

# BANK OF ALBANIA ANNUAL REPORT 2012



THE NATIONAL BANK IS OUR SECOND VICTORY AFTER FREEDOM!

I. QEMALI

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GOVERNOR OF THE BANK OF ALBANIA, MR. ARRIAN FULLANI.



#### BANK OF ALBANIA SUPERVISORY COUNCIL

*First row, from left to the right:*

ELA GOLEMI

Member

ARDIAN FULLANI

Chairman (Governor of the Bank of Albania)

ERMELINDA MEKSI

Member

*Second row, from left to the right:*

ARJAN KADAREJA

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ELISABETA GJONI

Deputy Chairwoman (First Deputy Governor)

ADRIAN CIVICI

Member

HALIT XHAFA

Member

*Third row, from left to the right:*

DHORI KULE

Member

PETRAQ MILO

Member

## FOREWORD BY THE GOVERNOR

*Dear reader,*

The Annual Report 2012 presents the economic and monetary developments over 2012 and Bank of Albania's work and results in achieving its objectives. Year 2012 was a challenging year for the Albanian economy, businesses and households, and the decision-making process on a macro and microeconomic level. Economic and financial shocks, both internal and external, decelerated economic growth but did not jeopardise Albania's macroeconomic and financial stability. This summary presents the major challenges facing the Bank of Albania during 2012, the measures taken to tackle them and the outcome of our work.

The Albanian economy was hit by unfavourable shocks in 2012, deriving from both the internal and external environment. It inherited some of the structural concerns that emerged in the past years, which restrained the room and the curing effect of the aggregate demand management policies. The economic developments over 2012 remained, however, within the economic stability parameters, both in the real and financial sector.

Output grew 1.6% in the first nine months of 2012, driven primarily by the higher services, while the production sector contracted. The economy grew below its potential, both on the economy and sector level, hence yielding spare capacities in the labour and capital factors. According to INSTAT's data, employment in the economy rose 0.33% on average, hence lower than the 2.1% rise in 2011. These spare capacities subdued the price rise in the factors of production, generating, in turn, subsiding inflationary pressures on the economy.

The external sector made major increasing contribution to aggregate demand, with exports growing by 8.5% and part of import goods being replaced by domestic production. The current account deficit narrowed 12.8% in the first nine months of 2012, representing one of the structural improvements in the Albanian economy. It also reflects the cyclical effects deriving from the low domestic consumption and investments. The sustainability of the current account deficit remains therefore one of the challenges of the Albanian economy as the persistence of its correction should rely on the improvement

of labour productivity and enhanced competitiveness of domestic production, both in the internal and external market. Consumption and private investments made a positive, albeit low, contribution to economic growth. They continue to be affected by the uncertainty surrounding the outlook and the relatively scarce financial support from the financial sector. The Albanian Government pursued a consolidating fiscal policy during 2012. Public spending made no contribution to aggregate demand growth due to the poor revenues and controlled budget deficit. These restraints have reflected the cautious fiscal policy and the public debt threshold. The perceived lack of room for fiscal stimulus led to removal of the public debt ceiling at the end of the year. The budget deficit was estimated at 3.4% of GDP, while the public debt reached 61% of GDP at end-2012. Although the debt increase beyond 60% of GDP did not generate higher financial market volatility, the fiscal policy should set reliable and transparent fiscal anchors in the future.

Financial sector developments have reflected the dynamics in the real sector of the economy, implying a deceleration of demand for money and record-low growth of credit. The factors behind this performance include, on the one hand, the lack of sound business and household demand and, on the other hand, the higher banking sector sensitivity to default risk. The loan portfolio quality continued to deteriorate as evidenced by the increase in the share of non-performing loans to total loans to 22.5%, from 18.8% in 2011.

Annual inflation averaged 2%, remaining within the tolerance band of the Bank of Albania. Inflation expectations in the economy remained anchored around the target. The exchange rate was generally stable and mitigated the impact of import price fluctuations on inflation.

With a view to meeting the medium-term inflation target and reducing the negative output gap, the Bank of Albania lowered its key interest rate three times over 2012, to 4.00% from 4.75%. The pass-through of monetary policy easing was hindered by some structural changes in the primary securities market, which provided an opposite impact as compared to the monetary stimulus during the first half of 2012. In the following period, all financial market segments responded more strongly to the key interest rate change.

Concerning financial stability in Albania during 2012, some important financial soundness indicators improved, despite the challenging economic setting. The financial system saw positive profit, and capitalisation and liquidity figures were satisfactory and above their regulatory ratios. The share of lek-denominated loans increased, hence providing room for a better transmission of Bank of Albania's policies into the financial system. Considering the above economic developments, the banking sector appeared relatively hedged against financial market, exchange rate and interest rate risks. On the other hand, there were heightened risks relating to the real sector's ability to pay off debt. With a view to meeting its supervisory function, the Bank of Albania has further strengthened the regulatory framework in terms of enhancing transparency, disclosure of information and bank management quality, and harmonising the Albanian legislation with the relevant international standards.

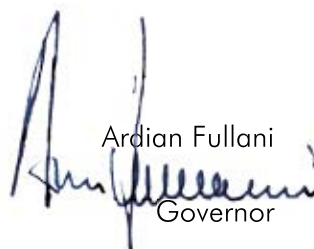
In addition, the Bank of Albania has, through its on-site supervision, invested in helping banks orient toward strategic plans focusing on the domestic economy, and formulate strategies to reduce the non-performing loan stock.

*Dear reader,*

The Bank of Albania has, for a long time, seen the preparation and publication of its Annual Report as more than merely meeting its institutional obligation. In a modern central bank's philosophy, the Annual Report is a key element of the Bank of Albania's transparency. It contributes to improving communication with the financial markets and economic agents, enhancing public's financial literacy and providing a consistent framework for raising the institution's accountability.

A considerable part of this Annual Report is, therefore, dedicated to Bank of Albania's work to carry out its duties and institutional commitments. These activities include managing Albania's international reserve, maintaining and developing the payment systems infrastructure, improving public communication, implementing the international best practices in monetary statistics and balance of payments, and enhancing the Bank of Albania's research.

The following chapters of this Annual Report provide elaborate information on these activities. I am confident that you will be provided with a comprehensive account of economic and monetary developments, and the central bank's activities over 2012.



Ardian Fullani  
Governor





## *Branches of the National Bank of Albania 1925-1944*



*Branch of the National Bank of Albania, Korça*



*Branch of the National Bank of Albania, Shkodra*



*Branch of the National Bank of Albania, Vlora*



*Branch of the National Bank of Albania, Vlora*



*Branch of the National Bank of Albania, Elbasan*



*Branch of the National Bank of Albania, Vlora*



*Branch of the National Bank of Albania, Saranda*



*Branch of the National Bank of Albania, Durrës*





## CHAPTER I. PRICE STABILITY AND BANK OF ALBANIA'S MONETARY POLICY

*The primary objective of Bank of Albania's monetary policy is to achieve and maintain price stability. In quantitative terms, the Bank of Albania aims at keeping inflation around 3.00% in a medium-term horizon. With a view to meeting this objective, the Bank of Albania formulates and implements its monetary policy, relying on market instruments for its transmission into the economy and operating in a free floating exchange rate regime.*

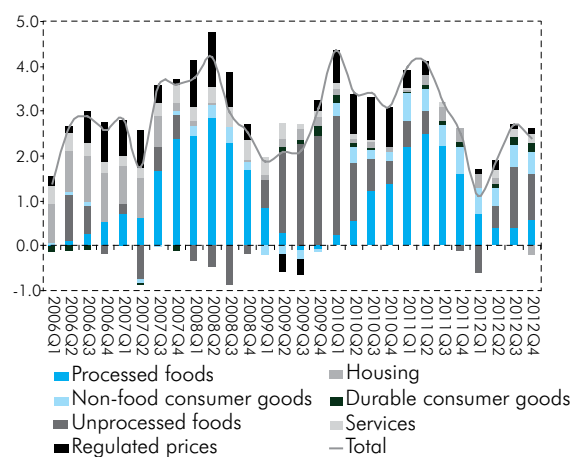
### I.1 INFLATION

Annual inflation averaged 2% in 2012, remaining close to the lower half of the inflation tolerance band. This year's inflation was 1.5 percentage points below the previous year's rates, fluctuating considerably over the two six-month periods of the year. The statistical effect of the high comparative base yielded low inflation in 2012 H1. This effect on inflation subsided fully after July. In 2012 H2, annual inflation averaged 2.6%, from 1.5% in H1.

Headline inflation was determined by the fluctuating prices of some goods and services' items by economic function. The fluctuating inflation of 'Unprocessed foods' determined the performance of headline inflation in 2012. Along with 'Processed foods', these two items accounted for about 60% of headline inflation. On the other hand, prices of 'Goods and services at regulated prices' made a negligible contribution, hence manifesting a dissimilar performance to the past 10 years. Starting from September 2012, 'Housing' reduced headline inflation by 0.2 percentage points, on average. This performance had not been observed since 2003.

'Processed foods' prices were lower than in 2011 and more stable than those of 'Unprocessed foods'. This item's annual inflation was 2.1% in 2012 from 8.9% in 2011. Consequently, its contribution to headline inflation fell to 0.5 percentage points, from 2.1 percentage points in 2011.

Chart 1 Contribution of key items to annual inflation (in percentage points)



Source: INSTAT and Bank of Albania's estimates.

Table 1 Annual contribution of key items to annual inflation (in percentage points)

	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4
1. Processed foods (pp)	1.4	2.2	2.5	2.2	1.6	0.7	0.4	0.4	0.6
Bread and grains (pp)	0.4	0.7	1.0	0.8	0.5	0.2	0.0	0.0	0.0
Alcohol and tobacco (pp)	0.2	0.5	0.4	0.4	0.4	0.1	0.1	0.1	0.2
2. Unprocessed foods (pp)	0.5	0.6	0.5	0.0	-0.1	-0.6	0.5	1.3	1.0
Fruit (pp)	0.1	0.2	0.4	0.2	0.3	0.3	0.3	0.5	0.5
Vegetables (pp)	-0.7	0.1	-0.4	-0.6	-0.7	-1.2	-0.1	0.7	0.2
3. Services (pp)	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.2	0.2
4. Regulated prices (pp)	0.9	0.4	0.3	0.1	0.0	0.1	0.1	0.1	0.1
Fuels and energy (pp)	0.4	0.2	0.3	0.2	0.1	0.0	0.0	0.0	0.0
5. Housing (pp)	0.1	0.2	0.3	0.3	0.3	0.3	0.2	0.0	-0.2
6. Non-food consumer goods	0.2	0.6	0.5	0.4	0.6	0.6	0.4	0.5	0.5
7. Durable consumer goods (pp)	0.0	0.0	0.1	0.1	0.1	0.0	0.1	0.2	0.2
Consumer Price Index (y-o-y, %)	3.1	4.0	4.1	3.2	2.5	1.1	1.9	2.7	2.4

Source: INSTAT and Bank of Albania.

'Non-food consumer goods' continued to make a high contribution (0.5 percentage points) compared to their historical average. This item's inflation increased in 2012 H1, reflecting the higher oil price in the international market and the two-phase application of the rise in the circulation tax on fuels. Later on, particularly at year-end, the partially waning effect of this price rise and the positive developments in fuel prices trended inflation down. There were, however, frequent fluctuations in prices, particularly in 'Miscellaneous goods and services', which derived from the fluctuations in motor vehicle insurance tariffs.

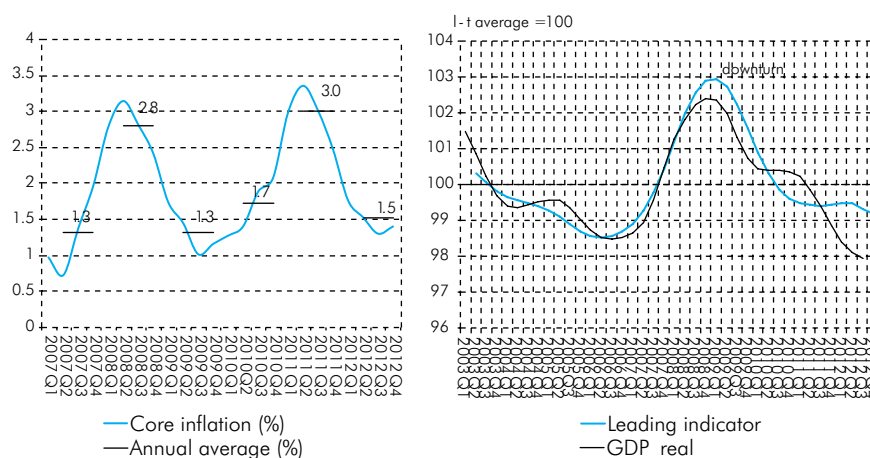
'Regulated prices' contributed by only 0.1 percentage points to headline inflation. This item's contribution, which used to provide substantial positive contribution to inflation, minimised throughout 2012 due to the unchanged electricity tariffs for about 2 years. The other items having a lower share continued to provide low contribution to annual inflation.

## 1.2 INFLATION DETERMINANTS

Economic and monetary developments produced weak inflationary pressures during 2012. Against a background of weak supply-side pressures, the low demand was a determining factor in the consumer price rise. This performance was confirmed by the low annual core and non-traded inflation of the CPI basket. Annual core inflation averaged 1.5%, from 3% in 2011. Non-traded inflation of the CPI basket was 2%, 0.5 percentage points below the historical average of the past 10 years. In addition to the negative output gap, the lower core inflation was also driven by the stable exchange rate and anchored inflation expectations.

Inflation was affected by the low price rise in the factors of production (wages, prices of domestic and external production) and businesses' low profit margins. Economic growth, albeit positive, fled its potential rates further, implying more spare capacities in the economy. In line with the sluggish economy,

Chart 2 Annual core inflation (left); cyclical component of the GDP and deviation of the leading indicator, and its long-term average (right)



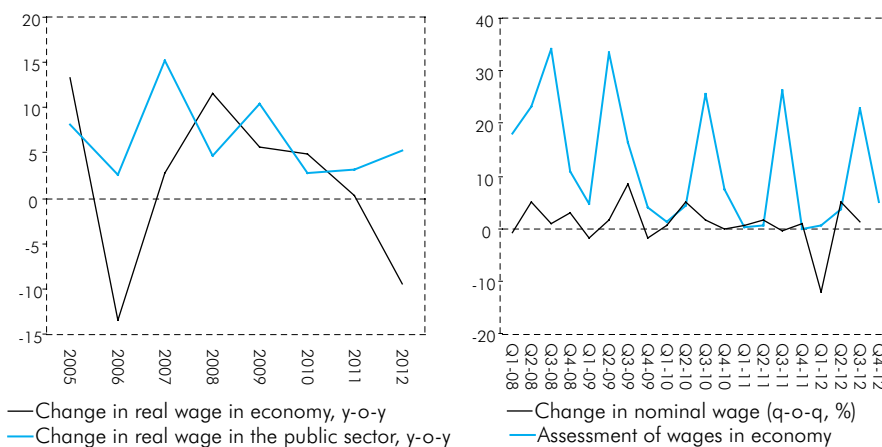
Source: Bank of Albania and INSTAT.

unemployment stood at 13.3%, exerting downward pressures on wages and other labour costs in the domestic market. The stable exchange rate played a restricted role in the pass-through of imported inflationary pressures. Short and medium-term inflation expectations stood close to the Bank of Albania's inflation target. In addition to developments in the real economy, the financial sector contributed to subdued inflationary pressures on the macrofinancial environment.

#### • DOMESTIC INFLATIONARY PRESSURES

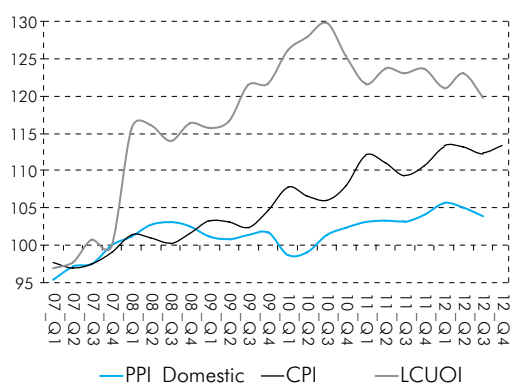
The recent years' economic deceleration has been coupled with sluggish labour demand from businesses, reflected in the low increase in employment, still-high unemployment rate and weak pressures on wages and other labour costs.

Chart 3 Qualitative and quantitative data on wages



Source: Bank of Albania and INSTAT.

Chart 4 Consumer Price Index (CPI), Producer Price Index (PPI\_Domestic) and Labour Cost per Unit of Output Index (LCUOI) (base index period: December 2007 = 100%)



Source: INSTAT and Bank of Albania.

Based on short-term statistics, average wage index<sup>1</sup> in the economy registered an annual average drop of 7.7% in the first three quarters of 2012. CPI-deflated, real wage dropped 9.4% from the previous year. The structural analysis shows that wages in the private sector were affected positively by the rising wages in the industry sector, while wages in services and construction dropped. On the other hand, real wages in the public sector showed an increasing tendency in the first nine months of 2012, recording an annual average increase of about 5.4%.

In the long-term period, changes in the real wage should be in the same line with the developments in labour productivity. In the last four years, there has been a better uniformity among these indicators, which have slowed their growth rates significantly.

The Labour Productivity Index recorded an average annual fall of 8.2% in the first nine months of 2012. This performance was driven by the curbing growth rates of the employment index versus the low increase in the value added of the non-agricultural economic activity. Consequently, the drop in average real wage in the non-agricultural economic sectors was passed through to the annual fall of labour costs per unit of output. In addition, there have been subsiding inflationary pressures originating from producer prices due to the low price rise of basic industry goods in the international market. Overall, the price factor has not generated mounting inflationary pressures on the domestic economy during 2012.

Table 2 Labour and producer price dynamics in the non-agriculture sector<sup>2</sup>

Annual changes in price indices (in %)	2008	2009	2010	2011	2012		
					Q1	Q2	Q3
PPI_Domestic	5.1	-1.1	-0.9	3.1	2.5	1.7	0.6
-PPI_Domestic_Food industry	11.5	-3.4	4.8	8.7	-3.7	-5.7	-3.2
-PPI_Domestic_Industry, Oil refining	13.7	7.2	12.1	7.5	11.5	9.3	6.5
Labour cost per unit (excl. agriculture)	15.9	2.9	7.2	-3.3	-0.5	-0.5	-2.6
Average real wage (excl. agriculture)	10.2	5.0	4.8	0.4	-11.3	-8.9	-8.1
Labour productivity (excl. agriculture)	-5.7	2.1	-2.4	3.7	-10.8	-8.4	-5.5

Source: INSTAT and Bank of Albania.

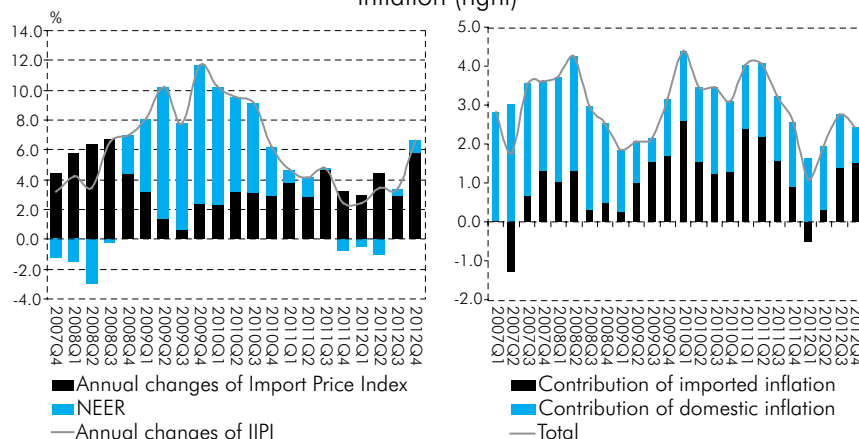
<sup>1</sup> Wage index in economy, also referred to as 'average wage', is measured as the ratio of wages fund index to the employment index. Source: INSTAT, "Short-term statistics", excluding "Agriculture". The data frequency is quarterly.

<sup>2</sup> The measures refer to LP and ULC of the economy, excluding agriculture. The estimates use value added data (seasonally adjusted - INSTAT, quarterly GDP, 2012 Q3), and short-term statistics for employment and wages (INSTAT, Short-term statistics, 2012 Q3). Short-term statistics exclude agriculture, therefore the value added is considered excluding agriculture. Average real wage index is derived after deflating it to the seasonally adjusted CPI.

### • IMPORTED INFLATIONARY PRESSURES

The annual change in Imported Inflationary Pressures Index (IIPI)<sup>3</sup> fluctuated around 2.4-6.6%, averaging 4% in 2012. There were mounting inflationary pressures originating from the external economy, particularly in 2012 Q4 with the IIPI being 4 percentage points higher, y-o-y. This performance reflected primarily the import price dynamics, which registered an average annual growth of 4.0%, to peak at 5.7% in Q4.

Chart 5 Annual contribution of import prices and the exchange rate to the IIPI (left); annual contribution of imported and domestic inflation to headline inflation (right)



Source: INSTAT, Bank of Albania, IMF, OECD, EUROSTAT.

Consequently, imported inflation in the Albanian economy<sup>4</sup> fluctuated from the negative rates in early-2012 to positive ones at end-period. Imported inflation contributed by 0.7 percentage points to headline inflation, from 1.8 percentage points in 2011. The remainder was accounted for by domestic inflation (1.3 percentage points), which was low and more stable than imported inflation. The contribution of imported inflation was impacted by the statistical effect of the high comparative base, which affected the traded inflation of goods in the CPI basket. This effect gradually subsided by mid-2012 and the services' inflation fell in the last four months of 2012. As a result, the contribution of imported inflation to headline inflation settled at the last four years' average.<sup>5</sup> The flattening contribution of imported inflation to headline inflation led to a stable domestic currency in the foreign exchange market in the medium-term period.

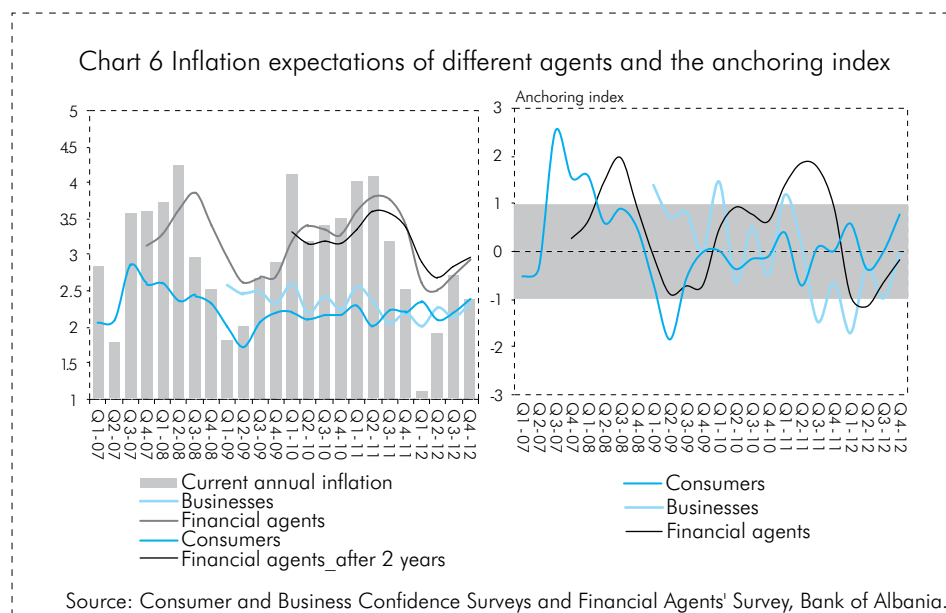
<sup>3</sup> This is a proxy for imported inflationary pressures. Imported inflation is measured as the weighted average of the CPIs of 21 countries, using their import share based on the latest foreign trade data, and adding the NEER for the respective month. Imported inflationary pressures appear to impact on inflation with a 1-3 month(s) lag. The annual change in the IIPI is the sum of annual changes in the import price index and the NEER.

<sup>4</sup> The inter-sectoral differentiation of inflation and contributions by sectors of the CPI basket are used as a proxy to measure the quantitative contribution of imported inflation to headline inflation. It is measured as the difference between traded and non-traded inflation, net. The intensity of imported inflationary pressures for a given period is measured as the difference between the respective contributions to headline inflation.

<sup>5</sup> The contribution of imported inflation in the last four years averaged 1.3 percentage points, while in 2012 H2 it averaged 1.4 percentage points.

### • INFLATION EXPECTATIONS<sup>6</sup>

Inflation expectations anchoring index<sup>7</sup> recorded negative figures for the most part of the year, hence manifesting no pressures for the rise of prices and wages in the medium-term period. For the most part of the year, medium-term expectations were better anchored than short-term ones.<sup>8</sup>



Consumer expectations were better anchored than business and financial agents' expectations during the first nine months of 2012, but they increased in Q4. Businesses and financial agents manifest a similar performance of inflation expectations.

## 1.3 MONETARY POLICY OF THE BANK OF ALBANIA

The Bank of Albania sharpened its accommodative monetary policy in 2012. With a view to meeting the medium-term inflation target, the Supervisory Council of the Bank of Albania continued to take stimulating measures to recover economic activity. The central bank slashed its key interest rate three times in 2012: in January, March and July, by 0.25 percentage points each time, to the record low of 4.00%. The formulation of the central bank's decision-making continued to keep under its consideration the forecast for weak inflationary pressures.

<sup>6</sup> The Bank of Albania measures economic agents' inflation expectations through quarterly business and consumer confidence surveys and monthly financial market agents' expectations survey.

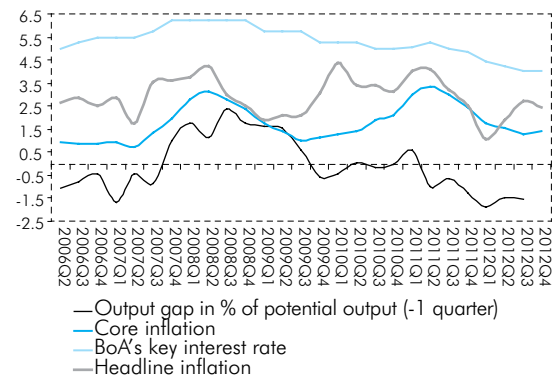
<sup>7</sup> Inflation expectations anchoring index is a standardised index measured as the difference between the series values of expectations and its long-term average, divided by the standard deviation of expectations' series. As such, it is comparable to the long-term average and the expectations of some market agents for given standard deviation intervals (usually +/- 1 standard deviation).

<sup>8</sup> Expectations for two-year ahead inflation are considered as medium-term expectations and they are measured only for financial market agents through a monthly survey.

The key interest rate cuts were reflected in the financial markets, while their effects did not fully materialise into the real sector of the economy. Different market segments did not respond uniformly and timely to the key rate cuts. The interbank market was effective in absorbing the monetary policy stimulating approach in 2012 H1, while the lending activity did not respond to the expected extent and velocity. The heightened uncertainties and tightening of prudential regulations in the euro area brought about changes in the structure of agents' participation in the primary market and delays in the timely pass-through of the accommodating monetary policy.

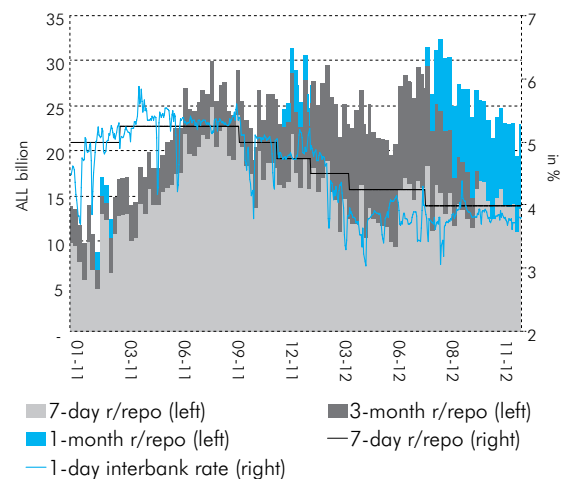
There was a fuller reflection of monetary policy decisions in 2012 H2 driven also by the moderate Government demand for borrowing. The accommodating monetary policy was supported by effective operational interventions. The latter consisted in the continuous injection of liquidity into the banking system, through fixed-amount and variable-rate actions. This central bank policy enhanced confidence in the interbank market, materialising into lower interest rate volatility.

Chart 7 Key interest rate, inflation and output gap\*



\* The output gap is a macroeconomic concept measured as: (actual output - potential output)/potential output. In order to estimate the potential output, we apply different statistical filtering methods. For more information see: Bank of Albania, Monetary Policy Report for 2011 Q1, Box 2: Potential output and output gap. Source: Bank of Albania.

Chart 8 Liquidity-providing operations of the Bank of Albania in the open market



Source: Bank of Albania.



*National Bank of Albania 1925-1944, headquarters, Tirana, 1938.*









## CHAPTER II. MACROECONOMIC AND FINANCIAL DEVELOPMENTS

### II.1 EXTERNAL ECONOMY

Global economic growth decelerated in 2012. A number of advanced economies saw continuous contraction of GDP, while developing economies recorded moderate growth rates. The higher unemployment rates, sluggish aggregate demand, need for fiscal consolidation and lower business and household borrowing generated a negative spiral for most of the advanced economies. These restraints were reflected in the financial markets in the form of high risk premiums and yields. Developing economies managed to maintain positive growth rates, despite the weakening exports and investments. The inflationary pressures on a global level were broadly subdued, remaining sharper in developing economies than in advanced ones.

Countries	GDP change	Unemployment rate		Inflation rate	
	2011	2012	2012	2011	2012
USA	1.8	2.2	8.1	3.2	2.1
Euro area	1.4	-0.5	11.3	2.7	2.5
Germany	3.0	0.7	5.9	2.3	2.0
France	1.7	0.0	10.2 <sup>1</sup>	2.1	2.0
United Kingdom	0.9	0.0	7.9 <sup>1</sup>	4.5	2.8
Japan	-0.5	1.6 <sup>1</sup>	4.3	-0.3	0.0

Table 1 Selected macroeconomic indicators

Source: Eurostat, respective statistical institutes.

<sup>1</sup> ECB, EC and OECD experts' estimates.

#### II.1.1 ECONOMIC ACTIVITY

##### EURO AREA

Euro area's economy shrank in 2012. According to the latest Eurostat data, euro area's GDP shrank 0.5% in 2012 due to the weak private consumption, contracted investment and a negative contribution of public spending. Net exports played a positive role in GDP growth, hence offsetting and mitigating the negative performance of economic growth over the stated period. After 2012 H1, the financial markets reflected ECB's operations and euro area countries' debt securities showed lower spreads and risk premiums. The inflationary pressures subdued and unemployment increased further in 2012.

##### USA

The U.S. economy registered positive growth rates in 2012. Annual GDP grew 2.2% due to the improved private consumption, non-residential investment and higher exports, while public spending contributed to curbing growth.

The U.S. unemployment rate fell to 7.8% at end-2012. Inflation decreased to 2.1% in 2012, from 3.2% in 2011.

### BRIC ECONOMIES<sup>1</sup>

Brazil's economy continued to grow at low rates in 2012, with the GDP growing by 1.5%. Annual inflation maintained the upward tendency begun in mid-2012, remaining, however, lower than the average annual rate of 2011. Russia's GDP grew 3.7% in 2012, maintaining a downward trend since early-year. Annual inflation was 6.6%, which is lower than in 2011. India's economic activity slowed its growth rates to 5.5% in 2012. Annual inflation averaged 9.4%, which is higher than in 2011. China's economy grew 7.6% in 2012, driven by higher industrial production, improved construction and rapid increase in consumer spending. Annual inflation averaged 2.7%, compared to 5.4% in 2011.

Table 2 Selected macroeconomic indicators for BRIC economies

Countries	Annual GDP change		Annual inflation	
	2011	2012	2011	2012
Brazil	2.9	1.5	6.5	5.5
Russia	4.2	3.7	7.1	6.6
India	7.0	5.5	8.4	9.4
China	9.2	7.6	5.4	2.7

Source: OECD, respective statistical institutes.

### ECONOMIES OF THE REGION

Italy's GDP shrank at an annualised rate of 2.2% in 2012, driven by lower consumer spending and investment. The unemployment rate hit a record high of 11.2% in December, the peak rate in the last 15 years. The Greek economy shrank 6.3% in 2012 and unemployment hit a record high of 27.0% in November. On a positive note, Greece seemed to slightly regain international confidence at end-year, being also manifested in the drop of government bond yields to the lowest rate since October 2010.

Table 3 Economic figures for countries in the region

Countries	GDP change	Annual inflation	Unemployment rate	
	2012	2011	2012	December 2012
Italy	-2.2	2.9	3.3	11.2
Greece	-6.3	3.1	1.0	27.0 <sup>1</sup>
FYROM	-0.6 <sup>3</sup>	3.9	3.3	30.6 <sup>2</sup>
Serbia	-1.9 <sup>3</sup>	7.0	7.3	22.4 <sup>4</sup>
Croatia	-1.8 <sup>3</sup>	2.3	3.4	21.1
Turkey	2.7 <sup>3</sup>	6.5	8.9	9.4 <sup>1</sup>
Kosovo	4.5 (2011)	7.3	2.5	:
Albania	1.6 <sup>3</sup>	3.5	2.0	13.3 <sup>2</sup>

Source: Respective statistical institutes, IMF, EuroStat, EcFin, OECD.

<sup>1</sup> November 2012.

<sup>2</sup> 2012 Q3.

<sup>3</sup> Average of the first three quarters of 2012.

<sup>4</sup> October 2012.

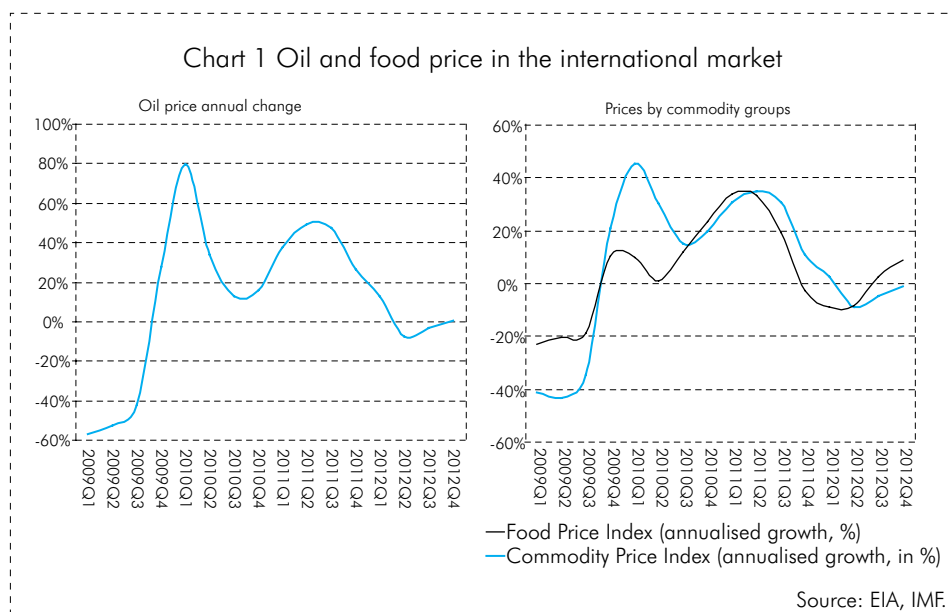
<sup>1</sup> BRIC stands for Brazil, Russia, India and China.



Turkey's GDP slowed its growth rates in 2012, registering an annualised growth of 1.6% in Q3. This performance has been mostly driven by the lower investment and consumer spending. Annual inflation fell to 6.1% in December and the unemployment rate dropped to 9.1%. FYROM's GDP grew at an annualised rate of 0.2% in Q3, following the first two quarters' contraction. The positive consumer spending and the improved trade balance made a positive contribution to economic performance, while the lower investment contributed adversely. Inflation edged up slightly, settling at 4.7% in December. Serbia and Croatia's economy decelerated in 2012, while short-term indirect statistics suggest that Kosovo's economy slowed its growth rates. The IMF projects Kosovo's GDP to grow 3.8% in 2012 and 4.1% in 2013.

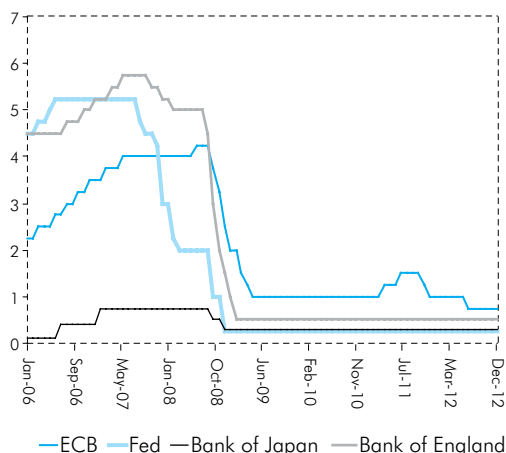
## II.1.2 GLOBAL PRICES

Global primary commodity prices saw a falling tendency in 2012 H1, to later manifest a contained increasing tendency in H2. Concerns over global growth and re-dimensioning of global demand were the key determining factors of primary commodity prices and demand in the international market. Commodity Price Index shrank 3.1%, while the Food Price Index shrank by only 1.8%. The long periods of drought and the use of corn to produce ethanol, particularly in the USA, drove the fast rise of the Food Price Index in Q3 and determined its overall performance in 2012.



The Brent Index, used to estimate the oil price, remained relatively unchanged in 2012, increasing by only 0.3% from 2011. The economic and financial sanctions against Iran, concerns related to oil production in the North Sea and the severe weather conditions in the Gulf of Mexico, were the main factors driving the rise in oil price during this period. Global demand for oil was 0.9% higher than in 2011, while oil supply grew 2.6%.

Chart 2 Key interest rates



Source: ECB, Fed, Bank of England, Bank of Japan.

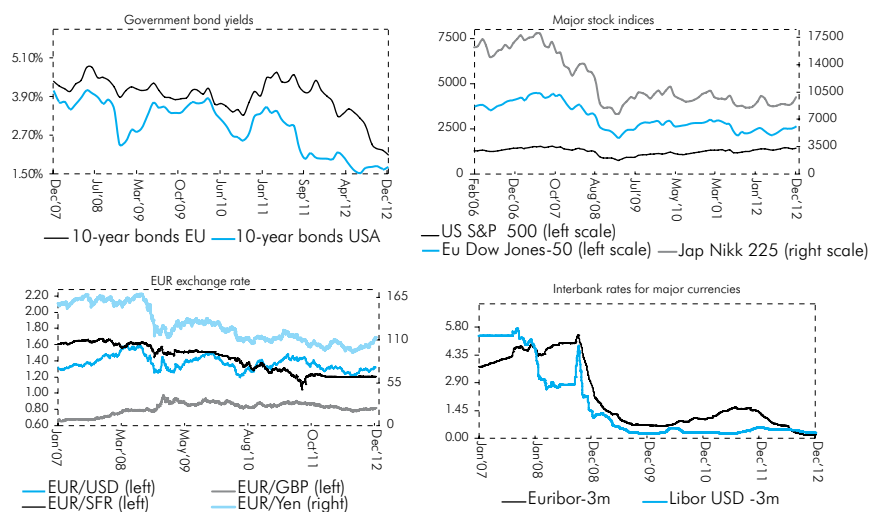
## II.1.3 MONETARY POLICY AND FINANCIAL MARKETS

The major central banks kept their key interest rates unchanged, except the European Central Bank, which cut its benchmark lending rate by 0.25 percentage points in July, to 0.75%. The other major banks kept their benchmark rates as follows: Federal Reserve at 0-0.25%, Bank of England at 0.5% and Bank of Japan at 0-0.1%.

The financial markets were highly volatile in 2012. The heightened uncertainties arising from the deepening sovereign debt crisis and its spreading to a number of the euro area countries conditioned financial agents' behaviour in 2012 H1. ECB and other central monetary institutions' operations were reflected in lower tensions in certain capital market

segments and enhanced investor safety. In the last months of 2012, the yield spread between bonds of countries most exposed to the public debt crisis (Spain, Italy, etc.) and the German bunds reduced. The major money market rates (Euribor, Libor) saw continuous fall in 2012 as a reflection of ECB's accommodative policy. The 1-, 3-, 6- and 12-month Euribor rates stood at 0.33%, 0.58%, 0.83% and 1.11%, respectively, in 2012, registering an average drop<sup>2</sup> of 0.84 percentage points from 2011. The 3-month U.S. dollar Libor interest rate rose to 0.43% from 0.34% in 2011. In the foreign exchange market, the euro depreciated against the major currencies. It lost ground against the U.S. dollar, the Japanese yen and the Swiss franc. One euro traded at an average of USD 1.2848, depreciating by 7.7% from 2011.

Chart 3 Exchange rate and selected financial indicators in international markets



Source: ECB, Reuters.

<sup>2</sup> They fell by 0.61, 0.58, 0.56 and 0.66 percentage points, respectively.

## II.2 MACROECONOMIC DEVELOPMENTS IN ALBANIA

The Albanian economy saw relatively weak growth in 2012 due to heightened uncertainties, tight lending standards and sluggish aggregate demand. The economic growth was insufficient to utilise Albania's production capacities, hence generating weak demand-side inflationary pressures. The poor labour demand produced downward pressures on wages and other labour costs, while the anchored inflation expectations subdued the pass-through of second-round effects into consumer prices. After marking low rates in the first five months of 2012, annual inflation fluctuated around the 2-4% target range, also as a reflection of the accommodating monetary policy cycles. The fiscal pillar of macroeconomic policies displayed a consolidating nature, expressed in the narrower budget deficit and lower fiscal stimulus. Albania's external economic position improved, materialising into the narrowing of the current account deficit and the increase in capital inflows in the form of foreign direct investment.

Table 4 Selected economic figures over the years

	2008	2009	2010	2011	2012
Inflation (year-over-year, average for the period)					
Core inflation (in %)	2.8	1.4	1.7	3.0	1.5
Headline inflation (in %)	3.4	2.3	3.6	3.5	2.0
Economic growth					
Real GDP growth, in %	7.5	3.3	3.8 <sup>1</sup>	3.0	1.6 <sup>2</sup>
GDP (at current prices, in ALL million)	1,089,293	1,148,082	1,222,462	n/a	n/a
Labour market					
Number of employed (in thousands)	974.1	899.3	916.9	928.0	922.5 <sup>2</sup>
Unemployment rate	12.7	13.7	13.5	13.3	13.3 <sup>2</sup>
Fiscal sector					
Budget balance (including grants, as a percentage of GDP)	-5.5	-7.0	-3.1	-3.5	-3.4
Public debt (as a percentage of GDP)	54.7	59.4	58.5	59.4	60.92
Budget revenues (as a percentage of GDP)	26.7	26.0	26.6	25.4	24.4
Budget expenditure (as a percentage of GDP)	32.3	33.0	29.7	28.9	27.8
External sector					
Current account (as a percentage of GDP)	-15.6	-15.3	-11.5	-12.1	-9.2 <sup>2</sup>
Imports of goods (fob, as a percentage of GDP)	37.7	35.1	36.7	39.3	35.8 <sup>2</sup>
Exports of goods (fob, as a percentage of GDP)	10.3	8.6	13.2	15.2	15.4 <sup>2</sup>
FDI inflows (as a percentage of GDP)	7.5	8.2	8.9	8.1	7.6 <sup>2</sup>
International reserve (in EUR million, end of period)	1,675	1,646	1,904	1,912	2,024 <sup>2</sup>
Monetary and financial sector					
Repo rate (end of period)	6.25	5.25	5.00	4.75	4.00
M3 aggregate (annual growth, end of period)	7.7	6.8	12.5	9.2	5.0
Lending to the private sector (annual growth, end of period)	32.2	11.7	10.6	10.4	1.5
12-month yield (annual average)	8.16	9.17	7.98	7.34	7.03
ALL/USD average exchange rate	83.9	95.0	103.9	100.84	108.24
ALL/EUR average exchange rate	122.8	132.1	137.8	140.34	139.02
NEER	99.7	107.1	113.4	113.8	113.69

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

<sup>1</sup> Preliminary data.

<sup>2</sup> Average of the first nine months and end-Q3 data for the labour market, external sector and public debt.

\*GDP ratios are based on annual projections.

The Albanian economy performed amidst a highly uncertain international setting and tense financial markets. Economic growth was primarily driven by foreign demand, while domestic demand recorded low growth. The perceived high uncertainty and the still tight lending standards materialised into low

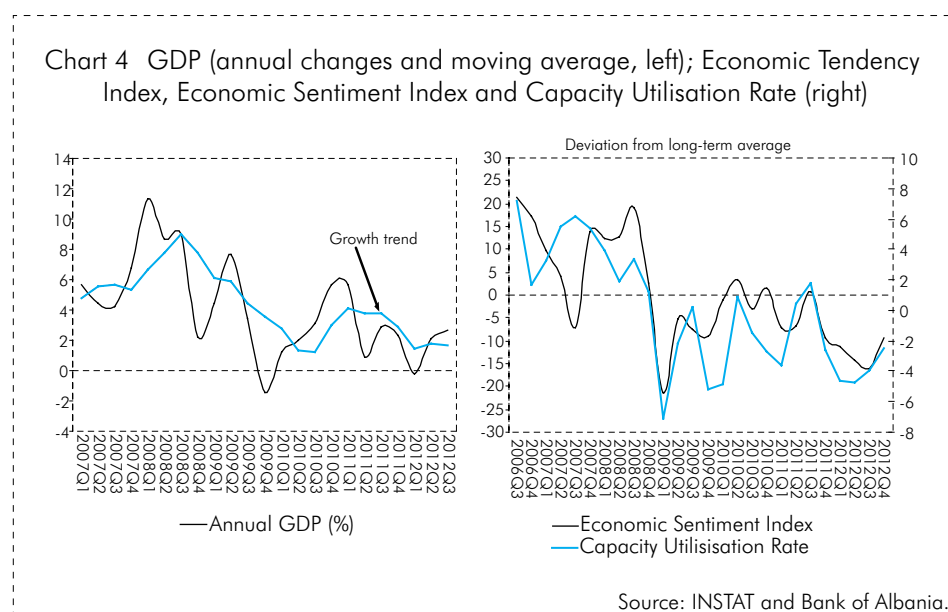
consumption and investment during 2012. Aggregate demand grew at an annualised rate of 1.6% in the first nine months of 2012, reducing its growth rate nearly by half, y-o-y.

The low economic performance was reflected in poor revenue growth in 2012. In addition to the contained budget deficit, the performance of revenues led to decline in budget expenditure, and particularly in capital ones. As at end-2012, budget deficit was estimated at 3.4% of GDP. On the other hand, the external position of the Albanian economy improved over the stated year. The current account deficit as a percent of GDP was estimated at 9.2% in the first nine months of 2012. The low domestic demand and the substitution of imported goods for domestic ones led to lower imports. In the meantime, exports continued to increase though at lower rates than in the previous two years. Net flows in the capital and financial account accounted for about 90.5% of the current account deficit. As at end-2012, the international reserve was sufficient to cover 4.5 months of imports of goods and services.

The improved external position of the Albanian economy, low and subdued inflation, stable exchange rate and sound balances of the real and financial sectors of the economy were conducive to safeguarding Albania's economic and financial stability further in 2012. The financial markets saw improved liquidity figures and downward interest rates, also as a reflection of the monetary policy signals. The monetary developments showed marked deceleration of the annual growth rate of monetary aggregates in 2012, reflecting the placements of household savings with the securities' market and the poor demand for money from the domestic economy.

## II.2.1 GROSS DOMESTIC PRODUCT AND AGGREGATE DEMAND

Albania's economic activity continued to grow in 2012 though at sluggish rates. GDP grew 1.6% in the first nine months of 2012 compared to 3.0% in 2011.

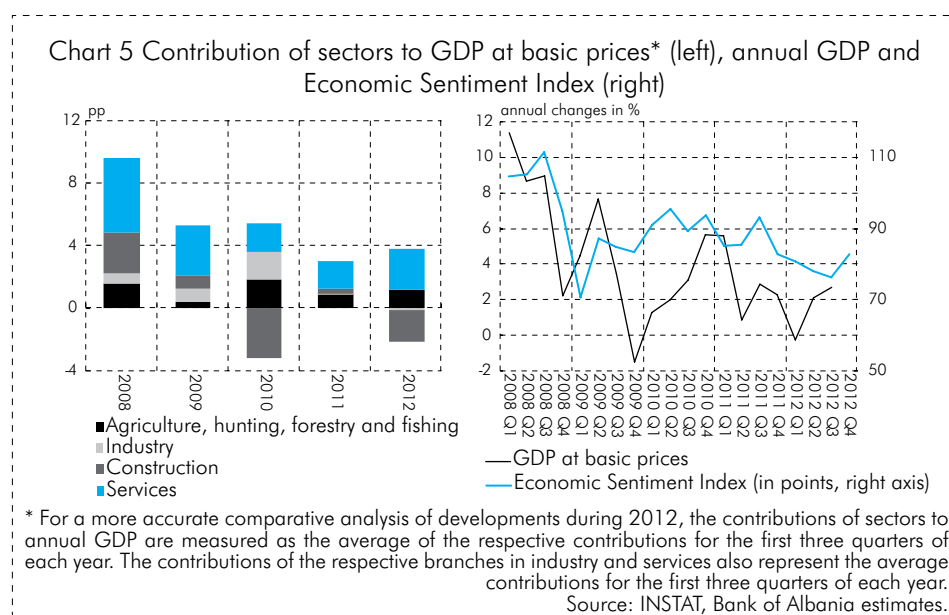




After shrinking 0.2% in Q1, the Albanian economy grew progressively to 2.1% in Q2 and 2.7% in Q3. The sluggish economic performance in Q1 reflected, among others, the impact of temporary weather factors on the output of individual economic sectors. Foreign demand provided a negative contribution to Q1's economic growth; however, its gradual increase drove the growth of exports over the period ahead.

