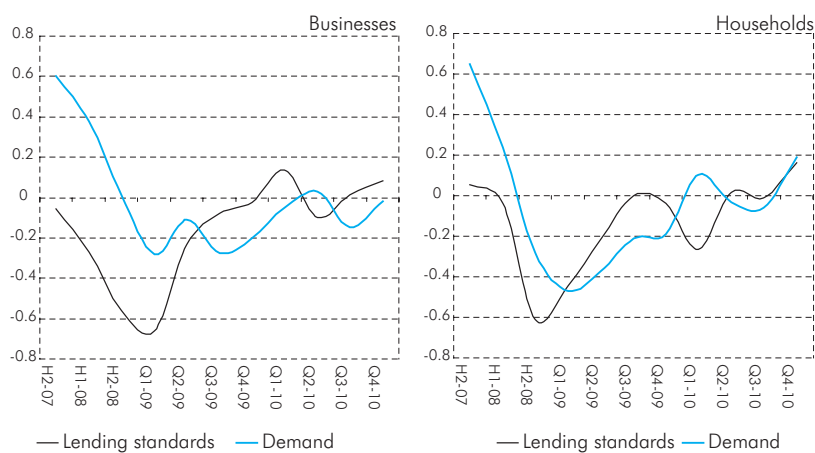
Chart 13 Lending standards to businesses (left) and to households (right)



Source: Bank of Albania, quarterly credit survey

The banks' cautious stance is evident in the performance of loan standards, including, besides the loan interest rate, other conditions as well, such as collateral requirements to secure loans, type of collateral, loan instalment to income ratio, maximum loan maturity term, maximum loan amount and commissions charged for premature loan

Chart 14 Lending standards and demand



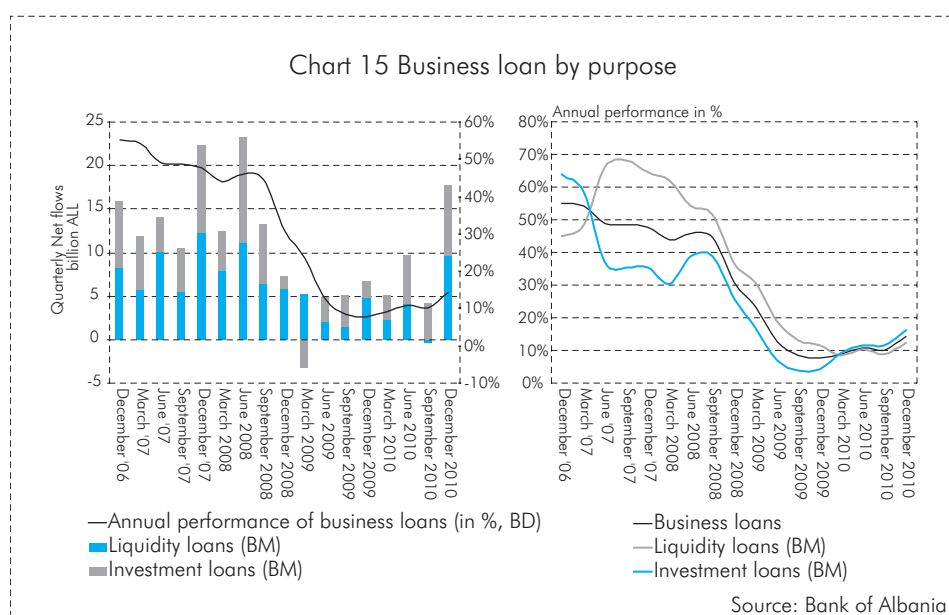
Source: Bank of Albania, quarterly credit survey

granting or closing. As also reported by banks in the lending surveys, in spite of the tendency to ease several conditions, such as raise the maximum loan maturity term and size, other important conditions, such as loan-guarantee collateral and commissions are still tight. Also, interest rates on certain types of loans or clients remain high.

Tight lending conditions have also contributed to discouraging a part of the demand for loans. However, beyond this factor, the demand for loans is also influenced by other factors directly related to the situation and perceptions of households and businesses. Thus, households continue to perceive uncertainty about the future, as indicated by their confidence indicators related to performance of the economy and the labour market. This is also reflected in the increasing propensity of individuals to save and a prudent approach relative to expenditures and their financing by means of loans. Against a low consumer demand for goods and services, productive capabilities of businesses are not fully utilized, thus conditioning the existence of spare production capacity in the economy. Under these conditions, businesses' need for loans has also been low.

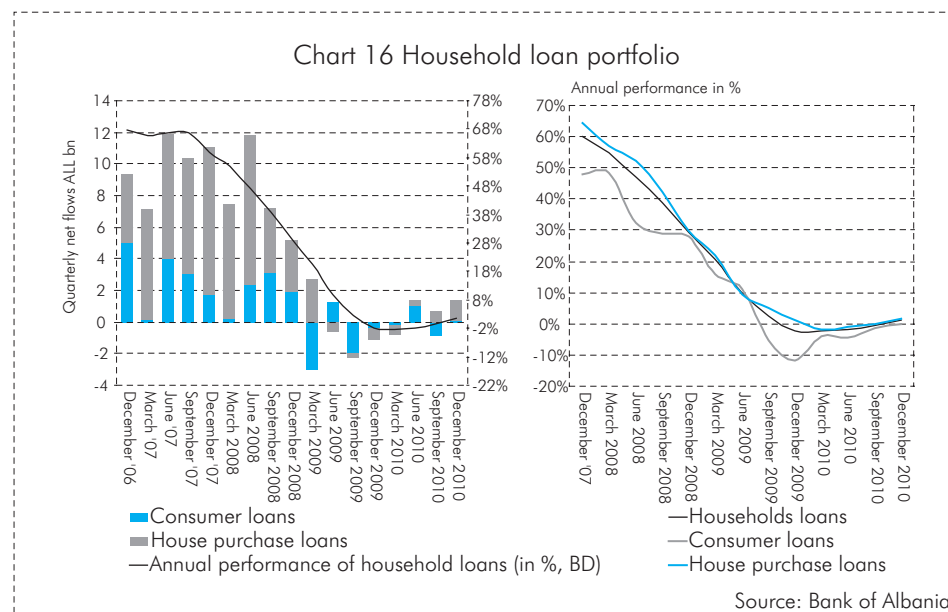
Of the interaction of supply and demand factors in the 2010 loan performance, the demand-side effect has been more determining. With rapid recovery of the demand in the economy, the banking system is expected to provide a greater commitment to lending, in order to support its needs for financing. In this regard, the Bank of Albania has established appropriate monetary conditions and has provided the necessary operational infrastructure, so that the banking system carries out its financial intermediation function efficiently and soundly.

In 2010, loans to businesses increased on average by 10.7% y-o-y. This loan is characterized by a steady increase of investment loan, which expanded its growth rates up to 16.2% in December 2010, compared to 4% in the previous year. In the meantime, working capital loan has been volatile and experienced substantial growth only in certain periods, in line with the seasonality of economic activity at home. In average annual terms, the working capital loan slowed its growth rates to 10.1% compared with the average annual growth of 21% in 2009. Despite the existence of spare capacity in production, investment loan improvement is also confirmed by the credit survey, in which the business demand for this loan is rated high. This demand may signal the endeavours of businesses to alternate their economic activity or to expand and improve their current technology in accordance with new customer requirements.



Lending by sectors of the economy shows an increase in financing businesses of the sector “trade, hotels and restaurants”, which accounts for about 38.8% of business loan portfolio, slightly higher than a year earlier (38.4%). This portfolio has grown on average by 11.2% y-o-y. Meanwhile, the sectors of construction and industry experienced more moderate annual growth rates, by 5% and 7% respectively¹³. With the exception of the construction sector, these developments are also in line with these sectors’ contribution to the country’s economic growth in 2010. Agriculture, transport and telecommunication were the branches of the economy that demonstrated the highest y-o-y loan portfolio growth, influenced by specific projects in their sectors, or by the statistical effect of low lending base for these sectors.

¹³ However, compared to the previous year, the sectors’ share dropped to 23.5% and 19.9%, respectively.



In 2010, household financing by banks was low and therefore the share of household loans to total loans decreased to 31%, compared with 33% in the previous year. Household outstanding loan contracted on average by -1.1% y-o-y. Only at the end of the period, this portfolio was slightly higher than in the previous year, 1.2%. As a share of GDP, household loan accounted for 12.2% or 0.6 p.p. less than in 2009. This performance reflected the contraction of household demand for loans, due to uncertainties about income and housing market prospects, especially in the first half of the year. Meanwhile, during 2010, banks stopped tightening household lending terms on both consumer and house purchase loans. In particular, over 2010 Q4, many banks offered preferential mortgage products. Notwithstanding the encouragement these offers conveyed to the market, the demand for them appeared moderate.

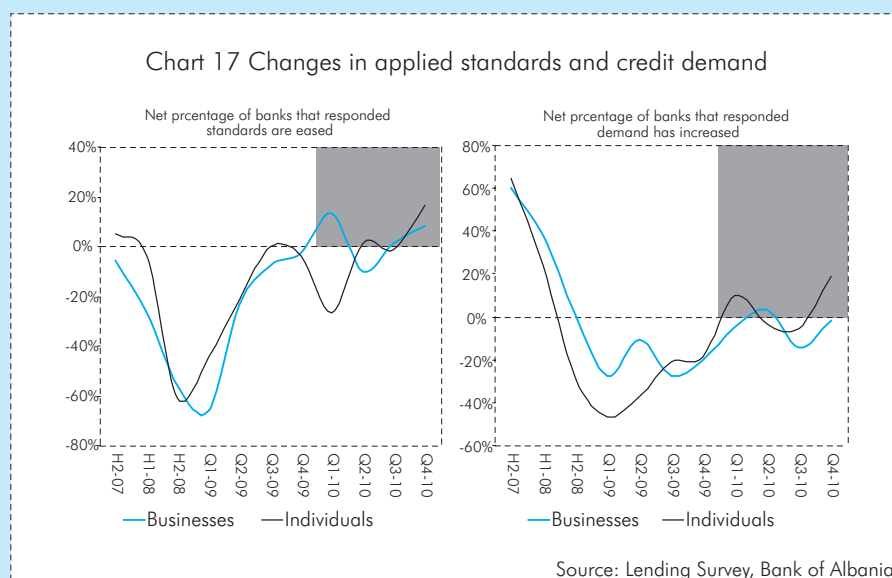
At end-2010, home loan portfolio was up 1.6% from end-2009, whereas consumer loan was similar to loan outstanding at end-2009. Household portfolio is dominated by house purchase loans, accounting for about 80% of the total, and is mostly made in euro (67%). In the meantime, the share of consumer loan contracted in 2010, accounting for only 20% of the household loan portfolio at year-end. The major part of loan portfolio is dominated by ALL-denominated loans (80% of the portfolio).

BOX 6. RESULTS OF THE 2010 BANK LENDING SURVEY

Results of the banks' lending survey¹⁴ are used by the Bank of Albania to make a fast assessment of the credit demand and supply trend, as well as of main factors influencing them. Monitoring loan performance and recognising financing conditions at home contributes to monetary policy decision-making. The analysis of this survey outcome shows that the net percentage of banks that report easing of standards is positively correlated and precedes loan performance by three or four quarters, as measured by official statistics. This was noted particularly during the last financial crisis of late 2008 and early 2009, when the decline in lending growth rates was preceded by increased net percentage of banks that reported tightened lending standards and increased margins on performing loans and higher-risk ones¹⁵.

Based on credit survey results, lending standards stopped tightening in 2010. Net percentage of banks having reported easing of approved credit standards was somewhat volatile in the first half of 2010, to mark only positive values in the second half.

The level of business loan standard tightening has been falling, starting from 2008 Q4, when the net percentage of banks that reported tightening had hit historical highs. The 2010 H2 highlighted slight tendency to ease the approved business loan standards. The business lending standards were eased equally for both investment loans and working capital ones. According to credit officers' opinion, increased competitiveness is the main factor making banks ease the business loan standards. The 2010 Q4 highlighted the positive contribution of factors related to better liquidity position of banks as well. The banks' easing policy was implemented mainly by increasing the approved loan size. As concerns the 2010 business credit demand, it is deemed that it somewhat recovered the 2009 decline. The improving trend of the demand was broken by its decline over Q3, to resume its upward trend over 2010 Q4.



¹⁴ Credit conditions survey is conducted quarterly with bank credit officers.

¹⁵ These results are supported by the analysis of correlation between survey data and official credit ones. Its conclusions are in compliance with the outcome on EU countries, according to the European Commission's study of Credit Conditions Survey.

Household loan standards were tightened less, starting from 2009 Q1. They experienced evident easing in 2010 Q4. Given the determinants to this performance, banks deem that real estate market developments contributed positively to standard easing over 2010 Q4. The banks' easing policy is implemented mainly by narrowing the average loan margin, increasing the approved loan size and extending the maximum loan maturity term. As concerns the 2010 household credit demand, it is deemed that it markedly recovered the 2009 decline. The increase in household credit demand, distributed in the quarters, was uneven. In the second quarter, the household credit demand fell, breaking the upward trend, to mark pronounced increase over the 2010 Q4.

IV.2. FINANCIAL MARKET DEVELOPMENTS

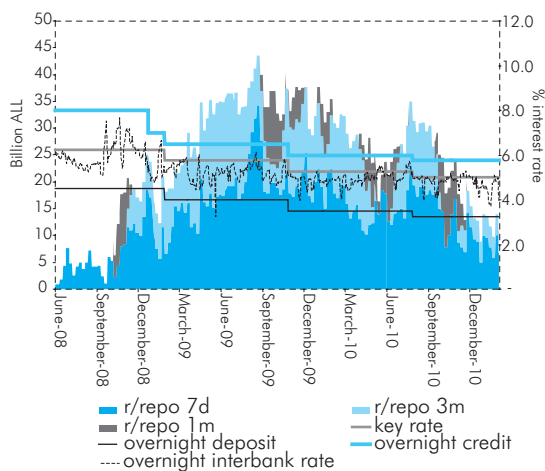
In 2010, stabilization of liquidity conditions and significantly improved financial position in the domestic economy was largely reflected in the performance of markets. The policy pursued by the monetary authority in view of promoting financial intermediation and sustaining the economic activity is reflected in all financial markets. Thus, the interbank market has highlighted a downward interest rate trend, increased volumes exchanged by participants and their steering towards the key interest rate. Setting a new operational objective, which targets the interest rates of this market, appears to have helped in this regard. Continuous reduction of primary market security yields and the narrowing of spreads between maturity terms is another indication of a more sustainable financial climate in the domestic market. After further easing of monetary conditions by the Bank of Albania at end-July, the primary market government security yield continued to decrease, contributing to government financing cost cut. The successful Eurobond issue in the international market helped mitigate the fiscal pressures on the domestic market and made new space in using funds by the banks and market agents, thus supporting the downward interest rate trend in the market. Deposit market highlighted a downward interest rate trend, under the conditions of increased public savings and their channelling into the banking system. In the meantime, the banks' competition to maintain their market share is reflected in still slightly high margins compared to the key interest rate on lek deposits and European market interest rates on foreign-currency deposits. Loan interest rates have transmitted the aforementioned factors, being contained at year-start and then downward, mostly in long-term maturities. In general, more favourable interest rates are applied to real estate loans and investments in domestic currency. In the foreign exchange market, the 2010 nominal effective exchange rate dynamics continued to show a depreciating trend, however at significantly more decelerated rates than in 2009. The positive developments in the external sector of the economy, mainly during the first half of 2010, and prudent fiscal sector policies in terms of choosing the funding sources helped keep balances in the foreign exchange market.

- *INTERBANK MARKET*

In 2010, the interbank market highlighted a slightly downward interest rate trend and increased volume traded among banks. Interest rates fell for both main maturity terms preferred by the banks, and also showed a more contained volatility than in 2009. The Bank of Albania continued to supply the market with liquidity through reverse repurchase auctions of 7-day, 1-month and 3-month maturity terms. Liquidity provided through these auctions fell along the year and in spite of the changed auction form¹⁶, the interest rates demanded by the participating banks approached the key interest rate, without affecting the increase in the borrowing cost in the interbank market. The 0.25 percentage point interest rate cut at end-July by the Bank of Albania was rapidly reflected in interbank rates, where the interest rate demanded by banks in trading their funds fell further in the following periods.

¹⁶ Since January, the Bank of Albania has changed the auction form into fixed amount and competitive interest rate, from fixed interest rate.

Chart 18 Liquidity provided by the Bank of Albania and overnight interbank rates



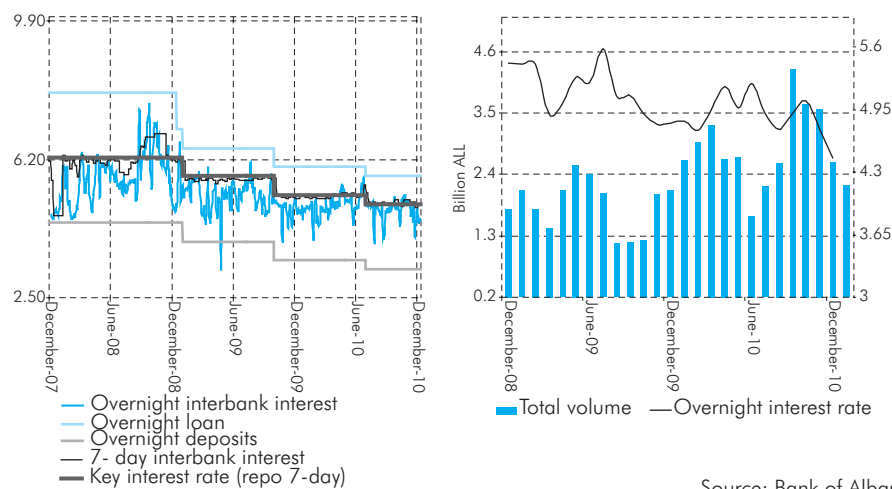
Source: Bank of Albania

The Banks' improved liquidity conditions helped create a positive climate for interest rates on both the daily and weekly transactions. Announcement of the Bank of Albania's new operational objective¹⁷ at end-June, which targets the interbank rate, appears to have triggered further development of this market, in terms of increasing the volume and maturity term. Thus, in 2010 H2, transactions of one-month and three-month maturity term were effected, while interest rates were steady and fluctuated around the key interest rate. The spread between the overnight and weekly interest rate and the key one, decreased compared to 2010 H2, and 2009¹⁸. The monthly analysis on the money market indicates that interest rate swings are concentrated in certain periods, such as during the last days of required reserve fulfilment, related mainly to supply/demand factors from individual banks with non-optimal liquidity

management. Overnight and weekly interest rates averaged 4.93% and 5.14%, or 0.24 and 0.47 percentage points less than in the previous year.

In average terms, the total volume traded on the money market increased significantly in 2010, mainly influenced by the positive contribution of one-week transactions. The banks' preference shifted toward this maturity term, accounting for the major share to the total traded volume, and attesting to boosted confidence in the market. High values of funds traded among the banks were recorded most of the year, excluding the second quarter. In average annual terms, the total borrowing in the interbank market reached ALL 3.3 billion in 2010, significantly higher from ALL 1.8 billion in 2009.

Chart 19 Interbank rates (left) and the total volume traded in the interbank market (right)



Source: Bank of Albania

¹⁷ Should you need further information, please refer to box 7 "Change to the Bank of Albania's Operational Objective".

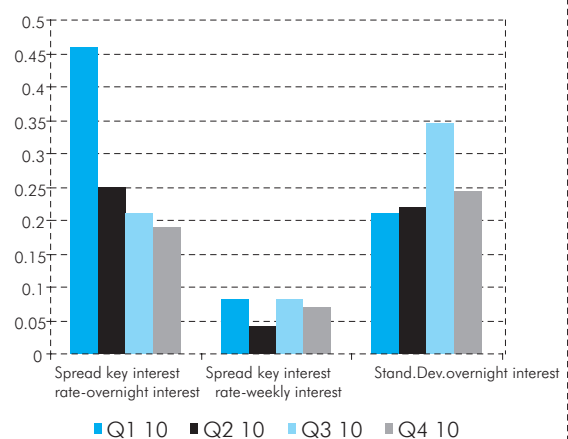
¹⁸ The absolute spread between the overnight and weekly interbank rate, and the key rate was 20 and 8 basis points, respectively, for the 2010 H2, from 35 and 8 basis points for the 2010 H1 and 53 and 10 basis points for 2009.

BOX 7. CHANGE TO BANK OF ALBANIA'S OPERATIONAL FRAMEWORK

In June 2010, the Bank of Albania changed its operational framework by setting as its operational objective the steering of the short-term interbank rates towards the central banks' key interest rate, keeping their fluctuations under check. The operational objectives play an important role in policy compilation and implementation. They connect the monetary authority's interventions in the money market and the intermediate target of monetary policy, thus serving as a starting point of monetary policy transmission mechanism. The Bank of Albania's experience, albeit successful, has shown that focusing on quantitative control of net domestic assets and net foreign assets can bring about large volatility in the interbank markets and it does not allow proper flexibility to weather contingent situations.

In response to the need for a more flexible and efficient operational framework, in view of enhancing the monetary policy effectiveness and transparency, the Bank of Albania decided to change its operational objective. Targeting the interbank rates seems an option that finds ample theoretical support, whose application has proved successful in a number of advanced and emerging economies. It serves better to keeping the short-term horizon of interest rates' curve under check, making the conduct of monetary policy more transparent and providing clearer signs of monetary policy stance. This operational framework, *inter alia*, allows for more flexibility in handling short and long term shocks on the economy or the banking system. To have a clearer picture of the effects and the impact that this change has made on the domestic interbank market, we are focused on measuring and analysing the volatility of the interbank rate versus the key interest rate. The period under analysis covers the last four quarters aggregated into two 6-month periods. Another indicator is the level of standard deviation of these rates in certain periods, under the logic that an announced and transparent objective, which puts focus on interbank rates, will be a driving factor for banks to enhance the functioning of interbank market activity.

Chart 20 Interbank market volatility during both observed periods



Source: Bank of Albania

The time interval taken as reference for the "old" operational objective starts in January, when the repo auctions retook their competitive limited-amount form, and is closed at end-June, when the operational target was changed. In the meantime, the next period includes the months after the change, when the potential effects of new operational objective can be highlighted.

The interbank rate spreads during both periods recorded different values for both maturities. Thus, during the fourth quarter, the overnight rates reduced their absolute spread versus the key interest rate to 19 from 21 basis points, while the weekly ones are down by 1 unit, to 7 basis points. This spread has followed the diminishing trend even relative to the preceding quarters this year. Standard deviation highlights that in the fourth quarter these values were lower for both maturities, respectively from 0.34 to 0.24 on fortnight ones, and from 0.29 to 0.06 on the weekly ones.

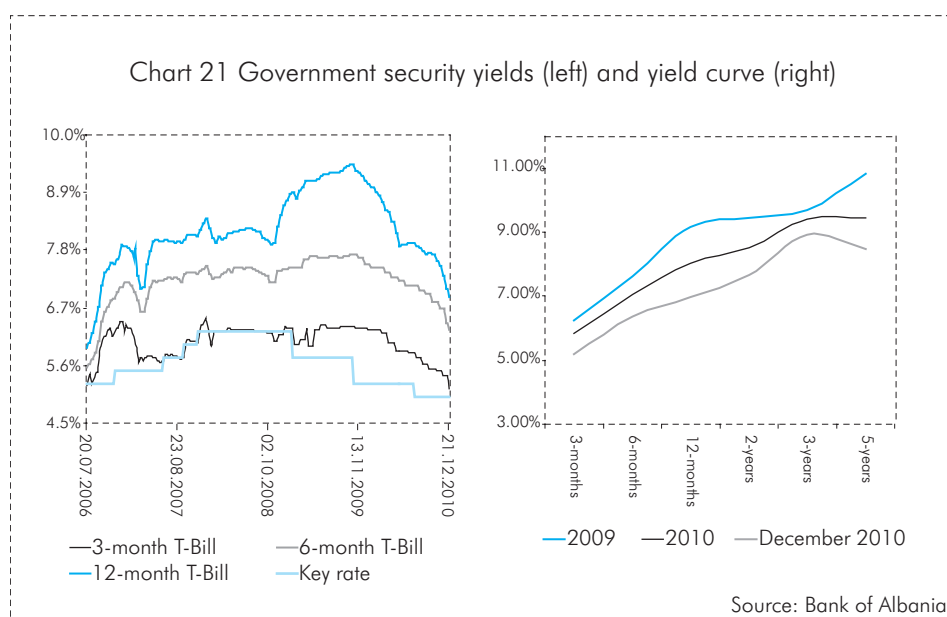
In general, the decreased spread between the overnight and the weekly rates, and the key interest rate supports the initial idea of reduced volatility against the key interest rate and interbank market stabilization. The Banks' improved liquidity conditions, against the backdrop of a satisfactory funding from deposits, as well as the creation of free spaces on the banks' assets thanks to lowered government demand for T-bills

and bonds are other factors of influence. They have all contributed to achieving a more sustainable activity of banks in the interbank market over the course of this quarter. Thus, the overnight interbank rate remained below the key interest rate and it exceeded it only during certain days. The analysis of monthly developments in the interbank market highlights a diminished volatility, being reflected in the standard deviation values, confirming also the periodic overnight rates volatility, mainly during the days of required reserve fulfilment. Liquidity management at the limits of efficiency by the banks make this time period of the month more exposed to overnight rate volatility. One-week transaction rates reflected a more moderate volatility and minimum spread from the key interest rate.

- PRIMARY MARKET

Primary market security yields had a downward trend throughout 2010. Their reduction has started since the past year's last months, to continue with higher intensity this year. The yield level over the course of this period decreased evidently, even below the pre-crisis values. Stabilized liquidity condition in the banking system, decreased risk premium, and reduced government demand for T-bills appear to have influenced the reduction of their yields demanded for these instruments. Downward T-bill yields were marked for all maturity terms, being more pronounced for the 12-month T-bills and bonds parameterized with it. The 12-month T-bill yield marked continuous reduction over the course of this period. In the meantime, the key interest rate cut by 0.25 percentage points at end-July contributed to downward trend of all yields asked over the following periods. As at end-December, the 12-month T-bill yield asked was 6.91%, or down by 2.15 percentage points on a year earlier.

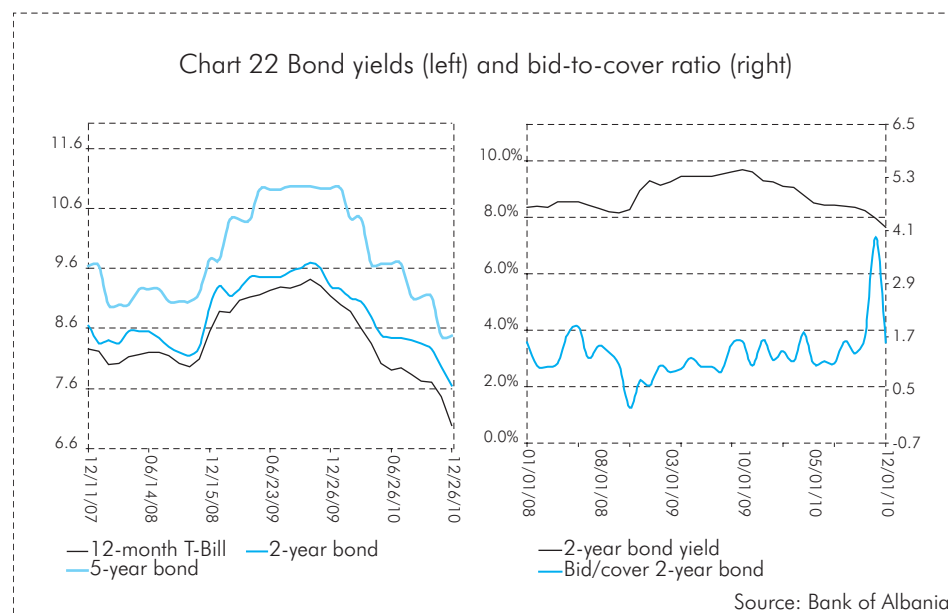
At end-June, the government issued a 9-month euro-denominated T-bill, in which, it is worth mentioning that the banks' bid and participation was in line with the factors highlighted until that moment as concerns the primary market. In the meantime, the demanded yield resulted 6.06% or 1.75% less than the euro-denominated loan interest rate for the same maturity term.



During this period, the securities of a smaller maturity term followed the same trend. The 3 - and 6 - month T-bill yields were cut by an average of 0.53 and 0.60 percentage points (y-o-y). Auctions' participation was high and the ratio of participants' bid to the amounts asked has always exceeded 1.0¹⁹, thus becoming another supporting factor for reduction of premiums demanded by the banks. The yield curve picture shows clearly these developments, where its level dropped obviously and the narrowing of spreads between maturities brought about mitigated slope, mainly in the short-term segment but also in its last section.

¹⁹ On average 1.23 for T-bill auctions in 2010.

The primary bond market performed similarly to the T-bill one. Bond yields recorded consecutive cuts throughout the period, following the performance of 12-month T-bill yields. The improved financial conditions in the market and high competition for these instruments fostered the descending pressures, thus being a supportive factor to the downward yield trend. The reduction of the demanded premiums was high and contributed to lowering the overall government financing costs. The 2-year bond yield marked 7.65% at the end of this year, down by 1.65 percentage points from the previous year.



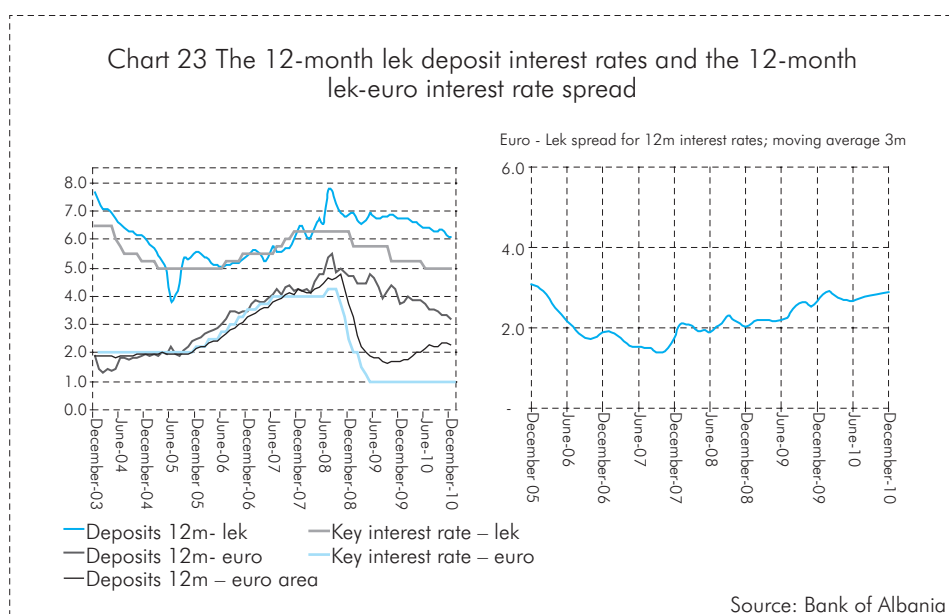
Similarly to T-bills, the bond yield cut was in place for all maturity terms. So, the yield of 3 - and 5 - year bonds decreased by 0.30 and 1.38 percentage points, respectively, while their level as at December 2010 was down to 9.19 and 8.48%. It is worth noting that the variable-rate bond yield cut was affected by the performance of instruments it is parameterized with, as well as by the reduced accepted margin, which followed a downward trend during this period. Thus, over the last months of 2010, the demanded yield on 5-year variable-rate bonds was 8.48%, lower than the 3-year fixed-rate bond yield (9.19%). At the end of October, a Eurobond was issued in international markets, yielding 7.62%. The result of this issue may be regarded as positive, since it may reduce the government demand for domestic financing and might have exerted downward pressures on yields.

• INTEREST RATES ON NEW DEPOSITS

The year 2010 was characterized by falling interest rates on both the lek and the euro deposits. The key interest rate cut for the lek by 0.25 percentage points in July, was followed by decline in the weighted average interest rate on new ALL deposits, which performed in line with the monetary policy signals. Euro deposit rates were also downward. Even so, competition among banks to maintain their market share is still high, pushing banks to keep margins at

relatively high levels as compared to the key interest rates and the European market interest rates²⁰.

In average terms, the lek deposit interest rate registered 5.19% in 2010, down 0.27 percentage points from 2009. The average lek deposit interest rate fell in the first months of the year, from 5.66% in January to 5.29% in February, due to completion of end-2009 promotional offers and improved liquidity conditions. During summer, this indicator increased, reaching the highest level, 5.47% in August, affected by the seasonal offers. In addition, following the increase of deposits in the system, interest rates underwent consecutive cuts until December (5.09%). By maturity terms, it is observed that 12-month deposits decreased on average 0.35 per cent compared to 2009.



Interest rates on euro time deposits followed a downward trend even in 2010. Significant interest rate cuts were registered on all maturity terms, particularly on 12-month ones (-0.74 pp). The euro deposit interest rate registered on average 2.24% in 2010, or down 0.24 percentage points from the 2009's average. This value is still relatively high relative to the ECB's key interest rate, which settled at 1.0% throughout 2010. These rates are subject to liquidity conditions and orientation of individual policies towards foreign-currency deposits by the banks of the system. The latter continue to use the deposit interest rates (cost of funds) as reference rate for euro loans, a tendency that has started since end-2008 and has persisted during the last 2 years. Even though interest rates were cut constantly, they increased in January and August, periods that coincide with the banks' seasonal offers.

The relatively faster decrease in euro deposit interest rates relative to the lek

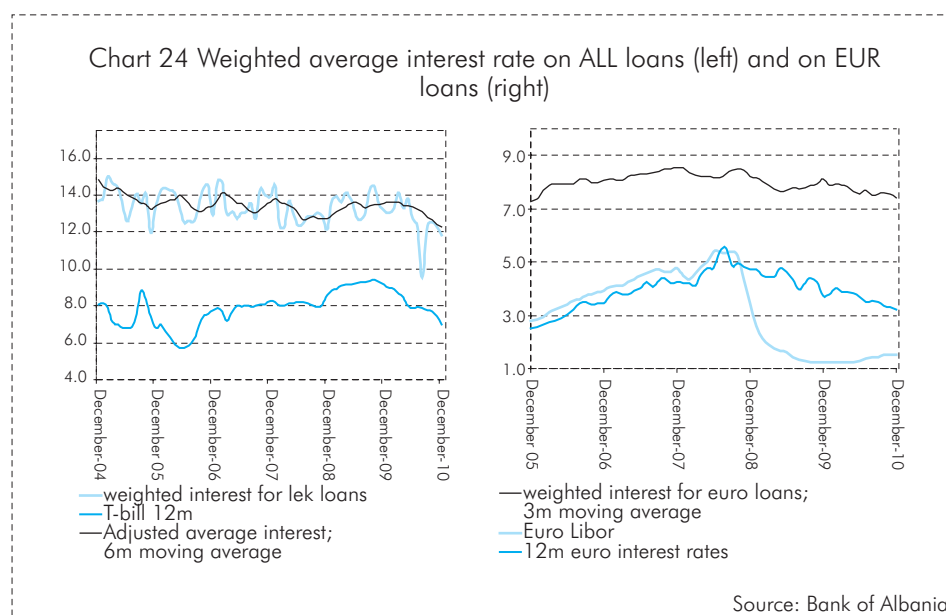
²⁰ Also, it should be stressed that the spread between interest rate on euro deposits in the country and foreign interest rates has narrowed, upon rise in interest rates in Europe.

ones made the ALL and euro deposit interest rates spread²¹ maintain slightly higher values throughout 2010. In average terms, this indicator accounted for 2.80 percentage points in 2010, from 2.41 percentage points in 2009.

- **NEW LOAN INTEREST RATES**

Year 2010 was characterized by downward trend of average interest rates on lek and euro loans. As a consequence of perceived uncertainty in 2009, banks reacted more slowly by easing the conditions over 2010 H1. In 2010 H2, after significantly improved liquidity condition, decreased primary market interest rates and Bank of Albania's signals to reduce ALL lending costs, interest rates recorded consecutive decline for both major currencies. These are accompanied by supply diversification and preferential terms and conditions for particular clients in several banks of the system.

During 2010, the lek loan interest rate²² registered 12.59%, from 13.59% in the previous year. The decline reflected the interest rate cut is indexed with - 12-month T-bills, whose yield fell on average by 1.15 percentage points over this period. The new loan is mostly extended for short-term 0-1 year financing (overdrafts/working capital for businesses). However, more favourable interest rates were applied on long-term loans compared to short-term ones, promoting real estate lek-denominated loans. During 2010 H1, the banks were more conservative and lek-denominated interest rates followed the high margins of 2009 H2. Later on, at the beginning of summer, interest rates started to fall significantly, affected also by special promotional policies pursued by the banking system as a result of short-term corporate demand. The average interest rate cut continued till end-2010, marking historic lows in December (11.84%). These developments reflected the ongoing assessment of the banking system for financing in our national currency, in response to a



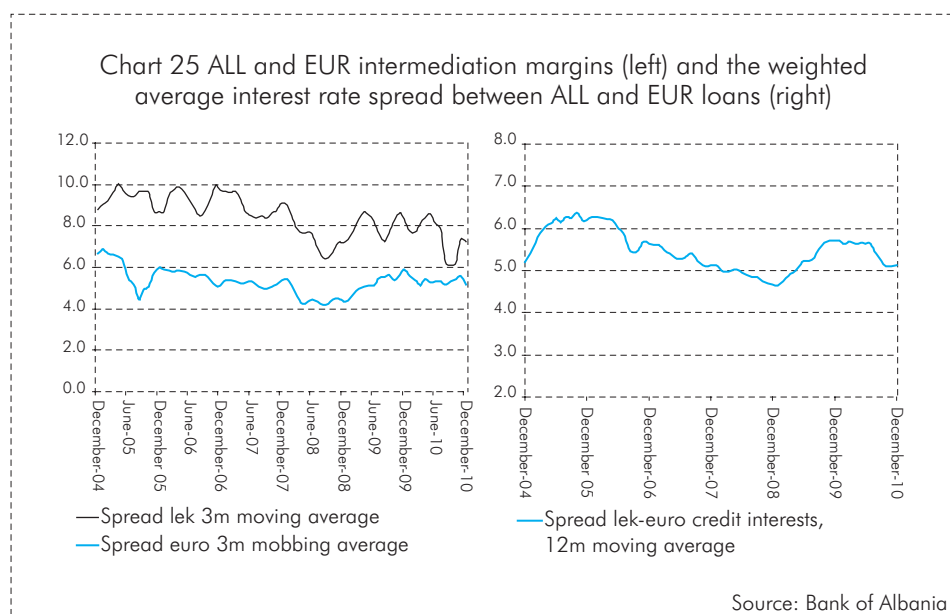
²¹ Estimated as the difference between weighted average interest rates on 12-month euro and lek deposits.

²² The weighted average interest rate on new loans.

fairer perception of foreign-currency lending risk.

Overall, euro-denominated lending was cheaper in 2010 compared to 2009, although the weighted average interest rate was characterized by seasonal volatility. The weighted average interest rate on euro loans was 7.47% in 2010, compared to 7.89% in 2009. Meanwhile, the Euribor rate in international markets fell only 0.19 percentage points during this period. The perception of improved macroeconomic situation at home and ongoing monitoring of euro-denominated lending are reflected in lower bank margins. On average, during 2010, falling interest rates were registered for all maturity terms. The decreased loan price is evident in short-term overdrafts, mainly reflecting banks' preferential terms for their clients, in response to the seasonal corporate demand for liquidity. Meanwhile, interest rates on long-term euro loans remained unchanged on average, counting the uncertainties about exchange rate developments in the periods ahead.

Intermediation cost declined over 2010, in both, the lek and euro. The one



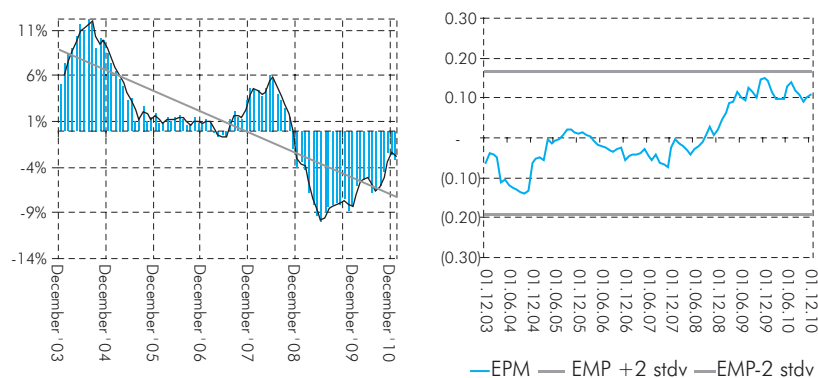
in lek averaged 7.40 percentage points, from 8.13 percentage points in the previous year. The one in euro averaged 5.23 percentage points, down 0.18 percentage points from the previous year. Its decline in the national currency was mainly due to average loan interest rate cut, whereas its slow decline in the euro was due to convergence of interest rates for both deposits and loans.

With the eased lending standards in both currencies, the interest rate spread between ALL and EUR loans was down to 5.1 percentage points on average in 2010, from 5.7 percentage points in 2009.

EXCHANGE RATE

The dynamics of nominal effective exchange rate in 2010, continued to present depreciating trend, but at considerably marginal rates relative to 2009. The annual changes to the NEER index reflected the diminished depreciating trend, reaching as at 2010 Q4, similar levels to those of 2008 Q4, when for the first time the domestic foreign exchange market experienced depreciating pressures from the global financial crisis impact. From the macroeconomic perspective, the relative exchange rate stability in 2010 appears to have reflected the re-dimensioning process of key determinants, providing grounds to transit to a new equilibrium.

Chart 26 The lek's annual change in nominal effective terms (NEER*) (left) and the EMP index (right)



*NEER – nominal effective exchange rate, measured relative to both major currencies, according to an approximate weight they have when traded abroad, EUR (80 %) and USD (20 %). A rise in the NEER implies the lek's appreciation.

Source: Bank of Albania

BOX 8. EXCHANGE MARKET PRESSURE (EMP)

Central banks use a number of indicators, which enable the identification of pressures generated from the demand-supply imbalances in the exchange market. The Exchange Market Pressure Index (EMP) is mentioned as one of the most useful indicators in identifying such pressures. The composite EMP index reflects combined changes of the exchange rate, foreign reserve and interest rate spread and is generated by the following formulae:

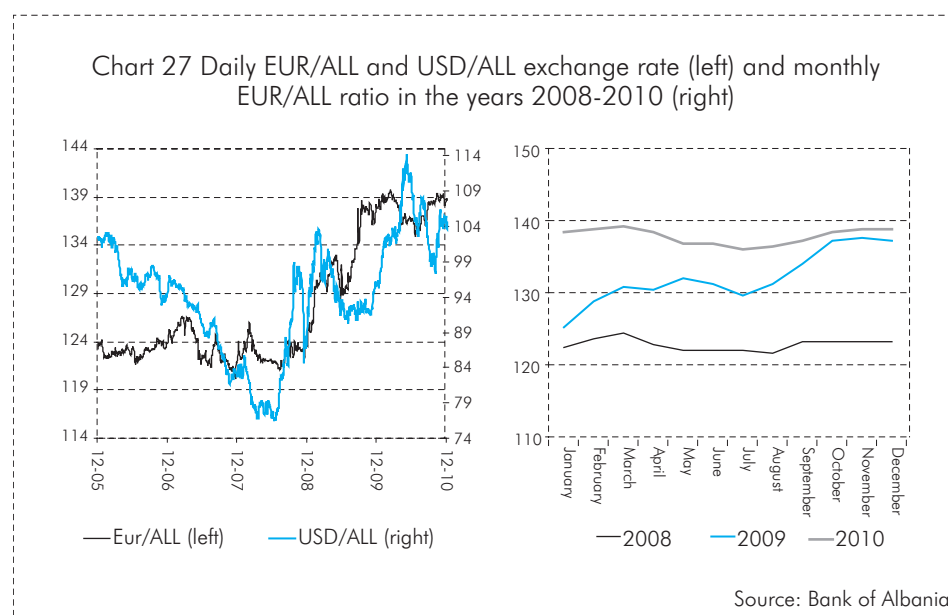
$$EMP_t = \left(\frac{1/\sigma_e}{((1/\sigma_e) + (1/\sigma_r) + (1/\sigma_i))} \right) \frac{\Delta e_t}{e_{t-1}} - \left(\frac{1/\sigma_r}{((1/\sigma_e) + (1/\sigma_r) + (1/\sigma_i))} \right) \frac{\Delta r_t}{r_{t-1}} + \left(\frac{1/\sigma_i}{((1/\sigma_e) + (1/\sigma_r) + (1/\sigma_i))} \right) (\Delta(i_t - i_t^*))$$

where:

- Δe the annual exchange rate change (NEER);
- Δr expresses the y-o-y change of foreign reserve denominated in USD million (at a fixed exchange rate);
- $\Delta(i_t - i_t^*)$ represents the interest rate spread in t period and is estimated as the deviation of the weighted average rate of ALL deposits from an index which combines the interest rates on EUR and USD deposits, weighted by their share to total deposits of the commercial banks' balance sheets. An increase in the index represents higher pressures, and vice-versa, in the foreign exchange market.

In this context, the exchange market pressures are absorbed by 1) depreciation or appreciation of the nominal exchange rate; 2) decrease or increase in international reserve $-\Delta R_t$, under the assumption that the monetary authority tries to mitigate depreciating or appreciating pressures on the exchange rate. Thus, the monetary authority intervenes in the foreign exchange market by selling or purchasing foreign currency in case there is foreign currency demand/supply in the market; 3) easing/tightening monetary policy, which expands/reduces the interest rate spread, which encourages/discourages capital inflows (under the assumption that capital mobility conditions are ideal), hence reducing/increasing the EMP.

More specifically, the external sector's positive developments, mainly during the first half of 2010, and the fiscal sector's more prudential policies in terms of choosing the financial resources helped generate contained pressures in the foreign exchange market. The above-mentioned developments appear to be confirmed also by the exchange market pressure index (EMP), which after an accelerated increase in 2009, is presented as relatively stable in 2010. In 2010, the performance of individual major currencies of the basket in the domestic foreign-exchange market highlighted a more moderate depreciation of the lek vs. the dollar and euro. In more details, the average depreciation of the lek vs. the U.S. dollar was 9.33% in 2010, from 13.21% in 2009, whereas vs. the euro it was 4.33% in 2010, from 7.56% in 2009.

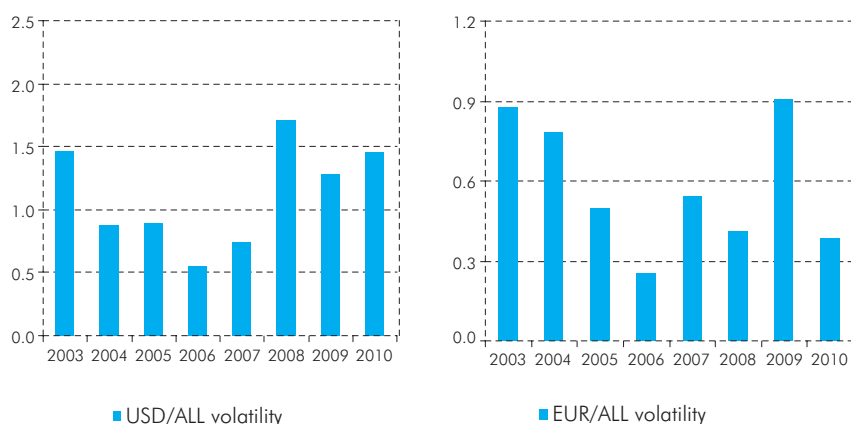


The USD/ALL ratio in 2010 was in line with the performance of USD/EUR in the international markets. Thus, the problems generated from the difficulties in terms of the sovereign debt of some euro-area countries appear to have been the main factor favouring the green currency exchange during 2010. However, the non-positive results of several indicators in the U.S. economy and market agents' expectations for continuation of easing quantitative policies appear to have contributed to temporary weakening of the U.S. dollar's positions in 2010 Q3. Against this backdrop, the agents' high uncertainty in international markets is reflected in the USD/ALL exchange rate volatility, which is slightly higher than in 2009, but always below the well-known level of 2008.

On the other hand, the performance of the lek vs. the euro is characterized by a gradually diminishing seasonal volatility, which was materialized in a relatively stable ratio relative to the previous year. It seems that the ever cautious approach of market agents against the temporary demand and supply effects, contributed to minimizing the shocks driven by psychological factors, which had a significant impact during 2009. Under these conditions, the EUR/ALL ratio volatility appears to have dropped significantly during 2010²³.

23 The volatility is measured as an annual average standard deviation. It was 0.38 in 2010, from 0.91 in 2009.

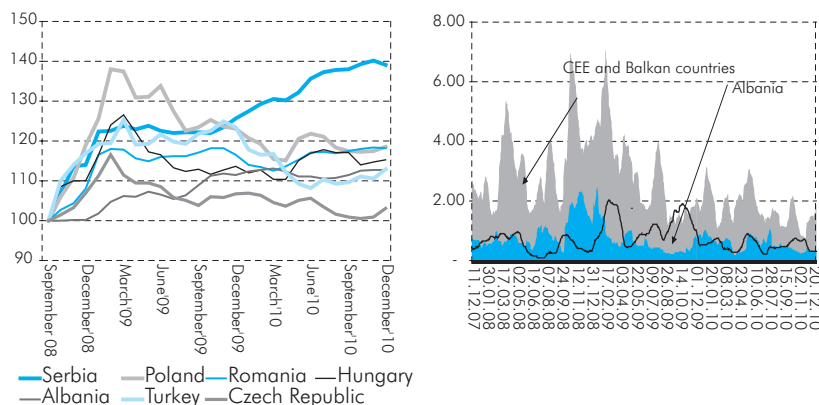
Chart 28 Annual volatility of the USD/ ALL ratio (left) and the EUR/ALL (right)



Source: Bank of Albania

From the regional perspective, the developments of the ALL/EUR ratio appeared stable during 2010, while in marginal terms, the lek reflects a significantly better dynamics than many currencies of the countries in the region. The external sector's positive developments and the fiscal measures taken in view of fiscal consolidation significantly favoured the EUR/ALL performance in 2010. The performance of the Serbian dinar is an important exception from the above-mentioned developments, reflecting a relatively pronounced depreciating trend this year, thus highlighting pronounced problems in the balance of payments. The Romanian and Hungarian currencies reflected depreciating trends, but at considerably more contained rates than the dinar, as a consequence of problems in the fiscal sector.

Chart 29 EUR/ALL exchange rate volatility* relative to currencies of the Central East Europe and the Balkan (index base – October 2008)



*The exchange rate volatility is measured as a 30-day standard deviation. The climax points of volatility over each period represent the maximum and minimum standard deviations registered by the included ratios. The included countries are: Poland, Czech Republic, Hungary, Romania, Turkey and Serbia.

Source: Respective central banks and the Bank of Albania



"Banknotes and coins issued in 1926"

CHAPTER V MONETARY POLICY INSTRUMENTS AND FOREIGN RESERVE MANAGEMENT

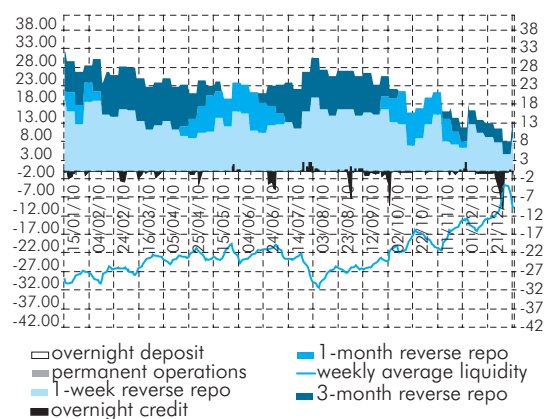
V.1. MONETARY POLICY INSTRUMENTS

The boosted public confidence in the banking system during 2010 was reflected in the improved liquidity conditions of banks. This improvement was associated with removal of some specific measures taken by the Bank of Albania during 2008-2009. In early 2010, according to the announcement made in October 2009, the Bank shifted to liquidity-providing operations through (announced amount) variable-price auction. In June 2010, the Bank of Albania's partners in its open market operations were notified in advance of restoring the symmetrical corridor in early 2011. Prior notification of these changes and their implementation according to the schedule, without causing uncertainty, is a very important moment in boosting the confidence in the banking system through the implementation of Bank of Albania's monetary policy operations.

Changing the Bank of Albania's operational target from targeting the quantitative monetary aggregates to short-term interbank rates was also reflected in the targets of money market operations, hence orienting short-term interbank rates towards the key policy rate.

During 2010, the amount of short-term liquidity injected by the Bank of Albania peaked by about ALL 31 billion in summer, falling gradually to about ALL 4 billion at year-end. This is the lowest level registered over the last two years. The number of banks having used temporary instruments equalled that of the past year. This is a sign of increased importance of these operations and signals further enhancement of their effectiveness in the future.

Chart 1 Open market operations and use of standing facilities*



*The negative values in the chart show liquidity-absorbing operations, whereas the positive ones show the liquidity-providing operations.

Source: Bank of Albania

V.1.1. OPEN MARKET OPERATIONS

Open market operations¹, which consist of the main operations, fine-tuning operations, and structural ones, are core operations for liquidity management

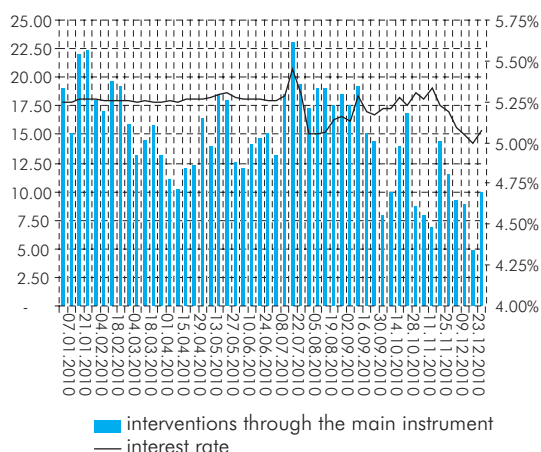
¹ Open market operations represent the buying and selling of securities by the Bank of Albania. The main open market operation is carried out through (reverse) repurchase agreement of a 7-day maturity term and is Bank of Albania's main instrument for implementing monetary policy. Fine-tuning operations of the open market are carried out through (reverse) repurchase agreement of a 1-day, 1-month and 3-month maturity term. Structural operations of the open market are outright security purchases.

by central banks. The banks' improved liquidity conditions in 2010 and mainly in 2010 H2, reduced somewhat the need for fine-tuning liquidity injection compared with a year earlier. Liquidity provision structure averaged 58% through the main instrument and 42% through fine-tuning instruments of longer than one-week maturity term. A year earlier, it averaged 55% through the main instrument and 45% through long-term operations.

• MAIN OPEN MARKET OPERATION

During 2010, reverse repurchase agreement of one-week maturity term was the main instrument of open market operations. Intervening by using this operation was conducted mainly through fixed-amount variable-price auction, except two cases in early 2010 when fixed-price auction was used. Using fixed-price auction is an outcome of measures taken to mitigate the banks' tension in 2009. Considering that market conditions turned to normality, it was decided to restore the classic form of the main open market operation – variable-price auction.

Chart 2 Main open market operation by auction dates (in ALL billion)



Source: Bank of Albania

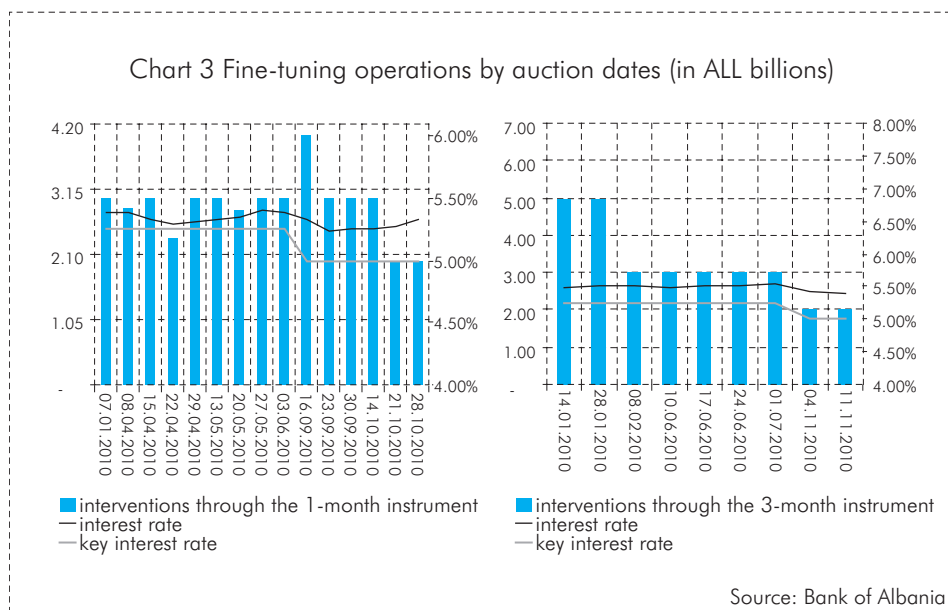
The liquidity injected through reverse repurchase agreements of one-week maturity term averaged ALL 14.76 billion a week. The number of banks participating in weekly auctions averaged 6, similar to 2009's average.

The steady participation by 6 banks on average in 2010 reflects a positive sign of the banks' increased activation in terms of central bank liquidity intermediation in the economy. Liquidity distribution in the system by banks having a contract with the central bank influenced the non-participation in weekly auctions by other banks having sporadic need for liquidity. Although this situation reflects improved liquidity distribution in the banking system through the interbank market, this distribution is frequently driven by market circumstances and is

not yet considered another active position of banks for trading liquidity in the interbank market.

• FINE-TUNING OPERATIONS

During 2010, fine-tuning operations for injecting liquidity of a longer-than-one week maturity term were used mainly in response to decreased liquidity in the banking system over seasonal periods, when the demand for liquidity goes up, such as in summer and end-year periods. During 2010, the fine-tuning operations of one-month maturity term were used more frequently than a year earlier, whereas three-month liquidity-injecting operations were used less. This operational tactic was pursued in response to improved liquidity conditions in the banking system, which mitigated liquidity pressures in the long term.



In 2010, reverse repurchase agreements of one-month maturity term were used 15 times, injecting roughly ALL 2.9 billion, from 8 times in the previous year. Reverse repurchase agreements of three-month maturity term were used 9 times, injecting roughly ALL 3.2 billion, from 16 times in the previous year. The reverse repurchase agreements of three-month maturity term were used mainly in summer.

The bid-to-cover ratio of monthly auctions averaged 130%², whereas that of quarterly auctions averaged 131%, being higher than a year earlier. The number of banks participating in the auction averaged 4 banks per auction, likewise in the previous year. These instruments are mainly used by big banks of the system, which are more predisposed to money market share.

The spread between the quarterly interest rate and the key interest rate ranged from 24 to 43 basis points, whereas the one between one-month interest rate and the key interest rate ranged from 5 to 33 basis points. The average interest rate spread for quarterly liquidity injection was down by 13 points compared to the previous year, to 30 b.p. on average. Related to monthly interest rate, this indicator was up by 8 b.p, to 18 b.p. on average. This expansion is due to more frequent use of monthly liquidity-providing instrument than the quarterly one, compared to a year earlier.

Besides one-month and three-month maturity fine-tuning instrument, the overnight reverse repurchase agreement was used solely once, at ALL 4.3 billion. This operation was intended to manage the liquidity condition and short-term interest rates at the end of the required reserve maintenance period in July.

² In this case, cover is the amount asked by the Bank of Albania in the reverse repurchase agreement auction, whereas bid corresponds to the banks' request to participate in these auctions.

• STRUCTURAL OPERATIONS

During 2010, structural operations - outright purchases/sales of T-bills - were not applied.

V.1.2. STANDING FACILITIES

Standing facilities - overnight deposit and overnight loan - are instruments available to commercial banks to manage unexpected amount of liquidity on a daily basis. However, the Bank of Albania has the right to suspend the use of these instruments, when necessary.

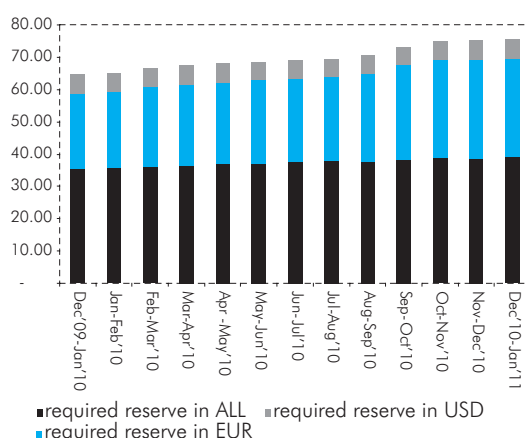
After 2009 Q1, when the Bank of Albania had temporarily suspended the use of the overnight deposit because of non-smooth functioning of the interbank market, the following months were characterized by a better liquidity management by commercial banks, which concentrated the use of overnight deposits mainly in the last days of the required reserve maintenance period. The 2010 overnight deposit averaged ALL 0.47 billion per day, being lower than in the previous year, especially over the period prior to temporary suspension of this instrument.

Overnight loan was used frequently during 2010, albeit at a lower average than in 2009. Specifically, in 2010, it was used 35 times, averaging ALL 0.68 billion, compared to 10 times in the previous year, averaging ALL 1,241 billion. Likewise in overnight deposits, the cases of liquidity-providing instrument were concentrated at the end of the required reserve maintenance period.

V.1.2. ADDITIONAL LIQUIDITY PROVIDING INSTRUMENTS

Lombard loan is the last lending instrument of the Bank of Albania used to help banks overcome temporary liquidity shortages, provided they are financially sound. Likewise in latest years, this instrument was not used at all in 2010.

Chart 4 Required reserve (in ALL billion)*



*Foreign required reserve components are converted according to respective fixed exchange rate announced by the Bank of Albania on the last day of 2010.
Source: Bank of Albania

V.1.3. REQUIRED RESERVE

ALL required reserve is a monetary policy instrument aimed at adjusting the banking system liquidity and stabilizing the interest rates. The Bank of Albania applies the required reserve even for foreign-currency deposits. The required reserve ratio is 10% of commercial banks' deposits of up to 2 years, in the three currencies - ALL, EUR, USD. Its performance during 2010 reflected that of deposits by respective currencies with a one-month lag, since the required reserve maintenance period starts on

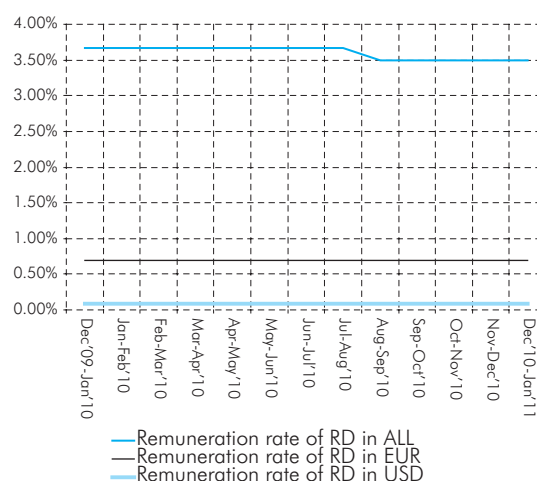
the 24th calendar day of each month and corresponds to deposit position of the preceding calendar month.

The required reserve ratio reflected the effect of ongoing deposit growth throughout 2010 both in ALL and in EUR. The annual growth of the required reserve in ALL was 10.47%, of the one in EUR was 34.19% and of the one in USD was negative by 7.76%.

In 2010, the average share of the required reserve component in ALL was 53.0%, while in EUR was 39.0% and in USD was 8.0%.

During 2010, the ALL required reserve averaging, by using 40% of the required reserve, reflects a significant improvement compared to 2009. The deviation of the account position from required reserve ratio at the end of the maintenance period decreased, from a positive average of ALL 0.40 billion in 2009, to a positive average of ALL 0.21 billion. In optimal conditions, the deviation should be positive, close to zero. It should be emphasized that compared to the previous years, thanks to the Bank of Albania's continued contacts with the banks of the system, their commitment is higher as to good management of liquidity through the required reserve instrument.

Chart 5 Required reserve remuneration rates



Source: Bank of Albania

The required reserve remuneration rates performed in line with the interest rates they derive from³. Specifically, the ALL required reserve remuneration reflected the Bank of Albania's key interest rate cut, which at end-July 2010 was lowered by 0.25 percentage points to 5.00%.

Foreign required reserve remuneration is based on key policy rates of respective central banks - the European Central Bank and the Federal Reserve of the USA – which did not change their key policy rates in 2010.

V.2. FOREIGN RESERVE MANAGEMENT

V.2.1. REQUIRED RESERVE IN 2010

During 2010, gross foreign reserve, estimated and reported in euro, increased by about 262 million, registering EUR 1,904.90 million as at end-December.

The key factors impacting on the gross reserve are presented in the following:

³ The required reserve remuneration rates are 70% of the reference rates for each currency.

A. Transactions with the Ministry of Finance, related to its accounts at the Bank of Albania, provided a positive impact, estimated at EUR 131.29 million, according to the following items:

- Privatization and other receipts, EUR 100.31 million;
- Receipts from security issue, EUR 321.91 million;
- Receipts from loans extended by the International Development Agency (IDA), etc., EUR 108.74 million;
- Transfer, EUR 399.67 million.

During 2010, swaps were carried out with the Ministry of Finance. Effects generated at the time of entering into swaps and upon their maturity term were reflected in foreign currency selling/purchasing transactions.

B. Commercial banks' transactions provided a positive impact, estimated at EUR 46.21 million, according to the following items:

- Commercial banks' depositing at the Bank of Albania to fulfil the required reserve and other transactions related to their capital, at EUR 117.93 million;
- Transfers, at EUR 71.72 million.

C. Bank of Albania's transactions provided a positive impact, estimated at EUR 0.87 million, according to the following items:

- Buying foreign currency, at EUR 63.60 million, from;
 - o the Ministry of Finance, at EUR 47.12 million;
 - o commercial banks, at EUR 14.00 million;
 - o other institutions, at EUR 2.48 million
- Receipts ensured from foreign reserve investment, are estimated at about EUR 33.24 million. These receipts represent the bulk of payments in the form of security coupons, in which the foreign reserve is invested. The portfolio re-valuation effect, as a result of interest rate volatility, is estimated at a negative value of EUR 7.22 million;
- Settlement of Bank of Albania's due to the IMF is estimated at EUR 9.46 million;
- External debt payments for the Albanian government are estimated at EUR 28.37 million;
- Selling of foreign currency to the Ministry of Finance is estimated at EUR 47.05 million;
- Transfers, at about EUR 3.87 million.

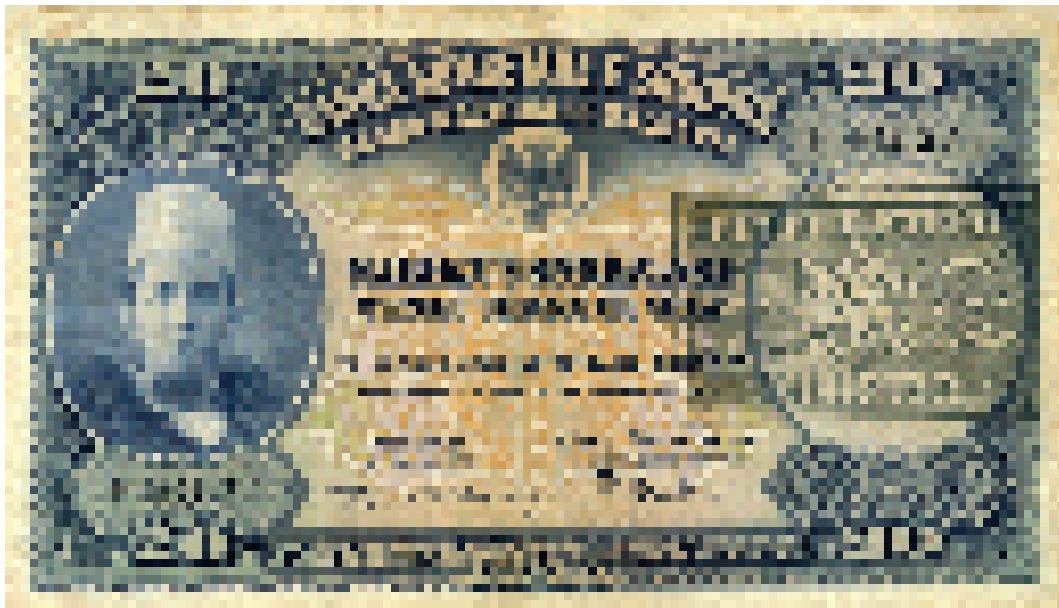
During 2010, the foreign exchange rate volatility of currencies composing the foreign reserve positively influenced the gross reserve value, registering an effect of about EUR83.65 million.

V.2.2. FOREIGN RESERVE MANAGEMENT, OTHER ASPECTS

The assistance program of the World Bank for reserve management purposes switched to a new phase, upon approval of an unspecified-term agreement at the beginning of September 2010. The objectives of the new agreement aim at consolidating the knowledge gained by the Monetary Operations Department in the recent years, keeping in touch with new developments in portfolio management and risks arising during the investment process. Also, the World Bank, to a less extent, will continue to provide technical assistance for projects to be undertaken by the Bank of Albania on reserve management.

During 2010, the World Bank provided assistance in the legal area, as well as in using new money market instruments during the portfolio investment. Using forward contract instrument on the exchange rate associated with investment in a money market instrument (deposit, security) was a new alternative for investing the foreign reserve in the short term. Another very important aspect of assistance was even the establishment of the function of operational risk management for reserve management purposes, as well as improvement of the internal audit function. Following the latest assistance, the Monetary Operations Department, in cooperation with several other departments of the Bank of Albania, started a process for establishing and consolidating the operational risk management function during the foreign reserve management process. The experience gained during this process can be extended to other processes taking place at the Bank of Albania in the near future.

Reviewing the Regulation "On foreign reserve policy and management" and adopting the new Regulation "On gold policy and management" represent the main 2010 highlights in terms of regulatory framework completion and improvement. Main amendments to the first Regulation relate primarily to defining a differentiated degree of credit risk acceptance for governments, which carry less default in debt repayment, compared to other institutions allowed to invest foreign exchange reserves, and further on they relate to some amendments that explicitly state the possibilities of foreign reserve investment, providing at the same time more flexibility in determining the instruments allowed for investment. The second Regulation is an addition to the present regulatory base and establishes a formal framework for carrying out the monetary gold management process at the Bank of Albania.



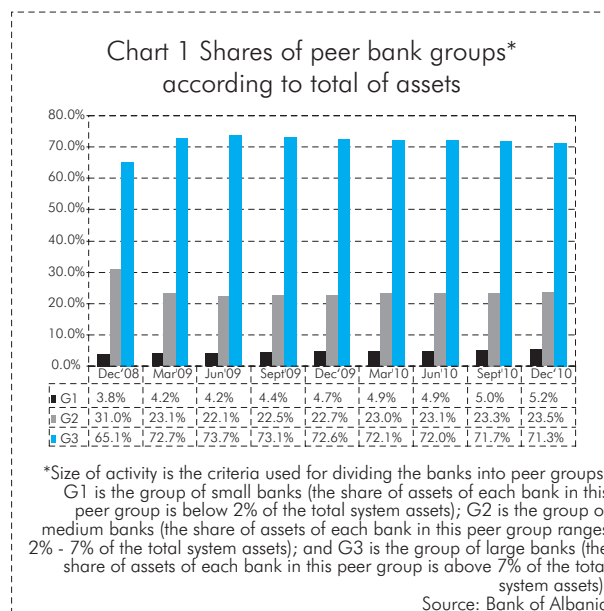
"Stamping banknotes appeared after the WWII, following the proclamation of the Albanian Democratic Government, when first signs of inflation appeared and deterioration of banknotes was evident. This situation was due to the impossibility to print a new banknote to replace the Italian issue already in circulation. While waiting for the situation to normalize, the rendered solution was to mark the banknotes in circulation with a square stamp 52x34 mm, reading Banka e Shtetit Shqiptar (Bank of the Albanian State) with the double-headed eagle in the centre and three waving feathers on its left side."

CHAPTER VI BANKING SUPERVISION

VI.1. BANKING SYSTEM AND NON-BANK FINANCIAL INSTITUTIONS

VI.1.1. BANKING SYSTEM ASSETS AND FINANCIAL INTERMEDIATION

The banking system remains the main financial intermediary in Albania. At end-2010, its assets accounted for about 81% of the Gross Domestic Product (GDP). During 2010, the banking system total assets doubled in annual terms. The banks' asset structure continued to be financed mainly by household deposits and was focused on lending, primarily to the private sector. At end-2010, the loan portfolio accounted for about 49% of the banking system total assets.



In 2010, the banking system's total assets were up by about ALL 104.3 billion or about 12%, indicating accelerated growth rates in 2010 compared to 7% in 2009.

Table 1 Banking system total assets

| Indicators | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total assets (in ALL billion) | 373.6 | 426.4 | 496.6 | 624.3 | 742.9 | 834.1 | 886.3 | 990.6 |
| Total assets /GDP (in %) | 53.8 | 56.8 | 60.9 | 70.8 | 76.8 | 76.7 | 77.5 | 81.0 |

Source: Bank of Albania

Consequently, in 2010, banking activity continued to deepen its intermediation in the economy. This intermediation, banking system total assets to the GDP, increased by 3.5 percentage points in 2010 vis-à-vis 0.8 percentage points in 2009.

Concentration indicators during 2010, presented in the Herfindahl index, are shown in levels almost equal to those in the last three years, remaining far from optimum levels.

| Indicators | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------|------|------|------|------|------|------|
| H Index (assets) | 0.21 | 0.18 | 0.15 | 0.15 | 0.14 | 0.14 |
| H Index (deposits) | 0.24 | 0.2 | 0.17 | 0.17 | 0.16 | 0.15 |
| H Index (credit) | 0.1 | 0.11 | 0.12 | 0.11 | 0.11 | 0.11 |

Source: Bank of Albania

Table 2 H (Herfindahl) Index of asset, deposit and credit concentration

• BANKING SYSTEM CREDIT HIGHLIGHTS

Banking system investments, creditwise, despite recording a slower growth compared to previous periods, follow an upward trend year-on-year. However, this growth was slower regardless of high growth rates of the banking sector lending to total asset ratio, over the last two years. Perception of a higher lending risk was followed by bank's tendency to increase their placements at other, mainly foreign, financial institutions. Nevertheless, the decelerated lending growth is deemed to have been temporary. More specifically, lending to the economy grew by 9.07%, with the highest growth concentrating more during the last quarter.

Table 3 Quarterly credit growth in 2010

| Quarterly credit growth | Q I | Q II | Q III | Q IV |
|-------------------------|----------|-----------|----------|-----------|
| In ALL million | 8,639.68 | 11,115.79 | 3,125.76 | 18,097.27 |
| In percentage | 1.90 | 2.40 | 0.70 | 3.80 |

Source: Bank of Albania

This development has affected the loan portfolio quality. At end-2010, non-performing loans rose to ALL 68.5 billion, increasing by ALL 21.4 billion year-on-year. However, in 2010 Q4, non-performing loans increased by ALL 3.4 billion, the lowest record over the last two years. Non-performing loans dropped by ALL 1.1 billion in December 2010 compared to November 2010. Consequently, the monthly non-performing loan indicator declined for the first time in the last two years, from 14.4% in November to 14.0% in December 2010¹.

Furthermore, it is worth noting that non-performing loan growth was lower in 2010 than in 2009. Loan portfolio quality dropped for both businesses and households. Non-performing loans to total outstanding business and household loan was respectively 15.5% and 11.7%. Moreover, loan portfolio quality deteriorated both in lek and in foreign currency loan. Quality indicators, "non-performing loan/outstanding loan in lek" and "non-performing loan/outstanding loan in foreign currency" were 14.4% and 13.7%, respectively.

The second most significant item was the "Treasury and inter-bank transactions"². At end-2010, this item reached about ALL 296 billion, accounting for 30% of total assets. This increase was due to the increase in transactions with commercial banks, credit institutions and other financial institutions, from 6.3% of assets at end-2009 to 9.3% at end-2010.

• NET PROFIT AND BANKING SYSTEM PROFITABILITY INDICATORS

During 2010, the banking system net profit posted higher growth compared to 2009. Net profit in 2010 was around 90% higher, with banking activity growth playing a determinant role.

¹ At end-2009, non-performing loan to total loan was 10.48%.

² This item includes banks' transactions with the central bank (deposits, required reserve, and open market operations); transactions with T-bonds, and commercial inter-bank transactions - deposits, current accounts, loans; etc.

| Indicators | December '07 | December '08 | December '09 | December '10 |
|------------------------|--------------|--------------|--------------|--------------|
| Net profit (after tax) | 9.98 | 7.33 | 3.54 | 6.72 |

Source: Bank of Albania

Table 4 Net profit in ALL billion

Net Interest Margin (NIM) surged compared to 2009 year-end, primarily due to increased operational income and decreased financing costs of interest-bearing assets.

Table 5 Core activity profitability indicators, in percentage (cumulative)

| Indicators | December '07 | December '08 | December '09 | December '10 |
|---|--------------|--------------|--------------|--------------|
| Interest income/average income-bearing-assets (1) | 7.72 | 8.06 | 8.10 | 8.11 |
| Interest expenses/average income-bearing assets (2) | 3.37 | 3.94 | 4.06 | 3.78 |
| Net interest margin (NIM) {(1)-(2)} | 4.35 | 4.13 | 4.04 | 4.32 |

Source: Bank of Albania

Profitability indicators, return on assets (RoA) and return on equity (RoE) at end-2010 increased y-o-y, owing to the banking system net profit growth.

| Indicators | December '07 | December '07 | December '07 | December '07 |
|------------|--------------|--------------|--------------|--------------|
| ROA | 1.48 | 0.91 | 0.42 | 0.72 |
| ROE | 20.32 | 11.35 | 4.58 | 7.58 |

Source: Bank of Albania

Table 6 Banking system profitability indicators (in percentage)

Efficiency indicator hiked compared to the previous year due to almost similar levels in operating expenses and substantial rise in income.

• BANKING SYSTEM CAPITAL ADEQUACY RATIO

Capital adequacy ratio remains at satisfactory levels. System's shareholder equity increased by ALL 8.29 billion, to ALL 93.1 billion as at December 2010. The shareholder equity to liabilities was 9.4%, down by 0.2% year-on-year. Financial leverage ratio increased only by 0.2%, to 10.6%, indicating sustainable reliance on same debt levels for two consecutive years.

Table 7 Banking system capital adequacy ratio

| Indicators | December '06 | December '07 | December '08 | December '09 | December '10 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Capital adequacy ratio, in percentage | 18 | 17.1 | 17.2 | 16.2 | 15.4 |

Source: Bank of Albania

At end-2010, the Albanian banking system was considered well capitalised in terms of solvency. Capital adequacy ratio was 15.4%, about 0.8 percentage points lower than figures of June 2009. The minimum regulatory capital requirement is 12%. In spite of banks' good capitalisation levels, capital requirements for individual banks need to be monitored prudentially.

Stress-test analyses show that the banking system, overall, remains resilient to various shocks. However, individual banks' sensitivity to these shocks increased. For that reason, banks should assess their resilience to similar scenarios and should be encouraged to constantly strengthen their capital stock and control operational risks at best.

Credit risk remains the banking sector's primary risk. In response to the credit risk situation, the banking system has established its provisions to cover potential losses. At end-2010, provisions for covering residents credit risk surged to ALL 36.1 billion, about 33% higher than at end-2009. Provision to non-performing loan ratio was 52.7%, above from the 49.9% three-year average. Provision to total outstanding loan ratio rose to 7.4%, from 5.4% a year earlier. In addition, the non-performing loan portfolio collateral coverage was 79.3% of the loan portfolio, from 78% six months earlier.

VI.1.2. NON-BANK FINANCIAL SYSTEM HIGHLIGHTS

• *NON-BANK FINANCIAL INSTITUTIONS³*

Seventeen non-bank financial institutions currently operate in Albania, compared to twelve registered a year earlier. According to their activities licensed by the Bank of Albania, these institutions are classified as follows:

- Lending financial institutions;
- Leasing financial institutions;
- Payments services and money transfer financial institutions;
- Microcredit financial institutions;
- Factoring financial institutions.

Non-bank financial institutions performed positively in terms of growth of assets, loan portfolio and financial profit. In September 2010, these institutions accounted for ALL 30.8 billion or 3.1% to the banking system total assets. Compared to December 2009, these institutions recorded a growth of 23.2%, leading to increase of their specific share to the banking system total assets by 0.3 percentage points.

During 2010 Q3, non-bank financial institutions loan portfolio's gross value was ALL 18.5 billion, accounting for 3.8% of the total loan portfolio of the system. Compared to 2009, the portfolio increased to 29.9%. Lending institutions (60.0%), followed by leasing institutions (38.8%) are the largest contributors to their share to the total loan portfolio. During 2010, these institutions' loan portfolio highlighted increased non-performing loans to total loans, to 5.6% against 3.4% as at December 2009.

Non-bank financial institutions' net profit was positive, albeit lower than in 2009. A determining factor to this slowdown was the reduction in income from non-bank financial institutions and increase in their provision expenses.

³ Non-bank financial institutions data refer to the period up to 2010 Q3.

- SAVINGS AND LOAN ASSOCIATIONS AND THEIR UNIONS

Savings and Loan Associations (SLAs) are grouped in two unions, namely: The Albanian Savings and Loan Union (ASLU) and Jehona Union. The unions account for about 0.5% of the system's total assets. In December 2010, the unions' total assets were ALL 4,614 million with an annual growth rate of 16.8%. The network of SLAs⁴ posted a total volume of assets of ALL 5,091 million, up 5.8% compared to 2009. At system level, the SLAs network accounts for 0.5% of total assets. Most of the unions and the SLAs network is lending-oriented.

Loan portfolio of the unions and SLAs network accounted for 0.5% and 0.9%, respectively, to total banking system loans. The loan portfolio quality is assessed as positive for both the unions and the SLAs network. The majority of the loan portfolio consists of "standard" loans, 98.8% for the unions and 95.8% for the SLAs portfolio. The unions' net profit improved during 2010, whereas SLAs network, albeit a positive financial position, had a downward performance compared to end-2009.

VI.1.3. CREDIT REGISTER

Year 2010 may be considered an eventful year for the Credit Register's performance and functioning. At end-2010, which marked the Register's third anniversary, data were reported for almost all the borrowers in the Republic of Albania. The latest records show about 540.000 reported loans in total, of which 260.000 are active loans.

During 2010, the aim was to include non-bank lending institutions as data reporters to the Credit Register. Since November 2010, five new entities have been added as reporters to the Credit Register to the existing banks and branches of foreign banks. More specifically, they were:

- Fondi Besa sh.a.;
- Opportunity Albania sh.a;
- Vision Fund Albania sh.p.k;
- SLAs Union Jehona;
- Albanian Union of SLAs Unioni Shqiptar i Kursim-Kreditit.

This inclusion was coupled with the revision of the relevant regulatory framework. Furthermore, five regional branches of the Bank of Albania were also included in this process, as a new development to assist persons residing in remote areas outside Tirana. The information generated by the Credit Register serves also to the Bank of Albania for its on-site and off-site examination, contributing to a risk-oriented supervision.

⁴ SLAs network refers to the total SLAs of both unions: Jehona Union and ASLU Union.

VI.1.4. NON-CREDIT RISK CONDITION AND SUPERVISION

Upon entry into force of the BoA's organisational changes, supervision focus and strategy were re-conceptualised in accordance with the banking and financial system risks.

Besides the credit risk that deserves due attention during supervision, a series of other risks, followed and supervised equally strictly by the Bank of Albania, are present in the system.

- *SUPERVISION OF LIQUIDITY AND MARKET RISKS*

The end-2008 events in international financial markets, manifested in the Albanian financial system in the loss of public confidence in the banking

system and subsequent deposits outflow, led to the need for intensified monitoring of the situation and a timely reaction by the Bank of Albania. In this regard, frequent and detailed analysis were conducted daily, weekly, or monthly, based on a new information packet. This periodic information provides for an assessment of banks liquidity situation both on individual and system basis.

During 2010, the system's liquidity seemed improved, especially with regard to foreign currency liquidity, which had been a problem for most of the banks during 2009. As of April 2009⁵, deposits have continued to show even higher growth rates in 2010.

Credit to deposit ratio is an important indicator, which may be used to assess banking system liquidity.

At end-2010, this indicator was at 60%, down by 5 percentage points year-on-year. The improvement in the indicator was due to lower credit growth rate (9%) compared to deposit growth rate (18%). Credit to deposit ratio in foreign currency was at 86%, down by about 13 percentage points year-on-year. Credit to deposit ratio in lek was 35%, generally stable throughout the year.

Table 8 Credit to deposit ratio, over the years, in percentage

| Year | Lek | Foreign Currency | All currencies |
|------|-----|------------------|----------------|
| 2006 | 17 | 70 | 38 |
| 2007 | 22 | 79 | 46 |
| 2008 | 30 | 104 | 62 |
| 2009 | 36 | 99 | 65 |
| 2010 | 35 | 86 | 60 |

Source: Bank of Albania

Entry into force of the new Regulation "On liquidity risk management", in December 2009 changed the definition of liquid assets, making them more

⁵ At this time, deposits began to return to the system.

conservative. This Regulation led to the entry into force of a 20% regulatory limit (for all currencies) for liquid assets to short-term liabilities, up to a year. During 2010, this ratio was relatively stable. In December 2010, it was at 30.6%, of which 42.9% in lek, 15.6% in euro and 23.9% in US dollars.

Concerning the foreign exchange risk, at the end of December 2010, the system's net open position in buying and in relative terms accounted for 5% of the banks regulatory capital. With the entry into force of the Regulation "On open foreign exchange positions", in August 2010, the calculation methodology for foreign exchange open positions also changed⁶.

The required capital to cover market risks was, in relative terms, 2.1% of the regulatory capital at end-2010. The overall rate for covering the systemic, markets and credit risks with capital was 126.5% compared to the regulatory rate of 100%.

Operational risk assessment through a stress-test analysis shows a moderate influence of the direct foreign exchange risk, due to low levels of banking system open foreign exchange position. As regards the interest rate risk, the difference between assets and liabilities sensitive to interest rate indicates a low risk to interest rate fluctuations for a three-month maturity term. The risk is more eminent for longer-term maturity. Nevertheless, stress-test analyses show that the influence of this risk on banking system adequacy is moderate.

In relation to the liquidity risk, liquid assets to short-term liabilities (maturity term up to a year) resulted 30.6%, against 32.6% a year earlier. The minimum value of this ratio as stipulated in the regulatory framework is 20%. The differences between assets and liabilities according to time maturity structures⁷, both for balance items and off-balance items, result in negative values. However, these values are covered in multiple times by the liquid asset value, demonstrating a full capacity for liability payment as they fall due. Nonetheless, credit to deposit ratio is expected to increase again during the resurgence of banks' lending. Another form of administration of short-term liquidity needs is borrowing in the interbank market or from the Bank of Albania. This is generally a collateralised borrowing and the type and adequacy of assets that may serve as collateral in this case are other elements that need to be monitored for assessing banks capacity to satisfy their needs for short-term liquidity.

VI.1.5. COMPLIANCE, TRANSPARENCY AND ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM (AML/CFT)

Anti-money laundering, transparency and compliance with supervision norms were an important part of supervision during 2010. In this regard,

⁶ Some of the off-balance items are not taken into account for the calculation of open foreign exchange position, while the total position is calculated as the absolute maximum value of positions in various currencies, in order to avoid neutralisation of opposite positions in various currencies.

⁷ Supposing keeping assets and liabilities to their maturity date.

general examinations were conducted in two banks and four non-bank institutions as well as two targeted examinations.

In view of cooperating with the Directorate General of Anti-money Laundering, it was quarterly reported in accordance with the implementation plan of the strategy document "On financial crime investigation" approved by the Decision of the Council of Ministers, No. 1077, dated 27.10.2009 as well as an annual report on the enforcement of this document.

- *COMPLIANCE WITH SUPERVISORY NORMS*

During 2010, banks' capital requirement, exposure to significant risks, liquidity risk, etc., were at the core of the periodic analysis on compliance of banks and non-bank institutions with regulatory supervisory standards. The analysis revealed that the banking sector continued to be well capitalised, despite a few cases of a decline in banks' regulatory capital levels.

Overall, non-bank institutions complied with regulatory indicators. All these institutions had adequate capital. Some non-bank financial institutions failed to comply with the regulatory permissible norms on open foreign currency positions.

- *ANTI-MONEY LAUNDERING*

In 2010 on-site examinations and off-site periodic examinations on AML/CFT at banks and non-bank financial institutions revealed that institutions took measures for improvement, mainly, to:

- Establish necessary structures and infrastructure on anti-money laundering and combating the financing of terrorism;
- Draft internal regulations, which take into account the risk of money laundering and financing of terrorism by compiling a "Know Your Client" policy, with issues related to the implementation of "Expanded due diligence";
- Develop systems, which daily generate all cash transactions of over ALL 1.5 mln and non-cash transactions of over ALL 6 mln in addition to specific modules that function according to risk definition variables or a centralised data collection system.

During 2010, recommendations in accordance with problems identified by the Bank of Albania examinations generally consisted in implementing programmes that enable risk perception by business activity, turnover, etc.; strengthening the due diligence to client; reporting the suspicious activity in quantitative indicators (low number of Suspicious Activity Reports (SARs)) and qualitative ones (typology analysis), etc.

The Bank of Albania, with regard to increasing the number of SARs, has suggested the establishment of a broader structure of communication between the Responsible Authority and the Supervisory Authority. This should

be intensified in the future with concrete joint examinations on categorisation, identification of suspicious transactions and activities, as well as on training institutions' staff to enhance their awareness and professionalism for identifying suspicious activities.

- *TRANSPARENCY TO THE PUBLIC*

Transparency and publication of information on banking and financial products, accurately and timely, by banks and non-bank institutions were at the core of supervision for 2010. This was reflected through off-site periodic analyses and on-site examinations. The dynamics was guided by the financial system developments and problems evidenced during the reporting period.

Overall, institutions reacted to the Bank of Albania's recommendations or requirements to establish a transparent and more efficient banking market. These recommendations, related also to transparency assessment, are a consequence of on-site examinations findings and client complaints during 2010. The issues mainly refer to information disclosure at bank premises, calculation methodology for the effective interest rate (EIR), changes to the calculation interest rates methodology by banks, the language used in the content of loan contracts, etc.

High commission fees applied for banking products and services were a sensitive issue in the past year, which will also be primary for the upcoming periods. This phenomenon was the subject of an open discussion of the Bank of Albania, which addressed the banks and the Albanian Association of Banks on this topic, mainly concerning the methodology for setting commission fees and their comparison with the countries in the region. Such communications originate from thorough analyses by the Bank of Albania on the matter.

Regarding non-bank financial institutions, satisfactory efforts are observed for compliance with relevant Bank of Albania's regulatory requirements. Improvements are also noticed in the framework of public information disclosure. The number of banks without a web page is reduced and the quality of published information has increased.

VI.1.6. SUPERVISION OF OPERATIONAL RISK

Materialisation of this risk category in the supervision carried out by the Bank of Albania was a necessity arising from recommendations of the New Basel Capital Accord (BASEL II) and best international practices.

In 2010, regulatory foundations were laid through drafting a regulation "On minimum standards for operational risk management" and a periodic reporting framework with banks data on this risk category.

Furthermore, in mid 2010, a number of targeted examinations were carried out to see more concretely and closer the status of the main banks in

the system as regards operational risk management. The results demonstrate that the majority of banks have well-defined organisational structures and approved policies at senior management level concerning operational risk management. Most of the banks use also quantitative self-assessment, as an important tool in the context of operational risk. Many banks have started to identify data on operational loss, although some of them are still at the formatting stage.

- *INFORMATION AND COMMUNICATIONS TECHNOLOGY*

As regards the banking system information and communications technology, during 2010, the banks upgraded their basic banking softwares. During this time, four banks changed and applied new banking software. At system level, there are improvements or developments of the banking software in use.

VI.2. ON-SITE EXAMINATION

In 2010, the Supervision Department of the Bank of Albania was reorganised aiming at integrating the horizontal perspective of the banking system (credit – non-credit sectors) with the vertical perspective for each bank (portfolio managers).

During 2010, 3 full and 3 partial examinations on commercial banks and 4 full examinations on non-bank institutions were carried out.

VI.2.1. BANK EXAMINATIONS

The banking system continued, in 2010, to demonstrate the effects of crediting expansion from previous years, also influenced by the economic growth slowdown in the past two years. During full and partial examinations, special attention was paid first to the loan portfolio quality and practices pursued by the banks to monitor and follow-up overdue loans, as well as measures for their re-payment. Special importance is given to the bank transparency to clients in the lending process, for a complete disclosure of information on loan terms and conditions. Main shortcomings were identified on a correct classification of loans and bank provisioning inadequacy. Main breaches of the regulatory and legal framework were identified on:

- Regulation “On large exposures.” An excess of maximum permissible limit of 10% to the regulatory capital for shareholders and the limit of 20% of the regulatory capital for a beneficiary was identified;
- Regulation “On credit risk management” about the correct classification of credits and inadequacy of reserve funds. Examinations requested the establishment of additional funds for provisions in amounts that vary according to banks;
- Regulation “On capital adequacy”. Increase of required provisions by

examination teams affected a recalculation of the capital adequacy ratio, leading to lower-value indicators. In addition, a lower influence was also exercised from other elements such as categorisation of assets according to risk classes;

- Regulation "On transparency for banking and financial products and services." The identified cases relate to the absence of some elements in the credit and deposit contracts envisaged in the regulation, lack of information clarity in promotional materials, calculation of the effective interest rate, changes to the credit interest rates, etc;
- Regulation "On foreign exchange", regarding transfers and the relevant supporting documentation;
- Regulation "On liquidity risk management" regarding compliance with liquidity indicator limits and design of stress-test scenarios;
- Regulation "On use of information and communications technology in subjects licensed by the Bank of Albania". Identified cases refer to the method of creating user profiles, not always based on the job description for that position and, in some cases, circumvents the four-eyes principle. In addition, deficiencies are noted on risk and its documentation, ICT service assessment, plan for work continuation and back-up in case of a disaster, etc. Some banks, during the year, were in the process of improving/changing their banking software. In these cases, it was recommended that, during implementation, measures be taken to observe all requirements of the relevant Regulation.
- Regulation "On functioning of the Credit Register at the Bank of Albania" about the provision of prior consent that needs to be signed by the client, accuracy of the information reported by files, etc.;
- Law "On Anti-Money Laundering" on the physical presence of clients at a bank.

VI.2.2. NON-BANK INSTITUTIONS EXAMINATIONS

Examinations conducted in 2010 on non-bank institutions focused on the assessment of their crediting and their action on credit risk management. Other areas of importance included compliance, money laundering, transparency and ICT. Among the main problems identified, we may list the following:

- Worsening the loan portfolio situation for lending institutions. In this context, strengthening of structures responsible for follow-up and collection of credits was recommended;
- Non-complying with the internal regulatory framework. Problems appear mainly with regard to compliance with the set limit and approval of transactions by the Steering Council, their ongoing monitoring, restructuring process, portfolio classification, relevant provision levels and blocking of collateral. Moreover, institutions need to review and update lending manuals, in compliance with regulatory requirements of the Bank of Albania;
- Breaching the regulatory limitations on open foreign exchange positions. Institutions were required to present their methodologies

and suitable solutions for compliance with the regulatory norms on open foreign exchange positions.

- Incomplete transparency on preliminary information on credit terms and conditions, including, among other things, the nominal annual interest rate; incomplete information on foreign currency borrowing risk, calculation conditions and changes to the interest rate as well as methodologies used for their calculation. Deficiencies were identified also during calculation, disclosure and reporting of the effective interest rate and drafting contracts content with the requirement components as defined in the Regulation "On transparency for banking and financial products and services" of the Bank of Albania;
- Exceeding the permissible limits on large exposures. For the identified cases, measures were required to bring the exposure within the norms;
- Failure to comply with Regulation "On supervisory standards of non-bank financial institutions";
- Deficiencies in the implementation of the law "On accounting and financial statements";
- Expanding the scope of control of the Internal Audit with verification of compliance with requirements laid down in the legal and sub-legal acts of the Bank of Albania;
- Using the ICT; Institutions were requested to draft policies, procedures and technological standards in line with regulatory requirements of the Bank of Albania.

VI.3. LICENCING AND REGULATORY FRAMEWORK

VI.3.1. LICENCING

In 2010, as part of banking supervision, a considerable number of practices were handled for new licences, revocation of licences, preliminary approvals, notifications, etc. This process consisted mainly in:

- Preliminary approvals for additional activities in the bank licence annex. Banks, in view of implementation of their strategies to expand activities, besides new branches and agencies, request additional activities not included in the licences annex as well as new banking products. In 2010, the Bank of Albania granted its approval for additional activities to seven banks. These activities consist in the following activities:
 - a) Factoring and financing of commercial transactions;
 - b) Trading of transferable securities, other negotiable instruments and financial assets, including transactions in gold;
 - c) Issuing all types of securities, including signing, establishment as an agent (both public and private) and conduct of services related to these issuances;
 - d) Intermediation for monetary transactions for compensation and administration of assets such as money and portfolio management,

- funds administration, custody, deposit and trust services;
- e) Services for compensation and settlement of payments of financial assets, including securities, derivative and other negotiable products, etc.

Table 9 Bank network at end-2009

| No. | Banks | No. of branches in country | No. of agencies | No. of branches abroad | No. of branches and agencies |
|-----|---|----------------------------|-----------------|------------------------|------------------------------|
| 1 | Raiffeisen Bank | 102 | | | 102 |
| 2 | National Commercial Bank (BKT) | 27 | 29 | 2 | 58 |
| 3 | United Bank of Albania | 4 | 2 | | 6 |
| 4 | Veneto Bank (former Italian Development Bank) | 8 | | | 8 |
| 5 | Tirana Bank | 43 | 4 | | 47 |
| 6 | National Bank of Greece Branch (NBG) | 5 | 25 | | 30 |
| 7 | International Commercial Bank | 8 | | | 8 |
| 8 | Alfa Bank Branch | 48 | | | 48 |
| 9 | Intesa Sanpaolo Bank, Albania | 19 | 14 | 4 | 37 |
| 10 | ProCredit Bank | 30 | 15 | | 45 |
| 11 | Emporiki Bank | 13 | 10 | | 23 |
| 12 | Credit Bank of Albania | 1 | 2 | | 3 |
| 13 | Credins Bank | 27 | 6 | | 33 |
| 14 | Banka Popullore | 42 | | | 42 |
| 15 | Union Bank | 15 | 16 | | 31 |
| 16 | First Investment Bank | 5 | 4 | | 9 |
| | TOTAL | 398 | 126 | 6 | 530 |

Source: Bank of Albania

- Approval of the request of three banks to use their e-banking products, such as internet banking, sms banking, electronic bank cards, ATMs and POSs services.
- Approval for changes in the shareholders structure for banks and non-bank financial institutions.

Table 10 Bank network at end-2010

| No. | Banks | No. of branches in country | No. of agencies | No. of branches abroad | No. of branches and agencies |
|-----|--|----------------------------|-----------------|------------------------|------------------------------|
| 1 | Raiffeisen Bank | 103 | | | 103 |
| 2 | National Commercial Bank (BKT) | 27 | 31 | 1* | 59 |
| 3 | United Bank of Albania | 4 | 2 | | 6 |
| 4 | Veneto Bank (former Italian Development Bank) | 8 | | | 8 |
| 5 | Tirana Bank | 49 | 3 | | 52 |
| 6 | National Bank of Greece Branch (NBG) | 5 | 25 | | 30 |
| 7 | International Commercial Bank | 9 | | | 9 |
| 8 | Alfa Bank Branch | 48 | | | 48 |
| 9 | Intesa Sanpaolo Bank, Albania | 17 | 14 | 1 | 32 |
| 10 | ProCredit Bank | 25 | 17 | | 42 |
| 11 | Emporiki Bank | 13 | 11 | | 24 |
| 12 | Credit Bank of Albania | 1 | 2 | | 3 |
| 13 | Credins Bank | 28 | 6 | | 34 |
| 14 | Societe Generale Albania Bank (former Banka Popullore) | 42 | | | 42 |
| 15 | Union Bank | 15 | 15 | | 30 |
| 16 | First Investment Bank | 5 | 4 | | 9 |
| | TOTAL | 399 | 130 | 2 | 531 |

*) Number of National Commercial Bank branches was verified and revised. Namely, the National Commercial Bank has one branch in the Republic of Kosovo, which operates through 15 units all over the territory of Kosovo.

Source: Bank of Albania

- Preliminary approvals for the expansion of the banks network. Network expansion of the banks' branches and agencies continued in 2010. More specifically, 23 bank branches and agencies opened and started their activity while during this year banks reported the closure of 21 branches, following their network reorganisation. At the end of the year, the total number of branches and agencies in country and abroad was 531⁸ from 530 at end-2009.
- Approval of 53 requests for the approval of administrators appointed by the banks and non-bank financial institutions, pursuant to the Law "On Banks in the Republic of Albania". These preliminary approvals of administrators consist in:
 - Appointment of administrators due to developments in the organisational structures of banks, parallel reassignment or new appointments;
 - New posts as a result of the establishment of new structures in the bank;
 - New appointments as a result of appointment of shareholders representatives in managing positions.

These cases of approvals of bank administrators include 12 approvals for bank steering council members, 5 for control committee members, 6 for general/executive directors, 2 for deputy general directors, 28 for head of department/division/directorate.

At end-2010, there were 16 banks operating in the Republic of Albania, two of which are branches of foreign banks. During the past year, there were no applications for new bank licences.

- Establishment and licensing of non-bank financial institutions. The Bank of Albania granted four new licences to non-bank financial institutions in response to their application for financial activities (such as crediting, leasing, microcrediting, and factoring) as well as in compliance with regulatory provisions. In the meanwhile, there is a tendency to establish financial institutions that provide payments and money transfer services through mobile telephony.
- Granting and revoking licences for foreign exchange bureaux. In 2010, 66 new licences for foreign exchange bureaux were granted and three were revoked. Furthermore, pursuant to the Regulation "On licensing, organisation, activity and supervision of foreign exchange bureaux" additional activities were approved for 52 foreign exchange bureaux that operate as money transfer agents on behalf of a non-bank financial institution. At end-2010, there were 284 bureaux operating in the foreign exchange market.
- Granting and revocation of licences for savings and loan associations.

⁸ After verification and revision of the number of branches abroad, going down from 2 to 1 branch of the National Commercial Bank for 2010, the total number of bank branches and agencies operating in Albania and abroad at the end of 2010 is 531.

During 2010, four new savings and loan associations were licensed and 13 licences were revoked, following merger with an existing association, totalling 126 savings and loan association and two savings and loan associations unions.

- Pursuant to the Regulation “On licensing and activity of non-bank financial institutions”, approved by Decision No 11, dated 25.02.2009 of the Supervisory Council of the Bank of Albania, the process continued for the approval of agents that operate on behalf of a non-bank financial institution, licensed by the Bank of Albania. Namely, 102 agents were approved to transfer money on behalf of non-bank financial institutions.

Table 11 Subjects licensed by the Bank of Albania.

| No | Subjects | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|----|---|------|------|------|------|------|------|------|------|------|
| 1 | Banks and branches of foreign banks | 14 | 15 | 16 | 17 | 17 | 18 | 16 | 16 | 16 |
| 2 | Non-bank financial institutions | 5 | 7 | 7 | 7 | 6 | 6 | 7 | 13 | 17 |
| 3 | Foreign Exchange Bureaux | 58 | 58 | 54 | 58 | 60 | 112 | 189 | 221 | 284 |
| 4 | Savings and Loan Associations | 113 | 131 | 130 | 131 | 125 | 130 | 133 | 135 | 126 |
| 5 | Unions of Savings and Loan Associations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

Source: Bank of Albania

VI.3.2. REGULATORY FRAMEWORK

Year 2010 witnessed the finalisation of a number of new regulations and amendments to some existing regulations on banking supervision. This process has continually focused on approximation with Basel Committee standards and European Union directives, taking into consideration best practices in the field of regulation and development of the Albanian banking system.

New regulatory acts and significant amendments to existing acts on banking supervision approved during this year are:

- Regulation “On risk management in the activity of non-bank financial institutions”, which sets out risk management rules in the activity of non-bank financial institutions, particularly on risk management in the activity of microcrediting and leasing financial institutions.
- Regulation “On defining the decision-making level in the supervision of banking and financial activities”, which lays down the level of competencies by managing bodies of the Bank of Albania in the decision-making process as regards its supervisory functions.
- Regulation “On management of risk from open foreign currency positions”, which sets out the rules and criteria for calculating, supervising and reporting open foreign currency positions of a bank, for foreign exchange risk management.
- Guidelines “On conservatorship and liquidation of banks”, which sets out the procedures and actions for the realisation of conservatorship and insolvency, in the framework of the actions of the authority in the cases of putting in conservatorship/liquidation of a bank or branch of

- a foreign bank.
- Additions and amendments were made respectively to the following:
 - Regulation "On supervision of savings and loan associations and their unions", waiving the limit on a credit granted for over three years and limit the credit of over five years in relation to given amounts of capital, deposits or liabilities, while providing space for long-term crediting, in order to encourage investment crediting;
 - Regulation "On administration of risk from large exposures of banks", to ease the measures taken by the authority during the global financial crisis on concentration risk management;
 - Regulation "On capital adequacy ratio" and an amendment to the Regulation "On risk management in the activity of non-bank financial institutions", referring to the list of OECD countries applicable in counterparties against which banks and non-bank financial institutions are exposed.

LIGJMBI MONEDHEN E RE LEKUN

FZ 63, 9 Korrik 1947

SHKËMBIM
AZETA ZYRTARE
Mërkurë 9 Korrik 1947
Taksat e Gazetës Zyrtare:
për një vit 24
për 6 muaj 12
për çdo numër të ri 0,20
për të vjetër 0,40
SHITJA:
Koleksion i vitit të kaluar 40.
REPUBLIKA POPULLORE E SHQIPËRISË
PRESIDIUMI I KUVENDIT POPULLOR

Law "On the new currency, Lek",
OJ 63, 9 July 1947

Nr. 353 datë 27.7.1947
Presidiumi i Kuvendit Popullor
në mbështetje të art. 54 Nr. 5 të Statutit
të Republikës Popullore të Shqipërisë:

SH PALL

Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

Neni 1.
Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

Neni 2.
Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

Neni 3.
Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

Neni 4.
Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

SHKËMBIM
AZETA ZYRTARE
Mërkurë 9 Korrik 1947
Taksat e Gazetës Zyrtare:
për një vit 24
për 6 muaj 12
për çdo numër të ri 0,20
për të vjetër 0,40
SHITJA:
Koleksion i vitit të kaluar 40.
REPUBLIKA POPULLORE E SHQIPËRISË
PRESIDIUMI I KUVENDIT POPULLOR

Nr. 353 datë 27.7.1947
Presidiumi i Kuvendit Popullor
në mbështetje të art. 54 Nr. 5 të Statutit
të Republikës Popullore të Shqipërisë:

SH PALL

Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

Neni 1.
Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

Neni 2.
Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

Neni 3.
Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

Neni 4.
Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

SHKËMBIM
AZETA ZYRTARE
Mërkurë 9 Korrik 1947
Taksat e Gazetës Zyrtare:
për një vit 24
për 6 muaj 12
për çdo numër të ri 0,20
për të vjetër 0,40
SHITJA:
Koleksion i vitit të kaluar 40.
REPUBLIKA POPULLORE E SHQIPËRISË
PRESIDIUMI I KUVENDIT POPULLOR

Nr. 353 datë 27.7.1947
Presidiumi i Kuvendit Popullor
në mbështetje të art. 54 Nr. 5 të Statutit
të Republikës Popullore të Shqipërisë:

SH PALL

Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

Neni 1.
Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

Neni 2.
Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

Neni 3.
Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

Neni 4.
Dekret-Ligj Nr. 442 datë 27.7.1947
autorizimin e Qeverisë të nxjerrë urdhëresa
ekonomike dhe financiare.

Neni 3
Raporti për shkëmbim caktohet:
Frangë baraz Lek 9. — të monedhës së re.

Article 3
The conversion rate is set at:
Frank equals Lek 9 — of the new currency

CHAPTER VII OTHER ACTIVITIES OF THE BANK OF ALBANIA

VII.1. DEVELOPMENTS IN THE PAYMENT SYSTEMS

A primary task of the Bank of Albania is promotion and support for a smooth operation of internal payment systems. To fulfil this task, the Bank of Albania applies at least three different approaches: (i) operational role in providing payment systems; (ii) systems oversight; and (iii) national payment systems catalyst/reformer. These approaches complement and interact with each other.

VII.1.1. STATISTICAL INDICATORS OF THE PAYMENT SYSTEMS DURING 2010

In the Republic of Albania, interbank payments clearing and settlement in Lek is done through two payment systems: the "Interbank Gross Settlement system - AIPS" and the "Automated electronic clearing house for small value payments – AECH". Both systems are managed and operated by the Bank of Albania, in the framework of its operational role to provide the market with infrastructure. At the end of 2010, all banks licensed by the Bank of Albania were direct participants for settlement in AIPS, of which, 15 banks were also direct participants in the AECH¹ system.

- *INTERBANK GROSS SETTLEMENT SYSTEM - AIPS*

During 2010, payment systems reflected security and efficiency. These features are necessary for the systems' smooth operation. A total volume of 80,356 payment transactions was settled through the AIPS system during 2010, with a total transactions value of ALL 4,437 billion. Relative to 2009, the payments volume settled during 2010 increased by 44%, while the settled transactions decreased by 6%.

Reduced transactions of the Bank of Albania in government's lek securities had a significant influence on the transactions value settled in 2010.

| AIPS System | 2007 | 2008 | 2009 | 2010 |
|---|--------|--------|--------|--------|
| Number of transactions | 45,480 | 56,717 | 55,701 | 80,356 |
| Value of transactions (billion lek) | 3,745 | 5,146 | 4,718 | 4,437 |
| Average transaction value (billion lek) | 82 | 91 | 85 | 55 |

Source: Bank of Albania

Table 1 Transactions through AIPS during 2007-2010

¹ In 2010, the Bank of Albania concluded procedures and testing for Veneto Bank membership in AECH. As of February 2011, procedures for Veneto Bank were completed and all banks operating in Albania are now direct participants in the AECH system.

A detailed overview of types of transactions processed and settled through the AIPS during 2010 and their relative share to the total are presented in the following table. Of total transactions processed and settled through the AIPS during 2010, about 68% of the transactions volume regards settlements between participants on behalf of their clients, with an increase of 85% vis-à-vis the same indicator for 2009. This increase is an output of the Ministry of Finance's automated treasury payments project that accounts for 50% in volume and 31% in value to the total customer payments through the AIPS.