#### • GDP BY SECTOR<sup>3</sup>

The slowdown in 2012 was broadly influenced by the contraction in the production sector<sup>4</sup>, which was mostly manifested in Q1. This sector made a negative contribution of 1.0 percentage point to annual GDP growth compared to the positive contribution of 1.2 percentage points in 2011. On the other hand, activity in the services sector<sup>5</sup> accelerated and continued to make a positive contribution to economic growth. The annual increase in the value added of the services sector was translated into a contribution of 2.6 percentage points to economic growth, versus 1.7 percentage points in the same period in 2011.



Value added of the industry sector fell 1.4% in the first three quarters. This performance was determined by the first quarter's dynamics. The negative performance of processing industry and electrical energy, gas and water

<sup>3</sup> The analysis of GDP by sector refers to the first three quarters of 2012 as the latest value added data refer to Q3. GDP by sector per each quarter is broadly elaborated in the quarterly Monetary Policy Reports for the stated year. The performance of economic sectors in 2012 Q4 has been analysed through indirect quantitative and survey data. The Economic Sentiment Index suggests that economic activity continued to improve in 2012 Q4.

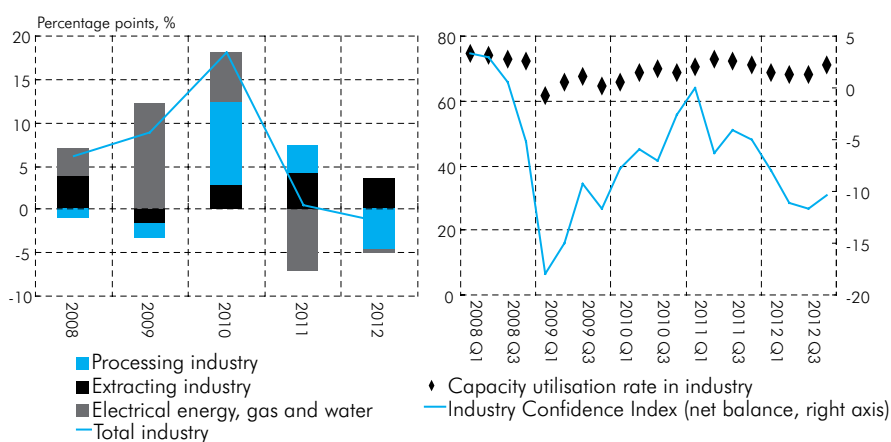
<sup>4</sup> The production sector includes construction, industry, agriculture, hunting, forestry and fishing.

<sup>5</sup> The services sector includes the branches of 'Trade, hotels and restaurants', 'Transportation', 'Post and communication' and 'Other services'.

reduced the total value added of the industry sector by 4.6 and 0.4 percentage points, respectively, during the period under review.<sup>6</sup>

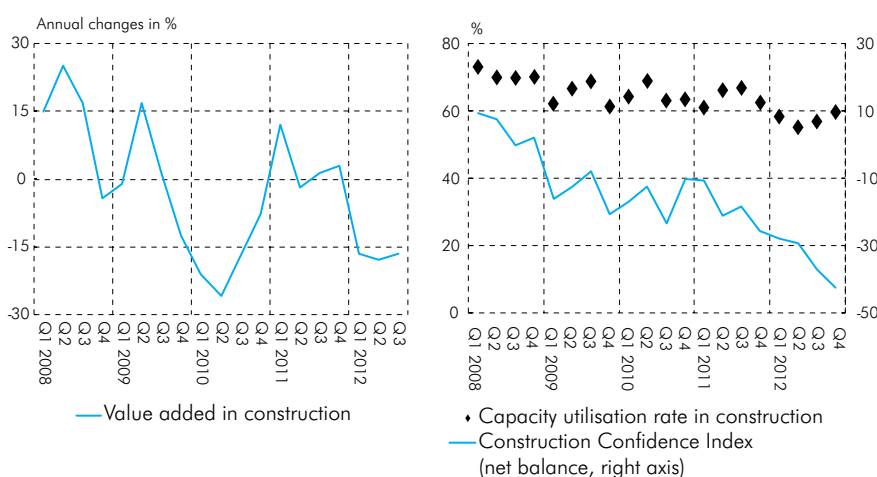
The lower annual growth rate of industrial exports<sup>7</sup> in 2012 Q4 signals a more sluggish increase in extractive and processing industries over the same quarter. In addition, the lower annual growth rates of electrical energy production at end-2012 are expected to curb the contribution of 'Electrical energy, gas and water'. Based on survey data<sup>8</sup>, businesses report a slightly improved activity in the industry sector in Q4.

Chart 6 Contribution of branches to value added (left) and survey data in industry (right)



Source: INSTAT, Bank of Albania estimates.

Chart 7 Value added (left) and survey data (right) in construction



Source: INSTAT, Bank of Albania estimates.

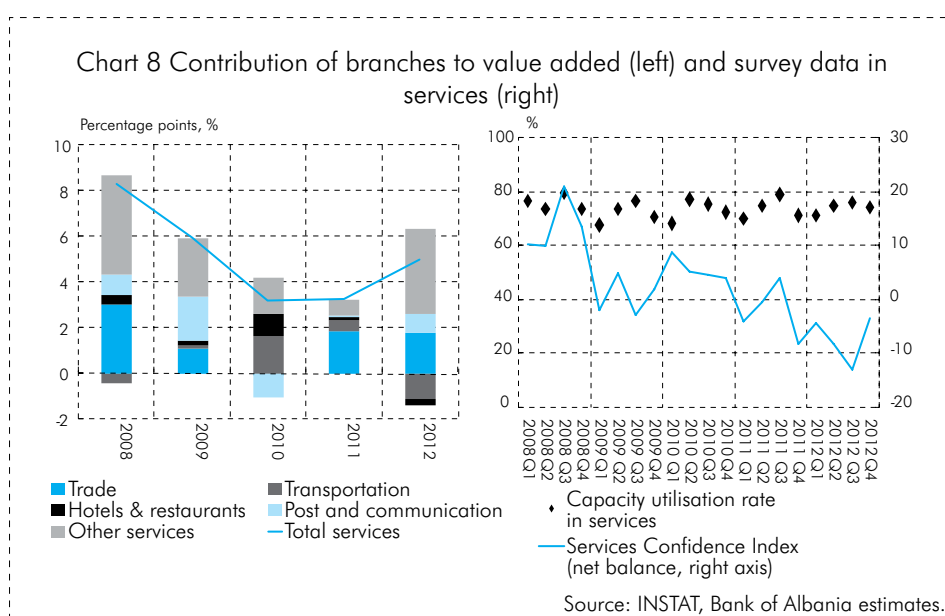
<sup>6</sup> The annual increase in the value added of extractive industry by 24.2% proved insufficient to improve industrial activity.

<sup>7</sup> Industrial exports include the main industry product items.

<sup>8</sup> In 2012 Q4, the confidence index, demand, production, overall business situation and capacity utilisation rate in industry stand higher than a quarter earlier.

Output in the construction sector shrank in 2012<sup>9</sup>. Value added in construction dropped at an annualised rate of 16.9% in the first three quarters of 2012, translating into a negative contribution of about 2.0 percentage points to GDP growth. Based on the number of construction permits, investment in residential buildings fell significantly, suggesting a continued sluggish performance in the periods ahead.<sup>10</sup> In addition, the public sector lowered its contribution<sup>11</sup> to construction in 2012.

Agriculture, hunting, forestry and fishing registered positive annual growth rates in the first three quarters of 2012. This sector's value added increased at an annualised rate of 5.5%, hence above the average historical growth of 3.8%. The positive performance of the agriculture sector expanded the annual GDP growth by 1.1 percentage point in the first three quarters of 2012.



Value added in the services sector registered an average annual growth rate of 5.0% in the first three quarters of 2012<sup>12</sup>, hence improving from the 3.3% growth in the same period in 2011. 'Other services'<sup>13</sup>, 'Trade' and 'Post and communication' contributed to the annual increase in value added by 3.7, 1.8 and 0.9 percentage points, respectively. The shrinking activity in 'Transportation' and 'Hotels and restaurants' made a negative contribution to the value added by 1.1 and 0.3 percentage points. The 8.4% increase in other services' value added was primarily due to the performance of 'Immovable property, leasing and business-related services'. Value added in

<sup>9</sup> Indirect quantitative and survey data signal a continued negative performance of the construction sector in Q4.

<sup>10</sup> The number of construction permits signals the performance of construction in the quarters ahead. In 2012 Q1, Q2 and Q3 were granted 18, 18 and 37 construction permits, respectively, considerably lower than the average historical number of 478 construction permits per year.

<sup>11</sup> Government's capital spending is used as a proxy for public sector's contribution to construction.

<sup>12</sup> In the light of the improved confidence index, demand and businesses' financial situation, as reported by survey data, the services sector improved in 2012 Q4.

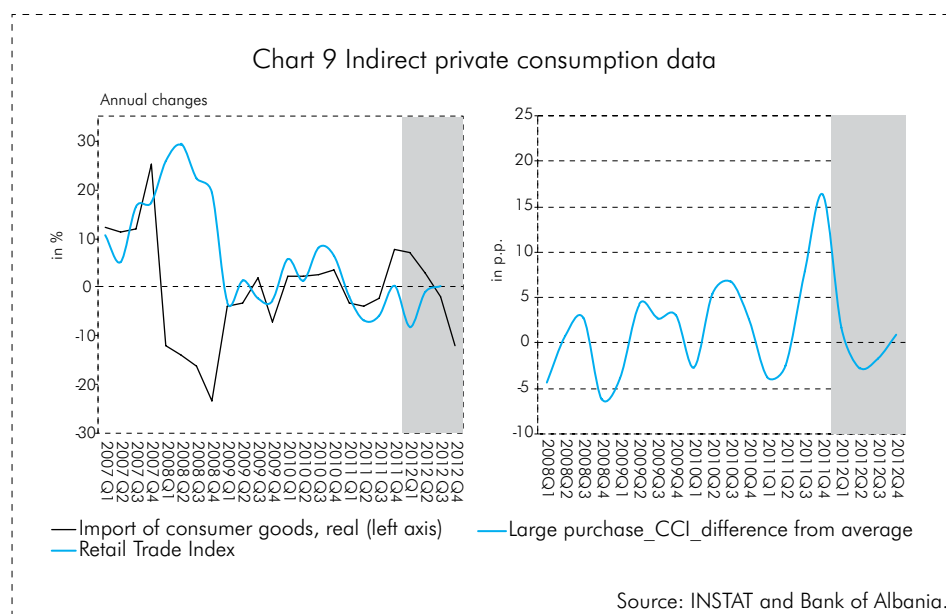
<sup>13</sup> 'Other services' include: Monetary and financial intermediation; immovable property, leasing and business-related services; public administration, protection and social security; education; healthcare and other social activities; other collective, social and individual services.

'Post and communication' increased at rapid rates, being broadly driven by developments in communication services.<sup>14</sup>

#### • AGGREGATE DEMAND

The first three quarters' growth was primarily driven by external demand. The increase in exports and decrease in imports of goods and services narrowed the net export deficit and lowered its positive contribution to the growth of aggregate demand over the period under review. Domestic demand components performed sluggishly due to a highly perceived uncertainty and limited financial resources.

The growth of private consumption was contained in 2012 but it performed better in H2. The moderate growth of this aggregate demand component reflected the heightened uncertainty, lower growth rate of income and tighter lending standards.<sup>15</sup> In response, the Albanian households have been adopting a savings-oriented consumer behaviour. Available information provides evidence for a gradual recovery of private consumption after 2012 Q1. After falling sharply by 8.3% in Q1, the retail trade index slowed its decline to 1.2% in Q2 to later increase by 0.2% in Q3.<sup>16</sup> In addition, consumer confidence survey data show consumer purchases recovered in 2012 H2. The balance of large purchases improved in Q3 and Q4.

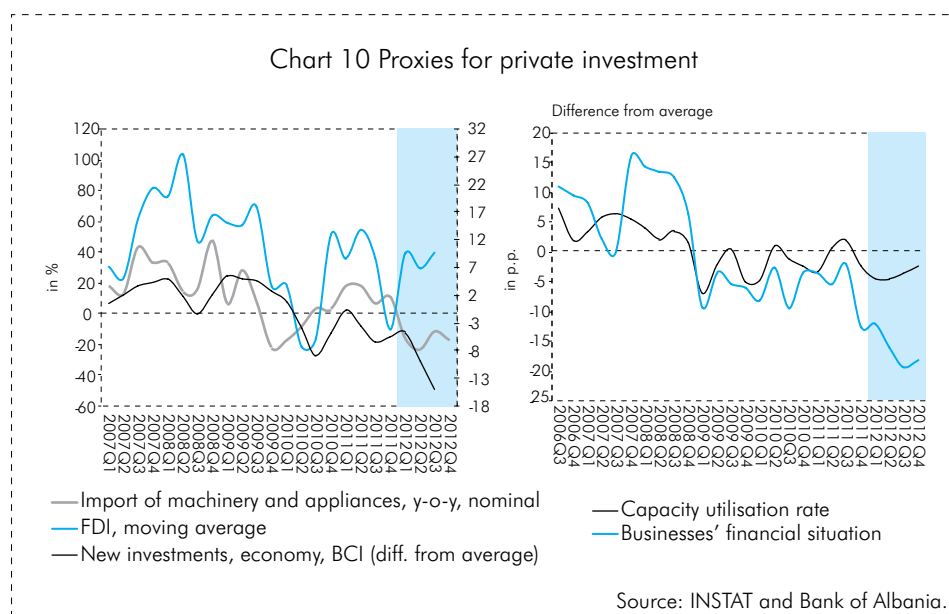


<sup>14</sup> The turnover volume index of communication sub-branch registered an average annual increase of 6.4% in the first three quarters of 2012, compared to the low annual increase by 1.6% in the post sub-branch. Worth noting is that communication services have the highest share in post and communication branch.

<sup>15</sup> Bank lending survey data show that the lending standards applied to households tightened in 2012 Q1 and remained at similar levels in the following three quarters.

<sup>16</sup> While there are no official statistics on 2012 Q4, the higher capacity utilisation rate in the trade sector in Q4 (according to the Business Confidence Survey) and the higher balance of households' large purchases (according to the Consumer Confidence Survey) in H2 signal increase in the retail trade index in 2012 Q4.

Private investments were low in 2012, as evidenced by the lower imports of machinery and appliances (an annual nominal change of -16.7%). On the other hand, in Q3, foreign direct investment grew 4.9% in real annual terms. The recovery in private investments is expected to be slower than in other components due to businesses' uncertainties about the economic outlook, the still low capacity utilisation rate, the poor domestic and external demand<sup>17</sup> and the tight lending policy.<sup>18</sup> These factors had a sharper effect on the construction sector.<sup>19</sup> Construction confidence index remains significantly below its historical average.



<sup>17</sup> According to businesses' opinions in the businesses confidence survey.

<sup>18</sup> According to the bank lending survey, the lending standards tightened further in 2012.

<sup>19</sup> The balance of investments showed a sharp declining trend in 2012, as indicated by the business confidence survey.

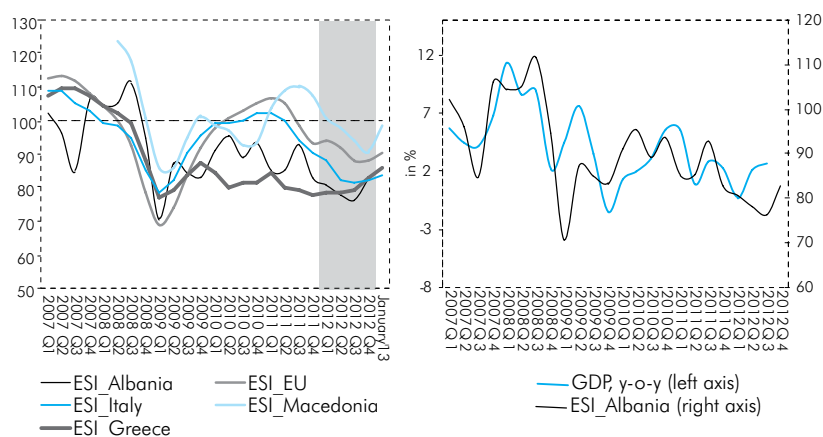
### BOX 1 THE ALBANIAN ECONOMY FROM THE BUSINESS AND CONSUMER PERSPECTIVE

(Summary of business and consumer confidence survey results in 2012)

The information obtained from the business and consumer confidence surveys is of particular importance in the current stage of the business cycle with the Albanian economy growing below its potential. Confidence surveys provide information on economic agents' perceptions of the current economic situation and expectations for the future. This box uses aggregate results obtained from the confidence surveys to describe the performance of the Albanian economy during 2012.

All the aggregate indicators obtained from the business and consumer survey show deceleration of the economy during 2012, though unevenly across individual sectors. The Economic Sentiment Index (ESI), which summarises the developments in the confidence of major sectors, dropped in the first three quarters of 2012. The ESI appeared more optimistic in Q4, being in line with the positive shift in economic agents' confidence in the countries of the region and the EU (see Chart 11). The improvement of the ESI in Albania was driven by the recovery of confidence in the services sector and the improved consumer confidence. The slight increase in the industry confidence index seemed to have lesser effect.<sup>20</sup> Currently, the ESI stands 17 points below its historical average. The EU countries' ESI, which generally precedes the Albanian ESI, continued to increase in the early months of 2013, hence signalling that confidence in Albania will continue to increase in the period ahead.

Chart 11 Economic Sentiment Index in Albania and selected countries of the region



Source: European Commission and Bank of Albania.

The lower business confidence in 2012 was driven by the economic deceleration both in the Albanian and the external economy. After improving slightly in Q1, the aggregate index<sup>21</sup> for the economic situation in Albania and external demand<sup>22</sup>, worsened in the following two quarters. Their improvement in Q4 signals a possible turning point in the overall business confidence. Businesses' assessment of the low

<sup>20</sup> As at December 2012, the EU countries registered an improved confidence in the trade sector, while confidence in the industry sector stabilised close to its long-term average. Confidence in construction and services and consumer confidence fell in December 2012.

<sup>21</sup> The aggregate index for the economy is measured as the simple arithmetic average of respective balances of the three main sectors: industry, construction and services.

<sup>22</sup> Demand from exports is measured only for the industry sector.

demand gave rise to lower production and capacity utilisation rate. The economy-wide balance of production maintained the declining trend begun since 2011 Q3. On the other hand, the capacity utilisation rate registered sluggish increase due to expectations for new industry sector orders in Q4.

Chart 12 Main balances from the business confidence survey, average for the economy and change from long-term average.



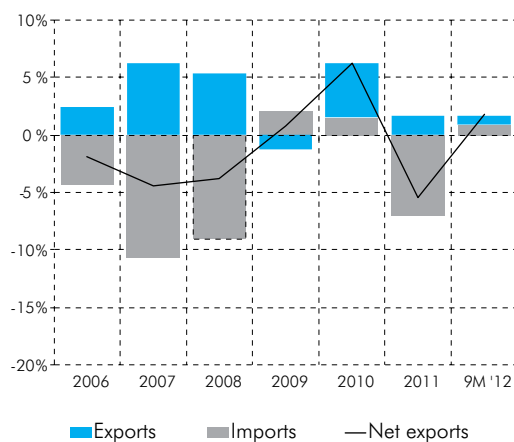
Source: Bank of Albania.

In addition to the lower use of capital and the worsening financial situation, businesses have also lowered their labour demand. The consumer confidence survey shows an increasing tendency to save. The balance assessing consumers' income and spending rose to above its historical average in 2012 Q3. The higher balance of large purchases in Q4 was coupled with reduction in consumer savings.

Public expenditure reduced in 2012, hence making a negative contribution to economic growth and mainly to the gross fixed capital formation. On the other hand, the Government's final consumption, which is proxied by the performance of some specific current expenditure items, increased at low rates, hence providing a modest contribution to total consumption dynamics.

The performance of external sector indicators shows the annual narrowing of the real net export deficit<sup>23</sup> in the first nine months of 2012. The positive growth trend of the exports of goods and services persisted over this period. The growth rate, however, was less intensive than in the previous years, being

Chart 13 Contribution of net exports to real GDP (in percentage points)



Source: Bank of Albania and INSTAT.

<sup>23</sup> In order to switch from nominal to real terms of imports and exports of goods, we use the Unit Value Index obtained from international trade volume statistics. The Consumer Price Index of services, as measured by the Bank of Albania, is used for the imports and exports of services.

thus in line with the decelerating economic growth and global trade. On the other hand, demand for imports of goods and services fell due to the poor consumption and private investment growth in the first three quarters of 2012. The net export deficit narrowed as a result of the lower imports of goods and services in real terms, by about 1.1%, and higher exports, by about 2.0%. The developments in real imports and exports of goods and services materialised into their positive contribution to aggregate demand growth over the period under review.

#### • LABOUR MARKET

The performance of the labour market during 2012 was affected by the low utilisation rate of existing capacities. There is a lower increase in the number of employed persons compared to 2011, while the unemployment rate has, for more than a year, remained at 13.3%.

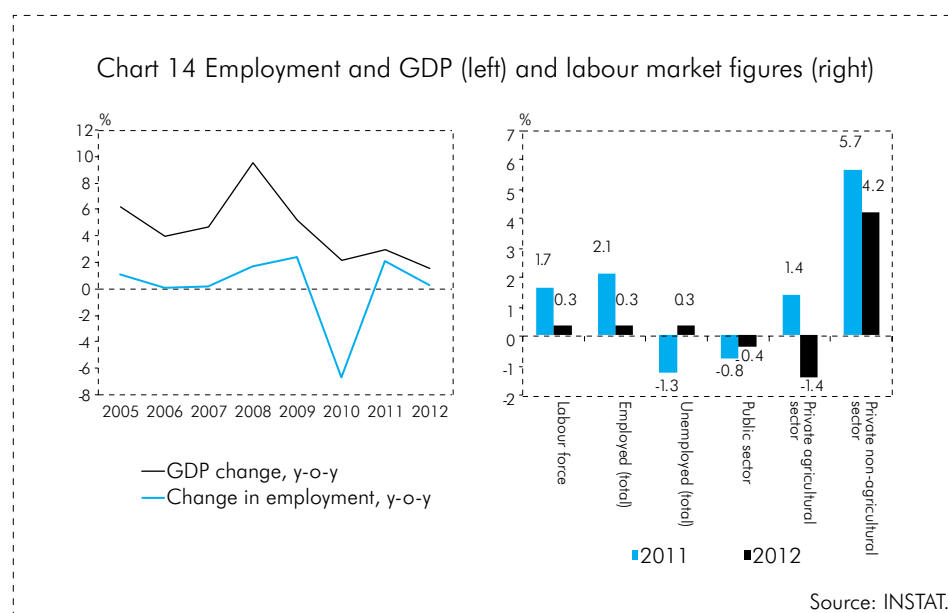


Table 5 Employment figures

	2008	2009	2010	2011	2012 Q1	2012 Q2	2012 Q3
Labour force (in number)	1,115,562	1,042,618	1,059,959	1,075,338	1,076,714	1,076,391	1,064,291
Employment (in number)	974,067	899,278	916,919	932,388	933,293	933,263	922,475
Public sector	166,543	166,250	166,000	165,000	164,600	164,600	164,400
Non-agricultural private sector	238,975	236,838	244,255	260,724	262,029	261,999	272,667
Agricultural private sector	568,549	496,190	506,664	506,664	506,664	506,664	485,408
Unemployment rate	12.7%	13.7%	13.5%	13.3%	13.3%	13.3%	13.3%

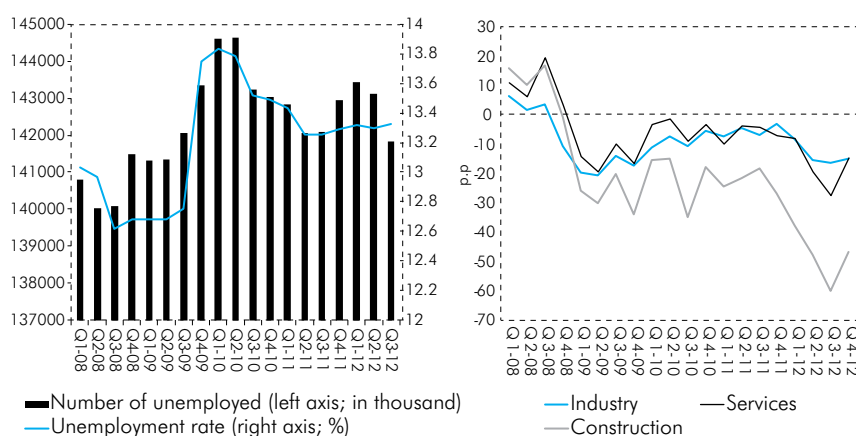
Source: INSTAT.

According to the labour market balance, employment in the economy rose 0.33% on average, hence lower than the 2.1% rise in 2011. Employment in Albania was affected positively by higher employment in the non-agricultural private sector (4.2% in annual terms). On the other hand, employment in the agricultural private sector (-1.4%) and the public sector (-0.4%) recorded negative growth rates, hence making a negative contribution to employment



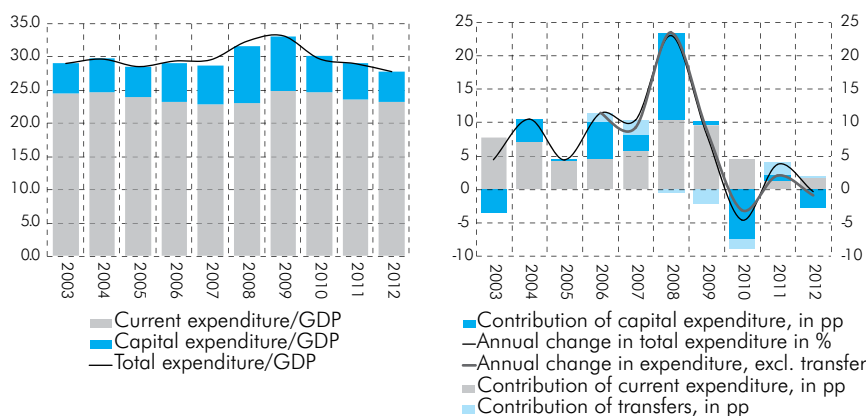
in the economy. The unemployment rate<sup>24</sup> has fluctuated around 13.3% over the last three years. Business confidence survey results on 2012 Q4 signal slight improvement of employment in all the sectors of the economy, reflecting the improved outlook for demand.

Chart 15 Number of unemployed persons (quarterly change) and unemployment rate (in %); Assessment for employment (right)



Source: Bank of Albania and INSTAT.

Chart 16 Budget expenditure as a percentage of GDP (left) and contributions of key items to annual change of expenditure (right), 2003-2012\*



\* Transfers shown in budget expenditure chart include only lending to KESH. The interrupted line in the chart represents the annual change of net total expenditure, which is obtained by removing the effect of lending to KESH over the years.

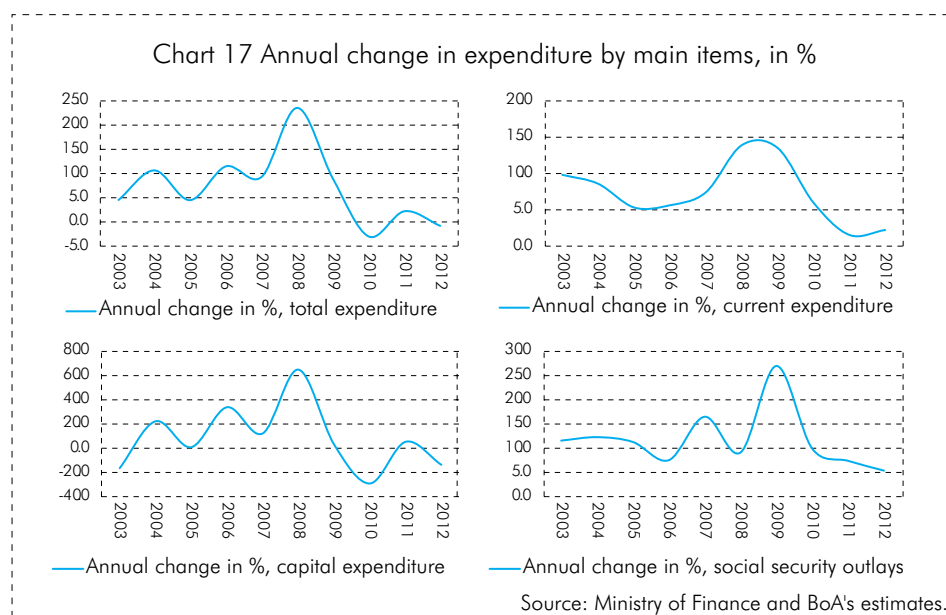
Source: Ministry of Finance, INSTAT and BoA's estimates.

<sup>24</sup> The unemployment rate is measured as the ratio of the number of unemployed persons and the labour force. Hence, a higher labour force combined with the increase in the number of unemployed persons is reflected in a stable unemployment rate. On the other hand, labour force is measured as the sum of the number of employed and unemployed persons. Consequently, an increase in employment, combined with the increase in unemployment, increases the labour force and keeps the unemployment rate at a steady level.

II.2.3 FISCAL POLICY AND FISCAL INDICATORS<sup>25</sup>

The Government pursued a consolidating fiscal policy in 2012, reflecting a slightly lower budget deficit as a percentage of GDP on a year earlier. The lower budget deficit was primarily driven by the cut in public sector investment.<sup>26</sup> Revenues as a percentage of GDP reached 24.4%, while the public sector size, measured as the ratio of public expenditure to GDP, was estimated at 27.8%.

Budget expenditure amounted to about ALL 375.2 billion in 2012, with 84%, accounting for current expenditure.<sup>27</sup> The latter were estimated at 23.1% of GDP, while capital expenditure reached 4.5% of GDP.



Budget expenditure shrank at an annualised rate of 0.3%, or 0.8% excluding lending to KESH. The shrinking expenditures were driven by the lower capital expenditure. The latter provided a negative contribution of 2.7 percentage points to the annual change of total expenditure. By contrast, current expenditure contributed by 1.8 percentage points to the annual growth of total expenditure. Capital expenditure shrank about 14.2% in annual nominal terms. On the other hand, current expenditure increased about 2.3% due to the higher social security expenditure. The other items providing a positive contribution to the increase in current expenditure include personnel expenditure, interest payments and economic and social assistance. By contrast, operating expenditure, subsidies and local government expenditure fell annually.

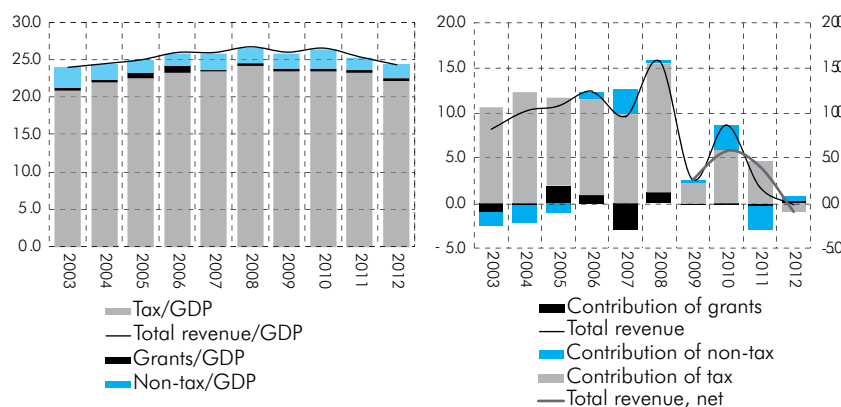
<sup>25</sup> The fiscal data are preliminary and subject to revision by the Ministry of Finance.

<sup>26</sup> The initial Ministry of Finance budget projected fiscal consolidation to be driven by fiscal revenues, expressed, in quantitative terms, in a higher ratio of tax revenue to GDP. The performance of budget revenues required the revision of the budget projection. The budget revision for fiscal revenues was about ALL 8.4 billion higher than for fiscal expenditure, bringing about the increase, to the same extent, in the projected budget deficit compared to the original projection. At the end of 2012, the Government removed the public debt ceiling set out in the budget organic law.

<sup>27</sup> Current expenditure excludes lending to KESH.

Budget revenues amounted to about ALL 329.9 billion, accounting for about 24.4% of GDP. In annual nominal terms, revenues fell 0.2% or 0.9% if one-off revenues are excluded.<sup>28</sup> The shrinking revenues attribute largely to the cyclical phase of the Albanian economy, with the tax policy aiming at consolidating public finances in 2012.<sup>29</sup>

Chart 18 Budget revenues as a percentage of GDP (left) and contributions of key items to annual change of revenues (right), 2003-2012\*



\* The interrupted line in the chart represents the annual change of net total revenues, which is obtained by removing the effect of one-off measures.  
Source: Ministry of Finance, INSTAT and BoA's estimates.

Tax revenues amounted to ALL 232.6 billion in 2012, accounting for about 17.2% of GDP, about 0.9 percentage points lower, y-o-y. In annual nominal terms, tax revenues shrank 1.2%, hence making a negative contribution to the total revenue change by about 0.9 percentage points. The lower tax revenues were driven by the fall in excise tax, profit tax and VAT. Excise tax shrank at an annualised rate of 9.9% in 2012 and provided the largest negative contribution to the fall in revenues (about 1.2 percentage points). In addition to the lower import volume of goods subject to excise and their lower production in Albania<sup>30</sup>, the fall in excise tax partly owes to the shift of a group of goods subject to excise under national taxes.<sup>31</sup>

<sup>28</sup> This type of revenue does not have a continuous impact on a country's fiscal position. One-off measures during 2012 include tax amnesty, receipts from privatisations of state-owned enterprises, and granting of different licences, such as the 3G licence for mobile phone companies.

<sup>29</sup> The new fiscal measures related to national taxes consisted in the following legal basis: (1) Council of Ministers' Decision No. 201 dated 21 March 2012, On some amendments to Decision No. 7, dated 4 January 2012 of the Council of Ministers "On establishing the procedures and required documentation for the collection of minerals resource rent tax"; (2) Law No. 61 dated 24 May 2012 "On excises", which exempts packaging of glass and plastics from being subject to excise; (3) Law 83/2012 dated 13 September 2012 "On some amendments to Law No. 9975 "On national tax"; (4) Law No. 10458 dated 21 July 2011 "On some amendments to National Tax Law".

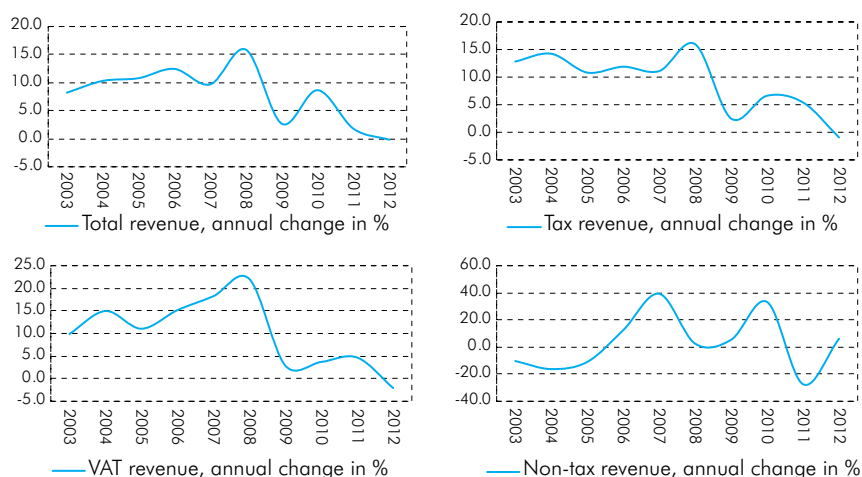
<sup>30</sup> The excise taxes collected from the tax and customs administration in 2012 were 25% and 0.1%, respectively, lower y-o-y.

<sup>31</sup> As from June 2012, packagings of glass and plastics are no longer subject to excise but are included under national taxes.

VAT revenue shrank 2.2% y-o-y<sup>32</sup>, with both VAT collected from the tax and customs administration providing a negative contribution. The annual fall in VAT revenue was driven by the lower imports and the sluggish economic activity. In addition to VAT revenue and excise tax, profit tax contributed negatively by about 0.9 percentage points to the annual change of total revenues. Based on available data, production and construction sectors reported lower profits on a year earlier. National tax was the only item to make a positive contribution to the change in revenue, by about 2.2 percentage points, due to the fiscal measures that raised some taxes on a year earlier.

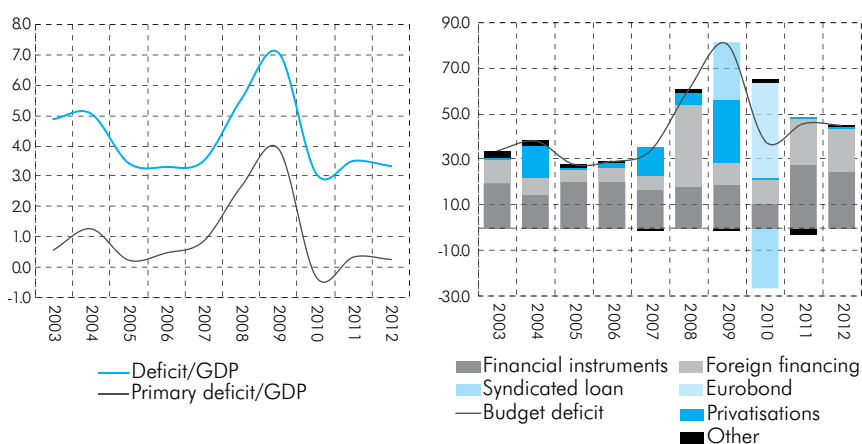
The growth rate of non-tax revenue improved on a year earlier, reflecting the classification effect of one-off revenue. Non-tax revenue contributed positively to the annual change of total revenue by about 0.4 percentage points.

Chart 19 Annual change in revenues by main items, in %



Source: Ministry of Finance and BoA's estimates.

Chart 20 Budget deficit as a percentage of GDP (left), and budget deficit and its financing (in ALL billion, right)



Source: Ministry of Finance and BoA's estimates.

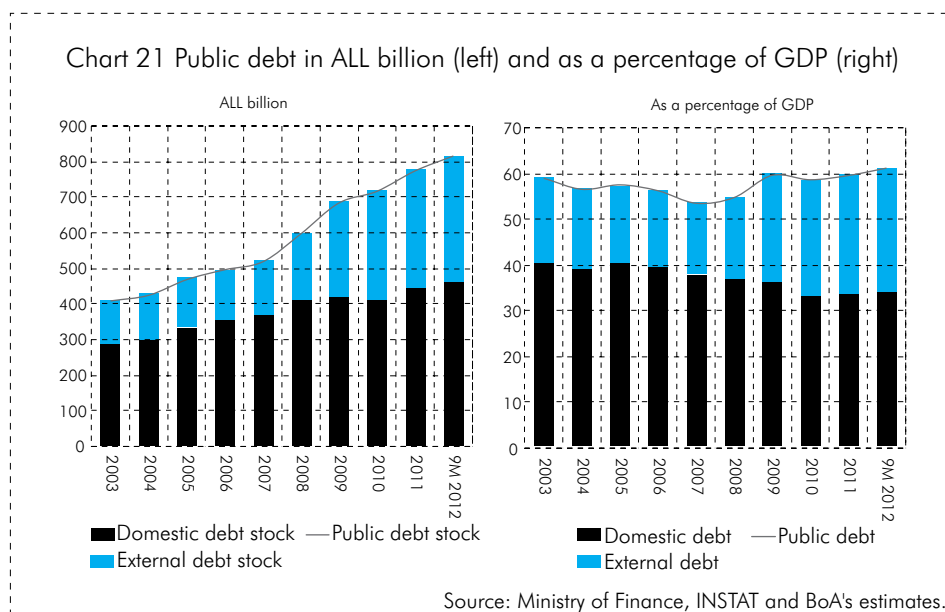
<sup>32</sup> In addition to their sluggish performance over the course of the year, the lower VAT revenues were largely driven by developments in December, when the collected VAT fell 25% y-o-y due to the relatively high import of electrical energy in this month.

As at end-2012, budget deficit amounted to about ALL 45.3 billion, accounting for about 3.4% of GDP.<sup>33</sup> The declining tendency of budget deficit over the course of 2012 was driven by the performance of budget expenditure. The performance of the budget deficit during 2012 generated an improved primary deficit dynamics, both as a percentage of GDP and in annual terms. As at end-2012, the primary deficit was estimated at about 0.3% of GDP, contracting 20% in annual nominal terms.

Budget deficit financing in terms of the distribution between domestic and foreign currency was similar to the previous year. The main instruments financing the deficit included borrowing in the domestic securities' market and financing through foreign resources, mainly through projects. About 55% of the net budget deficit was financed through borrowing via the issue of securities, 42% through foreign currency borrowing (foreign projects) and the remainder of 3% through privatisation receipts.

The Government's borrowing policy was formulated aiming at enhancing the securities' market efficiency, through the extension of maturity on domestic debt and portfolio diversification of securities by currency. More specifically, the extension of the domestic debt maturity by 26 days from end-2011 reduced the average interest rate by 0.2 percentage points. The issue of Euro-denominated T-bills was more frequent in 2012 than in 2011, expanding the participation range to households as well, in addition to commercial banks or other financial institutions. Concerning security holders, households were the main player in the budget deficit financing, while commercial banks were more cautious in increasing their Government security portfolio.

As at end-Q3, public debt as a share of GDP increased 1.6 percentage points from end-2011, to 61% of GDP. The increase in external debt stock accounted for about 70% of this growth.



<sup>33</sup> In addition to falling by about 1.2% in annual nominal terms, the budget deficit stands about 8% below the annual projection under the normative act of December 2012.

As at end-2012, domestic debt stock totalled ALL 470.4 billion, about 34.8% of GDP, up 1.1 percentage point, y-o-y.

## II.2.4 EXTERNAL SECTOR OF THE ECONOMY

Albania's commercial transactions with abroad continued to be subject to the slowed growth in the neighbouring countries and the weakened domestic demand. The combined effect of these factors shrank the current deficit at an annualised rate of 12.8% in the first nine months of 2012. The lower imports had a considerable impact on trade, deficit narrowing. The weak external demand reflected in the moderate growth rate of exports despite the slight depreciation tendency of the real effective exchange rate (REER). Real sector-related concerns and uncertainties surrounding the financial markets led to contracted capital and financial flows over the first nine months of 2012.

Table 6 Main Balance of Payments indicators

	2007	2008	2009	2010	2011	2012 9M
Current account (in EUR million)	-824.2	-1381.2	-1329.8	-1018.6	-1122.1	-671.1
Annual change	75.0%	67.6%	-3.7%	-23.4%	10.2%	-12.8%
/ GDP	-10.5%	-15.6%	-15.3%	-11.5%	-12.1%	9.2%
Trade balance	-2,104.0	-2,431.5	-2,303.7	-2,082.7	-2,241.6	-1,481.4
Exports, f.o.b.	786.3	917.5	750.7	1,171.5	1,405.5	1,122.5
Imports f.o.b.	-2,890.4	-3,348.9	-3,054.4	-3,254.2	-3,647.1	-2,603.9
Balance of services	18.9	69.4	173.9	231.8	134.6	167.3
Credit	1421.3	1687.8	1771.4	1750.7	1747.4	1253.0
Debit	-1402.3	-1618.3	-1597.5	-1518.8	-1612.7	-1085.7
Travel - net	79.0	112.1	167.5	194.9	47.9	130.2
Balance of income	218.0	44.0	-137.9	-90.1	47.6	8.7
Credit	281.7	321.1	269.4	286.3	269.6	195.5
Debit	-63.7	-277.1	-407.3	-376.4	-222.0	-186.8
Net FDI income	7.5	-174.1	-289.3	-273.2	-56.1	-79.0
Current transfers	1042.9	936.8	937.9	922.4	937.3	634.2
Credit	1219.8	1117.4	1096.2	1076.6	1050.3	749.2
Debit	-176.9	-180.5	-158.3	-154.2	-113.0	-115.0
Net remittances	951.7	833.3	781.3	689.8	687.9	477.0
Capital and financial account (in EUR million)	787.9	1621.0	1022.2	872.1	927.0	607.4
Annual change	41.1%	105.7%	-36.9%	-14.7%	6.3%	-6.5%
/ GDP	10.1%	18.3%	11.8%	9.8%	10.0%	8.3%
Capital account	90.1	78.2	84.9	85.5	84.9	65.8
Financial account	697.8	1542.8	937.3	786.6	842.1	541.6
A. Liabilities	756.9	1433.0	900.2	1061.9	1251.6	951.9
FDI	481.1	665.2	716.9	793.3	747.0	551.4
Portfolio investment	42.3	38.9	-2.7	316.3	39.8	42.4
Other investments	233.4	728.9	186.0	-47.8	464.8	358.2
Borrowing	78.6	422.8	373.2	-44.0	220.6	99.5
Currency and deposits	94.7	-3.7	17.4	98.9	245.8	267.5
B. Assets	-59.1	109.8	37.2	-275.3	-409.4	-410.3
FDI	-17.5	-55.4	-28.2	-4.8	-30.1	-9.9
Portfolio investment	19.1	-63.5	15.4	-84.2	-88.8	-77.5
Other investments	-60.7	228.7	50.0	-186.3	-290.5	-322.9
Currency and deposits	-68.7	232.1	126.8	-135.2	-174.2	-322.4
Lending (for commercial financing)	13.1	-7.2	-74.8	-39.4	-119.6	-79.9
Errors and omissions	131.2	-18.7	272.0	325.4	166.4	164.1
Reserve assets	-148.6	-191.9	32.0	-179.0	28.6	-100.4

Source: Bank of Albania.

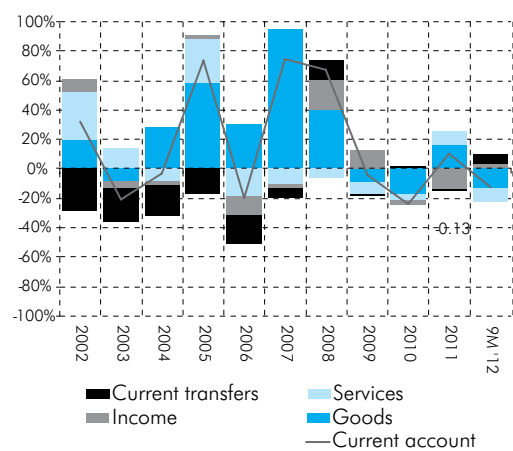


### • CURRENT ACCOUNT

The most recent data on the balance of payments are as at 2012 Q3. Albania's net current account position was adjusted by about 12.8% from the same period in 2011. Current account deficit amounted to EUR 671.1 million. It was estimated at 9.2% of nominal GDP<sup>34</sup>, or 1.9 percentage points lower, y-o-y.

Current account dynamics for the first nine months of 2012 was broadly determined by the trade balance and services account. The combined improvement of their net position (narrowing of the net export deficit), compared to the corresponding period of a year earlier, contributed significantly to the narrowing of the current account deficit in 2012.

Chart 22 Contribution to current account deficit by item (in percentage points)

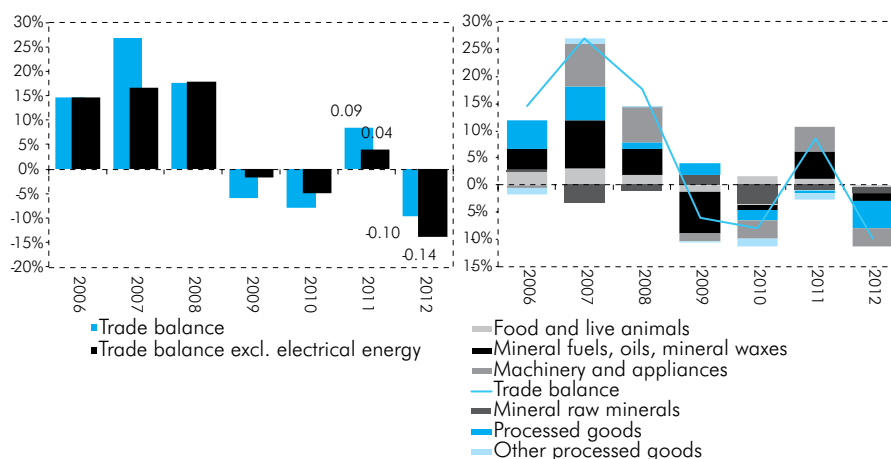


Source: Bank of Albania.

### • EXTERNAL TRADE IN GOODS

Albania's external trade during 2012 witnessed similar developments to 2011. Economic openness stood at about 83.3%<sup>35</sup>, which is lower than in the previous two years but 7.4 percentage points above its long-term average.<sup>36</sup> The current economic openness level, albeit above its historical average, reflects the challenges facing the Albanian economy and the lower growth rates, which, in turn, curbed trade activity. The relative coverage ratio of imports by exports reached 40.3%, the peak level since 2005.

Chart 23 Trade balance including and excluding electrical energy (left) and contribution to trade balance by main items (right)



Source: Bank of Albania.

<sup>34</sup> Nominal GDP for 2003-10 as published by INSTAT. Bank of Albania's Monetary Policy Department projections for 2011 and 2012.