Table 2 Types of transactions through AIPS

| Type of transactions through AIPS | Volume | | Value (ALL billion) | |
|--|------------------------|----------------|---------------------|----------------|
| | Number of transactions | Relative share | Absolute share | Relative share |
| Bank of Albania financing transactions / instruments | 2,758 | 3.4 % | 2,130 | 48 % |
| Cash transfers to/from the issue | 8,770 | 10.9 % | 219 | 4.9 % |
| Inter-bank payments (MT202) | 8,084 | 10.1 % | 833 | 18.8 % |
| Customer payments (MT103) | 54,454 | 67.8 % | 729 | 16.5 % |
| Net settlement for clearing systems | 6,290 | 7.8 % | 526 | 11.8 % |
| Total | 80,356 | 100 % | 4,437 | 100 % |

Source: Bank of Albania

As regards the transactions value settled through the AIPS, transactions initiated by the Bank of Albania to meet its legal targets, account for the highest liquidity circulation, about 48% to the total compared to 57% in 2009. The downward liquidity value circulated through the AIPS, during 2010, for transactions initiated by the Bank of Albania, is mainly due to reduced Bank of Albania's transaction in government securities. The section "net settlements for clearing systems" consists in net settlement transactions resulting from the clearing systems such as clearing of small value payments in AECH system, clearing of banking and personal cheques in ALL, net settlements of government securities, and net settlements of ALL payments via VISA and MasterCard cards, for which the Bank of Albania plays the settlement agent's role.

The concentration indicator is the share of four most active banks in the AIPS to the total activity in this system. As shown by the following table, during 2010, the Bank of Albania (including Treasury payments) initiated about 50% in volume and 54% in value of transactions to the total activity in the AIPS.

Table 3 Concentration indicators for AIPS

| AIPS | Volume of transactions | Value of transactions (ALL billions) |
|------------------------|------------------------|--------------------------------------|
| | Share/Total | Share/Total |
| 4 major banks | 23 % | 39 % |
| 12 other banks | 27 % | 15 % |
| Bank of Albania | 50 % | 54 % |
| Total (absolute value) | 80,356 | 4,437 |

Source: Bank of Albania

Use of intraday loan facility (ILF) is an efficient instrument that participating banks in the AIPS may use to manage their liquidity during their operational

activity within a day. Year-on-year, disbursed loans (use of ILF) increased by 34%, while the intra-day liquidity disbursed during this period dropped by 37%, reflecting lower liquidity needs from banks that meet the criteria for guaranteeing additional liquidity. The decline in disbursed intraday loan is attributed primarily to a change in the Bank of Albania's policy to increase the daily use of the lek-required reserve (from 20% to 40%) by banks for intra-day liquidity, in order to ensure smooth operation of the AIPS system.

| Intraday Loan Facility (ILF) | 2007 | 2008 | 2009 | 2010 |
|---|------|------|------|------|
| Number of transactions | 675 | 579 | 207 | 278 |
| Value of transactions (ALL billion) | 218 | 221 | 121 | 75 |
| Average transaction value (ALL million) | 322 | 382 | 582 | 270 |

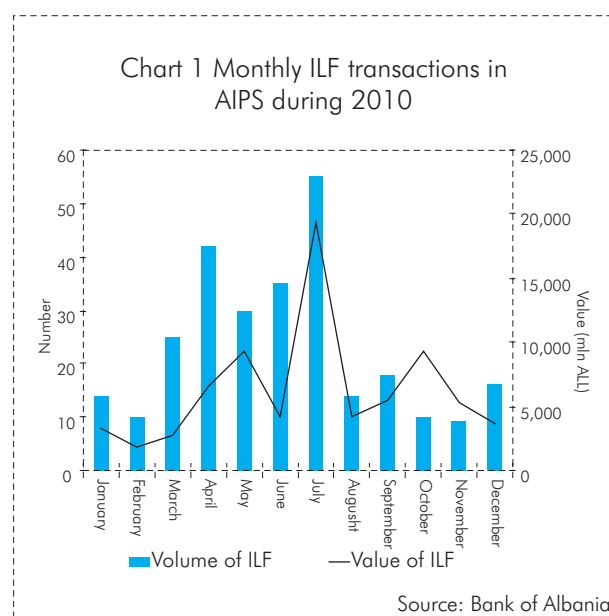
Source: Bank of Albania

Table 4 Intraday Loan Facility for AIPS participating institutions

The following chart shows the distribution of intraday liquidity needs by AIPS participants, during 2010. The highest liquidity demand was in July, when the Bank of Albania disbursed about 26% of the credit value disbursed throughout the entire year.

• AUTOMATED CLEARING SYSTEM FOR SMALL VALUE PAYMENTS - AECH

The AECH system processes and clears customer payments of a value smaller than ALL 1 million. In total, 332,777 payment orders were cleared through the AECH in 2010, with an average settled transaction value of ALL 130 thousand. On average, about 1,330 payments were cleared through the AECH system, with an average daily value of ALL 176 million. In comparison with 2009, the volume of cleared payments in 2010 increased about 225%, while the value of cleared transactions was up by 185%.



| AECH System | 2007 | 2008 | 2009 | 2010 |
|---|--------|---------|---------|---------|
| Number of transactions | 71,857 | 113,682 | 102,304 | 332,777 |
| Value of transactions (ALL billion) | 12.01 | 17.61 | 15.46 | 43.98 |
| Average transaction value (ALL million) | 0.17 | 0.15 | 0.15 | 0.13 |

Source: Bank of Albania

Table 5 Performance of transactions in AECH system in 2007-2010

The table shows a considerable increase in the number of interbank payment orders processed in the AECH system, compared to the activity in previous years. This increase comes as a result of the finalisation of a project (March 2010) for the automatization of payments between the Treasury System AMoFTS at the Albanian Ministry of Finances and AIPS and AECH systems at the Bank of Albania.

During the ten-month life of the systems electronic interface, a large flow of payments was executed, initiated by the Ministry of Finances, in favour of beneficiary clients, to the banks that participate in the system, counting for about 74% of the volume and 71% of the annual payments value in the AECH system.

Concentration indicators reflect the share of four more active banks in the AECH system (including the Bank of Albania as a participant in the system) to the total activity in this system.

Table 6 Concentration indicators for the AECH system

| | Volume of transactions | Value of transactions (ALL billion) |
|---------------------------------|------------------------|-------------------------------------|
| AECH system | Share/Total | Share/Total |
| 4 major banks | 14 % | 15 % |
| 12 other banks | 12 % | 14 % |
| Ministry of Finances (Treasury) | 74 % | 71 % |
| Total (absolute value) | 332,777 | 43.98 |

Source: Bank of Albania

Payments cleared through the AECH system are processed in two sessions (Session I - 09:00 to 11:00; Session II – 12:00 to 14:30) in a business day. At the end of each session, payments are settled for their net result through the AIPS system.

Table 7 Distribution of payments in AECH according to clearing sessions in 2010

| | Session | | Year |
|---|---------|---------|---------|
| AECH system | I | II | 2010 |
| Number of transactions | 162,167 | 170,610 | 332,777 |
| Value of transactions (ALL billion) | 22.17 | 21.81 | 43.98 |
| Average transaction value (ALL million) | 0.136 | 0.128 | 0.13 |

Source: Bank of Albania

VII.1.1. PAYMENT INSTRUMENTS

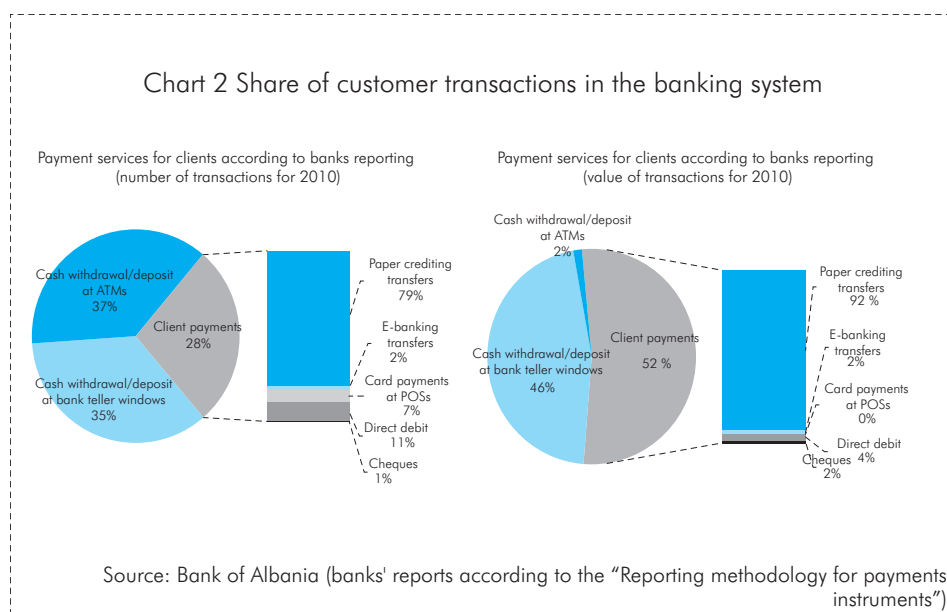
Banks reports reveal that at the end of 2010, the total number of bank customer accounts, valid for payments in lek or a foreign currency, is about 2.5 million, up by 17% compared to the end of 2009. About 91% of the total accounts are individual accounts and over 99% of customer account holders are residents.

Table 8 Number of customer accounts in the banking system as at 31 December 2010

| Account description | Total customer accounts | | | Internet accessible | | |
|----------------------------------|-------------------------|-----------|-----------|---------------------|--------|--------|
| | 2008 | 2009 | 2010 | 2008 | 2009 | 2010 |
| Customer accounts (1+2) | 1,573,830 | 2,086,143 | 2,446,495 | 11,108 | 15,034 | 27,368 |
| 1-resident accounts (a+b) (%) | 99% | 99% | 99% | 97% | 97% | 97% |
| a – individual (%) | 91% | 92% | 93% | 65% | 66% | 69% |
| b – company (%) | 9% | 8% | 7% | 35% | 34% | 31% |
| 2-nonresident accounts (c+d) (%) | 1% | 1% | 1% | 3% | 3% | 3% |
| c – individual (%) | 96% | 94% | 93% | 88% | 80% | 78% |
| d – company (%) | 4% | 6% | 7% | 12% | 20% | 22% |

Source: Bank of Albania (banks' reports according to the "Reporting methodology for payments instruments").

Of the total customer accounts at the end of 2010, about 27 thousand accounts are accessible online to provide payment services or check the balance statement, up 82% compared to end-2009. Regardless of the significant increase of this indicator in 2010, online accessibility of bank customer accounts remains at very low levels. According to banks' reports in 2010, the following chart shows the share of customer transactions in the banking system per category (cash/non-cash).



The table shows that payments in the national currency have a share of 86% in volume and 54% in value to the total customer payments. In addition, paper customer payments continue to dominate (about 80%), compared to a moderate increase of electronic payments (about 9%).

Table 9 Share of customer payments in the banking system according to payment instruments

| Payment services | Payments in Lek | | Payments in foreign currency | | Total payments | |
|-------------------------------------|------------------|---------------------|------------------------------|---------------------|------------------|---------------------|
| | Number | Value (ALL billion) | Number | Value (ALL billion) | Number | Value (ALL billion) |
| 1 January - 31 December 2010 | | | | | | |
| I. Client crediting transfers | 81.6% | 95.1% | 78.2% | 93.3% | 81% | 94% |
| of which: | | | | | | |
| 1. Paper crediting transfer | 97.8% | 97.4% | 94.3% | 96.8% | 97% | 97% |
| 2. "E-banking" crediting transfer | 2.2% | 2.6% | 5.7% | 3.2% | 3% | 3% |
| II. Card payments at POS terminals | 5.8% | 0.2% | 15.5% | 0.3% | 7% | 0% |
| Of which: | | | | | | |
| 1. Payments via debit cards | 63.5% | 48.8% | 55.6% | 37.1% | 61% | 42% |
| 2. Payments via credit cards | 36.5% | 51.2% | 44.4% | 62.9% | 39% | 58% |
| III. Direct debit | 12.0% | 2.3% | 4% | 5.0% | 11% | 4% |
| IV. Cheques | 0.7% | 2.4% | 2.3% | 1.5% | 1% | 2% |
| Total Payments (I+II+III+IV) | 6,327,342 | 1,825 | 1,049,697 | 1,573 | 7,377,039 | 3,398 |

Source: Bank of Albania (banks' reports according to the "Reporting methodology for payments instruments").

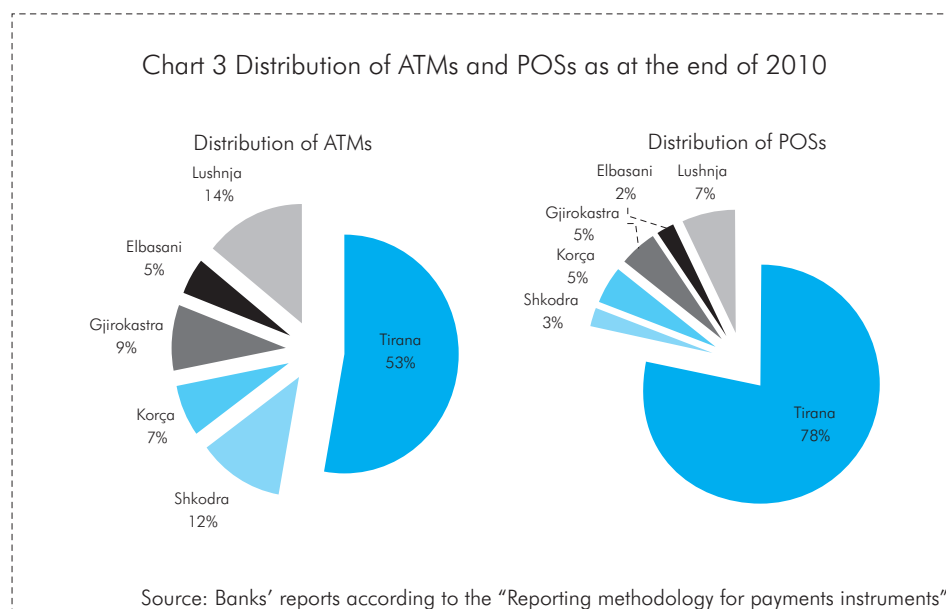
At the end of 2010, 16 banks were operating in the Republic of Albania, offering payment services through 529 branches/agencies across the country. At present, there are 14 banks licensed to issue cards that offer cash withdrawal from ATMs. Of card-issuing banks, only seven of them are also licensed as card acceptors, making card payments at POS installed in shops, restaurants, hotels, or shopping centres.

Table 10 Number of ATMs and POSs as at 31 December 2010, compared to 2009 and 2008

| Description | 2008 | 2009 | 2010 |
|--------------------------------------|-------|-------|-------|
| Automated Teller Machines (ATMs) | 642 | 741 | 771 |
| Of which: | | | |
| 1 - ATMs for cash withdrawal | 642 | 741 | 771 |
| 2 - ATMs for transfer orders | 59 | 66 | 62 |
| 3 - ATMs for cash depositing | 73 | 74 | 84 |
| Points of sale terminals | 2,953 | 4,370 | 4,903 |
| Of which: | | | |
| 1 - POS terminal for cash withdrawal | 907 | 1,290 | 111 |
| 2- EFTPOS payment terminal | 2,915 | 4,320 | 4,846 |
| Terminals for using e-money | - | - | - |

Source: Banks' reports according to the "Reporting methodology for payments instruments".

During 2010, the number of ATMs increased by 4% and POSs network expanded by 12% compared to 2009. According to banks' reports, ATMs and POSs are established in most developed and industrial areas. The chart shows that about 53% of the ATMs and 78% of the POS terminals are in Tirana (banks' reports refer to the territory division according to the branches of the Bank of Albania).



Cards are payment instruments used in Albania, though still at low levels compared to other countries in the region. During 2010, the number of cards in circulation increased by 23% compared to that of end-2009.

| Number of cards by function | 2008 | 2009 | 2010 |
|-----------------------------|---------|---------|---------|
| Cards for cash and payments | 512,232 | 566,985 | 694,848 |
| Of which: | | | |
| 1- Debit cards | 482,072 | 543,141 | 667,548 |
| 2- Credit cards | 15,931 | 23,844 | 27,300 |
| Cards with e-money function | - | - | - |
| Total cards in circulation | 498,003 | 566,985 | 694,848 |

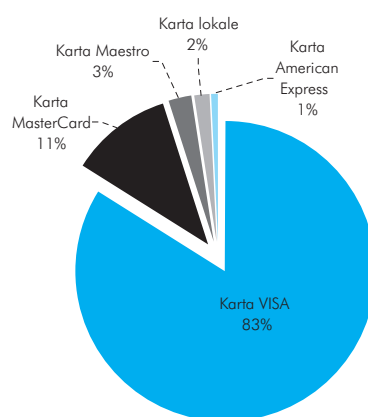
Source: Bank of Albania (banks' reports according to the "Reporting methodology for payments instruments").

Table 11 Number of cards in circulation as at 31 December 2010, compared to 2009 and 2008

According to banks reporting, debit cards share is 96% to total number of cards in circulation. As regards the card brand and card processing operators, VISA cards have the highest share of about 83% to the total, followed by MasterCard. Maestro and American Express cards have a smaller share. Only two banks issue local cards, which account for about 2% of the total cards in circulation.

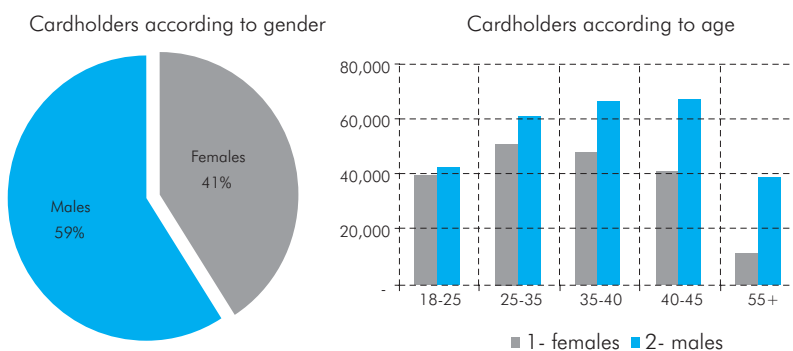
Of the total customer accounts reported by banks, about 29% of the accounts are remotely accessible through a credit or debit card. Payments or cash withdrawal from other accounts requires necessarily the physical presence of the customer at bank counters. Distribution of cards according to the cardholder's gender and age is presented graphically in the following chart.

Chart 4 Share of payment cards according to their type, until end-2010



Source: Bank of Albania (banks' reports according to the "Reporting methodology for payments instruments").

Chart 5 Cardholders according to gender and age, at the end of 2010



Source: Banks' reports according to the "Reporting methodology for payments instruments"

The following table presents types of transactions by bank cards (debit/credit), per volume and value, compared with previous year's data.

Table 12 Transactions through cards during 2010 compared to 2009

| Transactions through cards by transaction type | Volume | | Value (ALL million) | |
|--|-----------|------------|---------------------|------------|
| | 2009 | 2010 | 2009 | 2010 |
| 1- ATMs for cash withdrawal | 8,717,982 | 9,877,583 | 96,117.27 | 100,057.91 |
| 2- ATMs for depositing | 91 | 47 | 2.97 | 0.23 |
| 3- Transfer orders through ATMs | 366 | 260 | 10.02 | 6.31 |
| 4- Cash withdrawal at POS terminals | 2,647 | 1,654 | 453.86 | 358.22 |
| 5- Card payments at POS terminals | 403,214 | 527,411 | 5,321.72 | 7,438.30 |
| Of which: | | | | |
| - payments through debit cards | 252,780 | 322,230 | 2,565.67 | 3,151.13 |
| - payments through credit cards | 150,434 | 205,181 | 2,756.05 | 4,287.17 |
| Total card transactions | 9,124,300 | 10,406,955 | 101,905.3 | 107,860.96 |

Source: Banks reports according to the "Reporting methodology for payments instruments".

During January - December 2010, about 10.5 million transactions through cards (ATM and POS) were processed, with a total circulation of ALL 108 billion. Of the total transactions, about 95% is cash withdrawal from ATMs and only 5% refers to customer payments through cards in POSs, an indicator of a highly cash-based economy.

Home-banking is increasing, enabling clients to have remote access to their bank accounts, through internet connection, telephone, or software that the banks provide to their clients. For the first time, this service was provided by the American Bank of Albania in 2005, while in 2010 this service was provided by 11 banks in Albania. During 2010, about 163 thousand "home-banking" e-transactions were reported for the entire banking system, totalling ALL 92 billion, about 2% in volume and value to total customer payments.

Table 13 Performance of home-banking transactions over the years

| Home banking transactions | Number of banks | Number of transactions | Value of transactions (ALL million) |
|---------------------------|-----------------|------------------------|-------------------------------------|
| 2005 | 1 | 15,706 | 15,908 |
| 2006 | 1 | 19,096 | 16,834 |
| 2007 | 3 | 42,447 | 48,492 |
| 2008 | 6 | 88,261 | 63,240 |
| 2009 | 10 | 136,482 | 78,156 |
| 2010 | 11 | 162,385 | 91,274 |

Source: Banks reports according to the "Reporting methodology for payments instruments".

VII.1.2. BANK OF ALBANIA AS A SUPERVISOR AND REFORMER OF THE NATIONAL PAYMENT SYSTEMS

The Bank of Albania (BoA) is assuming an increasingly important role in reforming and overseeing payment systems. In light of this, BoA is working to set up safe and efficient national payment systems to support recent financial market developments based on best practices of other central banks.

The BoA has started a twinning project with the Bank of Italy, where development of payment system oversight has a significant place. The project scope is, inter alia, to strengthen capacities and approximate the regulatory and operational framework of payment systems in Albania with those of EU countries.

In 2010, the draft law “On payment systems” and an explanatory commentary were finalised as important documents, which explain concepts on the national payment systems as well as a more detailed definition of the role and duties of the Bank of Albania in relation to developing and supervising the payment systems in Albania. This draft law is a very important step forward in the process of continuous approximation of Albania’s legislation with the EU legislation in banking and finance area, provided also under Articles 70 and 89 of the Stabilisation and Association Agreement (SAA) between Albania and the European Communities.

In international terms, central banks should have a special jurisdiction on the settlement of financial instruments infrastructure (“post-trading”), as part of their overall mandate to supervise the payment systems. For this reason, this draft law aims to regulate and oversee the overall payment systems, including institutions such as securities clearing houses, their settlement systems and others such as CSD and CCP. The Bank of Albania and the Albanian Financial Supervisory Authority shall cooperate to define roles and duties for the supervision of securities clearing and settlement systems.

In December 2010, the draft law “On payments systems”, an explanatory report and a Table on compliance with the *acquis communautaire* were sent to the Ministry of Finance for their review.

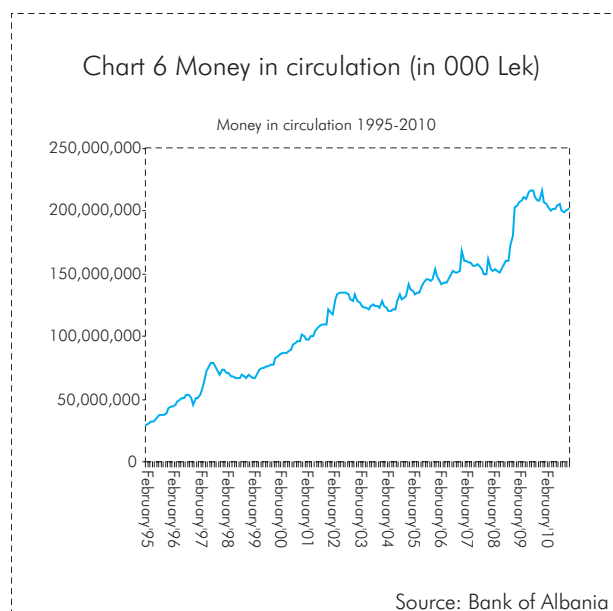
After a long cooperation between the Bank of Albania, the Ministry of Finances and the banking system, on 01 March 2010, live communication was established through an electronic interface between the Treasury System at the Ministry of Finances and the AIPS and AECH payment systems at the Bank of Albania. In the framework of implementing the new scheme of automated Treasury payments, the Ministry of Finances was provided with the possibility to monitor, in real time, the activity in its accounts in the AIPS system at the Bank of Albania, contributing to more efficient administration of funds. The project consists in automated processing of Lek payments, initiated by Treasury branches, to individuals or other beneficiary institutions of public funds. The part of inflows for the Treasury (by the public) is actually done through the banks; at the end of the day, each bank transfers the total cash funds to the main government account at the Bank of Albania.

Furthermore, during this year, the focus was on improving and expanding the required infrastructure for the settlement of electronic payment instruments (bank cards). In July 2010, the project for Lek payments settlement via MasterCard and Maestro cards through the AIPS was finalised, a service offered to the MasterCard company following an experience of some years with the Visa card company.

VII.2. MONEY ISSUE

• MONEY IN CIRCULATION

Money in circulation amounted to ALL 202.36 billion at the end of 2010, compared to ALL 216.74 billion at the end of 2009. The largest growth was noted in the fourth quarter.



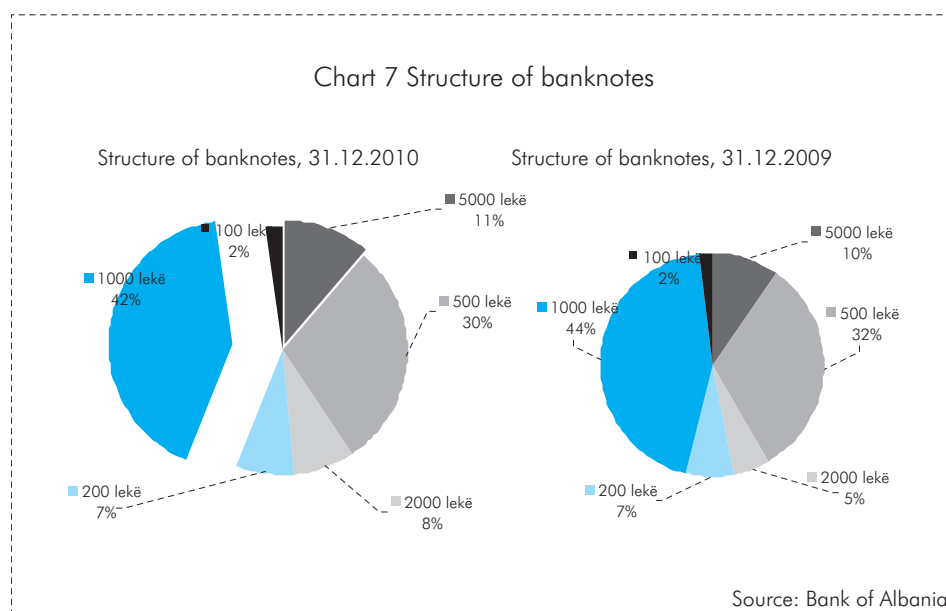
• STRUCTURE OF MONEY IN CIRCULATION

Banknotes

The structure of banknotes in circulation² was characterised by a balancing of denominations in relation to the reduction of money in circulation. High denominations have a bigger share, dictated by the demand of commercial banks to handle the payment flow and filling of ATMs with these denominations. During 2010, a significant increase in the circulation of the 2000 Lek banknote was observed.

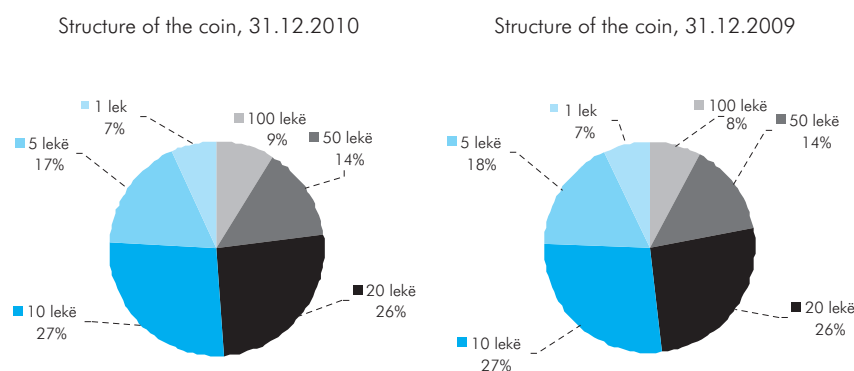
Coins

The structure of the coin continued, even this year, to be oriented towards an increase in the share of 50 and 100 Lek coins. One of the main factors affecting this rise was the use of these coins to substitute the 100 Lek banknote, which was withdrawn from circulation on 31 December 2010.



² This indicator represents banknotes and coins that are legal tender and have left from the Bank of Albania counters, regardless of their location.

Chart 8 Structure of the coin

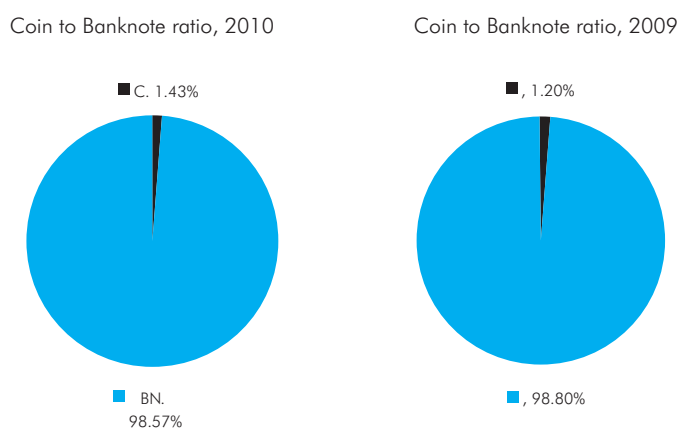


Source: Bank of Albania

Coin versus Banknote

At the end of 2010, the overall value of coin to banknote ratio resulted higher than a year earlier. The gradual replacing of the 100 Lek banknote with coins and the demand for coins from retail traders, mainly from newly opened supermarkets and hypermarkets, were key factors contributing to the upward trend of this ratio, albeit an obvious increase in banknotes.

Chart 9 Coin to Banknote ratio



Source: Bank of Albania

• INDICATORS OF MONEY IN CIRCULATION

Banknotes and coins in circulation

At the end of 2010, there were in circulation:

- 153,433,328 pcs banknotes
- 116,098,253 pcs coins

Average value of a banknote in circulation

The average value of a banknote in circulation at the end of 2010 reached 1227 Lek, compared with 1063 Lek at the end of 2009.

Money in circulation against M2

At the end of 2010, the ratio of money in circulation to the M2 aggregate was 34.57%, while at the end of 2009 it was 37.5%.

Money Rate of Return³

The money rate of return at the Bank of Albania was 0.596 for 2010, from 0.593 in 2009. This shows that during 2010, commercial banks, as regards money in circulation, delivered more money to the cash desks of the Bank of Albania.

Quality of money in circulation

Pursuant to contemporary standards and rapid increase in the number of ATMs of commercial banks, during 2010, the Bank of Albania withdrew from circulation about 23,534 million unfit banknotes, replacing them with fit ones. A substantial withdrawn quantity consisted in issues of earlier than 1996. At the end of 2010, pre-1996 issues in circulation accounted for only 1% of the average banknote in circulation. New banknotes put into circulation in 2009 accounted for 15.32% of the total average banknotes in circulation.

VII.3. RESEARCH AT THE BANK OF ALBANIA

Research Department discussion papers during 2010 focused mainly on the study of issues on monetary policy, fiscal policy, financial stability and the new economic growth model as well as on the external sector.

The Research Department, utilising the knowledge and research work for many years on the Albanian economy, has contributed to debates on drafting and implementing the monetary policy. During 2010, an assessment of the future performance of some important macroeconomic indicators and an analysis of various risk scenarios were made possible through the MEAM model and other satellite models outside it. Among the analysed risks, we

³ This indicator is calculated for each denomination in pieces, as a ratio of receivables to the average stock of money in circulation for a given period.

may mention the exchange rate, shocks from the supply and demand, fiscal policy effects, etc.

In addition, during 2010 a structural model was designed and evaluated to analyse the monetary policy in Albania. This model is very suitable for the Albanian economy as it takes into consideration all its features and reflects the effect of monetary policy on main macroeconomic indicators, such as production, inflation, exchange rate and unemployment.

As regards financial stability, work has been done on establishing a DSGE model, based mainly on two factors of production: labour and capital. The creation of this model aims to incorporate financial stability into the existing macroeconomic model and finding equilibrium levels for the variables involved. In addition, two works are realised, which measure the indirect credit risk and the effect of macroeconomic indicators on the level of non-performing loans. Another point of focus was the evaluation of a potential non-linear correlation between inflation and financial development in Albania, taking into account the effect of other variables such as government expenditures and international trade.

A study on the calculation of the trade deficit benchmark and current account stability serves as a reference basis for economic policies on the equilibrium of the external balance of the economy. Another material focused on the external sector with a view to evaluate the potentials of trade exchange with main trading partners of Albania, focusing on free trade agreements with countries of the region and the European Union. Finally, through another study on economic agglomeration and the creation of sectorial synergies in South Eastern Europe, we have managed to conclude that economic growth is most affected by income from commerce and foreign investments, in an integrated region, in terms of space and economic practice.

Moreover, various studies have been conducted on economic growth performance. Main determinants of economic growth in Albania have been evaluated, leading to the conclusion that total productivity of production factors is the main contributor to economic growth. Another study on economic growth has analysed the positive effect of the Albanian tourism sector on its economic growth.

Another issue addressed by our research is the assessment of the discretionary fiscal policy effects on prices, interest rates and economic growth; and on a potential difference between expenditure increase policy and tax reduction policy by assessing their respective multipliers. Furthermore, the fiscal policy stability in Albania and the definition of an appropriate fiscal rule have been assessed. Given the importance of remittances, their macroeconomic determiners have been studied to draft economic policies and an approach to attract this important flow of financing.

- *PUBLICATIONS*

Most of research and discussion papers are published on the Bank of Albania official website, under the category “Publications/Research and Discussion”, while articles are also published quarterly in the Economic Bulletin. In 2009, the Research Department began to publish semi annually the “Scientific news at the Bank of Albania”. It provides information on documents presented under the “Friday Workshop series”, and other materials and articles that are either completed or in process.

- *ACTIVITIES*

On 3 May 2010, a round table was organised at the BoA Research Centre in Berat on “Economic growth in Albania – the need for a new model”, organised by the Research Department. Representatives of academics, Bank of Albania and other international institutions such as the World Bank, IMF and USAID participated in this round table. The studies and discussions focused on the actual model of economic growth, capital market in the future economic model and role of agriculture and technology in the new growth model, paying attention to negative environmental externalities of economic growth. The debate on the new economic growth model will continue in other series, with other interest groups, with the hope that discussions and opinions become concrete recommendations.

The Research Department organised, for the fourth consecutive year, on 18-19 November 2010, a regional meeting on “Economic Research in South Eastern Europe”. This event focused primarily on further improvement of economic research in the region and expansion of the region’s central banks knowledge on characteristics and specific economic developments. Main issues addressed the global crisis and financial and macroeconomic sectors of South Eastern Europe, regulation of internal and external disbalances and the need for continuous efforts through structural reforms to promote stable economic growth.

Following the work started a number of years ago, the Research Department continued with the “Friday Workshop Series” in 2010. During this year, 13 studies were presented by representatives from the Bank of Albania, other central banks and academia. This activity is a good opportunity for all researchers to discuss and present their empirical and theoretical studies.

VII.4. STATISTICS ACTIVITIES OF THE BANK OF ALBANIA

The Bank of Albania is one of the key agencies that produces statistics, along with the Statistics Institute, Ministry of Finances, Ministry of Agriculture, Food and Consumer Protection, and the Ministry of Environment, Forestry and Water Management. According to the Official Statistics Programme⁴, the Bank of Albania is required by law to produce and publish monetary and

⁴ Official Statistics Programme 2007-2011 approved by Decision No. 153, dated 31.01.2008 of the Assembly of the Republic of Albania.

balance of payments statistics. The law "On official statistics"⁵ and the law "On the Bank of Albania"⁶ entitle the Bank of Albania to collect information by all statistical units in the territory of the Republic of Albania for statistical processing.

| | Number of tables | Number of indicators |
|--|------------------|----------------------|
| Periodical statistics of the Bank of Albania | 91 | 3,021 |
| Archive | 17 | 126 |
| Statistics by the Ministry of Finances | 5 | 86 |
| Statistics by INSTAT | 12 | 241 |
| Total | 125 | 3,474 |

Table 14 Statistics displayed under the "Statistics" item in the Bank of Albania website

The Bank of Albania aims to not only successfully compile and publish statistics indicators, but also consistently improve public services by expanding the range of indicators, approximating the methodology with international standards and best practices, and providing information accordingly for a diverse range of users. The Bank of Albania website reflects dynamically qualitative and qualitative user requests and actually contains 125 tables with 3,474 indicators. Applications of the 'Statistics/Time Series' space provide users with information on most recently published indicators, time and content of publication. The query allows for selection of time series, indicators within tables and form of information display (for more refer to Annex 1). The Monthly Statistical Report of the Bank of Albania is a comprehensive publication highly appreciated by users. This report contains statistics on the monetary and external sector and important indicators of the real and fiscal sectors, published respectively by INSTAT and Ministry of Finances.

VII.4.1. PRODUCTION OF STATISTICS

In 2010, statistics on monetary and balance of payments by the Bank of Albania were published on time, compliant to the statistics publications calendar. In order to comply with the publication deadline, in cases of delayed reporting by reporting units, the Bank of Albania took its measures to counter delays by reducing the information processing time. Publication of statistics produced by the Bank of Albania is done electronically on its official website, while the Monthly Statistical Report is distributed to 300 institutional users on a CD. Paper copies of statistical publications are included in periodical reports of the Bank of Albania such as the quarterly Monetary Policy Report and the Annual Report of the Bank of Albania.

With regard to statistical production, the main development during 2010 is the publication for the first time of statistics on gross external debt, international investments position, loans and the economy. Statistics on gross external debt and international investments positions complement statistics on the external sector and statistics on balance of payments, exchange rate and

⁵ Law 'On Official Statistics' No. 9180, dated 05.02.2004

⁶ Law 'On the Bank of Albania' No. 8269, dated 23.12.1997

foreign reserve. Publication of these statistics in accordance with the respective standards is a precondition for all countries that aspire to become members of the Special Data Dissemination Standard of the International Monetary Fund, as well as for EU members or applicant countries. Statistical credit tables according to subjects, currency, maturity, economic activity, prefecture, etc. are not a requirement of international statistical standards, but a high number of states publish them to assist users with detailed information of interest to them. In 2011, the database with information published by the Bank of Albania will be enriched with detailed tables on residents' deposits at the banking system.

VII.4.2. STATISTICAL ACTIVITIES IN MID-TERM HORIZON

In the mid-term horizon, the Bank of Albania will continue to produce and publish monetary and financial statistics on the external sector conform to manuals and international practices⁷. In addition, in its capacity of a statistics agency, the Bank of Albania will continue to contribute actively to improving the national statistical system, including strengthening of relations with other statistics agencies and enrichment of the legal and regulatory framework on drafting and follow-up of national programmes on statistics production with special focus on EU requirements for statistics reporting. In the context of preparations for meeting EU requirements on statistics produced by central banks, the Bank of Albania will benefit from a Twinning Project with the central banks of two EU countries⁸. As regards monetary and external sectors statistics, during the lifetime of this project, work will be done in terms of improvement of methodology and forms of reporting as well as of technology, statistics processing and dissemination practices.

VII.4.3. RELATIONS WITH USERS

The Bank of Albania is constantly in contact with regular users of the statistics it produces and publishes. The distribution list of statistical publications for institutional users is reviewed, time after time, to include all interested users and new institutions. At the same time, the space 'Statistics' at the website of the Bank of Albania is updated consistently to bring the format and content of publications close to the requests of a wide user base. In November 2010, the Bank of Albania met with two important user groups. The first meeting was with media representatives and the second meeting was with institutional and academic users. Both meetings were welcomed with high interest. In these meetings, main groups of statistics published in the webpage of the Bank of Albania were introduced and instructions on using this page were given.

⁷ On balance of payments statistics and international investments position - "Balance of Payments Statistics and International Investment Position Manual", IMF, sixth edition, January 2010. On external debt statistics- "External debt statistics: guide for compilers and users", IMF, June 2003. On monetary and financial statistics - "Monetary and Financial Statistics Manual", IMF, October 2000.

⁸ Under the Twinning Project on "Strengthening institutional capacities of the Bank of Albania", assistance will be provided by the central banks of Italy and France.

During the meetings, questions and suggestions were tabled by the users on the methodology, data sources, relations among statistical agencies in the country and other important aspects of official statistics.

VII.5. PUBLIC RELATIONS

During 2010, on public relations the Bank of Albania focused principally on restructuring current tools and establishing new communication methods, which contribute to accomplishing the long-term goal for an environment of well-informed stakeholders capable of understanding central bank decision-making and of making rational decisions on economic and financial matters.

A number of tools have contributed in communication, to mention a few: direct communications of the Governor in press conferences, interviews and speeches on issues that require public attention, periodic and non-periodic publications on the work and decisions of the Bank of Albania, the official website, which provides real time information on the Bank of Albania's activity and policies, and financial literacy for the public aiming to develop the economic and financial literacy of the Albanian society.

- *PUBLICATIONS OF THE BANK OF ALBANIA*

The publications of the Bank of Albania continued, even in 2010, to inform the public on most recent developments in the Albanian and world economy and financial system.

This year has introduced some changes to the set of periodical publications of the Bank of Albania. More specifically, the Monetary Policy Statement, once part of the Economic Bulletin, was published separately as the "Monetary Policy Report", quarterly. As a result of the restructuring of the Economic Bulletin, a new title was added to this set: "The Bulletin of the Bank of Albania". This publication comes to the public semi- annually and its introductory editorial, dedicated to the most important project or activity of the Bank of Albania for that reporting period is a novelty.

Similarly, during 2010, the Financial Stability Report changed its frequency of publication, from once to twice a year, while the Monthly Statistical Report is set to be redesigned to a new more user-friendly and attractive format.

- *RELATIONS WITH THE MEDIA*

In line with the established and positive experience, the communication of the central bank with media outlets continued to be direct and intensive. Thus, new initiatives have been taken to enhance transparency and public awareness on the role of the Bank of Albania and the banking system in the country's economy.

The hallmark of communication continued to be the regular monthly press conference of the Governor at the conclusion of each Supervisory Council meeting, where the economic and financial grounds for the monetary policy decisions have been directly transmitted to the media and the public. Starting from July 2010, this event was joined by simplified presentations of various periodic reports on monetary policy, financial stability, statistics, banking supervision, etc., which serve to orientate the media towards a correct reading of the Bank of Albania decisions and activities and help them convey the right message to the public.

- *FINANCIAL LITERACY*

Given the overall economic climate and the ever-growing complexity of financial markets, the Albanian banking system and its products for Albanian citizens, the importance of financial literacy is increasing year after year.

In this context, in March 2010, the Bank of Albania organised an international discussion panel on responsible finance, in cooperation with the KfW Entwicklungsbank and the European Fund for Southeast Europe (EFSE). In this panel, representatives from the financial sector and the Albanian government, donor agencies, international financial institutions and microfinance practitioners in Albania, appealed for higher efforts to promote responsible finance practices and principles in Albania. As the Governor of the Bank of Albania stated, responsible finance is the best term to bring together under one name the multifaceted efforts of the Bank of Albania over the past three-four years on banking and financial supervision, monetary policy and public education.

Efforts of the Bank of Albania in this regard, have aimed to equal those of the most committed central banks on financial literacy, and to move forward in accordance with the developments and needs of the public.

A good part of our attention was committed to awareness-raising programmes, which have resulted successful during the pilot phase, thus paving the way for further development.

Established in 2007 to promote the creation of economic and financial literacy in the Albanian society, “The central bank in our daily life” programme took place in 2010 in the districts of Durrës, Berat and Fier. Thanks to Regional Departments of Education and the commitment of the Bank of Albania staff members from various departments, training workshops were organised for high-school teachers of economics, as per the following table:

Table 15 Training workshops with high school teachers of economics

| Time period | Description of the workshop | Participation |
|-------------------------|--|---------------------------|
| 29 March – 2 April 2010 | Training workshop on finance, economy and banking for high school teachers of Durrës | High school teachers (30) |
| 26 – 30 April 2010 | Training workshop on finance, economy and banking for high school teachers of Berat | High school teachers (30) |

y 2010

Training workshop on finance, economy and banking for high school teachers of Fier

High school teachers (33)

Source: Bank of Albania

Similar to workshops in previous years, participating teachers in these districts learned about not only the functions and role of the central bank and the Albanian banking and financial system, but also about other topics such as public finances and state budget.

From the experience of the Bank of Albania and that of other central banks, the teacher training workshops have proven to be a very effective tool to improve teaching quality, with a positive impact on educating the new generation. The direct contact with high-school teachers draws their attention on various educational brochures and materials of the Bank of Albania, which may come to their help during their teaching process.

In 2010, the series of lectures by the Governor of the Bank of Albania in universities continued with "POLIS" University in Tirana and South East Europe University of Tetovo, FYROM. Furthermore, in a slight deviation from the classical line of this type of events, in his lecture at the "POLIS" University in Tirana, Governor Fullani introduced the project for the reconstruction of the central building of the Bank of Albania, which intertwines the current architecture with modern architecture. In addition to preserving architectural, historical and cultural values, it will provide multifunctional solutions in accordance with the needs of the Bank of Albania.

Meetings of the Governor with high-school students in various cities continued to be at the core of activities dedicated to the young generation. The Governor met with high school students of Berat, Gjirokastra and Shkodra.

In one of these meetings, the Governor launched one of the main projects in education, i.e. education through the website of the Bank of Albania. Taking advantage of the latest developments in the field of communications technology and taking into account that young people are main users of this technology, the Bank of Albania has been working to introduce soon a complete informative platform on central banking, which will be fully internet accessible.

A major educational project is the compilation of an elective course module on personal finances for which, during 2010, the Bank of Albania worked closely with the Institute for Educational Development (IED), in the framework of a Memorandum of Cooperation signed with the Albanian Ministry of Education and Science. Representatives from the Bank of Albania, IED and teachers of economics joined forces to draft this text. The module will be included in the teaching curriculum of 2011-2012 school year, equipping high school students with knowledge and skills on topics such as money management, budget drafting, achievement of financial objectives, prudent credit use, investments, savings, insurance and taxes.

VII.6. EUROPEAN INTEGRATION AND COOPERATION

• EUROPEAN INTEGRATION

After its ratification by all European Union (EU) Member States, the Stabilisation and Association Agreement (SAA), entered into force on 1 April 2009, paving the way for Albania to submit its application to the EU for the status of a candidate country. Albania eventually submitted its application for EU membership on 28 April 2009 and conform to procedures established in the EU Treaty, the European Commission (EC) handed a Questionnaire to the Albanian authorities to assess the country's capacities to meet the membership requirements.

Based on the answers to the Questionnaire by the Albanian authorities, on 9 November 2010, the EC published its Opinion on Albania's application for EU membership. The EC appraised the achievements of Albania over the past 12 months, but as concerns opening membership negotiations, it underlined the need for reforms and fulfilment of accession criteria, especially the political criterion. In addition, the Opinion clearly emphasised the country's European perspective.

CONTRIBUTION OF THE BANK OF ALBANIA TO ANSWERS TO THE QUESTIONNAIRE

The Questionnaire consisted of 2,284 questions, divided into 33 chapters of the *acquis communautaire* and 2 chapters addressing in particular the Copenhagen criteria (Political criterion and Economic criterion)

In accordance with the established inter-institutional structure, the Bank of Albania was assigned as the coordinating institution for answering questions on:

- Chapter 4 "Free movement of capital", which addresses issues related to the legislative and regulatory framework of: short- and long-term capital movements, existing restrictions and definition of different types of capital movements; payment services, especially cross-border payments, payment services market and electronic money institutions; anti-money laundering and combating the financing of terrorism as well as inter-institutional cooperation in this field.
- Chapter 17 "Economic and monetary policy", which addresses issues related to the legislative and regulatory framework of: independence of central banks, prohibiting direct financing of the public sector by the central banks; prohibiting privileged access of the public sector to financial institutions; drafting and implementation of monetary policy and the exchange rate; compliance with provisions of the EU Treaty taking into consideration the perspective of the Euro adoption.

In addition, the Bank of Albania was a contributing institution for formulating answers to the following Chapters:

- Chapter on "Economic criteria"
- Chapter 9 "Financial services"
- Chapter 3 "Right of establishment and freedom to provide services"
- Chapter 28 "Consumer and public health protection"
- Chapter 32 "Financial control"
- Chapter 20 "Enterprise and industrial policy"

After submitting its answers to the Questionnaire in April 2010, the Bank of Albania engaged in formulating answers to Additional Questions sent by the EC and met with an EC Fact-finding Mission addressing issues on answers of the Questionnaire.

Subsequent to the publication of the EC Opinion on Albania's bid for EU membership, the Bank of Albania continuously attends the inter-institutional work on EC recommendations, so that Albania may be granted the candidate country status, opening the way for EU membership negotiations.

Conform to the SAA implementation process, the Bank of Albania has contributed to the revision of the SAA National Plan Implementation (SAANPI) for 2010 – 2014. In the narrative section of the SAANPI, the contribution of the Bank of Albania consisted in the description of macroeconomic developments during 2009, inflation and monetary policy, and the performance of banking and external economy sectors. Moreover, priorities and measures taken in the field of macroeconomic stability, free movement of capital, right of establishment, and freedom to provide services.

In this context, the following are realised: stipulation of legal and regulatory initiatives, implementation activities for the realisation of these initiatives, required technical assistance and expected costs in the framework of the process for the approximation of the national legislation with the *acquis*.

The Bank of Albania has been in constant contact with the Ministry of European Integration, to which it forwards monthly progress reports, to describe the progress on the realisation of legal measures and implementation of activities, in compliance with the timeline laid down in the SAANPI. In addition, legal and regulatory acts approved by the Supervisory Council of the Bank of Albania are accompanied by a description on the act's compliance with the EU legislation.

On 9 November 2010, the EC published its Analytical Report on Albania, with an Opinion of the EC on Albania's application. These two documents describe the country's progress and its challenges during 30 October 2009 – 1 November 2010, outlining the EC approach to lead and support our country in the future. The Analytical Report describes the Albania-EU relations, analyses the progress made on political, economic, legal and accession criteria (Copenhagen criteria), and presents a summary of the EC assessment on priorities and problematic issues in 33 areas divided according to the *acquis communautaire*.

On issues related to the activity of the Bank of Albania, the EC in its Analytical Report found that: "Appropriate fiscal and monetary policies have been the main anchors of the policy mix and have underpinned the relative macroeconomic stability in Albania. The monetary policy framework has anchored inflation expectations, despite the limitations arising from significant euroisation. The flexible exchange rate has supported adjustment to external shocks."

During 2010, the Bank of Albania drafted and presented the required information in periodic Albania – EU meetings. Thus, the Stabilisation and Association Committee addressed all the achievements with regard to SAA implementation status, one year after its entry into force.

This meeting aggregated all the issues discussed on technical level at joint sub-committees both on economic criteria and European standards. In compliance with the recommendations of the Sub-Committee on Economic and Financial matters and Statistics, it was reported about measures taken on prudential monitoring of non-performing loans and measures taken to reduce the use of cash in the economy.

In the second meeting of the EU-Albania Sub-Committee on Economic and Financial matters and Statistics, the Bank of Albania reported on issues such as overall economic development and its perspective, inflation and monetary policy, external sector, relations with international financial institutions, and developments and reforms in the banking financial sectors.

At the conclusion of the Sub-Committee on Economic and Financial matters and Statistics meetings, the delegation of the EC appraised the work done in the banking sector stating that economic data of the Albanian economy are optimistic. In addition, the delegation from the EC underlined that, in relation to inflation and monetary policy, good governance of the Bank of Albania is worth noting.

In the second meeting of the Sub-Committee on Internal Market and Competition, the Bank of Albania reported on improvements to the regulatory framework of the banking system and capital movement. At the conclusion of this meeting, the delegation from the EC welcomed the developments in the legal and regulatory framework as well as the increased administrative capacities of the Bank of Albania.

Year 2010 marked the beginning of the implementation of a twinning project of the Bank of Albania with one or two central banks of the ESCB funded by the EU Instrument for Pre-Accession Assistance (IPA) 2008, which aims to strengthen institutional capacities in six areas of the Bank of Albania divided into six modules: banking supervision and financial stability, statistics, payment systems, interbank money market, financial literacy and coordination of the European integration process.

After the twinning banks were selected, namely the Bank of Italy and Bank of France, the contract was signed in October, marking the beginning of

the twinning project implementation. During this period, representatives of the Bank of Albania had a number of preliminary meetings with experts of the Bank of Italy and the Bank of France to draft Development Plans for the implementation of each module. The Resident Twinning Advisor, whose main duty is to coordinate Project activities over the 18 months of the Projects implementation span, participated in all these meetings.

Meetings for drafting Development Plans for each module (implementation of Component I of the Project), including those taking place at the end of 2010, aimed to assess the existing situation in terms of the regulatory framework, infrastructure, human resources and to conduct an analysis on required improvements in order to further adopt European standards for each module.

- *INTERNATIONAL COOPERATION*

The Republic of Albania is a member of the International Monetary Fund (IMF) from October 1991. Its quota during 2010 remained unchanged to the amount of 48.7 million SDR, likewise its votes (737 votes or 0.03% of total votes of all IMF members). Albania is in the same constituency with Italy, Greece, Portugal, Malta, San Marino and Timor-Leste. This constituency has a total of 90.968 votes (or about 4.1% of total votes of all IMF members) and is presided by the Italian representative Mr. Arrigo Sadun, who serves as the Executive Director of this constituency.

During February – March, an IMF mission held consultations with Albanian authorities in the framework of Article IV of the Fund's Articles of Agreement. On the basis of the assessments of the mission, the IMF Executive Board, on 24 May 2010, concluded its consultations in the framework of Article IV of the Fund's Articles of Agreement. According to the assessment, the strong stimulus of economic policies provided buffers that have helped to cushion the impact of the global crisis and have enabled Albania to handle the crisis very well. Both the mission and the Executive Board commended the work of the Bank of Albania on monetary policy, anchoring of inflation expectations, and maintaining financial and macroeconomic stability.

Furthermore, in 2010, respectively in July and November, Albania was visited by two IMF missions to discuss with Albanian authorities recent economic development in the country, their perspective in the near and distant future, and the role of structural and macroeconomic policies to promote and ensure sustainable development.

The Governor of the Bank of Albania represented regularly the Republic of Albania in the decision-making of the Board of Governors, the highest body of the IMF. Important events in our relations with the IMF in this year were the spring and annual meetings of the IMF and the World Bank, organised respectively in April and October, where the delegation of the Bank of Albania, chaired by the Governor, met with senior IMF officials. These meetings focused on recent macroeconomic developments and measures taken by the Bank of Albania to minimise global crisis effects.

During the meetings, very good relations between the IMF and Albanian authorities were noted and the work by the Bank of Albania in the management of the situation created by the crisis effects was commended. High IMF representatives stated their readiness to continue with technical assistance projects for the Bank of Albania.

During 2010, Albania paid to the IMF about 8.1 million SDR for its dues (principal payments, interests, periodic expenses, etc.) arising from earlier agreements PRGF and PRGF/EFF.

The Bank of Albania continued in 2010 to benefit from the IMF technical assistance on staff training with consultancy in areas such as monetary policy and banking supervision.

- *RELATIONS WITH THE WORLD BANK GROUP*

Albania is a member of the World Bank Group since 1991 and has benefited from this institution a total of USD 1.4 billion through 68 projects. On 15 July 2010, the Board of Directors of the World Bank Group approved the new three-year partnership strategy with Albania, which will focus on three strategic objectives, namely: (i) supporting a recovery in Albania's growth rates through improved competitiveness, (ii) broadening and sustaining social gains by improving education and health services, and (iii) reducing vulnerability to climate change.

In an official visit in January, the Vice President of the World Bank for Europe and Central Asia Region, Mr. Philippe Le Houérou met with the Governor of the Bank of Albania and discussed on Albania's macroeconomic situation and future cooperation projects.

Even during 2010, the cooperation between the Bank of Albania and the World Bank Group continued under the agreement "On foreign reserve investment management and consulting", signed in September 2005. This consultation and technical assistance is materialised through visits of the World Bank Treasury experts and participation of the Bank of Albania staff members in workshops organised by the World Bank abroad. The World Bank experts' assistance over the years has been very useful contributing to a higher level of activities realised by the Bank of Albania on foreign reserve management. During 2010, the Bank of Albania was visited by three World Bank missions, which focused on issues such as negotiation of contracts for foreign reserve management, use of covered forwards for short-term instruments portfolio management and the internal audit function.

In addition, during 2010, the World Bank provided technical assistance in the framework of a Contingency Planning and Crisis Simulations project. The World Bank mission met and discussed intensively with representatives from the Bank of Albania and other institutions such as the Ministry of Finances, the Financial Supervisory Authority and the Deposit Insurance Agency.

In meetings the Bank of Albania delegation had with high representatives of the World Bank Group during the Annual and Spring Meetings of the IMF and the World Bank Group, it addressed extensively the country's macroeconomic developments, banking and financial system developments and measures taken by the Bank of Albania to maintain macroeconomic stability. On their side, World Bank representatives stated their support for the steps made by the Bank of Albania and offered their assistance on financial infrastructure improvement. In all the meetings, the interlocutors appraised the very good cooperation between the two institutions and discussed on further intensification of this cooperation in the future.

The World Bank has continuously stated its readiness to assist the Bank of Albania in implementing projects on the eventual consolidation, modernisation and stability of the Albanian banking system.

- *RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS*

The Bank of Albania during 2010 continued to be in regular contacts with the European Bank for Reconstruction and Development (EBRD), mainly with regard to providing information and statistics on the development of the Albanian economy in general, and the financial sector in particular. In its Transition Report 2009, the EBRD commended the developments and appropriate regulation of the financial sector and monetary interventions that contributed to buffering global crisis effects. The report assessed as very positive the monetary policy framework of the Bank of Albania in relation to keeping inflation within the target range and strengthening of banking supervision.

The Bank of Albania continued to keep close relations with the Bank for International Settlement (BIS) during 2010. The Governor of the Bank of Albania participated at the BIS 80th Annual Meeting in June in Basel, Switzerland. In the meetings with BIS and BIS member banks representatives it was highlighted the importance of strengthening the cooperation between the Bank of Albania and other central banks on areas of mutual interest. The BIS has been particularly active in providing technical assistance to the Bank of Albania through workshops and training sessions organised by the Financial Stability Institute, which promotes international financial stability through information exchange and cooperation in the area of financial system supervision.

- *RELATIONS WITH CENTRAL BANKS AND TECHNICAL COOPERATION*

Following the intensification of bilateral relations with other central banks, during 2010, upon the invitation of the Governor of the Bank of Albania, official visits were paid to Albania by the Governor of the National Bank of Serbia, former Governor of the National Bank of Switzerland and the Deputy Governor of the National Bank of Sweden. On the other hand, the Governor of the Bank of Albania paid official visits to the Bank of Greece, Bank of Russia and the Central Bank of the Republic of Kosovo.

Furthermore, the Governor of the Bank of Albania participated in many international conferences, summits, and regional workshops, of particular importance the second summit of Ministers of Finances and Central Bank Governors of South Eastern European countries, Regional Conference on Finances and Investments for South East Europe organised by Euromoney, conference on Responsible Finances organised by KfW Entwicklungsbank, EFSE and the Bank of Albania, a discussion table on "Strengthening Domestic Anchors to Assist with Crisis Exit Strategies" organised by Centre of Excellence in Finance and the International Monetary Fund, round table on "Economic and political challenges of regional cooperation" organised by the University of Oxford and the Bank of Albania, sixth Euro-Mediterranean seminar of Eurosystem and the Mediterranean Central Banks, high-level seminar on "Strengthening of micro- and macroprudential supervision" in the framework of the Europrogramme, etc.

These meetings, visits, and conferences have served not only to exchange experiences, economic developments analysis, or measures taken in the context of global financial crisis, but also to the consolidation and further development of the increasing technical cooperation between the Bank of Albania and its counterparts.

On the regional level, it is worth noting the participation in the meetings of Central Banks Governors' Club of Central Asia, Black Sea Region and Balkan Countries. These meetings aim to strengthen the ties between central banks of the region and promote regional cooperation through exchanging best experiences and addressing current issues in round tables at governor or expert level. Likewise, it is worth highlighting meetings in the framework of the multilateral Memorandum of Understanding, which aims to enhance further cooperation in the area of banking supervision in South Eastern Europe and maintaining of financial stability in the region, meetings in the framework of the Cooperation Process in South Eastern Europe, a forum for diplomatic and political dialogue among states. This year, the panel of Central Bank Governors and Banking Sector Regulators focused on the discussion of macroeconomic indicators and financial sector developments in a setting influenced by the crisis.

In May, the Governor of the Bank of Albania participated in the 17th meeting of central banks governors of francophone countries, which concentrated on political challenges to and reformation of the agenda after the crisis, experiences of certain countries and stimulating measures taken as a result of the crisis, strategies to be used in crisis exit, maintaining of central bank independence in the future, and economic development of member states.

In December, at the presentation of the first stability report of the Central Bank of the Republic of Kosovo (CBRK), the Governor of the Bank of Albania paid an official visit and delivered a speech at the conference organised on that occasion. In the meetings with the management of the CBRK, excellent cooperation between the two institutions was appraised and readiness to take this technical cooperation further was confirmed.

As in previous years, during 2010, in light of coordination of technical assistance, a priority was the provision of technical expertise for the CBRK by the Bank of Albania. Hence, some working visits have taken place by CBRK and the Bank of Albania staff, focusing on areas such as internal control, payments systems, supervision, administration, etc.

During 2010, the Bank of Italy, National Bank of Bulgaria, Central Bank of the Republic of Turkey, Bank of France and Centre of Excellence in Finance (CEF) were the main providers of technical assistance to the Bank of Albania, mainly through study visits and internships.

Moreover, in the context of the cooperation protocol with the National Bank of Serbia, in 2010 were organised reciprocal study visits and internships, which served to exchange the experiences on issues of mutual interests in various fields of central banking.

VII.7. MAIN DEVELOPMENTS IN BANKING LEGISLATION DURING 2010

In 2010, the Bank of Albania continued its work to review and revise the legislative and regulatory framework in compliance with the EU legislation and recent dynamics in country. Following is a summary of most important banking-related legal initiatives during 2010.

I. Legal acts on payment systems

To ensure security and efficiency of its payment systems, at the end of 2010, the Bank of Albania finalised a draft law "On payment systems", which is sent to the Ministry of Finance for review. This draft law provides for a full harmonisation with core principles of EU directives on payment systems, in particular with Directive 98/26/EC "On settlement finality in payment and securities settlement systems", Directive 2002/47/EC "On financial collateral arrangements" as well as with Basel Committee "Core principles for systemically important payment systems".

II. Improvement of supervision regulatory framework of bank and non-bank institutions activity

New regulatory acts on banking supervision approved by the Supervisory Council of the Bank of Albania in 2010 are as follows:

1. Regulation No. 25, dated 24.03.2010 "On risk management in the activity of non-bank financial institutions".

This regulatory act sets out the rules for the management of risk in the activity of non-bank financial institutions for a safe and stable financial activity by these institutions. More specifically, this regulation specifies the criteria for the risk management by non-bank institutions and imposes the obligation for

these institutions to draft methods and procedures to identify and monitor all risks in compliance with internal acts of the institutions and regulatory acts of the Bank of Albania. The regulation specifies the indicators of exposure to risk/s, and permissible maximum exposure rates that these institutions shall abide by.

In addition, the regulation envisages risk management rates as regards open foreign exchange positions, liquidity risk and credit risk. On the latter, the regulation defines the criteria on loan classification, obligation to establish reserve funds to cover potential losses from loans, loans restructuring and loan write-off, laying down special regulation for micro-credit and leasing financial institutions. The regulation stipulates reporting and supervision obligations on non-bank institutions, when they fail to meet the requirements of this regulation.

2. Regulation No. 48, dated 14.07.2010 "On open foreign exchange positions risk management"

This regulation abrogates and supersedes the previous regulation "On open foreign exchange positions", approved by Decision No. 59, dated 05.05.1999 of the Supervisory Council, amended, and methodological instruction "On risks from foreign exchange" dated 26.06.1999. The scope of this regulation is to set out the rules and criteria for the calculation, monitoring, reporting and supervision of the banks' open foreign exchange positions, in order to manage the foreign exchange risk by banks licensed by the Bank of Albania to exercise their banking and financial activity in the Republic of Albania. This sub-legal act regulates the methodology for defining open foreign exchange positions, permissible limits, and the risk management arising from open foreign exchange positions. On the latter, the regulation envisages the obligation of the banks to establish a management system for the exchange rate risk to which it is exposed during its activity, to identify, measure, monitor and control this risk. Furthermore, the regulation imposes an obligation on banks to draft necessary policies and policies to manage the foreign exchange risk.

As regards open foreign exchange positions risk management, the regulation sets out the responsibilities of the Steering Council and the Directorate on drafting the policy on foreign exchange risk management, develop and implement the procedures for the identification, measuring, monitoring and control of foreign exchange risk of the bank in line with foreign exchange risk management policy; envisaging the establishment of a special structure such as the Committee/unit for risks management, which will be responsible to implement the above-mentioned system and policies. Further, the regulation sets out monitoring, reporting and supervisory requirements on banks concerning observance of obligations arising from this regulation.

3. Regulation No. 67, dated 13.10.2010 "On information content and functioning of Credit Registry at the Bank of Albania".

This regulation supersedes the previous regulation “On functioning of the Credit Registry at the Bank of Albania” approved by Decision No. 38, dated 18.07.2007, amended, of the Supervisory Council of the Bank of Albania. The scope of this regulation is to set out the information content, principles and rules on the functioning of Credit Registry at the Bank of Albania, as well as the terms and conditions to get informed and to use the information managed in it. The regulation envisages that the Credit Registry kept and administered by the Bank of Albania, functions as a system that handles and distributes, centrally, information on borrowers, persons related to them and guarantors of the credit agreement, for supervision and optimum credit risk management by banks and non-bank financial institutions. This regulation, in contrast to the previous regulation, expands the circle of data reports, including not only banks and branches of foreign banks, but also non-bank financial institutions licensed by the Bank of Albania, as well as other financial institutions based on agreements concluded between the Bank of Albania with them or their supervisory authorities.

In addition to the above stated, the regulation sanctions core principles, based on which the Credit Registry functions, such as:

- processing and protection of its data/information, in compliance with the legislation in force on personal data and professional and banking secrecy.
- function as a public service that handles and disseminates information on credit risk and does not contain analysis and estimations regarding the credit risk of borrowers.
- Bank of Albania shall not be held responsible for the way the information from the Credit Registry is used and assessed.

The Regulation also defines the Credit Registry information content, envisaging that the data/information with regard to the identity, credit balance and credit exposure of all data reporters’ borrowers, for their related persons as well as the guarantors, are reported, retained and processed at the Credit Registry

This information is set out in accordance with the criteria and categories on credits, other assets and off-balance sheet items, as stipulated in the regulations on credit risk management by the Bank of Albania.

Next, the Regulation envisages the Credit Registry functioning, stipulating that this Register aims to ensure a concentration of information/data with regard to the credit exposure of borrowers, their related persons and of credit guarantors; supporting the realisation of supervisory and regulatory function of the Bank of Albania; and the use and/or publication of information from this register by the Bank of Albania for research, statistical and other purposes related to its supervisory process.

Moreover, the Regulation defines the timeline and periodicity of data reporting to the Credit Registry, responsibility of data reporters regarding

the accuracy of information reported to the Registry, processing terms and methodology for the information retained at the Registry and the core principles on which the right to acknowledge and review Registry data/information is exercised.

Finally, the Regulation stipulates data reporters' obligations stemming from their participation in the Credit Registry system, as well as penalties by the Bank of Albania on data reporters in the event of breach of provisions of this Regulation.

4. Instruction No. 68, dated 13.10.2010 "On the issue procedure of the Borrower's Report and the data review retained at the Credit Registry", which supersedes the instruction "On issue procedure of borrower's report and review of data retained at the Credit Registry" approved by Decision No. 71, dated 18.07.2007, amended of the Supervisory Council of the Bank of Albania. This instruction sets out the procedure for the issue of the borrower's report and the data review retained at the Credit Registry.

More specifically, this Instruction specifies procedural rules on exercising the right to acknowledge and/or review the information retained at the Credit Registry, as envisaged in the Regulation "On information content and functioning of the Credit Registry at the Bank of Albania", approved by Decision No.67, dated 13.10.2010 of the Supervisory Council of the Bank of Albania. This right may be exercised as the case may be by the borrowers, persons related to them or their heirs, another person authorised in writing, and other entities with the right to request a borrower's report to meet a legal obligation or based on a court decision.

In contrast to the previous Instruction, which allowed for the possibility to request and receive a report only from the Head Offices of the Bank of Albania, this Instruction provides for the possibility to request, supporting documentation and receive the borrowers report not only at the Head Offices of the Bank of Albania but also at the nearest branch of the Bank of Albania, where the entity has submitted the request.

The Regulation provides that the Bank of Albania keep a register where it evidences all submitted requests for borrowers' reports and data review, and the respective measures in the event of failure to address a request for data review.

5. Instruction No. 70, dated 13.10.2010 "On the functioning of the Credit Registry at the Bank of Albania" supersedes Instruction "On internal rules for the functioning of the Credit Registry at the Bank of Albania" No. 41, dated 27.05.2009, of the Supervisory Council of the Bank of Albania. The purpose of this instruction is to set out in a harmonised way the functions, duties and internal operational procedures that are carried out and realised by certain organisational units of the Bank of Albania, for the administration, functioning,



"Design used for the 500-Lek banknote, issue of 1992"

CHAPTER VIII INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010



KPMG Albania Sh.p.k.
 "Dëshmorët e Kombit" Blvd.
 Twin Towers Buildings,
 Building 1, 13th floor
 Tirana, Albania
 NIPTJ91619001D

Telephone +355 4 2274 524
 +355 4 2274 534
 Telefax +355 4 2235 534
 E-mail al-office@kpmg.com
 internet www.kpmg.al

INDEPENDENT AUDITORS' REPORT

To the Supervisory Council of
 The Bank of Albania

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Bank of Albania ("the Bank"), which comprise the statement of financial position as at 31 December 2010, the separate income statement, the statements of 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 the accounting policies adopted by the Supervisory Council of the Bank of Albania as disclosed in Note 2 (a) to the financial statements, 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

KPMG Albania Sh.p.k., an Albanian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

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 principles 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 opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies adopted by the Supervisory Council of the Bank of Albania as disclosed in Note 2 (a) to the financial statements.

KPMG Albania sh.p.k.
 "Dëshmorët e Kombit" Blvd.
 Twin Towers Buildings,
 Building 1, 13th floor
 Tirana, Albania
KPMG Albania Shpk

KPMG Bulgaria OOD
 45A, Bulgaria Boulevard
 Sofia 1404
 Bulgaria
KPMG Bulgaria OOD

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER
2010
(amounts in Lek million, unless otherwise stated)

| | Notes | 31 December 2010 | 31 December 2009 |
|---|-------|------------------|------------------|
| ASSETS | | | |
| Assets denominated in foreign currencies | | | |
| Gold and precious metals | 5 | 10,155 | 7,324 |
| Accounts with the International Monetary Fund | 6 | 15,751 | 14,737 |
| Deposits with non resident banks | 7 | 31,637 | 47,113 |
| Available for sale investments | 8.1 | 203,336 | 154,488 |
| Held for trading investments | 8.2 | 12,566 | 11,365 |
| Other foreign assets | 9 | 1,183 | 1,196 |
| Total assets denominated in foreign currencies | | 274,628 | 236,223 |
| Domestic assets | | | |
| Gold and precious metals | 5 | 4,926 | 3,477 |
| Transit credits | 10.1 | 15 | 46 |
| Loans to resident banks | 10.2 | 12,520 | 32,326 |
| Available for sale investments | 11 | 63,630 | 76,589 |
| Other domestic assets | 12 | 9,229 | 4,927 |
| Total domestic assets | | 90,320 | 117,365 |
| Total Assets | | 364,948 | 353,588 |
| LIABILITIES | | | |
| Liabilities denominated in foreign currencies | | | |
| Due to the International Monetary Fund | 13 | 20,516 | 20,452 |
| Due to non-resident financial institutions | 14 | 1,256 | 1,279 |
| Total liabilities denominated in foreign currencies | | 21,772 | 21,731 |
| Domestic liabilities | | | |
| Currency in circulation | 15 | 202,359 | 216,739 |
| Due to resident banks | 16 | 80,815 | 68,075 |
| Due to the Government | 17 | 11,600 | 13,355 |
| Other domestic liabilities | 18 | 1,279 | 1,140 |
| Total domestic liabilities | | 296,053 | 299,309 |
| CAPITAL AND RESERVES | | | |
| Capital | | 2,500 | 2,500 |
| Legal reserve | 19 | 11,697 | 9,994 |
| Revaluation reserve | 20 | 15,310 | 2,399 |
| Property revaluation surplus | | 1,868 | 1,907 |
| Other reserves | 21 | 15,748 | 15,748 |
| Total capital and reserves | | 47,123 | 32,548 |
| Total liabilities, capital and reserves | | 364,948 | 353,588 |

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 169 to 205.

SEPARATE INCOME STATEMENT FOR THE YEAR ENDED 31
DECEMBER 2010
(amounts in Lek million, unless otherwise stated)

| | Notes | Year ended 31 December 2010 | Year ended 31 December 2009 |
|--------------------------------------|-------|--------------------------------|--------------------------------|
| Operations with non-residents | | | |
| Interest and commission income | 22 | 4,499 | 5,169 |
| Interest and commission expense | 23 | (2,461) | (1,792) |
| Operations with non-residents, net | | 2,038 | 3,377 |
| Operations with residents | | | |
| Interest and commission income | 24 | 6,736 | 7,134 |
| Interest and commission expense | 25 | (1,625) | (1,713) |
| Operations with residents, net | | 5,111 | 5,421 |
| Other operating income, net | 26 | 1,353 | 2,848 |
| Net trading income | 27 | 220 | 138 |
| Profit/ (Loss) from exchange rate | | 13,043 | 20,668 |
| Total income from Banking activities | | 21,765 | 32,452 |
| Other administrative expenses | | | |
| Personnel expenses | 28 | (945) | (893) |
| Depreciation | 12 | (163) | (159) |
| Amortization | 12 | (274) | (279) |
| General and administrative expenses | | (565) | (500) |
| Total other administrative expenses | | (1,947) | (1,831) |
| Net income from Banking activities | | 19,818 | 30,621 |

Profit distribution as of 31 December 2010:

| | Notes | Year ended 31 December 2010 | Year ended 31 December 2009 |
|---|-------|--------------------------------|--------------------------------|
| Net income from Banking activities | | 19,818 | 30,621 |
| Transfer (to)/ from revaluation reserve | | (13,043) | (20,668) |
| Profit before distribution | | 6,775 | 9,953 |
| Provisions | 18 | (1) | (78) |
| Net profit before allocation | | 6,774 | 9,875 |
| Allocation of profit | | | |
| Reversal of property revaluation surplus | | 39 | 40 |
| Distribution of profit to Legal Reserve | | (1,703) | (2,479) |
| Distribution of profit to Albanian Government | | (5,110) | (7,436) |
| Total | | 6,774 | 9,875 |

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 169 to 205.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER 2010
(amounts in Lek million, unless otherwise stated)

| | Notes | Year ended 31 December 2010 | Year ended 31 December 2009 |
|---|-------|--------------------------------|--------------------------------|
| Net income from Banking activities | | 19,818 | 30,621 |
| Other comprehensive income/(deficit): | | | |
| Property revaluations | | (39) | (40) |
| Available for sale financial assets | | (60) | (2,270) |
| Other comprehensive income for the year | | (99) | (2,310) |
| Total comprehensive income/(deficit) for the year | | 19,719 | 28,311 |

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 169 to 205.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010
(amounts in Lek million, unless otherwise stated)

| | Capital | Legal reserve | Revaluation reserve | Revaluation reserve | Property revaluation surplus | Other reserves | Retained earnings | Net profit | Total |
|---|---------|---------------|---------------------|---------------------|------------------------------|----------------|-------------------|------------|---------|
| As at 1 January 2009 | 2,500 | 7,515 | (15,837) | 1,947 | 15,748 | - | - | - | 11,873 |
| Transactions driven by law and with the Albanian Government recorded directly in equity | | | | | | | | | |
| Transfer to/ from revaluation reserves | - | - | 20,668 | - | - | - | - | (20,668) | - |
| Other revaluations | - | - | (162) | - | - | - | - | - | (162) |
| Reduction for Provisions (Note 18) | - | - | - | - | - | - | - | (78) | (78) |
| Profit distribution (Note 19) | - | 2,479 | - | - | - | - | (40) | (9,875) | (7,436) |
| Total contributions by and distributions to the Albanian Government | - | 2,479 | 20,506 | - | - | - | (40) | (30,621) | (7,676) |
| Transfer of revaluation surplus to retained earnings | - | - | - | - | - | - | 40 | - | 40 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | 30,621 | 30,621 |
| Net income from Banking activity | - | - | - | - | - | - | - | - | - |
| Other comprehensive income | - | - | - | - | - | - | - | - | - |
| Securities revaluation | - | - | (2,270) | - | - | - | - | - | (2,270) |
| Release of tangible fixed asset revaluation surplus | - | - | - | (40) | - | - | - | - | (40) |
| Total other comprehensive income | - | - | (2,270) | (40) | - | - | - | - | (2,310) |
| Total comprehensive income for the year | - | - | (2,270) | (40) | - | - | - | 30,621 | 28,311 |
| As at 31 December 2009 | 2,500 | 9,994 | 2,399 | 1,907 | 15,748 | - | - | - | 32,548 |

| | Capital | Legal reserve | Revaluation reserve | Revaluation reserve | Property revaluation surplus | Other reserves | Retained earnings | Net profit | Total |
|---|---------|---------------|---------------------|---------------------|------------------------------|----------------|-------------------|------------|---------|
| As at 1 January 2010 | 2,500 | 9,994 | 2,399 | 1,907 | 15,748 | - | - | - | 32,548 |
| Transactions driven by law and with the Albanian Government recorded directly in equity | | | | | | | | | |
| Transfer to/ from revaluation reserves | - | - | 13,043 | - | - | - | - | (13,043) | - |
| Other revaluations | - | - | (72) | - | - | - | - | - | (72) |
| Reduction for Provisions (Note 18) | - | - | - | - | - | - | - | (1) | (1) |
| Profit distribution (Note 19) | - | 1,703 | - | - | - | - | (39) | (6,774) | (5,110) |
| Total contributions by and distributions to the Albanian Government | - | 1,703 | 12,971 | - | - | - | (39) | (19,818) | (5,183) |
| Transfer of revaluation surplus to retained earnings | - | - | - | - | - | - | 39 | - | 39 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | 19,818 | 19,818 |
| Net income from Banking activity | - | - | - | - | - | - | - | - | - |
| Other comprehensive income | - | - | - | - | - | - | - | - | - |
| Securities revaluation | - | - | (60) | - | - | - | - | - | (60) |
| Release of tangible fixed asset revaluation surplus | - | - | - | (39) | - | - | - | - | (39) |
| Total other comprehensive income | - | - | (60) | (39) | - | - | - | - | (99) |
| Total comprehensive income for the year | - | - | (60) | (39) | - | - | - | 19,818 | 19,719 |
| As at 31 December 2010 | 2,500 | 11,697 | 15,310 | 1,868 | 15,748 | - | - | - | 47,123 |

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 169 to 205.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31
DECEMBER 2010
(amounts in Lek million, unless otherwise stated)

| | Notes | Year ended 31 December 2010 | Year ended 31 December 2009 |
|---|-------|--------------------------------|--------------------------------|
| Cash flows from operating activities | | | |
| Net profit before allocation | | 6,774 | 9,875 |
| Non-cash items in the statement of operation | | | |
| Interest and commission income (non-residents) | 22 | (4,499) | (5,169) |
| Interest and commission expense (non-residents) | 23 | 2,461 | 1,792 |
| Interest and commission income (residents) | 24 | (6,736) | (7,134) |
| Interest and commission expense (residents) | 25 | 1,625 | 1,713 |
| Net trading income | 27 | (220) | (138) |
| Profit from sale of available for sale investments | 26 | (1,321) | (2,771) |
| Provision for doubtful loans | | 1 | 80 |
| Depreciation and amortization | 12 | 437 | 438 |
| Cash flow before the movement of working capital | | (1,478) | (1,314) |
| Changes in working capital | | | |
| Increase in accounts with the IMF | 6 | (1,012) | (7,826) |
| Increase in international quotas | 9 | (16) | (14) |
| Decrease in transit loans | 10.1 | 31 | 23 |
| Decrease in Government Loan | 10.3 | - | 3,000 |
| Increase in other domestic assets | | (270) | (205) |
| Increase in due to the IMF | | 62 | 7,581 |
| (Decrease)/Increase in due to financial institutions | 14 | (24) | 101 |
| Decrease in other foreign liabilities | | - | (261) |
| Increase in due to resident Banks | 16 | 12,736 | 283 |
| Decrease in due to the Government | | (1,929) | (8,436) |
| Increase/ (Decrease) in other domestic liabilities | 18 | 139 | (417) |
| Purchase of held for trading securities (in foreign currency) | | (31,986) | (41,811) |
| Sale of held for trading securities (in foreign currency) | | 31,763 | 41,889 |
| Cash flows generated from/ (used in) operations | | 9,494 | (6,093) |
| Interest received | | 5,585 | 6,514 |
| Interest paid | | (1,675) | (1,789) |
| Net cash generated from/ (used in) operating activities | | 11,926 | (2,682) |

| | Notes | Year ended 31 December 2010 | Year ended 31 December 2009 |
|--|-------|--------------------------------|--------------------------------|
| Cash flows from investing activities | | | |
| Purchase of property and equipment | 12 | (4,461) | (221) |
| Purchase of intangible assets | 12 | (9) | (395) |
| Purchase of available for sale investments (in foreign currency) | | (367,942) | (376,526) |
| Purchase of available for sale investments (domestic assets) | | (157,505) | (192,884) |
| Sale and maturity of available for sale investments (in foreign currency) | | 323,291 | 367,921 |
| Sale and maturity of available for sale investments (domestic assets), including discounts | | 175,928 | 196,278 |
| Increase in repurchase agreements | | 19,706 | (12,191) |
| Adjustment for effect of foreign exchange | | 7,155 | 5,402 |
| Net cash used in investing activities | | (3,837) | (12,616) |
| Cash flows from financing activities | | | |
| (Decrease)/Increase in money in circulation emissions | | (6,000) | 16,000 |
| Distributed profit | | (4,936) | (6,741) |
| Net cash generated from financing activities | | (10,936) | 9,259 |
| Decrease in cash during the year | | (2,847) | (6,039) |
| Cash and cash equivalents at the beginning of the year | 29 | 75,843 | 81,882 |
| Cash and cash equivalents at the end of the year | 29 | 72,996 | 75,843 |

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 169 to 205.

The financial statements were authorised by the Supervisory Council on 10 March 2011 and signed on its behalf by:


Ardian Fullani
Governor


Elsa Bizhga
Deputy Director of Accounting
and Finance Department

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2010
(amounts in Lek million, unless otherwise stated)

1. GENERAL

The Bank of Albania (the 'Bank') is the Central Bank of the Republic of Albania and was established according to the Law No. 8269, dated 23 December 1997 'On the Bank of Albania'.

Under the terms of its charter the Bank's main responsibilities are:

- formulating, adopting and executing the monetary policy of Albania, which shall be consistent with its primary objective;
- formulating, adopting and executing the foreign exchange arrangement and the exchange rate policy of Albania;
- issuing or revoking of licenses and supervising banks that engage in the banking business in order to secure the stability of the banking system;
- holding and managing its official foreign reserves;
- acting as banker and adviser to, and as fiscal agent of, the Government of the Republic of Albania;
- promoting an effective operation of payments system.

The Bank is subject to the regulatory requirements of the Parliament of the Republic of Albania and the Law 'On the Bank of Albania'.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with the accounting policies adopted in the Bank's Accounting Manual approved from the order No.50 of the Council of Ministers, dated 26 January 2001 and other policies approved by the Supervisory Council of the Bank of Albania.

These accounting policies are broadly in line with International Financial Reporting Standards ('IFRS') approved by the International Accounting Standards Board ('IASB').

(b) Basis of measurement

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

- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- gold is measured at fair value
- buildings are measured at revalued amount.

(c) Functional and presentation currency

These financial statements are presented in Albanian Lek ('LEK'), which is the Bank's functional currency. Except as indicated, financial information presented in LEK has been rounded to the nearest million.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The most significant exception from IFRS is explained below:

IAS 39 'Financial Instruments: Recognition and Measurement'

Interest income and expenses on financial assets and liabilities are recognized in profit or loss on an accrual basis, calculated on the straight line method (see Note 3.a). This method is not in accordance with IAS 39, which requires the calculation on an effective interest basis. Additionally, borrowings from international financial institutions are recognized at cost rather than fair value as required by IAS 39.

a. Interest and commission recognition

Interest income and expense are recognized in profit or loss on an accrual basis. Interest income and expense include the interest earned on coupons, as well as the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on a straight line basis.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Fee and commission income and expenses arise on financial services provided by the Bank and are recognized when the corresponding service is provided. Other operating income/expense includes gains and losses arising from disposals and changes in the fair value of available for sale assets.

b. Foreign currency transactions

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Some non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are initially recognized in profit or loss in the period in which they arise, and are then transferred to 'Revaluation reserves' in capital and reserves, according to the Law No. 8269, dated 23 December 1997 'On the Bank of Albania'.

The Bank during the normal course of business enters into foreign exchange transactions with settlement dates 1 or 2 days after the trade date. These transactions are recorded in the financial statements on the settlement date. Foreign currency differences are recognised in profit or loss on the settlement date.

The applicable official Bank rate (LEK to the foreign currency unit) for the principal currencies as at 31 December 2010 and 2009 were as below:

| | 31 December 2010 | 31 December 2009 |
|------------------------------------|------------------|------------------|
| United States dollar (USD) | 104.00 | 95.81 |
| European Union currency unit (EUR) | 138.77 | 137.96 |
| British pound (GBP) | 161.46 | 154.64 |
| Special Drawing rights (SDR) | 160.16 | 149.65 |
| Japanese yen (JPY) | 1.2790 | 1.0372 |
| Gold ('XAU') per 1 onz | 146,666.00 | 105,774.24 |

c. Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, and foreign exchange differences.

d. Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are

recognised as an integral part of the total lease expense, over the term of the lease.

e. Taxation and Profit distribution policy of the Bank

The Bank is not subject to income tax based on the law 'On the Bank of Albania'.

The Bank's policy of distribution of profit from banking operations is defined in the Law 'On the Bank of Albania'. According to this law, the Bank allocates all the realized profit to the State Budget after having fulfilled its requirement for reserve fund as required from the Supervisory Council of the Bank.

According to Article 64, point (a) of the Law 'On the Bank of Albania', the net gain / losses arising from the revaluation of assets and liabilities denominated in foreign currencies, is transferred to the equity to a revaluation reserve account 'Revaluation reserves'. According to Article 64, point (b), the Government of Albania issues debt securities at market interest rates to cover any negative balance of the revaluation reserve arising from the Bank's activity.

According to the requirements of Article 9 of the Law 'On the Bank of Albania', the Bank sets aside 25 per cent of the net profit for the year into a Legal Reserve until the reserve amounts to 500% of the capital (see accounting policy 3.f).

According to Article 11 of the Law 'On the Bank of Albania' no transfer, redemption or payment under Articles 8, 9 or 10 of this law shall be made if the assets of the Bank are less than the sum of its liabilities and paid-up capital. If such conditions arise, based on the 'On the Bank of Albania' under article 7, the Ministry of Finance might have to transfer interest bearing negotiable government securities to the Bank, in such amount as would be necessary to remedy the deficiency.

f. Legal reserve

Subsequent to the allocation of reserves as required by the Law 'On the Bank of Albania' (see accounting policy 3.e), the Bank stipulates the remainder to be paid into the State Budget.

g. Financial assets and liabilities

(i) Recognition

All financial assets held-to-maturity, or financial assets available-for-sale are initially recognised on the settlement date. The investments held-for-trading are accounted for on the trade date. The Bank initially recognises loans and advances, deposits, and financial liabilities on the date at which they are originated.

A financial asset or financial liability is initially measured at cost. The initial cost of financial assets approximates their fair value.

(ii) Classification

See accounting policies 3(h), (i), (j) and (k).

(iii) Derecognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Bank writes off certain loans and investment securities when they are determined to be uncollectible (see note 4).

(iv) Offsetting

Financial assets and liabilities are set off 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 intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting policies of the Bank, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(v) Fair value measurement

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.

For investments traded in organized financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the reporting date. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument, which is substantially the same.

(vi) Identification and measurement of impairment

At each reporting date the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Financial assets, other than those 'Held for trading', are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, as follows:

- For loans originated by the Bank – the recoverable amount of originated loans is calculated based on the year-end evaluations of loans, including the accrued interest. In determining the recoverable amounts of loans to employees, management considers particular factors, including the review of repayment history of the debt by its former employees. The provision for impairment losses on loans is reported in profit or loss as a charge and is deducted from the relevant asset category in the statement of financial position. When it is determined that a loan cannot be recovered, all the necessary legal procedures have been completed and the final loss has been determined, the loan is written off.
- For financial assets held to maturity – the carrying amount of the asset is reduced to its estimated recoverable amount either directly or through the use of an allowance account and the amount of the loss is included in profit or loss.
- For financial assets available for sale –when a decline in the fair value of an available-for-sale financial asset has been recognized directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in other comprehensive income shall be removed from other comprehensive income and recognized in profit or loss even though the financial asset has not been derecognized.

(vii) Securities lending agreements

Investments lent under securities lending agreements are reported in the statement of financial position and are valued in accordance with the accounting policies applicable to assets held for trading and assets available-for-sale. Investments lent under securities lending agreements continue to be recognized in the Bank's statement of financial position. The Bank receives cash or securities collateral for such lendings. Income arising from the securities lending agreements is reported as interest income.

h. Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand and current accounts and time deposits with original maturities of less than three months. These assets are carried at amortised cost in the statement of financial position.

For the purposes of the statement of cash flows, the Bank includes gold and precious metals as part of cash and cash equivalents (See accounting policy 3.m).

i. Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised at cost and subsequently measured at fair value in the statement of financial position with transaction costs taken directly to profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

j. Available for sale investments

Investment securities are initially measured at cost. Available-for-sale investments are subsequently carried at fair value. Interest income is recognised in profit or loss on an accrual basis.

Fair value changes are recognised directly in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognised in other comprehensive income are recognised in profit or loss.

k. Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

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.

Interest income is recognised in profit or loss on an accrual basis.

l. Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

m. Gold and other precious metals

Gold and other precious metals are valued at market value based on the official London Bullion Market price at the reporting date. This valuation is in line with local legislation.

n. Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, except for land and buildings, which are stated at revalued amount, calculated using the replacement cost method.

Any revaluation increase arising on the revaluation of land and buildings is credited in other comprehensive income to the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) Subsequent costs

The cost of replacing a part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Land and work in progress are not depreciated.

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

- Buildings, Head Office 40 years
- Buildings, branches 25 years
- Vehicles 5 - 10 years
- Furniture, fixtures and equipment 3 - 20 years

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

o. Intangible assets

(i) Printing and minting costs

The costs of printing banknotes and minting coins are capitalized as intangible assets and amortized over 2.5 years and 10 years, respectively.

(ii) Software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is two years.

p. Impairment of non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to

determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

q. Grants

Grants are recognised initially as deferred income when there is reasonable assurance that they will be received and the Bank will comply with the conditions associated with the grant. Grants that compensate the Bank for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Bank for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

r. Borrowings from the International Monetary Fund (IMF)

The borrowings of the Government of the Republic of Albania from the IMF are undertaken through the Bank and are shown on the statement of financial position of the Bank. The interest on these borrowings is paid directly by the Bank. Borrowings from the IMF are denominated in Special Drawing Rights. Borrowings from IMF are initially measured at cost.

s. Repurchase agreements

When the Bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date ("repo"), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Bank's financial statements.

Repurchase agreements are included in 'Due to domestic Banks'. Based on the Bank's regulation on repurchase agreements, the Bank is not required to put up any collateral for these securities.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is recognized as interest income or interest expense, over the life of each agreement using the interest rate approved by the Supervisory Council of the Bank of Albania.

t. 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.

u. Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

The Bank makes compulsory social security contributions that provide pension benefits for employees upon retirement. The local authorities are responsible for providing the legally set minimum threshold for pensions in Albania under a defined contribution pension plan.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Bank has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

v. Comparative information

When necessary, comparative figures are reclassified for the purposes of comparability. The Bank has not reclassified comparatives in these financial statements.

4. USE OF ESTIMATES AND JUDGEMENTS

These disclosures supplement the commentary on financial risk management (see note 33).

Key sources of estimation uncertainty**Allowances for credit losses**

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(g)(vi).

The specific counterparty component of the total allowances for impairment

applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about the counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and an estimate of cash flows considered recoverable are independently approved.

Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also "Valuation of financial instruments" below.

Accounting judgements in applying the Bank's accounting policies

Accounting judgements made in applying the Bank's accounting policies include:

Printing House

At 31 December 2007 the Bank controlled the operations of the Printing House. The activity of the Printing House was terminated on 30 September 2008, based on the Decision of the Council of Ministers No.598 dated 5 September 2007 'On the termination of the economic and financial activities of the Printing House of the Bank of Albania', amended by Decision No. 862 dated 18 June 2008.

According to points 7 and 8 of Decision No. 598, the inventory and intangible assets of the Printing House were transferred to the Ministry of Finance, and the machinery used in the printing of fiscal stamps was transferred to the Tax Office. According to point 10 of the same decision the ownership of the Buildings of the Printing House was transferred to the Bank.

Following termination, the Bank has included in 'Other domestic liabilities' (see Note 18) an amount of LEK 227 million (2009: LEK 239 million), which represents other transfers between the Bank and Printing House upon termination. These transfers were based on the above mentioned decisions. The Bank has not yet taken a decision on the settlement of the total liabilities.

Valuation of financial instruments

The Bank measures fair values using the following hierarchy of methods:

- Level 1: Quoted market price in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Bank determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed securities, exchange traded derivatives like interest rate futures and simple over the counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Balances with Banks

The fair value of these instruments is based on the Level 2 method described above.

Investment securities

Fair value of investment securities is based on market prices or broker/dealer price quotations. The fair value of these instruments is based on the Level 1 method described above. Where this information is not available, fair value has been estimated using the Level 2 method described above.

5. GOLD AND PRECIOUS METALS

| | 31 December 2010 | 31 December 2009 |
|-------------------------------------|------------------|------------------|
| Gold – foreign | 10,155 | 7,324 |
| Gold and precious metals - domestic | 4,926 | 3,477 |
| Total | 15,081 | 10,801 |

As at 31 December 2010, the value of gold owned by the Bank placed in gold time deposits and current accounts abroad was LEK 10,155 million (2009: LEK 7,324 million).

Other gold and precious metals included within domestic assets include non-monetary gold, platinum and silver held in a domestic vault, valued at the London fixing rate on the reporting date, amounting to LEK 4,926 million as at 31 December 2010 (2009: LEK 3,477 million).

The total increase of LEK 4,280 million compared to prior year (2009: LEK 3,074 million) results from the revaluation of gold and precious metals and is recorded in the revaluation reserve.

6. ACCOUNTS WITH THE INTERNATIONAL MONETARY FUND

| | 31 December 2010 | 31 December 2009 |
|---|------------------|------------------|
| Quotas in the International Monetary Fund (IMF) | 7,624 | 7,191 |
| Special Drawing Rights (SDR) holdings | 8,122 | 7,543 |
| Accrued interest | 5 | 3 |
| Total | 15,751 | 14,737 |

Accounts (Quotas) with the IMF resulted from the membership of the Republic of Albania in the IMF, according to Law No.8269 dated 23 December 1997 'On the Bank of Albania'. These deposits have as counterparty accounts due to the IMF (see Note 13).

The Republic of Albania's quotas in the IMF are LEK 7,624 million or SDR 49 million at 31 December 2010. LEK 536 million or SDR 3 million of the Republic of Albania's quotas in the IMF represents the reserve tranche held with the IMF. The IMF pays remuneration (interest) to those members who have a remunerated reserve tranche position at 0.23% annual floating interest rate.

The Special Drawing Rights (SDR) holdings represent deposits placed with the International Monetary Fund. The SDR holdings bear interest, which is determined on a weekly basis. The annual interest rate prevailing as at 31 December 2010 was 0.3% (2009: 0.23%).

An amount of LEK 7,439 million or SDR 46 million included in SDR Holdings represents the amounts acquired through the SDR allocations at 31 December

2010 (see Note 13). The SDR allocations represent amounts received from IMF, the purpose of which was the timely response to the current and longer term needs for liquidity of the member countries. The amount of holdings in excess of allocations was LEK 683 million or SDR 4 million at 31 December 2010.

7. DEPOSITS WITH NON RESIDENT BANKS

| | 31 December 2010 | 31 December 2009 |
|---------------------|------------------|------------------|
| Current accounts | 25,350 | 38,953 |
| Short-term deposits | 6,201 | 8,146 |
| Future contracts | 81 | 11 |
| Accrued interest | 5 | 3 |
| Total | 31,637 | 47,113 |

Short-term deposits and current accounts earn interest at rates mostly based on the currency of the deposit or current account. The interest rate of overnight deposits is 0.56%.

8. INVESTMENTS IN FOREIGN CURRENCY

8.1 AVAILABLE FOR SALE INVESTMENTS

The portfolio of available for sale investments in foreign currency is accounted for at market value as follows:

| | 31 December 2010 | 31 December 2009 |
|--|------------------|------------------|
| Foreign Government treasury notes | 148,500 | 122,083 |
| Bank for International Settlements (BIS): medium-term investments | 2,186 | 7,311 |
| Agencies treasury bills | 39,378 | 14,120 |
| Agencies notes | 13,272 | 10,974 |
| Total | 203,336 | 154,488 |

Foreign Government treasury notes have coupon rates varying between 0.375% and 9% (2009: 0.875% and 8%). Interest is paid semi-annually (USD and GBP) and annually (EUR) and maturities vary between January 2011 and June 2021. The yields vary between 0.39% and 4.14% (2009: 0.364% and 5.166%).

Bank for International Settlements – medium term investments comprised of fixed coupon securities denominated in EUR with coupon rates varying between 0.62% and 3.8% (2009: 2.75% and 5.85% for USD, EUR, GBP). Interest is payable annually for investments in EUR and maturities range between September 2012 and December 2013. The yields vary between 0.832% and 1.261% (2009: 2.94% and 5.88%).

Agencies notes are denominated in USD, GBP and EUR with coupon rates between 1.125% and 5.5% (2009: USD and EUR 0.585% and 5.375 %). Interest is paid annually and semi-annually and maturities range between February 2011 and September 2013. The yield is between 0.56% and 2.8% (2009: 0.42% and 3.15%).

Agencies Treasury Bills are denominated in EUR, GBP and JPY with yields that vary between 0.11% and 2.2% (2009: 0.27% and 1%) and maturities vary between February 2011 and November 2011.

8.2. HELD FOR TRADING INVESTMENTS

Held for trading portfolio in foreign currency measured at market value is presented as follows:

| | 31 December 2010 | 31 December 2009 |
|---------------------------|------------------|------------------|
| Government treasury notes | 7,239 | 3,141 |
| Agencies notes | 5,327 | 8,109 |
| Government treasury bills | - | 115 |
| Total | 12,566 | 11,365 |

Government treasury notes, denominated in USD, have coupon rates varying between 0.375% and 2.375% (2009: 0.875% and 4.75%). Interest is paid semi-annually and maturities range between November 2011 and November 2017.

Agencies notes are denominated in USD with fixed coupon rates varying between 0.625% and 5.875% (2009: 0.645% and 5.875%) and floating rates varying between 0.49% and 0.57% (2009: 0.55% and 0.56%). Interest payments vary from quarterly to annual, and maturities range between March 2011 and July 2013.

Held for trading investments are administrated by International Bank for Reconstruction and Development (IBRD) as stated in the agreement 'On the administration and technical assistance on investing the foreign reserve of Bank of Albania (Reserves and Advisory Management Program) signed between Bank of Albania and IBRD on 23 September 2005. Investments from this portfolio are accounted for on the trade date.

9. OTHER ASSETS (IN FOREIGN CURRENCY)

| | 31 December 2010 | 31 December 2009 |
|--|------------------|------------------|
| Quotas in international financial institutions | | |
| International Bank for Reconstruction and Development subscriptions (IBRD) | 361 | 358 |
| International Development Agency subscriptions (IDA) | 13 | 12 |

| | | |
|---|--------------|--------------|
| Multilateral Investment Guarantee Agency subscriptions (MIGA) | 6 | 6 |
| International Finance Corporation subscriptions (IFC) | 76 | 71 |
| European Bank for Reconstruction and Development subscriptions (EBRD) | 61 | 56 |
| Islamic Development Bank subscriptions (IDB) | 24 | 22 |
| Total Quotas | 541 | 525 |
| Cash on hand in foreign currency | 642 | 671 |
| Total other assets in foreign currency | 1,183 | 1,196 |

Quotas in international financial institutions comprised subscriptions for participation of the Bank of Albania in these institutions (see Note 30).

10. LOANS DISBURSED TO THIRD PARTIES

10.1. TRANSIT CREDITS

The total of LEK 15 million (2009: LEK 46 million) represent credits for services provided to the former Italian-Albanian Bank (now part of Intesa SanPaolo Bank) for further distribution to ultimate borrowers to support state development programs. This loan has not been guaranteed by any collateral.

10.2. LOANS TO RESIDENT BANKS

Loans to resident banks represent reverse repurchase agreements signed between the Bank of Albania and second-tier banks in amount of LEK 12,520 million with maturing terms between one week and three months (2009: LEK 32,326 million). On 31 December 2010, the annual interest rates of reverse repurchase agreement vary from 5% to 5.44% (2009: 5.25% to 6%).

10.3. LOANS TO ALBANIAN GOVERNMENT

The loan to Albanian Government was repaid at the end of 2009.

11. AVAILABLE FOR SALE INVESTMENTS (DOMESTIC ASSETS)

| | 31 December 2010 | 31 December 2009 |
|---------------------------|------------------|------------------|
| Short-term treasury bills | 63,630 | 76,589 |
| Total | 63,630 | 76,589 |

Short-term treasury bills as at 31 December 2010 relate to Government of Albania zero-coupon treasury bills, with short-term maturity, ranging between January - December 2011, with yields varying between 5.17% and 8.99% (2009: 5.61% and 9.3%).

12. OTHER DOMESTIC ASSETS

| | 31 December 2010 | 31 December 2009 |
|-----------------------------|------------------|------------------|
| Property and equipment, net | 7,123 | 2,825 |
| Intangible assets, net | 156 | 421 |
| Loans to employees | 1,755 | 1,500 |
| Other debtors | 4 | 80 |
| Numismatic | 40 | 39 |
| Inventory | 73 | 40 |
| Other | 78 | 22 |
| Total | 9,229 | 4,927 |

At 31 December 2010, as part of property and equipment the Bank has included within the category 'Land, buildings and general constructions', the value of the Printing House building. The revaluation method used was the replacement cost method which shows a revalued amount of the building of LEK 234 million, from a net book value of LEK 4 million. The revaluation increase of LEK 230 million was credited directly to the Revaluation reserve. In this category is also included the value of the branch buildings reconstructed in 2008 with a value of LEK 176 million.

Based on the Decision No.40, dated 16 June 2010 of the Supervisory Council and on the Agreement, dated 27 September 2010 with the Ministry of Finance, pursuant to Articles 7 and 8 of the Regulation No.103, dated 28 December.2005 "On authorized signatures and payment thresholds" the Bank purchased a new property, including the building and land, which were previously used by 'Dajti' Hotel. The cost was LEK 4,068 million (the equivalent amount of EUR 30 million).

Loans to employees is net of provision for legal claims of LEK 13 million at 31 December 2010 (2009: LEK 13 million).

The total amount of registered collateral for long term loans extended to employees is Lek 2,057 million at 31 December 2010 (2009: LEK 1,747 million). At 31 December 2010, commitments for loans to employees (in accordance with the Regulation on Loans No. 77, dated 25 October 2006) amount to LEK 162 million (2009: Lek 167 million).

The net book values of property and equipment by category at 31 December 2010 are comprised of:

| | Land, buildings and general constructions | General equipment | Transport vehicles | Work in Progress | Total |
|-----------------------------|---|-------------------|--------------------|------------------|-------|
| Cost / Valuation | | | | | |
| Balance at 1 January 2010 | 2,436 | 949 | 186 | 176 | 3,747 |
| Additions | 4,133 | 246 | - | 127 | 4,506 |
| Disposals | (7) | - | - | (38) | (45) |
| Balance at 31 December 2010 | 6,562 | 1,195 | 186 | 265 | 8,208 |
| Accumulated depreciation | | | | | |
| Balance at 1 January 2010 | 101 | 686 | 135 | - | 922 |
| Charge for the year | 56 | 91 | 16 | - | 163 |
| Balance at 31 December 2010 | 157 | 777 | 151 | - | 1,085 |
| Net carrying amount | | | | | |
| Balance at 31 December 2010 | 6,405 | 418 | 35 | 265 | 7,123 |
| Balance at 31 December 2009 | 2,335 | 263 | 51 | 176 | 2,825 |

The net book values of property and equipment by category at 31 December 2009 are comprised of:

| | Land, buildings and general constructions | General equipment | Transport vehicles | Work in Progress | Total |
|-----------------------------|---|-------------------|--------------------|------------------|-------|
| Cost / Valuation | | | | | |
| Balance at 1 January 2009 | 2,382 | 855 | 253 | 36 | 3,526 |
| Additions | 54 | 145 | 2 | 140 | 341 |
| Transfers | - | (51) | (69) | - | (120) |
| Balance at 31 December 2009 | 2,436 | 949 | 186 | 176 | 3,747 |
| Accumulated depreciation | | | | | |
| Balance at 1 January 2009 | 45 | 650 | 186 | - | 881 |
| Charge for the year | 56 | 85 | 18 | - | 159 |
| Transfers | - | (49) | (69) | - | (118) |
| Balance at 31 December 2009 | 101 | 686 | 135 | - | 922 |
| Net carrying amount | | | | | |
| Balance at 31 December 2009 | 2,335 | 263 | 51 | 176 | 2,825 |
| Balance at 31 December 2008 | 2,337 | 205 | 67 | 36 | 2,645 |

The net book values of intangible assets by category at 31 December 2010 are comprised of:

| | Computer software | Banknotes printed and coins minted | Total intangible Assets |
|-----------------------------|-------------------|------------------------------------|-------------------------|
| Cost / Valuation | | | |
| Balance at 1 January 2010 | 383 | 3,096 | 3,479 |
| Additions | 8 | 1 | 9 |
| Balance at 31 December 2010 | 391 | 3,097 | 3,488 |
| Accumulated amortization | | | |
| Balance at 1 January 2010 | 372 | 2,686 | 3,058 |
| Charge for the year | 12 | 262 | 274 |
| Balance at 31 December 2010 | 384 | 2,948 | 3,332 |
| Net carrying amount | | | |
| Balance at 31 December 2010 | 7 | 149 | 156 |
| Balance at 31 December 2009 | 11 | 410 | 421 |

The net book values of intangible assets by category at 31 December 2009 are comprised of:

| | Computer software | Banknotes printed and coins minted | Total intangible assets |
|-----------------------------|-------------------|------------------------------------|-------------------------|
| Cost / Valuation | | | |
| Balance at 1 January 2009 | 377 | 2,707 | 3,084 |
| Additions | 6 | 389 | 395 |
| Balance at 31 December 2009 | 383 | 3,096 | 3,479 |
| Accumulated amortization | | | |
| Balance at 1 January 2009 | 352 | 2,427 | 2,779 |
| Charge for the year | 20 | 259 | 279 |
| Balance at 31 December 2009 | 372 | 2,686 | 3,058 |
| Net carrying amount | | | |
| Balance at 31 December 2009 | 11 | 410 | 421 |
| Balance at 31 December 2008 | 25 | 280 | 305 |

13. DUE TO THE INTERNATIONAL MONETARY FUND

| | 31 December 2010 | 31 December 2009 |
|--|------------------|------------------|
| SDR Allocations | 7,439 | 6,951 |
| Poverty Reduction and Growth Facility ('PRGF') | 4,666 | 5,549 |
| IMF securities account | 6,113 | 5,786 |
| IMF account in LEK | 2,290 | 2,160 |
| Accrued interest | 8 | 6 |
| Total | 20,516 | 20,452 |

PRGF borrowings relate to the Republic of Albania's IMF quotas and were drawn down on behalf of the Government for macroeconomic reforms. These loans consist of the following component facilities:

- The loan 'Poverty Reduction and Growth Facility 2' was approved based on the agreement dated 13 May 1998 for an amount of SDR 45,040,000 and was drawn down during the period 1999 to 2001. The outstanding balance as at 31 December 2010 was SDR 1,411,500 (2009: SDR 4,956,700), equivalent of LEK 226 million (2009: LEK 742 million). This facility is repayable by 2011 in 10 semi-annual installments commenced in 2004. Interest is payable semiannually at the rate of 0.5% p.a.
- The loan 'Poverty Reduction and Growth Facility 3' was approved based on the agreement dated 21 June 2002, for an amount of SDR 28,000,000 and the last disbursement was effected on 20 June 2005. The balance as of 31 December 2010 is SDR 19,200,000 (2009: SDR 23,600,000), equivalent of LEK 3,075 million (2009: LEK 3,532 million), with an interest rate of 0.5% p.a payable semi-annually. This facility is repayable after a grace period of five and a half years in 10 semi-annual equal installments.
- The loans 'Poverty Reduction and Growth Facility 4 (PRGF 4)' and 'Extended Fund Facility' were approved based on a three year

agreement signed on 27 January 2006 for the amount of SDR 17,045,000 at an interest rate of 0.5%, payable semi-annually. The balance as of 31 December 2010 is SDR 8,522,500 (2009: SDR 8,522,500), equivalent of LEK 1,365 million (2009: LEK 1,275 million). This facility is repayable after a grace period of five and a half years in 10 semi-annual equal installments.

The IMF accounts represent liabilities towards Albania's participation in the IMF. As at 31 December 2010, these liabilities amount to LEK 8,403 million or SDR 54 million (as at 31 December 2009: LEK 7,946 million or SDR 54 million). Liabilities related to Albania's IMF quota are non-interest bearing with no stated maturity. These liabilities include No.1 and No.2 accounts and the securities account, where non-interest bearing and non-negotiable promissory notes are deposited. Balances in these accounts are created by the payment of the national currency component of the quota subscription and purchases of the Fund's resources in exchange for domestic currency.

Included in the IMF accounts is the loan 'Extended Fund Facility' (EFF) of LEK 1,316 million (2009: LEK 1,257 million). The loan was disbursed during the period 2006 – 2009. As at 31 December 2010, the balance is SDR 8,421,042 (2009: SDR 8,522,000). The facility is repayable after a grace period of four and a half years and will be repaid within 10 years. The interest on these loans is floating and payable quarterly. As at 31 December 2010 the annual interest rate was 1.32% (2009: 1.24%).