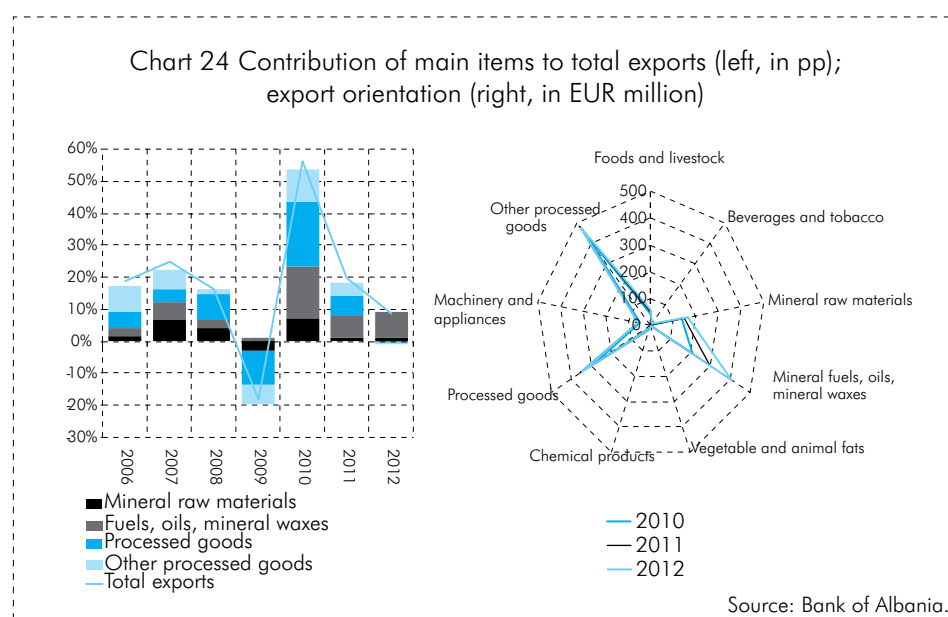
<sup>35</sup> This figure refers to the first nine months of 2012.

<sup>36</sup> The long-term average of economic openness for 2001-11 is about 75.9%.

After widening by about 8.6%, Albania's trade deficit narrowed 9.7% in 2012. The narrowing deficit in 'Processed goods' and 'Machinery and appliances' made the main contribution to trade deficit shrinkage during this period. The lower trade deficit in 'Mineral fuels, oils and mineral waxes' contributed likewise, albeit to a lesser extent. Albania's trade balance has been significantly conditioned by the trade flows in electrical energy during the past four years, due to the unstable situation in the energy sector. Excluding this effect, trade deficit narrowed at an annualised rate of 13.9% in 2012.

The geographical orientation of Albania's external trade shows a high concentration of trade flows with the EU countries.<sup>37</sup> The current level of trade integration leads to transmission of economic developments from these countries into the domestic economy. The contraction of economic activity in EU during 2012, particularly in Albania's main trading partners, Greece and Italy, was reflected in Albanian exports. Total exports grew 8.5% annually, compared to 20.0% in 2011 and 56.1% in 2010. Against the backdrop of a relatively weak external demand, the slight depreciation tendency of the Albanian lek as measured by REER<sup>38</sup> seems to have slightly favoured the increase in the Albanian exports.

The analysis of exports by intensity of production factors shows their orientation toward highly labour-intensive products, such as minerals (chrome ores, salts, sulphides, oxides, etc.), metals (cast-iron, steel, copper and articles thereof, base metals) and crude oil. On the other hand, exports of processed and semi-processed goods of higher value added fell considerably over the period under review. 'Other processed goods', which has the main share in total exports and includes re-exported products, provided an adverse contribution to total exports in 2012.

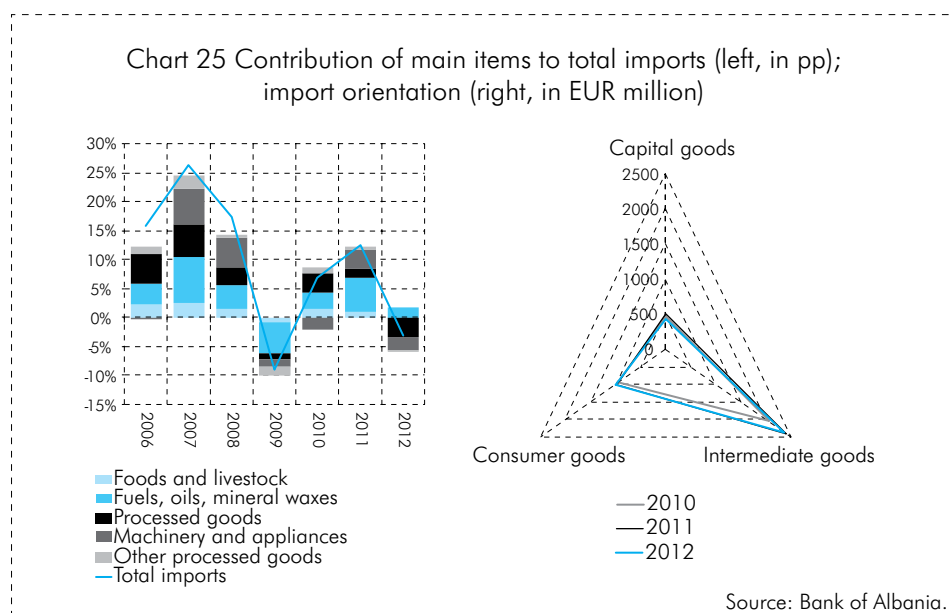


<sup>37</sup> Trade flows with EU countries accounted for about 65.8% of total trade flows.

<sup>38</sup> The REER was 114.2 in 2012 or about 1.1% higher, y-o-y. An increase in the REER implies the depreciation of the domestic currency.

Cost per unit would make a competitive advantage if followed by a stable growth of labour productivity in the tradable sectors of the economy. Greater orientation toward goods of high capital and technology intensity and of higher value added is required in order to ensure long-term and stable exports. In addition, the integration into the international supply chains by increasing the exporting supply of intermediate (semi-processed) and final goods must be a priority. Enhancing competitiveness and increasing the export value are important factors to access new markets and foster economic growth.

After the 12.4% growth in 2011, imports fell at an annualised rate of 3.1% in 2012. The lower domestic demand and the weaker domestic currency<sup>39</sup> contributed to total imports on the downside. The two items having the major share in total imports, 'Processed goods' and 'Machinery and appliances', were the main factors behind the annual fall of imports. Imports of goods under 'Fuels, oils and mineral waxes' continue to make a positive contribution. Within this item, besides refined oil, the import of electrical energy plays an important role. The unfavourable hydro situation, the restrained production capacity and the increasing consumption, combined with the distribution-related concerns, led to higher imports of electrical energy in 2012.<sup>40</sup> In addition to the higher imports, driven also by its higher market price<sup>41</sup> during 2012, the import of electrical energy contributed by about EUR 215.9 million to total imports (the record high since 2007).



Broken down by final use in the economy, imports remain mostly oriented toward 'Intermediate goods'<sup>42</sup>, suggesting the reliance of manufacturing industry on imports. 'Consumer goods', the second major import item increased slightly in 2012. Imports under this item have maintained a declining trend in the last three years, suggesting that domestic demand has been met with

<sup>39</sup> As measured by the increase in REER.

<sup>40</sup> In quantitative terms, the import of electrical energy grew 12.7% in 2012.

<sup>41</sup> The import price per MWh rose at an annualised rate of 18.9%.

<sup>42</sup> During 2005-12, this item accounted for about 56.2% of total imports.

domestic products. On the other hand, imports of 'Capital goods' fell at an annualised rate of 16.3%, hence signalling the contraction of investments in Albania.

Albania's trade activity remains oriented toward the EU member states with trade exchanges accounting for about 65.8% of total imports. Exports to EU continue to post positive growth rates, though at lower rates than in the previous two years. In addition to Albania's traditional trading partners, Italy and Greece, there have also been increasing exports, mainly of crude oil, to Spain. In terms of share in total exports to EU member states, Spain was Albania's second major trading partner, a position held by Greece until 2011. Concerning imports, Albania's trading partners remain similar to 2011. The growth rate of imports from Italy and Germany moderated significantly during 2012, while imports from Greece continue to fall in annual terms.

Trade relations between Albania and CEFTA member states provide evidence for moderate regional integration. Trade exchanges with these countries accounted for about 10.0% of total exchanges in 2012, almost similar to the last two years. Exports to regional markets, mainly to Kosovo and Macedonia, grew at an annualised rate of 4.5%, markedly lower y-o-y. Imports from CEFTA member states increased 1.2%, mainly due to the higher import of electrical energy from Serbia.

- *SERVICES, INCOME AND CURRENT TRANSFERS*

Net financial inflows into the services, income and current transfers accounts dropped slightly by an annual rate of 0.3% in the first nine months of 2012. The narrowing surplus in the net income account and the lower surplus in the current transfer account were two factors behind this performance. The combined figure of these two accounts financed about 55% of the trade deficit in the first nine months of 2012.

Services account surplus widened by about 79.0% in the first nine months of 2012 compared to the corresponding period a year earlier, hence contributing significantly to narrowing the current account deficit. The widening surplus in this account was mainly driven by the marked improvement in net income from travel services, particularly in 2012 Q3, which corresponds to the tourist season.

The net balance of the income account resulted in a surplus of EUR 8.7 million over the same period, down at an annualised rate of 73.6%. The orientation of developments in this account was mainly driven by the lower compensation of employees by an annual rate of 21.6%. The net deficit on investment income provided its impact in the same direction, widening by about 5.2% y-o-y. Profit repatriation increased by about 9.4% in the first nine months of 2012. The deficit on FDI income deepened at an annualised rate of 63.9% in the first nine months of 2012, while net portfolio investment income registered positive growth. Debt interest payments lowered Albania's liabilities by about EUR 85.2 million over the period in review.

Current transfers account surplus, an important financial resource for the current account deficit, narrowed at an annual rate of 7.6%, primarily due to decrease in other current transfers items. The continuing downward trend of remittances, due to deceleration in the economies hosting the Albanian emigrants since 2008 H2, has played a major role in this regard. Net remittances fell at an annual rate of 4.4% in the first nine months of 2012. As a percentage of GDP, remittances are estimated at 6.6%. Trade deficit financing through remittances has also maintained a declining trend in the recent years, financing only 32.2% of the trade deficit in the first nine months of 2012.<sup>43</sup>

#### • CAPITAL AND FINANCIAL ACCOUNT

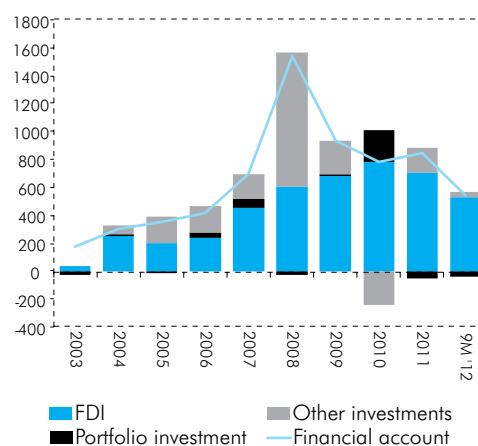
Net flows in the capital and financial account registered a positive balance of EUR 607.4 million in the first nine months of 2012, funding 90.5% of the current account deficit. The net flows in this account were 6.5% lower in annual terms and account for about 8.3% of GDP. Most financial inflows (liabilities) were in the form of foreign direct investments and other investments, with public and private borrowing playing the major role. Concerning financial outflows (assets), currency and deposits of the Albanian banking system abroad played a main role.

Net foreign direct investment (inflows – outflows) amounted to about EUR 541.4 million in the first nine months of 2012, or 21.2% higher y-o-y. The analysis of FDIs' annual dynamics shows that their increase attributes to the entry of capital in the form of shares and re-investment of direct investment profit, which increased slightly at an annualised rate of 4.7%. Debt (outgoing) transactions through companies amounted to EUR 27.2 million, compared to EUR 95.5 million in the same period in 2011.

For the first nine months of 2012, net portfolio investments contributed to increase in Albania's assets invested in foreign economies by about EUR 35.1 million, down at an annual rate of about 53.1%. Other net investments recorded a positive figure, contributing by about EUR 35.2 million to the increase in residents' liabilities to non-residents.

As at end-period, international reserve totalled about EUR 2,024.3 million, sufficient to cover 4.5 months of imports of goods and services.

Chart 26 Financial account and key items  
(in EUR million, net)



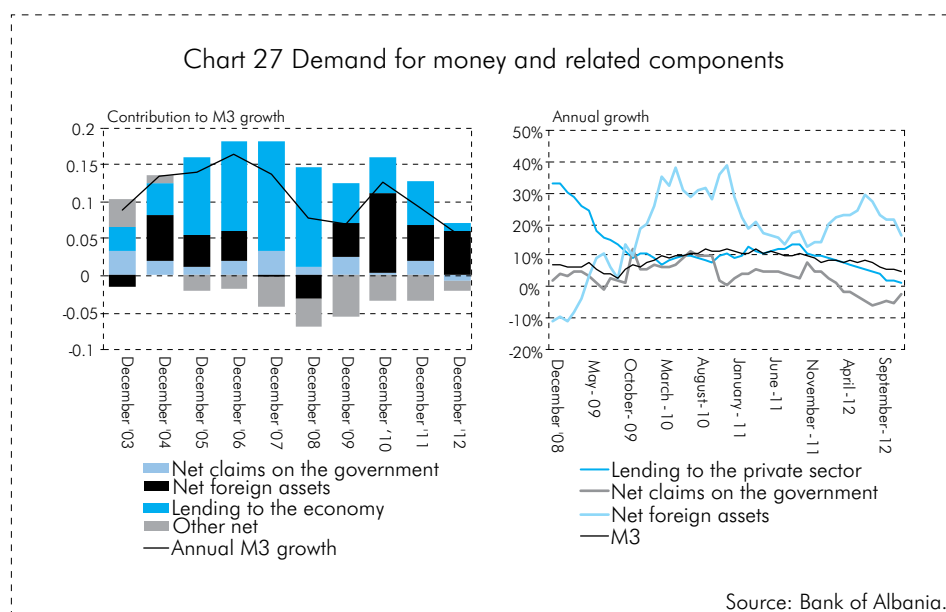
Source: Bank of Albania.

<sup>43</sup> In 2004, remittances financed about 60.6% of the trade deficit. The financing ratio has been pursuing a downward path, financing only 30.7% of the deficit in 2011.

## II.3 MONETARY DEVELOPMENTS AND FINANCIAL MARKETS

II.3.1 MONETARY DEVELOPMENTS<sup>44</sup>

The monetary developments during 2012 saw low money growth rate following the economic agents' declining demand for monetary assets. The fiscal authority's consolidating behaviour, coupled with some banks' policies to reduce investment in Government securities, led to public sector's negative contribution to money creation. In addition, the low private sector demand for money and banks' more cautious approach to credit risk were the driving factors for the poor performance of the loan portfolio and its declining contribution to demand for money. The growth of money supply in economy was mainly in the form of net foreign assets, driven by the positive developments in the external sector. Overall, the monetary developments during 2012 have provided evidence for low inflation pressures on consumer prices in the medium-term period.



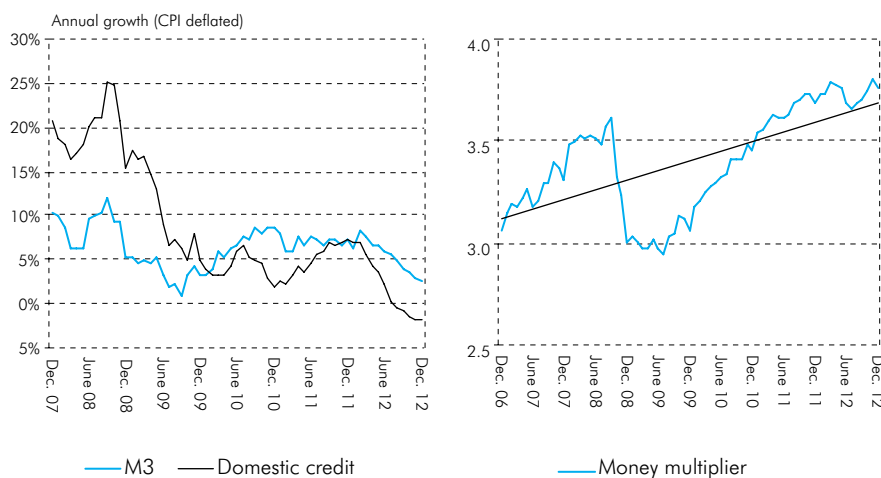
- M3 MONETARY AGGREGATE**

The broad money aggregate, M3, grew at steady rates during January-August, posting an average annual growth of 8.5%. In the months ahead, it maintained a decelerating path to 5.0% at end-December. The higher growth rate of money supply in the first eight months of the year were broadly driven by positive flows in the balance of payments and higher growth rates of lending to the economy versus the remaining period of the year. The banking system's net foreign assets were the main driver of money supply growth over the course of the year, making an average contribution of 7.5 percentage points to M3 growth. The slowdown of M3 aggregate for September-October was mainly due to the lower money creation in foreign currency.

<sup>44</sup> The monetary data on December 2012 are preliminary and undisclosed.



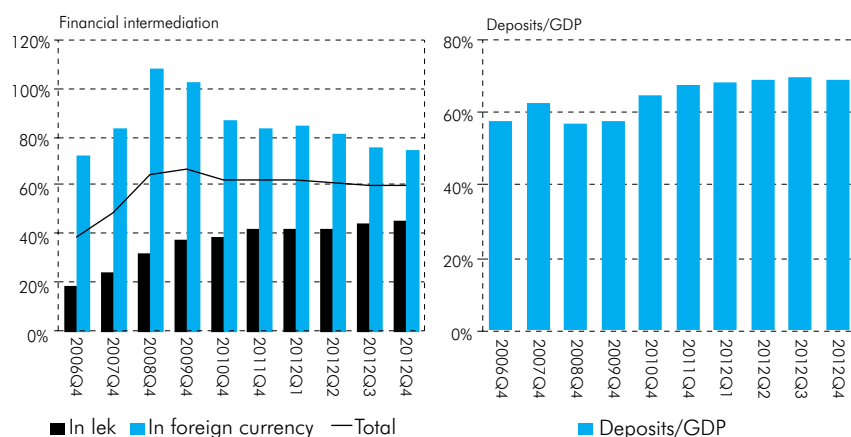
Chart 28 Annual growth of monetary aggregates



Source: Bank of Albania.

Despite the increasing rates of monetisation and the good liquidity position in the banking system, financial intermediation decelerated in 2012. Lending to the economy contributed by about 3.8 percentage points to the growth of money supply. Foreign currency intermediation rates saw gradual decline throughout the year, with a more considerable fall in 2012 H2.

Chart 29 Intermediation by currency and monetisation



Source: Bank of Albania.

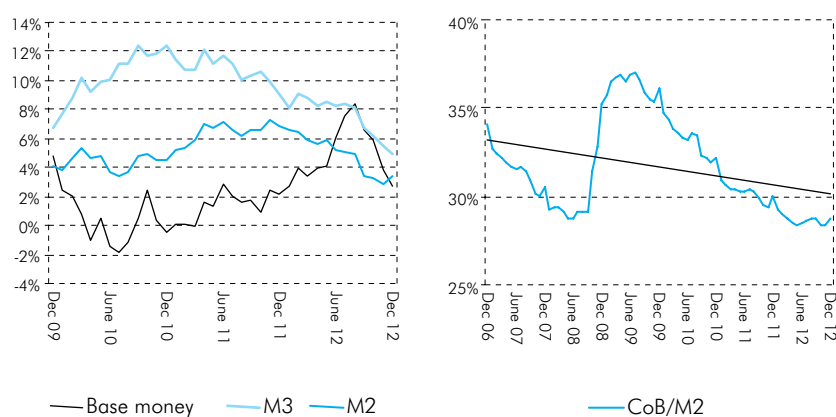
- *LEK COMPONENT OF BROAD MONEY, M2 AGGREGATE*

The M2 aggregate, the money indicator in domestic currency, pursued a similar path to broad money. It grew faster in the first eight months, by an average of 5.8%, and fell gradually in the remainder of the year. As at end-December, the M2 aggregate posted an annual growth rate of 3.5%. The growth of money supply in lek was driven by higher demand for monetary assets in domestic currency than in foreign currency. Bank of Albania's

accommodating monetary policy throughout 2012<sup>45</sup> was the driving force for the growth of lending in the Albanian lek.

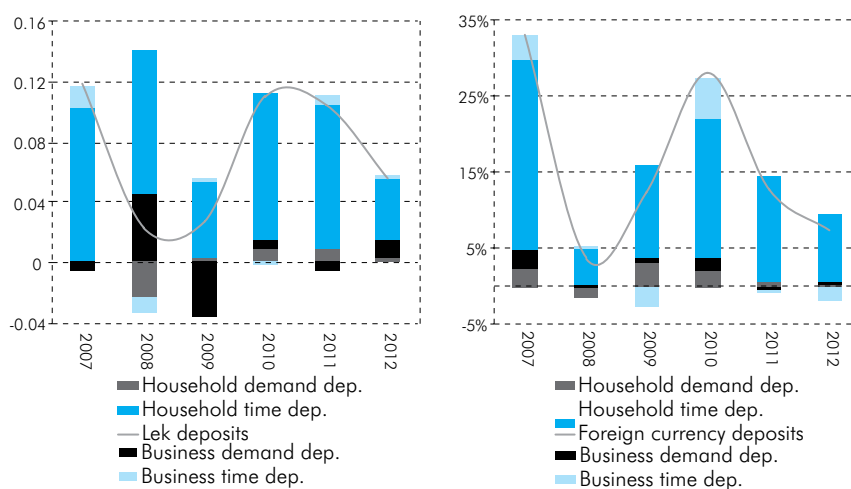
The declining trend of M2 aggregate was broadly driven by the shrinking bank lending to the public sector. Public sector's negative contribution to money growth has not only reflected the lower fiscal authority's demand for monetary assets, but also some banks' policies relating to primary market investments. The ratio of currency outside banks to M2 aggregate fell gradually to 28.8% at end-2012, or about 1.3 percentage points lower, y-o-y. This approach has provided evidence for households' falling demand for liquid monetary assets and their greater inclination toward saving.<sup>46</sup>

Chart 30 Other monetary aggregates, currency outside banks to Lek aggregate



Source: Bank of Albania.

Chart 31 Lek and foreign currency deposits by economic agent



Source: Bank of Albania.

<sup>45</sup> The Bank of Albania cut the key interest rates three times during 2012 (January, March and July), each by 25 basis points, to 4%.

<sup>46</sup> For four consecutive quarters, the Consumer Confidence Survey has shown households' inclination toward saving in 2012, though lower in Q4.

Households were active in placing their savings in Treasury bills and bonds, thus contributing to curbing lek deposit growth rates. Lek deposits registered an average annual growth of 7.3%, about 4 percentage points lower y-o-y. Household deposits grew at steadier rates, driven broadly by the higher financial intermediation in the domestic currency. The structure of lek deposits by maturity confirms the domination of time deposits.

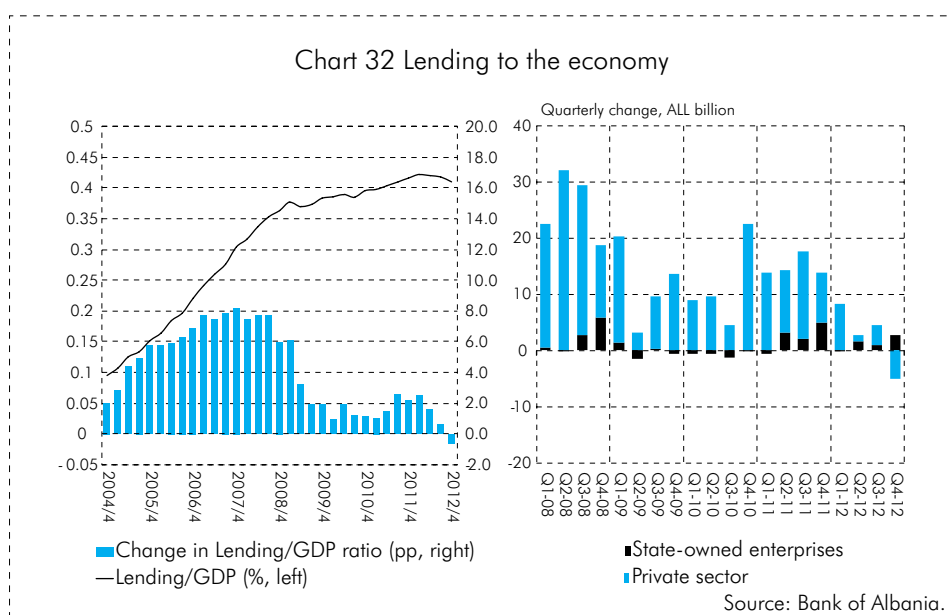
- FOREIGN CURRENCY COMPONENT OF BROAD MONEY,

#### FOREIGN CURRENCY DEPOSITS

Foreign currency deposits grew at an average annual growth of 11.8%, down 6.6 percentage points, y-o-y. Their performance has reflected the positive external sector developments and the lower creation of foreign currency. The high foreign flows during the summer season were, as usual, the main source of the seasonal growth of deposits in Q3. These developments mainly support the growth of household deposits, which provide the highest contribution to total deposit growth. In addition, businesses' export activity in certain sectors of the economy increased business deposits in 2012 Q3. However, business foreign currency deposits were volatile, depending on their liquidity needs and economic activity in different periods of the year.

- LENDING TO THE ECONOMY<sup>47</sup>

Bank lending to the economy was low and segmented in 2012. It grew ALL 12.8 billion or as much as 22% of the previous year's flows, and concentrated in individual market segments. Its annual growth slowed substantially to 2.4%, from 12.2% at end-2011. Lending to the economy as a percentage of GDP fell after 2012 Q1 and at end-2012 settled at 41.1% or 0.6 percentage points lower y-o-y.



<sup>47</sup> This analysis is based on monetary data.

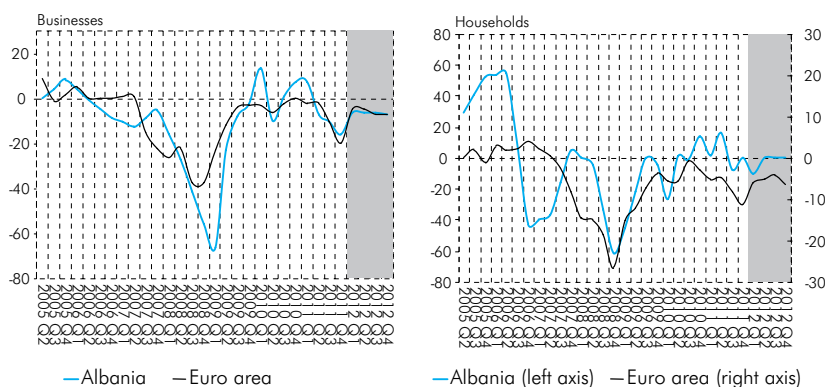
The economy was lent amid slowing domestic economic activity and uncertainties of the private and banking sectors regarding the outlook. These factors were reflected both on the demand and supply side of credit. The sluggish consumption and consumers' reluctance to invest were reflected in their inclination toward saving. Amid the decelerating aggregate demand in the economy, business demand for credit was significantly lower relative to the previous years. On the other hand, the banking system pursued a more cautious lending approach, despite the satisfactory liquidity and capitalisation levels. This approach materialised particularly in the tightening of lending standards applied to businesses and provides evidence for a higher credit risk.

#### BOX 2 SUMMARY OF INFORMATION FROM THE BANK LENDING SURVEY FOR 2012.

The Bank Lending Survey makes a qualitative analysis of aspects related to business and household credit demand and supply. This Box summarises information from this survey to describe the factors affecting credit demand and supply, and the standards applied to bank customers during 2012.<sup>48</sup>

The lending surveys show that banks tightened slightly the lending standards applied businesses during 2012. After slightly improving in Q1, the net balance of standards remained constant (on the tightening side) in the next three quarters. The net percentage of banks tightening the standards was 7% in the last three quarters of the year. The lending standards applied to households discontinued their tightening trend in Q2 and remained unchanged until end-2012. The performance of lending standards applied in Albania during 2012 is similar to the euro area countries' (see

Chart 33 Lending standards applied to businesses and households in Albania and euro area countries, net balance\*



\* The net balance is expressed as the net percentage of banks easing the lending standards. A positive net balance indicates the easing of lending standards, while a negative balance indicates the tightening of lending standards.

Source: Bank Lending Survey, European Central Bank and Bank of Albania.

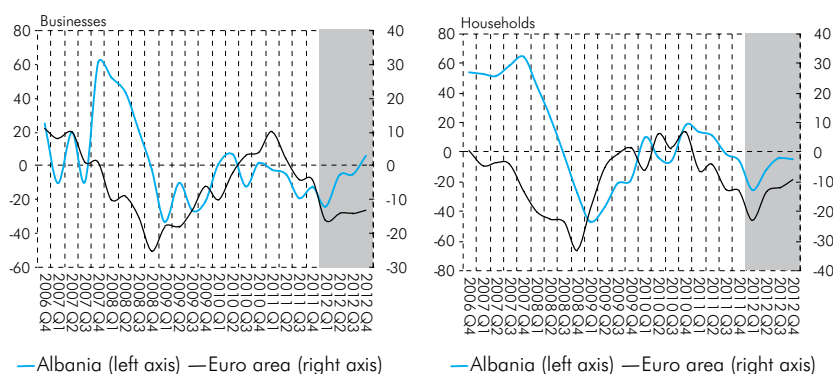
<sup>48</sup> The aggregation of bank lending survey results is based on a standardised methodology, which is widely used by central banks. The results are therefore comparable to other central banks' surveys. Some of the major central banks conducting the bank lending survey are the Federal Reserve (since 1967), European Central Bank (since 2003), Bank of England (since 2007) and Bank of Japan (since 2000).

Chart No. 33). The lending standards applied in the euro area countries, which generally precede their performance in Albania, tightened both for businesses and households over the period under review.

The tightening of lending standards applied to businesses and banks' reluctance to ease the standards applied to households<sup>49</sup> were affected by some factors during 2012. Concerning businesses, the main factors were sector-specific concerns, macroeconomic setting, and non-performing loan situation. For households, the main factors were their financial situation and developments in the real estate market. There was a slightly higher intensity of these factors affecting the tightening of lending standards compared to a year earlier.

The change in bank lending terms and conditions applied to businesses was on the tightening side. This tendency was registered for both monetary and non-monetary-related terms and conditions. Concerning households, banks applied their tight policy through non-monetary-related terms and conditions, such as lower loan amount, higher collateral requirement and lower debt-to-income ratio. While the monetary-related terms and conditions applied to households, such as the average margin or the margin for risk-rated loans, and commissions eased during 2012 H2.

Chart 34 Business and household demand for loans in Albania and euro area countries, net balance\*



\* The net balance is expressed as the net percentage of banks reporting a higher demand.  
Source: Bank Lending Survey, European Central Bank and Bank of Albania.

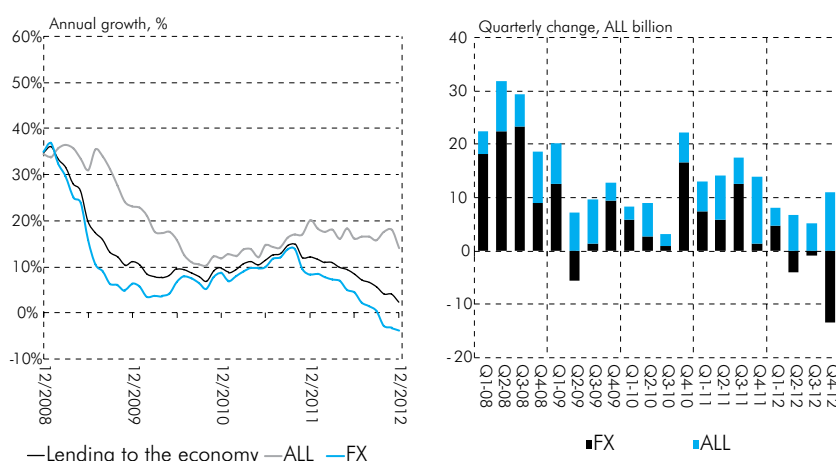
According to banks' reporting, business and household demand for loans was generally downward in 2012. After the negative figures in the first three quarters of 2012, businesses' net demand<sup>50</sup> shifted to a positive territory in Q4. The main factor driving the low business demand for loans was the macroeconomic setting. Concerning households, the main driving factors were the low confidence in the economy and the use of alternative financial resources. The performance of economic agents' demand in euro area countries provides evidence for its fall during the entire 2012.

<sup>49</sup> Despite banks' expectations for their easing in the last three surveys of 2012.

<sup>50</sup> Measured as the difference in percentage points between the responses showing its growth and those showing its fall.

Public enterprises' demand for loans represents an important source for the growth of lending to the economy. The growth flow of lending to these enterprises amounted to ALL 5 billion in 2012, or as much as 40% of the credit growth. The major part of business loans was of short-term maturity and concentrated in the energy sector. As at end-2012, the share of lending to public enterprises in lending to the economy was 4.3%, from 3.4% a year earlier.

Chart 35 Lending to the economy by currency



Source: Bank of Albania.

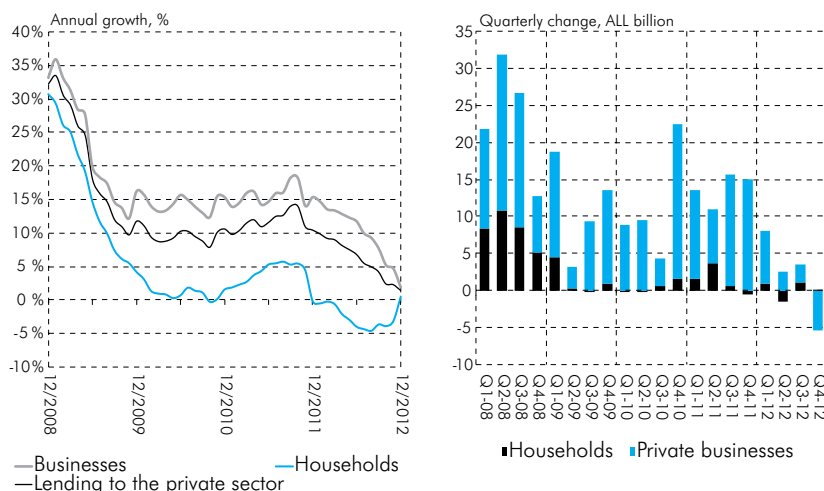
Year 2012 saw the shift of lending to the economy from foreign currency to the Albanian lek. This shift has been seen in the last two or three years, though most evidently shown in 2012. Lek-denominated loans grew ALL 26.3 billion, hence maintaining high growth rates. In the first eleven months, it grew at an annualised rate of 17.2% to later reduce to 3.9% in December due to last year's high base effect. On the other hand, foreign currency loans showed poor performance in 2012. It shrank ALL 13.5 billion and mainly concentrated in 2012 Q4. Hence, as at end-2012, the loan portfolio in foreign currency was 3.8% lower y-o-y. In addition to higher economic agents' and banks' preference for lek-denominated loans, the shift of lending to the domestic currency was also driven by the high settlement figure of foreign currency loans by the private sector and the replacement of a portion of public enterprises' foreign currency loans with lek-denominated loans. These developments reduced the share of foreign currency lending to the economy further in 2012. As at end-2012, it accounted for 61% of lending to the economy, or 4 percentage points less than a year earlier and 10 percentage points less than at end-2008.<sup>51</sup>

Lending to the private sector was weak in 2012. It saw small positive flows in the first three quarters and considerable contraction in the last quarter. The annual growth of private sector lending by 1.5% or ALL 7.7 billion in terms of volume stands at low record levels.

<sup>51</sup> The share of foreign currency loans hit the highest level on record in 2008.



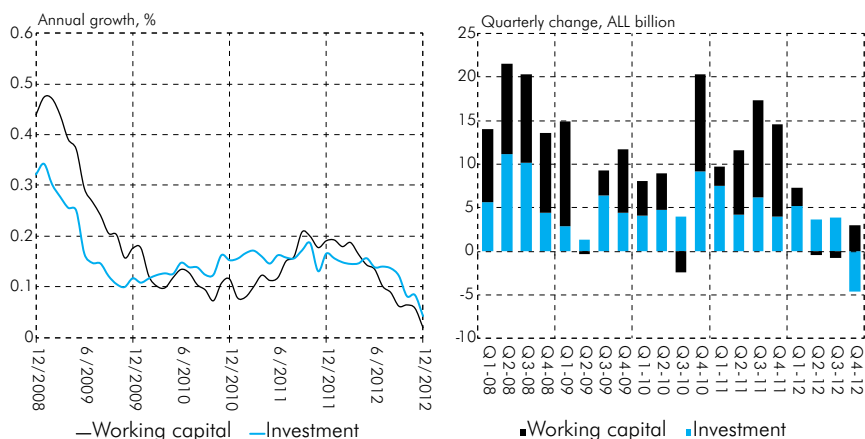
Chart 36 Lending to the private sector by economic agent



Source: Bank of Albania.

Lending to businesses slowed significantly in 2012. It hit record lows growing by ALL 7 billion. The poor performance of business loans was most present after 2012 Q1, peaking with its contraction in Q4. The low growth of credit was considerably driven by the early settlement of business loans, providing evidence for the lower use of financial leverage in the economy and a possible correction of business balances. This was particularly present in 2012 Q4 in investment loans denominated in foreign currency. This performance was reflected in the continuous slowdown of the annual growth of business loans. As at end-2012, it grew 1.9%, from 15.3% a year earlier.<sup>52</sup>

Chart 37 Business loans by purpose of use\*.

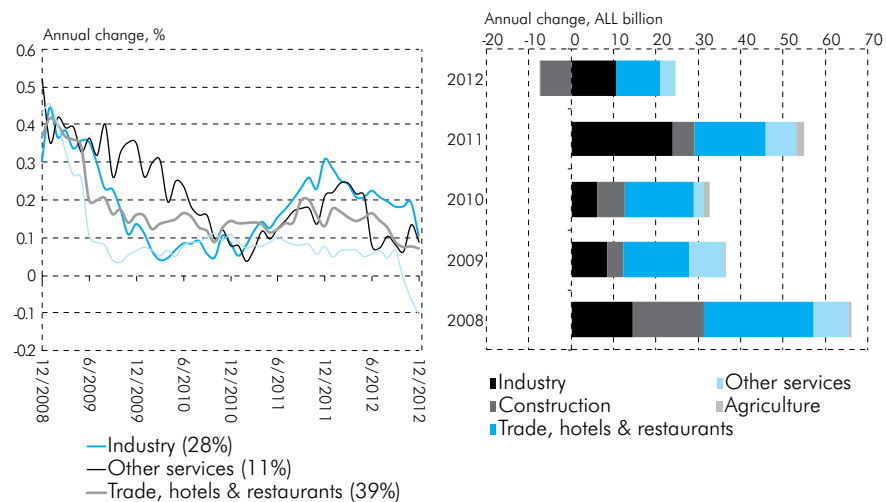


\* The quarterly change in investment loans in 2011 Q4 does not include the increase arising from the reclassification.  
Source: Bank of Albania.

<sup>52</sup> In December 2011, a reporting bank's loan portfolio was reclassified by purpose of use. The reclassification led to the reduction of household mortgage loan stock by ALL 5.77 billion and the increase by the same amount of the business investment loan stock in December. Due to this reclassification, the annual changes of business loans for December 2011-November 2012 shifted up by 1.7 percentage points on average, while those of investment loans shifted up by 3.2 percentage points on average.

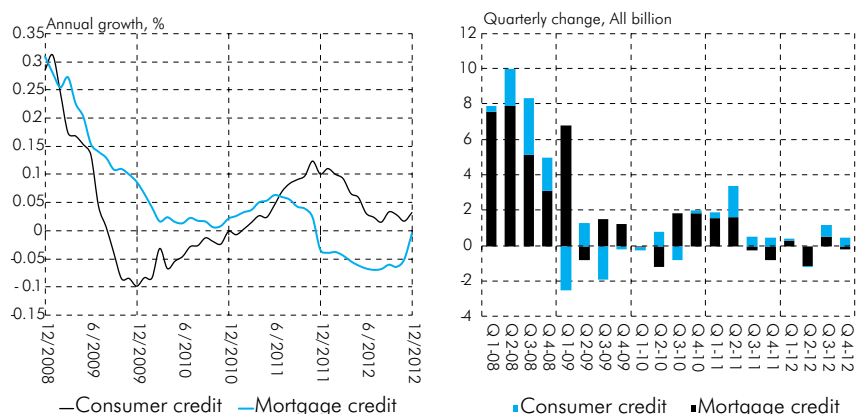
Investment loans were the primary source for the marginal growth of business loans in 2012. Though lower than in 2011, they registered positive flows in the first three quarters but contracted considerably in Q4. After settling at 15.0% in 2012 H1, its annual growth decelerated in H2 and most considerably in Q4. At end-2012, it stood at 4.3%, from 16.6% a year earlier. Working capital loans showed poor performance throughout 2012 due to the high settlement levels. Its annual growth slowed substantially to 2.0%, from 19.1% at end-2011.

Chart 38 Business loans by sector



Source: Bank of Albania.

Chart 39 Household loans by purpose of use\*.



\* The quarterly change in mortgage loans in 2011 Q4 does not include the reduction arising from the reclassification.

Source: Bank of Albania.

The distribution of business loans by public and private sectors of the economy was in line with the economic performance in 2012. Banks lent mainly to the industry (energy) and services (trade, hotels and restaurants) sectors. The lower lending during 2012 was reflected in all sectors of the economy. The annual growth of lending to industry, trade and other services slowed, y-o-y.

As at end-2012, they stood at 10.4%, 7.2% and 8.7%, respectively. The contraction of the construction sector in the first three quarters of 2012 was followed by marginal bank lending to this sector. As at end-2012, lending to the construction sector was about 10.5% lower than a year earlier.

Household loans saw sluggish growth in 2012. They grew ALL 0.7 billion, the trough level in the last 10 years. Household demand for loans was low despite the relative easing of the lending standards and the falling interest rates. Households' perceived uncertainty about the future manifested into their reluctance to invest and engage in long-term financial liabilities. As at end-2012, household loans were 0.5% higher, y-o-y.<sup>53</sup>

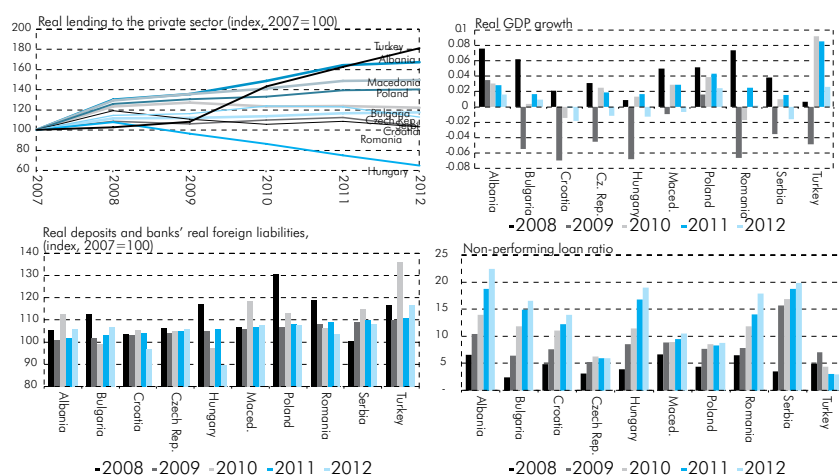
The above tendencies were most present in mortgage loans given their long-term nature. Mortgage loan portfolio shrank ALL 0.46 billion in 2012. At the end of the year, it was 0.4% lower, y-o-y. Consumer loans were comparably better though not as much as in 2011. Their annual growth decelerated in 2012 H1 and fluctuated around 2.6% in H2.

<sup>53</sup> The loan portfolio reclassification reduced the annual growth rates of household loans by about 3.8 percentage points in December 2011-November 2012. This reclassification reduced the annual growth of mortgage loans by an average of 5.1 percentage points.

BOX 3 LENDING IN CENTRAL AND SOUTH EASTERN EUROPE<sup>54</sup>

Central and South Eastern European (CSEE) countries faced numerous challenges in 2012, both internally and externally. Their external economic setting saw substantial deterioration in 2012. The deepening of euro area's sovereign debt crisis has reduced their exports and capital inflows. In the absence of fiscal stimulus and due to the sluggish private demand, economic activity shrank in some CSEE countries (Croatia, Macedonia, Serbia, Hungary and the Czech Republic), while decelerating considerably in the other countries. CSEE countries' GDP growth fell to 0.1% on average in 2012, from 2.8% in 2011.

Chart 40 Lending to the private sector and main driving factors in CSEE countries



Source: Central banks and respective statistics institutes.

Lending in these countries performed in line with the developments of their economic activity. The real growth of lending to the private sector on an annual basis slowed significantly in 2012 to an average of 5 percentage points from 2011. In addition, in most CSEE countries, including Albania, the non-performing loan ratio is higher. The higher credit risk - in addition to the overall uncertainties - has encouraged banks in the region to pursue a conservative approach. The latter has been also driven by the lower financial support from parent banks and the European Banking Authority's regulatory requirements. They all reflected into tight lending conditions during 2012. Although most CSEE central banks pursued accommodative monetary policies, the real average interest rate on private sector credit is higher than in 2011.

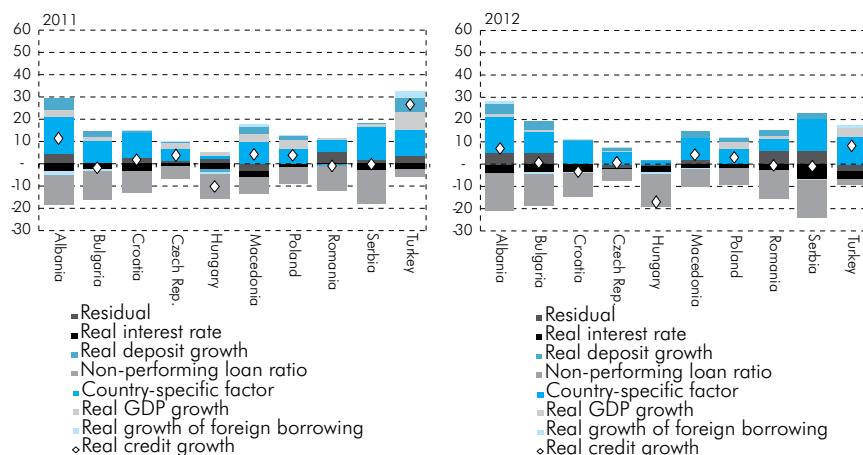
In order to understand the reasons behind the significant slowdown of lending in 2012, we updated the model describing the determinants of the real growth of credit in CSEE countries.<sup>55</sup> Based on this model, the y-o-y increase in the number of non-performing loans is the most important driving factor for the lower credit growth rates. In addition, the sluggish economy reflected into a lower - negative in some countries - contribution of this factor to the growth of lending to the private

<sup>54</sup> This Box is written by Erjona Suljoti and Sofika Note, Monetary Policy Department, Bank of Albania.

<sup>55</sup> The model explains the real growth of lending to the private sector through the real economic growth, real interest rate, real deposit growth, real growth of banks' foreign borrowing and non-performing loan ratio. You can find an explanation of this model in Box 7 of the Annual Report 2011 of the Bank of Albania "Determinants of the performance of private sector credit in Central and South East Europe".

sector. Lastly, the higher real interest rate in 2012 is the third driving factor. A part of the negative effect of these factors was offset by the better performance of credit financing resources, particularly domestic ones, in almost all CSEE countries.

Chart 41 Decomposition of real annual private sector credit growth in 2011 and 2012



Source: Authors' estimates based on central banks and statistics institutes' data.

The results obtained from the econometric estimate for 2012 identify the economic performance, lower perceived risks by banks, investors and economic agents as the determining factors of lending in CSEE countries. Both these factors depend largely on the expected developments in euro area countries and the confidence in macroeconomic policies pursued by them.

### II.3.2 FINANCIAL MARKETS

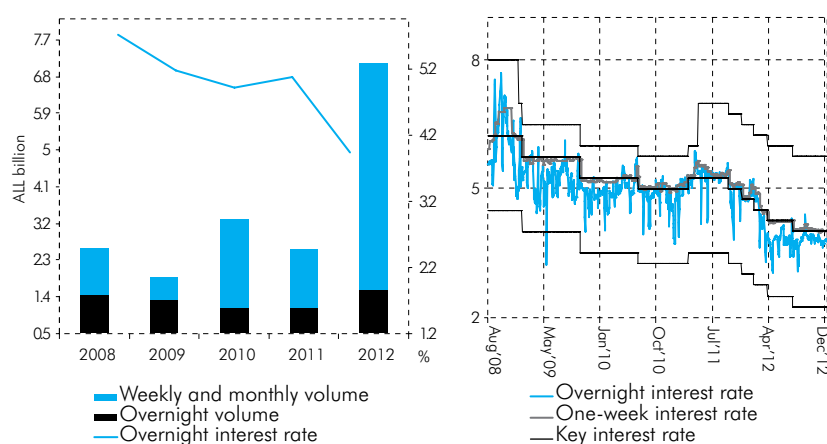
Financial markets saw high liquidity levels, anchored inflation expectations and lower interest rates. The indicators did not perform uniformly across all the market segments. The accommodating monetary conditions by the Bank of Albania were immediately passed through to the interbank market, with interbank rates remaining close to the key rate. Conversely, Government security yields rose in 2012 H1 and dropped in H2. The long-term segment of the primary market manifested significant increase. It remains less liquid due to lower frequency of issues and market domination. The subdued pressures in the primary market provided adequate conditions for transmitting the monetary policy signals and led to a fast drop of yields in the remainder of the year. The share of households in the primary market increased considerably in 2012, from 25% to 29% in T-bill purchase and from 0.2% to 7.1% in bond purchase. The relatively high interest rates and the entry of new financial institutions specialised in channelling funds have encouraged households to participate more actively in this market.