14. DUE TO NON-RESIDENT FINANCIAL INSTITUTIONS

| | 31 December 2010 | 31 December 2009 |
|----------------------------------|------------------|------------------|
| Transit credits | 15 | 46 |
| Loan from the Republic of Greece | 1,222 | 1,215 |
| Due to the World Bank | 13 | 13 |
| Accrued interest | 6 | 5 |
| Total | 1,256 | 1,279 |

Transit credits of LEK 15 million (2009: LEK 46 million) or EUR 0.1 million (2009: EUR 0.3 million) represents the outstanding loan extended by the European Investment Bank (Note 10.1). Interest is paid by the recipients of these transit credits (Banks and domestic companies) directly to the providers of the funds.

The loan from the Republic of Greece in amount of LEK 1,222 million (2009: LEK 1,215 million) or EUR 8.8 million (2009: EUR 8.8 million) was granted for the purpose of funding the balance of payments of the Republic of Albania. The interest rate is 1.17% per annum, payable semi-annually. The loan matures in 2018.

Due to the World Bank represents amounts owing to international organizations such as International Bank for Reconstruction and Development

(IBRD), International Development Agency (IDA) and Multilateral Investment Guarantee Agency (MIGA).

15. CURRENCY IN CIRCULATION

The exclusive rights of issuing Albanian currency are vested with the Bank. This item comprises valid domestic banknotes and coins in circulation issued by the Bank.

The following Bank notes and coins were in circulation as at 31 December 2010 and 2009:

| Nominal value LEK | 31 December 2010 | | 31 December 2009 | |
|-------------------|--------------------|---------------------|--------------------|---------------------|
| | Number in thousand | Total LEK (million) | Number in thousand | Total LEK (million) |
| 100 | 3,426 | 343 | 3,536 | 354 |
| 200 | 11,274 | 2,255 | 12,043 | 2,409 |
| 500 | 45,271 | 22,636 | 56,156 | 28,078 |
| 1,000 | 64,031 | 64,031 | 78,000 | 78,000 |
| 2,000 | 12,303 | 24,606 | 9,284 | 18,568 |
| 5,000 | 17,128 | 85,640 | 17,345 | 86,725 |
| Coins | | 2,848 | | 2,605 |
| | | 202,359 | | 216,739 |

16. DUE TO RESIDENT BANKS

| | 31 December 2010 | 31 December 2009 |
|---|------------------|------------------|
| Foreign currency | | |
| Compulsory reserve and current accounts | 36,565 | 29,258 |
| Domestic currency (LEK) | | |
| Compulsory reserve and current accounts | 43,568 | 37,141 |
| Overnight deposits | 651 | 1,648 |
| Accrued interest | 31 | 28 |
| Total | 80,815 | 68,075 |

Interest on compulsory reserves is calculated as follows:

- LEK balances: 70% of the yield on the repurchase agreements: 3.5% as at 31 December 2010 (2009: 3.675%);
- USD balances: 70% of the Federal Bank rate: 0.09% as at 31 December 2010 (2009: 0.09%);
- EUR balances: 70% of the Central European Bank rate: 0.7 % as at 31 December 2010 (2009: 0.7%).

Overnight deposits from domestic banks bear annual interest of 3.25% (2009: 3.5%).

17. DUE TO THE GOVERNMENT

| | 31 December 2010 | 31 December 2009 |
|---|------------------|------------------|
| Profit to be distributed to the Government | 2,610 | 2,436 |
| Deposits received on behalf of the Government | 8,966 | 10,897 |
| Other | 24 | 22 |
| Total | 11,600 | 13,355 |

Deposits received on behalf of the Government in the amount of LEK 8,966 million, comprise the main account of LEK 938 million, international donor funds deposited at the Bank for subsequent transfer to aid projects in Albania of LEK 2,351 million, an amount of LEK 3,066 million representing a reserve fund account of the government on behalf of the Social Insurance Institute and Health Insurance Institute and funds for other financing activities in the amount of LEK 2,611 million.

'Other' comprises funds received by the Bank of LEK 24 million (2009: LEK 22 million) from a loan granted to the Government by the Islamic Development Bank.

18. OTHER DOMESTIC LIABILITIES

| | 31 December 2010 | 31 December 2009 |
|--|------------------|------------------|
| Deposits of individuals from the participation in Treasury Bills | 610 | 693 |
| Net Pension fund obligation | 23 | 13 |
| Due to non banks financial institutions | 258 | 1 |
| Due to third parties | 227 | 239 |
| Other | 161 | 194 |
| Total | 1,279 | 1,140 |

The net pension fund obligation relates to the pension plan scheme, which is based on employee contribution of 2% on gross salary and employer contribution of 15% on the total payroll amount. On 31 December 2010 the amount of pension funds assets invested in treasury bills maturing within 12 months, is LEK 148 million (2009: LEK 231 million) and the amount invested in Albanian Government bonds maturing within 5-7 years, is LEK 621 million (2009: LEK 469 million).

Total amount of contributions paid by the Bank's employees till 31 December 2010 is LEK 64 million (2009: LEK 53 million) and the total amount of contributions paid by the Bank till 31 December 2010 is LEK 444 million (2009: LEK 431 million). The total amount of interest earned on this investment till 31 December 2010 is approximately LEK 301 million (2009: LEK 231 million).

Payments effected by this Fund in 2010 amount to LEK 15 million (2009: LEK 2 million).

The movements in such contributions and changes in net assets available for pension fund benefits are as follows:

| | 31 December 2010 | 31 December 2009 |
|-----------------------------|------------------|------------------|
| Assets at 1 January | 713 | 574 |
| Income from investment | | |
| Interest | 70 | 59 |
| Net income from investment | 70 | 59 |
| Employees contribution | 11 | 10 |
| Employer contribution | 83 | 72 |
| Reserves used | (70) | - |
| Total contribution | 24 | 82 |
| Payment to pensioners | (15) | (2) |
| Net increase | 79 | 139 |
| Assets at 31 December | 792 | 713 |
| Liabilities at 31 December | (769) | (700) |
| Net Pension fund obligation | 23 | 13 |

Balances due to third parties of LEK 227 million (2009: LEK 239 million) represent the capital, reserves and retained earnings from the activity of the printing house following its closure. The decrease in these balances at 31 December 2010 represents an amount of LEK 12 million, which was paid by the Bank for various expenses related to the printing house.

'Other' includes accrued expenses of LEK 44 million (2009: LEK 40 million), which relate to a variety of services provided to the Bank. In addition, this item includes provisions for litigations incurred in the normal course of the business. Movements in the provisions for litigations are as follows:

| | Year ended 31 December 2010 | Year ended 31 December 2009 |
|--|--------------------------------|--------------------------------|
| Balance at the beginning of the period | 108 | 39 |
| Additional provision for the period | 1 | 78 |
| Provision reversal for the period | (39) | (9) |
| Difference from revaluations | 3 | - |
| Balance at the end of the period | 73 | 108 |

The additional provision of LEK 1 million (2009: LEK 78 million) was accounted as a reduction from the profit.

19. LEGAL RESERVE

According to the Law 'On the Bank of Albania', at the end of each financial year the Bank shall allocate an amount equivalent to 25 percent of the net profits for that year to the general reserve until the General Reserve Fund amounts to 500 percent of the paid-up capital of the Bank of Albania.

In 2010 the Bank transferred an amount of LEK 1,703 million to the legal reserve (2009: LEK 2,479 million).

20. REVALUATION RESERVE

The components of the revaluation reserve are as follows:

| | 31 December 2010 | 31 December 2009 |
|---|------------------|------------------|
| Revaluation/(devaluation) of foreign currency and gold balances | 14,841 | 1,798 |
| Security revaluation reserve | 586 | 646 |
| Other (devaluations)/revaluations | (117) | (45) |
| Total | 15,310 | 2,399 |

During 2010, the net gain arising from the revaluation of foreign currency and gold balances was LEK 13,043 million (2009: net gain of LEK 20,668 million).

The revaluation of securities at market value during the year ended 31 December 2010 resulted in a loss of LEK 60 million (2009: loss of LEK 2,270 million).

In accordance with the Law 'On the Bank of Albania' Article 64, point (a), the net gain / losses arising from the revaluation of assets and liabilities denominated in foreign currencies, is transferred to equity to a revaluation reserve account 'Revaluation of foreign currency balances'.

21. OTHER RESERVES

The components of other reserves are as follows:

| | 31 December 2010 | 31 December 2009 |
|---|------------------|------------------|
| Special reserve for Balance of Payments | 7,209 | 7,209 |
| Reserve of gold and precious metals | 7,042 | 7,042 |
| Investment fund | 301 | 301 |
| Other | 1,196 | 1,196 |
| Total | 15,748 | 15,748 |

The special reserve for the Balance of Payments relates to funds provided by the European Community as financial assistance to support Albania in its transition towards a market economy. These funds have been transferred during the period 1992 – 1993 supporting the long-standing of the Balance of Payments and reserve balance and no movement has been incurred in this reserve since 1995.

Investment fund consists of a fund created at the decision of Supervisory Council with the aim of purchasing a new building for the Bank of Albania.

'Other' includes reserves created from the allocation of profits for years 2002 - 2007 based on the Supervisory Council decisions in the respective following years.

22. INTEREST AND COMMISSION INCOME (NON - RESIDENTS)

| | Year ended 31 December 2010 | Year ended 31 December 2009 |
|-------------------------------------|--------------------------------|--------------------------------|
| Interest income from securities | 4,353 | 4,797 |
| Interest income from time deposits | 67 | 165 |
| Interest from SDR deposits with IMF | 24 | 9 |
| Interest from " Security Lending" | 7 | 10 |
| Other (discounts) | 48 | 188 |
| Total | 4,499 | 5,169 |

23. INTEREST AND COMMISSION EXPENSE (NON - RESIDENTS)

| | Year ended 31 December 2010 | Year ended 31 December 2009 |
|--|--------------------------------|--------------------------------|
| Amortization of premium on securities | 2,353 | 1,685 |
| Interest expenses on loans from foreign institutions | 14 | 14 |
| Interest expenses on IMF accounts | 40 | 54 |
| Other | 54 | 39 |
| Total | 2,461 | 1,792 |

24. INTEREST AND COMMISSION INCOME (RESIDENTS)

| | Year ended 31 December 2010 | Year ended 31 December 2009 |
|--|--------------------------------|--------------------------------|
| Interest income from securities | 5,433 | 5,310 |
| Interest income from Government loans | 19 | 131 |
| Income from repurchase and reverse repurchase agreements | 1,207 | 1,624 |
| Other | 77 | 69 |
| Total | 6,736 | 7,134 |

25. INTEREST AND COMMISSION EXPENSE (RESIDENTS)

| | Year ended 31 December 2010 | Year ended 31 December 2009 |
|--|--------------------------------|--------------------------------|
| Interest expense on compulsory reserve | 1,540 | 1,622 |
| Interest expenses on Government deposits | 56 | 62 |
| Other | 29 | 29 |
| Total | 1,625 | 1,713 |

26. OTHER OPERATING INCOME, NET

| | Year ended 31 December 2010 | Year ended 31 December 2009 |
|--|--------------------------------|--------------------------------|
| Net profit from the sale of available for sale investments | 1,321 | 2,771 |
| Other | 32 | 77 |
| Total | 1,353 | 2,848 |

27. NET TRADING INCOME

| | Year ended 31 December 2010 | Year ended 31 December 2009 |
|---|--------------------------------|--------------------------------|
| Interest income from trading assets | 196 | 239 |
| Gains less loss related to sale of trading assets | 74 | 75 |
| Unrealized fair value changes | (50) | (176) |
| Total | 220 | 138 |

28. PERSONNEL EXPENSES

Personnel expenses consist of employee salaries, social insurance, pension plan contribution and other costs.

Social costs represent mainly compulsory contributions to the Social Security Fund. As at 31 December 2010, the Bank had 481 employees (2009: 448 employees).

29. CASH AND CASH EQUIVALENTS

| | 31 December 2010 | 31 December 2009 |
|---|------------------|------------------|
| Deposits with foreign banks (Note 7) | 31,632 | 47,110 |
| Domestic currency on hand | 25,641 | 17,261 |
| Foreign currency on hand (Note 9) | 642 | 671 |
| Gold held abroad (Note 5) | 10,155 | 7,324 |
| Gold and other precious metals held domestically (Note 5) | 4,926 | 3,477 |
| Total | 72,996 | 75,843 |

30. CONTINGENCIES AND COMMITMENTS

(i) Participation in International Financial Institutions

In the past the Republic of Albania has subscribed to a number of subscriptions in International Financial Institutions, including International Bank for Reconstruction and Development ('IBRD'), International Development Agency ('IDA'), Multilateral Investment Guarantee Agency ('MIGA'), International Finance Corporation ('IFC'), European Bank for Reconstruction and Development ('EBRD') and Islamic Development Bank ('IDB'). As detailed in Note 9, "Other Assets (in foreign currency)" the Bank has paid an amount of LEK 541 million (2009: Lek 525 million).

The total amount paid in subscriptions confirmed by IBRD, MIGA, EBRD, IDA and IFC as at 31 December 2010 was LEK 1,061 million (2009: LEK 1,004 million) out of which LEK 517 million (2009: LEK 503 million) was paid by the Bank of Albania and is included in the statement of financial

position as part of Other foreign assets of LEK 541 million (Note 9). The difference of LEK 537 million (2009: LEK 495 million) paid by the Albanian Government and LEK 7 million (2009: LEK 6 million) paid in subscriptions in Multilateral Investment Guarantee Agency, supported by promissory notes, are not included in the Bank's statement of financial position.

The total amount of callable subscriptions to support the Republic of Albania, confirmed by IBRD and MIGA as at 31 December 2010 was LEK 10,132 million (2009: LEK 9,334 million).

The Bank and the Government of Albania have not signed yet a Memorandum of Understanding on allocating the original contributions and ownership of the subscriptions in the International Financial Institutions between both parties.

(ii) Treasury bills issued by the Albanian Ministry of Finance

At 31 December 2010 and 2009, the revaluation reserve of foreign currencies is positive. As a result the Ministry of Finance has not issued Treasury bills (note 20).

(iii) Reverse repurchase agreements

Reverse repurchase agreements as at 31 December 2010, represented collateralized loans (see note 10.2). The nominal value of the securities used as collateral as at 31 December 2010 was LEK 13,900 million (2009: LEK 37,590 million). The market value of the collateral as at 31 December 2010, was LEK 14,226 million (2009: LEK 36,768 million).

(iv) Lease commitments

The Bank has entered into lease commitments with duration of three and five years. At 31 December 2010, the commitment payable not later than one year is LEK 88 million and the commitment payable later than one year and not later than five years is LEK 95 million.

(iv) Capital commitments

The Bank has entered into an agreement for the reconstruction of its premises. At 31 December 2010, the commitment payable not later than two years is LEK 1,991 million.

31. MANAGED ASSETS

As at 31 December 2010, the Bank acted as custodian for short-term treasury bills which account for a nominal value of LEK 243 billion and EUR 25 million (2009: LEK 255 billion), for long term securities with a maturity varying between 2 and 7 years at a nominal value LEK 170 billion (2009: LEK 153 billion). These securities are issued by the Albanian Government.

32. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence over the other party in making financial and other decisions.

Considering each possible related party relationship, attention is directed to the substance of the relationship and not merely to the legal form.

The only related parties of Bank of Albania are the relations between directors and the members of the Supervisory Council. As at 31 December 2010 and 2009 transactions made with related parties comprised:

| | 31 December 2010 | 31 December 2009 |
|--------------------|------------------|------------------|
| Loans to directors | | |
| - Directors | 103 | 116 |
| Total assets | 103 | 116 |

The loans have an annual interest rate of 0.5% and are repayable after a grace period of two years within 30 years by monthly equal installments. The home loans are collateralized:

| | Year ended 31 December 2010 | Year ended 31 December 2009 |
|---|--------------------------------|--------------------------------|
| Administrative expenses | | |
| - Mobile expenses | | |
| - Directors and Supervisory Council Members | 5 | 5 |
| - Salaries and Bonuses | | |
| - Directors and Supervisory Council Members | 114 | 111 |
| - Bank contribution to pension plan scheme | | |
| - Directors | 11 | 8 |
| Total of administrative expenses | 130 | 124 |

33. FINANCIAL RISK MANAGEMENT

(a) Risk management framework

The Supervisory Board has overall responsibility for the establishment and oversight of the Bank's risk management framework.

The foreign reserve is under the administration of the Bank of Albania and its investment is performed by the Monetary Operations Department, which is based on the regulation 'On foreign reserve management policy', approved by the Supervisory Board. Its investment strategy depends mainly on the specific function of a central bank which is strictly regulated and in accordance with the requirements of the Law 'On the Bank of Albania'.

The reserve, in accordance with the liquidity needs, is invested in short-term instrument, fixed and floating income securities, and derivatives. The remaining portion is held in SDRs, and monetary gold.

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

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

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.

(b) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities.

Management of liquidity risk

Policies to monitor and address liquidity risk are set by the Supervisory Council of the Bank. The Bank manages its liquidity risk by investing in short term deposits with foreign banks and in debt securities in liquid and highly controlled and organized markets.

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation, and to comply with its monetary and exchange policy. The portfolio is defined annually based on the forecasts of the monthly and annual liquidity needs for each currency. The investments in securities are considered as sufficiently liquid instruments.

Because of the specifics of a central bank, the Bank is not exposed to liquidity risk in relation to liabilities in local currency.

The following table shows the Bank's financial liabilities on the basis of their contractual maturity and the financial assets on the basis of their earliest possible expected maturity. The Bank's expected cash flows on these instruments may vary from this analysis.

| 31 December 2010 | Up to one Month | One to three Months | Three to six months | Six months to one year | One to five years | Over five years | Undefined maturity | Total |
|--|-----------------|---------------------|---------------------|------------------------|-------------------|-----------------|--------------------|---------|
| Due to IMF | 7,314 | 348 | 64 | 590 | 3,771 | 990 | 7,439 | 20,516 |
| Due to non-resident financial institutions | - | - | - | 15 | - | 1,241 | - | 1,256 |
| Currency in circulation | - | - | - | - | - | - | 202,359 | 202,359 |
| Due to resident Banks | 80,815 | - | - | - | - | - | - | 80,815 |
| Due to the Government | 938 | 2610 | - | - | - | - | 8,052 | 11,600 |
| Other domestic liabilities | 669 | - | - | 610 | - | - | - | 1,279 |
| Total Liabilities 2010 (contractual maturity date) | 89,736 | 2,958 | 64 | 1,215 | 3,771 | 2,231 | 217,850 | 317,825 |
| Total assets 2010 (expected maturity date) | 62,948 | 41,738 | 44,622 | 44,067 | 125,498 | 14,702 | 31,373 | 364,948 |

| 31 December 2009 | Up to one Month | One to three Months | Three to six months | Six months to one year | One to five years | Over five years | Undefined maturity | Total |
|--|-----------------|---------------------|---------------------|------------------------|-------------------|-----------------|--------------------|---------|
| Due to IMF | 7,123 | 130 | 166 | 480 | 4,029 | 1,573 | 6,951 | 20,452 |
| Due to non-resident financial institutions | - | - | - | - | 46 | 1,233 | - | 1,279 |
| Currency in circulation | - | - | - | - | - | - | 216,739 | 216,739 |
| Due to resident Banks | 68,075 | - | - | - | - | - | - | 68,075 |
| Due to the Government | 1,300 | 2,436 | - | - | - | - | 9,619 | 13,355 |
| Other domestic liabilities | 447 | - | - | 693 | - | - | - | 1,140 |
| Total Liabilities 2009 (contractual maturity date) | 76,945 | 2,566 | 166 | 1,173 | 4,075 | 2,806 | 233,309 | 321,040 |
| Total assets 2009 (expected maturity date) | 100,113 | 45,227 | 38,628 | 38,769 | 97,399 | 7,389 | 26,063 | 353,588 |

(c) Credit risk

Credit Risk is the risk of the decrease in value of the foreign currency reserve as result of insolvency of a financial institution or the bankruptcy or insolvency of a debt issuer, in whose debt instruments the Bank has invested its own funds.

The investment limits of the Bank set a system of limits of maximum exposures to individual financial institutions and debt issuers. The set limits are calculated on the basis of credit ratings of the counterparty. The internal credit rating is based on criteria which are approved by the Supervisory Council. Credit risk is also mitigated through the diversification of the portfolio.

Loans to domestic Banks are secured by Albanian Government Treasury bills.

The financial assets which represent credit risk at the reporting date are shown below:

| Assets | 2010 | 2009 |
|--|---------|---------|
| Gold - foreign (Note 5) | 10,155 | 7,324 |
| Special Drawing Rights with IMF (see below) | 683 | 592 |
| Deposits with non-resident banks (Note 7) | 31,637 | 47,113 |
| Available for sale investments (foreign currency) (Note 8.1) | 203,336 | 154,488 |
| Held-for-trading investment (foreign currency) (Note 8.2) | 12,566 | 11,365 |
| Loans to resident banks (note 10.2) | 12,520 | 32,326 |
| Available for sale investments - domestic (Note 11) | 63,630 | 76,589 |
| Total assets | 334,527 | 329,797 |

An amount of LEK 7,439 million which is included in SDR Holdings (see Note 6) does not represent credit risk for the Bank since it represents the counter-account of the amounts acquired through the SDR allocations (see Note 13). Only the amount of holdings above allocations of LEK 683 million is included in the assets which represent credit risk.

An analysis of concentrations of financial assets by type of counterparty at the reporting date is shown below:

| Credit rating | Gold | Special Drawing Rights with IMF | Deposits with non-resident banks | Available for sale investments (foreign currency) | Held-for-trading investment (foreign currency) | Loans to domestic banks | Available for sale investments (domestic assets) | Total |
|--|--------|---------------------------------|----------------------------------|---|--|-------------------------|--|---------|
| Central bank | 10,155 | 683 | 13,297 | - | - | - | - | 24,135 |
| BIS Basle | - | - | 12,120 | 2,186 | - | - | - | 14,306 |
| Foreign Government & Agencies Securities | - | - | - | 201,150 | 12,566 | - | - | 213,716 |
| Commercial Banks | - | - | 6,220 | - | - | - | - | 6,220 |
| Albanian Government B1 | - | - | - | - | - | - | 63,630 | 63,630 |
| Unrated | - | - | - | - | - | 12,520 | - | 12,520 |
| Total 31 December 2010 | 10,155 | 683 | 31,637 | 203,336 | 12,566 | 12,520 | 63,630 | 334,527 |

The Albanian Government is rated based on the Standard & Poor's ratings or equivalents.

| Credit rating | Gold | Special Drawing Rights with IMF | Deposits with non-resident banks | Available for sale investments (foreign currency) | Held-for-trading investment (foreign currency) | Loans to domestic banks | Available for sale investments (domestic assets) | Total |
|--|-------|---------------------------------|----------------------------------|---|--|-------------------------|--|---------|
| Central Banks | 6,170 | 592 | 14,035 | - | - | - | - | 20,797 |
| BIS Basle | - | - | 31,664 | 7,311 | - | - | - | 38,975 |
| Commercial Banks | 1,154 | - | 1,414 | - | - | - | - | 2,568 |
| Foreign Government & Agencies Securities | - | - | - | 147,177 | 11,365 | - | - | 158,542 |
| Albanian Government B1 | - | - | - | - | - | - | 76,589 | 76,589 |
| Unrated | - | - | - | - | - | 32,326 | - | 32,326 |
| Total 31 December 2009 | 7,324 | 592 | 47,113 | 154,488 | 11,365 | 32,326 | 76,589 | 329,797 |

An analysis of concentrations of credit risk by geographic location is shown below:

| | Europe | USA | Republic of Albania | Other | Total |
|---|---------|--------|---------------------|--------|---------|
| Gold - foreign | 10,155 | - | - | - | 10,155 |
| Special Drawing Rights with IMF | - | - | - | 683 | 683 |
| Deposits with non-resident banks | 27,709 | 3,928 | - | - | 31,637 |
| Available for sale investments (foreign currency) | 154,558 | 35,996 | - | 12,782 | 203,336 |
| Held-for-trading investment (foreign currency) | - | 12,566 | - | - | 12,566 |
| Loans to resident banks | - | - | 12,520 | - | 12,520 |
| Available for sale investments – domestic | - | - | 63,630 | - | 63,630 |
| 31 December 2010 | 192,422 | 52,490 | 76,150 | 13,465 | 334,527 |

| | Europe | USA | Republic of Albania | Other | Total |
|---|---------|--------|---------------------|-------|---------|
| Gold - foreign | 7,324 | - | - | - | 7,324 |
| Special Drawing Rights with IMF | - | - | - | 592 | 592 |
| Deposits with non-resident banks | 44,745 | 2,368 | - | - | 47,113 |
| Available for sale investments (foreign currency) | 125,763 | 28,725 | - | - | 154,488 |
| Held-for-trading investment (foreign currency) | - | 11,365 | - | - | 11,365 |
| Loans to resident banks | - | - | 32,326 | - | 32,326 |
| Available for sale investments – domestic | - | - | 76,589 | - | 76,589 |
| 31 December 2009 | 177,832 | 42,458 | 108,915 | 592 | 329,797 |

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The key elements of price risk affecting the Bank are:

- interest rate risk associated with fluctuations in the fair value of financial instruments due to changes in market interest rates.
- currency risk associated with fluctuations in the fair value of financial instruments due to changes in foreign exchange rates; and

The Bank's exposure to currency risk is monitored on a continual basis by the Monetary Operations Department. Financial assets and liabilities denominated in foreign currencies are disclosed in each relevant note to the financial statements.

Interest rate risk

The Bank's operations are subject to the risk of interest rate fluctuations which affect the prices of interest-earning assets (including investments) and interest-bearing liabilities. The Monetary Operations Department of the Bank monitors interest rate risk. The Bank mitigates such risks by maintaining a significant excess of interest bearing assets over liabilities. The Bank maintains a portfolio of interest bearing financial assets and liabilities such that the net interest income is significantly higher than operating needs, in order to minimize the potential adverse effects of interest rate fluctuations. Interest rates applicable to financial assets and liabilities are disclosed in each relevant note to the financial statements.

The assets and liabilities with floating interest rates involve the risk of changes in the base which serves to determine the interest rates. Floating rate instruments are detailed as follows:

| 31 December 2010 | Average rate | One to twelve months | One to five years | Over five years | Total |
|----------------------------------|--------------|----------------------|-------------------|-----------------|--------------|
| Assets | | | | | |
| Available for sale investments | 0.52% | - | 1,558 | - | 1,558 |
| Held for trading investments | 0.49% | - | 1,043 | - | 1,043 |
| Held for trading investments | 0.57% | 520 | - | - | 520 |
| Total | | 520 | 2,601 | - | 3,121 |
| Liabilities | | | | | |
| Due to the IMF | 1.32% | - | - | 1,316 | 1,316 |
| Total | | - | - | 1,316 | 1,316 |
| Floating Interest gap | | 520 | 2,601 | (1,316) | 1,805 |
| Sensitivity to 100 b.p. increase | | 5 | 26 | (13) | 18 |
| 31 December 2009 | | | | | |
| Assets | | | | | |
| Available for sale investments | 0.40% | - | 3,267 | - | 3,267 |
| Held for trading investments | 0.55% | - | 2,493 | - | 2,493 |
| Total | | - | 5,760 | - | 5,760 |
| Liabilities | | | | | |
| Due to the IMF | 1.24% | - | - | 1,257 | 1,257 |
| Total | | - | - | 1,257 | 1,257 |
| Floating Interest gap | | - | 5,760 | (1,257) | 4,503 |
| Sensitivity to 100 b.p. increase | | - | 58 | (13) | 45 |

A summary of the Bank's interest-earning assets and interest-bearing liabilities (including the floating rate instruments above) by maturity dates as at 31 December 2010 and 2009 is as follows:

| | Up to one month | One to three months | Three to six months | Six to twelve months | One to five years | Over five years | Non-interest earning/bearing | Total |
|---|-----------------|---------------------|---------------------|----------------------|-------------------|-----------------|------------------------------|----------------|
| Assets | | | | | | | | |
| Gold and precious metals – foreign | - | - | - | - | - | - | 10,155 | 10,155 |
| Accounts with the IMF | 8,122 | - | - | - | - | - | 7,629 | 15,751 |
| Deposits with non residents Banks | 6,201 | - | - | - | - | - | 25,436 | 31,637 |
| Available for sale investments –foreign | 2,274 | 17,508 | 24,509 | 38,501 | 114,977 | 5,567 | - | 203,336 |
| Held for trading investments | - | 820 | 727 | 397 | 10,521 | 101 | - | 12,566 |
| Other foreign assets | - | - | - | - | - | - | 1,183 | 1,183 |
| Gold and precious metals - domestic | - | - | - | - | - | - | 4,926 | 4,926 |
| Transit Credits | - | - | - | - | - | - | 15 | 15 |
| Loans to resident banks | 12,490 | - | - | - | - | - | 30 | 12,520 |
| Available for sale investments - domestic | 15,680 | 23,410 | 19,386 | 5,154 | - | - | - | 63,630 |
| Other domestic assets | - | - | - | - | - | 1,755 | 7,475 | 9,229 |
| Total | 44,767 | 41,738 | 44,622 | 44,052 | 125,498 | 7,423 | 56,849 | 364,948 |
| Liabilities and equity | | | | | | | | |
| Due to the IMF | 7,666 | 348 | 64 | 590 | 3,771 | 990 | 7,087 | 20,516 |
| Due to non-resident institutions | - | - | - | - | - | 1,222 | 34 | 1,256 |
| Currency in circulation | - | - | - | - | - | - | 202,359 | 202,359 |
| Due to resident Banks | 80,784 | - | - | - | - | - | 31 | 80,815 |
| Due to the Government | - | - | - | - | - | - | 11,600 | 11,600 |
| Other domestic liabilities | - | - | - | - | - | - | 1,279 | 1,279 |
| Capital and reserves | - | - | - | - | - | - | 47,123 | 47,123 |
| Total | 88,450 | 348 | 64 | 590 | 3,771 | 2,212 | 269,513 | 364,948 |
| Gap as at 31 December 2010 | (43,683) | 41,390 | 44,558 | 43,462 | 121,727 | 12,490 | (212,664) | - |
| Cumulative gap – 2010 | (43,683) | (2,293) | 42,265 | 85,727 | 207,454 | 219,944 | - | - |

| | Up to one month | One to three months | Three to six months | Six to twelve months | One to five years | Over five years | Non-interest earning/bearing | Total |
|---|-----------------|---------------------|---------------------|----------------------|-------------------|-----------------|------------------------------|----------------|
| Assets | | | | | | | | |
| Gold and precious metals – foreign | - | - | - | - | - | - | 7,324 | 7,324 |
| Accounts with the IMF | 7,543 | - | - | - | - | - | 7,194 | 14,737 |
| Deposits with non residents Banks | 8,146 | - | - | - | - | - | 38,967 | 47,113 |
| Available for sale investments - foreign | 3,666 | 12,861 | 15,305 | 32,066 | 87,946 | 2,644 | - | 154,488 |
| Held for trading investments | 479 | - | 487 | 992 | 9,407 | - | - | 11,365 |
| Other foreign assets | - | - | - | - | - | - | 1,196 | 1,196 |
| Gold and precious metals – domestic | - | - | - | - | - | - | 3,477 | 3,477 |
| Transit credits | - | - | - | - | - | - | 46 | 46 |
| Loan to resident banks | 32,195 | - | - | - | - | - | 131 | 32,326 |
| Available for sale investments - domestic | 15,676 | 32,366 | 22,836 | 5,711 | - | - | - | 76,589 |
| Other domestic assets | - | - | - | - | - | 1,513 | 3,414 | 4,927 |
| Total | 67,705 | 45,227 | 38,628 | 38,769 | 97,353 | 4,157 | 61,749 | 353,588 |
| Liabilities and equity | | | | | | | | |
| Due to the IMF | 7,379 | 130 | 166 | 480 | 4,029 | 1,573 | 6,695 | 20,452 |
| Due to non-resident institutions | - | - | - | - | - | 1,215 | 64 | 1,279 |
| Currency in circulation | - | - | - | - | - | - | 216,739 | 216,739 |
| Due to resident Banks | 68,047 | - | - | - | - | - | 28 | 68,075 |
| Due to government | - | - | - | - | - | - | 13,355 | 13,355 |
| Other domestic liabilities | - | - | - | - | - | - | 1,140 | 1,140 |
| Capital and reserves | - | - | - | - | - | - | 32,548 | 32,548 |
| Total | 75,426 | 130 | 166 | 480 | 4,029 | 2,788 | 270,569 | 353,588 |
| Gap at 31 December 2009 | (7,721) | 45,097 | 38,462 | 38,289 | 93,324 | 1,369 | (208,820) | - |
| Cumulative gap – 2009 | (7,721) | 37,376 | 75,838 | 114,127 | 207,451 | 208,820 | - | - |

Future contracts

A future contract is a standardised contract to buy or sell a financial or non financial asset, at a certain date in the future and at a market determined price. To minimize the credit risk, depended on the type of instrument, the investor should post a margin to the clearing house. This margin or performance bond, is valued every day according to the prices in the market (marked to market), which means that every change in value is shown in the account of investor at the end of each trading day until the expiry day.

During the year 2010, the Bank was involved in future contract transactions. The net valuation as at 31 December 2010 is Lek 81 million (2009: LEK 11 million) (see Note 7).

Exchange rate risk

Currency risk exists where there is a difference between the currency structure of assets and that of liabilities. From an accounting point of view, the Bank is exposed to currency risk as a result of its functions as a Central Bank. This risk can affect the balance of its own capital. In order to manage its exposures, the Bank has undertaken measures such as increasing capital and funds, and in specific cases it has issued instruments of the Republic of Albania, as provided by the Law "On Bank of Albania".

| | LEK | USD | EURO | GBP | Other | Total |
|--|----------------|---------------|----------------|---------------|---------------|----------------|
| Assets | | | | | | |
| Gold and precious metals – foreign | - | - | - | - | 10,155 | 10,155 |
| Accounts with the IMF | - | - | - | - | 15,751 | 15,751 |
| Deposits with non residents Banks | - | 4,018 | 24,159 | 346 | 3,114 | 31,637 |
| Available for sale investments – foreign | - | 49,881 | 130,175 | 10,498 | 12,782 | 203,336 |
| Held for trading investments | - | 12,566 | - | - | - | 12,566 |
| Other foreign assets | 335 | 209 | 639 | - | - | 1,183 |
| Gold and precious metals – domestic | 4,926 | - | - | - | - | 4,926 |
| Transit Credits | - | - | 15 | - | - | 15 |
| Loans to resident banks | 12,520 | - | - | - | - | 12,520 |
| Available for sale investments - domestic | 63,630 | - | - | - | - | 63,630 |
| Other domestic assets | 9,188 | 9 | 32 | - | - | 9,229 |
| Total assets | 90,599 | 66,683 | 155,020 | 10,844 | 41,802 | 364,948 |
| Liabilities | | | | | | |
| Due to the IMF | 8,403 | - | - | - | 12,113 | 20,516 |
| Due to non-resident financial institutions | 13 | - | 1,243 | - | - | 1,256 |
| Currency in circulation | 202,359 | - | - | - | - | 202,359 |
| Due to resident banks | 44,246 | 5,924 | 30,645 | - | - | 80,815 |
| Due to the Government | 9,495 | 119 | 1,985 | 1 | - | 11,600 |
| Other domestic liabilities | 1,211 | 48 | 20 | - | - | 1,279 |
| Total liabilities | 265,727 | 6,091 | 33,893 | 1 | 12,113 | 317,825 |
| Net currency position as at 31 December 2010 | (175,128) | 60,592 | 121,127 | 10,843 | 29,689 | 47,123 |
| Net currency position as at 31 December 2009 | (159,158) | 57,602 | 100,882 | 10,382 | 22,840 | 32,548 |

| | LEK | USD | EURO | GBP | Other | Total |
|--|----------------|---------------|----------------|---------------|---------------|----------------|
| Assets | | | | | | |
| Gold and precious metals – foreign | - | - | - | - | 7,324 | 7,324 |
| Accounts with the IMF | - | - | - | - | 14,737 | 14,737 |
| Deposits with non residents Banks | - | 6,554 | 26,362 | 912 | 13,285 | 47,113 |
| Available for sale investments – foreign | - | 45,780 | 99,237 | 9,471 | - | 154,488 |
| Held for trading investments – foreign | - | 11,365 | - | - | - | 11,365 |
| Other foreign assets | 335 | 192 | 669 | - | - | 1,196 |
| Gold and precious metals – domestic | 3,477 | - | - | - | - | 3,477 |
| Transit credits | - | - | 46 | - | - | 46 |
| Loans to resident banks | 32,326 | - | - | - | - | 32,326 |
| Available for sale investments - domestic | 76,589 | - | - | - | - | 76,589 |
| Other domestic assets | 4,849 | 7 | 71 | - | - | 4,927 |
| Total assets | 117,576 | 63,898 | 126,385 | 10,383 | 35,346 | 353,588 |
| Liabilities | | | | | | |
| Due to the IMF | 7,946 | - | - | - | 12,506 | 20,452 |
| Due to non-resident financial institutions | 13 | - | 1,266 | - | - | 1,279 |
| Currency in circulation | 216,739 | - | - | - | - | 216,739 |
| Due to resident banks | 38,814 | 6,145 | 23,116 | - | - | 68,075 |
| Due to the Government | 12,131 | 108 | 1,115 | 1 | - | 13,355 |
| Other domestic liabilities | 1,091 | 43 | 6 | - | - | 1,140 |
| Total liabilities | 276,734 | 6,296 | 25,503 | 1 | 12,506 | 321,040 |
| Net Position as at 31 December 2009 | (159,158) | 57,602 | 100,882 | 10,382 | 22,840 | 32,548 |
| Net Position as at 31 December 2008 | (157,734) | 53,935 | 88,991 | 8,352 | 18,329 | 11,873 |

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations.

Operational risk management is supported by the development of overall Bank standards for the management of operational risk and a wide range of common policies, staff management regulations, obligatory requirements, and the internal control systems on several activities of the Bank.

34. SUBSEQUENT EVENTS

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



"Stamp used for the production of 2000 Leke banknote,
issued in 2007."

ANNEX 1 CATALOGUE OF TABLES PUBLISHED ON
BANK OF ALBANIA'S WEBSITE

| | Monetary statistics | Number of indicators | Release date |
|----|--|----------------------|---------------|
| | Periodicity: monthly | | |
| | Lag: 1 month | | |
| 1 | Monetary aggregates | 5 | December 2002 |
| 2 | Sectoral balance sheet of other depository corporations | 115 | December 2002 |
| 3 | Sectoral balance sheet of Central Bank | 90 | December 2002 |
| 4 | Monetary Survey of the central bank | 60 | December 2002 |
| 5 | Sectoral balance sheet of deposit money banks | 114 | December 2006 |
| 6 | Depository corporations survey | 89 | December 2002 |
| 7 | Other depository corporations survey | 83 | December 2002 |
| 8 | Deposit money bank data | 83 | December 2002 |
| 9 | Deposits included in the broad money | 39 | December 2006 |
| 10 | ALL time deposits by subject and maturity | 25 | December 2007 |
| 11 | EUR time deposits by subject and maturity | 25 | December 2007 |
| 12 | USD time deposits by subject and maturity | 25 | December 2007 |
| 13 | Quantity of new monthly ALL deposits for the banking system | 14 | August 1995 |
| 14 | Quantity of new monthly USD deposits for the banking system | 13 | December 2000 |
| 15 | Quantity of new monthly EUR deposits for the banking system | 9 | December 2000 |
| 16 | Quantity of new monthly ALL credit for the banking system | 5 | August 1995 |
| 17 | Quantity of new monthly USD credit for the banking system | 5 | December 2000 |
| 18 | Quantity of new monthly EUR credit loan for the banking system | 5 | December 2000 |
| 19 | Credit to economy | 16 | December 2002 |
| 20 | New loans by purpose and currency | 49 | December 2007 |
| 21 | Loans by purpose and currency | 49 | December 2007 |
| 22 | New loans by economic activity | 17 | December 2007 |
| 23 | Loans by economic activity | 17 | December 2007 |
| 24 | Average rate of monthly ALL deposits for the banking system | 14 | August 1995 |
| 25 | Average rate of monthly USD deposits for the banking system | 13 | December 2000 |
| 26 | Average rate of monthly EUR deposits for the banking system | 9 | December 2000 |
| 27 | Average rate of monthly ALL credit for the banking system | 5 | August 1995 |
| 28 | Average rate of monthly USD credit for the banking system | 5 | December 2000 |
| 29 | Average rate of monthly EUR credit for the banking system | 5 | December 2000 |
| | Periodicity: quarterly | | |
| | Lag: 35 days | | |
| 30 | Deposits by district | 28 | Q 4 - 2007 |
| 31 | Loans by district and economic activity | 154 | Q 4 - 2007 |
| 32 | Loans by district, subject and term | 253 | Q 4 - 2007 |
| 33 | Household loans by district and purpose | 28 | Q 4 - 2007 |
| | Periodicity: quarterly | | |
| | lag: 60 days | | |
| 34 | Sectoral balance sheet of savings and loan associations | 47 | Q 4 - 2002 |

| | Banking statistics | Number of indicators | Release date |
|----|--|----------------------|--------------|
| | Periodicity: quarterly | | |
| | Lag: 35 days | | |
| 35 | Assets – Banking sector structure | 57 | Q 4 - 1998 |
| 36 | Liabilities - Banking sector structure | 54 | Q 4 - 1998 |
| 37 | Shareholders' equity structure in relative terms | 7 | Q 4 - 1998 |
| 38 | Income and expenditure of banking system | 15 | Q 4 - 1998 |
| 39 | Income and expenditure structure | 37 | Q 4 - 1998 |
| 40 | Indicators of capital and asset quality | 17 | Q 4 - 1998 |
| 41 | Indicators of banking activity concentration | 13 | Q 4 - 1998 |

| | External Sector statistics | Number of indicators | Release date |
|----|--|----------------------|--------------|
| | Balance of Payments statistics | | |
| | Periodicity: quarterly; Disclosure: Monthly format | | |
| | Lag: 2 months e 10 days | | |
| 42 | Balance of Payments USD | 7 | January 1993 |
| 43 | Balance of Payments EUR | 7 | January 2004 |
| 44 | Current Account USD | 40 | January 1993 |
| 45 | Current Account EUR | 40 | January 2004 |
| 46 | Financial Account USD | 9 | January 1993 |
| 47 | Financial Account EUR | 9 | January 2004 |

| | External Sector statistics | Number of indicators | Release date |
|----|----------------------------|----------------------|--------------|
| | Periodicity: monthly | | |
| | Lag: 1 month | | |
| 48 | Exports by countries USD | 30 | January 1993 |
| 49 | Imports by countries USD | 30 | January 1993 |
| 50 | Exports by countries EUR | 30 | January 2004 |
| 51 | Imports by countries EUR | 30 | January 2004 |
| 52 | Exports by SITC USD | 11 | January 1993 |
| 53 | Imports by SITC USD | 11 | January 1993 |
| 54 | Exports by SITC EUR | 11 | January 2004 |
| 55 | Imports by SITC EUR | 11 | January 2004 |

| | Exchange rate | Number of indicators | Release date |
|----|---|----------------------|---------------------------------|
| | Periodicity: monthly | | |
| | Lag: last day of reference month | | |
| 56 | Average exchange rate for 1994 - 2001 | 26 | January 1994 – December 2001 |
| 57 | End-of-month exchange rate for the period 1994-2001 | 26 | January 1994 - December 2001 |
| 58 | Average exchange rate since 2002 | 13 | January 2002 |
| 59 | End –of-month exchange rate since 2002 | 13 | January 2002 |

| | Balance of Payments statistics | Number of indicators | Release date |
|----|--------------------------------|----------------------|--------------|
| | Periodicity: quarterly | | |
| | Lag: 2 months and 10 days | | |
| 60 | Balance of payments USD | 7 | Q 1 - 1993 |
| 61 | Balance of payments EUR | 7 | Q 1 - 2004 |
| 62 | Current Account USD | 40 | Q 1 - 1993 |
| 63 | Current account EUR | 40 | Q 1 - 2004 |
| 64 | Financial Account USD | 9 | Q 1 - 1993 |
| 65 | Financial Account EUR | 9 | Q 1 - 2004 |

| | Merchandise trade statistics | Number of indicators | Release date |
|----|------------------------------|----------------------|--------------|
| | Periodicity: quarterly | | |
| | Lag: 1 month | | |
| 66 | Exports by countries USD | 30 | Q 1 -1993 |
| 67 | Imports by countries USD | 73 | Q 1 - 1993 |

| | | | |
|----|--|----------------------|----------------|
| 68 | Exports by countries EUR | 30 | Q 1 - 2004 |
| 69 | Imports by countries EUR | 73 | Q 1 -2004 |
| 70 | Exports by commodity groups USD | 11 | Q 1 - 1993 |
| 71 | Imports by commodity groups USD | 11 | Q 1 - 1993 |
| 72 | Exports by commodity groups EUR | 11 | Q 1 - 2004 |
| 73 | Imports by commodity groups EUR | 11 | Q 1 - 2004 |
| | External debt | Number of indicators | Release date |
| | Periodicity: quarterly | | |
| | Lag: | | |
| 74 | Gross Domestic debt | 62 | Q 4 - 2003 |
| | Balance of payments statistics | Number of indicators | Release date |
| | Periodicity: y-o-y | | |
| | lag: | | |
| 75 | Balance of payments USD | 7 | 1993 |
| 76 | Balance of payments EUR | 7 | 2004 |
| 77 | Current Account USD | 40 | 1993 |
| 78 | Current Account EUR | 40 | 2004 |
| 79 | Financial account USD | 9 | 1993 |
| 80 | Financial account EUR | 9 | 2004 |
| | External sector trade statistics | Number of indicators | Release date |
| | Periodicity: y-o-y | | |
| | Lag: | | |
| 81 | Exports by countries USD | 30 | 1993 |
| 82 | Imports by countries USD | 73 | 1993 |
| 83 | Exports by countries EUR | 30 | 2004 |
| 84 | Imports by countries EUR | 73 | 2004 |
| 85 | Exports by SITC USD | 11 | 1993 |
| 86 | Imports by SITC USD | 11 | 1993 |
| 87 | Exports by SITC EUR | 11 | 2004 |
| 88 | Imports by SITC EUR | 11 | 2004 |
| | International investment position | Number of indicators | Release date |
| | Periodicity: y-o-y | | |
| | Lag: | | |
| 89 | International investment position | 17 | 2003 |
| 90 | International investment position - Assets | 83 | 2003 |
| 91 | International investments position - Liabilities | 68 | 2003 |
| | Monetary statistics - achieve | Number of indicators | Release date |
| 1 | Money supply | 10 | December 1993 |
| 2 | Monetary survey assets | 7 | July 1994 |
| 3 | Net foreign assets of Bank of Albania | 3 | July 1994 |
| 4 | Total foreign liabilities of Bank of Albania | 10 | November 1994 |
| 5 | Deposit money banks net foreign assets | 9 | December 2000 |
| 6 | Demand deposits of residents | 6 | December 1992 |
| 7 | Time deposits | 6 | December 1992 |
| 8 | Foreign currency deposits of residents | 6 | December 1992 |
| 9 | Credit to economy | 7 | September 1998 |
| 10 | ALL credit to economy | 7 | September 1998 |
| 11 | Foreign currency credit to economy | 7 | September 1998 |
| 12 | Monetary authority assets | 3 | July 1994 |
| 13 | Deposit money banks assets | 7 | December 1994 |
| 14 | Deposit money banks liabilities | 8 | December 1994 |
| 15 | Monetary authority liabilities | 6 | July 1994 |
| 16 | Total foreign assets of the Bank of Albania | 10 | November 1994 |
| 17 | Monetary survey | 14 | July 1994 |

| | Real sector statistics | Number of indicators | Release date |
|----|--|----------------------|--------------|
| | Periodicity: monthly | | |
| | Lag: accordingly to source institution publication | | |
| 1 | Consumer price index | 39 | January 2007 |
| 2 | Detailed consumer price index | 39 | January 1994 |
| | | | |
| | Periodicity: quarterly | | |
| 3 | Retail sector employment index | 11 | Q 1 - 1999 |
| 4 | Construction Cost index | 13 | Q 1 - 1998 |
| 5 | Employment and income indices | 13 | Q 1 - 1993 |
| 6 | Sales index for the economy | 11 | Q 1 - 2001 |
| 7 | Retail sector volume index | 11 | Q 1 - 2006 |
| | | | |
| | Periodicity :y-o-y | | |
| 8 | Agriculture | 30 | 1991 |
| 9 | Industry | 21 | 1992 |
| 10 | Gross domestic product | 27 | 1996 |
| 11 | Employment and income indices | 23 | 1995 |
| 12 | Agriculture | 3 | 2000 |

| | Government finances statistics | Number of indicators | Release date |
|---|--|----------------------|---------------|
| | Periodicity: monthly | | |
| | Lag: : accordingly to source institution publication | | |
| 1 | Income by economic classification | 40 | January 1997 |
| 2 | Expenditure by functional classification | 19 | January 1997 |
| 3 | Main fiscal indicators | 8 | December 1997 |
| | | | |
| | Periodicity: y-o-yr | | |
| 4 | Long-term external debt of Albania | 6 | 2000 |
| 5 | Domestic debt | 13 | 1997 |



SHTOJKA SRSTATISTIKORE

STATISTICAL APPENDIX

1. ÇMIMET, PRODHIMI DHE TREGU I PUNËS
1.1 INDEKSI I ÇMIMEVE TË KONSUMIT¹⁾PRICES, OUTPUT AND LABOUR MARKETS 1
CONSUMER PRICE INDEX¹⁾ 1.1

Indekse

Indexes

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---------|--|--|--|--|---|------------------------------|--------------------------|------------------------------|--|--|--|---|----|
| | Ushqime dhe pije jo-alkoolike/ Food and non-alcoholic beverages | Pije alkoolike dhe duhan/ Alcoholic beverages and tobacco | Veshje dhe këpucë/ Clothing and footwear | Qira, ujë, lëndë dëgjëse dhe energji/ Rent, water, fuel and power | Mobilim, pajisje shtëpie dhe mirëmbajtje e shtëpisë/ Furniture household and maintenance | Shëndeti/ Medical care | Transporti/ Transport | Komunikimi/ Communication | Argëtim dhe kulturë/ Recreation and culture | Shërbimi arsimor/ Education service | Hotele, kafene dhe restorante/ Hotels, coffee-house and restaurants | Mallra dhe shërbime të ndryshme/ Goods and various services | |
| 2007 | 97.8 | 95.9 | 98.5 | 99.3 | 99.5 | 99.8 | 97.3 | 100.0 | 101.5 | 100.3 | 97.6 | 99.5 | |
| 2008 | 101.1 | 100.9 | 100.7 | 96.5 | 103.3 | 100.1 | 100.8 | 104.7 | 94.4 | 103.5 | 101.0 | 100.4 | |
| 2009 | 103.4 | 105.9 | 104.2 | 94.6 | 105.1 | 100.5 | 104.1 | 102.5 | 80.8 | 110.7 | 103.0 | 101.2 | |
| 2010 | 107.1 | 111.4 | 109.9 | 93.2 | 108.9 | 111.3 | 107.3 | 81.1 | 110.9 | 105.7 | 104.3 | 102.9 | |
| 2010/01 | 107.0 | 112.0 | 107.1 | 94.3 | 108.6 | 100.9 | 109.8 | 105.6 | 81.0 | 111.0 | 103.7 | 101.2 | |
| 02 | 108.2 | 114.7 | 93.9 | 114.7 | 108.6 | 101.0 | 110.0 | 105.9 | 81.0 | 110.9 | 103.9 | 102.8 | |
| 03 | 108.2 | 114.7 | 93.4 | 108.1 | 108.8 | 101.1 | 110.0 | 106.4 | 81.0 | 110.9 | 103.9 | 102.9 | |
| 04 | 107.8 | 113.0 | 93.3 | 108.9 | 108.8 | 101.1 | 112.0 | 107.7 | 80.9 | 110.7 | 104.2 | 103.0 | |
| 05 | 106.5 | 109.7 | 93.2 | 109.7 | 109.6 | 100.8 | 113.5 | 108.0 | 80.9 | 110.4 | 105.9 | 103.2 | |
| 06 | 105.7 | 107.6 | 93.2 | 110.2 | 108.6 | 100.8 | 114.5 | 107.9 | 80.8 | 110.3 | 104.3 | 103.3 | |
| 07 | 105.2 | 108.7 | 93.0 | 106.2 | 108.7 | 100.9 | 114.7 | 107.8 | 80.8 | 110.4 | 104.4 | 103.4 | |
| 08 | 106.0 | 108.0 | 92.5 | 111.0 | 109.2 | 100.9 | 116.9 | 107.9 | 80.7 | 110.4 | 104.1 | 102.8 | |
| 09 | 106.8 | 109.7 | 92.5 | 111.3 | 109.5 | 100.9 | 116.9 | 107.5 | 81.5 | 111.2 | 104.5 | 102.9 | |
| 10 | 107.0 | 110.1 | 92.7 | 110.4 | 109.6 | 100.9 | 116.9 | 107.6 | 81.5 | 111.4 | 104.9 | 103.1 | |
| 11 | 107.2 | 110.4 | 92.8 | 111.3 | 109.9 | 101.0 | 116.9 | 107.7 | 81.5 | 111.5 | 104.9 | 103.1 | |
| 12 | 109.5 | 115.5 | 92.9 | 113.4 | 110.8 | 101.1 | 116.9 | 109.0 | 81.5 | 111.5 | 105.1 | 103.1 | |

Burimi: INSTAT

¹⁾ Të dhënat vjetore të Indeksit të Çmimeve të Konsumit janë indekse mesatare vjetore të çmimeve të konsumit sipas grupeve kryesore, ndërsa të dhënat mujore pasqyrojnë indeksin e çmimeve të konsumit.

¹⁾ The Consumer Price Index yearly data (for this and consecutive years), represent yearly average consumer price indexes by main groups, while monthly data represent consumer price index.

Source: INSTAT

1.2 NDRYSHIMET VJETORE TË INDEKSIT TË ÇMIMEVE TË KONSUMIT SIPAS GRUPEVE KRYESORE¹⁾YEAR ON YEAR CONSUMER PRICE INDEX, MAIN GROUPS¹⁾ 1.2

Në përqindje

In percentage

| | IQK Totali dhjetor 2007=100 / CPI Total December 2007=100 | Ushqime dhe pije jo-alkoolike/ Food and non-alcoholic beverages | Pije alkoolike dhe duhan/ Alcoholic beverages and tobacco | Veshje dhe këpucë/ Clothing and footwear | Qira, ujë, lëndë dëgjëse dhe energji/ Rent, water, fuel and power | Mobilim, pajisje shtëpie dhe mirëmbajtje e shtëpisë/ Furniture household and maintenance | Shëndeti/ Medical care | Transporti/ Transport | Komunikimi/ Communication | Argëtim dhe kulturë/ Recreation and culture | Shërbimi arsimor/ Education service | Hotele, kafene dhe restorante/ Hotels, coffee-house and restaurants | Mallra dhe shërbime të ndryshme/ Goods and various services |
|---------|--|--|--|--|--|---|------------------------------|--------------------------|------------------------------|--|--|--|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 2007 | 3.1 | 5.4 | 4.0 | 0.1 | 1.0 | -0.1 | 0.0 | 2.8 | 0.0 | -2.6 | -0.7 | 5.2 | 0.5 |
| 2008 | 2.2 | 3.5 | 2.3 | -3.9 | 4.9 | 0.1 | 1.1 | 1.2 | -19.3 | 10.2 | 1.1 | 2.3 | 1.1 |
| 2009 | 3.7 | 6.8 | 4.1 | -1.1 | 0.9 | 0.7 | 8.6 | 4.3 | 0.4 | 1.0 | 4.7 | 1.3 | 0.2 |
| 2010 | 3.4 | 4.6 | 6.5 | -2.3 | 4.7 | 0.3 | 6.5 | 3.3 | 0.6 | 0.1 | -0.5 | 1.4 | 1.8 |
| 2010/01 | 4.3 | 6.7 | 3.9 | -0.7 | 3.5 | 0.8 | 8.2 | 6.2 | 0.4 | 0.9 | 4.8 | 1.3 | 0.1 |
| 02 | 4.7 | 7.6 | 4.7 | -1.3 | 3.5 | 0.9 | 8.1 | 6.8 | 0.5 | 0.3 | 4.2 | 1.3 | 1.7 |
| 03 | 4.1 | 6.1 | 4.5 | -1.0 | 3.4 | 0.9 | 8.0 | 5.9 | 0.5 | 0.2 | 4.2 | 1.3 | 1.8 |
| 04 | 3.7 | 4.8 | 5.4 | -1.1 | 3.4 | 0.9 | 10.3 | 6.6 | 0.4 | 0.0 | 4.2 | 1.3 | 1.8 |
| 05 | 3.3 | 3.7 | 6.0 | -1.1 | 3.4 | 0.4 | 11.2 | 6.4 | 0.5 | 0.3 | 4.2 | 1.4 | 2.1 |
| 06 | 3.2 | 3.5 | 6.8 | -1.5 | 3.6 | 0.2 | 12.2 | 5.2 | 0.3 | -0.2 | 4.1 | 1.4 | 2.1 |
| 07 | 3.4 | 4.2 | 6.7 | -1.5 | 3.7 | 0.3 | 11.1 | 5.3 | -0.3 | -0.1 | 4.0 | 1.4 | 1.6 |
| 08 | 3.5 | 4.3 | 6.9 | -1.4 | 4.1 | 0.3 | 13.2 | 4.2 | -0.4 | 0.0 | 4.1 | 1.1 | 1.7 |
| 09 | 3.4 | 4.3 | 6.5 | -1.8 | 4.3 | 0.2 | 13.3 | 3.0 | 0.6 | -0.1 | 2.9 | 1.4 | 1.8 |
| 10 | 3.0 | 4.2 | 5.6 | -2.4 | 4.1 | 0.1 | 6.9 | 3.0 | 0.6 | -0.1 | 0.4 | 1.4 | 1.9 |
| 11 | 2.8 | 3.6 | 4.4 | -2.4 | 4.3 | 0.2 | 6.7 | 2.4 | 0.7 | 0.0 | -0.5 | 1.4 | 1.9 |
| 12 | 3.4 | 4.6 | 6.5 | -2.3 | 4.7 | 0.3 | 6.5 | 3.3 | 0.6 | 0.1 | -0.5 | 1.4 | 1.8 |

Burimi: INSTAT

²⁾ Të dhënat vjetore matin variacionin e indekseve të muajit dhjetor të vitit n me indeksin e muajit dhjetor të vitit n-1, ndërsa të dhënat mujore matin ndryshimet vjetore të indekseve, në përqindje.

²⁾ Yearly data (for this and consecutive years), measure the variation of December index of year n with December index of year n-1. Monthly data measure yearly index changes in percentage.

Source: INSTAT

1.3 INDEKSI I ÇMIMEVE TË PRODHIMIT DHE INDEKSI I KUSHTIMIT NË NDËRTIM

PRODUCER PRICE INDEX AND CONSTRUCTION COST INDEX 1.3

| | ICP Indeksi total / PPI Total Index 2005=100 | Indekset e çmimeve të prodhimit duke përjashtuar ndërtimin/ Producer price index, excluding construction | | | Indeksi i kushtimit në ndërtim/ Construction cost index IV 1999=100 |
|--------|---|--|--|--|---|
| | | Industria nxjerrëse/ Mining and quarrying industry | Industria përpunuese/ Manufacturing industry | Prodhimt, shpërndarja e energjisë elektrike, e gazit dhe e ujit/ Electricity, gas and water supply | |
| | 1 | 2 | 3 | 4 | 5 |
| 2007 | 104.2 | 114.1 | 108.1 | 91.1 | 126.8 |
| 2008 | 108.8 | 121.1 | 113.9 | 91.6 | 128.4 |
| 2009 | 109.2 | 124.3 | 114.1 | 92.1 | 128.4 |
| 2010/I | 108.5 | 133.4 | 117.0 | 76.4 | 128.6 |
| II | 108.9 | 134.9 | 117.2 | 76.9 | 128.7 |
| III | 109.8 | 131.6 | 118.9 | 77.0 | 128.9 |
| IV | 110.7 | 135.6 | 119.8 | 77.0 | 129.0 |

1.4 NDRYSHIMET VJETORE TË INDEKSIT TË ÇMIMEVE TË PRODHIMIT DHE TË INDEKSIT TË KUSHTIMIT NË NDËRTIM

ANNUAL CHANGE OF PRODUCER PRICE INDEX AND CONSTRUCTION COST INDEX 1.4

Në përqindje ²

| | ICP Indeksi Total / PPI Total Index 2005=100 | Indekset e çmimeve të prodhimit duke përjashtuar ndërtimin/ Producer price index, excluding construction | | | Indeksi i kushtimit në ndërtim/ Construction cost index IV 1999=100 |
|--------|---|--|--|--|---|
| | | Industria nxjerrëse/ Mining and quarrying industry | Industria përpunuese/ Manufacturing industry | Prodhimt, shpërndarja e energjisë elektrike, e gazit dhe e ujit/ Electricity, gas and water supply | |
| | 1 | 2 | 3 | 4 | 5 |
| 2007 | 4.1 | 5.0 | 7.3 | -3.6 | 2.5 |
| 2008 | 4.4 | 6.1 | 5.3 | 0.5 | 1.2 |
| 2009 | 0.4 | 2.6 | 0.2 | 0.6 | 0.0 |
| 2010/I | -0.2 | 7.8 | 3.1 | -17.0 | 0.1 |
| II | 0.2 | 8.4 | 3.5 | -16.5 | 0.2 |
| III | 0.4 | 6.5 | 3.9 | -16.3 | 0.5 |
| IV | 0.6 | 8.1 | 4.0 | -16.3 | 0.5 |

Burimi: INSTAT.

¹⁾ Të dhënat vjetore përfaqësojnë indekse mesatare vjetore.²⁾ Ndryshimi vjetor përfaqëson ndryshimet mesatare vjetore, ndërsa ndryshimet për tremujorët e indekseve matin ndryshimin e tremujorit aktual me tremujorin e njëjtë të vitit të mëparshëm, pra ndryshimin vjetor.¹⁾ Annual data represent yearly average indexes.²⁾ Annual change measures annual average changes of indexes while quarterly data measure the change of current quarter with the same quarter of the previous year.

Source: INSTAT

1.5 PRODHIMI I BRENDSHËM BRUTO SIPAS METODËS SË SHPENZIMEVE

(1996-2008 me çmime korrente, në milionë lekë)

| | Prodhimi i Brendshëm Bruto/ Gross domestic product (2+8+11) | Kërkesa e brendshme/ Domestic demand (3+7) | Konsumi final / Final consumption (4+5+6) | Konsumi final i administratës publike/Final consumption of general government | | | Konsumi i institucioneve joqeveritare/ Consumption of NPISHs | Formimi bruto i kapitalit fikse/ Gross fixed capital formation | Eksporti neto/ Net export (9-10) | Eksportet e mallrave e shërbimeve/ Goods and services exports (10.b) | Importet e mallrave e shërbimeve/ Goods and services imports (10.b) | Ndryshimet e gjendjeve + mospërpuljet statistike/ Change in inventories & statistical discrepancy |
|--------------------|---|--|---|---|---|--|--|--|----------------------------------|--|---|---|
| | | | | Konsumi final i popullatës/ Final consumption of households | Konsumi final i administratës publike/Final consumption of general government | Konsumi i institucioneve joqeveritare/ Consumption of NPISHs | | | | | | |
| | | | | | | | | | | | | |
| 1996 | 346,403 | 442,922 | 369,642 | 337,561 | 31,852 | 229 | 73,279 | -72,151 | 38,782 | 110,934 | 10 | -24,367 |
| 1997 | 346,198 | 443,090 | 372,151 | 336,678 | 35,167 | 306 | 70,939 | -84,626 | 33,739 | 118,365 | 10 | -12,267 |
| 1998 | 409,209 | 505,182 | 419,152 | 376,824 | 41,987 | 340 | 86,030 | -97,362 | 44,376 | 141,738 | 10 | 1,389 |
| 1999 | 471,578 | 545,403 | 437,004 | 389,573 | 47,023 | 408 | 108,399 | -77,321 | 74,588 | 151,910 | 10 | 3,497 |
| 2000 | 523,043 | 615,863 | 449,879 | 399,935 | 49,454 | 490 | 165,984 | -105,583 | 93,453 | 199,036 | 10 | 12,764 |
| 2001 | 583,369 | 695,596 | 471,816 | 410,448 | 60,667 | 700 | 223,780 | -119,983 | 107,524 | 227,507 | 10 | 7,755 |
| 2002 | 622,711 | 771,573 | 535,551 | 465,180 | 69,572 | 800 | 236,021 | -154,037 | 122,044 | 276,081 | 10 | 5,175 |
| 2003 | 694,098 | 878,374 | 597,453 | 520,954 | 75,585 | 914 | 280,921 | -171,642 | 141,290 | 312,931 | 10 | -12,635 |
| 2004 | 751,022 | 947,566 | 668,187 | 584,659 | 82,484 | 1,044 | 279,378 | -168,169 | 165,097 | 333,265 | 10 | -28,376 |
| 2005 | 814,797 | 1,025,525 | 724,171 | 634,471 | 88,508 | 1,192 | 301,354 | -200,824 | 185,970 | 386,794 | 10 | -9,904 |
| 2006 | 882,209 | 1,114,987 | 771,105 | 680,323 | 89,411 | 1,371 | 343,882 | -208,067 | 219,974 | 428,040 | 10 | -24,712 |
| 2007 | 967,670 | 1,248,995 | 874,937 | 775,081 | 98,352 | 1,504 | 374,058 | -258,520 | 272,164 | 530,683 | 10 | -22,805 |
| 2008 ¹⁾ | 1,088,132 | 1,389,625 | 974,504 | 861,890 | 110,922 | 1,691 | 415,121 | -290,065 | 319,931 | 609,997 | 10 | -11,427 |

Burimi: INSTAT.

¹⁾ Të dhënat e vitit 2008 janë jo përfundimtare.

Source: INSTAT.

¹⁾ 2008 Semi final data.

1.6 PRODHIMI I BRENDSHËM BRUTO SIPAS AKTIVITETIT EKONOMIK

(1996-2009 me çmime korrente, në milionë lekë)

GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITIES 1.6

(1996-2009 at current prices, in millions ALL)

| | Prodhimi i brendshëm bruto (sipas aktivitetit ekonomik)/ Gross domestic product (by economic activity) (2+8+9) | | | | | | | | | | Taksa mbi produktet/ Tax on products | (-) Subvencione/ Less: subsidies |
|--------------------|---|-----------|---|-----------------------|--------------------------|--------------------------------------|---|-----------|---------|--|---|-------------------------------------|
| | Vlera e shuar bruto, me cminet bazë/ Gross value added, basic prices (3+4+5+6+7) | | | | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | | | | |
| | | | Bujqësia, gjuetia dhe pyjet/ Agriculture, hunting and forestry | Industri/ Industry | Ndërtim/ Construction | Shërbime gjithëse/ Total services | (-) Shërbime të ndërmjetme financiare të matura indirekt/ (-) Financial intermediation services indirectly measured | | | | | |
| 1996 | 346,403.2 | 324,861.4 | 121,756.8 | 32,834.9 | 17,011.3 | 161,316.7 | 8,058.3 | 23,163.9 | 1,622.0 | | | |
| 1997 | 346,197.8 | 319,587.7 | 104,505.7 | 28,973.5 | 20,171.6 | 177,085.0 | 11,148.1 | 28,020.1 | 1,410.0 | | | |
| 1998 | 409,208.8 | 363,514.7 | 110,781.9 | 28,321.6 | 19,334.6 | 225,807.8 | 20,731.2 | 48,059.1 | 2,365.0 | | | |
| 1999 | 471,578.5 | 424,066.7 | 114,997.3 | 32,319.7 | 26,942.5 | 271,231.7 | 21,424.5 | 49,577.8 | 2,066.0 | | | |
| 2000 | 523,043.4 | 463,971.1 | 122,908.1 | 37,528.7 | 39,979.4 | 282,062.8 | 18,507.9 | 63,935.8 | 4,863.5 | | | |
| 2001 | 583,368.6 | 523,612.8 | 128,039.3 | 39,448.8 | 56,450.2 | 317,569.8 | 17,895.3 | 67,165.8 | 7,410.0 | | | |
| 2002 | 622,710.8 | 554,994.0 | 134,508.0 | 39,592.3 | 69,164.7 | 330,980.7 | 19,251.7 | 73,710.8 | 5,994.1 | | | |
| 2003 | 694,097.5 | 612,398.2 | 149,012.9 | 54,927.4 | 87,047.0 | 342,259.9 | 20,849.0 | 86,714.3 | 5,015.0 | | | |
| 2004 | 751,021.6 | 660,904.6 | 151,562.0 | 68,029.0 | 94,431.9 | 365,610.7 | 18,729.0 | 94,951.0 | 4,834.0 | | | |
| 2005 | 814,796.7 | 714,127.7 | 151,640.2 | 78,318.6 | 101,759.5 | 405,917.4 | 23,508.0 | 104,158.0 | 3,489.0 | | | |
| 2006 | 882,208.8 | 764,738.5 | 154,648.1 | 88,207.3 | 113,723.7 | 438,605.7 | 30,446.2 | 121,188.3 | 3,718.0 | | | |
| 2007 | 967,670.0 | 833,960.0 | 165,747.9 | 81,692.9 | 129,585.4 | 495,614.9 | 38,681.0 | 136,789.0 | 3,079.0 | | | |
| 2008 ¹⁾ | 1,088,132.1 | 931,629.4 | 180,328.9 | 95,664.9 | 145,215.0 | 551,322.8 | 40,902.2 | 158,846.8 | 2,344.0 | | | |
| 2009 ²⁾ | 1,143,610.0 | 980,703.0 | 193,296.0 | 95,593.0 | 145,519.0 | 589,638.0 | 43,344.0 | 164,717.0 | 1,810.0 | | | |

Burimi: INSTAT.

¹⁾ Të dhënat e vitit 2008 janë jo përfundimtare.

²⁾ Të dhënat e vitit 2009 janë paraprake.

* Të dhënat janë sipas tabelave në faqen e web-it të INSTAT në datën 11.01.2011.

Llogaritë Kombëtare/ Tables

Tregues kryesorë makroekonomikë

Prodhimi i brendshëm bruto sipas aktivitetit ekonomik

Main macroeconomic indicators

Gross domestic product by economic activities

*

*

*

*

1.7 PUNËSIMI, PAPUNËSIA DHE PAGAT

Në mijë, ose në rast të kundërt, sikurse përcaktohet

EMPLOYMENT, UNEMPLOYMENT AND WAGES 1.7

In thousands, unless otherwise indicated

| | Forca e aftë për punë/ Labor force (2+6) | | Të punësuar gjithsej/ Total employment (3+4+5) | | Në sektorin shtetëror/ In public sector | | Në sektorin privat jo-bujqësor/ non agricultural private sector | | Në sektorin privat bujqësor/ agricultural private sector | | Papunësia/ Unemployment | | Pagat (në Lekë) / Wages (in ALL) | | Paga minimale zyrtare/ Minimum monthly wage approved |
|-----------|---|-------|---|-----|--|-----|--|-----|--|--|--|--|---|--|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Paga mesatare mujore në sektorin shtetëror/ Average monthly wage in state sector | | Paga mesatare mujore në sektorin shtetëror/ Average monthly wage in state sector | | Paga minimale zyrtare/ Minimum monthly wage approved | | 8 |
| 2007 I) | 1,382 | 1,198 | 181 | 448 | 569 | 185 | 33,750 | 185 | | | | | | | 16,100 |
| 2008 II) | 1,292 | 1,123 | 203 | 423 | 496 | 169 | 36,537 | 169 | | | | | | | 17,000 |
| 2009 / IV | 1,043 | 899 | 166 | 237 | 496 | 143 | 42,000 | 143 | | | | | | | 18,000 |
| 2010 / I | 1,045 | 901 | 166 | 238 | 496 | 145 | 42,000 | 145 | | | | | | | 18,000 |
| II | 1,049 | 905 | 167 | 242 | 496 | 145 | 42,800 | 145 | | | | | | | 18,000 |
| III | 1,059 | 916 | 167 | 243 | 507 | 143 | 44,700 | 143 | | | | | | | 19,000 |
| IV | 1,060 | 917 | 166 | 244 | 507 | 143 | 45,000 | 143 | | | | | | | 19,000 |

Burimi: INSTAT.

1) Të dhënat vjetore të punësimit deri në 2008 janë sipas publikimeve "Tregu i Punës". Të dhënat mbi pagat janë administrative.

2) Zërat e punësimit sipas sektorëve për vitin 2008 janë bazuar në të dhënat në përqindje të INSTAT tek publikimi "Tregu i Punës". Në mungesë të të dhënave në shumë absolute, këto të dhëna janë llogaritur dhe konvertuar (në mijë të puntësuar) nga Banka e Shqipërisë, sipas strukturës së publikuar nga INSTAT.

3) Të dhënat tremujore janë sipas informacionit në faqen e web-it të INSTAT në datën 21.01.2011.

1) Data on employment till 2008 are according to "Labor Market" publications. Data on wages are administrative.

2) The 2008 employment components by the sectors are based in the percentage data published by INSTAT in "Labour Market 2008" publication. This data are calculated and converted (in thousand employed people) from Bank of Albania, based on the respective structure published from INSTAT, in conditions of no absolute data values.

3) Quarterly data as of INSTAT web page on January 21, 2011.

2. FINANCAT E QEVERISË

GOVERNMENT FINANCES 2

2.1 TË ARDHURAT E BUXHETIT TË QEVERISË¹

(Të dhëna progresive, në milionë lekë, fundi i periudhës)

2.1 GOVERNMENT BUDGET REVENUE¹

(Progressive data in millions ALL, end of period)

| | Totali i të ardhurave/ Total revenue (2+3+7) | | Të ardhura nga ndihmat/ Grants | | Të ardhura tatimore/ Tax revenue (4+5+6) | | Të ardhurat \ tatimet dhe doganat/ Revenue from tax offices and customs | | Të ardhura nga pushteti vendor/ Revenue from local government | | Të ardhura nga fondet speciale/ Social inst. Contributions | | Të ardhura jo tatimore/ Non tax revenue | |
|---------|---|-------|-----------------------------------|---------|---|--------|--|---|--|----|---|----|--|----|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 2007 | 251,555 | 1,280 | 228,164 | 176,808 | 9,366 | 41,989 | 22,112 | | | | | | | |
| 2008 | 291,238 | 4,228 | 264,421 | 205,292 | 11,307 | 47,822 | 22,588 | | | | | | | |
| 2009 | 299,597 | 4,430 | 270,830 | 208,870 | 12,148 | 49,812 | 24,338 | | | | | | | |
| 2010/01 | 26,926 | 89 | 21,798 | 15,565 | 1,083 | 5,149 | 5,039 | | | | | | | |
| 02 | 48,665 | 186 | 40,891 | 30,190 | 1,659 | 9,042 | 7,589 | | | | | | | |
| 03 | 77,172 | 216 | 65,172 | 49,181 | 2,715 | 13,277 | 11,784 | | | | | | | |
| 04 | 104,501 | 1,152 | 90,361 | 66,962 | 5,030 | 18,369 | 12,988 | | | | | | | |
| 05 | 128,744 | 1,382 | 113,505 | 85,327 | 5,755 | 22,423 | 13,856 | | | | | | | |
| 06 | 153,533 | 1,853 | 136,731 | 103,912 | 6,354 | 26,464 | 14,949 | | | | | | | |
| 07 | 178,244 | 1,847 | 162,144 | 123,455 | 7,284 | 31,404 | 14,254 | | | | | | | |
| 08 | 206,087 | 1,991 | 187,797 | 144,314 | 7,968 | 35,514 | 16,299 | | | | | | | |
| 09 | 236,970 | 2,316 | 212,954 | 164,715 | 8,663 | 39,576 | 21,700 | | | | | | | |
| 10 | 264,053 | 2,708 | 237,868 | 183,114 | 9,844 | 44,910 | 23,477 | | | | | | | |
| 11 | 293,449 | 2,777 | 261,309 | 201,486 | 10,621 | 49,202 | 29,363 | | | | | | | |
| 12 | 324,700 | 4,605 | 288,609 | 223,083 | 11,898 | 53,628 | 31,486 | | | | | | | |

Burimi: Ministria e Financave sipas publikimit "Statistikat fiskale të qeverisë".

1) Të dhëna paraprake.

Source: Ministry of Finance, according to "Fiscal Statistics of Government" publication.

1) Preliminary data.

2.2 SHPENZIMET E BUXHETIT TË QEVERISË¹⁾

Të dhëna progresive, në milionë lekë, fundi i periudhës

GOVERNMENT BUDGET EXPENDITURE^{1) 2.2}

Progressive data, in millions ALL, end of period

| | Totali i shpenzimeve/ Total expenditure (2+10+11) | Shpenzimet korrente/ Current expenditure (3+4+5+6+7+8+9) | | | Shpenzime për personelin/ Personnel expenditure | Interesat/ Interest | Shpenzime operative mirëmbajtje/ Operational & maintenance | Subvencionet/ Subsidies | Shpenzime për fonde speciale/ Social insurance outlays | Shpenzime për buxhetin vendor/ Local budget expenditure | Shpenzime korrente të tjera/ Other current expenditure | | Shpenzime kapitale/ Capital expenditure | Shpenzime të tjera/ Other expenditure |
|-----------|---|--|---------|--------|--|------------------------|---|----------------------------|---|--|---|--------|--|--|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 8 | 9 | | |
| 2007 | 285,674 | | 224,976 | 59,087 | 25,594 | 25,259 | 3,536 | 69,892 | 21,340 | 20,268 | 20,268 | 57,040 | 3,658 | 11 |
| 2008 | 351,492 | | 252,688 | 66,621 | 31,307 | 28,788 | 2,555 | 76,199 | 27,079 | 20,140 | 20,140 | 93,783 | 5,020 | 85 |
| 2009 | 379,602 | | 283,637 | 62,359 | 36,301 | 31,797 | 2,004 | 96,725 | 33,583 | 20,868 | 20,868 | 95,881 | | |
| 2010 / 01 | 22,274 | | 17,997 | 5,348 | 2,125 | 1,008 | 7 | 7,130 | 1,195 | 1,186 | 1,186 | 4,277 | | |
| 02 | 46,196 | | 40,390 | 10,521 | 6,023 | 3,437 | 54 | 14,518 | 3,306 | 2,531 | 2,531 | 5,806 | | |
| 03 | 76,473 | | 62,439 | 13,289 | 7,803 | 8,271 | 251 | 23,283 | 5,484 | 4,058 | 4,058 | 14,034 | | |
| 04 | 105,772 | | 85,779 | 21,285 | 10,368 | 8,445 | 410 | 31,834 | 7,941 | 5,495 | 5,495 | 19,992 | | |
| 05 | 136,447 | | 112,132 | 26,642 | 15,683 | 11,284 | 522 | 40,142 | 10,959 | 6,899 | 6,899 | 25,684 | -1,369 | |
| 06 | 169,133 | | 138,782 | 31,862 | 19,420 | 15,406 | 777 | 48,818 | 14,122 | 8,378 | 8,378 | 32,261 | -1,910 | |
| 07 | 201,043 | | 165,724 | 37,341 | 23,261 | 19,617 | 937 | 57,925 | 16,762 | 9,881 | 9,881 | 37,229 | -1,910 | |
| 08 | 229,266 | | 192,241 | 42,563 | 26,551 | 20,567 | 3,020 | 68,436 | 19,306 | 11,798 | 11,798 | 40,241 | -3,216 | |
| 09 | 260,886 | | 216,103 | 47,770 | 30,054 | 23,269 | 3,151 | 77,489 | 21,667 | 12,702 | 12,702 | 47,999 | -3,216 | |
| 10 | 287,312 | | 239,712 | 53,219 | 31,786 | 26,492 | 3,263 | 86,875 | 23,938 | 14,139 | 14,139 | 51,164 | -3,564 | |
| 11 | 316,505 | | 266,649 | 58,818 | 37,156 | 29,221 | 3,352 | 95,576 | 26,446 | 16,080 | 16,080 | 54,532 | -4,676 | |
| 12 | 362,752 | | 300,878 | 65,762 | 41,604 | 34,318 | 3,535 | 106,207 | 30,764 | 18,688 | 18,688 | 67,492 | -5,618 | |

Burimi: Ministria e Financave sipas publikimit "Statistikat fiskale të qeverisë".

¹⁾ Të dhëna paraprake.

Source: Ministry of Finance, according to "Fiscal Statistics of Government" publication.

¹⁾ Preliminary data.2.3 FINANCIMI I DEFICITIT BUXHETOR¹⁾

Të dhëna progresive, në milionë lekë, fundi i periudhës

FISCAL DEFICIT AND ITS FINANCING^{1) 2.3}

Progressive data, in millions ALL, end of period

| | Deficiti/ Deficit | Financimi i deficitit / Deficit financing (3+7) | | Financimi i brendshëm/ Domestic financing (4+5+6) | | Të ardhura nga privatizimi/ Privatization receipts | | Huamarrje e brendshme/ Domestic borrowing | | Të tjera / Other | | Financim i jashtëm/ Foreign financing (8+9) | | Hua afatgjatë (marrë)/ Long term loan (drawings) | | Ndryshimi i gjendjes së orkës/ Change of statement accounts | | Ripagesat/ Repayments | |
|-----------|----------------------|---|--------|--|--------|---|---|--|--------|---------------------|----|--|--|---|--|--|--|--------------------------|--------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | | | | | | | |
| 2007 | -34,119 | 34,119 | 28,829 | 13246 | 17039 | -1456 | | 5289 | 9,109 | 279 | | 9 | | | | | | | -4,098 |
| 2008 | -60,254 | 60,254 | 24,417 | 5,538 | 15,012 | 3,866 | | 35,837 | 39,794 | 292 | | 292 | | | | | | | -4,248 |
| 2009 | -80,005 | 80,005 | 69,824 | 27,650 | 43,339 | -1,165 | | 10,182 | 15,375 | 567 | | 567 | | | | | | | -5,760 |
| 2010 / 01 | 4,652 | -4,652 | -4,636 | 2 | 5,033 | -9,672 | | -16 | 549 | -207 | | 549 | | | | | | | -357 |
| 02 | 2,469 | -2,469 | -2,093 | 12 | 7,026 | -9,131 | | -376 | 1,292 | -958 | | 1,292 | | | | | | | -710 |
| 03 | 698 | -698 | -1,577 | 26 | 8,465 | -10,069 | | 879 | 4,536 | -2,772 | | 4,536 | | | | | | | -886 |
| 04 | -1,270 | 1,270 | 327 | 49 | 10,515 | -10,237 | | 943 | 5,989 | -3,619 | | 5,989 | | | | | | | -1,427 |
| 05 | -7,703 | 7,703 | 5,798 | 53 | 12,537 | -6,792 | | 1,905 | 8,516 | -4,649 | | 8,516 | | | | | | | -1,962 |
| 06 | -15,600 | 15,600 | 12,470 | 82 | 19,628 | -7,240 | | 3,130 | 9,759 | -3,532 | | 9,759 | | | | | | | -3,097 |
| 07 | -22,799 | 22,799 | 19,237 | 203 | 24,242 | -5,208 | | 3,562 | 9,671 | -2,620 | | 9,671 | | | | | | | -3,490 |
| 08 | -23,179 | 23,179 | 18,650 | 230 | 26,903 | -8,482 | | 4,529 | 11,128 | -2,750 | | 11,128 | | | | | | | -3,849 |
| 09 | -23,916 | 23,916 | 16,940 | 236 | 27,269 | -10,565 | | 6,976 | 14,365 | -3,290 | | 14,365 | | | | | | | -4,099 |
| 10 | -23,259 | 23,259 | 15,676 | 251 | 27,309 | -11,884 | | 7,583 | 15,587 | -3,433 | | 15,587 | | | | | | | -4,571 |
| 11 | -23,056 | 23,056 | 14,639 | 265 | 41,683 | -27,309 | | 8,417 | 16,646 | -3,018 | | 16,646 | | | | | | | -5,211 |
| 12 | -38,052 | 38,052 | 27,840 | 411 | 25,948 | 1,481 | | 10,212 | 18,429 | -1,705 | | 18,429 | | | | | | | -6,512 |

Burimi: Ministria e Financave sipas publikimit "Statistikat fiskale të qeverisë".

¹⁾ Të dhëna paraprake.

Source: Ministry of Finance, according to "Fiscal Statistics of Government" publication.

¹⁾ Preliminary data.

2.4 SHPENZIMET SIPAS KLASIFIKIMIT FUNKSIONAL (COFOG)¹⁾

Të dhëna progresive, në milionë lekë, fundi i periudhës

2.4 EXPENDITURE BY FUNCTIONS (COFOG)¹⁾

Progressive data, in millions ALL, end of period

| | Shpenzimet totale/ Total Expenditure (2+3+4+5+6+7+8+9+10+11+12) | | | | | | | | | | | | Të tjera/ Other |
|---------|---|--------|----------------------|---|--|---|--|------------------------|---|----------------------|---|-------|--------------------|
| | 1 | 2 | Mbrojtja/ Defense | Rendi dhe siguria publike / Public order and safety | Çështjet ekonomike/ Economic affairs | Mbrojtja e mjedisit/ Environmental protection | Shtetshmëritë dhe komunitetet e komunitetit/ Housing and community amenities | Sëndërtësia/ Health | Argëtimi, kultura dhe çështjet lejtores/ Recreation, culture and religion | Asimil/ Education | Mbrojtja sociale/ Social protection | | |
| 2007 | 285,674 | 54,385 | 11,494 | 15,171 | 51,833 | 88 | 12,671 | 24,104 | 3,219 | 31,630 | 77,421 | 3,658 | |
| 2008 | 351,492 | 63,054 | 11,970 | 16,204 | 80,216 | 203 | 16,536 | 26,713 | 3,999 | 37,923 | 86,112 | 8,561 | |
| 2009 | 379,602 | 71,483 | 11,683 | 17,594 | 89,608 | 326 | 17,967 | 30,738 | 4,242 | 39,311 | 93,864 | 2,785 | |
| 2010/03 | 76,473 | 14,541 | 3,576 | 4,197 | 12,022 | 46 | 3,154 | 6,594 | 799 | 8,974 | 22,571 | - | |
| 04 | 105,772 | 20,139 | 4,737 | 5,844 | 17,317 | 74 | 4,371 | 9,478 | 1,119 | 12,144 | 30,548 | - | |
| 05 | 136,447 | 26,973 | 6,690 | 7,446 | 21,957 | 109 | 5,477 | 12,242 | 1,541 | 15,600 | 38,412 | - | |
| 06 | 169,133 | 34,247 | 7,495 | 9,045 | 27,129 | 146 | 8,174 | 14,867 | 1,992 | 19,087 | 46,950 | - | |
| 07 | 201,043 | 42,272 | 8,496 | 10,526 | 30,854 | 169 | 10,368 | 17,521 | 2,350 | 22,897 | 55,591 | - | |
| 08 | 229,266 | 46,577 | 9,278 | 11,997 | 33,308 | 199 | 13,854 | 20,377 | 2,584 | 26,527 | 64,566 | - | |
| 09 | 260,886 | 52,141 | 10,120 | 13,580 | 38,529 | 254 | 16,340 | 23,562 | 2,908 | 29,886 | 73,566 | - | |
| 10 | 287,312 | 57,134 | 10,973 | 15,207 | 40,921 | 315 | 18,120 | 26,116 | 3,227 | 33,212 | 82,087 | - | |
| 11 | 316,505 | 63,913 | 11,989 | 16,803 | 43,206 | 333 | 20,001 | 28,914 | 3,521 | 37,051 | 90,774 | - | |
| 12 | 362,752 | 72,639 | 13,325 | 19,329 | 52,659 | 438 | 23,382 | 32,658 | 3,920 | 42,310 | 102,092 | - | |

Burimi: Ministria e Financave sipas publikimit "Statistikat fiskale të qeverisë".

¹⁾ Të dhëna paraprake.

Source: Ministry of Finance, according to "Fiscal Statistics of Government" publication.

¹⁾ Preliminary data.

2.5 STOKU I BORXHIT TË BRENDSHËM SIPAS INSTRUMENTEVE

Në milionë lekë, fund periudhe, të dhëna progresive

DOMESTIC DEBT STOCK BY INSTRUMENTS 2.5

In millions ALL, end of period, progressive data

| | Stoku i borxhit të brendshëm/ Domestic debt stock (2+3+4+5+6+7+8) | | | | | | | | Të tjera ² / Other ² | |
|----------|--|---------|----------------------------------|---|---|---|---|---|--|-------|
| | 1 | 2 | Bono Thesori / Treasury bills | Obligacione 2-vjeçore/ 2 years bonds | Obligacione 3-vjeçore/ 3 years bonds | Obligacione 5-vjeçore/ 5 years bonds | Obligacione 7-vjeçore/ 7 years bonds | Obligacione rivlerësimi të valutës me B.Sh/ Revaluation bonds of foreign currency with BoA | 7 | 8 |
| 2007 | 369,536 | 232,211 | 66,460 | 66,460 | 25,250 | 24,110 | 6,000 | 15,505 | 15,505 | |
| 2008 | 400,456 | 224,224 | 65,730 | 65,730 | 21,100 | 45,910 | 12,000 | 23,540 | 23,540 | 7,952 |
| 2009 | 415,028 | 237,469 | 65,247 | 65,247 | 15,600 | 60,315 | 12,000 | 18,870 | 18,870 | 5,527 |
| 2010 / I | 412,035 | 239,025 | 68,157 | 68,157 | 15,600 | 64,315 | 12,000 | 7,370 | 7,370 | 5,568 |
| II | 416,382 | 247,988 | 68,757 | 68,757 | 15,200 | 66,315 | 12,000 | 664 | 664 | 5,458 |
| III | 423,388 | 250,078 | 70,957 | 70,957 | 15,000 | 69,815 | 12,000 | | | 5,538 |

Burimi: Ministria e Financave sipas publikimit "Statistikat fiskale të qeverisë".

¹⁾ 2010 Të dhëna paraprake, përditësimi i fundit sipas datës 10.03.2011²⁾ Përfshin "Kredi direkte" dhe "Borxhi i garantuar".

Source: Ministry of Finance, according to "Fiscal Statistics of Government" publication.

¹⁾ 2010 Preliminary data, last update as of March 10, 2011.²⁾ Comprises "Direct credit" and "Publicly guaranteed debt".

3. SEKTORI FINANSIAR

FINANCIAL SECTOR 3

3.1 AGREGATËT MONETARË DHE PËRBËRËSIT E TYRE

MONETARY AGGREGATES AND THEIR COMPONENTS 3.1

| | M3 (2+7) | M2 (3+6) | | | M1 (4+5) | Paroia jashtë korporative depozitueshe/ Currency outside depository corporations | Depozitat pa afat në lekë/ Current accounts and non-term deposits in national currency | Depozitat me afat në lekë/ Time deposits in national currency | Depozitat në valutë/ Deposits in foreign currency |
|--|-----------|-----------|-----------|-----------|----------|---|--|---|---|
| | | 1 | 2 | 3 | | | | | |
| | | | | | | | | | |
| Gjendja në fund të periudhës (në milionë lekë)/ Stock at end of period (in millions ALL) | | | | | | | | | |
| 2007/12 | 757,609.5 | 506,137.2 | 242,675.5 | 154,956.2 | 87,719.3 | 263,461.7 | 251,472.3 | | |
| 2008/12 | 815,704.6 | 555,004.7 | 282,862.3 | 195,817.3 | 87,045.0 | 272,142.4 | 260,699.9 | | |
| 2009/12 | 871,469.5 | 578,181.5 | 284,505.5 | 209,043.7 | 75,461.8 | 293,675.9 | 293,288.0 | | |
| 2010/01 | 880,148.8 | 571,515.5 | 269,418.6 | 199,124.9 | 70,293.7 | 302,096.9 | 308,633.3 | | |
| 02 | 882,400.1 | 573,088.9 | 266,596.1 | 197,420.2 | 69,175.8 | 306,492.9 | 309,311.2 | | |
| 03 | 887,900.3 | 575,274.8 | 268,529.3 | 195,181.6 | 73,347.7 | 306,745.5 | 312,625.5 | | |
| 04 | 886,333.8 | 574,668.0 | 263,350.4 | 193,136.2 | 70,214.1 | 311,317.6 | 311,665.8 | | |
| 05 | 897,822.0 | 579,773.0 | 265,642.2 | 193,507.8 | 72,134.4 | 314,130.8 | 318,049.1 | | |
| 06 | 902,332.9 | 582,987.5 | 268,872.4 | 193,857.1 | 75,015.3 | 314,115.1 | 319,345.4 | | |
| 07 | 913,599.1 | 586,320.8 | 274,418.9 | 197,196.5 | 77,222.4 | 311,901.9 | 327,278.3 | | |
| 08 | 939,957.6 | 588,543.7 | 276,392.9 | 196,953.4 | 79,439.5 | 312,150.8 | 331,413.9 | | |
| 09 | 948,442.9 | 590,631.5 | 272,482.1 | 191,342.9 | 81,139.2 | 318,149.4 | 357,811.3 | | |
| 10 | 952,036.9 | 591,577.1 | 269,798.3 | 190,933.4 | 78,864.9 | 321,778.8 | 360,459.8 | | |
| 11 | 961,426.3 | 593,264.7 | 266,864.6 | 189,357.4 | 77,507.3 | 326,400.1 | 368,161.6 | | |
| 12 | 980,283.9 | 604,517.3 | 275,427.3 | 195,059.0 | 80,368.4 | 329,090.0 | 375,766.6 | | |
| Ndryshimi vjetor në përqindje/ Annual percentage changes | | | | | | | | | |
| 2007/12 | 13.68 | 6.03 | 0.12 | -5.09 | 10.86 | 12.12 | 32.99 | | |
| 2008/12 | 7.67 | 9.65 | 16.56 | 26.37 | -0.77 | 3.29 | 3.67 | | |
| 2009/12 | 6.84 | 4.18 | 0.58 | -13.31 | -13.31 | 7.91 | 12.50 | | |
| 2010/01 | 7.78 | 3.93 | -2.18 | 1.25 | -10.75 | 10.07 | 15.69 | | |
| 02 | 8.82 | 4.75 | -2.14 | -1.38 | -4.25 | 11.60 | 17.26 | | |
| 03 | 10.25 | 5.50 | -1.26 | -2.89 | 3.35 | 12.22 | 20.20 | | |
| 04 | 9.35 | 4.80 | -4.34 | -3.12 | -3.12 | 14.01 | 18.85 | | |
| 05 | 9.97 | 4.82 | -3.66 | -4.29 | -1.92 | 13.26 | 20.77 | | |
| 06 | 10.12 | 3.71 | -4.85 | -6.61 | 0.03 | 12.37 | 24.12 | | |
| 07 | 11.22 | 3.50 | -4.98 | -5.96 | -2.41 | 12.33 | 28.36 | | |
| 08 | 11.23 | 3.76 | -3.86 | -5.26 | -0.18 | 11.59 | 26.49 | | |
| 09 | 12.42 | 4.82 | -1.84 | -5.47 | 7.94 | 11.28 | 27.72 | | |
| 10 | 11.73 | 4.94 | -0.90 | -4.84 | 10.13 | 10.40 | 25.01 | | |
| 11 | 11.99 | 4.57 | -2.16 | -5.69 | 7.70 | 10.81 | 26.45 | | |
| 12 | 12.49 | 4.55 | -3.19 | -6.69 | 6.50 | 12.06 | 28.12 | | |

Burimi: Banka e Shqipërisë.

Source: Bank of Albania

3.2 KUNDËRPARTITË E AGREGATËVE MONETARË

COUNTERPARTS OF MONETARY AGGREGATES 3.2

| | Mjetet valutore neto/ Net Foreign Assets | Mjetet e brendshme/ Domestic assets (3+4) | | Pretendimet ndaj qeverisë qendrore neto/ Net claims on Central Government | | Pretendime ndaj sektorëve të tjerë ¹⁾ / Claims on other sectors | | Të tjera neto/ Other items net | |
|---------|--|---|-----------|---|-----------|---|-----------|--------------------------------|----------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | | | | | | Gjendja në fund të periudhës (milione Lekë)/ Stock at end of period (in millions ALL) | | | |
| 2007/12 | 232,100.7 | 608,411.5 | 314,296.9 | 294,114.6 | 294,114.6 | 294,114.6 | 294,114.6 | -6,748.9 | -6,748.9 |
| 2008/12 | 206,667.6 | 718,680.7 | 322,065.6 | 396,615.1 | 396,615.1 | 396,615.1 | 396,615.1 | -6,315.5 | -6,315.5 |
| 2009/12 | 244,442.7 | 781,942.8 | 341,292.4 | 440,650.4 | 440,650.4 | 440,650.4 | 440,650.4 | 3,516.5 | 3,516.5 |
| 2010/01 | 260,240.6 | 780,463.6 | 335,382.4 | 445,081.2 | 445,081.2 | 445,081.2 | 445,081.2 | 7,085.6 | 7,085.6 |
| 02 | 262,967.7 | 785,542.0 | 338,365.0 | 447,177.0 | 447,177.0 | 447,177.0 | 447,177.0 | 9,234.4 | 9,234.4 |
| 03 | 267,273.7 | 787,220.2 | 338,223.3 | 448,996.9 | 448,996.9 | 448,996.9 | 448,996.9 | 8,615.9 | 8,615.9 |
| 04 | 266,291.7 | 789,937.1 | 339,506.8 | 450,430.3 | 450,430.3 | 450,430.3 | 450,430.3 | 10,985.1 | 10,985.1 |
| 05 | 279,344.0 | 799,919.3 | 341,778.2 | 458,141.1 | 458,141.1 | 458,141.1 | 458,141.1 | 12,726.7 | 12,726.7 |
| 06 | 283,471.8 | 801,661.8 | 343,651.1 | 458,010.7 | 458,010.7 | 458,010.7 | 458,010.7 | 11,680.3 | 11,680.3 |
| 07 | 285,179.1 | 804,778.4 | 345,716.6 | 459,061.7 | 459,061.7 | 459,061.7 | 459,061.7 | 11,626.5 | 11,626.5 |
| 08 | 315,419.6 | 807,719.2 | 347,951.1 | 459,768.2 | 459,768.2 | 459,768.2 | 459,768.2 | 10,284.9 | 10,284.9 |
| 09 | 318,896.5 | 807,331.5 | 346,217.1 | 461,114.4 | 461,114.4 | 461,114.4 | 461,114.4 | 10,122.0 | 10,122.0 |
| 10 | 322,426.3 | 809,222.8 | 346,588.3 | 462,634.5 | 462,634.5 | 462,634.5 | 462,634.5 | 11,046.3 | 11,046.3 |
| 11 | 336,202.5 | 811,402.3 | 335,173.4 | 476,228.9 | 476,228.9 | 476,228.9 | 476,228.9 | 10,460.4 | 10,460.4 |
| 12 | 339,409.2 | 826,848.0 | 343,395.1 | 483,453.0 | 483,453.0 | 483,453.0 | 483,453.0 | 10,279.6 | 10,279.6 |

urimi: Banka e Shqipërisë.

¹⁾ Përftshin kredinë për ekonominë dhe pretendime të tjera ndaj sektorëve mbajtës së parasë së gjërë.

Source: Bank of Albania

¹⁾ Include credit to economy and other claims on broad money holding sectors.

| | Mjetet valutore neto/ Net foreign assets | | Mjetet e brendshme/ Domestic assets (3+4) | | Ndryshimi vjetor në përqindje/ Annual percentage changes | | | |
|---------|--|-------|---|-------|--|-------|-------|-------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2007/12 | -0.49 | 24.61 | 7.49 | 50.18 | 7.49 | 50.18 | 50.18 | 50.18 |
| 2008/12 | -10.96 | 18.12 | 2.47 | 34.85 | 2.47 | 34.85 | 34.85 | 34.85 |
| 2009/12 | 18.28 | 8.80 | 5.97 | 11.10 | 5.97 | 11.10 | 11.10 | 11.10 |
| 2010/01 | 20.28 | 8.46 | 5.90 | 10.46 | 5.90 | 10.46 | 10.46 | 10.46 |
| 02 | 25.48 | 7.87 | 7.15 | 8.42 | 7.15 | 8.42 | 8.42 | 8.42 |
| 03 | 35.46 | 7.28 | 6.69 | 7.72 | 6.69 | 7.72 | 7.72 | 7.72 |
| 04 | 32.36 | 7.22 | 6.65 | 7.66 | 6.65 | 7.66 | 7.66 | 7.66 |
| 05 | 37.78 | 7.72 | 7.19 | 8.13 | 7.19 | 8.13 | 8.13 | 8.13 |
| 06 | 31.20 | 9.55 | 9.67 | 9.47 | 9.67 | 9.47 | 9.47 | 9.47 |
| 07 | 28.83 | 10.46 | 11.88 | 9.40 | 11.88 | 9.40 | 9.40 | 9.40 |
| 08 | 31.09 | 9.25 | 10.24 | 8.51 | 10.24 | 8.51 | 8.51 | 8.51 |
| 09 | 31.39 | 8.77 | 10.22 | 7.72 | 10.22 | 7.72 | 7.72 | 7.72 |
| 10 | 28.05 | 8.10 | 10.00 | 6.72 | 10.00 | 6.72 | 6.72 | 6.72 |
| 11 | 36.12 | 6.06 | 2.01 | 9.11 | 2.01 | 9.11 | 9.11 | 9.11 |
| 12 | 38.85 | 5.74 | 0.62 | 9.71 | 0.62 | 9.71 | 9.71 | 9.71 |

Burimi: Banka e Shqipërisë.

¹⁾ Përftshin kredinë për ekonominë dhe pretendime të tjera ndaj sektorëve mbajtës së parasë së gjërë.

Source: Bank of Albania

¹⁾ Include credit to economy and other claims on broad money holding sectors.

3.3 LLOGARITË RRIEDHËSE DHE DEPOZITAT PA AFAT NË LEKË SIPAS SEKTORIT¹⁾

Në milionë lekë, fund periudhe

| | Llogaritë rriedhëse dhe depozita pa afat/ Current account and sight deposits (3+4+5+6+7) | Qeveria vendore/ Local government | Korporatat jo-financiare publike/ Public nonfinancial corporations | Korporatat të tjera financiare/ Other financial corporations | Korporatat jo-financiare/ Other nonfinancial corporations | Sektorë të tjerë rezidentë/ Other resident sectors |
|---------|---|-----------------------------------|---|---|--|---|
| | 2 | 3 | 4 | 5 | 6 | 7 |
| 2007/12 | 87,719.3 | 478.7 | 11,459.8 | 557.2 | 31,871.7 | 43,351.8 |
| 2008/12 | 87,045.0 | 482.8 | 7,233.9 | 698.2 | 33,582.0 | 45,048.2 |
| 2009/12 | 75,461.8 | 478.1 | 7,795.6 | 675.3 | 20,879.3 | 45,633.5 |
| 2010/01 | 70,293.7 | 573.6 | 7,922.7 | 747.3 | 18,660.7 | 42,389.4 |
| 02 | 69,175.8 | 580.8 | 8,060.2 | 794.2 | 17,642.8 | 42,097.7 |
| 03 | 73,347.7 | 499.6 | 8,527.6 | 715.1 | 21,136.4 | 42,469.0 |
| 04 | 70,214.1 | 667.3 | 7,366.9 | 682.0 | 18,130.9 | 43,367.0 |
| 05 | 72,134.4 | 690.0 | 7,712.5 | 712.7 | 18,891.5 | 44,127.7 |
| 06 | 75,015.3 | 1,054.1 | 8,180.2 | 551.4 | 19,582.3 | 45,647.2 |
| 07 | 77,222.4 | 1,260.3 | 6,777.6 | 616.0 | 19,964.7 | 48,603.8 |
| 08 | 79,439.5 | 1,102.8 | 7,254.7 | 707.2 | 20,948.1 | 49,426.8 |
| 09 | 81,139.2 | 1,158.7 | 8,568.2 | 876.5 | 23,611.5 | 46,924.5 |
| 10 | 78,864.9 | 1,166.3 | 8,396.3 | 1,033.5 | 22,276.0 | 45,992.9 |
| 11 | 77,507.3 | 1,124.3 | 8,845.7 | 890.7 | 21,036.8 | 45,609.7 |
| 12 | 80,368.4 | 948.1 | 7,134.0 | 920.6 | 22,505.0 | 48,860.8 |

Burimi: Banka e Shqipërisë.

¹⁾ Përfshihen vetëm llogaritë dhe depozitat që janë pjesë e parës së gjerë.

Source: Bank of Albania

¹⁾ Deposits included in broad money.

3.4 DEPOZITAT ME AFAT NË LEKË SIPAS SEKTORIT¹⁾

Në milionë lekë, fund periudhe

| | Depozitat me afat/ Time deposits (9+10+11+12+13) | Qeveria vendore/ Local government | Korporatat jo-financiare/ nonfinancial corporations | Korporatat të tjera financiare/ Other financial corporations | Korporatat jo-financiare/ Other nonfinancial corporations | Sektorë të tjerë rezidentë/ Other resident sectors |
|---------|---|-----------------------------------|--|---|--|---|
| | 8 | 9 | 10 | 11 | 12 | 13 |
| 2007/12 | 263,461.7 | 206.4 | 2,476.6 | 300.4 | 5,777.0 | 254,701.3 |
| 2008/12 | 272,142.4 | 17.7 | 1,331.5 | 831.8 | 9,428.6 | 260,532.8 |
| 2009/12 | 293,675.9 | 8.4 | 3,378.4 | 786.6 | 9,898.3 | 279,604.3 |
| 2010/01 | 302,096.9 | 8.4 | 3,247.3 | 1,205.7 | 11,066.9 | 286,568.6 |
| 02 | 306,492.9 | 8.4 | 3,448.9 | 1,356.6 | 11,049.3 | 290,629.6 |
| 03 | 306,745.5 | 8.5 | 3,038.3 | 1,069.7 | 9,917.4 | 292,711.7 |
| 04 | 311,317.6 | 5.8 | 3,285.3 | 1,688.6 | 9,442.6 | 296,895.3 |
| 05 | 314,130.8 | 6.6 | 4,163.5 | 1,033.2 | 10,158.0 | 298,769.4 |
| 06 | 314,115.1 | 6.8 | 3,843.2 | 1,157.5 | 9,266.0 | 299,841.6 |
| 07 | 311,901.9 | 6.8 | 3,535.9 | 1,632.8 | 8,219.1 | 298,507.3 |
| 08 | 312,150.8 | 6.8 | 3,460.1 | 1,411.5 | 9,069.0 | 298,203.3 |
| 09 | 318,149.4 | 7.6 | 4,032.8 | 1,383.1 | 10,206.6 | 302,519.4 |
| 10 | 321,778.8 | 6.8 | 4,359.5 | 2,579.3 | 7,701.5 | 307,131.7 |
| 11 | 326,400.1 | 58.0 | 2,977.3 | 2,166.0 | 8,151.3 | 313,047.5 |
| 12 | 329,090.0 | 55.1 | 3,054.3 | 1,773.4 | 8,316.8 | 315,890.5 |

Burimi: Banka e Shqipërisë.

¹⁾ Përfshihen vetëm llogaritë dhe depozitat që janë pjesë e parës së gjerë.

Source: Bank of Albania

¹⁾ Deposits included in broad money.

3.5 LLOGARI RRIEDHËSE DHE DEPOZITA PA AFAT NË VALUTË SIPAS SEKTORIT¹⁾FOREIGN CURRENCY DENOMINATED CURRENT ACCOUNT AND SIGHT DEPOSITS BY SECTOR¹⁾
In millions ALL, end of period

| | Llogari rriedhëse dhe depozita pa afat / Current account and sight deposits (16+17+18+19+20) | | | | |
|---------|--|---|--|--|---|
| | Qeveria vendore / Local government | Korporatat jo-financiare publike / Public nonfinancial corporations | Korporatat tjera financiare / Other financial corporations | Korporatat tjera jo-financiare / Other nonfinancial corporations | Sektorë të tjerë rezidentë / Other resident sectors |
| | 16 | 17 | 18 | 19 | 20 |
| 2007/12 | 69,462.3 | 3,440.4 | 299.0 | 23,003.6 | 42,497.6 |
| 2008/12 | 65,113.8 | 2,609.4 | 608.7 | 23,225.7 | 38,561.2 |
| 2009/12 | 75,422.6 | 2,771.9 | 426.8 | 25,627.3 | 46,443.0 |
| 2010/01 | 76,354.1 | 2,602.3 | 589.9 | 27,548.7 | 45,450.2 |
| 02 | 73,129.2 | 3,462.8 | 383.6 | 24,958.6 | 44,130.4 |
| 03 | 76,075.2 | 3,987.9 | 359.4 | 27,156.6 | 44,351.1 |
| 04 | 71,981.9 | 3,673.6 | 270.0 | 22,531.4 | 44,503.9 |
| 05 | 72,970.5 | 4,317.3 | 226.7 | 24,055.1 | 44,186.4 |
| 06 | 76,122.5 | 4,760.2 | 623.1 | 24,759.0 | 45,747.3 |
| 07 | 80,207.3 | 5,619.0 | 295.6 | 25,723.1 | 48,173.1 |
| 08 | 87,709.7 | 4,876.0 | 435.7 | 30,549.9 | 51,539.8 |
| 09 | 86,041.9 | 3,747.4 | 478.7 | 30,307.4 | 51,168.9 |
| 10 | 82,109.1 | 3,469.3 | 197.0 | 28,857.8 | 49,454.1 |
| 11 | 82,371.9 | 3,156.8 | 231.4 | 28,683.3 | 50,161.6 |
| 12 | 87,471.8 | 4,102.0 | 971.9 | 29,547.6 | 52,594.2 |

Burimi: Banka e Shqipërisë.