Lek intermediation cost dropped to the lowest level of the last five years. The drop in interest rates on lek deposits in response to the monetary stimulus was slow, particularly in 2012 H2. Average interest rate on lek loans dropped in 2012. This tendency sharpened considerably in Q4 mostly due to lending to state-owned enterprises. Even in the absence of this effect, interest rates on lek loans (except for medium-term loans) stand lower, y-o-y. To a considerable degree, they reflect the Bank of Albania's accommodating monetary policy.

#### • INTERBANK MARKET

The interbank market saw increasing activity in 2012. Banks increased their trading volumes in the interbank market and were more active in using different maturities. The interest rates showed downward performance over the course of the year, reflecting both the monetary policy stance and the improved confidence in market agents. Liquidity in the system was at satisfactory levels, contributing to establishing an appropriate climate for using the money market.

Chart 42 Annual average volume of overnight and one-week borrowing in the interbank market, overnight interest rate (left) and interbank rates (right)



Source: Bank of Albania.

Banks' more active approach to the interbank market led to growing trading volume in transactions of overnight, one-week and one-month maturity. Interbank transactions showed a higher share of one-week borrowing versus the other maturities, while overnight borrowing was more frequent but in smaller amounts. One-week borrowing in the interbank market grew to ALL 4.67 billion on average, compared to ALL 1.28 billion in 2011. Overnight borrowing grew by ALL 0.43 billion to ALL 1.56 billion. Average overnight rates dropped to 3.93% from 5.08% in 2011, while one-week rates dropped to 4.17% from 5.23%. The average spread between overnight rate and key policy rate widened to 0.34 percentage points, from 0.20 percentage points in 2011.

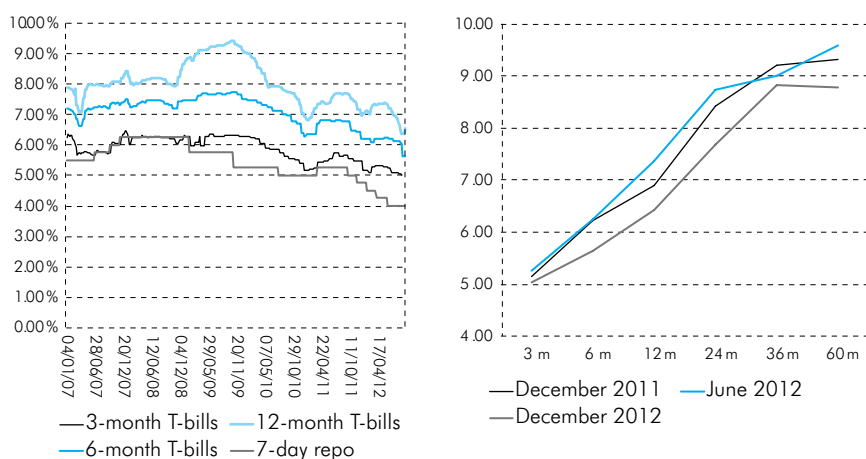


- PRIMARY MARKET

Government security yields did not perform along the same line as other money market rates. They rose in 2012 H2 and changed direction only after July. In response to EBA's<sup>56</sup> new regulations in Q1, some banks reviewed their policies relating to financing fiscal authorities, yielding in turn the fall of demand for Albanian securities. Combined with the high concentration of demand for financing during this period, this repositioning led to higher yields for all maturities. As at end-2012 Q1, the 12-month T-bill yield was 7.33% from 6.95% in December 2011. It continued to maintain similar levels in Q2.

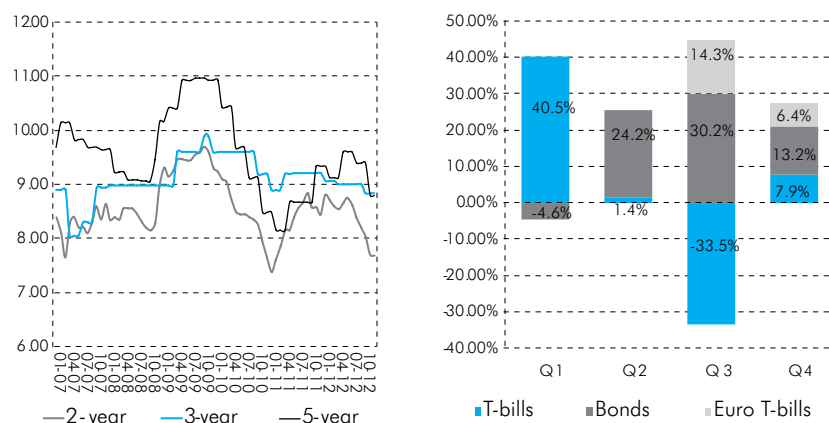
As expected by the Bank of Albania, the yields changed direction in 2012 H2. The more active participation of existing agents and the higher presence of new participants partly smoothed out the effects of market imbalances. In addition, the maintaining of the budget deficit within the projection contributed

Chart 43 T-bill yields (left) and yield curve (right)



Source: Bank of Albania.

Chart 44 Bond yields (left) and budget deficit financing in 2012 by instrument (share in %, right)



Source: Bank of Albania.

<sup>56</sup> European Banking Authority.

to lower risk premia in the market. These developments created appropriate conditions for the transmission of monetary easing by the Bank of Albania. In the last auction held for 2012, the 12-month yield was 6.55% from 7.36% in H1. It is on average 0.31 percentage points lower y-o-y and has provided room for lowering the borrowing costs it is parameterised with.

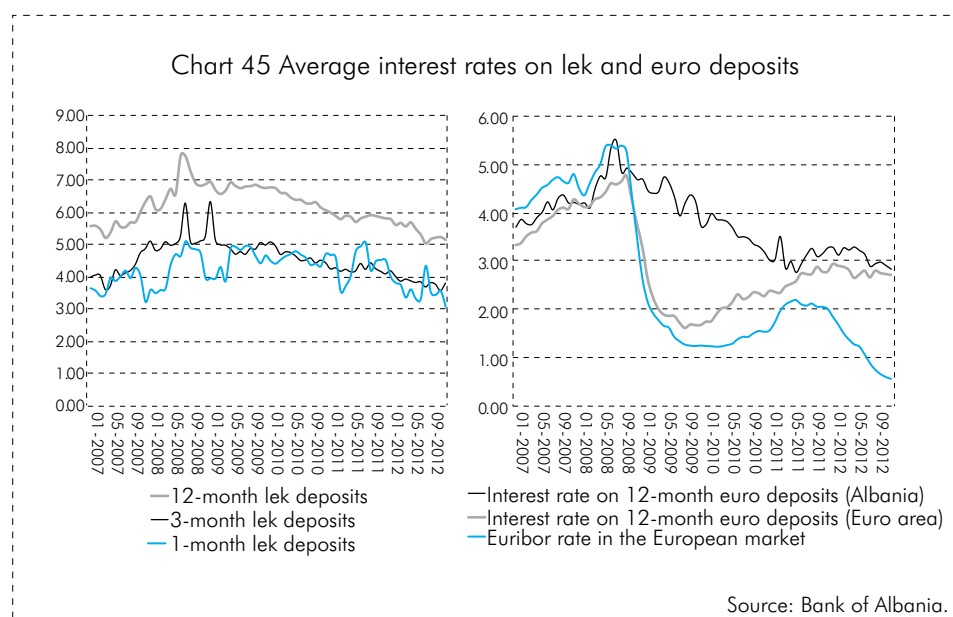
The Government was mostly financed through long-term instruments. The 2-year yield reached its peak rate in January at 8.80% from 8.44% in December 2011. In the following period, it fluctuated around these rates and dropped gradually in December 2012 to 7.68%. The 3 and 5-year bond yields showed a similar performance. The margin over 5-year variable rate bonds rose to 2.25 percentage points in H1 and dropped to 2.04 percentage points at end-2012.

The year 2012 saw a more frequent use of financing through euro-denominated T-bills, hence providing an alternative investment for euro funds. The auctions held in July, August and December witnessed the exceptionally high participation of households.

#### • INTEREST RATES ON NEW DEPOSITS<sup>57</sup>

In their efforts to keep market share, banks responded slowly to lowering the interest rates on lek deposits. Interest rates on lek time deposits averaged 4.52% in 2012, or 0.40 percentage points lower y-o-y. After dropping gradually in H1, they rose temporarily in August and September due to the seasonal offers. Interest rates on lek deposits resumed their downtrend in Q4. As at end-2012, 1-month interest rate averaged 3.06% from 4.50% in 2011, while 12-month interest rate averaged 5.17% from 5.82%.

Interest rates on euro time deposits maintained their downward trend begun

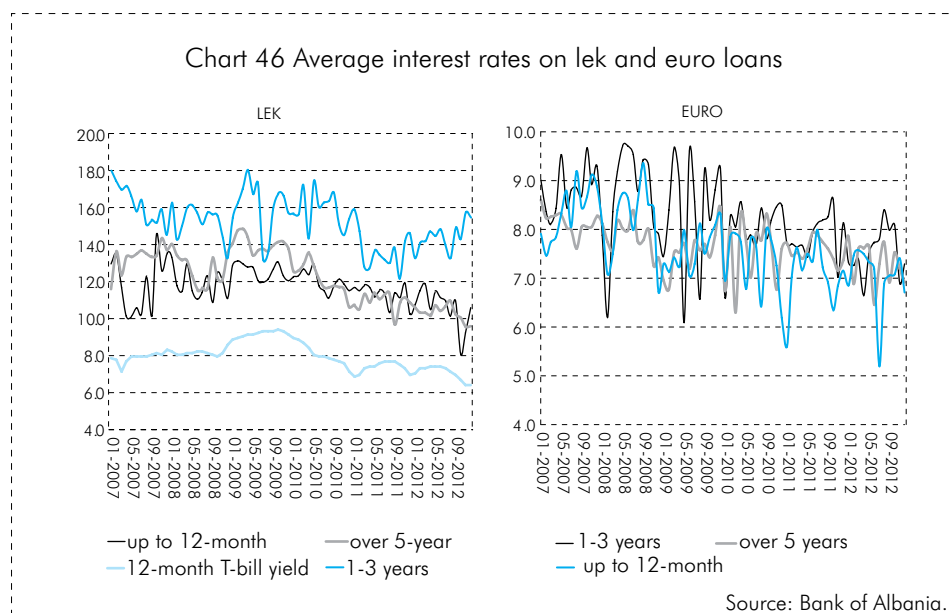


<sup>57</sup> The data on December 2012 are preliminary and undisclosed.

since year-end to the summer months, when banks usually apply favourable interest rates to attract households' savings in foreign currency. After July's key policy rate cut in the euro area and the considerable drop of interest rates in the European market, the interest rates on euro time deposits gradually converged to those applied in the euro area. As at end-2012, they averaged 2.29% from 2.50% a year earlier.

- *INTEREST RATES ON NEW LOANS<sup>58</sup>*

Interest rates on new lek loans generally dropped compared to a year earlier. Their performance reflected the tight lending conditions - mainly for businesses - and the characteristic fluctuations arising from the impact of particular loans extended in certain months. This feature was more pronounced in 2012 due to the domination of lending to the public sector in certain moments.



Interest rates on lek loans dropped over the quarters. This tendency was sharper in Q4 when banks extended loans at preferential rates. The cost of borrowing was tighter for businesses due to the higher credit risk. The price of short and long-term loans fell in 2012, while that of medium-term loans rose. On average, the interest rate on up to 12-month loans dropped to 10.59% from 11.27% in 2011. The interest rate on long-term loans dropped to 10.29% from 10.88% in 2011. The interest rate on medium-term loans rose 0.77 percentage points, to 14.44% in 2012.

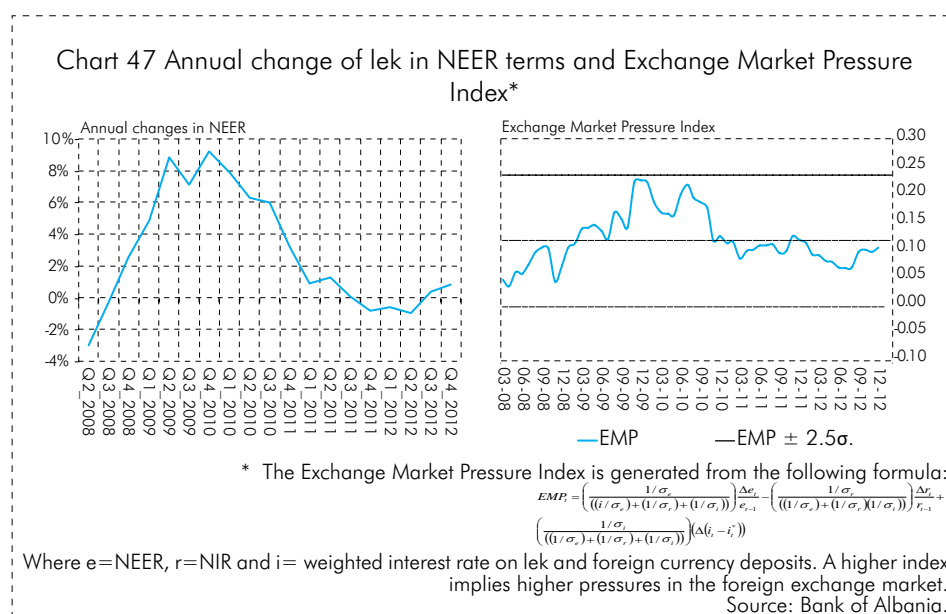
The lower interest rate on lek loans favoured the narrowing of its spread with the interest rate on euro loans, hence contributing to the demand for lek loans. The weighted average interest rate on euro loans dropped 0.25 percentage points in 2012, to 7.16%. Although short-term interest rates in the European market, which serve as a reference rate for the price of loans

<sup>58</sup> The data on December 2012 are preliminary and undisclosed.

in the Albanian market, dropped considerably<sup>59</sup>, the performance of interest rates on euro deposits partly conditioned the loan price for the same currency. The interest rates on mortgage loans to households dropped slightly in the framework of promotional campaigns, though this policy was not followed by an increasing loan portfolio for this product.

#### • EXCHANGE RATE

The year 2012 saw a stable lek in nominal effective terms. Based on the NEER index<sup>60</sup>, the appreciation of the Albanian lek (0.8%) in H1 was followed by its depreciation at a lower intensity (0.6%) in H2, hence keeping the lek at similar figures to 2011. The annual downward rates peaked in June at -1.2% and marked more pronounced growth rates only in December, +1.7%.



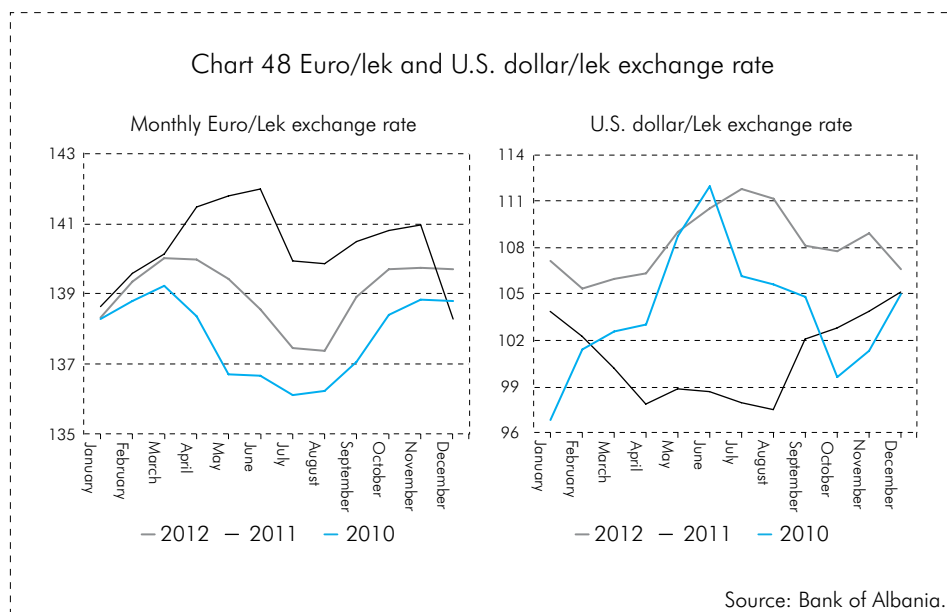
NEER's path in 2012 reflected the combination of lek's appreciation against the euro and the strengthening of the U.S. dollar in the international market, particularly in H2. In addition, the narrowing net export deficit for July-December on the one side and the annual decline in remittances on the other seem to have conditioned keeping the NEER balanced. This performance is also supported by the Exchange Market Pressure Index, which appears relatively calm in the absence of pressures over the domestic currency, remaining close to the historical average.

The individual performance of the major currencies shows the appreciation of the Albanian lek against the euro and its depreciation against the U.S. dollar. In 2012, the lek appreciated 0.9% against the euro, compared to its

<sup>59</sup> The 12-month Euribor is usually used as a reference rate for the interest rate applied to euro-denominated loans. In 2012, it fell by an average of 0.89 percentage points.

<sup>60</sup> NEER – Nominal Effective Exchange Rate is measured against the currencies of Albania's five main trading partners, namely Italy, Greece, Germany, Turkey and China. Higher NEER implies the depreciation of lek.

depreciation by 1.8% in 2011. The lek weakened its position against the U.S. dollar by 7.4%, reflecting to a considerable degree the performance of the U.S. dollar in the international market.



The appreciating trend of the lek against the euro was present throughout most of the period under review, except for December when the monthly average euro/lek exchange rate depreciated 1.0% y-o-y. This rate mostly reflected last December's low base effect, which was primarily generated from the euro's fast depreciation against the lek in the early days of the month due to the escalation of the euro-area economic and financial crisis.

The euro/lek and U.S. dollar/lek exchange rates were less volatile in 2012, reflecting a more balanced supply and demand ratio in the last five years.

### II.3.3 MONETARY POLICY INSTRUMENTS

The liquidity injected by the Bank of Albania during 2012 amounted to ALL 18 billion, remaining close to previous year's average. Interbank market rates performed in line with Bank of Albania's operational objective, which is to anchor them close to the key interest rate. As in 2011, the performance of the market rate was also influenced by the fact that the total amount injected into the system for each holding period of the required reserve was closer to net demand, hence lowering the average amounts outstanding at the end of each period.

The injected amount peaked at an average of ALL 22.4 billion in 2012 Q1, to later reach the trough level of ALL 16 billion in the last months of

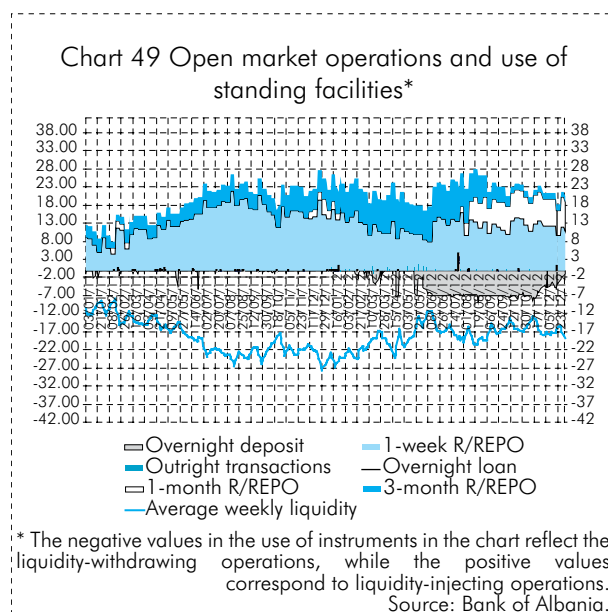
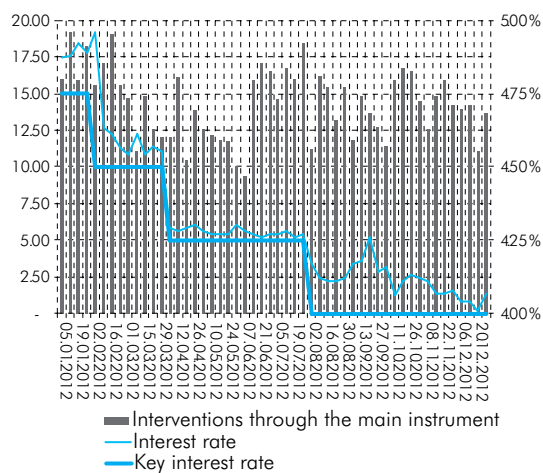


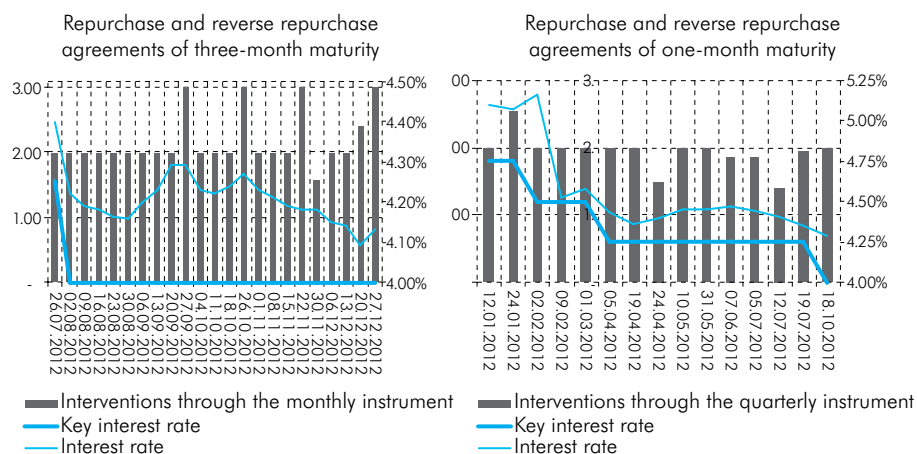
Chart 50 Main market operation by auction dates (in ALL billion)



Source: Bank of Albania.

the year. The performance of the injected amount was impacted by the increase in Bank of Albania's portfolio investment in 2012 H1, which was adjusted in the last four months of the year. Given the lower exposure of a large bank, this measure was viewed as reasonable due to the non-functioning of the secondary securities market, which would enable the fast shift of the portfolio from one participant to another. This measure allowed for the gradual adjustment of other market participants, hence preventing any short-term disorders and without jeopardising financial stability. The lower portfolio in the last months of the year had no negative effects on the market.

Chart 51 Fine-tuning operations by auction dates (in ALL billion)



Source: Bank of Albania.

The number of banks employing temporary instruments was similar to a year earlier. The stable participation of four banks during 2012 H2 in the monthly injection operations reflects the efforts for structuring the demand for liquidity, which however remains conditioned by the market circumstances.

#### • OPEN MARKET OPERATIONS

Open market operations, fine-tuning operations, and structural ones, are the basic operations for managing liquidity. The Bank of Albania continued to maintain a diverse structure for the injection of liquidity: 54% through the main instrument and 45% through fine-tuning instruments of longer-than-one-week maturity.

- *MAIN OPEN MARKET OPERATION*

The reverse repurchase agreement of one-week maturity was the main instrument of open market operations in 2012. The interventions through this operation were made through fixed-amount and variable-price auctions. The liquidity injected through reverse repurchase agreements of one-week maturity averaged ALL 14.33 billion.

Other banks' strategy to increase the investment portfolio led to deeper structural shortage and higher concentration of the ask and injected amount by the Bank of Albania. Consequently, there was a higher volume of interbank transactions as evidenced by the intermediation of liquidity by banks having excess liquidity in favour of banks having structural shortages of liquidity. Although this situation reflects an improved distribution of banking system liquidity through the interbank market, it is often conditioned by the market conditions and not yet considered an active positioning of banks to trade liquidity in the interbank market.

- *FINE-TUNING OPERATIONS*

Fine-tuning operations to inject liquidity of longer-than-one-week maturity were conducted regularly in 2012. In H1, the Bank of Albania used fine-tuning operations of three-month maturity to inject liquidity. Given the more frequent re-investment characterising, the monthly injections, at end-July, reverse repurchase agreements of three-month maturity began to be replaced by reverse agreements of one-month maturity.

Reverse repurchase agreements of three-month maturity were used in 15 cases, injecting on average ALL 1.94 billion, from 11 cases in 2011 when the use was distributed throughout the year. Reverse repurchase agreements of one-month maturity were used in 23 cases, injecting on average ALL 2.17 billion, from 4 cases in 2011.

The average bid-to-cover ratio of three-month auctions was 119%<sup>61</sup>, from 162% in 2011. The same ratio for one-month auctions was 123%, reflecting higher bank interest for this maturity versus three-month operations. These instruments continue to be mainly used by the large banks in the system, which are the most active in the money market.

The spread between the three-month interest rate and the key interest rate fluctuated around 2-66 basis points, while that between the one-month interest rate and the key interest rate fluctuated around 9-29 basis points. The average interest rate spread for quarterly liquidity injection narrowed 18 basis points from a year earlier and averaged 22 basis points, while the interest rate spread for the monthly liquidity injection averaged 20 basis points.

Beside the liquidity-providing instruments of longer-than-one-week maturity, there was also a more frequent use of overnight operations for injecting and

<sup>61</sup> In this case, cover is the amount asked by the Bank of Albania in the reverse repurchase agreement auction, while the bid corresponds to banks' demand to participate in these auctions.



withdrawing liquidity. The overnight repurchase agreement was used in eight cases to manage the liquidity situation and the short-term interest rates in the last days of the required reserve maintenance period.

- **STRUCTURAL OPERATIONS**

During 2012 H1, the Bank of Albania was active in the secondary securities' market by conducting outright purchase/sale operations. These operations were a result of the Ministry of Finance's announced schedule to increase domestic financing mainly through the increase in 12-month T-bill issue and decrease in 3 and 6-month issues. In order to maintain the Bank of Albania's portfolio level, these structural operations aimed to lower its portfolio investment in 3 and 6-month securities, which were offset through the purchase of 12-month securities. At the end of operations, the Bank of Albania's net portfolio increased ALL 6.01 billion, which was sterilised in the primary market in 2012 Q4.

Table 7 Outright  
purchase transactions, in  
ALL million

Date of intervention	Announced bid	Nominal value
01.02.2012	690.00	690.00
13.03.2012	1,300.00	1,050.00
05.04.2012	1,350.00	1,300.00
07.05.2012	1,000.00	1,000.00
16.05.2012	1,500.00	830.00
21.05.2012	1,470.00	1,470.00
30.05.2012	1,000.00	1,000.00
04.06.2012	800.00	800.00

Source: Bank of Albania.

During 2012, nine auctions were held for the purchase of 12-month T-bills, of which newly-issued T-bills in the primary market were purchased only in five auctions. The bid was lower than the cover only in four auctions, while the bid-to-cover ratio was above 100% in five operations. As at 5 April 2012, eight auctions were held for the sale of 3 and 6-month T-bills with a remaining maturity of 8 to 97 days. The bid-to-cover was higher only in two auctions, while there were no bids in one auction and five auctions were not met.

Table 8 Outright sale  
transactions, in ALL  
million

Date of intervention	Nominal value	Nominal value accepted
11.01.2012	2,600.00	850.00
13.01.2012	870.00	280.00
25.01.2012	640.00	640.00
01.02.2012	690.00	400.00
09.02.2012	280.00	280.00
13.03.2012	1,300.00	-
16.03.2012	1,050.00	1,050.00
05.04.2012	1,300.00	400.00

Source: Bank of Albania.

- **STANDING FACILITIES**

Standing facilities – overnight deposits and overnight loans – are instruments available to commercial banks to manage unexpected liquidity on a daily

basis. The use of overnight deposits was ALL 4.10 billion a day in 2012, from ALL 0.11 billion a day in 2011. This increase was mainly due to the regular use of this instrument by a bank after resulting in structural excess and holding the required reserve as cash in the account. Excluding this bank, the use of overnight deposits was ALL 0.22 billion a day. Reflecting the structural liquidity changes, overnight loans were used in 20 cases and averaged ALL 0.49 billion, from 31 cases and an average of ALL 0.15 billion in 2011. As in overnight deposits, liquidity-providing facilities were concentrated at the end of the required reserve maintenance period.

- *ADDITIONAL LIQUIDITY PROVIDING INSTRUMENTS*

As in the past years, the last lending instrument that the Bank of Albania extends to banks to help them overcome temporary liquidity shortages, provided that they are financially stable, was not used in 2012. The Bank of Albania revised the regulation providing for the central bank's lending to commercial banks, more specifically, the regulation "On liquidity supporting loan". Upon its entry into force on 21 April 2012, the regulation "On Lombard loan" was abrogated.

- *REQUIRED RESERVE*

The required reserve in lek is a monetary policy instrument that aims to adjust liquidity in the banking system and stabilise the interest rates. The required reserve corresponds to 10% of commercial bank deposits of up to two years in the three currencies – lek, euro and U.S. dollar. Its performance reflects that of deposits by the respective currencies, with a one-month lag, since the required reserve maintenance period begins on the 24th calendar day of each month and corresponds to the deposit position of the preceding calendar month.

The required reserve averaging in lek, by using 40% of the required reserve, reflects considerable improvement. The deviation of the account position from the required reserve level at the end of the maintenance period reduced from a positive average of ALL 0.08 billion in 2011 to a positive average of ALL 0.03 billion in 2012. Ideally, the deviation should be positive and close to zero. Worth noting is that the improved bank behaviour and their greater commitment to the management of liquidity are not only due to the Bank of Albania's liquidity-providing operations - which aimed at lowering the excess liquidity in the system at the end of the required reserve maintenance period - but they are also attributable to their constant communication with the Bank of Albania.

The remuneration rate on lek required reserve reflected the performance of the Bank of Albania's key interest rate it derives from. As in 2011 H2, the Bank of Albania applied in 2012 a 0% remuneration rate on foreign required reserve.<sup>62</sup>

<sup>62</sup> In 2011 H1, the remuneration rates on the required reserve accounted for 70% of the key policy rate of the European Central Bank and U.S. Fed. As from 24 July 2011, the remuneration rate on the required reserve in foreign currency is zero, while the remuneration rate on the required reserve in lek has been left unchanged, accounting for 70% of Bank of Albania's key interest rate.

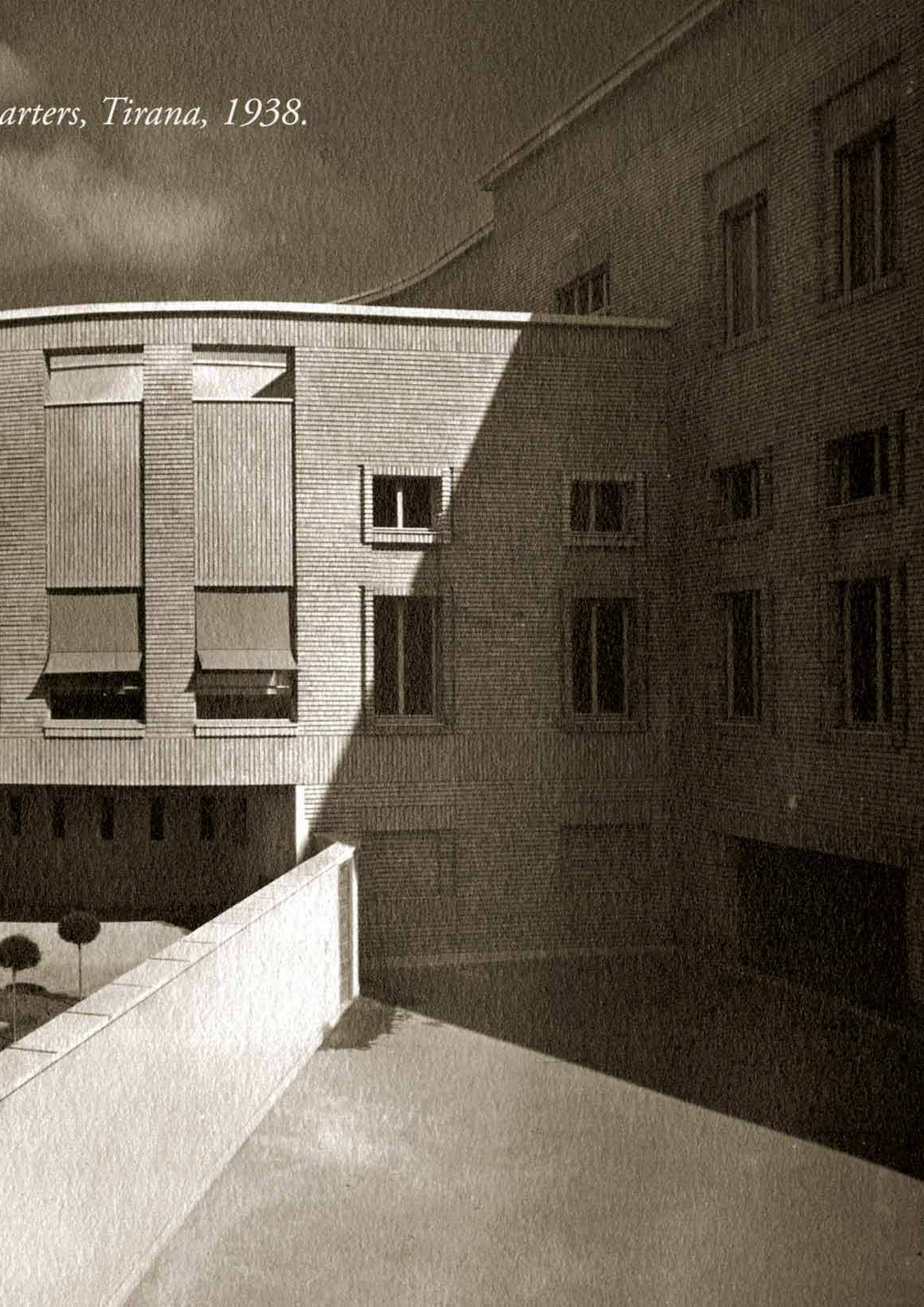


*Backyard of the National Bank of Albania headqu*





*arters, Tirana, 1938.*





## CHAPTER III. FINANCIAL STABILITY AND BANKING SUPERVISION

Besides the primary objective, the Law "On the Bank of Albania" stipulates the Bank of Albania's responsibility to license and supervise the banking activity and to promote the smooth functioning of a market-based banking system, aiming to ensure banking system stability. The Bank of Albania is entitled to express itself publicly on the nature and type of potential threats to financial stability. In this framework, it aims to ensure and monitor the conditions for the existence of sound financial institutions, which operate in a competitive financial market, and with a developed and protected infrastructure.

Financial stability is defined as the set of conditions that make the financial system able to withstand shocks and meet economic agents' needs for financing and other financial services and represents one of the primary objectives of the Bank of Albania. In this regard, the Bank of Albania strives to assess and manage risks posed to the financial system and the banking sector. Besides monitoring and analyzing the operational risks posed to individual banks in the context of supervision, the Bank of Albania has also worked for assessing the systemic risk and creating risk management instruments.

The Bank of Albania communicates regularly with the public, banking industry and authorities about its assessment of risks and financial system stability. Periodic reports and analyses, such as the Annual Supervision Report and the Financial Stability Report, are the main instruments of this communication. The Financial Stability Report focuses on identifying and assessing risks to the financial system, which arise from its intermediation with the surrounding economic environment or from its own activity. Various techniques, including stress-tests, are used to assess the financial system's resilience to shocks. The Report contains also the Financial Stability Statement, which in September 2012 provided that notwithstanding the good financial position of the banking sector, risks to its stability still remain. These risks relate to financial vulnerabilities of other countries interacting with the Albanian economy and performance of domestic activity in general, and credit quality in particular.

Despite the fragile situation of the Albanian economy and increased vulnerabilities in the financial system, the key financial strength indicators have improved. In 2012, the positive profit increased. The level of liquidity and capitalization indicators was adequate. The banking system was well-capitalized, markedly above the minimum capital requirement. Regarding market risks, the banking sector appeared to be relatively hedged against direct risk from adverse exchange-rate and interest-rate movements. The banking sector remained indirectly exposed to its clients' sensitivity to adverse exchange-rate and interest-rate movements.



Table 1 Financial strength indicators

In %	2007	2008	2009	2010	2011	2012
<b>Capital ratios</b>						
(i) Regulatory capital to risk-weighted assets	17.1	17.2	16.2	15.4	15.6	16.2
(ii) Tier 1 capital to risk-weighted assets	16.0	16.3	15.3	14.5	14.3	14.6
(iii) Shareholders' equity to total assets	7.6	8.6	9.6	9.4	8.7	8.6
<b>Loan quality</b>						
(iv) Non-performing loans net of provisions to regulatory capital	11.2	25.7	28.2	35.9	52.2	55.6
(v) Non-performing loans to total gross loans	3.4	6.6	10.5	14.0	18.8	22.5
<b>Profitability</b>						
(vi) Annualised Return on Equity (RoE)	20.7	11.4	4.6	7.6	0.8	3.8
(vii) Annualised Return on Assets (RoA)	1.6	0.9	0.4	0.7	0.1	0.3
<b>Market (exchange rate) risk</b>						
(viii) Net open foreign exchange position to regulatory capital	1.7	4.3	3.9	5.0	3.9	4.0
(ix) Net open foreign exchange position to tier 1 capital	1.8	4.5	4.1	5.3	4.3	4.4
<b>Liquidity of the sector</b>						
(x) Liquid assets to total assets	49.8	42.8	27.6	25.9	26.5	29.4
(xi) Liquid assets to total short-term liabilities	55.6	104.7	32.6	30.6	33.1	36.7
(xii) Customer deposits to total loans	215.5	162.6	154.3	166.4	163.2	171.6

Source: Bank of Albania.

### III.1 BANKING SECTOR DEVELOPMENTS

The banking sector remains the main segment of financial intermediation in Albania. As of end-December 2012, the banking sector assets accounted for 87.9% of GDP, or 3.1 percentage points higher than a year earlier. The banking sector is dominated by five banks, which altogether account for 67.8% of the system's loan portfolio and 74.4% of deposits.

As of end-2012, the banking sector assets increased to ALL 1,187.9 billion, registering 6% annual growth, from 13.1% a year earlier. This slowdown was due to the slow deposit growth and decreased bank commitments to lending.

Lending accounted for 42.7% of GDP at end-2012.<sup>1</sup> Credit to economy slowed down, standing below record rates with 2% annual growth at end-2012, from 15.3% in 2011. The financing sources show that deposits contribute the most to fund generation, accounting for 82.3% of total liabilities of the banking sector. Although the economic activity moderated, deposits increased by 7.3% in 2012, lower than the 13.1% a year earlier. Household deposits that account for about 88% of total deposits, increased by 8.9% from 15.3% in 2011, whereas business deposits contracted by about 3%, from up by 5.7% a year earlier.

#### III.1.1 NET PROFIT AND PROFITABILITY

The banking system's net profit remained positive, about ALL 3.8 billion, five times higher on a year earlier. The improved security price in bank portfolios contributed significantly to this increase, leading to reduced provisioning for

<sup>1</sup> In this context, the loan portfolio and deposits refer to total loans and deposits, including state-owned enterprises and non-residents.



these investments. Though to a lesser extent, extraordinary income impacted positively,<sup>2</sup> while the effect of net interest income and other operating income was insignificant.

Relative to 2011, net interest margin dropped in 2012, reflecting the increased financing costs of interest-earning assets against decreased income from these assets.

Table 2 Core-activity profitability indicators, in percentage (cumulative)

Ratios	December 2009	December 2010	December 2011	December 2012
Interest income/average interest-earning assets (1)	8.10	8.11	7.78	7.73
Interest expenses/average interest-earning assets (2)	4.06	3.78	3.57	3.72
Net Interest Margin (NI M) {(1)-(2)}	4.04	4.32	4.20	4.01

Source: Bank of Albania.

The banking system profitability, assessed through Return on Average Assets (RoAA) and Return on Average Equity (RoAE), improved due to a higher net profit. Return on Assets (RoA) was 0.33%, about five times higher than a year earlier. Return on Equity (RoE) was 3.8%, from 0.8% a year earlier. The RoE change in 2012 was caused almost exclusively by the profit margin performance.

### III.1.2 CAPITAL ADEQUACY RATIO

The structure of regulatory capital appears favourable as regards its capacity to cover any potential losses, since Tier 1 capital continues to account for 90% of it. During 2012, the banking sector was more cautious about making high-risk investments and more focused on making low-risk ones. The higher increase in the regulatory capital to risk-weighted assets brought about a positive development in the capital adequacy ratio, which rose to 16.2% at end-2012, from 15.6% a year earlier.

At end-2012, the bank capitalisation level exceeded its 12% minimum threshold. The financial leverage ratio (total assets to shareholders' equity) was 11.7%, standing insignificantly volatile in annual or bi-annual terms.

### III.1.3 RISKS TO FINANCIAL STABILITY

The year 2012 was characterised by a fragile economic situation in Albania and increased concerns in the financial system. The economic growth slowdown was reflected in the noticeably decelerated lending and deteriorating credit quality. The banking sector's downward contribution to financing the economic operators may slow the economic growth further, hence being potentially transmitted to the banking system as a negative contagion effect. Furthermore, the significant share of foreign currency loans

<sup>2</sup> The extraordinary income growth was affected mainly by the execution of collaterals pledged at banks to guarantee loan repayment.

and the considerable value of variable-rate loans make the banking sector vulnerable to adverse exchange-rate and interest-rate moves, by affecting borrowers' solvency. Consequently, credit risk remains the primary risk to which the banks are exposed.

Regarding market risks, the banking sector appeared to be relatively hedged against direct risk from adverse exchange-rate and interest-rate movements. Liquidity risk was moderate because the banking sector continued to post deposit growth, and liquid assets in lek and foreign currency exceeded the minimum threshold required by the regulatory framework.

The following provides some risks monitored to assess the financial stability.

- *CREDIT RISK*

Even in normal conditions of economic development, each investment of bank assets bears a certain risk level. This risk is conceived as complete in the case of lending, particularly due to uncertainties surrounding the economic outlook. In the domestic banking sector, lending to public and financial institutions accounts for about 50% of the sector's total assets and dominates the indicator of risk-weighted assets.

The loan portfolio quality continued to trend down, with the non-performing loans to total gross loans rising to 22.5% at end-2012, from 18.8% at end-2011. Credit quality deteriorated for both business and household loans, as well as for lek and foreign currency loans. To withstand any probable losses arising from this risk, the banking sector increased the loan-loss provisions by ALL 17 billion, or about 30.89% on a year earlier. As a result, provisions to total loans rose by 2.75 percentage points, to 12.47% at end-December 2012.

Non-performing loans secured by collateral increased by 16.4% in 2012 relative to 2011, while their share in total non-performing loans was 81.13%, down by 4.1 percentage points.

- *LIQUIDITY RISK*

The banking sector liquidity risk was moderate. Amendments to Regulation "On Liquidity Management", made in December 2011, redefined the liquid assets and increased the minimum liquidity requirement (liquid assets to short-term liabilities), both in lek and in major currencies. At end-2012, the ratio of liquid assets to short-term liabilities was 36.7%, 45.8% for the lek and 27.5% for foreign currencies. Each indicator was above the minimum regulatory requirement.

Though parent-bank financing remains an important source for several banks, in December 2012, the lines of credit dropped substantially on a year earlier. They accounted for about ALL 49 billion at end-2012, from ALL 63.4 billion a year earlier.

Deposits remain the main source of financing, with a relatively low concentration at end-2012. The ten largest depositors account for 6.25%, 20 largest ones account for 8.06% and 50 largest ones account for 10.97% of the total banking system deposits.

- *MARKET RISKS*

The Albanian banking sector is relatively hedged against direct risk from adverse exchange-rate and interest-rate movements; however, its sensitivity has increased. The sector's foreign exchange open positions are standing within the historical rates, and the levels of interest-sensitive assets and liabilities are comparable to each-other.

- *FOREIGN EXCHANGE RISK*

At end-2012, the foreign exchange open position of the banking sector accounted for 3.98% of its regulatory capital. This figure is significantly lower than the 30% maximum limit, showing a low exposure to direct foreign exchange risk.

Also, this year posted a contracted position of loans unhedged against exchange rate risk<sup>3</sup> to total loans and to foreign-currency loans. The decline in outstanding foreign-currency loans unhedged against exchange-rate risk has mitigated the banking sector exposure to indirect risk; however, its considerable share in total loan portfolio (about 31.3%) makes the banking sector sensitive to adverse exchange-rate movements.

- *INTEREST RATE RISK*

Banking sector exposure to interest rate fluctuations remained limited. The size of exposure, measured as a difference between interest-sensitive assets and liabilities to total assets was not considerable.

As of end-2012, the difference between interest-sensitive assets and liabilities for up to 12 month maturity was negative and upward on a year earlier, to ALL 83.4 billion or 7% of total assets. For one-month and three-month maturities, these differences were lower. Though these levels are regarded as insignificant, further deepening of the negative difference would expose the banking sector to additional costs in the event of interest rate rise.

### III.1.4 OTHER RISKS TO THE BANKING SYSTEM

- *INFORMATION TECHNOLOGY AND OPERATIONAL RISKS*

Operational risk concept, a separate risk category according to Basel standards, has found a positive environment and perception by the banking industry in terms of drafting and improving the procedures integrated into the

<sup>3</sup> Loan in a currency other than that of the source of borrower's income used to repay the loan.

overall risk management process. The regulatory framework and the use of special instruments for monitoring the operational risk periodically, created conditions for an early assessment and analysis of the banking trends. This process has served the designing of each bank's profile and better identification of problems.

The banking system has introduced a technological infrastructure to meet the regulatory requirements, by ensuring sufficient capacity to carry out activities across the spectrum, both under normal and severe stress conditions. An overview on the information and communication technology used by these banks reveals that there is room for improvement, especially about internal policies and procedures, as well as about the continuity and recovery plans, testing of these plans and incorporation of their results into their review.

- *TRANSPARENCY AND DISCLOSURE OF INFORMATION*

Transparency and disclosure of information were constantly on focus in 2012, not only through intensive on-site supervision, but also through off-site analyses, aiming at improving transparency standards, protecting customers and strengthening the market discipline.

The 2011 regulatory amendments were associated with an increased commitment by banks and non-bank financial institutions, and with several steps taken by the Bank of Albania for implementing and fulfilling the new requirements. These measures proved effective and materialised into more enriched contracts, providing client-related information and party-related rights and obligations.

Banks have increased their commitment to issues related to transparency and disclosure of information. However, the content of loan contracts presents some problems relating to nominal interest rate and effective interest rate (EIR). In this regard, cases have been identified when banks use the minimum interest rate to protect themselves from key interest rate cut and also cases when the internal Base Lending Rate (BLR) is used instead of the orienting index. Banks have demonstrated their commitment to timely responding to these deficiencies.

Regarding the disclosure of information, though the 2011 financial statements audited by independent auditors are all published, there are still deficiencies in the publication, mainly of annual and/or quarterly reports on some bank websites. The Bank of Albania has continued to take appropriate measures to address this problem. The banks and their customer service have generally tried their best to offer and display clear and complete information at their premises.

For the first time on 27 July 2012, the Bank of Albania started to publish on its website the bank commissions and interest rates reported by banks for their products and services. During the first phase, these reports were subject to verification of information completeness and accuracy, and later on were followed by a testing process and final publication of information for each

bank. This project aims to create favourable conditions in order to inform and easily orient the clients toward choosing the bank that better meets their expectations. Through this platform, the Bank of Albania expects to provide facilities to bank customers (households and businesses), whose reaction is likely to enhance competition in the market and orient banks toward lowering the costs of their products and services.

During 2012, an increasing number of complaints against commercial banks and other non-bank financial institutions were addressed to the Bank of Albania. Most of them should be resolved by judicial bodies as they are issues of a civil legal nature. It is worth mentioning that the raised issues are generally addressed in due time for both entities and customers.

- *PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING*

During this year, the supervisory process on commercial banks, non-bank financial institutions and foreign exchange bureaus paid particular importance on issues related to prevention of money laundering and combating of terrorism financing. Amendments to the legal and regulatory framework on problems of money laundering prevention and specifically to the Law<sup>4</sup> required measures to implement these amendments. In view of this and the alignment of legislation with the international standards, and recommendations by international organizations, (Moneyval of the Council of Europe), the Bank of Albania was committed to assessing and reviewing the regulations to reflect these amendments. This process will continue during 2013.

The entities have taken preventive measures by establishing appropriate structures and formulating internal policies, and by creating a functional system to fulfil the due diligence for high-risk categories of customers, aiming at increasing the number and quality of Suspicious Activity Reports (SARs). The Bank of Albania has assigned great importance to the SARs during its on-site examinations, aiming at and contributing to making banks more active in identifying, analysing and reporting SARs to the responsible authority.

However, several shortcomings have been identified, consisting in insufficient effective risk management systems, especially for those categories of clients and transactions that need due diligence. The Bank of Albania has issued relevant recommendations with regard to identified problems.

### III.2 DEVELOPMENTS IN THE NON-BANK FINANCIAL SYSTEM<sup>5</sup>

In 2012, the number of non-bank financial institutions and their financial activities continued to increase in the domestic market. Their number rose to 21, from 19 a year earlier. The foreign-exchange financial advice service was an innovation. The financial activities carried out by non-bank financial institutions include lending, financial lease, payment service and

<sup>4</sup> Law 9917, dated 19.05.2008, as amended, (published in the Official Journal of July 2012).

<sup>5</sup> NBFI data refer to the period until September 2012.

money transfers, factoring, advisory service, intermediation and other foreign exchange services. In several cases, these entities may conduct more than one financial activity.

In September 2012, non-bank financial institutions' assets registered ALL 34.6 billion, accounting for 2.9% of the total banking system assets, or 0.2 percentage points less than at end-2011.

Despite the higher number of new entities, the non-bank financial institutions' total assets appear at similar levels to those of end-2011. This trend was mainly affected by the contraction in lending and financial leasing institutions' assets and was mitigated by the gradually increasing number of non-bank financial institutions providing payment and transfer services. The contraction of assets of non-bank financial institutions that carry out lending activity was due to the deteriorated loan portfolio quality. Meanwhile, the contraction in the financial leasing activity was mainly due to the decline in business investment.

The loan portfolio comprises the major part of the non-bank financial institutions' assets, accounting for 53.9%. It is dominated by the lending and microcredit portfolio (53.99%), followed by financial lease portfolio (45.55%) and less by the factoring portfolio (0.46%). The non-bank financial institutions are financed mainly by loans received<sup>6</sup> (59.9%) and their capital accounts (34.2%).

Gross loan portfolio posted minimum growth in 2012, up by 0.74%, to ALL 20.19 billion in September 2012. This portfolio was concentrated in financing the business sector (90.4%), of which 26.8% was oriented to 'Trade, repair of motor vehicles and household appliances', 11.9% to 'Construction' and 10.9% to 'Agriculture, hunting and forestry'.

The non-bank financial market performed positively, reaching ALL 719.68 million as of September 2012. Payment service and financial leasing entities performed better due to their lower risks and consolidated market position of participating entities. Though this market has a small share in the banking system assets, its net profit represents 18.6% of the banking system net profit.

### III.3 ON-SITE EXAMINATIONS

On-site supervision seeks to guarantee a sound financial activity of entities licensed by the Bank of Albania, pursuant to requirements under the supervisory legal and regulatory framework. On-site examinations combined the examination needs based on the supervisory cycle established by the operational supervisory policy and the importance of issues in individual banks.

<sup>6</sup> About 67% of loans received have banks and the Albanian government as counterparties, while the rest has banks and foreign financial institutions.

In 2012, full-scope examinations took place in ten banks, three non-bank institutions and one savings and credit union. Besides full-scope examinations, several other examinations addressed specific issues, through the Bank of Albania's cooperation with other authorities such as the General Directorate for the Prevention of Money Laundering and the Financial Supervisory Authority.

Problems and issues identified during the examinations are categorised as follows:

- *COMPLIANCE WITH THE REGULATORY FRAMEWORK*

Overall, the banking system complied with the requirements of the supervisory legal and regulatory framework. However, deficiencies were evidenced in several aspects, as follows:

- Regulation 'On credit risk management': There are evidenced cases of loans classified under lower risk categories than as required by the regulatory framework. In this regard, examinations aimed to immediately eliminate deviations from the regulatory requirements. Lack of documentation justifying client's reclassification under lower risk categories is another frequently encountered problem. Recommendations aimed at encouraging improvement of lending policies and procedures, strengthening analysing capacities of bank risk structures, and improving analysis of borrower's financial position during the loan approval process.
- Regulation on 'On capital adequacy ratio': Inaccuracies are evidenced in assets classification and their risk weighting in compliance with respective risk categories.
- Regulation 'On core management principles for banks and branches of foreign banks and criteria for the approval of their administrators': Delays are evidenced in fulfilling and submitting relevant documentation for preliminary approval of administrators by the Bank of Albania.
- Regulation 'On liquidity risk management': Deficiencies were identified in institutions' internal policies and procedures for the liquidity risk management. Also, no stress-tests periodicity to identify and measure the institution's exposure to liquidity risk, for both normal and severe scenarios, was observed.
- Regulation 'On the use of information and communication technology in entities licensed by the Bank of Albania': The identified cases refer to improvement of ICT risk assessment, including classification of systems and applications used, and identification of weaknesses and potential threats, improvement of business continuity planning, based on the institution's size and complexity, review of user rights to ensure appropriate assignment of responsibilities and the necessary control links, as well as restriction of access from external users, documentation of processes, completion of the bank's internal regulatory framework.
- Regulations on transparency and disclosure: Sporadic cases of non-compliance with the above regulatory requirements have been identified during the drafting of contracts, provision of information to clients, and



information disclosure.

- Regulation 'On minimum standards for operational risk management': The management of this risk is a relatively new process for both banks and the supervisory authority. In this context, the main deficiencies relate to the completion of policies and procedures, definition of indicators and benchmarks, identification of the balance sheet items that should be analysed.
- Regulation 'On the functioning of the Credit Registry at the Bank of Albania': Problems relate to the accuracy of data entry by folders.

#### • *STRATEGIC MANAGEMENT OF BANKS*

Most banks in the system are subsidiaries of foreign banking groups, and as such they are steered by the respective groups. On-site examinations have aimed to advise and steer banks toward strategic plans that are harmonised with the dynamics and developments of the Albanian banking system and economy.

#### • *BANK ORGANISATION AND MANAGEMENT*

Due to crisis effects and factors behind them, an ever-increasing importance has been paid to the organisation and quality of management. In this context, recommendations aimed at a clear and proper assignment of tasks and responsibilities, and ensuring of control links in every part of the process. It has also defined a clear hierarchical structure to orient payments and rewards systems, creating an efficient adjusting system that would reduce reoccurrence of violations to minimum, completing the internal regulatory framework, ensuring independence, adequate resources and backup for internal audit functions and risk management.

#### • *ISSUES RELATED TO MANAGING NON-PERFORMING LOANS AND FINDING WAYS TO REDUCE THEM*

On-site examinations laid emphasis on improving the internal policies and the needed infrastructure, and taking measures to reduce the non-performing loans stock. Recommendations and corrective actions taken by the Supervision Department aimed to introduce the latest international practices, adapted to Albania's context to ensure effective treatment of the non-performing loan portfolio.

Regarding non-bank financial institutions, the supervision focused on the implementation of strategies provided by them, performance of respective portfolios, quality of internal structures supporting their activity and assessment of their financial stability and performance. Also, transparency, money laundering prevention and compliance with the regulatory framework were important issues for the newly-licensed institutions, which were examined for the first time and were closely informed on supervision expectations. They, in turn, committed to addressing those deficiencies.

### III.4 CREDIT REGISTRY

Credit Registry is an important tool in the hands of banking and financial institutions for an optimal credit risk management. The number of entities reporting borrower's data to the Credit Registry increased to 27 banks and financial entities in the fifth year of its functioning.

About 870,635 loans were reported to the Credit Registry as of end-2012, of which 365,244 were active loans.<sup>7</sup> About 299,342 active loans were reported by banks, while the rest were reported by non-bank financial institutions.

The enrichment of the Credit Registry year in year out, by incorporating new reporting entities, serves the Supervision Department and beyond to deepen and extend analyses of the system and individual lending institutions. Also, the information reported to the Credit Registry provides significant support to on-site supervision.

### III.5 LICENSING AND REGULATORY FRAMEWORK

#### III.5.1 LICENSING AND APPROVALS

The Albanian banking sector underwent significant restructuring during 2012. Following the amendments to the banking law at end-2011, the Branch of Alpha Bank in Albania and the Branch of the National Bank of Greece applied to be transformed into domestic banks/subsidiaries of foreign banks. Uncertainty about Greece's financial stability exposed both Greek bank branches in Albania to parent-bank risk. In order to address that risk, the Bank of Albania approved the licensing of the Alpha Bank Albania sh.a., and the National Bank of Greece Albania sh.a., to operate as banks in Albania. In this way, the licensed banks became subject to prudential supervision, fulfilling the same regulatory framework as other banks or branches of foreign banks in Albania.

Given the deepening of the Greek crisis, the CASA Group of France, took steps for their internal restructuring in some countries in the region eventually leading to the 100% transfer<sup>8</sup> of the qualifying holding in the shareholders' equity of the Emporiki Bank Albania sh.a., from the Emporiki Bank of Greece to IUB Holding France, a direct subsidiary owned totally by the CASA Group France. Approval of the change in the new shareholder of the Emporiki Bank Albania brought about changes in the origin of the banking system shareholders' equity, thereby contributing to increasing the number of banks with French-origin capital in the Albanian market<sup>9</sup>. After this change, and

<sup>7</sup> Active loans are regarded as not fully repaid (those loans that have not fallen due or are not closed at year-end).

<sup>8</sup> The transfer was carried out through the agreement of 14 June 2012 for selling all the shares owned by the Emporiki Bank of Greece directly to IUB Holding France, 100% of which was owned by Credit Agricole France.

<sup>9</sup> After this change, banks with French-owned significant holding are Société Générale Albania and Credit Agricole Albania, while the number of Greek-owned banks fell to three.

aiming to adapt its name to its legal status and the bank's new identity, the Bank of Albania approved the change in the name of Emporiki Bank Albania to Credit Agricole Bank Albania.

Also, the approval was granted to the Raiffeisen Bank sh.a., for transferring the ownership of its shares from the Raiffeisen Bank International AG, Austria to the Raiffeisen SEE Region Holding GmbH, Austria. This transfer was carried out in the context of creating three geographic regions in the form of three companies, 100% subsidiaries of the Raiffeisen Bank International AG (RBI). The transaction does not change the audit, management and ownership of the Raiffeisen Bank from the economic viewpoint.

Currently, most of the Albanian banking sector is controlled by foreign banks operating in accordance with the Albanian laws, the Law on Banks in the Republic of Albania, and Bank of Albania's regulations. There were no other applications for a new bank licence in 2012.

Table 3 Commercial banks' ownership structure (number of banks at period-end)

	2010	2011	2012
Banks in Albania, of which:	16	16	16
Branches of foreign banks	2	2	0
Private significant holding <sup>1</sup> by divisions			
Foreign private significant holding:	14	14	14
Foreign significant holding from the European Union <sup>2</sup>	10	10	10
Turkish-owned significant holding	1	1	1
International Finance Corporation-owned significant holding	1	1	1
Kwaitian-owned significant holding	1	1	1
Swiss Confederation-owned significant holding	1	1	1
Domestically-owned private significant holding <sup>3</sup>	2	2	2

<sup>1</sup> 'Significant holding' is in any case a simple majority of 50% plus 1 vote.

<sup>2</sup> Banks with capital originating from the EU countries are from Italy (1 bank), Austria (1 bank), Germany (1 bank), France (2 banks), Greece (3 banks) and Bulgaria (1 bank).

<sup>3</sup> Banks with domestically-owned significant holding are Union Bank Sh.a., and Credins Bank Sh.a.

In 2012, the Bank of Albania approved the conduct of additional activities stipulated under bank licence annexes. It approved the additional activity of factoring and financing of commercial transactions for the Raiffeisen Bank sh.a., and the additional activity of safe-deposit boxes service for the Intesa Sanpaolo Bank Albania.

Upon approval by the Bank of Albania in May 2012 of an amendment to the regulation on bank licensing for granting banks the possibility to carry out insurance and reinsurance intermediation activities, four commercial banks expressed their interest in increasing their banking business in insurance and reinsurance intermediation.

During 2012, banks submitted their applications for expanding their bank branches and agencies in the country, the approval of which led to the opening of 15 new bank branches/agencies, hence indicating similar expansion rates to those of a year earlier. 11 bank branches/agencies closed down in 2012.

	2010	2011	2012
Branches/agencies in Albania	529	534	538
No. of branches abroad	2	1	1 <sup>1</sup>
Total	531	535	539

Table 4 Bank network  
(number of banks,  
period-end)

<sup>1</sup> The National Commercial Bank conducts its banking business in Kosovo as well, through its branch there.

Significant changes occurred also in terms of bank and non-bank management. The Bank of Albania approved 39 new applications for bank administrators. By position, ten of them were for steering council members, six for audit committee members, three for general directors and 20 for executive directors (of groups, divisions, departments or deputy general directors).

During 2012, the Bank of Albania licensed two new non-bank financial institutions: one for providing advisory, intermediation and other auxiliary foreign-exchange services and the other for factoring services. Also, during this year, the Bank of Albania revoked a licence granted to a non-bank financial institution but it was made again effective within the year and this institution is currently operating in the market, conducting the activity under the licence. In line with amendments to the banking law about establishing e-money institutions, some entities have expressed their interest in carrying out e-money issuance activity. This activity is provided under the regulatory amendments that will become effective in early 2013.

Licensing of foreign exchange bureaus continued in 2012. Specifically, licences were granted to 26 foreign exchange bureaus and revoked to 9 foreign exchange bureaus at their request. There were 322 licensed foreign-exchange bureaus operating in the market as of 2012.

	2010	2011	2012
Banks and foreign bank branches	16	16	16
Non-bank financial institutions	17	19	21
Foreign exchange bureaus	284	301	322
Unions of Savings and Loan Associations	2	2	2
Savings and Loan Associations	126	126	126

Table 5 Number of  
financial institutions  
licensed by the Bank of  
Albania

Source: Bank of Albania.

Over the past two years, the number of financial institutions licensed by the Bank of Albania remained unchanged regarding banks and unions of savings and loan associations, as well as savings and loan associations, while it increased in non-bank financial institutions and foreign exchange bureaus.

In 2012, the Bank of Albania continued to grant new approvals for issuing outstanding debt for banks, bank charts and their changes, the possibility of providing electronic banking services, changing of the significant holding in non-bank financial institutions and equity structure, and money transfer service by agents on behalf of a non-bank financial institution.

## III.5.2 REGULATORY FRAMEWORK

In 2012, new regulations and amendments to existing regulations on banking supervision were finalised. They target the alignment with Basel Committee standards, EU directives and best practices in the field of banking supervision and regulation.

The following new regulatory acts and important amendments to effective banking supervision regulations were approved in 2012:

Regulation 'On creating, licensing and functioning of the bridge bank', which provides the rules on the process of creating, licensing and functioning of a bridge bank. This is a newly-introduced concept in the latest amendments to the banking law;

The revised Regulation 'On core management principles of banks and branches of foreign banks and criteria on approval of their administrators', which perfects further regulation of the supervisory authority requirements regarding the process of prudential and effective management of banks and foreign bank branches, mainly about risk management systems and respective structures, reward policies, etc.

The following regulations were amended:

'On licensing and operation of banks and branches of foreign banks in the Republic of Albania', which aimed at incorporating and further regulating the conduct of insurance, reinsurance and intermediation in insurance and reinsurance", for banks and/or branches of foreign banks, as a financial activity that requires preliminary approval by the supervisory authorities and is provided under the law on insurance;

'On defining the level of decision-making in the supervision of banking and financial activity', which aimed to fulfil and update the process of decision-making in supervising the banking and financial activity of banks and other institutions licensed and supervised by the Bank of Albania, according to levels/hierarchy defined in the matrix provided under this Regulation.

'On licensing the savings and loan associations and their unions', which aimed that the changes in the Regulation 'On defining the level of decision-making in the supervision of banking and financial activity' comply with the function of facilitating and accelerating and the effectiveness in the decision-making process.



*View of the grand entrance of the National Bank of Albania,  
Tirana, 1938.*









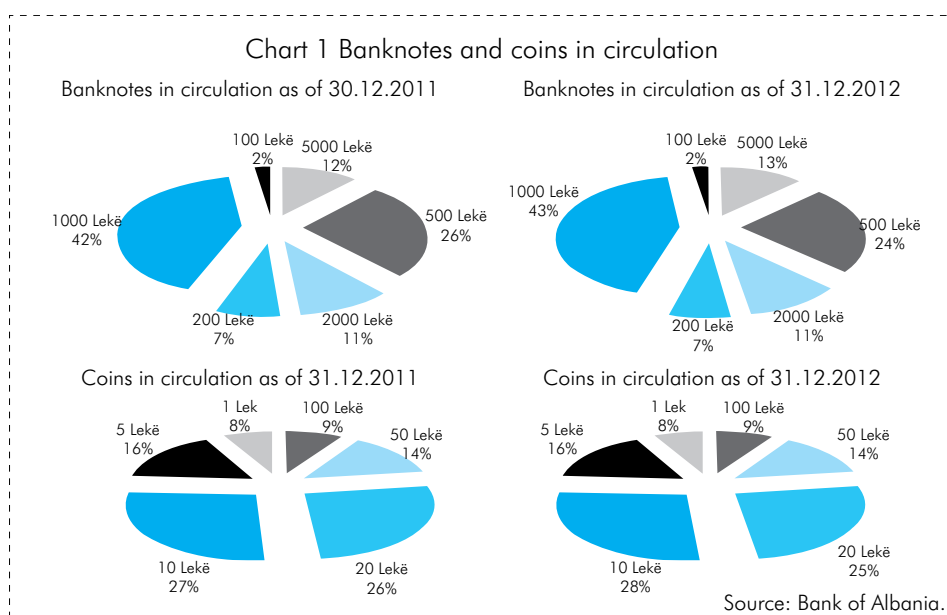
## CHAPTER IV. FUNCTIONS AND OTHER INSTITUTIONAL COMMITMENTS

### IV.1 MONEY ISSUANCE

According to the Constitution of the Republic of Albania, the Bank of Albania has the exclusiveness to issue and circulate the national currency, lek. The Bank of Albania determines the forms, measures, weights, model, and other characteristics of Albanian banknotes and coins of legal tender in Albania, as well as coins and banknotes to be minted/printed for numismatic purposes.

- BANKNOTES AND COINS IN CIRCULATION<sup>1</sup>*

At end-2012, there were 137,824,961 banknotes in circulation, worth about ALL 197.699 billion. Compared to 2011, their number was down by 5.1% and their value was down by 1.1%. This indicator's change is due to the slightly changed structure in favour of the 5000 LEKE banknote. Also, the volume of requests for payments by commercial banks fell slightly.



At end-2012, there were 130,683,932 coins in circulation, worth ALL 3.172 billion. Compared to 2011, the number of coins increased by 5.8% and their value increased by 4.7%. In 2012, the coins structure changed due to the slightly increased weight of 10 LEKE and 1 LEKE coins. At end-2012, the overall coin to banknote value ratio was higher than a year earlier.

<sup>1</sup> It is the number and value of banknotes and coins put into circulation by the Bank of Albania.

- *INDICATORS OF MONEY CIRCULATION*

At end-2012, the ratio of money in circulation to M2 aggregate was 30.0%<sup>2</sup>, while at end-2011 it was 31.84%. The Money Rate of Return<sup>3</sup> at the Bank of Albania was 0.496 in 2012, from 0.536 in 2011. This indicates that commercial banks, in relation to money in circulation, delivered less money to the cash desks of the Bank of Albania. In addition, the average value of a banknote in circulation was ALL 1,434 at end-2012, from ALL 1,376 at end-2011.

- *RECYCLING OF CASH AND QUALITY OF BANKNOTES IN CIRCULATION*

In 2012, 126 million banknotes were processed, which were checked for their authenticity and fitness for circulation. The processing showed about 20.5 million banknotes unfit for circulation, which were withdrawn from circulation. The sorting rate<sup>4</sup> was 16.27% and fell by 2.13% on a year earlier. Unfit banknotes were replaced case by case with new banknotes fit for circulation. The banknote circulation rate<sup>5</sup> for 2012 was 0.948, implying that a banknote is returned to the Bank of Albania cash desks, on average, once a year. This rate is higher for 200 LEKE and 500 LEKE banknotes (about 1.1 and 1.8) and lower for 5000 LEKE and 2000 LEKE banknotes (about 0.2), which shows that the latter are returned less to the cash desks of the Bank of Albania.

- *PROTECTION OF BANKNOTES AND COINS AGAINST COUNTERFEITING*

In 2012, the number of counterfeit banknotes and coins continued to be very small and, in relation to the quantity of coins and banknotes in circulation, it is insignificant. Banknotes evidenced as counterfeit by the technical analysis, are mainly reproductions with ink-toner in reproducing colour machines (scanning or photocopies), realising in several cases imitation of some security elements in poor-quality banknotes and in general printing paper.

By comparing the quantities of the national currency sequestered in the banking system in 2012 to those sequestered in 2011, there were 69.1% less counterfeit banknotes. Also, there were 4.7% less counterfeit coins.

- *NUMISMATICS AT THE BANK OF ALBANIA*

In 2012, the numismatics fund of the Bank of Albania was enriched with new coins for numismatic purposes.

<sup>2</sup> The value of M2 aggregate is used based on the preliminary data for December 2012.

<sup>3</sup> It is the ratio of banknotes and coins delivered at the Bank of Albania's cash desk to the average annual number of banknotes and coins in circulation.

<sup>4</sup> It is the ratio of unfit banknotes and coins to the total number of banknotes and coins sorted in a year.

<sup>5</sup> It is the ratio of banknotes delivered to the Bank of Albania cash desks to the average annual number of banknotes in circulation.

The 50 LEKE silver coins was presented in September for the general public, on 'Purple codex 043 ø - Beratinus 1', year 2011.



On the occasion of the 100th Anniversary of Albania's Independence, the Bank of Albania completed the minting of a three-coin set with no legal tender and a medal on '100th Anniversary of Independence - 2012'.



200 LEKE gold coin, with no legal tender, year 2012

100 LEKE silver coin, with no legal tender, year 2012



50 LEKE simple metal coin, with no legal tender, year 2012

Simple metal medal on '100th Anniversary of Independence - 2012'

Also, in 2012, the minting of the commemorative 200 LEKE coin, without legal tender, in gold, commemorating Mother Teresa was completed.



The series of coins and medals commemorating the Declaration of Independence and the coin commemorating Mother Teresa were presented to the public in November 2012.

Celebrating the 100th Anniversary of the Albanian State's Independence, the Bank of Albania presented its touring numismatic exhibition '100 years of Independence: Our history reflected in the national currency', which travelled through seven cities of Albania, and Pristina, the capital city of Kosovo. These exhibitions brought about an innovation in activities organised not only by the Bank of Albania, but also by the whole country, since they were the first of this kind for both the way objects were displayed in stand-boards, and the blended presentation of Albania's history with that of the national currency. The exhibitions displayed the main moments of Albania's history, distinguished personalities of the Albanian state reflected in configurations, writings and dates of all banknotes and coins that have circulated in Albania since the Declaration of Independence.

## IV.2 PAYMENT SYSTEM

To accomplish its legal responsibilities on payment systems, the Bank of Albania promotes the smooth functioning of payment systems, aiming at supporting monetary policy implementation and maintaining financial stability and public confidence in the national currency. In order to reach this objective, the Bank of Albania acts as an operator, supervisor and catalyser of the payment systems.

In 2012, interbank transactions in the national currency were cleared and settled with efficiency and security conform to the rules and procedures of both systems operated and administered by the Bank of Albania: Albanian Interbank Payment System – AIPS for the settlement of large-value payments and the Albanian Electronic Clearing House – AECH for clearing small-value payments. At end-2012, all banks and branches of foreign banks operating in the Republic of Albania were direct participants in the payment systems.

### IV.2.1 AIPS AND AECH SYSTEMS

- *ALBANIAN INTERBANK PAYMENT SYSTEM - AIPS FOR LARGE-VALUE PAYMENTS*

In 2012, about 77,090 transactions totalling about ALL 6,743 billion were processed in the AIPS. This system operated for 252 days, processing about 306 transactions per day with a daily circulation of ALL 26.76 billion. Annual transactions processed in this system increased about 2.42% compared to 2011, while the value of transactions increased considerably by 65.07%. From a longer-term perspective, the AIPS has had the highest annual circulation of liquidity since its start of operation.

*Table 1 AIPS activity*

AIPS	2008	2009	2010	2011	2012
Number of transactions	56,717	55,701	80,356	75,269	77,090
Value of transactions (in ALL billion)	5,146	4,718	4,437	4,085	6,743
Average value per transaction (in ALL millions)	91	85	55	54	87

*Source: Bank of Albania.*

Customer payments had the largest share in the number of transactions to the total, whereas Bank of Albania financing instruments are the type of transactions with the main share in terms of value, despite the fact that the latter is the least used instrument in the AIPS.

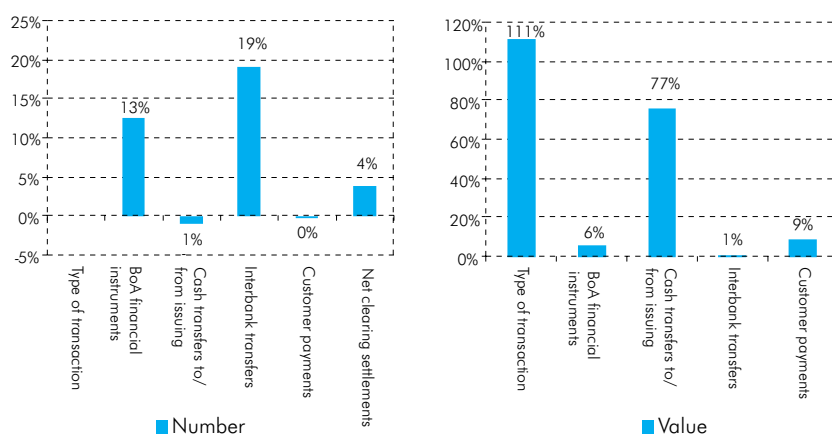
Table 2 Types of transactions in AIPS

Transactions	Number	Value (ALL millions)		
	Absolute value	Relative share	Absolute value	Relative share
Bank of Albania financing instruments	3,674	4.77%	3,778,576.42	56.03%
Cash transfers to/from the issue dept.	8,398	10.89%	224,993.73	3.34%
Inter-bank payments	8,233	10.68%	1,369,221.39	20.3%
Customer payments	49,013	63.58%	745,522.17	11.06%
Net settlement for clearing systems	7,772	10.08%	625,115.47	9.27%
Total	77,090	100%	6,743,429.18	100%

Source: Bank of Albania.

The analysis of the types of transactions processed and settled in 2012 shows that the increase in the volume of processed transactions owes mainly to 'Inter-bank transfers' and 'Bank of Albania's financial instruments', which increased by 1,321 (or 19%) and 409 (or 12.5%) transactions on a year earlier. Regarding the value, all the types of transactions increased relative to the previous year, mentioning 'Bank of Albania's financial instruments' by 111.38% and 'Interbank payments' by 76.66%.

Chart 2 Annual changes (2011-2012) in types of transactions settled through AIPS, by number and value



Source: Bank of Albania.

The concentration indicator shows the share of most active banks in total activity through AIPS. The four most active banks in AIPS account for 51.38% in number and 73.34% in value to total participant banks in the system. Also, in 2012, the total number of transactions initiated by banks was 5,567 transactions higher than in 2011 (or up by 15%).

Table 3 Concentration indicator for AIPS

AIPS	Number of transactions	Value of transactions (in ALL billion)
4 Banks*	21,854	2,885.7
Share in total	51.38	73.34
Total	77,090	6,743.4

\* Excluding the Bank of Albania and the Ministry of Finance.

Source: Bank of Albania.

In 2012, the needs of participants in the AIPS for intraday liquidity were slightly higher than a year earlier. Banks were granted 270 intraday loan facilities (ILF)<sup>6</sup> totalling ALL 90.8 billion, hence reflecting an annual increase by 10.2% in the number and by 7.9% in the value of the ILFs.

Table 4 ILFs in AIPS

AIPS	2008	2009	2010	2011	2012
Number of ILFs	579	207	278	200	270
Value of ILFs (in ALL billion)	221.43	120.55	74.99	84.39	90.8
Average value (in ALL millions)	382.44	582.34	269.76	421.95	336.28

Source: Bank of Albania.

ILFs throughout the years have been downward, implying increasingly significant reduction of funding AIPS transactions with ILFs. The lower ILF/total AIPS transactions shows an increasingly significant weakening of the liquidity risk in this system. In 2011, the financing through ILFs accounted for 2.07% to total circulation in AIPS, while in 2012, this indicator fell significantly to 1.35%.

#### • ALBANIAN ELECTRONIC CLEARING HOUSE (AECH) FOR CLEARING SMALL-VALUE PAYMENTS

The Albanian Electronic Clearing House (AECH) processes and clears customer payments below ALL 1.5 million. The system operates in three daily sessions. In 2012, about 361,552 payment orders were processed through this system, with an average value of ALL 190 thousand per settled transaction.

Table 5 AECH activity

AECH	January-December 2011	January-December 2012
Number of transactions	388,208	361,552
Value of transactions (in ALL millions)	64,097.88	66,990.11
Average value per transaction (in ALL millions)	0.17	0.19

Source: Bank of Albania.

On average, about 1,435<sup>7</sup> payments, with an average daily value of ALL 265.83 million were processed daily via the AECH. Over a year earlier, the number of cleared payments dropped by 7% (or by 26,656 transactions). In terms of value, they increased slightly by 5% (or ALL 2,892.23 million). This decline is due to the reduced number of payments processed by the Ministry of Finance, given that the latter has the major share in processing

<sup>6</sup> The intraday loan facility (ILF) is a financing instrument provided by the Bank of Albania to provide intraday liquidity to banks participating in the payment systems operated by the Bank of Albania.

<sup>7</sup> AECH and AIPS systems operated for 252 days in total during 2012.

payments through this system. The Ministry of Finance continues to be the main contributor to processing of small-value payments, respectively by 66% in number and 58% in value. The year 2012 pointed to an increasing number of payments processed by banks (by about 32 thousand payments, excluding the Bank of Albania). This increase owes to changes in the limit value of payments, from ALL 1.0 million to ALL 1.5 million and also to the addition of a third clearing session.

The concentration indicator shows the share of the four most active banks in the AECH in total activity of the AECH. The most active banks account for 59.75% in number and 63.35% in value, to total payments made by banks participating in the AECH.

AECH	Number of transactions	Value of transactions (in ALL billion)
4 Banks*	68,061	17.13
Share in total	59.75	66.35
Total	361,552	66.99

Table 6 Concentration indicator for AECH

\* Excluding the Bank of Albania and the Ministry of Finance.

Source: Bank of Albania.

## IV.2.2 PAYMENT INSTRUMENTS

Banks' statistics show that as at end-2012, customer accounts in lek or foreign currency increased by 3%, from 7.7% in 2011.

Table 7 Customer accounts

Account description	Total customer accounts			Accessible online		
	2010	2011	2012	2010	2011	2012
Customer accounts (1+2)	2,446,495	2,634,971	2,724,668	27,368	37,138	54,926
1- Resident accounts (a+b)	99%	99%	99.3%	97%	98%	98%
a - Individuals (%)	92%	94%	94%	66%	75%	80%
b - Businesses (%)	8%	6%	6%	34%	25%	20%
2- Non-resident accounts (c+d)	1%	1.2%	0.69%	3%	1.95%	2.2%
c - Individuals (%)	94%	87%	95%	80%	78%	87.4%
d - Businesses (%)	6%	12%	5%	20%	21.6%	12.6%

Source: Bank of Albania (banks' reporting according to the 'Methodology for reporting payment instruments').

In 2012, about 8.8 million customer payments were made, totalling ALL 3,719 billion, reflecting the 9% annual growth in number and the 5% decline in the value. Customer credit transfers share 75% in volume and 95% in value in total customer transfers. Also, of customer transfers, paper-based ones continue to dominate (about 96.4%), compared to electronic transfers (about 3.6%).

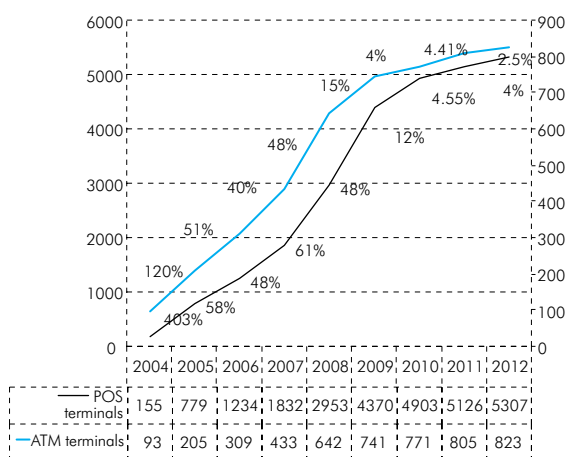


Table 8 Share of customer payments in the banking system by payment instruments

Customer payment services	2010		2011		2012	
	Number	Value (ALL billion)	Number	Value (ALL billion)	Number	Value (ALL billion)
I. Customer credit transfers	81%	94%	79.15%	95.23%	75.5%	95 %
of which:						
1. Paper-based credit transfer	97%	97%	97.05%	97.25%	96.4%	96.69%
2. E-banking credit transfer	3%	3%	2.95%	2.75%	3.5%	3.32%
II. Card payments at POS terminals	7%	0%	9.33%	0.28%	12.7%	0.36%
of which:						
1. Payments through debit cards	61%	42%	61.09%	43.23%	59.2%	35.3%
2. Payments through credit cards	39%	58%	38.91%	56.77%	40.7%	64.6%
III. Direct debit	11%	4%	10.75%	2.29%	11.14%	2.41%
IV. Cheques	1%	2%	0.77%	2.20%	0.72%	2.2%
Total payments (I+II+III+IV)	7,377,033	3,398,102	8,038,656	3,899,439	8,758,818	3,719,562

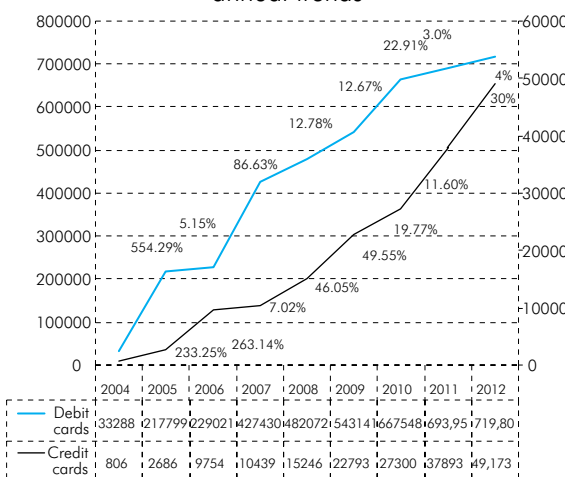
Source: Bank of Albania (banks' reporting according to the 'Methodology for reporting payment instruments').

Chart 3 Number of ATM and POS terminals



Source: Bank of Albania.

Chart 4 Number of cards by function and their annual trends



Source: Bank of Albania.

The number of banks licensed as card issuers in the Republic of Albania as at end-2012 was 14, unchanged from end-2011. Of banks licensed as card issuers, only seven banks are also licensed as card acceptors. As regards infrastructure, the number of ATM and POS terminals at end-2012 was up 2.5% and 4%, respectively, from end-2011.

Cards are a payment instrument with a relatively widespread use in Albania only recently. Their use, however, is considered to be lower than in other countries of the region and Albania's potential, taking into account that the share of customer accounts remotely accessible through a debit or credit card is 28% to total customer accounts.

At end-2012, the number of cards in circulation increased by 5.1% from the corresponding period a year earlier. By function, credit cards increased sharply by 30%, against the 4% of debit cards. According to banks' reporting, debit cards account for 93.6% of total cards in circulation at end-2012, from 95% at end-2011.

The increased number of debit and credit cards appears to have been associated with increased card transactions, mostly for cash withdrawal. In 2012, about 12.4 million card (ATM and POS) transactions, equal to ALL 123.50 billion, were processed in total. Of total transactions, about 91% were cash withdrawals from ATMs and only 9% were customer payments through cards at POS terminals. Card payments at POS terminals point to a predominant debit card transactions. However,

in terms of value, credit card transactions are significantly higher than debit card ones.

Card transactions by category	Volume		Value (ALL millions)	
	2011	2012	2011	2012
1- ATM cash withdrawals	10,778,879	11,300,261	106,660	109,609
2- ATM depositing	11.00	5	0.10	0.03
3- ATM transfer orders	277.00	80	5.72	0.68
4- Cash withdrawal at POS terminals	2,088	3,450	404	475
5- Card payments at POS terminals	750,397	1,107,425	10,914	13,396
of which:				
- payments through debit cards	458,067	656,000	4,719	4,739
- payments through credit cards	292,330	451,425	6,195	8,657
Total card transactions	11,531,652	12,411,221	117,980	123,481

Table 9 Share of card transactions by terminal

Source: Banks' reporting according to the 'Methodology for reporting payment instruments'.

At end-2012, 11 banks provided home-banking services. Expansion of these services is also reflected in the 48% annual growth of online-accessible accounts. The increasing number of these accounts is followed by upward home-banking transactions in both volume and value, up by 26% and 29%, respectively, as at end-2012 on a year earlier.

Year	Number of banks	Number of transactions	Value of transactions (in ALL millions)
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	91,277
2011	11	187,431	90,278
2012	11	236,215	117,234

Table 10 Home-banking transactions

Source: Banks' reporting according to the 'Methodology for reporting payment instruments'.

#### IV.2.3 BANK OF ALBANIA AS SUPERVISOR AND REFORMER OF THE NATIONAL PAYMENT SYSTEMS

In July 2012, the Bank of Albania completed successfully the twinning project, under IPA 2008<sup>8</sup> with the Bank of Italy and the Bank of France, which placed great importance to the payment system. The main topics addressed by this project consisted in strengthening the oversight and further development of the Albanian payment system.

More specifically, a number of regulations and manuals were drafted, highlighting:

- a. Review of the document on 'Oversight policies for payment and settlement systems' according to international best practices, whose scope was expanded to apply the recent developments in the payments area.

<sup>8</sup> IPA 2008 'Strengthening the institutional capacity of the Albanian Central Bank'.

- b. The manual 'On payment system oversight', which was drafted using the up-to-date standards used by the European Union central banks.
- c. Review of the methodology 'On reporting the payment instruments', in consultation with banks on the statistics they submit to the Bank of Albania.
- d. Draft-regulation 'On payment systems and operators' aimed at licensing and supervising operators and private payment and settlement systems.

The above documentation will serve not only to foster payment system oversight, and the security and efficiency in this area, but also to provide further information on the Albanian payment system (including payment instruments), contributing to enhancing transparency to the public.

In view of the objective to improve the financial infrastructure offered by the Bank of Albania, an important step forward was the project on improving the procedure for automatic administration of collateral and settlement of securities according to the Delivery Versus Payment (DVP) method. This project is being drafted conform to EU/ESCB in terms of setting up a Central Securities Depository (CSD).

### IV.3 FOREIGN EXCHANGE RESERVE MANAGEMENT

The Constitution of the Republic of Albania provides the Bank of Albania to hold and manage foreign-exchange reserves of the Republic of Albania. The Bank of Albania uses its best opportunities to hold the foreign-exchange reserve at a certain level, in accordance with the monetary policy and conducive to the country's financial stability.

The gross foreign-exchange reserve estimated and reported in euro increased by about EUR 64.99 million in 2012, posting EUR 1,972.48 million at end-December.

The key factors affecting the gross reserve are presented in the following.

- *STATISTICS ON FOREIGN-EXCHANGE RESERVE IN 2012*

*A. Transactions with the Ministry of Finance provided a positive impact, estimated at EUR 28.64 million, according to the following items:*

- Inflows from buying foreign currency in the market, EUR 69.08 million;
- Net inflows from various loans extended, renovation of short-term securities, etc., EUR 134.79 million;
- Privatisation and other receipts, EUR 3.65 million;
- Transfers (including debt service), EUR 178.88 million.

*B. Commercial banks' transactions provided a positive impact, estimated at EUR 33.23 million, according to the following items:*

- Commercial banks' deposits at the Bank of Albania to fulfil the required reserve and transactions related to their capital, etc., at EUR 134.41 million;
- Transfers, at EUR 101.18 million.

*C. Bank of Albania's transactions provided a positive impact, estimated at EUR 43.98 million, according to the following items:*

- Buying foreign currency from commercial banks and other institutions, at EUR 15.29 million (of which, EUR 10.6 million from banks and EUR 4.69 million from other institutions);
- Receipts generated from foreign-exchange reserve investments are estimated at about EUR 47.02 million. These receipts represent the bulk of payments in the form of security coupons, in which the foreign-exchange reserve is invested. The portfolio revaluation effect, as a result of interest rate volatility, is estimated at a negative value of EUR 24.62 million<sup>9</sup>;
- Settlement of Bank of Albania's dues to the IMF is estimated at EUR 8.11 million;
- Transfers, at about EUR 10.22 million.

Exchange rate volatility of currencies composing the foreign-exchange reserve influenced negatively the gross reserve, registering an effect of about EUR 16.24 million.

Cooperation with the World Bank in the framework of Reserves Advisory Management Program (RAMP) continued in 2012. This institution continued to provide specialised training and education programmes, in line with Bank of Albania's staff needs. These qualifications have aimed at consolidating and enhancing the degree of professionalism of the staff engaged in the foreign-exchange reserve management and of those that support or monitor the performance of this process.

In December, the International Swaps and Derivatives Association (ISDA) agreement was concluded with the Bank for International Developments (BIS). This agreement will enable Bank of Albania's engagement in SWAPS operations with the BIS for increasing the number of available instruments to improve return on foreign exchange reserve investment.

#### IV.4 DEVELOPMENT OF STATISTICS

The Law 'On the Bank of Albania' provides this institution with the right to collect and produce banking system statistics and to compile Albania's balance of payments and the respective methodology. The Bank of Albania cooperates with other national statistics agencies in coordinating statistical activities, drafting the Five-year Programme of Official Statistics, compiling

<sup>9</sup> This value contains also the effect created from receipt of security coupons.

and adjusting the statistical methodology. Bank of Albania's statistics function is carried out by the Statistics Department, which manages the reporting system, statistical methodologies and activities, and produces and distributes Bank of Albania statistics. The Bank of Albania is responsible for producing and disseminating banking supervision statistics, monetary and financial statistics and balance of payments statistics. These statistics constitute the raw material for analyses and decision-making of other Bank of Albania units in carrying out its legal function. Also, the Bank of Albania is responsible for reporting the statistical data to international statistical agencies, such as the IMF, World Bank, OECD.

- *STATISTICS PRODUCTION AND DISSEMINATION*

#### *Statistical indicators*

The Bank of Albania produces regularly about 4000 statistical indicators, most of which are disseminated on a monthly basis. These indicators are published and made available to users of the Bank of Albania's website, as well as in periodic publications such as monthly Statistical Report, Monetary Policy Report, Annual Supervision Report, Financial Stability Report and Annual Report of the Bank of Albania. In 2012, the database published by the Bank of Albania was enriched with five new tables, with information on Albania's international investment position and with very detailed information on the stock of foreign investments in Albania, by country and economic activity.

#### *Integrity and transparency*

Every statistical indicator produced by the Bank of Albania guarantees the fulfilment and observance of all official statistics principles. This standard is reflected in the interest and confidence of users within the country and abroad. The media and public forums cite the Bank of Albania regularly, as a reliable, unbiased and transparent source of statistical data. The statistical database on Bank of Albania's website is visited by a large number of users and is regularly one of the most visited sections of the Bank of Albania's website.

#### *Calendar and statistics quality*

Observance of statistics publication dates is an important condition for every statistics agency. Bank of Albania's statistics are disseminated in accordance with the calendar of statistics publication, which is published bi-annually on Bank of Albania's website. Observance of this calendar and transparency to users remain an important priority of the Bank of Albania.

The quality of statistics produced by the Bank of Albania is ensured through the implementation of and adapting to methodologies and international standards on the production of statistics. Statistical manuals and methods are made available to users in the form of e-publications and printed versions. The main manuals guiding the production of Bank of Albania's statistics are the 'Methodology of Monetary and Financial Statistics' and the 'Balance of Payments Methodology', which are adapted to IMF's country-specific manuals.

### Communication with reporters and users

The Bank of Albania keeps regular contacts with reporting units, other statistical agencies and users. In order to increase the quality of reporting, the Bank of Albania organises frequently training activities with the reporting units represented mainly by commercial banks. In 2012, several meetings and workshops took place. Also, two questionnaires on information storage and information processing systems of commercial banks were administered.

#### • PROJECTS IN 2012

In 2012, the Bank of Albania participated in several projects related to different aspects of statistical production. The Twinning Project with the Bank of Italy and the Bank of France on 'Strengthening institutional capacity of the Bank of Albania in banking supervision, statistics, payment systems, and monetary policy implementation' and the Eurostat-EU IPA-2009 project on 'Regional statistical cooperation programme for the Balkan countries' were completed by the end of 2012 H1.

The Bank of Italy assisted the Bank of Albania in the area of statistics under the Twinning Project. A model was designed in the module on the balance of payments and international investments position, in order to improve the coverage and quality of statistics on portfolio investments and foreign direct investments. During the project, methodological forms and materials were formulated, aiming at gradually approximating the national statistics system with those of the European Central Bank and the European System of Central Banks. The establishment of a reporting and methodological basis for compiling financial transactions statistics on the banking system and non-bank financial institutions was incorporated in the financial statistics module. The object of this project was to set up a structure for compiling the financial account of the financial sector.

In 2012 H1, the Bank of Albania completed successfully the objectives under the IPA-2009 project 'Regional statistical cooperation programme for the Balkan countries' and was commended by project coordinators. The project had on focus the balance of payments and economic statistics of resident enterprises with foreign capital and Albanian subsidiaries abroad. Under this project, the Bank of Albania carried out: reporting of new statistical tables according to 'BoP Vademecum', Eurostat 2010 requirements; identification of necessary methodological improvements pursuant to Eurostat requirements; drafting of a development plan of methodological changes according to BPM6<sup>10</sup>; preparation and approval of a development plan for methodological improvements in the balance of payment statistics by Eurostat experts. The work plan contains the platform for producing statistics on foreign investments, remittances and services by details, standards and periodicity required under the 'BoP Vademecum', Eurostat 2011.

<sup>10</sup> 'Balance of Payments and International Investment Position Manual, 6th Edition, IMF, 2010'.



In 2012 Q4, the Bank of Albania started the project on 'Regulatory Reporting Automation'. The project is funded by the European Bank for Reconstruction and Development and will last two years. The objective of the project is to establish an electronic reporting system for all the institutions that report data to the Bank of Albania. This system will lead to automation of the control process, domestic processing and publication of statistical data. This system is projected to bring about several advantages, such as preventing manual work, improving the control, shortening the reporting and processing time, monitoring the reporting process better, increasing the volume and quality of data, and minimising or preventing reporting overlap.

#### IV.5 RESEARCH

The Bank of Albania aims to support its decision-making process based on sound foundations of knowledge tested on the Albanian economy. Investment in creating sound researching capacities has enhanced Bank of Albania's reputation and reliability, as an institution furnished with relevant knowledge to guarantee the country's macroeconomic balances. Therefore, Bank of Albania's development strategy regards active scientific research as primary.

Bank of Albania's research has contributed to enhancing the level of knowledge on the Albanian economy and the researching materials, particularly in applied economics. These researches describe and assess economic issues that determine the economic development dynamics and investigate empirically the correlation among these phenomena. Statistical surveys and theoretical research on assessing the multi-dimensional case variables predicting the macroeconomic variables have completed the spectre of scientific research. Financial stability, monetary policy, exchange rate, regional integration and fiscal policy remain the main topics of applied economics research conducted at the Bank of Albania. During 2012, the research was also focused on assessing and explaining the euro-area crisis impact on the Albanian economy and the Balkan countries, as well as on explaining the macroeconomic models portfolio to incorporate a financial model into the Albanian banking system, aiming at monitoring it and assessing its performance in terms of capitalisation level, credit risk and bank profit.

In terms of monetary policy and exchange rate, the role of money, as an important pillar of Bank of Albania's monetary policy, and the explanation of lek's daily exchange rate volatility versus two major currencies, the euro and the dollar, were analysed in 2012. Also, the impact of the Greek crisis on Albania and the countries of the region, and the nature of global economic shocks to and their effects on the Albanian economy were considered, trying to identify and diversify the impact across the main economic partners.

Three empirical materials addressed trade relations with our trading partners from the South East Europe and the regional integration. They focussed on the assessment of the exchange rate impact on trade flows of Albania and the main trading partners, measurement of the South East European economies'

integration from the viewpoint of the business cycle and macroeconomic indicators, as well as the transmission of shocks to the real activity among partner countries in the region and the euro area.

Questionnaires and statistical surveys continued to support the decision-making process and the corporate (bank) governance project through the Banking Governance Index. The database created on this index helped assess its correlation with the banks' financial performance. The analysis pointed out that there is a positive correlation between some banking system indicators and the Banking Governance Index. In 2012, the survey, as a means of empirical research, was extended to payment instruments as well. It aimed to identify business characteristics and consumer behaviour, which impact on the use of payment instruments in the economy.

In this context, the research supported the decision-making process of formulating and implementing the Bank of Albania's policies and the enrichment of macroeconomic models the decisions are based on. In 2012, the MEAM model and its satellite models were used to assess future developments of main macroeconomic indicators and various risk scenarios on price stability, financial stability and macroeconomic stability.

The Bank of Albania's website, under the section "Publications/Research and Working Papers" provides detailed and complete information on Bank of Albania's research, while several articles are also published in Bank of Albania's Economic Bulletin. The bi-annual brochure on "Scientific novelties at the Bank of Albania" informs about the newly-completed research materials or about those in process. The related materials are presented in the 'Friday Seminars' or in other activities organized by the Bank of Albania throughout the year.

#### • ACTIVITIES

From May to June 2012, the Institute of Economic and Banking Studies hosted a two-week course on 'Management of professional surveys and data processing in Excel and SPSS'. This course aimed at providing basic knowledge on professional surveys to Bank of Albania's staff, mainly to those engaged in positions outside the economic sphere.

The Bank of Albania, in cooperation with the University of Oxford, hosted a high-level seminar held on 14 June 2012 on the 'South East Europe: Prerequisites for reform'. The seminar focused mainly on current developments in the regional economies, crisis effect on these economies, challenges ahead, as well as reforms and initiatives to be taken at present and in the future. During discussions, special focus was placed on ongoing economic reforms, further fiscal spaces, and further deepening of overall structural reforms, hence leading to a better coordination between economic and financial policies to ensure further macroeconomic stability in the region. The seminar was a follow-up of the cooperation agreement between the Bank of Albania and the University of Oxford, signed in September 2010.

For the sixth consecutive year, on 12-13 November 2012, a regional meeting was organised on "Economic Research in South Eastern Europe". This meeting hosted 25 representatives (speakers and contributors) from the Bank of Albania and other central banks in the region, such as the Bank of Croatia, the Bank of Bulgaria, the Bank of Macedonia, the Bank of Hungary, the National Bank of the Czech Republic, the Bank of Poland, the Bank of Kosovo, the European Central Bank, etc. The purpose of this activity was to improve and further increase the cooperation, open a dialogue among economic researchers, enhance the knowledge of the central banks in the region on the characteristics and specific developments of the participating countries. The main issues under discussion were the region's public finances, economic uncertainties and how central banks can face them optimally, productivity and trade, financial stability and price stability. These are interesting issues for analysing the difficult economic situation sweeping across the euro area and related solutions.