¹⁾ Përfshihen vetëm llogaritë dhe depozitat që janë pjesë e parash së gjerë.Source: Bank of Albania
¹⁾ Deposits included in broad money.3.6 DEPOZITAT ME AFAT NË VALUTË SIPAS SEKTORIT¹⁾FOREIGN CURRENCY DENOMINATED TIME DEPOSITS BY SECTOR¹⁾
In millions ALL, end of period

| | Depozitat me afat / Time deposits (22+23+24+25+26) | | | | |
|---------|--|---|--|--|---|
| | Qeveria vendore / Local government | Korporatat jo-financiare publike / Public nonfinancial corporations | Korporatat tjera financiare / Other financial corporations | Korporatat tjera jo-financiare / Other nonfinancial corporations | Sektorë të tjerë rezidentë / Other resident sectors |
| | 22 | 23 | 24 | 25 | 26 |
| 2007/12 | 182,010.0 | 4,523.3 | 1,270.4 | 22,787.9 | 153,278.8 |
| 2008/12 | 195,586.2 | 5,480.3 | 1,731.1 | 22,697.2 | 165,506.9 |
| 2009/12 | 217,865.3 | 3,999.1 | 3,246.0 | 13,955.6 | 196,505.4 |
| 2010/01 | 232,279.2 | 4,153.8 | 3,070.5 | 18,343.3 | 206,551.7 |
| 02 | 236,182.0 | 3,362.3 | 3,021.9 | 20,177.7 | 209,459.3 |
| 03 | 236,550.3 | 3,607.4 | 3,071.3 | 19,323.3 | 210,384.0 |
| 04 | 239,684.0 | 3,949.4 | 3,064.3 | 21,713.6 | 210,792.4 |
| 05 | 245,078.5 | 3,886.1 | 3,122.5 | 20,675.2 | 216,284.6 |
| 06 | 243,222.9 | 3,598.6 | 3,976.2 | 18,350.8 | 217,208.0 |
| 07 | 247,071.0 | 4,015.7 | 4,404.9 | 21,177.4 | 217,465.0 |
| 08 | 263,704.3 | 4,133.8 | 4,717.5 | 20,784.0 | 233,976.4 |
| 09 | 271,769.4 | 4,427.8 | 4,707.1 | 23,549.7 | 238,985.8 |
| 10 | 278,350.7 | 5,434.1 | 4,966.3 | 25,989.8 | 241,856.8 |
| 11 | 285,789.7 | 4,617.1 | 5,024.4 | 27,971.5 | 247,937.6 |
| 12 | 288,294.8 | 4,470.0 | 5,229.1 | 27,835.3 | 250,523.5 |

Burimi: Banka e Shqipërisë.

¹⁾ Përfshihen vetëm llogaritë dhe depozitat që janë pjesë e parash së gjerë.Source: Bank of Albania
¹⁾ Deposits included in broad money.

3.7 KREDIA SIPAS QËLLIMIT TË PËRDORIMIT DHE MONEDHËS PËR BIZNESET¹

Në milionë lekë, fund periudhe

BUSINESS LOANS BY PURPOSE AND CURRENCY¹ 3.7
In millions ALL, end of period

| | Kredia për bizneset/ Business loans (2+7+12+17) | | | | | |
|---------|---|----------------------------|----------|----------------------|-------------------------------------|----------|
| | 1 | Në lekë / In ALL (3+4+5+6) | | Overdraft/ Overdraft | Kapital qarkullues/ Working capital | |
| | | 2 | 3 | 4 | 5 | 6 |
| 2007/12 | 184,526.0 | 35,106.9 | 8,535.4 | 8,322.3 | 10,480.4 | 7,768.8 |
| 2008/12 | 254,009.1 | 52,563.0 | 15,587.5 | 12,799.1 | 12,700.5 | 11,475.9 |
| 2009/12 | 291,214.3 | 76,734.3 | 17,673.5 | 17,237.7 | 18,494.7 | 10,025.4 |
| 2010/01 | 295,263.4 | 76,897.8 | 31,319.5 | 17,121.5 | 18,418.1 | 10,038.7 |
| 02 | 297,291.4 | 78,093.4 | 31,788.3 | 17,615.7 | 18,357.4 | 10,331.9 |
| 03 | 299,320.4 | 79,553.7 | 31,775.8 | 18,597.1 | 18,349.2 | 10,831.7 |
| 04 | 300,365.9 | 81,531.3 | 31,703.4 | 19,986.8 | 18,071.0 | 11,770.1 |
| 05 | 307,639.9 | 83,212.8 | 31,714.0 | 20,760.9 | 18,844.0 | 11,893.9 |
| 06 | 308,344.0 | 83,782.0 | 31,871.9 | 20,405.6 | 18,861.3 | 12,643.3 |
| 07 | 308,754.7 | 84,861.0 | 32,020.3 | 20,134.6 | 18,927.0 | 13,779.1 |
| 08 | 309,119.7 | 84,462.4 | 31,000.6 | 20,665.4 | 19,384.2 | 13,412.1 |
| 09 | 310,040.0 | 84,962.3 | 31,639.3 | 20,901.3 | 19,344.7 | 13,077.1 |
| 10 | 310,747.8 | 85,047.3 | 31,351.1 | 20,896.4 | 19,738.5 | 13,061.3 |
| 11 | 323,591.4 | 87,473.1 | 32,159.6 | 21,580.0 | 20,695.9 | 13,037.6 |
| 12 | 330,388.1 | 89,529.3 | 33,349.8 | 21,738.1 | 21,121.2 | 13,320.3 |

| | Në dollarë amerikanë / In USD (8+9+10+11) | | | | | |
|---------|---|----------|---------|---------|---------|--|
| | 7 | 8 | 9 | 10 | 11 | |
| 2007/12 | 20,097.8 | 7,984.0 | 4,979.7 | 4,047.0 | 3,087.2 | |
| 2008/12 | 25,346.2 | 10,707.3 | 5,943.6 | 4,213.2 | 4,482.1 | |
| 2009/12 | 26,832.1 | 12,115.4 | 5,987.9 | 4,493.4 | 4,435.4 | |
| 2010/01 | 27,891.5 | 12,780.7 | 5,983.7 | 4,572.6 | 4,554.5 | |
| 02 | 27,924.1 | 12,576.9 | 6,054.8 | 4,747.6 | 4,544.8 | |
| 03 | 29,586.6 | 13,822.8 | 6,085.4 | 4,710.9 | 4,967.6 | |
| 04 | 30,364.4 | 12,398.8 | 5,648.8 | 7,396.6 | 4,920.2 | |
| 05 | 35,303.0 | 15,519.6 | 6,537.8 | 7,871.9 | 5,373.8 | |
| 06 | 34,679.3 | 15,303.4 | 6,417.2 | 7,890.4 | 5,068.4 | |
| 07 | 32,015.9 | 14,151.7 | 5,854.9 | 6,939.2 | 5,070.2 | |
| 08 | 32,569.6 | 14,307.1 | 5,875.1 | 7,123.2 | 5,264.2 | |
| 09 | 29,640.8 | 12,406.9 | 5,699.7 | 6,570.8 | 4,963.4 | |
| 10 | 29,418.7 | 12,518.0 | 5,689.3 | 6,366.1 | 4,845.3 | |
| 11 | 31,108.1 | 12,975.8 | 6,046.5 | 6,830.4 | 5,255.4 | |
| 12 | 31,186.8 | 12,966.4 | 6,116.6 | 6,474.7 | 5,629.1 | |

| | Në euro / In EUR (13+14+15+16) | | | | | |
|---------|--------------------------------|----------|----------|----------|----------|---------|
| | 12 | 13 | 14 | 15 | 16 | 17 |
| 2007/12 | 127,801.9 | 31,430.9 | 24,488.7 | 45,031.2 | 26,851.2 | 1,519.3 |
| 2008/12 | 174,896.1 | 48,901.0 | 29,940.2 | 51,011.3 | 45,043.6 | 1,203.9 |
| 2009/12 | 186,942.0 | 53,528.5 | 26,575.6 | 53,511.5 | 53,326.4 | 705.8 |
| 2010/01 | 189,779.6 | 55,307.7 | 26,289.2 | 54,131.1 | 54,051.6 | 694.5 |
| 02 | 190,584.2 | 55,236.5 | 25,927.9 | 55,444.6 | 53,975.2 | 689.9 |
| 03 | 189,477.4 | 54,101.5 | 25,796.9 | 54,633.5 | 54,945.5 | 702.8 |
| 04 | 187,784.8 | 53,837.8 | 26,097.0 | 52,698.8 | 55,151.4 | 685.4 |
| 05 | 188,469.2 | 53,787.1 | 26,005.8 | 53,319.2 | 55,357.2 | 654.9 |
| 06 | 189,186.7 | 54,041.4 | 26,325.1 | 52,220.5 | 56,599.7 | 696.0 |
| 07 | 191,205.9 | 55,612.9 | 26,131.5 | 51,659.3 | 57,802.3 | 672.0 |
| 08 | 191,591.8 | 55,753.8 | 24,899.4 | 53,173.2 | 57,765.5 | 495.9 |
| 09 | 195,107.4 | 56,604.3 | 24,949.6 | 55,282.6 | 58,270.8 | 329.6 |
| 10 | 195,968.2 | 56,573.7 | 24,968.7 | 55,885.9 | 58,539.9 | 313.6 |
| 11 | 204,690.4 | 59,939.8 | 25,780.1 | 60,603.8 | 58,366.6 | 319.8 |
| 12 | 209,347.5 | 61,989.3 | 27,174.5 | 60,072.5 | 60,111.2 | 324.5 |

Burimi: Banka e Shqipërisë.

¹⁾ Të dhënat e kredisë nuk përfshijnë interesat e përilogaritur.²⁾ Përfshin kredi në monedha të tjera dhe zërat balancues.

Source: Bank of Albania

3.8 KREDIA SIPAS QËLLIMIT TË PËRDORIMIT DHE MONEDHËS PËR INDIVIDËT¹⁾

Në milionë lekë, fund periudhe

HOUSEHOLD LOANS BY PURPOSE AND CURRENCY¹ 3.8
In millions ALL, end of period

| | Kredia për individët/ Household Loans (2+8+14+20) | Në lekë / In ALL (3+4+5+6+7) | | Overdraft/ Overdraft | Mallra jo të qëndrueshëm/ Nondurable goods | | Mallra të qëndrueshëm/ Durable goods | | Pasuri të paluajtshme/ Real estate | | Ushtrim aktiviteti/ Business activity | |
|---------|---|------------------------------|----------|----------------------|--|----------|--------------------------------------|----------|------------------------------------|---|---------------------------------------|---------|
| | | 1 | 2 | | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 2007/12 | 102,929.9 | | 44,557.5 | 2,747.7 | | 1,651.0 | 15,429.2 | 17,508.4 | | 6 | | 7,221.3 |
| 2008/12 | 134,317.1 | | 55,171.1 | 4,048.9 | | 2,390.6 | 18,515.6 | 22,238.3 | | 6 | | 7,977.6 |
| 2009/12 | 139,779.6 | | 56,239.5 | 3,859.5 | | 14,338.2 | 5,228.1 | 25,591.3 | | 6 | | 7,222.4 |
| 2010/01 | 139,520.3 | | 55,695.4 | 3,872.2 | | 14,204.4 | 5,158.1 | 25,337.5 | | 6 | | 7,123.3 |
| 02 | 139,120.4 | | 55,530.9 | 3,881.9 | | 14,133.1 | 5,245.7 | 25,289.8 | | 6 | | 6,980.4 |
| 03 | 139,503.9 | | 55,824.5 | 4,063.6 | | 14,065.3 | 5,314.4 | 25,351.6 | | 6 | | 7,029.6 |
| 04 | 139,349.8 | | 56,278.7 | 4,125.4 | | 14,207.8 | 5,411.0 | 25,488.1 | | 6 | | 7,046.4 |
| 05 | 139,660.8 | | 56,807.7 | 4,416.9 | | 14,231.6 | 5,469.6 | 25,709.2 | | 6 | | 6,980.4 |
| 06 | 139,133.2 | | 57,490.5 | 4,575.6 | | 14,380.4 | 5,495.7 | 26,088.0 | | 6 | | 6,950.7 |
| 07 | 139,376.2 | | 58,002.9 | 4,643.7 | | 14,401.2 | 5,496.2 | 26,642.5 | | 6 | | 6,819.3 |
| 08 | 139,386.1 | | 57,872.3 | 4,621.7 | | 14,376.9 | 5,457.5 | 26,774.2 | | 6 | | 6,642.1 |
| 09 | 140,188.3 | | 58,320.0 | 4,534.3 | | 14,381.0 | 5,419.9 | 26,901.3 | | 6 | | 7,083.5 |
| 10 | 140,708.3 | | 58,657.6 | 4,510.0 | | 14,120.2 | 5,483.8 | 27,134.0 | | 6 | | 7,409.7 |
| 11 | 140,974.8 | | 58,926.8 | 4,587.9 | | 14,231.1 | 5,452.6 | 27,381.5 | | 6 | | 7,273.8 |
| 12 | 142,176.0 | | 59,411.9 | 4,468.4 | | 14,403.5 | 5,434.0 | 27,782.7 | | 6 | | 7,323.3 |

| | Në dollarë amerikanë / In USD (9+10+11+12+13) | | Overdraft/ Overdraft | | Mallra jo të qëndrueshëm/ Nondurable goods | | Mallra të qëndrueshëm/ Durable goods | | Pasuri të paluajtshme/ Real estate | | Ushtrim aktiviteti/ Business activity | |
|---------|---|-------|----------------------|-------|--|-------|--------------------------------------|----|------------------------------------|----|---------------------------------------|----|
| | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 2007/12 | 2,541.7 | 112.5 | 27.6 | 120.0 | 2,141.8 | 139.8 | | | | | | |
| 2008/12 | 3,046.3 | 829.2 | 69.9 | 236.0 | 1,796.0 | 115.1 | | | | | | |
| 2009/12 | 2,330.8 | 243.0 | 40.1 | 104.5 | 1,846.1 | 97.1 | | | | | | |
| 2010/01 | 2,445.7 | 282.2 | 41.3 | 113.7 | 1,908.6 | 99.9 | | | | | | |
| 02 | 2,468.2 | 301.3 | 29.7 | 115.5 | 1,920.3 | 101.4 | | | | | | |
| 03 | 2,457.1 | 294.9 | 18.9 | 116.0 | 1,926.5 | 100.8 | | | | | | |
| 04 | 2,477.7 | 269.6 | 24.7 | 109.8 | 1,909.2 | 164.3 | | | | | | |
| 05 | 2,685.6 | 296.4 | 26.5 | 119.8 | 2,068.9 | 174.0 | | | | | | |
| 06 | 2,639.9 | 327.2 | 30.2 | 134.2 | 2,024.8 | 123.5 | | | | | | |
| 07 | 2,364.0 | 229.1 | 27.5 | 127.3 | 1,864.6 | 115.4 | | | | | | |
| 08 | 2,423.9 | 264.2 | 27.7 | 130.4 | 1,880.3 | 121.3 | | | | | | |
| 09 | 2,230.4 | 224.5 | 26.2 | 122.7 | 1,747.7 | 109.3 | | | | | | |
| 10 | 2,160.6 | 218.4 | 20.8 | 134.9 | 1,584.9 | 101.6 | | | | | | |
| 11 | 2,307.6 | 211.4 | 26.7 | 134.0 | 1,826.7 | 108.8 | | | | | | |
| 12 | 2,254.3 | 236.8 | 20.6 | 135.1 | 1,756.7 | 105.1 | | | | | | |

| | Në euro / In EUR (15+16+17+18+19) | | Overdraft/ Overdraft | | Mallra jo të qëndrueshëm/ Nondurable goods | | Mallra të qëndrueshëm/ Durable goods | | Pasuri të paluajtshme/ Real estate | | Ushtrim aktiviteti/ Business activity | | Kredia në monedha të tjera 2/ In other currencies 2/ | |
|---------|-----------------------------------|---------|----------------------|---------|--|---------|--------------------------------------|----|------------------------------------|----|---------------------------------------|----|--|----|
| | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 2007/12 | 55,912.1 | 1,698.7 | 433.4 | 4,038.5 | 46,223.3 | 3,518.2 | -81.4 | | | | | | | |
| 2008/12 | 75,708.0 | 2,637.5 | 1,422.1 | 3,526.0 | 64,177.6 | 3,944.8 | 391.8 | | | | | | | |
| 2009/12 | 80,748.3 | 2,029.4 | 1,666.4 | 2,899.4 | 70,031.3 | 4,121.9 | 461.0 | | | | | | | |
| 2010/01 | 80,918.8 | 1,919.0 | 1,649.4 | 2,950.8 | 70,092.2 | 4,307.3 | 460.3 | | | | | | | |
| 02 | 80,661.3 | 1,965.6 | 1,601.4 | 2,812.2 | 70,005.9 | 4,276.3 | 459.9 | | | | | | | |
| 03 | 80,755.4 | 1,846.5 | 1,639.9 | 2,878.5 | 70,160.0 | 4,230.5 | 467.0 | | | | | | | |
| 04 | 80,134.9 | 1,758.7 | 1,702.4 | 2,819.9 | 69,578.6 | 4,275.2 | 458.6 | | | | | | | |
| 05 | 79,709.0 | 1,788.5 | 1,650.2 | 2,827.3 | 69,143.6 | 4,299.3 | 458.6 | | | | | | | |
| 06 | 78,511.8 | 1,807.4 | 1,555.5 | 2,743.6 | 68,094.8 | 4,310.4 | 491.1 | | | | | | | |
| 07 | 78,524.3 | 1,707.5 | 1,543.6 | 2,732.1 | 68,228.5 | 4,312.6 | 485.1 | | | | | | | |
| 08 | 78,573.7 | 1,625.5 | 1,643.5 | 2,326.9 | 68,749.2 | 4,228.7 | 516.2 | | | | | | | |
| 09 | 79,150.0 | 1,587.0 | 1,628.5 | 2,326.0 | 69,349.9 | 4,258.7 | 487.9 | | | | | | | |
| 10 | 79,417.3 | 1,658.6 | 1,647.4 | 2,290.5 | 69,379.3 | 4,441.7 | 472.8 | | | | | | | |
| 11 | 79,247.4 | 1,554.3 | 1,745.3 | 2,305.2 | 69,353.2 | 4,289.3 | 493.0 | | | | | | | |
| 12 | 80,001.6 | 1,559.4 | 1,732.9 | 2,415.5 | 70,107.7 | 4,186.0 | 508.3 | | | | | | | |

Burimi: Banka e Shqipërisë.

¹⁾ Të dhënat e kredisë nuk përfshijnë interesat e përfituarit. 1) Data on loans do not include accrued interests.

²⁾ Përfshijnë kredi në monedha të tjera dhe zërat balancues. 2) Include loans in other currencies plus balancing items.

3.9 KREDIA SIPAS AKTIVITETIT EKONOMIK¹⁾

Në milionë lekë, fund periudhë

LOANS BY ECONOMIC ACTIVITY¹⁾ 3.9

In millions ALL, end of period

| | Totali i kredisë/ Total loans (2+3+4+5+6+7+8+9+10) | Bujësi, gjethë dhe silvikultura/ Agriculture, hunting and forestry | Peshërimi/ Fishing | Industria nxjerrëse/ Mining and quarrying | Industria përpunuese/ Manufacturing | Prodhim, shpërndarje dhe energji elektrike, gaz dhe ujë/ Electricity, gas and water supply | Ndërtimi/ Construction | Tregtia, riparimi i automjeteve dhe artikujve shtëpiakë/ Trade, repair of motor vehicles and personal and household goods | Hotelet dhe restorantet/ Hotels and restaurants | Transporti, komunikimi dhe telekomunikacioni/ Transport, storage and telecommunications | Ndërmjetësimi monetar dhe financiar/ Financial intermediation | Pasuritë e patundshme dhe qira, etj./ Real estate, renting, etc. | Administrimi publik/ Public administration | Arsimi/ Education | Shërbimet sociale dhe shëndetësi/ Health and social work | Shërbime kolektive, sociale dhe individuale/ Other community, social and personal service activities | Të tjera/ Other |
|-----------|--|--|--------------------|---|-------------------------------------|--|------------------------|---|---|---|---|--|--|-------------------|--|--|-----------------|
| 2007 / 12 | 184,526.0 | 2,126.6 | 338.7 | 5,246.1 | 31,524.9 | 11,415.5 | 38,884.8 | 60,498.4 | 9,872.7 | 4,347.9 | 3,858.1 | 2,185.0 | 17.8 | 1,472.7 | 1,310.8 | 6,723.3 | 4,702.8 |
| 2008 / 12 | 254,009.1 | 2,781.0 | 453.0 | 5,816.5 | 35,717.3 | 21,226.8 | 55,684.9 | 83,542.6 | 12,728.8 | 5,920.2 | 7,338.3 | 2,734.6 | 360.7 | 2,401.1 | 1,787.9 | 9,067.1 | 6,448.3 |
| 2009 / 12 | 291,214.3 | 3,060.1 | 569.5 | 6,727.8 | 42,215.8 | 22,392.1 | 59,332.5 | 98,050.9 | 13,800.8 | 7,391.1 | 9,055.7 | 2,374.7 | 423.1 | 3,280.5 | 3,261.5 | 13,575.4 | 5,702.9 |
| 2010 / 01 | 295,263.4 | 3,076.0 | 652.2 | 7,172.9 | 44,105.2 | 21,805.8 | 60,327.4 | 98,721.6 | 13,625.6 | 7,746.2 | 9,174.0 | 2,394.5 | 435.3 | 3,373.7 | 3,304.2 | 13,422.0 | 5,927.0 |
| 02 | 297,291.4 | 3,095.0 | 751.7 | 6,995.5 | 43,391.8 | 22,651.1 | 61,062.0 | 99,185.1 | 13,757.8 | 7,776.1 | 9,266.2 | 2,407.9 | 552.1 | 3,259.9 | 3,155.2 | 12,029.6 | 5,954.6 |
| 03 | 299,320.4 | 3,060.6 | 654.3 | 6,769.0 | 43,803.6 | 21,737.2 | 60,971.3 | 101,941.9 | 13,712.0 | 7,982.5 | 9,217.6 | 2,455.2 | 451.3 | 3,358.8 | 3,501.2 | 13,641.4 | 6,062.4 |
| 04 | 300,365.9 | 2,971.0 | 650.0 | 6,675.0 | 43,851.7 | 21,699.6 | 60,983.9 | 103,731.5 | 13,647.4 | 8,519.2 | 9,360.1 | 2,391.5 | 462.9 | 3,325.7 | 3,463.3 | 12,654.1 | 5,979.0 |
| 05 | 307,639.9 | 3,001.4 | 679.4 | 7,157.9 | 47,028.0 | 20,637.7 | 61,195.5 | 106,377.5 | 13,973.7 | 8,594.5 | 9,697.4 | 2,515.8 | 496.3 | 3,411.0 | 3,543.5 | 12,857.4 | 6,473.1 |
| 06 | 308,344.0 | 2,977.3 | 873.7 | 6,871.1 | 44,816.3 | 22,105.2 | 61,172.1 | 107,219.3 | 13,940.7 | 8,551.6 | 9,945.9 | 2,579.3 | 577.4 | 3,319.8 | 3,985.4 | 12,564.1 | 6,844.8 |
| 07 | 308,754.7 | 3,253.1 | 854.0 | 7,201.5 | 44,931.2 | 21,617.5 | 61,594.3 | 105,947.1 | 14,186.6 | 8,698.3 | 10,034.5 | 2,529.0 | 606.6 | 3,243.5 | 3,733.2 | 12,756.7 | 7,567.6 |
| 08 | 309,119.7 | 3,356.1 | 834.1 | 7,086.5 | 46,240.3 | 20,908.3 | 62,395.0 | 104,997.3 | 14,135.6 | 8,647.0 | 9,657.3 | 2,515.2 | 597.7 | 3,308.9 | 3,876.4 | 12,542.6 | 8,021.5 |
| 09 | 310,040.0 | 3,311.6 | 815.8 | 6,663.3 | 46,711.8 | 21,057.6 | 62,414.1 | 105,192.9 | 14,187.5 | 8,432.5 | 9,800.1 | 2,658.4 | 483.5 | 3,877.3 | 4,303.4 | 11,795.5 | 8,334.7 |
| 10 | 310,747.8 | 3,885.6 | 873.6 | 6,777.7 | 45,947.0 | 21,552.6 | 63,147.9 | 103,927.5 | 14,128.2 | 8,412.3 | 9,895.6 | 2,620.5 | 698.9 | 3,602.3 | 4,579.5 | 11,970.1 | 8,728.5 |
| 11 | 323,591.4 | 4,063.0 | 862.4 | 6,816.5 | 47,921.9 | 22,002.5 | 64,214.5 | 108,657.5 | 14,131.5 | 10,715.7 | 10,028.8 | 2,586.3 | 764.5 | 3,640.2 | 5,006.9 | 13,261.2 | 8,918.2 |
| 12 | 330,388.1 | 3,982.6 | 903.8 | 6,736.7 | 47,196.6 | 23,563.2 | 65,787.3 | 113,996.3 | 14,118.4 | 10,910.9 | 10,631.7 | 2,437.6 | 797.1 | 3,687.1 | 4,797.3 | 12,117.9 | 8,723.4 |

Burimi: Banka e Shqipërisë.

¹⁾ Të dhënat e kredisë nuk përfshijnë interesat e përllagoritur.Source: Bank of Albania.
¹⁾ Data on loans do not include accrued interests.3.10 KREDIA SIPAS RRETHIT¹⁾

Në milionë lekë, fund periudhë

LOANS BY DISTRICT¹⁾ 3.10

In millions ALL, end of period

| | Totali i kredisë/ Total loans (2+3+4+5+6+7+8+9+10) | Tiranë/ Tirana | Durrës/ Durrës | Elbasan/ Elbasan | Shkodër/ Shkodra | Korçë/ Korça | Vlorë/ Vlorë | Fier/ Fier | Lezhë/ Lezha | Të tjera/ Other |
|---------|--|----------------|----------------|------------------|------------------|--------------|--------------|------------|--------------|-----------------|
| 2007/IV | 287,455.8 | 193,316.1 | 21,939.0 | 9,888.9 | 7,309.8 | 6,298.5 | 10,900.4 | 10,893.3 | 6,908.4 | 20,001.2 |
| 2008/IV | 388,326.2 | 263,703.1 | 28,769.9 | 12,272.0 | 10,237.4 | 7,912.8 | 14,724.4 | 13,244.0 | 8,708.3 | 28,754.4 |
| 2009/IV | 430,993.8 | 296,368.6 | 33,631.9 | 13,740.3 | 10,995.7 | 8,421.8 | 15,726.9 | 12,859.3 | 9,363.0 | 29,886.2 |
| 2010/I | 438,824.3 | 302,533.4 | 35,354.9 | 13,551.0 | 11,232.4 | 8,730.1 | 16,175.0 | 12,846.0 | 8,314.8 | 30,086.8 |
| II | 447,477.2 | 308,001.0 | 36,244.8 | 13,510.2 | 10,841.5 | 8,472.1 | 16,539.2 | 13,144.7 | 8,934.1 | 31,789.6 |
| III | 450,228.3 | 312,297.2 | 35,798.6 | 13,169.8 | 10,852.1 | 8,384.3 | 16,256.7 | 12,988.7 | 8,866.2 | 31,614.7 |
| IV | 472,564.0 | 330,634.1 | 37,138.3 | 12,921.5 | 12,024.4 | 8,083.6 | 16,490.2 | 14,187.2 | 8,909.6 | 32,175.2 |

Burimi: Banka e Shqipërisë.

¹⁾ Të dhënat e kredisë nuk përfshijnë interesat e përllagoritur.Source: Bank of Albania.
¹⁾ Data on loans do not include accrued interests.

3.1.1A BILANCI SEKTORIAL I BANKAVE PARADEPOZITUESE/ MUJETET

SECTORAL BALANCE SHEET OF DEPOSIT MONEY BANKS/ ASSETS 3.1.1

Në milionë lekë, fund periudhe

In millions ALL, end of period

| | Totali i mjeteve/ Total assets (2+3+4+8+11+21+24+25) | | Arka në lekë/ National currency | Arka në valutë/ Foreign currency | Depozita/ Deposits (5+6+7) | Bankat qendrore/ Central Bank | | | Bankat paradepozituese/ Deposit money banks | | | Letra me vlerë të ndryshme nga aksionet/ Securities other than shares (9+10) | | | Jorezidentët/ Nonresidents | Qeveria qendrore/ Central Government | |
|---------|--|-------------|------------------------------------|-------------------------------------|-------------------------------|----------------------------------|----------|----------|--|-----------|----------|---|----|----|-------------------------------|---|----|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 2007/12 | | 738,936.7 | 6,214.6 | 9,698.0 | 152,467.7 | 83,653.3 | 66,426.5 | 2,388.0 | 2,388.0 | 262,181.5 | 7,451.5 | 254,729.9 | | | | | |
| 2008/12 | | 836,998.2 | 7,901.2 | 11,621.6 | 126,554.8 | 55,812.2 | 68,645.1 | 2,097.5 | 2,097.5 | 272,567.3 | 13,533.1 | 259,034.3 | | | | | |
| 2009/12 | | 898,790.5 | 7,707.7 | 12,931.0 | 119,116.3 | 43,335.1 | 68,007.2 | 7,774.0 | 7,774.0 | 279,459.0 | 14,179.6 | 265,279.4 | | | | | |
| 2010/01 | | 917,071.7 | 8,374.6 | 10,615.0 | 128,591.9 | 51,303.0 | 68,090.0 | 9,198.9 | 9,198.9 | 283,106.9 | 15,576.5 | 267,530.4 | | | | | |
| 02 | | 922,255.9 | 8,116.4 | 10,655.8 | 125,034.6 | 47,018.7 | 69,240.1 | 8,775.8 | 8,775.8 | 289,467.4 | 18,387.3 | 271,080.1 | | | | | |
| 03 | | 931,460.7 | 8,077.8 | 12,012.5 | 127,377.7 | 48,462.0 | 70,204.8 | 8,710.9 | 8,710.9 | 290,654.2 | 18,768.7 | 271,885.4 | | | | | |
| 04 | | 935,784.9 | 7,955.4 | 10,726.5 | 129,591.8 | 53,605.8 | 68,729.9 | 7,256.2 | 7,256.2 | 293,640.5 | 19,723.1 | 273,917.4 | | | | | |
| 05 | | 947,696.8 | 8,221.0 | 12,710.1 | 133,068.7 | 53,682.8 | 70,667.3 | 8,718.6 | 8,718.6 | 292,756.8 | 18,498.6 | 274,258.2 | | | | | |
| 06 | | 952,947.5 | 7,990.9 | 12,606.3 | 130,698.9 | 52,125.6 | 70,276.4 | 8,296.9 | 8,296.9 | 301,111.6 | 22,649.1 | 278,462.5 | | | | | |
| 07 | | 956,550.3 | 7,632.0 | 12,524.9 | 129,651.0 | 52,832.7 | 69,758.2 | 7,060.2 | 7,060.2 | 304,893.2 | 22,666.8 | 282,226.4 | | | | | |
| 08 | | 981,063.2 | 9,063.7 | 14,071.6 | 146,209.9 | 65,373.6 | 70,397.3 | 10,439.0 | 10,439.0 | 307,548.2 | 23,035.0 | 284,513.2 | | | | | |
| 09 | | 991,569.6 | 8,742.0 | 11,616.0 | 160,061.5 | 70,993.5 | 77,324.3 | 11,743.7 | 11,743.7 | 307,540.8 | 23,225.0 | 284,315.7 | | | | | |
| 10 | | 991,359.9 | 8,041.7 | 11,711.0 | 157,935.1 | 69,048.3 | 78,784.0 | 10,102.9 | 10,102.9 | 309,182.6 | 23,859.3 | 285,323.3 | | | | | |
| 11 | | 1,003,730.0 | 8,636.1 | 11,764.4 | 150,794.1 | 63,227.1 | 77,218.3 | 10,348.8 | 10,348.8 | 316,083.2 | 24,047.9 | 292,035.2 | | | | | |
| 12 | | 1,012,069.6 | 7,297.8 | 11,343.3 | 155,910.2 | 65,042.6 | 80,939.8 | 9,927.8 | 9,927.8 | 313,094.4 | 25,129.5 | 287,964.9 | | | | | |

| | Huatë/ Loans (12+13+14+15+16+17+18+19+20) | | Banka qendrore/ Central Bank | Bankat paradepozituese/ Deposit money banks | Korporata të tjera financiare/ Other financial corporations | Qeveria qendrore/ Central Government | Qeveria lokale/ Local government | Korporata jo financiare publike / Public nonfinancial corporations | Korporata të tjera jo financiare/ Other nonfinancial corporations | Sektore të tjerë rezident/ Other resident sectors | Aksione dhe instrumente të tjera të kapitalit / Shares and other equity (22+23) | Jozesidentët/ Nonresidents | Rezidentët/ Residents | Llogaritë të arkëtueshme/ Other accounts receivable | Mjetet jo financiare/ Nonfinancial assets |
|---------|--|----------|---------------------------------|--|--|---|-------------------------------------|---|--|--|--|-------------------------------|--------------------------|--|--|
| | 11 | 12 | | | | | | | | | | 13 | 14 | | |
| 2007/12 | 292,569.1 | 2,923.6 | - | 200.1 | 97.4 | - | - | 3,923.0 | 182,049.1 | 103,376.0 | 1,596.1 | 1,499.2 | 96.9 | 2,978.9 | 11,230.7 |
| 2008/12 | 396,990.4 | 3,642.5 | - | 280.2 | 376.2 | 1,868.9 | - | 12,899.1 | 242,050.6 | 135,873.0 | 2,074.3 | 1,977.1 | 97.2 | 4,040.0 | 15,248.6 |
| 2009/12 | 456,905.6 | 14,325.7 | - | 220.0 | 6,032.3 | 7,775.9 | - | 12,056.3 | 275,479.8 | 141,015.7 | 2,222.2 | 1,914.9 | 307.3 | 5,829.5 | 14,619.3 |
| 2010/01 | 463,667.8 | 15,624.6 | - | 1,205.3 | 6,080.2 | 7,841.2 | - | 12,443.8 | 279,396.6 | 141,076.0 | 2,245.6 | 1,938.1 | 307.5 | 5,996.4 | 14,473.5 |
| 02 | 466,403.8 | 16,143.0 | - | 1,310.3 | 6,291.2 | 7,865.2 | - | 12,205.4 | 281,942.9 | 140,645.8 | 2,233.1 | 1,925.4 | 307.6 | 6,012.0 | 14,332.9 |
| 03 | 470,808.8 | 18,428.4 | - | 1,606.1 | 6,868.3 | 7,940.0 | - | 11,488.8 | 283,584.4 | 140,892.8 | 2,346.6 | 2,038.9 | 307.7 | 5,961.1 | 14,222.0 |
| 04 | 471,211.6 | 18,267.4 | - | 770.1 | 6,994.5 | 7,904.2 | - | 11,589.2 | 284,484.6 | 141,201.6 | 2,315.5 | 2,007.8 | 307.7 | 6,214.3 | 14,129.3 |
| 05 | 478,431.9 | 18,060.2 | - | 670.1 | 7,354.4 | 7,722.8 | - | 11,464.3 | 292,028.8 | 141,131.3 | 2,398.2 | 2,090.0 | 308.2 | 6,003.9 | 14,106.3 |
| 06 | 478,113.0 | 18,518.4 | - | 260.2 | 7,827.8 | 7,639.8 | - | 10,905.2 | 292,227.1 | 140,734.5 | 2,368.6 | 2,066.7 | 301.9 | 5,922.0 | 14,136.2 |
| 07 | 479,452.6 | 17,707.1 | - | 1,360.3 | 8,005.3 | 7,702.2 | - | 10,520.3 | 292,993.9 | 141,163.4 | 2,365.6 | 2,063.7 | 301.9 | 5,912.0 | 14,119.0 |
| 08 | 482,001.3 | 18,265.6 | - | 2,601.8 | 7,985.3 | 7,770.0 | - | 10,290.5 | 294,151.6 | 140,936.4 | 2,349.0 | 2,047.1 | 301.9 | 5,780.0 | 14,039.6 |
| 09 | 481,316.2 | 16,544.7 | - | 2,240.4 | 8,306.6 | 7,897.3 | 6.0 | 9,622.8 | 295,512.3 | 141,186.1 | 2,355.9 | 2,054.0 | 301.9 | 5,852.9 | 14,084.4 |
| 10 | 482,334.9 | 16,646.7 | - | 1,575.4 | 8,407.8 | 7,959.5 | 6.1 | 9,345.6 | 297,285.7 | 141,108.3 | 2,517.6 | 2,215.7 | 301.9 | 5,696.8 | 13,940.2 |
| 11 | 494,268.6 | 19,098.8 | - | 1,766.0 | 8,536.2 | 3,688.2 | 6.0 | 9,275.5 | 310,054.9 | 141,845.2 | 2,525.9 | 2,224.0 | 301.9 | 5,672.0 | 13,985.8 |
| 12 | 501,556.9 | 20,228.0 | - | 966.8 | 8,704.5 | 3,475.1 | 85.0 | 9,373.8 | 315,879.1 | 142,844.6 | 2,502.2 | 2,200.3 | 301.9 | 5,498.5 | 14,866.4 |

Burimi: Banka e Shqipërisë.

Source: Bank of Albania

3.11B BILANCI SEKTORIAL I BANKAVE PARADEPOZITUESE / DETYRIMET

SECTORAL BALANCE SHEET OF DEPOSIT MONEY BANKS / LIABILITIES 3.11B

Ne milionë lekë, fund periudhë

In millions ALL, end of period

| | Dejtimet totale / Total liabilities (2+8+17+ 18+25+26) | Depozita të përf- shira në parantë e gjerë / Trans- ferable deposits (3+4+5+6+7) | | | Korporata të financiare / Other financial corporations | | | Qeveria lokale / Local Govern- ments | | | Korporata jo- financiare pub- like / Public nonfinancial corporations | | | Korporata të financiare pub- like / Public nonfinancial corporations | | | Korporata të financiare / Other financial corporations | | | Qeveria qendrore / Central Gov- ernment | | | Korporata të financiare / Other financial corporations | | | Korporata të financiare pub- like / Public nonfinancial corporations | | | Sektor të tjerë rez- ident / Other resident sectors | | | |
|---------|--|--|---------|---------|---|----------|-----------|---|---|---------|---|--------------------------------------|--|--|--|---|--|--|---|---|--|--|---|--|--|--|--|--|---|--|--|--|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Depozita të parantë e gjerë / Deposits not included in broad money (9+10+11+12+ 13+14+15+16) | | | Jori- zimi / Nonresi- dents | Banka qendrore / Central Bank | Korporata të tjera depoz- ituese / Other depository corporations | Qeveria qendrore / Central Gov- ernment | Korporata të financiare / Other financial corporations | Korporata jo-financiare publike / Public nonfinancial corporations | Korporata të financiare pub- like / Public nonfinancial corporations | Korporata të financiare / Other financial corporations | Sektor të tjerë rez- ident / Other resident sectors | | | | | | | | | | | | |
| 2007/12 | 738,936.7 | 601,641.6 | 2,411.3 | 1,056.6 | 21,900.1 | 83,440.2 | 492,833.4 | 37,956.9 | 14,780.9 | 66.4 | 2,847.8 | 1,669.9 | 0.4 | 262.8 | 8,544.5 | 9,784.2 | | | | | | | | | | | | | | | | |
| 2008/12 | 836,998.2 | 618,356.6 | 3,664.2 | 780.0 | 16,655.0 | 88,933.6 | 508,323.9 | 35,715.5 | 13,422.0 | 505.3 | 1,405.8 | 2,271.7 | 0.4 | 77.3 | 6,395.6 | 11,637.3 | | | | | | | | | | | | | | | | |
| 2009/12 | 898,790.5 | 660,885.7 | 5,133.6 | 799.4 | 17,945.0 | 70,360.5 | 566,647.2 | 36,949.0 | 15,509.2 | 113.4 | 1,805.2 | 2,294.3 | 0.4 | 234.3 | 5,466.5 | 11,525.7 | | | | | | | | | | | | | | | | |
| 2010/01 | 917,071.7 | 679,220.3 | 5,347.4 | 905.0 | 17,926.1 | 75,619.6 | 579,422.3 | 38,658.8 | 15,890.6 | 131.6 | 2,780.9 | 2,391.5 | 0.4 | 236.2 | 5,348.6 | 11,878.9 | | | | | | | | | | | | | | | | |
| 02 | 922,255.9 | 683,065.5 | 5,179.0 | 943.7 | 18,334.3 | 73,828.4 | 584,780.1 | 38,276.2 | 14,840.3 | 823.8 | 3,154.8 | 2,391.3 | 0.9 | 236.9 | 5,249.8 | 11,578.5 | | | | | | | | | | | | | | | | |
| 03 | 931,460.7 | 691,139.8 | 5,213.4 | 892.6 | 19,161.2 | 77,533.6 | 588,339.0 | 38,499.6 | 13,808.1 | 506.4 | 3,408.3 | 2,850.8 | 0.9 | 264.7 | 5,853.4 | 11,807.0 | | | | | | | | | | | | | | | | |
| 04 | 935,784.9 | 691,015.5 | 5,100.1 | 1,840.3 | 18,275.3 | 71,818.5 | 593,981.3 | 44,296.8 | 16,653.2 | 1,445.2 | 1,545.3 | 4,613.6 | 0.9 | 215.7 | 7,480.6 | 12,342.4 | | | | | | | | | | | | | | | | |
| 05 | 947,696.8 | 702,730.1 | 5,088.5 | 1,991.9 | 20,079.3 | 73,779.8 | 601,790.5 | 41,779.3 | 14,331.4 | 519.1 | 3,030.1 | 3,731.5 | 1.0 | 230.3 | 7,430.5 | 12,505.5 | | | | | | | | | | | | | | | | |
| 06 | 952,947.5 | 706,881.7 | 6,307.3 | 1,383.1 | 20,382.2 | 71,958.1 | 606,851.0 | 41,824.0 | 13,332.0 | 1,080.2 | 2,153.3 | 4,761.0 | 1.0 | 239.1 | 7,661.1 | 12,596.3 | | | | | | | | | | | | | | | | |
| 07 | 956,550.3 | 714,441.3 | 6,581.2 | 1,671.8 | 19,948.1 | 75,084.3 | 611,156.0 | 43,306.1 | 14,632.6 | 1,395.7 | 2,764.4 | 4,525.3 | 1.0 | 235.4 | 6,961.2 | 12,790.5 | | | | | | | | | | | | | | | | |
| 08 | 981,063.2 | 741,409.5 | 7,271.7 | 1,510.6 | 19,724.5 | 81,351.0 | 631,551.7 | 47,875.1 | 14,812.5 | 1,596.8 | 6,259.7 | 4,858.7 | 1.0 | 255.5 | 6,962.0 | 13,128.9 | | | | | | | | | | | | | | | | |
| 09 | 991,569.6 | 755,363.4 | 7,377.0 | 1,604.8 | 20,776.1 | 87,675.2 | 637,930.2 | 46,345.1 | 14,478.9 | 37.2 | 6,190.2 | 5,235.0 | 0.9 | 254.3 | 7,004.4 | 13,144.2 | | | | | | | | | | | | | | | | |
| 10 | 991,359.9 | 758,354.7 | 7,695.9 | 1,407.8 | 21,659.2 | 84,825.0 | 642,766.8 | 45,646.9 | 14,209.1 | 399.8 | 4,886.3 | 5,283.0 | 58.0 | 280.3 | 7,397.3 | 13,133.1 | | | | | | | | | | | | | | | | |
| 11 | 1,003,730.0 | 769,779.8 | 7,691.7 | 1,560.3 | 19,596.9 | 85,843.0 | 655,088.0 | 46,483.9 | 14,787.9 | 834.4 | 4,723.9 | 5,337.3 | 58.3 | 263.6 | 6,858.8 | 13,619.7 | | | | | | | | | | | | | | | | |
| 12 | 1,012,069.6 | 783,208.8 | 8,637.2 | 1,496.1 | 18,760.4 | 88,204.6 | 666,110.6 | 44,302.9 | 14,003.0 | 475.0 | 4,473.9 | 4,638.1 | 61.2 | 258.0 | 6,754.3 | 13,639.6 | | | | | | | | | | | | | | | | |

| | Lëtrat me vlerë përveç aksioneve / Securities other than shares | Huatë / Loans (19+20+21+22+23+24) | | | Jorezidentët/ Nonresidents | Banka qendrore/ Central Bank | Korporata të depozituesve / Other depository corporations | Qeveria qendrore/ Central Government | Korporata të financiare / Other financial corporations | Korporata të financiare pub- like / Public nonfinancial corporations | Llogarit të pagueshme / Other accounts payable | Aksione dhe instrumente të tjera të kapitalit / Other Shares and equity |
|---------|---|--------------------------------------|----------|----------|-------------------------------|---------------------------------|---|---|--|--|--|---|
| | | 17 | 18 | 19 | | | | | | | | |
| 2007/12 | - | - | 32,452.0 | 29,371.0 | 1,605.2 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 2008/12 | - | - | 90,421.2 | 68,092.5 | 20,145.3 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 2009/12 | - | - | 83,987.5 | 42,785.1 | 32,377.0 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 2010/01 | - | - | 77,723.4 | 36,965.7 | 30,307.7 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 02 | - | - | 75,817.0 | 38,541.1 | 27,918.1 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 03 | - | - | 75,164.7 | 40,724.2 | 25,078.4 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 04 | - | - | 74,031.0 | 41,943.6 | 23,156.8 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 05 | - | - | 74,157.9 | 41,958.6 | 23,345.5 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 06 | - | - | 69,202.4 | 37,658.8 | 23,469.4 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 07 | - | - | 69,831.5 | 35,055.7 | 27,522.0 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 08 | - | - | 62,343.5 | 27,501.4 | 26,514.6 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 09 | - | - | 57,273.9 | 26,454.3 | 21,517.9 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 10 | - | - | 54,451.0 | 24,769.8 | 21,394.9 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 11 | - | - | 52,631.4 | 27,654.9 | 16,386.3 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 12 | - | - | 49,254.2 | 28,680.5 | 12,536.9 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |

Burimi: Banka e Shqipërisë.

Source: Bank of Albania

3.12 BILANCI SEKTORIAL I BANKËS SË SHQIPËRISË

SECTORAL BALANCE SHEET OF BANK OF ALBANIA 3.12
In millions ALL, end of period

Në milionë lekë, fund periudhe

| | Totali i mjeteve/ Total assets (2+3+4+5+8 +12+13+14) | | | Arka në valutë/ Foreign currency | Depozita/ Deposits | Letrat me vlerë të ndryshme nga aksionet / Securities other than shares (6+7) | | | Jorezidentë/ Nonresidents | Qeveria qendrore/ Central Government | Huatë/ Loans (9+10+11) | Qeveria qendrore/ Central Government | Korporata të tjera depozituese/ Other depository corporations | Sektore të tjerë rezidentë/ Other resident sectors | Derivatet financiare/ Financial derivatives | Llogarit të arkëstueme/ Receivable accounts | Mjetet financiare/ Nonfinancial assets |
|---------|---|---------|---------|---|-----------------------|--|----------|----------|------------------------------|---|---------------------------|---|--|---|--|--|---|
| | 1 | 2 | 3 | | | 4 | 5 | 6 | | | | | | | | | |
| 2007/12 | 272,308.1 | 163.3 | 5.1 | 45,773.8 | 205,735.1 | 132,843.0 | 2,651.4 | 72,892.2 | 2,651.4 | 8 | 3,014.8 | 3,014.8 | 30,293.6 | 1,530.9 | 9.0 | 8,103.4 | 6,602.0 |
| 2008/12 | 326,406.4 | 641.8 | 1,068.6 | 64,087.6 | 218,119.8 | 142,952.5 | 24,318.6 | 75,167.2 | 24,318.6 | 3,000.0 | 20,141.0 | 20,141.0 | 27,904.7 | 1,535.7 | 11.5 | 8,555.2 | 6,781.7 |
| 2009/12 | 359,552.4 | 7,546.1 | 7,058.4 | 54,087.6 | 243,142.8 | 165,853.4 | 33,885.2 | 77,289.4 | 33,885.2 | 3,000.0 | 20,141.0 | 20,141.0 | 27,904.7 | 1,535.7 | 11.5 | 8,555.2 | 6,781.7 |
| 2010/01 | 357,226.3 | 7,437.5 | 6,877.7 | 56,610.0 | 242,937.5 | 165,745.5 | 34,839.2 | 77,192.0 | 34,839.2 | 3,014.8 | 30,293.6 | 30,293.6 | 27,904.7 | 1,535.7 | 11.5 | 8,555.2 | 6,781.7 |
| 02 | 355,944.6 | 7,351.4 | 6,835.5 | 65,052.3 | 238,068.5 | 160,913.1 | 29,440.5 | 77,155.5 | 29,440.5 | — | 27,904.7 | 27,904.7 | 25,074.6 | 1,532.3 | 27.8 | 8,078.2 | 6,868.8 |
| 03 | 353,036.2 | 7,326.0 | 6,802.7 | 47,132.0 | 256,316.4 | 178,940.0 | 26,606.8 | 77,376.4 | 26,606.8 | — | 25,074.6 | 25,074.6 | 23,153.2 | 1,525.6 | 38.7 | 7,798.1 | 7,092.5 |
| 04 | 348,639.2 | 7,281.3 | 6,676.6 | 46,845.6 | 254,236.5 | 177,002.3 | 24,678.8 | 77,234.3 | 24,678.8 | — | 23,341.8 | 23,341.8 | 23,465.5 | 1,575.3 | 66.2 | 8,247.3 | 7,549.0 |
| 05 | 360,601.2 | 8,572.5 | 6,569.3 | 35,133.6 | 275,960.7 | 198,502.3 | 24,870.0 | 77,458.4 | 24,870.0 | — | 23,465.5 | 23,465.5 | 27,513.3 | 1,639.7 | 66.2 | 8,247.3 | 7,549.0 |
| 06 | 361,310.0 | 8,459.2 | 6,590.0 | 34,121.5 | 277,165.0 | 199,757.7 | 25,040.8 | 77,407.2 | 25,040.8 | — | 26,510.0 | 26,510.0 | 21,514.8 | 1,707.9 | 56.7 | 9,356.6 | 11,448.0 |
| 07 | 359,871.7 | 7,985.1 | 6,616.3 | 31,497.4 | 274,831.9 | 197,680.7 | 29,153.0 | 77,151.3 | 29,153.0 | — | 21,514.8 | 21,514.8 | 21,385.5 | 1,709.1 | 59.9 | 10,481.9 | 11,460.4 |
| 08 | 368,033.2 | 7,987.5 | 6,526.6 | 33,806.3 | 280,709.1 | 203,225.7 | 28,174.9 | 77,483.4 | 28,174.9 | — | 16,383.8 | 16,383.8 | 12,534.8 | 1,767.3 | 81.4 | 10,748.3 | 12,119.1 |
| 09 | 366,771.3 | 7,584.9 | 6,537.7 | 34,178.1 | 280,270.6 | 202,747.0 | 23,222.7 | 77,523.7 | 23,222.7 | — | 16,383.8 | 16,383.8 | 12,534.8 | 1,767.3 | 81.4 | 10,748.3 | 12,119.1 |
| 10 | 369,899.1 | 8,051.2 | 6,599.7 | 27,610.7 | 288,480.5 | 210,778.1 | 23,094.6 | 77,702.3 | 23,094.6 | — | 16,383.8 | 16,383.8 | 12,534.8 | 1,767.3 | 81.4 | 10,748.3 | 12,119.1 |
| 11 | 387,477.5 | 8,337.3 | 6,473.3 | 35,855.4 | 301,028.7 | 223,044.7 | 18,124.3 | 77,984.0 | 18,124.3 | — | 16,383.8 | 16,383.8 | 12,534.8 | 1,767.3 | 81.4 | 10,748.3 | 12,119.1 |
| 12 | 368,031.5 | 8,126.9 | 6,470.0 | 41,705.7 | 280,300.9 | 215,901.8 | 14,302.2 | 64,399.2 | 14,302.2 | — | 16,383.8 | 16,383.8 | 12,534.8 | 1,767.3 | 81.4 | 10,748.3 | 12,119.1 |

| Detajimet totalit/ Total liabilities (12+13+14+ +15+16) | Para në qarkullim/ Currency in circulation | Depozita të përfshira në paratë e gjerë/ e gjerë/ Deposits included in broad money | | Depozita të papërfshira në paratë e gjerë/ Deposits excluded from broad money (5+6+7+8+9) | | Jorezidentë/ Nonresidents | | Qeveria qendrore/ Central Gov- ernment | | Korporata të tjera depozituese/ Other depository corporations | | Korporata të tjera financiare/ Other nonfinancial corporations | | Sektore të tjerë rezidentë/ Other resident sectors | | Huatë/ Loans (11+ 12+13) | | Jorezidentë/ Nonresidents | | Qeveria qendrore/ Central Gov- ernment | | Korporata të tjera depozituese/ Other depository corporations | | Llogarit të pagueshme/ Other accounts payable | | Akizimi i SDR/ SDR allocat- ion | | Aksione dhe instrumente të tjera të kapitalit/ Shares and other equity | |
|---|---|---|---------|--|-----------|------------------------------|----------|---|------|--|---------|--|----|---|----|-----------------------------------|----|------------------------------|----|---|----|--|----|---|----|--|----|--|----|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 2007/12 | 272,308.1 | 161,181.9 | 13.4 | 95,556.8 | 95,556.8 | 7,150.5 | 20,775.7 | 67,035.6 | 8.2 | 586.7 | 1,186.4 | 1,186.4 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 2008/12 | 326,406.4 | 203,732.8 | 203.1 | 94,814.7 | 94,814.7 | 6,783.7 | 19,334.8 | 67,793.3 | 12.2 | 890.7 | 1,173.4 | 1,173.4 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 2009/12 | 359,552.4 | 216,767.6 | 0.6 | 87,660.4 | 87,660.4 | 7,981.6 | 10,897.5 | 68,071.5 | 17.0 | 692.9 | 1,269.2 | 1,269.2 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 2010/01 | 357,226.3 | 207,515.7 | 264.2 | 93,899.0 | 93,899.0 | 7,982.5 | 16,282.9 | 68,297.4 | 17.0 | 1,319.3 | 1,281.6 | 1,281.6 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 02 | 355,944.6 | 205,552.8 | 374.9 | 91,309.1 | 91,309.1 | 7,983.1 | 13,552.3 | 68,617.5 | 17.7 | 1,138.6 | 1,271.5 | 1,271.5 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 03 | 353,036.2 | 202,282.9 | (0.4) | 92,890.1 | 92,890.1 | 7,983.3 | 13,981.1 | 69,916.9 | 18.2 | 990.6 | 1,260.3 | 1,260.3 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 04 | 348,639.2 | 201,115.2 | 602.8 | 89,941.9 | 89,941.9 | 7,983.4 | 13,234.4 | 67,722.5 | 17.6 | 984.0 | 1,247.1 | 1,247.1 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 05 | 360,601.2 | 201,752.3 | 4.9 | 91,761.8 | 91,761.8 | 7,985.2 | 12,363.5 | 70,459.0 | 17.8 | 936.2 | 1,246.6 | 1,246.6 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 06 | 361,310.0 | 201,870.0 | -1.1 | 92,425.1 | 92,425.1 | 8,457.9 | 13,733.8 | 69,366.4 | 17.1 | 850.0 | 1,239.9 | 1,239.9 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 07 | 359,871.7 | 204,850.5 | 366.2 | 93,164.4 | 93,164.4 | 8,456.4 | 15,258.7 | 68,474.2 | 13.7 | 961.4 | 1,242.1 | 1,242.1 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 08 | 368,033.2 | 206,039.1 | -0.4 | 95,512.4 | 95,512.4 | 8,441.2 | 16,768.1 | 69,239.1 | 14.4 | 1,049.5 | 1,241.9 | 1,241.9 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 09 | 366,771.3 | 200,113.0 | 66.4 | 104,588.8 | 104,588.8 | 8,439.7 | 17,830.2 | 77,566.5 | 14.4 | 738.1 | 1,239.6 | 1,239.6 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 10 | 369,899.1 | 199,003.2 | 1,078.6 | 106,997.9 | 106,997.9 | 8,439.4 | 18,892.9 | 78,603.2 | 14.6 | 1,047.9 | 1,242.4 | 1,242.4 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 11 | 387,477.5 | 198,021.5 | 618.9 | 119,393.9 | 119,393.9 | 8,440.9 | 33,099.5 | 76,895.9 | 15.1 | 942.6 | 1,243.9 | 1,243.9 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| 12 | 368,031.5 | 202,386.7 | 256.8 | 98,841.8 | 98,841.8 | 8,440.3 | 8,966.2 | 80,810.0 | 14.9 | 610.4 | 5,920.6 | 5,920.6 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |

Burimi: Banka e Shqipërisë.