The Bank of Albania (the Institute of Economic and Banking Studies), in cooperation with the Bank of Greece, hosted the Seventh Annual Conference on the South-Eastern European Monetary History Network (SEEMHN) on 14 December 2012. This network is a community of monetary and financial historians, economists and statisticians, established on April 2006, at the initiative of the central banks of Greece and Bulgaria. The Bank of Albania hosted the Seventh Annual Conference of the SEEMHN, reflecting its support to SEEMHN, the main objective of which is to spread knowledge on the history of monetary policy of the South-Eastern Europe, as an integral part of the European experience. The topic of this conference was: 'Tale of two crises: the Great Depression and the Great Recession in South Eastern Europe (Parallels, Crisis Management and Banking Sector Restructuring)'. The Bank of Albania presented three materials, which addressed the impact of the Greek crisis on Albania and the region, and the fiscal policy in Albania and in EU countries.

During 2012, the Bank of Albania offered the "Governor's Award for the Best Diploma" to students graduating in 2012. This award encourages Albanian students at home and abroad to deepen their scientific research on monetary economics, financial stability, economic integration of the Balkan countries into Europe, Bank of Albania's activity, the Albanian banking system and the overall economy. This activity represents a good tradition and contributes to creating a research culture and establishing a supporting structure furnished with young people, who do not only have the desire, but also the needed knowledge to study.

#### IV.6 PUBLIC COMMUNICATION

Public communication is an important pillar of Bank of Albania's activity for both fulfilling the responsibility to offer maximum transparency about its decisions and their effects, and boosting public confidence in the central bank. A transparent communication helps improve the decision-making quality and the proper transmission of Bank of Albania's policies into the economy. In

view of this, the Bank of Albania regards its interactive communication with the public as a prior and strategically important issue in its vision for the long-term development, serving the accomplishment of Bank of Albania's objectives and legal duties.

#### IV.6.1 PUBLIC INFORMATION

The Bank of Albania uses a number of communication instruments to inform the public and explain clearly its objective and activities to achieve it. Among them, we would mention:

- *MONTHLY PRESS CONFERENCES*

The Bank of Albania organises a monthly press conference on the Bank of Albania Supervisory Council's monetary policy decision, during which the Governor explains the decision to the public and the analysis that led to that decision. During 2012, the Bank of Albania organised 12 press conferences, as scheduled and published at year-start, which were followed by the publication of Governor's speech and respective questions and answers.

- *MONETARY POLICY REPORT*

This report is the main written monetary policy instrument for communication with the public. It presents a comprehensive description of the latest macroeconomic developments and factors that have affected and are expected to affect consumer prices in Albania. In 2012, this report was published quarterly, both in Albanian and English.

- *PRESENTATION OF THE ANNUAL REPORT TO THE PARLIAMENT*

The Annual Report is an annual publication that provides an elaborate description of Albania's economic and financial situation, and Bank of Albania's activity during the year. Every year, the Governor of the Bank of Albania presents it to the Parliamentary Commission on Economy and Finance.

- *MEDIA RELATIONS*

To enhance transparency to the public, the Bank of Albania uses a number of instruments to highlight central bank's ongoing communication with the print and electronic media, ensuring real-time information on decisions affecting the public and activities of the Bank of Albania and the whole banking activity.

- *PUBLIC ADDRESSES*

The Governor and other representatives of the Bank of Albania communicate with the public through speeches, presentations and lectures held in various

activities organised by the Bank of Albania or other national or international institutions.

- *DIALOGUE WITH THE BANKING SYSTEM, BUSINESS AND ACADEMIA*

Four forums, regional meetings and round tables organised with representatives of the banking system, businesses, local government and academia were part of the Bank of Albania's communication with the public. Besides discussions on key issues of the day, they provided the Bank of Albania with the possibility to obtain information on sector-related or district-related concerns.

- *PUBLICATIONS*

Bank of Albania's publications provide detailed and updated information on Albanian and global economy, developments in the banking and financial system, currency and financial stability, amendments and enrichments of the banking legislation and its regulatory framework, as well as other issues.

In 2012, the periodic and non-periodic publications consisted of 4533 pages of analyses, statistics and research in both Albanian and English. The set of periodic reports was the same in 2012 as in 2011: Annual Report 2011, quarterly Monetary Policy Report, Financial Stability Report (bi-annual) and Annual Supervision Report 2011. Besides periodic reports, other publications were: Official Bulletin (monthly), Bulletin of the Bank of Albania (half yearly), Scientific novelties at the Bank of Albania magazine (half-yearly), nine research papers, the book Personal Finance in your Hands, the teachers book on Personal Finance in your Hands, book on Building the Future through Financial Literacy, as well as the publication of two educational brochures and three leaflets.

In order to intensify relations with economic, financial and research institutions, and with other interested parties, and to fulfil the Bank of Albania's obligation for publishing, informing and explaining its objectives, policies, procedures, and opinions, the Bank of Albania continued to disseminate its publications free of charge during 2012.

- *OFFICIAL WEBSITE*

Throughout 2012, the Bank of Albania provided full transparency through the real-time publication on its website of information about its work and the banking system, administrators' speeches, statements and press releases, periodic reports, surveys, analyses and research work, statistics and various indicators. Identifying the public information as part of its priorities, the Bank of Albania has since 27 July 2012 started to periodically publish the interest rates and commissions on products and services offered by commercial banks in Albania.

- STATISTICS

The Bank of Albania has a rich statistics system for many sectors of the Albanian economy, such as: the banking sector, fiscal sector, real sector and external sector. The related statistics are published according to a defined schedule that is updated bi-annually. The main goal for collecting this information is related to central bank goals, such as: formulate the monetary policy, compile the balance of payments, and analyse the banking and financial system for its further development.

#### IV.6.2 PUBLIC EDUCATION

The Bank of Albania's communication strategy aims to, inter alia, educate the public about a great number of issues, ranging from personal finance and banking to Bank of Albania's direct or indirect impact on supporting the country's economic development. Financial literacy is now a necessity, taking into consideration not only the rates of economic, banking and technological development, but also the importance and weight of information on today's global world.

Though the public education is not Bank of Albania's legal obligation, it assigns special importance to expansion and deepening of the financial literacy, particularly for the new generation. The measures planned under the communication strategy were fully implemented in 2012, highlighting the most striking project, i.e., the integration of financial literacy into the high-school curricula.

- FINANCIAL LITERACY PROJECT FOR HIGH-SCHOOL EDUCATION, PERSONAL FINANCE IN YOUR HANDS

The financial literacy project for high schools is based on the textbook 'Personal Finance in your Hands'<sup>11</sup>, which is an elective subject taught through 36 classes. Students may elect it in any of the three high-school years.

#### Electing the Subject

Presented for the first time in 2011, during the second year of the project, this subject was elected by 9500 students in 127 high schools, showing higher figures than a year earlier when it was elected by 7000 students in 82 high schools.

District	No. of schools	No. of students	District	No. of schools	No. of students
Berat	12	985	Lezhë	9	555
Bulqizë	1	230	Librazhd	12	686
Delvinë	1	72	Lushnje	5	570
Dibër	2	330	Malësi e Madhe	5	174
Elbasan	7	473	Mat	9	450
Fier	8	480	Peqin	2	290

Source: Bank of Albania.

Table 11 Personal Finance in your Hands, elected over the 2012-2013 school year

<sup>11</sup> The textbook was designed by Bank of Albania staff, consulted with the Institute of Education Development and approved by the Ministry of Education and Science.



### Teacher's book

During this year, this project was enriched with the teacher's workbook. In accordance with the teaching programme objectives, the teacher's workgroup provides answers to exercises of the textbook 'Personal Finance in your Hands', as well as to many questions, and additional exercises the teachers can use in class to practise the acquired knowledge of students during the lesson.

### Training Teachers on "Personal Finance in your Hands"

Organising training seminars for teachers of this subject, part of the project, is another activity of the Bank of Albania. As an important channel transmitting accurately the acquired knowledge from the textbook to students, teachers need to be trained to enhance their teaching skills on this subject. Four one-day workshops took place in 2012, in which 112 teachers were trained on all the topics in the textbook, illustrating them with examples from the financial reality, as well as doing practical exercises.

### Governor's meetings with high-school students and teachers

In 2012, the Governor held meetings and open discussions with high-school students in several high-schools that have elected 'Personal Finance in your Hands'.

- *OTHER EDUCATIONAL ACTIVITIES*

### 86th Anniversary of the National currency

The Bank of Albania organised its annual activity on the first Albanian currency issue. The activity unfolded the whole spectre of money values, not only as a means of payment, but also related to financial literacy. It was designed as a mini-fair for children and youngsters of 9-year basic education and high schools.

### World Environment Day

In the framework of the World Environment Day, the Bank of Albania organised an educational activity in the form of a mini-fair, dedicated to children and youngsters of the 9-year basic education and high schools, by offering a variety of written and visual materials to inform students on the crucial importance of environment protection, and medical and economic priorities of recycling.

### Cooperation with the Albanian Association of Banks

2012 marked the first cooperation of the Bank of Albania with the Albanian Association of Banks in the area of financial education, which funded the printing and distribution of 4000 textbooks "Personal Finance in your Hands".

## IV.6.3 ACTIVITIES ON THE OCCASION OF THE 100TH ANNIVERSARY OF DECLARATION OF ALBANIA'S INDEPENDENCE

The year 2012 marked an important event for Albania: the 100th Anniversary of Declaration of Independence. The Bank of Albania, as a central institution

in the country, was involved in the nationwide spirit of celebrations, providing its contribution to respective areas.

Touring exhibition on '100 Years of Independence: Our history reflected in the national currency'

The Bank of Albania organized a touring exhibition on "100 Years of Independence: Our history reflected in the national currency", which was opened in 7 Albanian cities: Berat, Gjirokastra, Elbasan, Shkodra, Korça, Tirana, Vlora, and in Pristina, Kosovo displaying also a section on financial education.

The 10th International Conference of the Bank of Albania on 'Monetary Policy: From the past to the present'

On 26 October 2012, the Bank of Albania hosted the 10th International Conference on 'Monetary Policy: From the past to the present'. The conference took place in three panels: the history panel, the present panel and the Governors' panel that gathered together discussions of seven Governors of different central banks.

New web section "Bank of Albania in the 100th Anniversary of Independence"

The Bank of Albania created a new section on its website to commemorate this important event and inform the public on all activities organised by the Bank of Albania during this jubilee.

## IV.7 EUROPEAN INTEGRATION

Part of Bank of Albania's mid-term objectives is the fulfilment of its institutional objectives, with a view to meeting the requirements arising from the European integration process and the legal and regulatory approximation to EU acquis. These obligations derive from the EU-Albania Stabilisation and Association Agreement, which constitutes the contractual framework of the EU-Albania relations.

### IV.7.1 EUROPEAN INTEGRATION ISSUES

Albania submitted its application for EU membership on 28 April 2009 and after completing an assessment Questionnaire of the European Commission, the granting of the candidate status depended on the fulfilment of 12 priorities related to political issues.

In October 2012, the European Commission recommended the EU Council to grant Albania the candidate status and, subsequently, the opening of membership negotiations provided that Albania fulfilled some key measures related to public administration and judicial reforms, and the reviewing of the Parliament's Rules of Procedure.

Regarding the EU-Albania Stabilisation and Association Agreement (SAA), the Bank of Albania, in accordance with its institutional commitments, has contributed to drafting the National Plan for the Implementation of the SAA for the period 2012-15, in terms of identifying the current situation and evidencing the regulatory framework and administrative capacity in the area of macroeconomic stability, monetary policy, free movement of capital, the right of establishment and freedom to provide services. Also, short and medium-term priorities have been identified and laid out, as well as legal incentives and operational activities to implement them, by projecting the necessary technical assistance and the expected costs of the process of national legislation's approximation with the *acquis*.

During the year, the Bank of Albania was involved in two processes initiated by the Ministry of Integration on the IT systems for the European integration process:

- Online system of the National Plan for the Implementation of the Stabilisation and Association Agreement 2012-15; and
- Allocation of responsibilities for the EU *acquis* according to an inter-institutional online IT system.

On 10 October 2012, the European Commission published the Albania 2012 Progress Report, which covers the period from October 2011 to September 2012 and describes the progress made by Albania and the challenges facing it, laying down an approach of the European Commission to guide and support our country in the future. The Progress Report describes the relations between Albania and the European Union, analyses the progress made on political, economic and legal accession criteria (Copenhagen criteria), and presents a summary of the European Commission's assessment of priorities and problematic issues in 33 areas according to the *acquis communautaire*.

The European Commission commended Bank of Albania's work in the Progress Report, stating, *inter alia*, that the macroeconomic stability has been maintained, monetary policy has successfully helped to keep inflation stable and the banking sector remains capitalised and liquid.

The Bank of Albania has prepared and presented the required information in the periodic meetings between Albania and the EU in the framework of the implementation of the SAA.

Thus, the Stabilisation and Association Committee addressed all the achievements in the implementation of the SAA. This meeting aggregated all the issues discussed at the technical level in the joint sub-committees, both on economic criteria and European standards. In the following meeting of the EU-Albania Sub-Committee on Economic, Financial and Statistics matters, the Bank of Albania reported on issues pertaining to overall economic development and its perspective, inflation and monetary policy, external sector, as well as developments and reforms in banking and financial sectors.

In the meeting of the Sub-Committee on Internal Market and Competition, the Bank of Albania reported on improvements in the banking system regulatory framework and movement of capital. At the conclusion of this meeting, the delegation from the European Commission welcomed the developments in the legal and regulatory framework and encouraged further legal approximation with the *acquis*.

Engagement of Albanian institutions participating in drafting and periodically updating the work plans on recommendations from the joint EU-Albania meetings were a new practice in 2012. The Bank of Albania completed and delivered concrete work plans.

In view of fulfilling the obligations arising from the Central European Free Trade Agreement (CEFTA), the Bank of Albania has contributed to completing the schedule of the trade of services in the Republic of Albania. This schedule outlines the current status of the existing discriminatory measures related to the entry into the market and the national treatment for foreign providers of banking and financial services in relation to domestic providers.

In the context of opening negotiations with the CEFTA member countries in 2012, the Bank of Albania was engaged in preparing comments on the schedule of banking and financial services in Kosovo and Serbia. These comments will serve as a basis for starting negotiations to eventually open the market and further liberalize the trade of services.

Also, the Bank of Albania has passed on periodic information to the World Trade Organization about the notification of laws and by-laws approved in 2012.

#### IV.7.2 ASSISTANCE FROM THE EUROPEAN UNION

July 2012 marked the completion of the Twinning Project between the Bank of Albania, the Bank of Italy, and the Bank of France, a project funded by the EU IPA.

The main objective of this project was to assist the Bank of Albania in meeting the Copenhagen economic criteria, ensuring effective implementation of monetary policy and a safe, well-developed and financially stable banking system in Albania.

This project was based on the priorities arising from the Stabilisation and Association Agreement and the European Partnership, aiming to maintain macroeconomic stability, strengthen the legal and regulatory framework of the banking sector, monitor the overall financial sector, and improve and further develop various economic statistics.

During the project implementation, all activities projected in the work plan were completed and final products complied with the objectives.

## IV.8 INTERNATIONAL COOPERATION

As part of its institutional development strategy, the Bank of Albania aims to intensify the mutual relations and technical cooperation with international financial institutions and central banks. Along with further progress in its relations with them, the Bank of Albania aims to benefit from their technical assistance, in order to strengthen its human and institutional capacities.

### IV.8.1 RELATIONS WITH THE INTERNATIONAL MONETARY FUND

The Republic of Albania has been a member of the International Monetary Fund (IMF) since October 1991. It is in the same constituency with Italy, Greece, Portugal, Malta, San Marino and Timor-Leste. It is headed by the Italian representative, Mr. Andrea Montanino, who has served as an Executive Director of this constituency since November 2012. This constituency has a total of 106,404 votes (or about 4.22% of total votes of all IMF members). In 2012, Albania's quota changed from SDR 48.7 million to SDR 60 million due to the increase in the 2008 quota reform and representation of the International Monetary Fund.

In September-October, an IMF mission held consultations with Albanian authorities in the framework of Article IV of the Fund's Articles of Agreement. Based on the mission's assessments, the IMF Executive Board is expected to provide its final conclusions. According to the preliminary report of the mission, since the beginning of the 2009 crisis, Albania has successfully avoided sharp decline in production and has maintained the banking system stability as a result of prudent macroeconomic policies. The report commended the monetary policy for its contribution to anchoring macroeconomic stability, the inflation targeting regime and the free-floating exchange rate to keeping inflation low and stable. The report points out, inter alia, that the banking system has weathered the crisis well, thanks to the prudential supervision and high level of liquidity and bank capital.

The Governor of the Bank of Albania has 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 during this year were the spring and annual meetings of the IMF and the World Bank Group, held in April and October, respectively, where the delegation of the Bank of Albania presided by the Governor, met with senior IMF officials. These meetings focused on recent economic developments and measures taken by the Bank of Albania in monetary policy and banking supervision to preserve Albania's macroeconomic stability and increase economic sustainability.

The meetings noted the very good relations between the IMF and Albanian authorities and commended the progress made by the Bank of Albania, particularly the undertaking of effective and timely policies that have contributed to boosting Albania's economic activity. Representatives of the IMF and the World Bank Group have encouraged the Albanian authorities to further their

prudential policies, and have expressed their willingness to provide assistance regarding the international crisis performance in the future.

Following the IMF's institutional reforms, the Bank of Albania coordinated its work with the Ministry of Finance to adopt amendments and grant consent for increasing Albania's quota under the 14th general review of quotas and the IMF Executive Board Reform in 2010. The resolution aims at increasing the overall quota at 100% value for all the IMF member countries, hence better reflecting the change in the relative share of countries in the world economy.

#### IV.8.2 RELATIONS WITH THE WORLD BANK GROUP

Albania has been a member of the World Bank Group since 1991 and has benefited from this institution a total of USD 1.4 billion through 71 projects. In 2010, the Board of Directors of the World Bank Group approved the new partnership strategy with Albania for 2011-14, which is focused on three strategic objectives:

- (i) Support recovery in Albania's growth rates by improving the competitiveness;
- (ii) Broaden and sustain social gains by improving education and health services; and
- (iii) Reduce vulnerability to climate change.

In 2012, the cooperation of the Bank of Albania with the World Bank Group continued through the Reserves Advisory and Management Program (RAMP). During this year, the cooperation continued through training courses offered to Bank of Albania staff according to their needs, aiming to maintain, consolidate and further increase the professionalism of the staff engaged in foreign exchange reserve management.

The World Bank continued to fund the participation of the Bank of Albania staff in specialised educational programs such as Chartered Financial Analyst (CFA) and Certified Investments and Derivatives Auditor (CIDA). Distance consultancy on issues related to foreign exchange reserve including, inter alia, upgrading of information technology infrastructure supportive to investment activity, continued in 2012. During the first half of the next year, we expect to put in operation a new information system, the Portfolio Analytics Tool, for foreign exchange reserve management.

Also, in 2012, the World Bank's financial sector team visited the Bank of Albania Supervision Department to assess the euro area crisis, focusing mainly on the rapid implementation of the new legal and regulatory framework. Regular contacts continued, aiming at drafting three guidelines on issues of loan restructuring and real estate evaluation. The World Bank has projected the implementation of an 18-month programme to reduce the number of non-performing loans, with the participation of several domestic institutions. For implementing this programme, during June-September 2012, intensive correspondence took place with experts of the international institution.



In the spring and annual meetings of the IMF and the World Bank, the delegation of the Bank of Albania discussed Albania's economic developments, measures taken by the Bank of Albania to maintain macroeconomic stability and ensure Albania's stable economic growth. On their side, World Bank representatives commended Albanian authorities for their work and offered their assistance about the circumstances and evolution of the international crisis in the future.

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

#### IV.8.3 RELATIONS WITH THE FSVC

In 2012, cooperation and coordination with the USAID advanced through the financial sector development programme, implemented through the VEGA/FSVC.<sup>12</sup> Assistance to the Bank of Albania consisted in several important projects, mainly on banking supervision, in the form of workshops, seminars, expertise or study visits on the following issues:

- Supervisory review process - workshop held in April on Basel II pillar, an integral part important for the banking supervision process concerning risk assessment and monitoring;
- Supervision of leasing and factoring - seminar held in May, on licensing and supervision of the activity carried out by leasing and factoring institutions, to review the regulatory framework on the supervision of non-bank financial institutions;
- Credit risk management - consultation and expertise, held in June by experts of the Federal Deposit Insurance Corporation (FDIC) on credit risk management and more advanced topics such as real estate evaluations, credit concentration etc., as an important part of analysis and supervision;
- Non-performing loan management – workshop organised in June on the importance of early prevention and identification of non-performing loans, tactics of the negotiation process with borrowers, etc;
- Bank resolution process - consultations and expertise by international experts in bank resolution process and workshop on this topic, respectively in June and July, on drafting a document with recommendations related to the bank resolution strategy in the case of the Albanian banking system;
- Capital adequacy under Basel II – workshop held in September on the first pillar of the Basel II, which addressed regulatory capital issues for monitoring the credit risk pursuant to the standard method, credit risk mitigation techniques, Basel III news, etc.;
- Regulatory framework for the electronic money institutions - expertise and study visit held in November at the Central Bank of Croatia related to the drafting of necessary regulatory framework on licensing and supervising the electronic money institutions, as well as regulating the electronic payment instruments.

<sup>12</sup> VEGA- *Volunteers for Economic Growth Alliance*.  
FSVC- *Financial Services Volunteer Corps*.

Cooperation with the FSVC on banking supervision and regulation will continue in 2013, mainly in terms of approximating and adapting the banking legislation to EU directives, and best experience in the region concerning consolidated supervision, International Financial Reporting Standards, etc.

#### IV.8.4 RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

In 2012, the Bank of Albania continued to keep regular contacts with the European Bank for Reconstruction and Development (EBRD) by providing information and statistics about the Albanian economy in general, and the financial sector in particular. In the 2011 Transition Report, the EBRD described the financial crisis and transition from the viewpoint of individuals and households, based on the survey 'Life in transition' conducted in 2010. This information described this institution's assessments of macroeconomic developments, and economic and structural reforms in Albania, with special focus on analysing the EBRD assessments of the financial, banking and non-banking sector in the country, as well as the Bank of Albania's contribution to these developments.

Also, in 2012, the Bank of Albania continued to keep close relations with the Bank for International Settlements (BIS), through Governor's participation in the general annual meeting and the technical assistance to the Bank of Albania through seminars and training courses.

#### IV.8.5 RELATIONS WITH OTHER CENTRAL BANKS AND TECHNICAL COOPERATION

Following the intensification of bilateral relations with other central banks, during 2012, upon invitation of the Governor of the Bank of Albania, official visits were paid to the Bank of Albania by senior managers from counterpart institutions, such as by: Governor of the National Bank of Bulgaria, Managing Director of the Bank of Italy, Governor of the Central Bank of Bosnia and Herzegovina, Governor of the Central Bank of Kazakhstan, Governor of the Central Bank of Montenegro, Governor of the National Bank of Moldova, Governor of the National Bank of the Republic of Macedonia, Governor of the Central Bank of Kosovo, Deputy Governor of the National Bank of the Czech Republic, Member of the Managing Board of the National Bank of Poland, etc.

Furthermore, the Governor of the Bank of Albania participated in many international conferences, regional forums and workshops such as the 17th Forum of Central and Eastern Europe organised by the Euro money, the high-level seminar on 'South East Europe': Prerequisites for Reforms, organised by the Bank of Albania in cooperation with the University of Oxford, 3rd international conference on foreign investment in Albania, organized by AIDA

and the Islamic Development Bank (IDB), the conference 'Competition versus risk-taking by in the banking sectors of the countries of Central and Eastern Europe', organized in Pristina, high-level conference organized by the Joint Vienna Institute on the occasion of the 20th anniversary, the 6th Seminar of Economic Research in South East Europe, etc.

These meetings, visits and conferences contributed not only to exchange experiences, analyse economic developments or discuss the measures taken in the context of the global financial crisis, but also to consolidate and further develop the increasing technical cooperation between the Bank of Albania and its counterpart institutions.

At regional level, the Bank of Albania participated in the meetings of Central Bank Governors' Club of Black Sea Region, Central Asia and Balkan Countries. These meetings aimed to strengthen the ties between central banks in the region and promote regional cooperation through exchanging best experiences and addressing current issues in round tables at governor or expert level. In May, the Governor of the Bank of Albania participated in the meeting of central bank governors of Francophone countries.

In the framework of cooperation between the Bank of Albania and other central banks in the region, in June, a Memorandum of Understanding was concluded between the Bank of Albania and the Central Bank of the Republic of Kosovo (CBRK), which formalises the mutual relations aiming at institutional and professional development of their employees, by exchanging the work experience and acquiring important knowledge to carry out projects that aim at developing counterpart institutions, their joint interests, as well as establishing a stable and developed banking and financial system. In 2012, the Bank of Albania continued to provide its technical expertise to the Central Bank of the Republic of Kosovo, by conducting some study visits of CBRK delegations to the Bank of Albania and vice-versa, focusing on areas such as internal audit, payment systems, supervision, human resources, etc. Besides cooperating in the framework of technical assistance with the CBRK, the Governor of the Bank of Albania took part in a joint conference with the Governor of the CBRK on 'Banking System and Economic Development', held in June.

Also, in 2012, the Bank of Germany, the Bank of Slovenia and the Centre of Excellence in Finance (CEF) were the main providers of technical assistance to the Bank of Albania, mainly through study visits and internships.

Finally, in the context of the cooperation protocol with the National Bank of Serbia (concluded in 2009), study visits and internships were organised in both central banks to exchange the experiences on issues of mutual interests in different areas of central banking.

## IV.9 STRENGTHENING INSTITUTIONAL CAPACITIES

The Bank of Albania deems that strengthening human and capital capacities is an important factor to fulfil Bank of Albania's legal objective. Pursuant to Bank of Albania's strategy, capacity development policies aim to orient the Bank of Albania not only toward an administrative public institution, but also a research centre, and setting up the infrastructure in accordance with the international best standards.

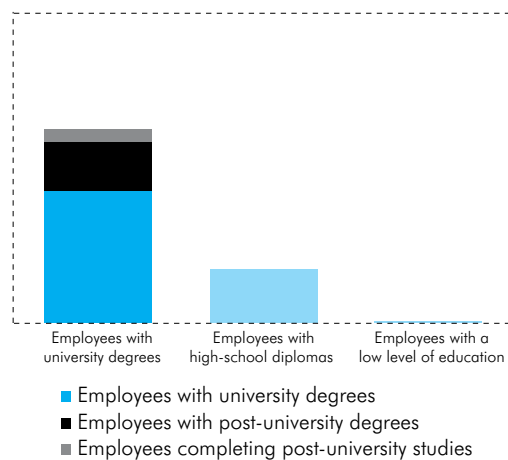
### IV.9.1 HUMAN RESOURCES

Bank of Albania's staff is its most valuable asset. Strengthening and maintaining a motivating work environment, professional growth and career management help create a working and operational culture capable of continuously adapting to changes needed for implementing best central bank standards.

The systemic investment to professional growth and development of human resources is the best way for institutional development and for preparing the staff to further challenges that help constantly improve the Bank of Albania's regulatory, structural, and functional framework. To this end, in 2012, efforts were made to organise trainings according to Bank of Albania staff needs, so that in the current economic context its staff is furnished with updated and profound knowledge on financial system and overall economy, as well as with analytical skills.

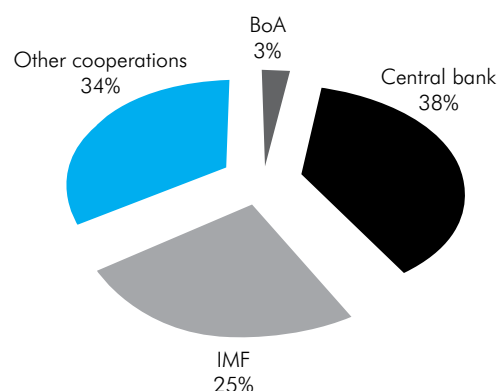
During 2012, close cooperation with counterpart institutions, international financial institutions<sup>13</sup> and other institutions, universities or well-known centres for training on central banking and finance continued. About 63% of training activities were organised by central banks and important international financial institutions such as the IMF, World Bank, Federal Reserve Bank, European Bank for Reconstruction and Development, and Euro money. 34% of activities involved cooperation with other institutions providing the opportunity to share best financial and technological experience.

Chart 5 Staff qualification level



Source: Bank of Albania.

Chart 6 Training activities by organisations



Source: Bank of Albania.

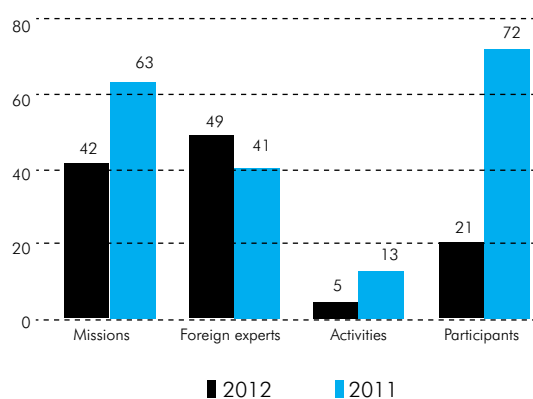
<sup>13</sup> International Financial Institutions - further cited in the chart on IFI.

Topics covered by these activities focussed on issues pertaining to banking supervision, monetary policy, financial stability, fiscal policies, financial crisis, foreign exchange reserve management, payment systems, statistics, European integration, and financial education.

- *TWINNING PROJECT<sup>14</sup>*

Strengthening the Bank of Albania's institutional capacity on banking supervision, statistics, payment systems, interbank market, monetary policy implementation, financial education and coordination of the EU integration process was the main objective of this Twinning Project with the Bank of Italy and the Bank of France. To implement it, training was harmonised with the technical assistance, carrying out 42 missions from foreign experts in Tirana until July 2012 and five study visits to the Bank of Italy and the Bank of France.

Chart 7 Activities conducted under the Twinning Project, 2011-2012



Source: Bank of Albania.

Close cooperation with the Bank of Italy and the Bank of France under the Twinning Project enabled the transmission, and broad and interactive discussions on crisis-induced problems in their home countries, by offering their experience and best applied practices.

#### IV.9.2 INFRASTRUCTURE IMPROVEMENT

Over 2012, works were completed and the new building of Currency Issue Centre was put in operation. This is a new and modern building that represents innovation for the contemporary technology used. For the first time, a closed and automated cycle of controlling, processing, packaging and shredding of banknotes is carried

out conform to the highest standards and related European standards. Technologically, there are used the effective European standards and an Automated and Intelligent System for Managing Engineering Systems of the Building is installed for the first time.

The Currency Issue Centre is built in the spirit of modern architecture, with two striking circular ends that symbolise the coin. Using the facilities offered by the new building, the currency will be processed through high-speed automated systems, guaranteeing swift checking of the currency as regards its authenticity, physical condition and security. These automated systems are capable of processing up to 20 banknotes per second. They check for authenticity of banknotes and discern physically fit from unfit banknotes for recirculation, which are enabled through advanced sensors these systems are equipped with. Hence, the verification of authenticity is enabled through

<sup>14</sup> The Project was completed in July 2012.

precise visual measurements and magnetic, phosphorescent and infra red elements of banknotes. The fitness checking of banknotes is enabled by measuring the size, soiling, stains, physical defects such as holes and tears, structural deterioration of banknotes due to wear, presence of adhesive tape and detection of inscriptions. It is worth noting that the processing systems installed at the Currency Issue Centre are similar to the ones used in other European central banks. After being processed, fit banknotes are packaged for recirculation, while damaged banknotes are automatically destroyed. Concerning currency processing, new coin processing machines have also been installed. A fully automated system for packaging processed coins is also planned to be installed in the future.

The new Currency Issue Centre will also include a modern laboratory, which will be part of the National Centre for Analysis. Through this laboratory, the latter may carry out professional expertise, analysing in detail technical characteristics and elements of suspected counterfeit banknotes and coins. This contemporary laboratory will not only contribute to strengthening the fight against counterfeiting and improving the security of Albanian currency, but will also fulfil one of Albania's commitments in the context of the Stabilisation and Association Agreement. Chapter 32 of this Agreement entitled "Financial Control" stipulates Albania's obligation to protect the euro against counterfeiting, which is met by setting up this kind of infrastructure.

#### IV.10 INTERNAL AUDIT

Pursuant to the Law 'On the Bank of Albania', the primary objective of the Internal Audit Department is to ensure appropriate implementation of laws and by-laws in Bank of Albania's activity. Another objective of the Internal Audit Department is to act as an overall controller and consultant to administrators and the Supervisory Council, providing its contribution to maintaining the integrity of information, efficient use of resources and effectiveness of internal audit systems at the Bank of Albania.

In 2012, the activity of the Internal Audit Department was in line with the internal audit plan, the provisions of the Law "On the Bank of Albania" and effective regulations, as well as the strategic objectives of the Bank of Albania. The 2012 internal audit plan (based on assessment of risk to functions/processes of the auditing universe) was approved by the General Inspector, following consultations with the Governor and Bank of Albania's Supervisory Council members.

Throughout the year, 16 audits on granting a guarantee took place, of which 13 audit reports were completed and reported to administrators, while three others are in process. The granting of a reasonable guarantee for the adequacy of the internal audit system put in place by the management by functions/processes covered by the audit, is based on the fulfilment of the audit objectives:



- (a) Assess the implementation and compliance of the audited function with the legal and regulatory framework;
- (b) Assess the suitability and accuracy of registrations and accounts related to the function;
- (c) Assess the suitability of information technology applications that support the function; and
- (d) Pursue the status of passed recommendations.

The auditing reports' findings and recommendations, for each audit conducted in 2012, were first addressed to heads of the organisational units subject to auditing and later on to Bank of Albania's administrators. A summary of these findings was submitted to the Supervisory Council of the Bank of Albania in the form of periodic reports.

Besides the auditing functional duties, the Internal Audit Department has also provided its contribution, in cooperation with other organisational units of the Bank of Albania, to drafting a formalised regulatory framework for identifying, following-up and reporting the key risk indicators in the function of the operational risk management for carrying out the main activities of the Bank of Albania.

In view of meeting the objective to improve and further strengthening Bank of Albania's capacity for adapting to new developments in internal audit, in 2012, the Bank of Italy provided technical assistance to the Audit Department. The first stage of assistance was made concrete through a 5-day seminar organised by Bank of Italy's experts for the Audit Department staff, on July 2012. The seminar took place in three training modules for strengthening the internal audit capacity: (i) introducing and implementing the international internal audit standards and best practices; (ii) improvement the auditing knowledge and skills on the security and information technology; and (iii) improving the knowledge on risk-based auditing and best practices on integrated operational risk management at the Bank of Albania. The second stage of assistance, planned to extend over one year till the end of 2013 H1, aimed to improve the regulatory basis and the manual on internal audit procedures at the Bank of Albania, in order to improve efficiency and quality of the internal audit function.

In view of meeting the strategic objective for professional growth of internal auditors, audit inspectors participated in training programmes for internal audit and risk management organised by central banks and attended individual programmes for their professional development for membership/certification offered by international institutions in accounting, finance and audit (ACCA and CFA). Auditors' participation in a training course on auditing of financial investments and derivatives was sponsored under the RAMP project with the World Bank. It proved to be successful and auditors were awarded a CIDA certificate.

#### IV.11 BANKING LEGISLATION HIGHLIGHTS

Fostering the legal and regulatory framework is one of the strategic objectives of the Bank of Albania's legal service. The Bank of Albania aims to adapt its laws and by-laws to recent developments, following updated legislative policies and European System laws and directives. It aims to strengthen the legal initiative for drafting the legal and regulatory framework in the banking and financial system.

Among most important amendments to banking legislation during 2012, we highlight the one related to deposit insurance scheme. In the meantime, the work for improving the regulatory framework on supervising banks and non-bank financial institutions<sup>15</sup> continued.

The Bank of Albania and the Deposit Insurance Agency, taking into consideration the regulatory amendments that the European Union has continuously undertaken in response to latest developments in international financial markets, prepared respective amendments to the Law No. 8873 of 29/03/2002 "On Deposit Insurance", as amended". These amendments were passed by the Parliament of the Republic of Albania through the Law No. 78/2012 of 26/07/2012 on "Some Amendments to the Law No. 8873 of 29/03/2002 "On Deposit Insurance" amended".

Amendments to the Law on Deposit Insurance Agency contain three main moments, which are worth mentioning, as follows:

(i) Including the SLAs in the deposit insurance scheme

The draft law requires the inclusion of SLAs in the entities covered by the deposit insurance scheme. Amendments related to expansion of deposit insurance scheme by including SLAs, are based on Directive 94/19EC "On Deposit Insurance Schemes", amended. Article 3, paragraph 1 states: No financial institution licensed in this member state according to Article 3 of Directive 77/780 can accept deposits unless it is a member of a deposit insurance scheme.

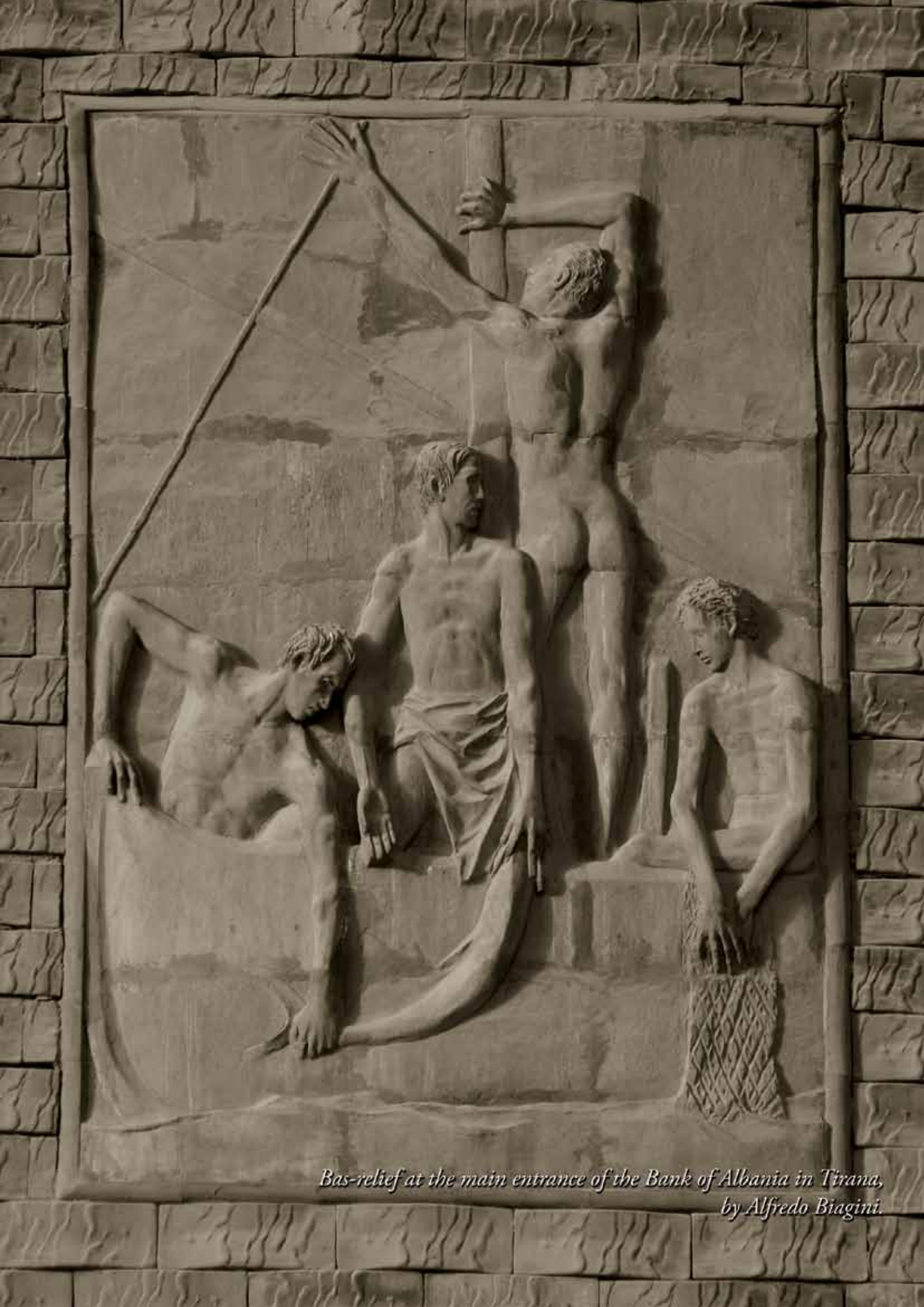
(ii) Simplifying the formula for calculating the premium and the compensation

Calculation of deposit compensation under the current law requirement links creditor's and debtor's qualities into a sole netting process, a legal regulation that does not comply with the international best practices. In consequence, the law provides that the netting process would extend only to depositors that are in default to the insured entity.

<sup>15</sup> For a brief description of new regulations and amendments to the existing regulations, please refer to chapter "Financial Stability and Banking Supervision", section on Regulatory Framework, above.

(iii) Special contribution

The law requires also the collection of a special contribution of the insured entities. The special contribution shall not be regarded as a permanent contribution but shall be used to reset the financial means in case of compensation of the insured deposits, or to settle the loans of the Agency obtained for this purpose. The amount of the special contribution shall be the same for all the insured entities and, in any case, not higher than 1% of the total insured deposits registered in the insured entity as of the last day of the preceding month from the date the Agency was notified.



*Bas-relief at the main entrance of the Bank of Albania in Tirana,  
by Alfredo Biagini.*





*Mosaic in the central hall of the Bank of Albania  
by Giulio Rossi.*

## CHAPTER V. FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2012 AND THE INDEPENDENT AUDITOR'S REPORT



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### INDEPENDENT AUDITORS' REPORT

#### TO THE SUPERVISORY COUNCIL OF BANK OF ALBANIA

We have audited the accompanying financial statements of Bank of Albania ("the Bank"), which comprise the Statement of Financial Position as at 31 December 2012, and the Separate Income Statement, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and 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 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 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with accounting policies adopted by the Supervisory Council of Bank of Albania as disclosed in Note 2 (a) to the financial statements.

Grant Thornton sh.p.k  
Tirana, Albania  
06 march 2013

Grant Thornton DOO  
Skopje, Macedonia  
06 march 2013

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Grant Thornton Doo



## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

(amounts in Lek million, unless otherwise stated)

	Notes	31 December 2012	31 December 2011
<b>ASSETS</b>			
Assets denominated in foreign currencies			
Gold and precious metals	5	12,196	11,724
Accounts with the International Monetary Fund	6	18,644	15,828
Deposits with non-resident banks	7	27,286	28,604
Available for sale investments	8.1	216,279	206,549
Held for trading investments	8.2	13,034	13,170
Other foreign assets	9	703	601
Total assets denominated in foreign currencies		288,142	276,476
Domestic assets			
Gold and precious metals	5	5,805	5,577
Loans to resident banks	10	21,800	25,485
Available for sale investments	11	63,619	63,616
Other domestic assets	12	11,212	9,639
Total domestic assets		102,436	104,317
Total Assets		390,578	380,793
<b>LIABILITIES</b>			
Liabilities denominated in foreign currencies			
Due to the International Monetary Fund	13	20,195	19,550
Due to non-resident financial institutions	14	1,252	1,243
Other foreign liabilities	15	131	-
Total liabilities denominated in foreign currencies		21,578	20,793
Domestic liabilities			
Currency in circulation	16	200,872	202,880
Due to resident banks	17	97,054	88,570
Due to the Government	18	16,025	11,863
Other domestic liabilities	19	1,686	1,189
Total domestic liabilities		315,637	304,502
<b>CAPITAL AND RESERVES</b>			
Capital		2,500	2,500
Legal reserve	20	12,500	12,500
Revaluation reserve	21	20,826	22,922
Property revaluation surplus		1,789	1,828
Other reserves	22	15,748	15,748
Total capital and reserves		53,363	55,498
Total liabilities, capital and reserves		390,578	380,793

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 137 to 173.

The financial statements were authorised by the Supervisory Council on 27 February 2013 and signed on its behalf by:

Ardian Fullani

Governor of the Bank



Fatos Ibrahim

Director of Accounting and Finance Department



SEPARATE INCOME STATEMENT FOR THE YEAR ENDED 31  
DECEMBER 2012  
(amounts in Lek million, unless otherwise stated)

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Operations with non-residents			
Interest and commission income	23	5,440	5,347
Interest and commission expense	24	(3,829)	(2,688)
Operations with non-residents, net		1,611	2,659
Operations with residents			
Interest and commission income	25	5,250	5,196
Interest and commission expense	26	(1,221)	(1,670)
Operations with residents, net		4,029	3,526
Other operating income, net	27	2,753	939
Net trading income	28	99	181
(Loss) / Profit from exchange rate		(715)	5,823
Total income from Banking activities		7,777	13,128
Other administrative expenses			
Personnel expenses	29	(1,089)	(1,019)
Depreciation	12	(215)	(220)
Amortization	12	(15)	(147)
General and administrative expenses		(640)	(675)
Total other administrative expenses		(1,959)	(2,061)
Net income from Banking activities		5,818	11,067

Profit distribution as at 31 December 2012:

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Net income from Banking activities		5,818	11,067
Transfer from/ (to) revaluation reserve		715	(5,823)
Profit before distribution		6,533	5,244
Provisions	19	(132)	(8)
Deduction from the previous year profit		(8)	-
Net profit before allocation		6,393	5,236
Allocation of profit			
Reversal of property revaluation surplus		39	40
Reversal of income from the arrangement of the previous years		1	-
Distribution of profit to Legal Reserve		-	(803)
Distribution of profit to Albanian Government		(6,433)	(4,473)
Total		6,393	5,236

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 137 to 173.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR  
ENDED 31 DECEMBER 2012  
(amounts in Lek million, unless otherwise stated)

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Net income from Banking activities		5,818	11,067
Other comprehensive income:			
Property revaluation		(39)	(40)
Revaluation of available for sale financial assets		(1,313)	1,783
Other comprehensive (loss)/income for the year		(1,352)	1,743
Total comprehensive income for the year		4,466	12,810

*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 137 to 173.*

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012  
(amounts in Lek million, unless otherwise stated)

	Capital	Legal reserve	Revaluation reserve	Property revaluation surplus	Other reserves	Retained earnings	Net profit	Total
As at 1 January 2012	2,500	12,500	22,922	1,828	15,748	-	-	55,498
Transactions driven by law and with the Albanian Government recognized directly in equity								
Transfer to/ from revaluation reserves	-	-	(715)	-	-	-	715	-
Other revaluations	-	-	(68)	-	-	-	-	(68)
Reduction for Provisions (Note 19)	-	-	-	-	-	-	(132)	(132)
Deduction from the previous year profit	-	-	-	-	-	-	(8)	(8)
Reversal of income from the arrangement of the previous years	-	-	-	-	-	-	1	1
Profit distribution	-	-	-	-	-	(39)	(6,394)	(6,433)
Total contributions by and distributions to the Albanian Government	-	-	(783)	-	-	(39)	(5,818)	(6,640)
Transfer of revaluation surplus to retained earnings	-	-	-	-	-	39	-	39
Total comprehensive income for the year								
Net income from Banking activity	-	-	-	-	-	-	5,818	5,818
Other comprehensive income								
Revaluation of AFS financial assets	-	-	(1,313)	-	-	-	-	(1,313)
Release of property revaluation surplus	-	-	-	(39)	-	-	-	(39)
Total other comprehensive income	-	-	(1,313)	(39)	-	-	-	(1,352)
Total comprehensive income for the year	-	-	(1,313)	(39)	-	-	5,818	4,466
As at 31 December 2012	2,500	12,500	20,826	1,789	15,748	-	-	53,363
As at 1 January 2011	2,500	11,697	15,310	1,868	15,748	-	-	47,123
Transactions driven by law and with the Albanian Government recognized directly in equity								
Transfer to/ from revaluation reserves	-	-	5,823	-	-	-	(5,823)	-
Other revaluations	-	-	6	-	-	-	-	6
Reduction for Provisions (Note 19)	-	-	-	-	-	-	(8)	(8)
Profit distribution	-	803	-	-	-	(40)	(5,236)	(4,473)
Total contributions by and distributions to the Albanian Government	-	803	5,829	-	-	(40)	(11,067)	(4,475)
Transfer of revaluation surplus to retained earnings	-	-	-	-	-	40	-	40
Total comprehensive income for the year								
Net income from Banking activity	-	-	-	-	-	-	11,067	11,067
Other comprehensive income								
Revaluation of AFS financial assets	-	-	1,783	-	-	-	-	1,783
Release of property revaluation surplus	-	-	-	(40)	-	-	-	(40)
Total other comprehensive income	-	-	1,783	(40)	-	-	-	1,743
Total comprehensive income for the year	-	-	1,783	(40)	-	-	11,067	12,810
As at 31 December 2011	2,500	12,500	22,922	1,828	15,748	-	-	55,498

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 137 to 173.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31  
DECEMBER 2012

(amounts in Lek million, unless otherwise stated)

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Cash flows from operating activities			
Net income before allocation		6,393	5,236
Non-cash items in the statement of operation			
Interest and commission income (non-residents)	23	(5,440)	(5,347)
Interest and commission expense (non-residents)	24	3,829	2,688
Interest and commission income (residents)	25	(5,250)	(5,196)
Interest and commission expense (residents)	26	1,221	1,670
Net trading securities income	28	(99)	(181)
Profit from sale of available for sale investments	27	(2,659)	(823)
Gain from forward foreign exchange contracts and futures contracts	27	(41)	(114)
Provision for doubtful loans		132	8
from the previous year profit		8	-
Depreciation and amortization	12	230	367
Cash flow before changes in working capital		(1,676)	(1,692)
Changes in working capital			
Increase in accounts with the IMF	6	(2,818)	(79)
Increase in other foreign assets	9	(124)	(7)
Decrease in transit loans	10	-	15
Increase in other domestic assets	12	(402)	(91)
Increase/(Decrease) in due to the IMF	13	647	(963)
Increase/(Decrease) in due to financial institutions	14	10	(13)
Increase in due to other foreign liabilities		131	-
Increase in due to resident Banks	17	8,489	7,765
Increase in due to the Government	18	2,422	1,500
Increase/(Decrease) in other domestic liabilities	19	507	(99)
Purchase of held for trading securities (in foreign currency)		(24,207)	(9,723)
Sale of held for trading securities (in foreign currency)		24,103	9,580
Cash flows generated from operations		8,758	7,885
Interest received		1,250	6,186
Interest paid		(361)	(1,720)
Net cash generated from operating activities		7,971	10,659

	Notes	Year ended 31 December 2012	Year ended 31 December 2011
Cash flows from investing activities			
Purchase of property and equipment	12	(1,404)	(2,417)
Proceeds from disposal of property and equipment		52	1,757
Purchase of intangible assets	12	(63)	(17)
Proceeds from disposal of intangible assets	12	17	-
Purchase of available for sale investments (in foreign currency)		(308,725)	(347,996)
Purchase of available for sale investments (domestic assets)		(123,774)	(127,247)
Sale and maturity of available for sale investments(in foreign currency)		299,445	348,500
Sale and maturity of available for sale investments (domestic assets)		127,978	131,352
Decrease/ (Increase) in repurchase agreements	10	3,663	(12,941)
Adjustment for effect of foreign exchange		906	2,135
Net cash (used in) investing activities		(1,905)	(6,874)
Cash flows from financing activities			
Decrease/(Increase) in money in circulation emissions	16	16,000	(5,000)
Distributed profit		(4,693)	(5,710)
Net cash generated from / (used in) financing activities		11,307	(10,710)
Increase/(Decrease) in cash and cash equivalents during the year		17,373	(6,925)
Cash and cash equivalents at the beginning of the year	30	66,071	72,996
Cash and cash equivalents at the end of the year	30	83,444	66,071

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 137 to 173.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

(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

These 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. Significant accounting policies applied in the preparation of these financial statements are described in note 3.

The accounting policies adopted in preparation and presentation of these financial statements 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 when 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 on-going 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 4.

### 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 method. 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 accounted for 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 from retained earnings 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 its activities 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 2012 and 31 December 2011 were as below:

	31 December 2012	31 December 2011
United States dollar (USD)	105.85	107.54
European Union currency unit (EUR)	139.59	138.93
British pound (GBP)	171.18	165.92
Special Drawing rights (SDR)	162.69	164.54
Japanese yen (JPY)	1.2293	1.3880
Gold ('XAU') per 1 oz (LEK)	176,134.40	169,321.73

#### c. Net trading income

Net trading income comprises net gains (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 Law '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

Financial assets held-to-maturity, financial asset at fair value through profit or loss and 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 cost of financial assets approximates their fair value.

#### (ii) Classification

See accounting policies 3(h), (i), (j), (k), (l) and (m).

#### (iii) De-recognition

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.

#### (iv) Offsetting

Financial assets and liabilities are set off and the net amount is 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) Assessment 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.

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.

A general information on the derivative instruments, which comprise future and forward contracts, is disclosed in Note 34 (d).

#### j. Available for sale investments

Available for sale investments are initially measured at cost. Subsequently they are 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 receivables

Loans and receivables 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 are classified as assets or

liabilities at fair value through profit or loss. Derivatives held for risk management purposes are measured at fair value in the statement of financial position. Information about the basic contracts, risks, and other general considerations regarding derivative instruments held by the Bank, which include the exchange forward and swap contracts, are disclosed in Note 34 (d).

m. Gold and other precious metals

Gold and other precious metals are valued at their fair values being the 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 re-valued 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 maintenance 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 higher 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.

### 4. USE OF ESTIMATES AND JUDGEMENTS

These disclosures supplement the commentary on financial risk management (see note 34).

#### Key sources of estimation uncertainty

##### Allowances for credit losses

Assets accounted for at amortised cost and available for sale assets 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 is 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 are traded infrequently and have some or no observable inputs, 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.

#### Significant accounting judgements in applying the Bank's accounting policies

Significant 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 19) an amount of LEK 226 million (2011: LEK 226 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 2012	31 December 2011
Gold – foreign	12,196	11,724
Gold and precious metals - domestic	5,805	5,577
<b>Total</b>	<b>18,001</b>	<b>17,301</b>

As at 31 December 2012, the value of gold owned by the Bank placed in gold time deposits and current accounts abroad was LEK 12,196 million (2011: LEK 11,724 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 5,805 million as at 31 December 2012 (2011: LEK 5,577 million).

The total increase of LEK 700 million compared to prior year (2011: increase of LEK 2,220 million) results from the revaluation of gold and precious metals and is recognized in the revaluation reserve.

## 6. ACCOUNTS WITH THE INTERNATIONAL MONETARY FUND

	31 December 2012	31 December 2011
Quotas in the International Monetary Fund (IMF)	9,854	7,601
Special Drawing Rights (SDR) holdings	8,789	8,224
Accrued interest	1	3
<b>Total</b>	<b>18,644</b>	<b>15,828</b>

Accounts (Quotas) with the IMF originated 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).

At 31 December 2012 the Republic of Albania's quotas in the IMF amount LEK 9,854 million or SDR 60 million, of which LEK 1,005 million or SDR 6 million represents the reserve tranche held with the IMF. The IMF pays remuneration (interest) to those members who have a remunerated reserve tranche position at 0.03% (2011: 0.11%) 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 interest rate prevailing as at 31 December 2012 was 0.03% (2011: 0.11%).

At 31 December 2012, the amount of LEK 8,789 million or SDR 54 million (2011: LEK 8,224 million or SDR 46 million) included in SDR Holdings represents the amounts acquired through the SDR allocations (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. At 31 December 2012, the amount of holdings above allocations was LEK 1,232 million or SDR 7 million (2011: LEK 579 million or SDR 4 million).

## 7. DEPOSITS WITH NON RESIDENT BANKS

	31 December 2012	31 December 2011
Current accounts	20,370	25,532
Short-term deposits	6,900	3,030
Future contracts	14	35
Accrued interest	2	7
Total	27,286	28,604

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 0.02% for EUR currency, 0.65% for GBP currency and 0.17% for USD currency (2011: 0.29% for EUR currency and 0.11% for USD currency).

## 8. INVESTMENTS IN ASSETS DENOMINATED 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 2012	31 December 2011
Foreign Governments Treasury Notes	160,599	164,558
Bank for International Settlements (BIS): medium-term investments	1,449	1,476
Foreign Governments Treasury Bills	7,632	11,210
Agencies and Corporation Treasury Notes	40,689	26,556
Agencies Treasury Bills	5,910	2,749
Total	216,279	206,549

Foreign Government Treasury Notes have coupon rates varying between 0.20% up to 8.7% (2011: 0.25% up to 8.7%). Interest is paid semi-annually (USD, GBP and JPY) and annually (EUR) and maturities vary between January 2013 and January 2022. The yields vary from 0.0099% to 5.0318 % (2011: 0.125% to 9.495%). The yields vary from 0.2127% - 3.704% in USD currency (2011: 0.125% - 9.49%), from 0.664% – 3.603% in GBP currency (2011: 0.692% - 3.603%), from 0.099% - 0.271% in JPY currency (2011: 0.139% – 0.24%), while for EUR currency where the interest is paid on annual basis, it varies from 0.0099% to 5.0318% (2011: 0.4029% - 5.1753%).

Bank for International Settlements – medium term investments comprised of fixed coupon securities denominated in EUR with coupon rates varying between 0.620% to 5.850% (2011: 3.7% to 3.8%). Interest is payable annually for investments in EUR and maturities range between March 2013 and December 2013. The yields vary from 1.045% to 1.261% (2011: 1.045% to 1.261%). Agencies and Corporation Treasury Notes are denominated in USD, GBP and EUR with coupon rates between 0.380% to 5.375% (2011: 1.125 to 5.5%). Interest is paid annually and semi-annually and maturities range from

January 2013 up to September 2022. The yield is from 0.04% up to 1% (2011: 0.306% up to 2.399%).

Agencies Treasury Bills are denominated in EUR with yields that vary between 0.103% and 0.2604% (2011: 0.555% up to 1.75%) and maturities vary from April 2013 up to July 2013.

Foreign Government Treasury Bills are dominated in USD, EUR and JPY. The yields vary between 0.017% up to 0.2604% (2011: 0.11% up to 1.75%), and it's maturities range between February 2013 up to July 2013.

## 8.2. HELD FOR TRADING INVESTMENTS

Held for trading portfolio in foreign currency measured at market value is presented as follows:

	31 December 2012	31 December 2011
Government Treasury Notes	7,564	7,827
Agencies Treasury Notes	5,389	5,343
Government Treasury Bills	81	-
<b>Total</b>	<b>13,034</b>	<b>13,170</b>

Government Treasury Notes, denominated in USD, have a fixed rating coupon, its rates varying from 0.25% up to 3.375% (2011: 0.25% up to 3.375%). Interest is paid semi-annually and its maturities are ranged between 27 January 2014 and 15 December 2015.

Agencies Treasury Notes, denominated in USD, have a fixed and variable coupon rates. For the fixed interest rate Agency Treasury Notes the interest is paid with semi-annually or annually.

Interest rates of Agency Treasury Notes with a semi-annual maturity, vary between 0.500% and 2.750% (2011: 0.625% and 5.00%) and their maturities range between 15 July 2013 up to 20 November 2015.

Agencies Treasury Notes with annual maturity vary between 0.875% and 1.00% (2011: 0.875% to 2.875%) and their maturities range between 19 February 2013 up to 5 May 2015.

For the Agencies Treasury Notes with floating rates the interest is paid quarterly and monthly. Their maturities range from 13 March 2014 up to 5 October 2015.

Government Treasury-Bills, denominated in USD, have maximal maturity from 7 March 2013 up to 10 October 2013.

Held for trading portfolio is 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 2012	31 December 2011
Quotas in international financial institutions		
World Bank (Other)	127	-
International Bank for Reconstruction and Development subscriptions (IBRD)	362	362
International Development Agency subscriptions (IDA)	12	13
Multilateral Investment Guarantee Agency subscriptions (MIGA)	7	7
International Finance Corporation subscriptions (IFC)	78	79
European Bank for Reconstruction and Development subscriptions (EBRD)	62	63
Islamic Development Bank subscriptions (IDB)	24	24
<b>Total Quotas</b>	<b>672</b>	<b>548</b>
Cash on hand in foreign currency	31	53
<b>Total other assets in foreign currency</b>	<b>703</b>	<b>601</b>

Quotas in international financial institutions comprised subscriptions for participation of the Bank of Albania in these institutions (see Note 31).

#### 10. 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 21,800 million (including LEK 32 million of the accrued interest) with maturing terms between one week and three months (31 December 2011: LEK 25,485 million). On 31 December 2012, the annual interest rates of reverse repurchase agreement vary from 4.00% to 4.32% (2011: 4.75% to 5.50%), and its maturities extend up to January 2013.

#### 11. AVAILABLE FOR SALE INVESTMENTS (DOMESTIC ASSETS)

	31 December 2012	31 December 2011
Short-term Treasury Bills	63,619	63,616
<b>Total</b>	<b>63,619</b>	<b>63,616</b>

Short-term Treasury Bills are Treasury Bills issued by Government of Albania with zero-coupon rates and with short-term maturity which are from quarterly up to annually at 31 December 2012. Its yields are varying from 5.00% to 7.3871% (2011: 4.778% to 7.022%). Treasury Bills Portfolio maturities range from January 2013 up to December 2013.

## 12. OTHER DOMESTIC ASSETS

	31 December 2012	31 December 2011
Property and equipment, net	8,712	7,575
Intangible assets, net	59	25
Loans to employees	1,894	1,890
Other debtors	199	4
Numismatic	253	38
Inventory	59	64
Other	36	43
<b>Total</b>	<b>11,212</b>	<b>9,639</b>

Loans to employees are net of a provision for legal claims of LEK 12 million at 31 December 2012 (2011: LEK 13 million).

The total amount of registered collateral for long term loans extended to employees shows the value of Lek 2,294 million at 31 December 2012 (2011: LEK 2,266 million). At 31 December 2012, commitments for loans to employees (in accordance with the Regulation on Loans No. 77, dated 25 October 2006) amount to LEK 86 million (2011: LEK 145 million).

As at 31 December 2012, the balance of "Other Debtors" amounting to LEK 199 million (2011: LEK 4 million) relates to advances paid to the Company "Oberthur Fiduciaire" as a result of a new agreement dated 13 March 2012 for the reprinting of the banknote of "LEK 1,000".

As at 31 December 2012, the balance of "Numismatics" amounting to 253 million (2011: LEK 38 million) relates to the production of new gold and silver coins, issued on the occasion of 100th anniversary of the independence of Albania.

The net carrying amounts of property and equipment by category at 31 December 2012 are comprised of:

	Land, buildings and general constructions	General equipment	Transport vehicles	Work in Progress	Total
<b>Cost / Valuation</b>					
Balance at 1 January 2012	6,601	1,330	184	770	8,885
Additions	60	608	7	729	1,404
Disposals	(2)	(50)	-	-	(52)
<b>Balance at 31 December 2012</b>	<b>6,659</b>	<b>1,888</b>	<b>191</b>	<b>1,499</b>	<b>10,237</b>
<b>Accumulated depreciation</b>					
Balance at 1 January 2012	274	878	158	-	1,310
Charge for the year	72	136	7	-	215
Disposals	-	-	-	-	-
<b>Balance at 31 December 2012</b>	<b>346</b>	<b>1,014</b>	<b>165</b>	<b>-</b>	<b>1,525</b>
<b>Net carrying amount</b>					
Balance at 31 December 2012	6,313	874	26	1,499	8,712
Balance at 31 December 2011	6,327	452	26	770	7,575

The net carrying amounts of property and equipment by category at 31 December 2011 are comprised of:

	Land, buildings and general constructions	General equipment	Transport vehicles	Work in Progress	Total
Cost / Valuation					
Balance at 1 January 2011	6,562	1,212	186	265	8,225
Additions	1,781	131	-	505	2,417
Disposals	(1,742)	(13)	(2)	-	(1,757)
Balance at 31 December 2011	6,601	1,330	184	770	8,885
Accumulated depreciation					
Balance at 1 January 2011	157	793	151	-	1,101
Charge for the year	117	96	7	-	220
Disposals	-	(11)	-	-	(11)
Balance at 31 December 2011	274	878	158	-	1,310
Net carrying amount					
Balance at 31 December 2011	6,327	452	26	770	7,575
Balance at 31 December 2010	6,405	419	35	265	7,124

The net carrying amounts of intangible assets by category at 31 December 2012 are comprised of:

	Computer software	Banknotes printed and coins minted	Total intangible Assets
Cost / Valuation			
Balance at 1 January 2012	408	3,097	3,505
Additions	8	55	63
Disposals	(12)	(5)	(17)
Balance at 31 December 2012	404	3,147	3,551
Accumulated amortization			
Balance at 1 January 2012	392	3,088	3,480
Charge for the year	6	9	15
Disposals	(3)	-	(3)
Balance at 31 December 2012	395	3,097	3,492
Net carrying amount			
Balance at 31 December 2012	9	50	59
Balance at 31 December 2011	16	9	25

The net carrying amounts of intangible assets by category at 31 December 2011 are comprised of:

	Computer software	Banknotes printed and coins minted	Total intangible Assets
Cost / Valuation			
Balance at 1 January 2011	391	3,097	3,488
Additions	17	-	17
Balance at 31 December 2011	408	3,097	3,505
Accumulated amortization			
Balance at 1 January 2011	384	2,949	3,333
Charge for the year	8	139	147
Balance at 31 December 2011	392	3,088	3,480
Net carrying amount			
Balance at 31 December 2011	16	9	25
Balance at 31 December 2010	7	148	155



## 13. DUE TO THE INTERNATIONAL MONETARY FUND

	31 December 2012	31 December 2011
SDR Allocations	7,557	7,645
Poverty Reduction and Growth Facility ('PRGF')	2,634	3,621
IMF securities account	10,001	6,002
IMF account in LEK	-	2,277
Accrued interest	3	5
<b>Total</b>	<b>20,195</b>	<b>19,550</b>

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 in the following component facilities:

- The loan 'Poverty Reduction and Growth Facility 3' is 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 2012 is SDR 8,800,000 (2011: SDR 14,000,000), equivalent of LEK 1,432 million (2011: LEK 2,304 million), with an interest rate of 0.5% p.a payable semi-annually. This facility had a grace period of five and a half years and is paid in 10 semi-annual equal instalments.
- The loans 'Poverty Reduction and Growth Facility 4 (PRGF 4)' and 'Extended Fund Facility' are 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 2012 is SDR 7,392,000 (2011: SDR 7,913,572), equivalent of LEK 1,203 million (2011: LEK 1,302 million). This facility had a grace period of five and a half years and is paid in 10 semi-annual equal instalments.

The IMF accounts represent liabilities towards Albania's participation in the IMF. As at 31 December 2012, these liabilities amount to LEK 10,001 million or SDR 61 million (as at 31 December 2011: LEK 8,280 million or SDR 53 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 securities accounts is the loan 'Extended Fund Facility' (EFF) of LEK 1,232 million (2011: LEK 1,230 million). The loan was disbursed during the period 2006 – 2009. As at 31 December 2012, the balance is SDR 7,000,630 (2011: SDR 7,913,752).

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. The annual interest rate was 1.04 % (2011: 1.11%).

## 14. DUE TO NON-RESIDENT FINANCIAL INSTITUTIONS

	31 December 2012	31 December 2011
Loan from the Republic of Greece	1,229	1,223
Due to the World Bank	18	14
Accrued interest	5	6
Total	1,252	1,243

The loan from the Republic of Greece, amounting LEK 1,229 million or EUR 8.8 million (2011: LEK 1,223 million or 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), Multilateral Investment Guarantee Agency (MIGA).

## 15. OTHER FOREIGN LIABILITIES

During December 2012, the Bank has performed security purchase transactions, administered by IBRD, for an amount of LEK 131 million (2011: LEK nil).

## 16. 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 2012 and 2011:

Nominal value LEK	31 December 2012		31 December 2011	
	Number in thousand	Total LEK (million)	Number in thousand	Total LEK (million)
100	14,820	1,482	3,417	342
200	9,133	1,827	10,021	2,004
500	32,843	16,421	38,093	19,047
1,000	59,697	59,697	61,221	61,221
2,000	14,752	29,505	15,018	30,036
5,000	17,981	89,908	17,440	87,201
Coins		2,032		3,029
		200,872		202,880

## 17. DUE TO RESIDENT BANKS

	31 December 2012	31 December 2011
Foreign currency		
Compulsory reserve and current accounts	48,196	44,055
Domestic currency (LEK)		
Compulsory reserve and current accounts	32,331	44,340
Compulsory reserve - cash in custody	14,863	-
Overnight deposits	1,648	154
Accrued interest	16	21
Total	97,054	88,570

Based on the decision number 29 dated 27 April 2011 of Supervisory Council which entered in force on July 2011, compulsory reserve in foreign currency will not be remunerated at the year-end 2012. Interest on compulsory reserve in domestic currency is calculated as 70% of the yield on the repurchase agreements that is 2.8% (2011: 3.5%). This remuneration value results from Decision No. 47, date 25 July 2012, of the Supervisory Council "For the decrease in the interest rate of the purchase and re-purchase agreements" which gave its effect starting from August 2012.

Starting from May 2012, Bank of Albania, in accordance with Decision No. 29, date 16 May 2012, of the Supervisory Council, "On the minimum compulsory reserve level held at Bank of Albania by second tier banks" allows the latter to maintain its compulsory reserve in the form of cash in custody. As at 31 December 2012, cash in custody amounted at LEK 14,863 million (2011: nil).

Overnight deposits from domestic banks bear annual interest of 2.25% (2011: 3.00%).

## 18. DUE TO THE GOVERNMENT

	31 December 2012	31 December 2011
Profit to be distributed to the Government	3,113	1,373
Deposits received on behalf of the Government	12,888	10,465
Other	24	25
Total	16,025	11,863

The balances in deposits received on behalf of the Government are as follows:

	31 December 2012	31 December 2011
Main account	3,260	2,041
Counter Value of main account of Albanian Government	1,289	338
Reserve Fund	3,511	3,625
International Donor Funds	2,798	2,345
Funds for other activities	1,530	1,616
Guarantee fund	500	500
Total	12,888	10,465

Other comprises funds received by the Bank of LEK 24 million (2011: LEK 25 million) from a loan granted to the Government by the Islamic Development Bank.

## 19. OTHER DOMESTIC LIABILITIES

	31 December 2012	31 December 2011
Deposits of individuals from the participation in Treasury Bills	669	641
Net Pension fund obligation	11	15
Due to non banks financial institutions	148	103
Due to third parties	226	226
Other	632	204
<b>Total</b>	<b>1,686</b>	<b>1,189</b>

The net pension fund obligation relates to the pension plan scheme, which is based on employee contribution of 2% and 7% on gross salary and employer contribution of 15% on the total payroll amount. As at 31 December 2012 the amount of pension funds assets invested in treasury bills maturing within 12 months, is LEK 1,023 million (2011: LEK 850 million) and the amount invested in Albanian Government bonds maturing within 2-7 years, is LEK 52 million (2011: LEK 25 million).

As at 31 December 2012, the pension fund invested in Albanian Government bonds is LEK 1,075 million (2011: LEK 875 million).

The employer contribution has increased as result of two main factors: the increase of the number of the employees enrolled in the Pension Fund Scheme as well as the increase in the level of personal contribution of the employees in the scheme. Decision No. 30, date 27 April 2011 allows the employees to choose a personal contribution amount either of 2% or 7% of the monthly salary, with the right to change this level only once a year based on the employee personal request.

The movements in such contributions and changes in net assets available for pension fund benefits are as follows:

	Year ended 31 December 2012	Year ended 31 December 2011
Assets at 1 January		
Income from investment	890	792
Interest	88	73
Net income from investment	88	73
Employees contribution	25	18
Employer contribution	94	90
Reserves used	(3)	(53)
Total contribution	116	55
Payment to pension beneficiaries	(8)	(30)
Net increase	196	98
Assets at 31 December	1,086	890
Liabilities at 31 December	(1,075)	(875)
Net Pension fund obligation	11	15

Others includes accrued expenses of LEK 132 million (2011: LEK 81 million) and relate to a variety of services provided to the Bank including also a provision for claims for litigation incurred in the normal course of business.

Movements in the litigation commenced are as follows:

	Year ended 31 December 2012	Year ended 31 December 2011
Balance at the beginning of the year	63	73
Additional provision for the year	132	8
Provision reversal for the year	(13)	(19)
Difference from revaluations	(1)	1
Balance at the end of the year	181	63

As at 31 December 2012, there is additional litigation of LEK 140 million (2011: 8 million).

## 20. 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 the year end 2011 the legal reserve amounted to 500 percent of the paid-up capital. As at 31 December 2012 the legal reserve was LEK 12,500 million (2011: LEK 12,500 million)

## 21. REVALUATION RESERVE

The components of the revaluation reserve are as follows:

	31 December 2012	31 December 2011
Revaluation/(devaluation) of foreign currency and gold balances	19,949	20,663
Security revaluation reserve	1,056	2,369
Other (devaluations)/revaluations	(179)	(110)
Total	20,826	22,922

During 2012, the net loss arising from the revaluation of foreign currency and gold balances was LEK 715 million (2011: net gain of LEK 5,823 million).

The revaluation of securities at market value during the year ended 31 December 2012 resulted with the gain of LEK 1,313 million (2011: loss of LEK 1,783 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'.

## 22. OTHER RESERVES

The components of other reserves are as follows:

	31 December 2012	31 December 2011
Special reserve for Balance of Payments	7,209	7,209
Reserve of gold and precious metals (Note 5)	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.

## 23. INTEREST AND COMMISSION INCOME (NON - RESIDENTS)

	Year ended 31 December 2012	Year ended 31 December 2011
Interest income from securities	5,333	5,052
Interest income from time deposits	26	104
Interest from SDR deposits with IMF	9	32
Interest from "Security Lending"	18	13
Other (discounts)	54	146
Total	5,440	5,347

## 24. INTEREST AND COMMISSION EXPENSE (NON - RESIDENTS)

	Year ended 31 December 2012	Year ended 31 December 2011
Amortization of premium on securities	3,740	2,572
Interest expenses on loans from foreign institutions	14	15
Interest expenses on IMF accounts	22	48
Other	53	53
Total	3,829	2,688

## 25. INTEREST AND COMMISSION INCOME (RESIDENTS)

	Year ended 31 December 2012	Year ended 31 December 2011
Interest income from securities	4,178	4,133
Income from repurchase and reverse repurchase agreements	992	986
Other	80	77
<b>Total</b>	<b>5,250</b>	<b>5,196</b>

## 26. INTEREST AND COMMISSION EXPENSE (RESIDENTS)

	Year ended 31 December 2012	Year ended 31 December 2011
Interest expense on compulsory reserve	1,081	1,629
Interest expenses on Government deposits	21	25
Other	119	16
<b>Total</b>	<b>1,221</b>	<b>1,670</b>

## 27. OTHER OPERATING INCOME, NET

	Year ended 31 December 2012	Year ended 31 December 2011
Net profit/(loss) from the sale of available for sale investments	2,659	823
Net profit/(loss) from forward contracts	54	-
Net profit/(loss) from future contracts	(13)	-
Other	53	116
<b>Total</b>	<b>2,753</b>	<b>939</b>

## 28. NET TRADING INCOME

	Year ended 31 December 2012	Year ended 31 December 2011
Interest income from trading assets	111	149
Gains less loss related to sale of trading assets	68	80
Unrealized fair value changes	(80)	(48)
<b>Total</b>	<b>99</b>	<b>181</b>

## 29. 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 2012, the Bank had 517 employees (2011: 502 employees).



## 30. CASH AND CASH EQUIVALENTS

	31 December 2012	31 December 2011
Deposits with foreign banks (Note 7)	27,284	28,597
Domestic currency on hand	38,128	20,120
Foreign currency on hand (Note 9)	31	53
Gold held abroad (Note 5)	12,196	11,724
Gold and other precious metals held domestically (Note 5)	5,805	5,577
Total	83,444	66,071

## 31. CONTINGENCIES AND COMMITMENTS

## (i) Participation in International Financial Institutions

In the past the Republic of Albania entered into a number of subscriptions with 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 545 million (2011: LEK 548 million).

The total amount paid in subscriptions confirmed by IBRD, MIGA, EBRD, IDA and IFC as at 31 December 2012 was LEK 1,494 million (2011: confirmed by IBRD, MIGA, EBRD was LEK 1,496 million) revise with the next year with LEK 400 million according with this year from IDB), from which LEK 545 million ( 2011: LEK 548 million) has been paid from Bank of Albania and are included on the financial statement as a part of other assets (in foreign currency) in total LEK 545 million. The difference of LEK 942 million (2011: LEK 941 million) paid by the Albanian Government and LEK 7 million (2011: LEK 7 million) paid in subscriptions in Multilateral Investment Guarantee Agency, supported both 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 2012 was LEK 10,312 million (31 December 2011: LEK 10,477 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 2012 and 31 December 2011, the revaluation reserve of foreign currencies is positive. As a result the Ministry of Finance will not issue Treasury bills (note 19).

## (iii) Reverse repurchase agreements

Reverse repurchase agreements as at 31 December 2012, represented collateralized loans (see note 10). The nominal value of the securities used as collateral as at 31 December 2012 was LEK 25,010 million (2011: LEK 29,000 million). The market value of the collateral of loans given to employees as at 31 December 2012, was LEK 2,294 million (2011: LEK 2,265 million).

## (iv) Rent agreements

Bank of Albania has entered into rent agreements for periods ranging from three to five years. For the coming year the amount that has to be paid is LEK 52 million. (On 31 December 2011 these agreements bearing obligation to pay within a year LEK 56 million, and obligation to pay LEK 95 million next years but not later than five years.

## (v) Capital engagement

Bank of Albania has entered into an agreement for the reconstruction of its premises. On 31 December 2012, the Bank has an obligation of LEK 1,241 million (2011: LEK 1,583 million) payable in 2013.

## 32. MANAGED ASSETS

As at 31 December 2012, the Bank acted as custodian for short-term treasury bills at nominal value of LEK 260 billion (2011: LEK 255 billion) and EUR 46 million (2011: EUR 9 million) and, for long term securities with a maturity varying between 2 and 7 years at a nominal value of LEK 204 billion (2011: LEK 189 billion). These securities are issued by the Albanian Government.

## 33. 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 2012 and 2011 transactions made with related parties comprised:

	31 December 2012	31 December 2011
Loans to directors		
- Directors	112	109
Total assets	112	109

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 instalments. The home loans are collateralized:

	Year ended 31 December 2012	Year ended 31 December 2011
Administrative expenses		
- Mobile expenses		
- Directors and Supervisory Council Members	4	5
- Salaries and Bonuses		
- Directors and Supervisory Council Members	121	114
- Bank contribution to pension plan scheme		
- Directors	11	11
Total of administrative expenses	136	130

### 35. 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 investments are 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 2012	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	9,028	372	3	545	2,470	220	7,557	20,195
Due to non-resident financial institutions	-	-	-	-	-	1,252	-	1,252
Due to other foreign liabilities	131	-	-	-	-	-	-	131
Currency in circulation	-	-	-	-	-	-	200,872	200,872
Due to resident Banks	96,636	-	-	-	-	-	418	97,054
Due to the Government	5,749	-	2,413	-	-	-	7,863	16,025
Other domestic liabilities	252	1	3	5	21	-	1,404	1,686
<b>Total Liabilities 2012 (contractual maturity date)</b>	<b>111,796</b>	<b>373</b>	<b>2,419</b>	<b>550</b>	<b>2,491</b>	<b>1,472</b>	<b>218,114</b>	<b>337,215</b>
<b>Total assets 2012 (expected maturity date)</b>	<b>70,746</b>	<b>29,383</b>	<b>36,621</b>	<b>43,378</b>	<b>158,849</b>	<b>14,379</b>	<b>37,222</b>	<b>390,578</b>

31 December 2011	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	7,146	337	66	539	3,266	551	7,645	19,550
Due to non-resident financial institutions	-	-	-	-	-	1,243	-	1,243
Due to other foreign liabilities	-	-	-	-	-	-	-	-
Currency in circulation	-	-	-	-	-	-	202,880	202,880
Due to resident Banks	86,800	-	-	-	-	-	1,770	88,570
Due to the Government	2,379	170	1,203	-	-	-	8,111	11,863
Other domestic liabilities	302	1	2	4	11	-	869	1,189
<b>Total Liabilities 2011 (contractual maturity date)</b>	<b>96,627</b>	<b>508</b>	<b>1,271</b>	<b>543</b>	<b>3,277</b>	<b>1,794</b>	<b>221,275</b>	<b>325,295</b>
<b>Total assets 2011 (expected maturity date)</b>	<b>71,127</b>	<b>41,138</b>	<b>38,307</b>	<b>43,129</b>	<b>138,223</b>	<b>15,193</b>	<b>33,676</b>	<b>380,793</b>

## (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 Bank sets a system of maximum exposure investment limits to individual financial institutions and debt issuers. These 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	2012	2011
Gold - foreign (Note 5)	12,196	11,724
Special Drawing Rights with IMF (see below)	1,231	579
Deposits with non-resident banks (Note 7)	27,286	28,604
Available for sale investments (foreign currency) (Note 8.1)	216,279	206,549
Held-for-trading investment (foreign currency) (Note 8.2)	13,034	13,170
Loans to resident banks (note 10)	21,800	25,485
Available for sale investments - domestic (Note 11)	63,619	63,616
Total assets	355,445	349,727

An amount of LEK 7,557 million (2011: LEK 7,645 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 1,231 million (2011: LEK 579 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	12,196	1,231	12,361	-	-	-	-	25,788
BIS Basle	-	-	7,167	1,449	-	-	-	8,616
Foreign Government & Agencies Securities	-	-	-	209,280	13,034	-	-	222,314
Commercial Banks	-	-	7,758	5,550	-	-	-	13,308
Albanian Government B1	-	-	-	-	-	-	63,619	63,619
Unrated	-	-	-	-	-	21,800	-	21,800
Total 31 December 2012	12,196	1,231	27,286	216,279	13,034	21,800	63,619	355,445

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 bank	11,724	579	18,808	-	-	-	-	31,111
BIS Basle	-	-	3,670	1,477	-	-	-	5,147
Foreign Government & Agencies Securities	-	-	-	205,072	13,170	-	-	218,242
Commercial Banks	-	-	6,126	-	-	-	-	6,126
Albanian Government B1	-	-	-	-	-	-	63,616	63,616
Unrated	-	-	-	-	-	25,485	-	25,485
Total 31 December 2011	11,724	579	28,604	206,549	13,170	25,485	63,616	349,727

An analysis of concentrations of credit risk by geographic location is shown below:

31 December 2012	Europe	USA	Republic of Albania	Other	Total
Gold - foreign	12,196	-	-	-	12,196
Special Drawing Rights with IMF	-	-	-	1,231	1,231
Deposits with non-resident banks	23,605	3,681	-	-	27,286
Available for sale investments (foreign currency)	167,364	39,934	-	8,981	216,279
Held-for-trading investment (foreign currency)	-	13,034	-	-	13,034
Loans to resident banks	-	-	21,800	-	21,800
Available for sale investments – domestic	-	-	63,619	-	63,619
	203,165	56,649	85,419	10,213	355,445

31 December 2011	Europe	USA	Republic of Albania	Other	Total
Gold - foreign	11,724	-	-	-	11,724
Special Drawing Rights with IMF	-	-	-	579	579
Deposits with non-resident banks	25,950	2,654	-	-	28,604
Available for sale investments (foreign currency)	154,627	40,135	-	11,787	206,549
Held-for-trading investment (foreign currency)	-	13,170	-	-	13,170
Loans to resident banks	-	-	25,485	-	25,485
Available for sale investments – domestic	-	-	63,616	-	63,616
	192,301	55,959	89,101	12,366	349,727

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 2012	Average rate	Six to twelve months	One to five years	Over five years	Total
<b>Assets</b>					
Available for sale investments	0.33%	487	-	-	487
Held for trading investments	0.32%	529	-	-	529
Held for trading investments	0.47%	-	2,011	-	2,011
<b>Total</b>		<b>1,162</b>	<b>2,011</b>	<b>-</b>	<b>3,173</b>
<b>Liabilities</b>					
Due to the IMF	1.04%	-	-	1,151	1,151
<b>Total</b>		<b>-</b>	<b>-</b>	<b>1,151</b>	<b>1,151</b>
Floating Interest gap		1,162	2,011	(1,151)	4,324
Sensitivity to 100 b.p. increase		11	20	(12)	
<b>31 December 2011</b>					
<b>Assets</b>					
Available for sale investments	0.54%	9,950	-	-	9,950
Held for trading investments	0.60%	1,076	-	-	1,076
Held for trading investments	0.47%	-	861	-	861
<b>Total</b>		<b>11,026</b>	<b>861</b>	<b>-</b>	<b>11,887</b>
<b>Liabilities</b>					
Due to the IMF	1.11%	-	-	1,230	1,230
<b>Total</b>		<b>-</b>	<b>-</b>	<b>1,230</b>	<b>1,230</b>
Floating Interest gap		11,026	861	(1,230)	10,657
Sensitivity to 100 b.p. increase		110	9	(12)	



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 2012 and 2011 is as follows:

31 December 2012	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
<b>Assets</b>								
Gold and precious metals – foreign	-	-	-	-	-	-	12,196	12,196
Accounts with the IMF	8,789	-	-	-	-	-	9,855	18,644
Deposits with non-residents Banks	24,690	1,396	1,200	-	-	-	-	27,286
Available for sale investments –foreign	2,451	11,112	15,502	36,217	147,282	3,715	-	216,279
Held for trading investments	530	384	13	541	11,566	-	-	13,034
Other foreign assets	127	-	-	-	-	-	576	703
Gold and precious metals - domestic	-	-	-	-	-	-	5,805	5,805
Loans to resident banks	21,800	-	-	-	-	-	-	21,800
Available for sale investments – domestic	20,626	16,489	19,895	6,609	-	-	-	63,619
Other domestic assets	522	2	11	11	1	-	10,665	11,212
<b>Total</b>	<b>79,535</b>	<b>29,383</b>	<b>36,621</b>	<b>43,378</b>	<b>158,849</b>	<b>3,715</b>	<b>39,097</b>	<b>390,578</b>
<b>Liabilities and equity</b>								
Due to the IMF	9,028	372	3	545	2,470	220	7,557	20,195
Due to non-resident institutions	-	-	-	-	-	1,252	-	1,252
Due to other foreign liabilities	131	-	-	-	-	-	-	131
Currency in circulation	-	-	-	-	-	-	200,872	200,872
Due to resident Banks	96,636	-	-	-	-	-	418	97,054
Due to the Government	5,749	-	2,413	-	-	-	7,863	16,025
Other domestic liabilities	252	1	3	5	21	-	1,404	1,686
Capital and reserves	-	-	-	-	-	-	53,363	53,363
<b>Total</b>	<b>111,796</b>	<b>373</b>	<b>2,419</b>	<b>550</b>	<b>2,491</b>	<b>1,472</b>	<b>271,477</b>	<b>390,578</b>
Gap as at 31 December 2012	(32,261)	29,010	34,202	42,828	156,358	2,243	(232,380)	-
Cumulative gap – 2012	(32,261)	(3,251)	30,951	73,779	230,137	232,380	-	-

31 December 2011	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	-	-	-	-	-	-	11,724	11,724
Accounts with the IMF	8,224	-	-	-	-	-	7,604	15,828
Deposits with non-resident Banks	3,030	-	-	-	-	-	25,574	28,604
Available for sale investments –foreign	5,594	12,678	18,314	35,542	128,718	5,703	-	206,549
Held for trading investments	-	142	1,121	2,418	9,489	-	-	13,170
Other foreign assets	-	-	-	-	-	-	601	601
Gold and precious metals - domestic	-	-	-	-	-	-	5,576	5,576
Transit Credits	-	-	-	-	-	-	-	-
Loans to resident banks	21,080	4,406	-	-	-	-	-	25,486
Available for sale investments - domestic	15,684	23,911	18,870	5,151	-	-	-	63,616
Other domestic assets	112	1	2	18	16	-	9,490	9,639
Total	53,724	41,138	38,307	43,129	138,223	15,193	51,079	380,793
Liabilities and equity								
Due to the IMF	7,146	337	66	539	3,266	551	7,645	19,550
Due to non-resident institutions	-	-	-	-	-	1,243	-	1,243
Currency in circulation	-	-	-	-	-	-	202,880	202,880
Due to resident Banks	86,800	-	-	-	-	-	1,770	88,570
Due to the Government	2,379	170	1,203	-	-	-	8,111	11,863
Other domestic liabilities	302	1	2	4	11	-	869	1,189
Capital and reserves	-	-	-	-	-	-	55,498	55,498
Total	96,627	508	1,271	543	3,277	1,794	276,773	380,793
Gap as at 31 December 2011	(42,903)	40,630	37,036	42,586	134,946	13,399	(225,694)	-
Cumulative gap – 2011	(42,903)	(2,273)	34,763	77,349	212,295	225,694	-	-

### 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.

The net valuation of future contract transactions as at 31 December 2012 is Lek 14 million (2011 : Lek 35 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 when conducting transactions in financial instruments denominated in currencies other than the Bank's base currency.

The foreign currency reserve structure is determined based on various factors.

	LEK	USD	EURO	GBP	Other	Total
<b>Assets</b>						
Gold and precious metals – foreign	-	-	-	-	12,196	12,196
Accounts with the IMF	-	-	-	-	18,644	18,644
Deposits with non-residents Banks	-	4,897	18,811	1,697	1,881	27,286
Available for sale investments – foreign	-	51,635	145,390	10,272	8,982	216,279
Held for trading investments	-	13,034	-	-	-	13,034
Other foreign assets	334	339	30	-	-	703
Gold and precious metals – domestic	5,805	-	-	-	-	5,805
Loans to resident banks	21,800	-	-	-	-	21,800
Available for sale investments - domestic	63,619	-	-	-	-	63,619
Other domestic assets	10,992	14	201	5	-	11,212
<b>Total assets</b>	<b>102,550</b>	<b>69,919</b>	<b>164,432</b>	<b>11,974</b>	<b>41,703</b>	<b>390,578</b>
<b>Liabilities</b>						
Due to the IMF	10,001	-	-	-	10,194	20,195
Due to non-resident financial institutions	18	-	1,234	-	-	1,252
Due to other foreign liabilities	-	131	-	-	-	131
Currency in circulation	200,872	-	-	-	-	200,872
Due to resident banks	48,858	6,923	41,273	-	-	97,054
Due to the Government	13,296	136	2,592	1	-	16,025
Other domestic liabilities	1,522	84	80	-	-	1,686
<b>Total liabilities</b>	<b>274,567</b>	<b>7,274</b>	<b>45,179</b>	<b>1</b>	<b>10,194</b>	<b>337,215</b>
Net currency position as at 31 December 2012	(172,017)	62,645	119,253	11,973	31,509	53,363
Net currency position as at 31 December 2011	(161,995)	64,344	111,072	12,060	30,017	55,498

	LEK	USD	EURO	GBP	Other	Total
<b>Assets</b>						
Gold and precious metals – foreign	-	-	-	-	11,724	11,724
Accounts with the IMF	-	-	-	-	15,828	15,828
Deposits with non-residents Banks	-	2,724	22,478	893	2,509	28,604
Available for sale investments – foreign	-	55,776	128,379	11,168	11,226	206,549
Held for trading investments	-	13,170	-	-	-	13,170
Other foreign assets	335	215	51	-	-	601
Gold and precious metals – domestic	5,577	-	-	-	-	5,577
Transit Credits	-	-	-	-	-	-
Loans to resident banks	25,485	-	-	-	-	25,485
Available for sale investments - domestic	63,616	-	-	-	-	63,616
Other domestic assets	9,600	13	26	-	-	9,639
<b>Total assets</b>	<b>104,613</b>	<b>71,898</b>	<b>150,934</b>	<b>12,061</b>	<b>41,287</b>	<b>380,793</b>
<b>Liabilities</b>						
Due to the IMF	8,280	-	-	-	11,270	19,550
Due to non-resident financial institutions	14	-	1,229	-	-	1,243
Currency in circulation	202,880	-	-	-	-	202,880
Due to resident banks	44,515	7,429	36,626	-	-	88,570
Due to the Government	9,819	69	1,974	1	-	11,863
Other domestic liabilities	1,100	56	33	-	-	1,189
<b>Total liabilities</b>	<b>266,608</b>	<b>7,554</b>	<b>39,862</b>	<b>1</b>	<b>11,270</b>	<b>325,295</b>
Net currency position as at 31 December 2011	(161,995)	64,344	111,072	12,060	30,017	55,498
Net currency position as at 31 December 2010	(175,128)	60,592	121,127	10,843	29,689	47,123

### (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.

### Subsequent events

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



*View of the central hall of the National Bank of Albania, Tirana, 1938.*







## SHTOJCË STATISTIKORE

## STATISTICAL APPENDIX

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## TREGUES TË PËRGJITHSHËM MAKROEKONOMIKË

## MAIN MACROECONOMIC INDICATORS

## 1. ZHVILLIMET MONETARE DHE NORMAT E INTERESIT

MONETARY DEVELOPMENTS AND INTEREST RATES 1.  
IN BILLIONS ALL, UNLESS OTHERWISE INDICATED, END OF PERIOD

## NË MILIARDË LËKË, PËRVEÇ RASTEVE KUR SHËNOHET NDRYSHE, FUND PERIUDHE

	Agregatët monetarë/ Monetary aggregates			Depozitat <sup>1</sup> / Deposits <sup>1</sup>	Kredita <sup>2</sup> / Credit <sup>2</sup>	Normat e interesit 12m / 12m interest rates (%)			Norma e marrëveshjes së rblerjes njësore <sup>3</sup> Weekly repurchase agreement rate <sup>4</sup>
	M1	M2	M3			Depozita <sup>3</sup> / Deposits <sup>3</sup>	Kredita <sup>3</sup> / Loans <sup>3</sup>	Bono / Tresa <sup>1</sup> / T. Bills	
2008	282.9	555.0	815.7	619.9	396.3	6.93	11.75	8.56	6.25
2009	284.5	578.2	871.5	662.4	440.4	6.78	12.46	9.14	5.25
2010	275.4	604.5	980.3	785.2	483.1	6.40	11.29	7.09	5.00
2011	276.9	647.0	1,070.1	875.2	541.9	5.87	11.17	6.95	4.75
2012*	281.2	669.6	1,123.4	930.7	554.7	5.38	10.28	6.37	4.00

Burimi: Banka e Shqipërisë.

Source: Bank of Albania.

## 2. PRODHIMI I BRENDSHËM BRUTO5, INDEKSET E ÇMIMEVE DHE TREGU I PUNËS

## GROSS DOMESTIC PRODUCT5, PRICE INDEXES AND LABOR MARKET 2.

	Rritja reale vjetore e PBB me çmime konstante (%) / Annual real growth of GDP at constant prices (%)	Me çmime korrente, në milionë lekë/ At current prices, in million ALL			Të Ardhurat nga pronat neto/ Property income, net	Të Ardhurat Kombëtare Bruto/ Gross National Income	Ndryshimet vjetore të Indekseve (%) / Yearly Index change (%)		Tregu i punës <sup>7</sup> / Labor market <sup>7</sup>	
		Produkti Brendshëm Bruto (PBB)/ Gross domestic product (GDP)	Pagat e të punësuarve neto / Compensation of employees, net	Pagat e të punësuarve neto / Compensation of employees, net			IQK <sup>6</sup> / CPI <sup>6</sup> (12/2007=100)	ICP / PPI (2005=100)	Niveli i punësimi/ Employment rate (%)	Shkalla e papunësisë/ Unemployment rate (%)
2007	5.9	967,670.0	13,858.3	13,005.3	994,533.7	6	3.1	4.1	44.7	13.2
2008	7.5	1,089,293.1	21,282.7	-15,903.7	1,094,672.1	2.2	2.2	4.4	45.8	12.5
2009	3.3	1,148,082.1	20,749.0	-37,865.9	1,133,902.7	3.7	3.7	0.4	41.9	13.6
2010	3.8	1,222,462.1	22,501.4	-31,030.7	1,233,888.7	3.4	3.4	0.2	42.3	13.6
2011						1.7	1.7	2.6		13.3

Burimi: INSTAT.

Source: INSTAT.

### 3. BILANCI I PAGESAVE, REZERVA DHE KURSI I KËMBIMIT NË MILIONË EURO, PËRVEÇ RASTEVE KUR SHËNOHET NDRYSH

	Bilanci i llogarisë korrente/ Current account	Nga të cilat: Bilanci tregtar/ Of which: Trade balance (3+4)		Nga të cilat: Remitancat/ Of which: Remittances		Investimet e Huaja Direkte/ Foreign direct investments	Rezervat valutore (stok)/ Reserves (stock)	Rezervat në muajt importe/ Reserves in months of import	Kursi i këmbimit/ Exchange rate Mesatare e periudhës/ Period average		
		1	2	Eksporti/ Export	Importi/ Import				ALL / EUR	9	10
2008	-1,381.2	-2,431.5	917.5	-3,348.9	833.3	609.8	1,675.4	4.0	122.8	83.9	
2009	-1,329.8	-2,303.7	750.7	-3,054.4	781.3	688.7	1,646.2	4.2	132.1	95.0	
2010	-1,018.6	-2,082.7	1,171.5	-3,254.2	689.8	788.5	1,904.8	4.8	137.8	103.9	
2011	-1,122.1	-2,241.6	1,405.5	-3,647.1	687.9	716.8	1,912.5	4.4	140.3	100.9	
2012									139.0	108.2	

Burimi: Banka e Shqipërisë.

Source: Bank of Albania.

### 4. BILANCI FISKAL, STOKU I BORXHIT TË BRENDSHËM DHE BORXHI I JASHTËM NË MILIARDË LËKË

	Të Ardhura/ Revenue	Nga të cilat: Të ardhura tatimore/ Of which: Tax revenue	Shpenzime/ Expenditure		Shpenzime kapitale/ Capital expenditure	Deficiti/ Deficit		Financim i brendshëm/ Domestic financing		Financim i jashtëm/ Foreign financing		Stoku i borxhit të qeverisë qendrore/ Central government debt stock	
			1	2		3	4	5	6	7	8	9	
2007	251.6	228.2	285.7	57.0	-34.1	28.8	5.3	369.5	147.5				
2008	291.2	264.4	351.5	93.8	-60.3	24.4	35.8	400.5	195.4				
2009	299.0	270.8	379.9	95.9	-80.9	70.7	10.2	415.0	267.5				
2010	288.6	324.7	362.8	67.5	-38.0	27.8	10.2	407.4	308.0				
2011	330.5	303.9	376.4	70.7	-45.9	26.1	19.8	438.6	334.0				

Burimi: Ministria e Financave, sipas publikimeve "Statistikat fiskale të qeverisë" dhe "Treguesit e Borxhit".