Source: Bank of Albania

4. TREGJET FINANCIARE

4.1 NORMAT E INTERESIT PËR KREDITË E REJA SIPAS MONEDHËS*

FINANCIAL MARKETS 4

CURRENCY BREAKDOWN OF INTEREST RATES ON NEW LOANS* 4.1

Në përqindje

In percentage

| | Në lekë/ In ALL | | | | |
|-------------------------------|--------------------------------|-----------------------------------|---------------------|-------------------------|--------------------------|
| | Deri në 6 muaj/ Up to 6 months | 6 muaj - 1 vit/ 6 months - 1 year | 1-3 vjet/ 1-3 years | 3 - 5 vjet/ 3 - 5 years | Mbi 5 vjet/ Over 5 years |
| 2007/12 | 13.85 | 13.55 | 14.55 | 14.64 | 13.72 |
| 2008/12 | 11.18 | 11.11 | 13.29 | 13.35 | 13.60 |
| 2009/12 | 12.20 | 12.04 | 15.71 | 16.20 | 13.75 |
| 2010/01 | 12.37 | 12.24 | 15.68 | 14.74 | 12.58 |
| 02 | 13.66 | 12.28 | 15.68 | 15.35 | 12.62 |
| 03 | 16.43 | 12.66 | 17.21 | 14.07 | 12.93 |
| 04 | 14.81 | 12.37 | 14.33 | 14.69 | 13.55 |
| 05 | 14.99 | 12.98 | 17.45 | 13.40 | 12.89 |
| 06 | 12.80 | 11.77 | 16.06 | 14.16 | 12.16 |
| 07 | 11.83 | 11.48 | 16.24 | 14.77 | 11.69 |
| 08 | 11.70 | 8.09 | 16.35 | 14.18 | 11.68 |
| 09 | 10.76 | 11.77 | 16.83 | 15.30 | 11.76 |
| 10 | 11.57 | 12.09 | 15.10 | 14.20 | 11.72 |
| 11 | 11.25 | 11.85 | 14.55 | 13.38 | 11.59 |
| 12 | 11.69 | 11.52 | 15.42 | 14.10 | 10.61 |
| Në dollarë amerikanë / In USD | | | | | |
| 2007/12 | 8.78 | 8.46 | 7.79 | 8.81 | 8.91 |
| 2008/12 | 6.84 | 6.98 | 6.96 | 7.29 | 6.02 |
| 2009/12 | 8.02 | 6.37 | 9.33 | 8.68 | 6.79 |
| 2010/01 | 6.60 | 5.47 | 5.65 | — | 6.52 |
| 02 | 8.75 | 6.13 | 9.24 | 7.50 | 8.06 |
| 03 | 8.55 | 7.49 | 6.11 | 4.73 | 6.75 |
| 04 | 6.12 | 6.95 | 7.02 | 7.00 | 9.08 |
| 05 | 7.89 | 6.45 | 10.37 | 6.41 | 4.91 |
| 06 | 7.27 | 6.92 | 12.00 | 8.03 | 7.49 |
| 07 | 7.55 | 7.10 | 7.67 | 8.14 | 5.00 |
| 08 | 6.73 | 7.52 | 9.52 | — | 6.70 |
| 09 | 6.85 | 7.38 | 8.50 | 5.46 | 6.76 |
| 10 | 7.75 | 6.45 | 6.42 | 6.32 | 8.50 |
| 11 | 6.64 | 7.11 | 5.65 | 9.26 | 7.65 |
| 12 | 5.82 | 6.66 | 7.84 | 9.22 | 6.82 |
| Në Euro/ In EUR | | | | | |
| 2007/12 | 8.73 | 8.88 | 9.30 | 9.23 | 8.26 |
| 2008/12 | 8.18 | 6.72 | 7.89 | 6.83 | 7.42 |
| 2009/12 | 8.14 | 8.31 | 9.24 | 8.15 | 8.44 |
| 2010/01 | 6.88 | 6.96 | 6.59 | 7.70 | 6.73 |
| 02 | 8.17 | 7.84 | 8.25 | 7.97 | 8.05 |
| 03 | 8.52 | 7.90 | 8.03 | 8.68 | 6.28 |
| 04 | 6.81 | 7.74 | 8.55 | 7.89 | 8.32 |
| 05 | 7.67 | 6.77 | 7.82 | 7.81 | 7.75 |
| 06 | 8.01 | 7.81 | 7.88 | 8.59 | 6.99 |
| 07 | 6.93 | 7.67 | 7.66 | 8.75 | 7.91 |
| 08 | 7.05 | 6.42 | 8.42 | 6.65 | 7.78 |
| 09 | 8.01 | 7.99 | 7.79 | 8.16 | 8.31 |
| 10 | 7.75 | 7.76 | 8.20 | 7.72 | 7.71 |
| 11 | 7.76 | 7.23 | 8.47 | 8.26 | 6.77 |
| 12 | 6.25 | 6.18 | 8.49 | 7.24 | 7.59 |

Burimi: Banka e Shqipërisë.

* Përfaqësojnë normat mesatare të ponderuara të periudhës.

Source: Bank of Albania

* Weighted average interest rates.

4.2 NORMAT E INTERESIT PËR DEPOZITAT E REJA SIPAS MONEDHËS*

CURRENCY BREAKDOWN OF INTEREST RATES ON NEW DEPOSITS* 4.2

Në përqindje

In percentage

| | Në lekë/ In ALL | | | | | | Llogari rrjedhëse/ Current accounts |
|------------------------------|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|--|--|
| | 24-mujore/ 24 months | 12-mujore/ 12 months | 6-mujore/ 6 months | 2-mujore/ 3 months | 1-mujore/ 1 months | | |
| 2007/12 | 6.59 | 6.33 | 5.50 | 4.85 | 3.21 | | 0.11 |
| 2008/12 | 6.83 | 6.86 | 5.76 | 5.23 | 3.95 | | 0.26 |
| 2009/12 | 7.58 | 6.75 | 5.50 | 4.96 | 4.65 | | 0.27 |
| 2010/01 | 7.49 | 6.77 | 5.57 | 5.06 | 4.48 | | 0.30 |
| 02 | 7.60 | 6.74 | 5.64 | 4.94 | 4.40 | | 0.28 |
| 03 | 7.38 | 6.60 | 5.48 | 4.67 | 4.52 | | 0.31 |
| 04 | 7.16 | 6.59 | 5.45 | 4.75 | 4.63 | | 0.29 |
| 05 | 7.12 | 6.46 | 5.43 | 4.73 | 4.69 | | 0.30 |
| 06 | 7.32 | 6.39 | 5.42 | 4.62 | 4.79 | | 0.30 |
| 07 | 7.03 | 6.39 | 5.46 | 4.48 | 4.68 | | 0.30 |
| 08 | 6.76 | 6.29 | 5.24 | 4.49 | 4.58 | | 0.32 |
| 09 | 6.93 | 6.27 | 5.25 | 4.56 | 4.36 | | 0.31 |
| 10 | 6.92 | 6.31 | 5.25 | 4.41 | 4.4 | | 0.29 |
| 11 | 6.82 | 6.15 | 5.22 | 4.49 | 4.31 | | 0.28 |
| 12 | 6.86 | 6.07 | 5.16 | 4.42 | 4.7 | | 0.34 |
| Në dollarë amerikanë/ In USD | | | | | | | |
| 2007/12 | 4.43 | 4.10 | 3.63 | 3.37 | 3.59 | | 0.11 |
| 2008/12 | 2.44 | 2.55 | 2.20 | 2.07 | 1.76 | | 0.14 |
| 2009/12 | 2.12 | 1.91 | 1.35 | 1.18 | 1.08 | | 0.08 |
| 2010/01 | 2.00 | 1.94 | 1.49 | 1.29 | 1.18 | | 0.09 |
| 02 | 2.34 | 2.00 | 1.34 | 1.30 | 1.10 | | 0.07 |
| 03 | 1.89 | 2.18 | 1.29 | 1.14 | 1.18 | | 0.07 |
| 04 | 2.46 | 2.12 | 1.32 | 1.13 | 1.32 | | 0.08 |
| 05 | 2.42 | 2.05 | 1.43 | 1.41 | 1.41 | | 0.08 |
| 06 | 2.86 | 1.87 | 1.41 | 1.11 | 1.03 | | 0.08 |
| 07 | 1.90 | 2.01 | 1.39 | 1.19 | 1.12 | | 0.07 |
| 08 | 2.31 | 2.12 | 1.52 | 1.47 | 1.15 | | 0.08 |
| 09 | 2.45 | 2.09 | 1.41 | 1.10 | 1.37 | | 0.10 |
| 10 | 2.84 | 2.16 | 1.36 | 1.00 | 0.86 | | 0.10 |
| 11 | 2.05 | 1.98 | 1.51 | 0.95 | 0.92 | | 0.10 |
| 12 | 2.04 | 1.83 | 1.31 | 1.04 | 0.75 | | 0.13 |
| Në Euro/ In EUR | | | | | | | |
| 2007/12 | 4.44 | 4.23 | 3.92 | 3.59 | 2.69 | | 0.11 |
| 2008/12 | 4.71 | 4.70 | 4.24 | 4.13 | 2.94 | | 0.15 |
| 2009/12 | 4.57 | 3.75 | 3.40 | 3.04 | 1.79 | | 0.13 |
| 2010/01 | 4.53 | 3.78 | 3.24 | 2.87 | 1.89 | | 0.14 |
| 02 | 4.56 | 4.00 | 3.15 | 3.23 | 1.96 | | 0.14 |
| 03 | 4.70 | 3.88 | 3.10 | 2.81 | 1.98 | | 0.15 |
| 04 | 4.32 | 3.87 | 2.81 | 2.76 | 1.97 | | 0.15 |
| 05 | 3.31 | 3.83 | 3.18 | 2.64 | 1.97 | | 0.14 |
| 06 | 4.43 | 3.70 | 2.95 | 2.64 | 1.90 | | 0.13 |
| 07 | 4.21 | 3.52 | 2.91 | 2.44 | 1.84 | | 0.14 |
| 08 | 4.18 | 3.52 | 3.04 | 2.43 | 1.84 | | 0.15 |
| 09 | 4.42 | 3.48 | 2.97 | 2.44 | 1.77 | | 0.15 |
| 10 | 4.38 | 3.37 | 2.84 | 2.12 | 1.76 | | 0.14 |
| 11 | 4.11 | 3.32 | 3.10 | 2.01 | 1.90 | | 0.14 |
| 12 | 4.08 | 3.20 | 2.69 | 2.18 | 1.75 | | 0.18 |

Burimi: Banka e Shqipërisë.

* Përfaqësojnë normat mesatare të ponderuara të periudhës.

Source: Bank of Albania

* Weighted average interest rates.

4.3 NORMAT E INTERESIT PËR BONOT E THESARIT SIPAS AFATIT*

MATURITY BREAKDOWN OF TREASURY BILLS YIELDS* 4.3

Në përqindje

In percentage

| | Normat e interesit për bonot e thesarit/ Maturity breakdown of Treasury bill yields | | |
|---------|---|-------------------|---------------------|
| | 3-mujor/ 3 months | 6-mujor/ 6 months | 12-mujor/ 12 months |
| 2007/12 | 6.32 | 7.41 | 8.26 |
| 2008/01 | 6.27 | 7.36 | 8.23 |
| 02 | 6.26 | 7.29 | 8.00 |
| 03 | 6.25 | 7.36 | 8.02 |
| 04 | 6.29 | 7.41 | 8.12 |
| 05 | 6.28 | 7.48 | 8.16 |
| 06 | 6.27 | 7.46 | 8.20 |
| 07 | 6.28 | 7.46 | 8.21 |
| 08 | 6.26 | 7.39 | 8.15 |
| 09 | 6.25 | 7.33 | 8.02 |
| 10 | 6.23 | 7.20 | 7.94 |
| 11 | 6.05 | 7.42 | 8.10 |
| 12 | 6.27 | 7.45 | 8.56 |
| 2009/01 | 6.30 | 7.46 | 8.84 |
| 02 | 5.99 | 7.46 | 8.87 |
| 03 | 6.08 | 7.61 | 9.07 |
| 04 | 6.31 | 7.68 | 9.13 |
| 05 | 6.28 | 7.67 | 9.15 |
| 06 | 6.37 | 7.67 | 9.23 |
| 07 | 6.31 | 7.67 | 9.26 |
| 08 | 6.31 | 7.67 | 9.28 |
| 09 | 6.34 | 7.70 | 9.33 |
| 10 | 6.36 | 7.73 | 9.42 |
| 11 | 6.32 | 7.65 | 9.30 |
| 12 | 6.30 | 7.52 | 9.14 |
| 2010/01 | – | 7.48 | 8.99 |
| 02 | 6.27 | 7.46 | 8.88 |
| 03 | 6.22 | 7.39 | 8.65 |
| 04 | 6.04 | 7.30 | 8.44 |
| 05 | 5.90 | 7.15 | 8.02 |
| 06 | 5.86 | 7.12 | 7.91 |
| 07 | 5.86 | 7.11 | 7.94 |
| 08 | 5.74 | 7.03 | 7.86 |
| 09 | 5.59 | 6.98 | 7.75 |
| 10 | – | 6.80 | 7.71 |
| 11 | 5.51 | 6.70 | 7.55 |
| 12 | 5.29 | 6.41 | 7.09 |

Burimi: Banka e Shqipërisë.

* Përfaqësojnë normat mesatare të ponderuara të periudhës.

Source: Bank of Albania

* Weighted average interest rates.

5. KURSI I KËMBIMIT

EXCHANGE RATE 5

5.1 KURSI I KËMBIMIT TË LEKUT KUNDREJT MONEDHAVE KYRESORE

EXCHANGE RATE VERSUS MAIN FOREIGN CURRENCIES 5.1

Lekë për njësi të monedhës së huaj Lek per unit of foreign currencies

| Monedhat kryesore/ Main foreign currencies | Mesataria e periudhës/ Average of period | | | | Fundi i periudhës/ End of period | | | |
|--|--|---|---|--|---|---|--------------------------------------|---|
| | Dollari amerikan/ US dollar (USD) | Monedha evropiane/ European currency (EUR) | Fundi britanik/ British pound sterling (GBP) | Franga zvicerane/ Swiss Franc (CHF) | Jeni japonez/ Japanese yen (per 100 JPY) | Dollari kanadez/ Canadian dollar (CAD) | Dollari amerikan/ US Dollar (USD) | Monedha evropiane/ European currency (EUR) |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2007 | 90.43 | 123.62 | 180.83 | 75.31 | 76.77 | 84.29 | 82.89 | 121.78 |
| 2008 | 83.89 | 122.80 | 154.37 | 77.50 | 81.68 | 78.82 | 87.91 | 123.80 |
| 2009 | 94.98 | 132.06 | 148.29 | 87.50 | 101.60 | 83.41 | 95.81 | 137.96 |
| 2010/01 | 96.84 | 138.28 | 156.68 | 93.69 | 106.22 | 92.99 | 99.60 | 139.08 |
| 02 | 101.34 | 138.80 | 158.28 | 94.59 | 112.33 | 95.94 | 102.15 | 138.89 |
| 03 | 102.51 | 139.20 | 154.30 | 96.08 | 113.20 | 100.06 | 103.31 | 139.05 |
| 04 | 103.02 | 138.36 | 157.85 | 96.51 | 110.26 | 102.52 | 103.42 | 137.63 |
| 05 | 108.73 | 136.72 | 159.39 | 96.33 | 118.12 | 104.82 | 111.63 | 137.26 |
| 06 | 111.89 | 136.65 | 164.95 | 99.28 | 123.08 | 107.79 | 111.44 | 136.45 |
| 07 | 106.63 | 136.11 | 162.92 | 101.10 | 121.72 | 102.21 | 105.03 | 136.61 |
| 08 | 105.59 | 136.24 | 165.27 | 101.59 | 123.71 | 101.64 | 108.13 | 137.11 |
| 09 | 104.81 | 137.05 | 163.18 | 104.67 | 124.18 | 101.34 | 101.46 | 138.45 |
| 10 | 99.60 | 138.39 | 157.96 | 102.85 | 121.81 | 97.85 | 100.23 | 138.62 |
| 11 | 101.33 | 138.82 | 161.94 | 103.19 | 123.15 | 100.16 | 106.49 | 138.65 |
| 12 | 104.95 | 138.81 | 163.65 | 108.50 | 126.17 | 104.17 | 104.00 | 138.77 |

Burimi: Banka e Shqipërisë.

Source: Bank of Albania

6. NORMAT E INTERESIT TË INSTRUMENTEVE TË POLITIKËS MONETARE

INTEREST RATES OF MONETARY POLICY INSTRUMENTS 6

6.1 NORMAT BAZË TË INTERESIT TË BANKËS SË SHQIPËRISË

BANK OF ALBANIA KEY INTEREST RATES 6.1

Në përqindje In percentage

| | Depozita njëditore/ Overnight deposit | | | Marëveshje riblejërje njëjavore/ Weekly repurchase agreement | | | Kredita njëditore/ Overnight credit | | | Kredita Lombard/ Lombard credit | | |
|------|---------------------------------------|------|-------|--|------|-------|-------------------------------------|-------|-------|---------------------------------|-------|-------|
| | Vlera/ Level | 1 | 2 | Vlera/ Level | 3 | 4 | Vlera/ Level | 5 | 6 | Vlera/ Level | 7 | 8 |
| 2004 | 29/04 | 3.25 | - | - | 6.25 | - | 8.75 | - | - | 12.25 | - | - |
| | 12/05 | 3.00 | -0.25 | - | 6.00 | -0.25 | 8.50 | - | -0.25 | 12.00 | -0.25 | -0.25 |
| | 24/06 | 2.75 | -0.25 | -0.25 | 5.75 | -0.25 | 8.25 | -0.25 | -0.25 | 11.75 | -0.25 | -0.25 |
| | 28/07 | 2.50 | -0.25 | -0.25 | 5.50 | -0.25 | 8.00 | -0.25 | -0.25 | 11.50 | -0.25 | -0.25 |
| 2005 | 04/11 | 2.25 | -0.25 | -0.25 | 5.25 | -0.25 | 7.75 | -0.25 | -0.25 | 11.25 | -0.25 | -0.25 |
| | 31/03 | 2.00 | -0.25 | -0.25 | 5.00 | -0.25 | 7.50 | -0.25 | -0.25 | 11.00 | -0.25 | -0.25 |
| | 27/07 | 3.25 | 1.25 | - | 5.00 | - | 6.75 | - | - | 11.00 | - | - |
| | 12/07 | 3.50 | 0.25 | 0.25 | 5.25 | 0.25 | 7.00 | 0.25 | 0.25 | 11.25 | 0.25 | 0.25 |
| 2006 | 30/11 | 3.75 | 0.25 | 0.25 | 5.50 | 0.25 | 7.25 | 0.25 | 0.25 | 11.50 | 0.25 | 0.25 |
| | 28/06 | 4.00 | 0.25 | 0.25 | 5.75 | 0.25 | 7.50 | 0.25 | 0.25 | 11.75 | 0.25 | 0.25 |
| | 27/09 | 4.25 | 0.25 | 0.25 | 6.00 | 0.25 | 7.75 | 0.25 | 0.25 | 12.00 | 0.25 | 0.25 |
| | 30/11 | 4.50 | 0.25 | 0.25 | 6.25 | 0.25 | 8.00 | 0.25 | 0.25 | 12.25 | 0.25 | 0.25 |
| 2008 | 24/12 | 4.50 | - | - | 6.25 | - | 7.00 | - | -1.00 | 12.25 | - | - |
| | 28/01 | 4.50 | - | - | 6.25 | - | 7.00 | - | - | 12.25 | - | - |
| | 29/01 | 4.00 | -0.50 | -0.50 | 5.75 | -0.50 | 6.50 | -0.50 | -0.50 | 11.75 | -0.50 | -0.50 |
| | 28/10 | 3.50 | -0.50 | -0.50 | 5.25 | -0.50 | 6.00 | -0.50 | -0.50 | 11.25 | -0.50 | -0.50 |
| 2010 | 29/07 | 3.25 | -0.25 | -0.25 | 5.00 | -0.25 | 5.75 | -0.25 | -0.25 | 11.00 | -0.25 | -0.25 |

Burimi: Banka e Shqipërisë.

Source: Bank of Albania

7. STATISTIKAT E SEKTORIT TË JASHTËM 7.1 BILANCI I PAGESAVE

Në milionë euro

EXTERNAL SECTOR STATISTICS 7 BALANCE OF PAYMENTS 7.1

In millions EUR

| | Llogaria korrente/ Current account (4+5+6+7+8+9+10) | | Bilanci tregtar/ Trade balance (3+4) | | Eksporti i mallrave (fob) / Export of goods (fob) | | Importi i mallrave (fob) / Import of goods (fob) | | Shërbimet/ Services | | Të ardhurat/ Income | | Transferi private/ Private transfers | | Transferi shtetëror/ Official transfers | |
|---------|---|----------|--|----------|--|----------|---|--------|---------------------|------|---------------------|----|---|----|--|----|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 2007 | -824.2 | -2,104.0 | 786.3 | -2,890.4 | 1,421.3 | -1,402.3 | 281.7 | -63.7 | 982.8 | 60.1 | | | | | | |
| 2008 | -1,370.3 | -2,431.5 | 917.5 | -3,348.9 | 1,687.8 | -1,618.3 | 321.4 | -266.5 | 905.4 | 31.4 | | | | | | |
| 2009 | -1,345.5 | -2,303.7 | 750.7 | -3,054.4 | 1,718.5 | -1,597.5 | 270.0 | -370.6 | 910.8 | 27.1 | | | | | | |
| 2009/IV | -324.6 | -601.3 | 205.5 | -806.9 | 389.8 | -355.4 | 92.0 | -122.5 | 267.1 | 5.7 | | | | | | |
| 2010/I | -246.6 | -419.0 | 254.9 | -673.9 | 253.1 | -272.4 | 62.2 | -81.4 | 207.62 | 3.23 | | | | | | |
| II | -216.7 | -482.9 | 340.5 | -823.4 | 359.9 | -360.0 | 79.5 | -95.6 | 267.1 | 15.4 | | | | | | |
| III | -209.6 | -595.9 | 270.3 | -866.2 | 647.9 | -481.0 | 70.2 | -41.3 | 178.6 | 12.0 | | | | | | |

| | Llogaria kapitale / Capital account | Llogaria financiale/ Financial account (13+14+15+16) | Investimet e huaja direkte (neto) / Foreign direct investment, net | Investimet portofoli (neto) / Portfolio investment, net | Kapitale të tjera ¹⁾ (neto) / Other capital, net ¹⁾ | Përdorim kredish & huash nga FMN/ Use of fund credit and loans | Gabime dhe harresa/ Net errors and omissions | Blanci i përgjithshëm/ Overall balance (1+11+12+17) | Rezerva/ Reserve assets | Ndryshimi total në rezerva/ Total change in reserves assets | Nga të cilat: Rivlerësim/ Of which: Revaluation |
|---------|--|--|--|---|---|--|--|--|----------------------------|--|---|
| | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 2007 | 90.1 | 697.8 | 463.7 | 61.4 | 177.8 | -5.0 | 202.6 | 166.2 | -166.2 | 114.5 | -51.7 |
| 2008 | 78.2 | 1502.8 | 620.0 | -44.5 | 629.4 | -5.2 | 218.4 | 191.9 | -191.9 | 26.5 | |
| 2009 | 84.9 | 956.6 | 680.3 | 14.2 | 269.5 | -7.4 | 272.0 | -32.0 | 32.0 | -33.1 | -1.1 |
| 2009/IV | 17.0 | 92.6 | 103.5 | 4.0 | -14.2 | -0.7 | 128.3 | -86.7 | 86.7 | -69.9 | 16.8 |
| 2010/I | 10.0 | 115.3 | 176.3 | -24.3 | -32.5 | -4.1 | 102.5 | -18.8 | 18.8 | 18.7 | 37.5 |
| II | 22.7 | 161.0 | 173.7 | -24.2 | 12.3 | -0.8 | 48.7 | 15.7 | -15.7 | 103.2 | 87.5 |
| III | 23.4 | 129.6 | 213.3 | -0.5 | -79.3 | -3.9 | 109.8 | 53.3 | -53.3 | -10.3 | -63.6 |

Burimi: Banka e Shqipërisë.

1) Nuk përfshihen përdorime huash dhe kredesh nga FMN.

Source: Bank of Albania
1) Excluding Use of Fund Credit and Loans.

7.2 EKSPORTI I MALLRAVE SIPAS PARTNERËVE

Në milionë euro

EXPORT BY COUNTRIES 7.2
In millions EUR

| | Totali / Total (2+11+18+27) | Vendet e BE-së - 15 e 1: Total / European Union - 15 member countries (3+4+5+6+7+8+9+10) | | | | | | | | | | Vendet e reja anëtare të BE-së 2/ European Union - new membership countries (11+12+13+14 +15+16+17) | | | | | | | Të tjera/ Others | Sloveni/ Slovenia | Rumani/ Romania | Poloni/ Poland | Hungari/ Hungary | Bullgari/ Bulgaria | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--------------------------------|---|--------------------|-------------------|------------------|----------------------|--------------|------------------|---------------------|----|----|---|----|----|----|----|----|--|---------------------|----------------------|--------------------|-------------------|---------------------|-----------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | Angli/ United Kingdom | Austri/ Austria | Francë/ France | Greqi/ Greece | Gjermani/ Germany | Itali/ Italy | Spanjë/ Spain | Të tjera/ Others | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | Vendet e Ballkanit/ Balkan Countries (19+20+21+22+23+24+25+26) | Bosnje Hercegovinë/ Bosnia and Herzegovina | Kosovë/ Kosovo | Kroaci/ Croatia | Mal i Zi/ Montenegro | FYROM/Macedonia FYROM | Serbi/ Serbia | Serbi dhe Mal i Zi/ Serbia and Montenegro | Turqi/ Turkey | Vendet e tjera / Other countries (28+29+30+31 +32+33+34) | | | | | Kinë/ China | Rusi/ Russia | SHBA/ USA | Ukrainë/ Ukraine | Zvicër/ Switzerland | Të tjera/ Others |
|-----------|--|--|-------------------|--------------------|-------------------------|--------------------------|------------------|--|------------------|---|-----|------|------|------|----------------|-----------------|--------------|---------------------|------------------------|---------------------|
| | | | | | | | | | | | | | | | | | | | | |
| 2007 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | | | |
| 2007 | 95.0 | 3.2 | 37.7 | 0.7 | 3.5 | 18.5 | 6.1 | 8.0 | 17.3 | 38.8 | 0.0 | 20.1 | 2.0 | 5.1 | 0.0 | 0.0 | 11.5 | | | |
| 2008 | 127.2 | 1.5 | 60.5 | 1.5 | 19.0 | 27.0 | 0.5 | — | 17.1 | 60.2 | 0.2 | 25.6 | 10.2 | 3.5 | 0.1 | 3.3 | 17.4 | | | |
| 2009 | 50.9 | 0.8 | 10.7 | 0.9 | 10.4 | 23.9 | 0.0 | — | 4.3 | 113.3 | 0.8 | 37.0 | 0.1 | 6.4 | — | 9.2 | 59.9 | | | |
| 2010 | 110.9 | 2.3 | 6.1 | 1.8 | 11.0 | 19.6 | — | — | 70.1 | 239.7 | 2.0 | 64.4 | 0.0 | 17.2 | 0.0 | 48.6 | 107.4 | | | |
| 2010 / 01 | 2.2 | 0.2 | 0.6 | 0.0 | 0.5 | 0.6 | — | — | 0.2 | 13.8 | 0.1 | 4.1 | — | 1.2 | — | 2.2 | 6.2 | | | |
| 02 | 1.8 | 0.0 | 0.1 | 0.2 | 0.6 | 0.7 | — | — | 0.2 | 18.1 | 0.1 | 5.1 | — | 2.6 | — | 5.9 | 4.5 | | | |
| 03 | 3.5 | 0.1 | 0.2 | 0.2 | 0.4 | 1.2 | — | — | 1.3 | 29.2 | — | 5.6 | — | 1.5 | — | 14.0 | 8.0 | | | |
| 04 | 11.7 | 0.1 | 2.1 | 0.1 | 0.9 | 1.4 | — | — | 7.0 | 15.8 | 0.1 | 9.2 | — | 1.0 | — | 0.1 | 5.4 | | | |
| 05 | 12.1 | 0.0 | 1.0 | 0.2 | 1.0 | 1.7 | — | — | 8.2 | 39.8 | 0.1 | 8.9 | — | 1.1 | — | 17.3 | 12.4 | | | |
| 06 | 18.1 | 0.3 | 0.4 | 0.2 | 1.6 | 2.6 | — | — | 12.9 | 22.7 | 0.1 | 5.1 | — | 0.7 | — | 6.3 | 10.5 | | | |
| 07 | 9.1 | 0.3 | 0.2 | 0.1 | 1.4 | 2.2 | — | — | 4.9 | 15.7 | 0.1 | 4.4 | — | — | — | 0.3 | 9.8 | | | |
| 08 | 5.5 | 0.4 | 0.2 | 0.0 | 0.9 | 1.9 | — | — | 2.1 | 16.0 | 0.4 | 3.7 | — | 1.5 | 0.0 | 0.8 | 9.6 | | | |
| 09 | 8.3 | 0.4 | 0.2 | 0.3 | 0.8 | 1.7 | — | — | 5.0 | 15.7 | 0.4 | 5.1 | — | 1.2 | — | 0.2 | 8.8 | | | |
| 10 | 16.1 | 0.2 | 0.3 | 0.1 | 1.0 | 2.3 | — | — | 12.2 | 16.7 | 0.3 | 4.2 | — | 2.1 | — | 0.2 | 9.8 | | | |
| 11 | 11.5 | 0.2 | 0.2 | 0.2 | 0.7 | 2.0 | — | — | 8.2 | 18.2 | 0.1 | 6.3 | 0.0 | 2.2 | — | 0.9 | 8.6 | | | |
| 12 | 11.1 | 0.2 | 0.5 | 0.1 | 1.0 | 1.3 | — | — | 8.0 | 17.9 | 0.2 | 2.6 | 0.0 | 1.1 | 0.0 | 0.4 | 13.7 | | | |

Burimi: Banka e Shqipërisë.

Source: Bank of Albania

7.3 EKSPORTI I MALLRAVE SIPAS SITC

Në milionë euro

EXPORT BY COMMODITY GROUPS 7.3
In millions EUR

| | Total/ Total (2+3+4+5+6+7+8+9+10+11) | Ushqime dhe kafshë të gjalla/ Food and live animals | Pije dhe duhan/ Beverages & tobacco | Materiale të papërpunuara/ Raw materials, minerals | Lëndë djegëse/ Fuels and lubricants | Yndyrna bimore dhe shizore/ Animal & vegetable oils & fats | Produkte kimike/ Chemicals | Mallra të përpunuara/ Manufactures | Makineri dhe pajisje / Machinery and equipment | Mallra të tjera të përpunuara/ Miscellaneous manufactures | Mallra të pakësojshme diku tjetër/ Other & unclassified |
|---------|---|---|---|--|---|--|----------------------------------|--|--|--|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 2007 | 786.3 | 28.4 | 11.0 | 75.6 | 62.5 | 0.7 | 8.2 | 167.4 | 33.1 | 399.4 | - |
| 2008 | 917.5 | 32.3 | 2.6 | 108.3 | 81.9 | 0.2 | 10.4 | 232.3 | 38.0 | 411.6 | - |
| 2009 | 750.7 | 36.0 | 3.4 | 81.2 | 90.8 | 0.3 | 12.6 | 136.6 | 34.8 | 355.6 | - |
| 2010 | 1171.5 | 42.4 | 4.5 | 135.6 | 210.9 | 0.8 | 11.2 | 288.0 | 49.2 | 428.8 | - |
| 2010/01 | 69.2 | 3.1 | 0.1 | 9.0 | 8.8 | 0.1 | 0.8 | 12.0 | 3.5 | 31.8 | - |
| 02 | 81.3 | 2.8 | 0.1 | 8.9 | 14.0 | 0.0 | 0.7 | 16.8 | 3.0 | 35.0 | - |
| 03 | 104.5 | 3.4 | 0.1 | 9.6 | 27.5 | 0.1 | 0.8 | 20.7 | 4.0 | 38.4 | - |
| 04 | 90.4 | 2.7 | 0.5 | 13.0 | 9.3 | 0.0 | 0.8 | 27.9 | 3.6 | 32.6 | - |
| 05 | 129.1 | 3.1 | 0.7 | 15.8 | 41.9 | 0.0 | 1.0 | 28.1 | 4.0 | 34.5 | - |
| 06 | 120.9 | 5.1 | 0.8 | 10.2 | 27.3 | 0.0 | 1.0 | 32.4 | 4.7 | 39.4 | - |
| 07 | 98.8 | 4.0 | 0.8 | 10.5 | 11.0 | 0.0 | 1.0 | 24.4 | 4.5 | 42.6 | - |
| 08 | 71.2 | 2.5 | 0.5 | 10.7 | 13.1 | 0.2 | 1.0 | 14.0 | 2.5 | 26.8 | - |
| 09 | 100.2 | 3.4 | 0.1 | 13.2 | 12.3 | 0.0 | 0.9 | 26.5 | 4.1 | 39.5 | - |
| 10 | 104.4 | 3.9 | 0.1 | 12.5 | 13.0 | 0.0 | 1.2 | 33.2 | 5.4 | 35.1 | - |
| 11 | 102.5 | 4.7 | 0.5 | 13.8 | 13.9 | 0.1 | 1.0 | 27.9 | 5.0 | 35.7 | - |
| 12 | 99.0 | 3.7 | 0.2 | 8.3 | 19.0 | 0.1 | 1.2 | 24.2 | 4.9 | 37.5 | - |

Burimi: Banka e Shqipërisë.

Source: Bank of Albania

7.4 IMPORTI I MALLRAVE SIPAS PARTNERËRE

Në milionë euro

IMPORT BY COUNTRIES 7.4
In millions EUR

| | Total / Total (2+11+18+27) | Vendet e BE-së - 15 e 1: Total / European Union - 15 member countries (3+4+5+6+7+8+9+10) | | | | | | | | | | Vendet e reja anëtare të BE-së 2/ European Union - new membership countries (11+12+13+14+15+16+17) | | | | | | | | | | Të tjera/ Others |
|---------|-------------------------------|---|------|------|------|-------|-------|-------|------|------|-------|---|------|------|------|------|------|--|--|--|--|---------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | | | | | |
| 2007 | 3,044.7 | 1,647.2 | 37.6 | 39.6 | 30.2 | 444.4 | 166.9 | 826.2 | 40.4 | 61.9 | 173.2 | 54.3 | 29.4 | 24.3 | 13.1 | 21.1 | 31.0 | | | | | |
| 2008 | 3,570.2 | 1,928.3 | 37.0 | 45.3 | 42.6 | 523.7 | 215.9 | 945.8 | 49.8 | 68.2 | 240.0 | 68.5 | 49.0 | 30.2 | 19.4 | 32.0 | 40.9 | | | | | |
| 2009 | 3,248.8 | 1,849.4 | 39.6 | 40.3 | 67.6 | 504.9 | 209.4 | 850.1 | 51.7 | 85.9 | 238.5 | 61.3 | 27.5 | 38.6 | 26.2 | 29.5 | 55.4 | | | | | |
| 2010 | 3,474.1 | 1,965.1 | 50.4 | 57.1 | 74.0 | 458.5 | 189.3 | 987.3 | 52.6 | 95.9 | 284.7 | 63.1 | 31.5 | 47.9 | 43.4 | 37.7 | 61.0 | | | | | |
| 2010/01 | 216.0 | 119.9 | 4.1 | 3.1 | 5.5 | 34.6 | 9.2 | 52.2 | 4.9 | 6.4 | 16.1 | 3.8 | 1.5 | 2.6 | 4.1 | 1.6 | 2.5 | | | | | |
| 02 | 230.2 | 129.7 | 3.8 | 2.3 | 5.0 | 27.5 | 12.5 | 68.0 | 1.7 | 8.9 | 21.8 | 3.5 | 1.8 | 2.9 | 3.4 | 2.6 | 7.7 | | | | | |
| 03 | 273.2 | 155.1 | 3.4 | 3.6 | 6.0 | 39.5 | 16.7 | 71.3 | 3.7 | 10.9 | 20.7 | 3.0 | 1.7 | 3.6 | 4.5 | 2.8 | 4.9 | | | | | |
| 04 | 276.2 | 162.1 | 2.2 | 5.7 | 5.0 | 49.5 | 11.0 | 76.0 | 3.1 | 9.5 | 26.1 | 5.6 | 4.5 | 3.3 | 4.7 | 3.9 | 4.2 | | | | | |
| 05 | 304.5 | 167.0 | 5.8 | 4.4 | 5.8 | 33.1 | 19.0 | 86.2 | 4.5 | 8.2 | 25.0 | 7.9 | 2.8 | 3.1 | 3.2 | 3.6 | 4.5 | | | | | |
| 06 | 298.3 | 173.6 | 5.2 | 5.0 | 3.6 | 42.6 | 20.0 | 84.3 | 5.0 | 7.9 | 21.5 | 7.1 | 2.5 | 3.5 | 2.4 | 3.4 | 2.6 | | | | | |
| 07 | 326.1 | 180.0 | 3.1 | 5.7 | 6.0 | 36.1 | 17.3 | 99.5 | 5.7 | 6.6 | 26.3 | 5.2 | 2.8 | 5.7 | 4.1 | 3.4 | 5.1 | | | | | |
| 08 | 295.5 | 153.2 | 2.8 | 6.1 | 3.8 | 37.1 | 14.2 | 78.5 | 4.4 | 6.2 | 27.1 | 5.8 | 3.1 | 4.4 | 4.0 | 3.1 | 6.6 | | | | | |
| 09 | 301.3 | 173.7 | 3.8 | 4.3 | 10.3 | 39.1 | 17.1 | 85.2 | 5.5 | 8.3 | 25.6 | 6.2 | 2.9 | 3.8 | 2.9 | 2.7 | 7.2 | | | | | |
| 10 | 299.9 | 178.9 | 6.6 | 5.4 | 8.4 | 31.9 | 15.6 | 100.4 | 3.9 | 6.8 | 24.6 | 4.5 | 2.0 | 5.3 | 3.1 | 4.0 | 5.8 | | | | | |
| 11 | 300.6 | 170.9 | 4.1 | 6.0 | 2.9 | 36.8 | 18.1 | 90.1 | 5.9 | 7.1 | 23.4 | 4.6 | 2.4 | 4.9 | 3.1 | 2.8 | 5.5 | | | | | |
| 12 | 352.3 | 200.9 | 5.4 | 5.6 | 11.7 | 50.8 | 18.6 | 95.4 | 4.3 | 9.0 | 26.4 | 5.8 | 3.5 | 4.9 | 4.0 | 3.8 | 4.4 | | | | | |

| | Vendet e Ballkanit/ Balkan Countries (19+20+21+22+ 23+24+25+26) | Bosnje Hercegovinë/ Bosnia and Herzegovina | Kosovë/ Kosovo | Kroaci/ Croatia | Mal i Zi/ Montenegro | FYROM/ Macedonia FROM | Serbi/ Serbia | Serbi dhe Mal i Zi/ Serbia and Montenegro | Turqi/ Turkey | Vendet tjera / Other countries (28+29+30+ 31+32+33+34) | Brazil/ Brazil | Kinë/ China | Rusi/ Russia | SHBA/ USA | Ukrainë/ Ukraine | Zvicër/ Switzerland | Të tjera/ Others |
|---------|--|--|-------------------|--------------------|-------------------------|-----------------------------|------------------|--|------------------|---|-------------------|----------------|-----------------|--------------|---------------------|------------------------|---------------------|
| 2007 | 18 403.0 | 19 9.2 | 20 17.5 | 21 29.7 | 22 2.6 | 23 59.1 | 24 22.8 | 25 40.9 | 26 221.3 | 27 821.3 | 28 40.5 | 29 203.5 | 30 124.7 | 31 32.4 | 32 79.6 | 33 148.2 | 34 192.4 |
| 2008 | 365.8 | 10.3 | 21.3 | 35.6 | 6.0 | 78.9 | 0.3 | - | 213.4 | 1036.0 | 49.8 | 266.4 | 156.6 | 41.2 | 53.4 | 107.7 | 361.0 |
| 2009 | 314.7 | 7.8 | 0.4 | 32.2 | 5.9 | 59.8 | 0.0 | - | 208.6 | 846.2 | 35.0 | 235.9 | 87.0 | 46.3 | 53.4 | 73.5 | 315.2 |
| 2010 | 356.6 | 27.6 | 0.5 | 68.3 | 8.0 | 55.9 | - | - | 196.3 | 867.7 | 30.9 | 216.2 | 75.4 | 53.0 | 33.1 | 54.7 | 404.2 |
| 2010/01 | 18.0 | 0.8 | 0.0 | 1.1 | 0.5 | 2.8 | - | - | 12.7 | 61.9 | 2.2 | 15.6 | 6.9 | 5.3 | 3.1 | 6.4 | 22.5 |
| 02 | 19.9 | 1.1 | 0.0 | 3.7 | 0.5 | 3.8 | - | - | 10.9 | 58.8 | 2.6 | 14.7 | 6.2 | 3.1 | 0.9 | 2.7 | 28.5 |
| 03 | 27.8 | 1.7 | 0.1 | 5.1 | 0.4 | 5.2 | - | - | 14.7 | 69.7 | 3.7 | 17.4 | 4.4 | 3.8 | 2.9 | 25.5 | 25.3 |
| 04 | 34.6 | 3.1 | 0.1 | 4.7 | 1.5 | 6.4 | - | - | 19.4 | 53.4 | 1.4 | 7.1 | 4.2 | 3.4 | 3.7 | 5.4 | 28.3 |
| 05 | 25.2 | 2.0 | 0.1 | 3.7 | 0.4 | 4.1 | - | - | 14.9 | 87.2 | 2.8 | 18.6 | 8.1 | 4.8 | 3.3 | 2.8 | 46.8 |
| 06 | 23.9 | 1.4 | 0.0 | 5.1 | 0.5 | 3.8 | - | - | 13.1 | 79.3 | 2.4 | 19.2 | 6.4 | 7.2 | 1.1 | 4.2 | 38.7 |
| 07 | 35.7 | 3.9 | 0.0 | 8.4 | 0.6 | 5.3 | - | - | 17.6 | 84.0 | 2.8 | 22.4 | 11.7 | 4.6 | 2.5 | 2.8 | 42.5 |
| 08 | 36.9 | 3.7 | 0.0 | 8.2 | 0.5 | 4.2 | - | - | 20.2 | 78.3 | 4.1 | 20.1 | 9.6 | 5.4 | 0.7 | 6.2 | 32.4 |
| 09 | 38.9 | 2.9 | 0.1 | 11.9 | 0.6 | 4.8 | - | - | 18.5 | 63.1 | 1.8 | 14.7 | 1.2 | 3.2 | 3.9 | 6.3 | 31.9 |
| 10 | 29.7 | 1.9 | 0.0 | 4.6 | 0.4 | 5.4 | - | - | 17.4 | 66.8 | 2.1 | 18.1 | 3.2 | 3.9 | 1.8 | 6.1 | 31.5 |
| 11 | 31.2 | 2.5 | 0.0 | 6.5 | 0.9 | 4.8 | - | - | 16.5 | 75.1 | 2.2 | 19.9 | 4.1 | 3.7 | 4.7 | 5.6 | 34.8 |
| 12 | 34.9 | 2.6 | 0.0 | 5.4 | 1.2 | 5.3 | - | - | 20.4 | 90.1 | 2.8 | 28.2 | 7.2 | 4.1 | 3.6 | 3.3 | 40.9 |

Burimi: Banka e Shqipërisë.

Source: Bank of Albania

7.5 IMPORTI I MALLRAVE SIPAS SITC*

Në milionë euro

IMPORT BY COMMODITY GROUPS* 7.5

In millions EUR

| | Total (2+3+4+5+ 6+7+8+9 +10+11) | Ushqime dhe kafshë të gjalla/ Food and live animals | Pije dhe duhan/ Beverages & tobacco | Materiale të popërpunuar/ Raw materials, minerals | Lëndë djegëse/ Fuels and lubricants | Yndyrna bimore dhe shitazore / Animal & vegetable oils & fats | Produkte kimike/ Chemicals | Mallra të përpunuar/ Manufactures | Makinë dhe pajisje /Machinery and equipment | Mallra të tjera të përpunuar / Miscellaneous manufactures | Mallra të pakësikuara diku tjetër/ Other & unclassified |
|---------|---------------------------------------|---|---|---|--|---|-------------------------------|--------------------------------------|---|---|---|
| 2007 | 3,044.7 | 379.3 | 89.4 | 68.2 | 446.4 | 34.0 | 302.2 | 754.9 | 630.9 | 339.5 | 11 |
| 2008 | 3,570.2 | 424.6 | 112.8 | 74.4 | 573.6 | 51.6 | 346.7 | 848.6 | 783.8 | 354.2 | - |
| 2009 | 3,248.8 | 395.1 | 123.8 | 95.7 | 382.6 | 39.2 | 362.5 | 811.9 | 741.9 | 296.0 | - |
| 2010 | 3,474.1 | 441.7 | 143.3 | 63.3 | 479.2 | 41.2 | 387.3 | 913.5 | 673.5 | 331.0 | - |
| 2010/01 | 216.0 | 31.9 | 7.1 | 5.6 | 25.8 | 3.4 | 23.0 | 55.5 | 45.2 | 18.5 | - |
| 02 | 230.2 | 34.6 | 7.0 | 4.4 | 33.5 | 2.1 | 25.6 | 56.5 | 43.5 | 22.9 | - |
| 03 | 273.2 | 38.1 | 8.7 | 6.0 | 32.3 | 3.7 | 29.1 | 74.3 | 53.3 | 27.8 | - |
| 04 | 276.2 | 35.8 | 11.6 | 6.5 | 35.2 | 4.3 | 31.4 | 76.5 | 50.2 | 24.7 | - |
| 05 | 304.5 | 35.8 | 11.6 | 5.6 | 39.2 | 3.8 | 36.5 | 81.3 | 62.6 | 28.1 | - |
| 06 | 298.3 | 32.7 | 13.6 | 5.5 | 38.0 | 1.6 | 38.3 | 74.4 | 62.7 | 31.5 | - |
| 07 | 326.1 | 39.6 | 15.7 | 5.7 | 41.0 | 3.0 | 35.7 | 89.8 | 65.9 | 29.6 | - |
| 08 | 295.5 | 44.0 | 16.5 | 4.9 | 51.2 | 2.8 | 29.4 | 67.1 | 55.8 | 23.8 | - |
| 09 | 301.3 | 39.6 | 13.6 | 5.3 | 45.0 | 4.1 | 34.4 | 80.6 | 52.6 | 26.2 | - |
| 10 | 299.9 | 34.9 | 11.4 | 5.0 | 33.2 | 3.1 | 33.2 | 86.4 | 56.6 | 29.9 | - |
| 11 | 300.6 | 31.0 | 11.7 | 4.6 | 43.7 | 5.2 | 33.5 | 80.0 | 61.3 | 29.7 | - |
| 12 | 352.3 | 43.6 | 14.8 | 4.2 | 55.0 | 4.0 | 37.2 | 91.1 | 63.7 | 38.6 | - |

Burimi: Banka e Shqipërisë.

*Importet janë në vlerën c.i.f.

Source: Bank of Albania

*Imports are valued in c.i.f.

7.6 POZICIONI NDËRKOMBËTAR I INVESTIMEVE

Në milionë euro

INTERNATIONAL INVESTMENT POSITION 7.6

In millions EUR

| Pozicioni ndërkombëtar i investimit International investment position (2-16) | Investime direkte jashtë/ Direct investment abroad | | | | Investime portofoli / Portfolio investment | | | | Investime të tjera/ Other investments | | | | Mjetet e rezervës/ Reserve assets | |
|---|--|---------------|--|-------|--|--|--|--|---------------------------------------|--------------------------------|-----------------------------------|---|-----------------------------------|-----------------------------------|
| | Investime direkte jashtë/ Direct investment abroad | | Investime portofoli / Portfolio investment | | Kapitale të tjera/ Other capital | Investime portofoli / Portfolio investment | | Derivata financiare/ Financial derivatives | Investime të tjera/ Other investments | | Mjetet e rezervës/ Reserve assets | Mjetet e rezervës/ Reserve assets | Mjetet e rezervës/ Reserve assets | Mjetet e rezervës/ Reserve assets |
| | (4+5) | (3+6+9+10+15) | (7+8) | (7+8) | | Leira me vlerë të kapitalit/ Equity securities | Leira me vlerë të borxhit/ Debt securities | | (11+12+13+14) | Kredit tregtare/ Trade credits | Hua/ Loans | Monedha dhe depozita/ Currency and deposits | Mjete të tjera/ Other assets | Mjete të tjera/ Other assets |
| 2005 | -504.1 | 1,939.9 | 8.1 | 121.6 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 2006 | -581.9 | 2,275.1 | 31.0 | 85.4 | - | - | - | 121.6 | - | 601.5 | - | 14.6 | 585.0 | 1.9 |
| 2007 | -1,299.5 | 2,390.0 | 50.6 | 61.2 | - | - | - | 85.4 | - | 790.4 | - | 43.9 | 734.3 | 12.2 |
| 2008 | -2,219.1 | 2,523.8 | 104.7 | 133.9 | 1.8 | - | - | 61.2 | - | 801.5 | - | 30.2 | 754.8 | 16.6 |
| | | | | | | | | 133.9 | - | 591.5 | - | 30.8 | 542.4 | 18.3 |
| | | | | | | | | | - | | | | | 1,693.8 |

| Detajimet/ Liabilities (17+20+23+24) | Investime direkte në Shqipëri/ Direct investment in the reporting economy | | | | Investime portofoli / Portfolio investment | | | | Investime të tjera/ Other investments | | | | Mjete të tjera/ Other assets | |
|--|---|---------------|--|---------|--|--|--|--|---------------------------------------|--------------------------------|------------------------------|---|------------------------------|------------------------------|
| | Investime direkte në Shqipëri/ Direct investment in the reporting economy | | Investime portofoli / Portfolio investment | | Kapitale të tjera/ Other capital | Investime portofoli / Portfolio investment | | Derivata financiare/ Financial derivatives | Investime të tjera/ Other investments | | Mjete të tjera/ Other assets | Mjete të tjera/ Other assets | Mjete të tjera/ Other assets | Mjete të tjera/ Other assets |
| | (18+19) | (17+20+23+24) | (21+22) | (21+22) | | Leira me vlerë të kapitalit/ Equity securities | Leira me vlerë të borxhit/ Debt securities | | (25+26+27+28) | Kredit tregtare/ Trade credits | Hua/ Loans | Monedha dhe depozita/ Currency and deposits | Mjete të tjera/ Other assets | Mjete të tjera/ Other assets |
| 2005 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 28 |
| 2006 | 2,444.0 | 846.2 | 806.1 | 40.0 | 60.2 | 20.4 | 39.8 | - | 1,537.6 | 64.1 | 1,391.8 | 67.8 | 13.9 | 13.9 |
| 2007 | 2,857.0 | 1,054.3 | 982.4 | 71.9 | 64.6 | 22.1 | 42.5 | - | 1,738.0 | 71.7 | 1,460.0 | 92.9 | 113.4 | 113.4 |
| 2008 | 3,689.5 | 1,688.5 | 1,621.6 | 66.9 | 110.1 | 60.8 | 49.3 | - | 1,890.9 | 86.8 | 1,604.3 | 166.6 | 33.2 | 33.2 |
| | 4,742.9 | 1,986.0 | 1,857.6 | 128.4 | 131.7 | 72.6 | 59.2 | - | 2,625.2 | 100.1 | 2,332.1 | 161.8 | 31.2 | 31.2 |

Burimi: Banka e Shqipërisë.

7.7 BORXHI I JASHTËM

Në milionë euro

EXTERNAL DEBT 7.7

In millions EUR

| | Borxhi i jashtëm bruto/ Gross external debt (2+5+8+11+14) | | Qeveria e përgjithshme/ General Government (3+4) | | Autoriteti monetar/ Monetary authorities (6+7) | | Bankat/ Banks (9+10) | | Sektorë të tjerë/ Other sectors (12+13) | | Investime direkte: hua ndërmjet kompanive/ Direct investment: intercompany lending | | | | | | | | | | | | | | | |
|---------|--|---------|---|-------------------------|--|-------------------------|-----------------------------|-------------------------|---|-------------------------|---|-------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|
| | 1 | 2 | 3 | | 4 | | 5 | | 6 | | 7 | | 8 | | 9 | | 10 | | 11 | | 12 | | 13 | | 14 | |
| | | | Ataishkuritë/ Short-term | Ataigjatë/ Long-term | Ataishkuritë/ Short-term | Ataigjatë/ Long-term | Ataishkuritë/ Short-term | Ataigjatë/ Long-term | Ataishkuritë/ Short-term | Ataigjatë/ Long-term | Ataishkuritë/ Short-term | Ataigjatë/ Long-term | Ataishkuritë/ Short-term | Ataigjatë/ Long-term | Ataishkuritë/ Short-term | Ataigjatë/ Long-term | Ataishkuritë/ Short-term | Ataigjatë/ Long-term | Ataishkuritë/ Short-term | Ataigjatë/ Long-term | Ataishkuritë/ Short-term | Ataigjatë/ Long-term | Ataishkuritë/ Short-term | Ataigjatë/ Long-term | Ataishkuritë/ Short-term | Ataigjatë/ Long-term |
| 2007 | 2,090.9 | 987.6 | - | 987.6 | 70.8 | 70.8 | - | 70.8 | 417.1 | 410.1 | 7.0 | 466.1 | 97.6 | 368.6 | 149.4 | 149.4 | 393.3 | 393.3 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 |
| 2008 | 3,078.9 | 1,323.9 | - | 1,323.9 | 66.8 | 66.8 | - | 66.8 | 714.3 | 707.5 | 6.8 | 580.7 | 108.8 | 471.9 | 393.3 | 393.3 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 |
| 2009 | 3,314.4 | 1,645.2 | - | 1,645.2 | 109.0 | 109.0 | - | 109.0 | 479.4 | 372.1 | 107.3 | 655.4 | 99.9 | 555.5 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 |
| 2009/IV | 3,314.4 | 1,645.2 | - | 1,645.2 | 109.0 | 109.0 | - | 109.0 | 479.4 | 372.1 | 107.3 | 655.4 | 99.9 | 555.5 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 | 425.4 |
| 2010/I | 3,378.8 | 1,724.2 | - | 1,724.2 | 108.7 | 108.7 | - | 108.7 | 452.3 | 315.8 | 136.4 | 657.2 | 93.0 | 564.3 | 436.4 | 436.4 | 436.4 | 436.4 | 436.4 | 436.4 | 436.4 | 436.4 | 436.4 | 436.4 | 436.4 | 436.4 |
| II | 3,513.5 | 1,812.2 | - | 1,812.2 | 114.7 | 114.7 | - | 114.7 | 432.8 | 297.5 | 135.3 | 698.3 | 102.9 | 595.4 | 455.5 | 455.5 | 455.5 | 455.5 | 455.5 | 455.5 | 455.5 | 455.5 | 455.5 | 455.5 | 455.5 | 455.5 |
| III | 3,501.4 | 1,785.1 | - | 1,785.1 | 104.9 | 104.9 | - | 104.9 | 440.9 | 299.7 | 141.2 | 711.3 | 107.9 | 603.4 | 459.1 | 459.1 | 459.1 | 459.1 | 459.1 | 459.1 | 459.1 | 459.1 | 459.1 | 459.1 | 459.1 | 459.1 |

Burimi: Banka e Shqipërisë.