\* Të dhënat për zhvillimet monetare të muajit dhjetor 2012 janë paraprake.

1) Përfshihen vetëm llogaritë dhe depozitat që janë pjesë e parash së gjere.

2) Përfshihen kreditë për ekonominë.

3) Norma mesatare e ponderuar vjetore e depozitave dhe kredive të reja 12 mujore në lekë për sistemin bankar.

4) Të dhënat i referohen normës në fund të periudhës.

5) PBB 2010 jo përfundimtare.

6) Ndryshimi i muajit dhjetor të vitit n me dhjetorin e vitit n-1.

7) Të dhënat sipas informacionit në tabelat vjetore "Të punësuar gjithsej sipas sektorëve, niveli i punësimit" dhe "Sikalla e papunësisë". Të dhëna administrative.

### BALANCE OF PAYMENTS, RESERVES AND EXCHANGE RATE 3. IN MILLIONS EUR, UNLESS OTHERWISE INDICATED

### FISCAL BALANCE, DOMESTIC DEBT STOCK AND EXTERNAL DEBT 4. IN BILLIONS ALL

Source: Ministry of Finance, according to "Fiscal Statistics of Government" and "Debt Indicators" publications.

\* December 2012 data on monetary developments are preliminary.

1) Deposits included in broad money.

2) Credit to economy.

3) The annual weighted average rate of the 12 months new deposits and loans in ALL for the banking system.

4) End of period data.

5) GDP 2010 semi final.

6) Variation of December index of year n with December index of year n-1.

7) Data as of "Total

## 1. SEKTORI FINANCIAR

## FINANCIAL SECTOR 1.

## 1-1 BILANCI SEKTORIAL I BANKËS SË SHQIPËRISË

## SECTORAL BALANCE SHEET OF BANK OF ALBANIA 1-1

Në milionë lekë, fund periudhe

In millions ALL, end of period

	Totali i mjetëve/ Total assets (2+3+4 +5+8+12+13+14)	Mbajtjet e SDR/SDR holdings	Arka në valutë/ Foreign currency	Depozita/ Deposits	Lëvizjet me vlerë të ndryshme nga aksionet / Securities other than shares (6+7)	Jorezidentët/ Nonresidents	Qeveria qendrore/ Central Government	Huata/ Loans (9+10+11)	Qeveria qendrore/ Central Government	Korporata të tjera depozituese/ Other depository corporations	Sektorë të tjerë rezidentë/ Other resident sectors	Derivatet financiare/ Financial derivatives	Llogaritë të arritshme/ Receivable accounts	Mjetë jofinanciare/ Nonfinancial assets
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009/12	359,552.4	7,546.1	705.8	54,391.6	243,142.8	165,853.4	77,289.4	33,885.2	-	32,371.7	1,513.5	10.7	13,279.2	6,590.9
2010/12	368,031.5	8,126.9	647.0	41,705.7	280,300.9	215,901.8	64,399.2	14,302.2	-	12,534.8	1,767.3	81.4	10,748.3	12,119.1
2011/12	384,581.3	8,226.5	59.8	40,286.0	284,209.6	219,718.8	64,490.8	27,388.1	-	25,485.4	1,902.8	35.3	11,295.9	13,080.0
2012/01	384,380.7	8,010.4	70.3	37,552.3	285,949.5	221,694.7	64,254.8	26,004.3	-	24,081.3	1,920.8	22.4	13,230.1	13,541.5
02	383,589.6	7,751.3	59.8	43,269.5	280,854.1	216,680.1	64,174.0	24,433.2	-	22,514.3	1,918.9	17.8	13,521.5	13,682.4
03	376,994.1	7,653.9	64.3	35,918.1	288,161.7	224,103.2	64,058.4	21,256.5	-	19,334.2	1,922.3	17.2	10,558.9	13,363.5
04	383,568.3	7,737.2	62.1	44,099.0	282,934.9	217,894.7	65,040.2	23,535.7	-	21,605.5	1,930.2	23.0	11,569.4	13,607.0
05	386,335.4	8,553.2	49.3	41,695.8	291,583.7	222,524.8	69,058.9	18,534.3	-	16,588.0	1,946.2	28.1	12,280.0	13,611.1
06	392,021.6	8,324.9	125.7	43,759.8	288,344.7	218,414.9	69,929.8	25,703.8	-	23,763.0	1,940.8	20.6	12,125.6	13,616.5
07	402,924.8	8,298.8	56.4	47,305.6	291,255.1	221,381.9	69,873.2	28,916.4	-	26,980.9	1,935.5	20.5	13,096.7	13,975.3
08	407,390.2	7,994.8	48.5	40,768.0	303,009.1	232,945.4	70,063.7	28,334.4	-	26,404.7	1,929.7	19.1	12,991.1	14,225.3
09	407,908.0	7,835.6	54.0	45,317.6	302,043.4	233,136.6	68,906.8	25,028.3	-	23,104.0	1,924.3	16.4	12,944.0	14,668.8
10	404,172.2	8,947.8	37.9	36,262.7	305,464.7	237,700.0	67,764.7	25,673.1	-	23,755.0	1,918.2	13.5	13,300.2	14,472.3
11	397,020.8	8,918.3	40.1	36,465.4	299,785.9	233,944.0	65,841.9	23,275.5	-	21,362.6	1,912.9	13.9	13,831.4	14,690.3
12*	394,833.6	8,789.7	67.5	39,431.1	294,007.2	229,313.1	64,694.1	23,706.8	-	21,800.2	1,906.5	14.2	14,129.2	14,688.0

Detyrimet totale/ Total liabilities	Paraja në qarkullim/ Currency in circulation	Depozita të përfshira në paratë e gjerë/ Deposits included in broad money	Depozita të përfshira në paratë e gjerë/ Deposits excluded from broad money (5+6+7+8+9)	Jorezidentët/ Nonresidents	Qeveria qendrore/ Central Government	Korporata të tjera depozituese/ Other depository corporations	Korporata të tjera jofinanciare/ Other nonfinancial corporations	Sektori të tjerë rezident/ Other resident sectors	Huatë / Loans (11+12 +13)	Jorezidentët/ Nonresidents	Qeveria qendrore/ Central Government	Korporata të tjera depozituese/ Other depository corporations	Llogaritë të pagueshme/ Other accounts payable	Alokimi i SDR/ SDR allocation	Aksione dhe instrumente të tjerë të kapitalit/ Shares and other equity
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2009/12	359,552.4	216,767.6	0.6	87,660.4	10,897.5	68,071.5	17.0	692.9	1,269.2	1,269.2	-	-	6,903.5	6,954.1	39,997.0
2010/12	368,031.5	202,386.7	256.8	98,841.8	8,966.2	80,810.0	14.9	610.4	5,920.6	5,920.6	-	-	939.4	7,439.5	52,246.7
2011/12	384,581.3	202,906.6	102.8	108,016.5	8,318.7	88,570.2	20.5	641.5	4,852.0	4,852.0	-	-	1,064.3	7,647.1	59,992.0
2012/01	384,380.7	197,613.4	490.8	112,250.6	9,603.7	87,644.9	20.8	1,534.3	4,689.5	4,689.5	-	-	997.2	7,571.6	60,767.6
02	383,589.6	196,427.3	53.4	113,115.1	9,597.8	91,032.9	21.1	1,285.1	4,498.1	4,498.1	-	-	1,000.3	7,520.7	60,974.7
03	376,994.1	195,450.5	16.0	110,474.8	9,579.0	87,919.2	21.9	849.8	4,386.5	4,386.5	-	-	2,538.6	7,552.3	56,575.4
04	383,568.3	194,744.5	596.0	115,932.9	9,573.1	14,238.2	23.9	1,325.3	4,422.3	4,422.3	-	-	1,893.8	7,634.5	58,344.2
05	386,335.4	194,689.6	281.5	115,369.6	10,132.5	12,089.9	24.7	616.2	4,504.6	4,504.6	-	-	1,479.2	7,858.9	62,152.0
06	392,021.6	195,731.8	92.3	123,666.9	10,123.9	12,607.7	27.8	619.6	4,370.1	4,370.1	-	-	1,076.0	7,710.1	59,374.5
07	402,924.8	196,989.4	1,018.6	128,324.8	10,110.8	14,621.1	27.9	1,304.8	4,283.7	4,283.7	-	-	1,751.2	7,842.6	62,714.5
08	407,390.2	197,469.5	1,409.9	132,727.4	10,066.5	17,328.8	31.2	898.2	4,062.7	4,062.7	-	-	1,475.2	7,774.9	62,470.6
09	407,908.0	195,667.7	424.0	134,434.5	10,056.5	18,232.6	32.6	863.8	3,939.4	3,939.4	-	-	1,223.8	7,749.8	64,468.9
10	404,172.2	193,494.6	1,287.3	133,756.9	10,054.3	19,428.0	34.1	1,203.1	3,917.7	3,917.7	-	-	1,395.6	7,691.4	62,628.9
11	397,020.8	194,855.6	1,451.7	124,545.1	10,054.7	16,111.2	35.2	811.3	3,909.2	3,909.2	-	-	1,911.0	7,668.5	62,679.8
12	394,833.6	200,898.7	187.3	120,691.0	10,042.9	12,887.1	37.2	669.2	3,870.7	3,870.7	-	-	1,812.6	7,557.9	59,815.5

Burimi: Banka e Shqipërisë

\* Te dhënat e muaji dhjetor 2012 janë paraprake.

Source: Bank of Albania.  
\* December 2012 data are preliminary.

1-2.A BILANCI SEKTORIAL I BANKAVE PARADEPOZITUESE/ MUJETET  
NË MILIONË LEKË, FUND PERIUDHE

SECTORAL BALANCE SHEET OF DEPOSIT MONEY BANKS/ ASSETS 1-2.A  
IN MILLIONS ALL, END OF PERIOD

	Totali i mjetëve/ 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)	Jorezidentët/ Nonresidents	Banka qendrore/ Central Bank	Bankat paradepozituese/ Deposit money banks	Letra me vlerë të ndryshme nga aksionet/ Securities others than shares (9+10)	Jorezidentët/ Nonresidents	Qeveria qendrore/ Central Government
	1	2	3	4	5	6	7	8	9	10
2009/12	898,790.5	7,707.7	12,931.0	119,116.3	43,335.1	68,007.2	7,774.0	279,459.0	14,179.6	265,279.4
2010/12	1,012,069.6	7,297.8	11,343.3	155,910.2	65,042.6	80,939.8	9,927.8	313,094.4	25,129.5	287,964.9
2011/12	1,152,773.6	7,961.6	11,365.7	184,302.3	88,470.2	89,122.7	6,709.5	342,609.4	34,075.6	308,533.8
2012/01	1,147,921.6	9,383.1	10,551.6	174,055.8	81,100.3	88,256.6	4,698.9	346,245.1	35,086.3	311,158.8
02	1,156,110.9	9,053.1	10,156.9	183,660.2	86,954.8	91,646.1	5,059.2	346,364.4	34,469.2	311,895.2
03	1,178,603.5	9,801.3	10,322.9	187,997.6	90,732.9	88,952.1	8,312.6	355,444.1	42,068.0	313,376.1
04	1,184,691.2	8,597.4	11,587.9	194,821.2	94,996.9	90,888.0	8,936.3	350,127.1	41,769.7	308,357.3
05	1,191,052.7	8,397.1	10,747.6	205,213.3	100,745.7	94,277.5	10,190.1	343,539.2	42,351.5	301,187.7
06	1,201,385.7	8,199.0	10,615.6	216,752.3	109,734.9	100,269.3	6,748.1	340,695.1	40,969.7	299,725.4
07	1,209,057.3	8,672.1	11,775.6	222,935.8	113,556.5	102,380.5	6,998.8	341,470.9	43,724.0	297,746.9
08	1,230,938.7	8,502.2	12,932.0	242,358.2	132,443.6	104,443.6	5,471.1	341,223.6	45,857.5	295,366.1
09	1,236,615.3	7,911.7	11,509.6	245,355.0	134,215.4	105,129.4	6,010.3	340,745.6	46,242.7	294,502.8
10	1,236,539.0	7,966.8	11,440.3	243,995.9	133,163.4	103,605.4	7,227.1	343,731.2	45,782.5	297,948.7
11	1,239,761.9	8,874.6	11,008.9	241,202.6	135,415.2	99,040.4	6,747.0	345,867.0	47,511.9	298,355.1
12	1,235,866.3	8,177.0	10,928.2	225,802.8	122,169.4	97,304.4	6,329.0	355,507.8	51,037.8	304,470.0

	Huatë/ Loans (12+13+14+15+16+17+18+19+20)	Jorezidentët/ Nonresidents	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 informacionale/ Other nonfinancial corporations	Sektorë të tjerë rezidentë/ Other resident sectors	Aksione dhe instrumente të tjerë të kapitullit / Shares and other equity (22+23)	Jorezidentët/ Nonresidents	Rezidentët/ Residents	Derivatet financiare/ Financial derivatives	Llogaritë të Arkëdheshme/ Other accounts receivable	Mjetë jo-financiare/ Nonfinancial assets
	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
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
2010/12	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
2011/12	579,934.2	41,796.5	-	1,260.4	9,841.9	1,400.3	147.2	18,678.4	364,374.0	142,435.5	2,525.1	2,223.2	301.9	-	6,915.4	17,159.8
2012/01	579,306.8	41,862.5	-	2,228.2	9,995.2	1,404.1	144.6	18,604.7	362,673.9	142,393.6	4,298.8	3,996.9	301.9	-	6,935.8	17,144.7
02	578,355.4	37,450.7	-	3,381.4	10,117.0	1,401.7	144.6	18,703.8	364,173.6	142,982.7	4,530.4	4,228.5	301.9	-	6,860.9	17,129.6
03	585,754.2	35,817.9	-	4,941.5	10,621.4	1,407.5	147.7	18,723.9	370,787.4	143,307.0	4,560.2	4,258.3	301.9	-	7,120.8	17,602.5
04	582,924.9	33,886.0	-	4,251.3	10,485.9	1,410.6	143.3	18,717.3	371,219.3	142,811.1	11,546.3	4,349.5	7,196.8	-	7,158.3	17,928.3
05	585,606.9	33,624.9	-	3,822.3	10,480.7	1,391.9	143.3	20,639.7	373,210.1	142,294.1	11,519.5	4,287.1	7,232.4	-	7,826.6	18,202.6
06	587,337.4	35,669.2	-	4,121.2	10,344.4	1,385.8	143.3	20,181.1	373,734.4	141,758.1	11,379.8	4,112.6	7,267.2	-	6,646.2	19,760.5
07	586,563.2	35,967.7	-	3,096.6	10,624.6	1,378.5	139.1	20,704.9	372,690.8	141,960.9	11,367.1	4,062.5	7,304.6	-	6,489.9	19,782.9
08	587,600.7	36,879.6	-	3,847.2	10,346.9	1,383.3	139.1	20,826.0	372,449.7	141,729.0	11,609.9	4,260.9	7,348.9	-	6,383.0	20,329.1
09	592,316.0	35,598.9	-	4,626.9	10,248.6	1,404.6	157.1	21,061.7	376,254.2	142,964.0	11,706.3	4,312.9	7,393.5	-	6,123.2	20,948.0
10	592,795.3	43,135.6	-	2,559.2	10,140.0	1,402.5	159.7	23,139.3	369,546.9	142,712.2	7,956.1	4,198.6	3,757.5	-	6,225.8	22,427.5
11	596,686.8	44,259.1	-	3,100.2	10,134.7	1,399.2	159.4	24,566.3	369,834.7	143,233.2	6,030.5	4,050.1	1,980.5	-	6,261.6	23,829.9
12	598,545.9	45,050.3	-	3,856.4	10,162.9	1,397.5	193.9	23,780.6	370,993.0	143,111.2	4,327.9	4,026.0	301.9	-	6,335.3	26,241.3

Source: Bank of Albania.

Burimi: Banka e Shqipërisë.

SECTORAL BALANCE SHEET OF DEPOSIT MONEY BANKS/ LIABILITIES 1-2.B  
In millions ALL, end of period

1-2.B BILANCI SEKTORIAL I BANKAVE PARADEPOZITUESE/ DETYRIMET  
Në milionë lekë, fund periudhe

	Detrimet totale / Total liabilities (2+8+ 17+18+ 26+27)	Depozita të përfshira në paranë e gjërë/ Deposits included in broad money (3+4+ 5+6 +7)			Korporata jo financiare publike / Public nonfinancial corporations			Sektorë të tjerë rezidentë/ Other resident sectors			Depozita të paranë e gjërë/ Deposits not included in broad money (9+10+ 11+12+ 13+14+ 15+16)			Banka qendrore/ Central Bank			Korporata depozituese/ Other depository corporations			Qeveria qendrore/ Central Government			Korporata të tjera financiare/ Other financial corporations			Korporata jo financiare publike / Public nonfinancial corporations			Korporata të tjera financiare/ Other nonfinancial corporations			Sektorë të tjerë rezidentë/ Other resident sectors							
		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	29	30	31	32	33	34	35	36		
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																							
2010/12	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																							
2011/12	1,152,773.6	873,228.0	7,875.2	1,547.5	15,154.6	86,392.3	762,258.4	57,282.9	22,100.6	894.9	5,817.2	3,045.8	59.8	201.8	8,424.5	16,738.2																							
2012/01	1,147,921.6	870,619.6	7,465.4	1,587.5	16,144.7	77,775.8	767,646.2	54,612.3	21,262.8	856.1	3,692.2	3,976.7	60.1	205.9	7,302.5	17,256.0																							
02	1,156,110.9	877,840.2	8,211.2	1,408.4	15,087.2	76,261.9	776,871.4	55,737.4	20,630.6	998.2	6,137.5	3,700.9	60.5	221.5	6,929.4	17,058.7																							
03	1,178,603.5	882,710.6	8,568.5	1,715.8	16,066.8	74,154.8	782,204.7	69,749.3	26,625.2	2,356.3	9,381.0	4,349.7	63.6	207.6	8,661.5	18,104.5																							
04	1,184,691.2	888,763.1	9,935.8	1,749.1	15,484.5	75,275.1	786,318.7	66,333.3	24,066.1	516.1	8,971.7	4,427.2	63.9	191.0	8,836.1	19,261.3																							
05	1,191,052.7	896,397.7	8,663.9	1,607.2	18,735.5	74,831.2	792,559.9	67,888.0	24,368.0	1,930.7	9,211.2	6,137.3	64.3	187.0	7,696.4	18,293.2																							
06	1,201,385.7	903,042.4	9,540.8	1,675.4	14,997.4	77,233.0	799,595.8	64,448.5	24,081.6	58.5	7,039.5	6,777.2	63.6	160.5	8,114.3	18,153.3																							
07	1,209,057.3	909,890.5	8,744.6	1,781.0	15,721.1	79,782.6	803,861.3	61,857.0	23,044.0	501.6	5,440.7	6,057.6	64.0	225.0	8,233.4	18,290.8																							
08	1,230,938.7	926,616.8	8,975.5	1,638.3	15,649.5	85,429.9	814,923.6	62,346.3	22,903.8	334.4	4,484.9	5,814.8	64.3	157.5	8,193.5	20,393.1																							
09	1,236,615.3	927,951.8	8,605.3	1,858.7	15,103.2	85,068.2	817,316.5	62,791.9	19,488.0	166.4	5,946.9	5,526.1	63.6	174.4	9,911.6	21,515.0																							
10	1,236,539.0	929,533.9	8,192.4	1,561.9	15,733.0	88,476.7	815,569.9	59,333.0	20,617.0	718.0	4,851.6	5,565.8	64.0	229.4	5,580.9	21,706.5																							
11	1,239,761.9	926,733.2	8,525.7	1,416.3	14,621.7	83,665.3	818,504.3	62,808.2	21,104.2	1,776.0	6,160.7	5,232.8	81.1	169.6	5,743.6	22,540.3																							
12	1,235,866.3	928,459.6	10,168.9	1,123.6	12,894.6	82,538.2	821,734.4	59,626.7	20,358.2	308.2	6,702.6	4,236.0	63.6	146.9	5,601.5	22,209.8																							

	Leirat me vlerë përveç aksioneve/ Securities other than shares	Huatë/ Loans (19+ 20 +21+22 +23+ 24+25)	Jorezidentët/ Nonresidents	Banka qendrore/ Central Bank	Korporata të tjera depozituese/ Other depository corporations	Qeveria qendrore/ Central Government	Korporata të tjera financiare/ Other financial corporations	Korporata të tjera financiare/ Other nonfinancial corporations	Sektorë të tjerë rezidentë/ Other resident sectors	Derivatet financiare/ Financial derivatives	Llogarit të pagueshme/ Other accounts payable	Aksione dhe instrumente të të kapitalit/ Shares and other equity
	17	18	19	20	21	22	23	24	25	26	27	28
2009/12	-	83,987.5	42,785.1	32,377.0	8,606.3	218.1	1.0	1.0	-	-	27,654.3	89,314.0
2010/12	-	49,254.2	28,680.5	12,536.9	7,761.7	274.0	1.0	1.0	-	-	37,701.7	97,602.0
2011/12	-	59,492.0	27,467.9	25,488.8	5,314.2	432.9	2.6	-	785.6	-	62,929.6	99,841.1
2012/01	-	59,897.0	27,847.3	24,084.6	6,709.2	433.1	2.6	-	820.2	-	62,598.8	100,194.0
02	-	56,484.2	26,838.9	22,517.2	5,795.2	506.2	2.5	-	824.2	-	63,794.7	102,254.4
03*	-	54,098.0	26,703.6	19,339.1	6,734.5	485.4	2.4	-	833.0	155.2	68,849.1	103,041.2
04	-	56,081.6	25,128.9	21,608.0	7,973.6	527.5	2.3	-	841.3	121.5	69,188.7	104,113.0
05	-	51,215.8	24,983.5	16,599.9	8,257.8	523.0	2.3	-	859.3	132.8	70,759.8	104,658.7
06	-	57,220.4	24,541.8	23,768.5	7,304.7	499.1	2.1	-	1,104.3	220.8	73,011.3	103,442.4
07	-	59,864.8	23,114.7	26,984.1	8,084.7	563.3	2.0	-	1,116.0	173.4	73,583.3	103,688.3
08	-	59,648.5	23,272.1	26,407.6	8,278.2	567.3	1.9	-	1,121.4	203.7	77,221.6	104,901.8
09	-	57,897.7	24,917.5	23,111.7	8,188.4	560.0	5.4	-	1,114.7	388.7	81,792.6	105,792.5
10	-	58,207.0	24,265.3	23,757.6	8,434.8	626.0	2.6	-	1,120.8	267.0	82,628.4	106,569.7
11	-	54,813.2	24,328.3	21,364.9	7,174.9	680.8	1.7	-	1,262.7	354.1	87,282.5	107,770.7
12	-	54,001.4	23,320.2	21,802.6	6,972.9	659.8	13.3	-	1,232.6	333.7	85,228.8	108,216.0

Source: Bank of Albania.

\*In the data of loans for March 2012 has been a reclassification from loans given to nonresidents to loans given to other nonfinancial corporations.

Burimi: Banka e Shqipërisë

\*Në të dhënat e kredive për muajin mars 2012 është bërë rriklassifikim i kredive nga kredi për jorezidentët në kredi për korporatat të tjera jo financiare.



## 1-3 AGREGATËT MONETARË DHE PËRBËRËSIT E TYRE

## MONETARY AGGREGATES AND THEIR COMPONENTS 1-3

	M3 (2+7)	M2 (3+6)	M1 (4+5)	Paraja jashtë korporatave depozituese/ Currency outside depository corporations	Llogari rrjedhëse dhe 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	4	5	6	7
	Gjendja në fund të periudhës (në milionë Lekë)/ Stock at end of period (in millions ALL)						
2009/12	871,469.5	578,181.5	284,505.5	209,043.7	75,461.8	293,675.9	293,288.0
2010/12	980,283.9	604,517.3	275,427.3	195,059.0	80,368.4	329,090.0	375,766.6
2011/12	1,070,149.6	647,003.3	276,898.1	194,923.2	81,974.9	370,105.2	423,146.2
2012/01	1,061,214.5	641,761.1	265,229.6	188,208.6	77,020.9	376,531.6	419,453.4
02	1,067,141.6	644,320.9	265,885.8	187,352.5	78,533.3	378,435.1	422,820.7
03	1,070,278.4	645,659.6	264,654.4	185,626.0	79,028.4	381,005.2	424,618.8
04	1,077,408.8	650,766.0	267,040.9	186,123.9	80,917.0	383,725.1	426,642.8
05	1,084,874.3	656,295.1	268,034.5	186,269.3	81,765.3	388,260.6	428,579.1
06	1,092,617.4	657,620.7	269,403.5	187,507.0	81,896.5	388,217.2	434,996.7
07	1,101,176.4	657,731.2	270,578.5	188,291.5	82,287.0	387,152.7	443,445.2
08	1,118,943.9	656,627.0	272,316.4	188,941.4	83,374.9	384,310.7	462,316.9
09	1,118,144.9	652,703.2	272,566.4	187,726.4	84,840.0	380,136.8	465,441.6
10	1,118,362.0	652,754.9	268,618.1	185,498.2	83,119.9	384,136.8	465,607.1
11	1,116,179.0	655,677.7	267,390.8	185,951.4	81,439.5	388,286.9	460,501.3
12*	1,123,381.6	669,550.1	281,233.5	192,692.0	88,541.5	388,316.6	453,831.5
	Ndryshimi vjetor në përqindje/ Annual percentage changes						
2009/12	6.8	4.2	0.6	6.8	-13.3	7.9	12.5
2010/12	12.5	4.6	-3.2	-6.7	6.5	12.1	28.1
2011/12	9.2	7.0	0.5	-0.1	2.0	12.5	12.6
2012/01	8.1	6.7	0.7	0.9	0.2	11.4	10.4
02	9.1	6.6	1.4	0.8	2.7	10.6	13.2
03	8.8	6.0	0.3	0.0	1.0	10.3	13.5
04	8.3	5.7	0.6	-0.9	4.3	9.5	12.6
05	8.7	6.0	1.2	-0.9	6.3	9.6	13.0
06	8.3	5.2	0.6	-0.9	4.4	8.7	13.3
07	8.4	5.1	0.4	-1.0	3.7	8.7	13.7
08	8.1	5.0	0.2	-0.3	1.4	8.6	13.0
09	6.8	3.5	1.4	-0.6	6.1	5.1	11.8
10	6.2	3.4	0.5	-0.6	3.1	5.5	10.3
11	5.6	2.9	-0.6	-0.7	-0.5	5.5	9.6
12*	5.0	3.5	1.6	-1.1	8.0	4.9	7.3

Burimi :Banka e Shqipërisë.

\* Të dhënat e muajit dhjetor 2012 janë paraprake.

Source: Bank of Albania.

\* December 2012 data are preliminary.

## 1-4 KUNDËRPARTITË E AGREGATËVE MONETARË

## COUNTERPARTS OF MONETARY AGGREGATES 1-4

	Mijetet valutore neto/ Net Foreign Assets	Mijetet e brendshme/ Domestic assets (3+4)	Pretendimet ndaj qeverisë qendrore neto/ Net claims on Central Government	Pretendime ndaj sektorëve të tjerë*/ Claims on other sectors*	Të tjera neto/ Other items net
	1	2	3	4	5
Gjendja në fund të periudhës (milionë Lekë)/ Stock at end of period (in millions ALL)					
2009/12	244,442.7	781,942.8	341,292.4	440,650.4	3,516.5
2010/12	339,409.2	826,848.0	343,395.1	483,453.0	10,282.6
2011/12	387,271.2	903,860.2	361,663.0	542,197.2	29,672.2
2012/01	381,565.0	901,216.0	360,663.6	540,552.4	28,893.6
02	383,831.3	906,383.8	363,526.3	542,857.5	28,777.6
03	386,872.5	908,432.4	358,081.5	550,351.0	31,022.4
04	395,637.2	911,989.8	354,644.3	557,345.5	32,481.1
05	403,332.5	912,995.2	352,204.4	560,790.9	32,390.8
06	411,047.0	910,833.8	350,550.6	560,283.2	33,748.1
07	427,814.3	908,249.9	347,978.2	560,271.7	34,450.2
08	454,340.2	903,030.5	343,347.9	559,682.6	35,493.8
09	458,953.0	905,287.2	340,412.1	564,875.2	37,508.0
10	459,862.3	898,759.2	342,510.5	556,248.8	36,587.7
11	458,069.6	900,481.4	343,786.3	556,695.1	36,426.2
12**	451,148.0	909,350.0	354,029.1	555,321.0	34,426.5
Ndryshimi vjetor në përqindje/ Annual percentage changes					
	Mijetet valutore neto/ Net foreign assets	Mijetet e brendshme/ Domestic assets (3+4)	Pretendimet ndaj qeverisë qendrore neto/ Net claims on Central Government	Pretendime ndaj sektorëve të tjerë*/ Claims on other sectors*	
	1	2	3	4	
2009/12	18.3	8.8	6.0		11.1
2010/12	38.9	5.7	0.6		9.7
2011/12	14.1	9.3	5.3		12.2
2012/01	14.1	8.8	4.8		11.7
02	19.8	7.7	3.3		11.0
03	22.4	6.9	1.3		10.9
04	22.8	6.2	-1.1		11.4
05	23.0	5.6	-1.8		10.8
06	24.5	4.4	-3.0		9.7
07	29.3	3.1	-4.4		8.4
08	27.3	2.3	-5.7		7.9
09	23.0	2.0	-5.2		6.9
10	21.3	1.1	-4.3		4.7
11	21.1	0.7	-4.8		4.4
12**	16.5	0.6	-2.1		2.4

Burimi: Banka e Shqipërisë

\* Përfshin kredinë për ekonominë dhe pretendime të tjera ndaj sektorëve mbajtës së parasë së gjerë.

\*\* Të dhënat e muajit dhjetor 2012 janë paraprake.

Source: Bank of Albania.

\* Include credit to economy and other claims on broad money holding sectors.

\*\* December 2012 data are preliminary.

## 1-5 LLOGARITË RRJEDHËSE DHE DEPOZITAT PA AFAT NË LEKË SIPAS SEKTORIT\*

## LEK DENOMINATED CURRENT ACCOUNT AND SIGHT DEPOSITS BY SECTOR\* 1-5

Në milionë lekë, fund periudhe

In millions ALL, end of period

	Llogari rrjedhëse dhe depozita pa afat/ Current account and sight deposits (3+4+5+6+7)	Qeveria lokale/ Local government	Korporatat jofinanciare publike/ Public nonfinancial corporations	Korporatat të tjera financiare/ Other financial corporations	Korporatat të tjera jofinanciare/ Other nonfinancial corporations	Sektorë të tjerë rezidentë/ Other resident sectors
	1	2	3	4	5	6
2009/12	75,461.8	478.1	7,795.6	675.3	20,879.3	45,633.5
2010/12	80,368.4	948.1	7,134.0	920.6	22,505.0	48,860.8
2011/12	81,974.9	1,157.4	7,303.5	532.5	20,681.5	52,300.1
2012/01	77,020.9	1,347.8	7,232.6	384.6	19,122.8	48,933.1
02	78,533.3	1,207.9	7,265.9	407.2	19,710.7	49,941.7
03	79,028.4	1,432.5	7,689.7	529.9	19,130.9	50,245.4
04	80,917.0	1,540.1	7,879.8	751.2	20,534.0	50,211.9
05	81,765.3	1,451.5	10,544.3	625.6	18,898.3	50,245.5
06	81,896.5	1,565.7	7,595.8	526.1	19,500.6	52,708.4
07	82,287.0	1,635.6	8,053.4	662.2	19,647.7	52,288.1
08	83,374.9	1,430.9	8,006.9	709.5	21,428.2	51,799.4
09	84,840.0	1,608.5	7,473.1	563.2	22,001.6	53,193.7
10	83,119.9	1,439.9	7,648.1	1,778.7	22,115.1	50,138.2
11	81,439.5	1,377.6	7,126.2	532.1	21,478.4	50,925.1
12**	88,541.5	1,059.7	7,168.0	1,789.2	24,716.6	53,807.9

Burimi: Banka e Shqipërisë

\* Përfshihen vetëm llogaritë dhe depozitat që janë pjesë e parasë së gjerë.

\*\* Të dhënat e muajit dhjetor 2012 janë paraprake.

Source: Bank of Albania.

\* Deposits included in broad money.

\*\* December 2012 data are preliminary.

## 1-6 DEPOZITAT ME AFAT NË LEKË SIPAS SEKTORIT\*

Në milionë lekë, fund periudhe

## LEK DENOMINATED TIME DEPOSITS BY SECTOR \* 1-6

In millions ALL, end of period

	Depozitat me afat/ Time deposits (9+10+11+12+13)	Qeveria lokale/ Local government	Korporatat jofinanciare publike/ Public nonfinancial corporations	Korporata të tjera financiare/ Other financial corporations	Korporata të tjera jofinanciare/ Other nonfinancial corporations	Sektorë të tjerë rezidentë/ Other resident sectors
	1	2	3	4	5	6
2009/12	293,675.9	8.4	3,378.4	786.6	9,898.3	279,604.3
2010/12	329,090.0	55.1	3,054.3	1,773.4	8,316.8	315,890.5
2011/12	370,105.2	109.6	2,608.9	1,423.5	11,292.5	354,670.8
2012/01	376,531.6	29.1	3,584.2	2,027.0	10,376.9	360,514.3
02	378,435.1	30.8	2,477.3	2,277.2	10,241.1	363,408.8
03	381,005.2	31.5	2,673.1	2,560.8	9,649.5	366,090.3
04	383,725.1	31.8	1,877.6	4,366.2	8,739.0	368,710.5
05	388,260.6	31.9	2,431.2	2,877.9	10,589.7	372,329.9
06	388,217.2	32.9	1,759.8	3,607.3	10,577.2	372,240.0
07	387,152.7	33.3	2,073.7	3,571.3	10,159.9	371,314.5
08	384,310.7	33.2	2,002.2	4,018.5	10,423.9	367,832.9
09	380,136.8	33.7	1,799.3	3,073.8	9,259.2	365,970.8
10	384,136.8	18.7	2,098.1	1,919.2	10,201.3	369,899.5
11	388,286.9	18.7	1,410.0	3,727.5	10,750.4	372,380.3
12**	388,316.6	19.4	1,715.4	2,224.4	10,954.1	373,403.4

Burimi: Banka e Shqipërisë

\* Përfshihen vetëm llogaritë dhe depozitat që janë pjesë e parasë së gjerë.

\*\* Të dhënat e muajit dhjetor 2012 janë paraprake.

Source: Bank of Albania.

\* Deposits included in broad money.

\*\* December 2012 data are preliminary.

## 1-7 LLOGARI RRJEDHËSE DHE DEPOZITA PA AFAT NË VALUTË SIPAS SEKTORIT\*

Në milionë lekë, fund periudhe

## FOREIGN CURRENCY DENOMINATED CURRENT ACCOUNT AND SIGHT DEPOSITS BY SECTOR\* 1-7

In millions ALL, end of period

	Llogari rrjedhëse dhe depozita pa afat/ Current account and sight deposits (3+4+5+6+7)	Qeveria lokale/ Local government	Korporatat jofinanciare publike/ Public nonfinancial corporations	Korporata të tjera financiare/ Other financial corporations	Korporata të tjera jofinanciare/ Other nonfinancial corporations	Sektorë të tjerë rezidentë/ Other resident sectors
	2	3	4	5	6	7
2009/12	75,422.6	153.7	2,771.9	426.8	25,627.3	46,443.0
2010/12	87,471.8	256.0	4,102.0	971.9	29,547.6	52,594.2
2011/12	86,753.0	263.1	2,091.5	971.8	28,217.3	55,209.4
2012/01	84,358.6	193.8	2,439.7	362.7	27,594.2	53,768.1
02	82,462.9	154.4	2,405.6	227.0	25,347.8	54,328.1
03	83,612.2	248.9	2,719.8	303.2	25,855.3	54,485.0
04	83,660.7	174.2	2,704.6	362.3	26,885.8	53,533.8
05	83,863.2	120.9	2,594.9	395.8	27,074.3	53,677.3
06	86,883.7	73.9	2,443.1	315.8	28,851.6	55,199.4
07	89,290.2	109.3	2,743.6	345.1	29,725.0	56,367.3
08	92,115.2	171.3	2,914.6	408.2	30,214.2	58,406.9
09	88,991.8	213.7	2,832.9	221.0	28,954.6	56,769.7
10	88,644.7	100.4	2,884.7	474.9	31,355.3	53,829.5
11	91,098.3	17.0	3,502.9	270.3	31,697.5	55,610.7
12**	89,206.6	44.5	2,137.6	253.4	29,224.4	57,546.6

Burimi: Banka e Shqipërisë

\* Përfshihen vetëm llogaritë dhe depozitat që janë pjesë e parasë së gjerë.

\*\* Të dhënat e muajit dhjetor 2012 janë paraprake.

Source: Bank of Albania.

\* Deposits included in broad money.

\*\* December 2012 data are preliminary.

## 1-8 DEPOZITAT ME AFAT NË VALUTË SIPAS SEKTORIT\*

NË MILIONË LEKË, FUND PERIUDHE

## FOREIGN CURRENCY DENOMINATED TIME DEPOSITS BY SECTOR\* 1-8

IN MILLIONS ALL, END OF PERIOD

	Depozitat me afat/ Time deposits (9+10+11+12+13)	Qeveria lokale/ Local government	Korporatat jofinanciare publike/ Public nonfinancial corporations	Korporata të tjera financiare/ Other financial corporations	Korporata të tjera jofinanciare/ Other nonfinancial corporations	Sektorë të tjerë rezidentë/ Other resident sectors
	8	9	10	11	12	13
2009/12	217,865.3	159.3	3,999.1	3,246.0	13,955.6	196,505.4
2010/12	288,294.8	237.0	4,470.0	5,229.1	27,835.3	250,523.5
2011/12	336,393.2	17.4	3,150.8	5,050.5	26,201.1	301,973.4
2012/01	335,094.8	16.8	2,888.1	5,183.8	20,681.9	306,324.3
02	340,357.8	15.4	2,938.4	5,354.4	20,962.4	311,087.2
03	341,006.6	2.9	2,984.2	5,192.0	19,519.0	313,308.5
04	342,982.1	2.9	3,022.5	5,014.9	19,116.3	315,825.5
05	344,715.9	2.9	3,165.1	5,009.7	18,268.9	318,269.5
06	348,113.0	2.9	3,198.7	5,148.0	18,303.7	321,459.7
07	354,155.0	2.8	2,850.4	5,147.8	20,250.0	325,903.9
08	370,201.7	2.9	2,725.8	5,256.7	23,363.5	338,852.9
09	376,449.8	2.9	2,997.9	5,136.0	24,852.8	343,460.2
10	376,962.4	2.9	3,102.1	5,233.5	24,805.1	343,818.8
11	369,403.0	2.9	2,582.7	5,411.2	19,739.0	341,667.1
12**	364,625.0	-	1,873.6	6,049.9	17,643.1	339,058.4

Burimi: Banka e Shqipërisë

\* Përfshihen vetëm llogaritë dhe depozitat që janë pjesë e parasë së gjerë.

\*\* Të dhënat e muajit dhjetor 2012 janë paraprake.

Source: Bank of Albania.

\* Deposits included in broad money.

\*\* December 2012 data are preliminary.

1-9 KREDIA SIPAS AKTIVITETIT EKONOMIK<sup>1</sup>  
NË MILIONË LEKË, FUND PERIUDHËLOANS BY ECONOMIC ACTIVITY<sup>1</sup> 1-9  
IN MILLIONS ALL, END OF PERIOD

	Totali i kredisë për biznese/ Total loans to business/ (2+3+4+5+6+ 7+8+9+10+11 +12+13+14+15 +16+17)	Bujësi, dhe gjueti dhe shkollëzimi/ Agriculture, hunting and forestry	Peshkimi/ Fishing	Industria nxjerrëse/ Mining and quar- rying	Industria për- punuese/ Manufac- turing	Prodhimi, shpërndarja e energjisë elektrike, e gazit dhe ujit/ Electric- ity, gas and water supply	Ndërtimi/ Construc- tion	Tregtia, riparimi i autovehikujve dhe artikujve shtëpiakë/ Trade, repair of motor vehicles and personal and household goods	Hotelet dhe restorante/ Hotels and restaurants	Transporti, magazini dhe telekomu- nikacioni/ Transport, storage and telecommuni- cations	Ndërm- jetësim në finansim/ Financial intermedia- tion	Pasuritë e patundshme, dhe/ Real estate, renting, etc.	Admin- istrimi publik/ Public adminis- tration	Asimi/ Education	Shërbime kole- ktive, sociale dhe individuale/ Other commu- nity, social and personal service activities	Të tjera/ Other	
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
2010/12	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
2011/12	389,425.7	5,586.3	1,036.4	6,572.6	57,853.6	37,073.3	70,875.5	129,075.9	15,876.4	11,060.5	11,404.7	2,672.0	1,604.4	4,496.7	4,675.2	16,811.3	12,695.1
2012/01	387,401.1	5,421.6	1,019.5	6,302.7	59,791.3	32,746.1	68,830.4	134,900.3	15,919.8	10,566.7	11,693.7	2,877.4	1,658.6	4,446.2	4,575.5	16,948.3	9,703.2
02	388,830.8	5,576.0	1,041.0	6,106.4	59,599.4	33,122.9	69,692.2	134,042.6	16,691.4	11,192.6	11,843.8	2,780.4	1,719.3	4,532.9	4,750.5	16,515.4	9,623.9
03*	396,705.6	5,567.0	1,070.4	7,268.6	59,651.7	33,482.2	70,199.4	135,961.5	16,581.6	11,279.7	12,487.4	2,755.0	1,723.1	4,615.8	4,683.2	17,095.5	12,283.7
04	396,430.6	5,641.1	1,039.5	7,064.6	59,417.3	33,284.2	70,126.7	136,051.5	16,906.8	11,187.7	12,440.8	2,710.6	1,757.0	4,668.1	4,645.1	16,753.5	12,736.2
05	399,932.0	5,782.4	1,053.8	5,918.9	59,793.6	36,073.9	69,897.7	138,831.7	15,953.8	10,688.2	12,421.4	2,707.3	1,830.8	4,688.6	4,620.4	16,874.4	12,795.2
06	400,056.9	4,928.7	962.6	8,012.0	58,469.1	37,966.8	71,149.4	140,932.1	17,829.2	11,712.9	12,092.1	2,864.2	760.0	5,483.6	4,470.6	14,247.9	8,175.9
07	399,752.3	4,851.5	943.9	7,804.9	58,550.1	38,537.5	71,685.2	139,355.0	17,701.4	11,618.3	12,380.0	2,618.3	756.2	5,744.0	4,486.7	14,414.1	8,305.1
08	398,774.3	5,010.1	955.1	7,946.3	60,067.5	38,887.8	70,547.1	135,823.2	17,603.1	11,660.5	12,591.2	2,631.4	758.6	5,809.1	4,505.4	15,639.3	8,338.5
09	403,255.1	5,274.9	958.9	8,416.6	60,213.1	39,897.1	71,871.6	138,409.1	17,727.9	11,685.7	12,675.1	2,607.0	861.4	5,805.4	4,848.0	15,055.3	6,948.0
10	398,225.7	5,527.7	945.8	7,626.0	60,306.6	42,903.0	67,898.5	135,074.0	17,570.1	11,602.3	12,660.1	2,657.8	875.5	5,996.9	4,808.1	15,024.0	7,049.4
11	400,202.8	5,506.2	941.5	7,483.4	59,587.4	45,807.6	63,554.7	136,025.4	17,680.9	11,469.7	12,965.9	5,883.3	886.6	5,569.7	4,840.2	15,283.9	6,716.7
12	401,699.1	5,655.4	905.5	7,566.5	57,931.2	46,518.3	63,410.3	137,951.2	17,467.7	11,470.1	13,087.6	5,829.6	808.6	5,517.6	4,916.4	15,199.2	7,463.9

Burimi: Banka e Shqipërisë.

1) Të dhënat e kredisë nuk përfshijnë interesat e përlogaritur.

\*Në të dhënat e kredisë për muajt mars 2012 është bërë riklasifikim i kredisë nga kredi për prezidentët në kredi për bizneset.

1) Data on loans do not include accrued interests.

\*In the data of loans for March 2012 has been a reclassification from loans given to nonresidents to loans given to businesses.

Source: Bank of Albania.

1-10 KREDIA SIPAS QËLLIMIT TË PËRDORIMIT DHE MONEDHËS PËR BIZNESET<sup>1</sup>

Në milionë lekë, fund periudhe

BUSINESS LOANS BY PURPOSE AND CURRENCY<sup>1</sup> 1-10

In millions ALL, end of period

	Kredia për bizneset/ Business loans (2+7+12+17)	Në lekë / In ALL (3+4+5+6)	Overdraft/ Overdraft	Kapital qarkullues/ Working capital	Blerje pajisjesh/ Machineries and appliances	Pasuri të paluajtshme/ Real estate
	1	2	3	4	5	6
2009/12	291,214.3	76,734.3	30,976.5	17,237.7	18,494.7	10,025.4
2010/12	330,388.1	89,529.3	33,349.8	21,738.1	21,121.2	13,320.3
2011/12	389,425.7	118,862.4	37,883.4	33,938.2	26,536.0	20,504.8
2012/01	387,401.1	116,880.7	36,960.8	32,780.3	26,294.7	20,845.0
02	388,830.8	117,748.0	37,196.9	33,018.5	26,263.4	21,269.3
03*	396,705.6	121,958.9	37,712.2	36,755.5	26,153.6	21,337.7
04	396,430.6	122,139.7	37,759.2	36,423.6	26,385.7	21,571.3
05	399,930.0	125,516.5	36,436.1	38,627.2	28,832.3	21,620.9
06**	400,056.9	127,433.9	37,345.4	39,368.3	29,179.7	21,540.4
07	399,752.3	129,097.3	37,649.0	40,567.8	29,363.5	21,517.1
08	398,774.3	128,437.5	36,626.0	40,186.8	30,629.9	20,994.8
09	403,255.1	131,646.5	37,769.1	41,368.3	31,090.4	21,418.7
10	398,225.7	136,257.5	41,650.0	41,947.9	31,038.1	21,621.5
11	400,202.8	141,551.9	43,001.0	43,347.0	22,518.2	32,685.8
12	401,699.1	142,844.8	42,857.0	44,283.3	22,145.0	33,559.5
	Në dollarë amerikanë / In USD (8+9+10+11)	Overdraft/ Overdraft	Kapital qarkullues/ Working capital	Blerje pajisjesh/ Machineries and appliances	Pasuri të paluajtshme/ Real estate	
	7	8	9	10	11	
2009/12	26,832.1	12,115.4	5,787.9	4,493.4	4,435.4	
2010/12	31,186.8	12,966.4	6,116.6	6,474.7	5,629.1	
2011/12	36,138.2	17,403.7	5,354.5	7,070.4	6,309.6	
2012/01	36,377.3	16,611.9	5,795.4	7,526.8	6,443.2	
02	34,683.8	13,790.7	5,841.0	8,714.9	6,337.3	
03	36,888.0	14,538.7	6,410.2	9,423.4	6,515.6	
04	36,646.6	14,078.5	6,341.4	9,615.5	6,611.3	
05	38,919.6	14,939.1	6,766.2	10,239.8	6,974.5	
06	39,942.0	16,411.6	6,685.6	10,088.8	6,756.0	
07	39,090.6	15,681.6	6,264.7	11,084.6	6,059.7	
08	37,571.4	14,640.0	6,147.9	11,020.1	5,763.5	
09	36,543.9	14,607.3	5,717.7	10,560.0	5,658.9	
10	34,777.8	13,534.0	5,621.6	10,412.0	5,210.1	
11	34,655.3	13,857.5	6,254.8	9,430.4	5,112.6	
12	34,546.2	14,513.9	6,114.0	9,176.9	4,741.3	
	Në euro / In EUR (13+14+15+16)	Overdraft/ Overdraft	Kapital qarkullues/ Working capital	Blerje pajisjesh/ Machineries and appliances	Pasuri të paluajtshme/ Real estate	Kredia në monedha të tjera/ In other currencies
	12	13	14	15	16	17
2009/12	186,942.0	53,528.5	26,575.6	53,511.5	53,326.4	705.8
2010/12	209,347.5	61,989.3	27,174.5	60,072.5	60,111.2	324.5
2011/12	234,203.0	68,305.4	31,695.8	65,354.7	68,847.0	222.1
2012/01	233,923.2	69,299.3	30,191.2	65,820.9	68,611.8	219.9
02	236,184.5	70,312.3	30,221.5	65,504.7	70,146.1	214.4
03	237,650.7	71,270.4	29,884.2	66,587.3	69,908.8	207.9
04	237,440.4	71,281.4	30,110.8	67,033.7	69,014.4	203.9
05	235,309.8	69,904.3	30,001.4	66,124.4	69,279.7	186.1
06	232,499.6	66,483.6	29,902.6	66,737.4	69,376.0	181.5
07	231,386.5	65,729.6	29,390.6	66,257.3	70,009.0	177.9
08	232,676.6	65,581.6	29,514.3	66,273.2	71,307.4	88.9
09	234,976.5	66,240.1	29,735.7	67,908.4	71,092.2	88.3
10	227,103.6	62,727.9	28,740.8	66,515.7	69,119.2	86.8
11	223,909.8	63,159.5	27,919.5	58,096.8	74,734.0	85.8
12	224,224.0	62,521.8	28,140.0	57,525.4	76,036.8	84.1

Burimi: Banka e Shqipërisë

1) Të dhënat e kredisë nuk përfshijnë interesat e përlogaritur.

\*Në të dhënat e kredisë për muajin mars 2012 është bërë riklasifikim i kredisë nga kredi për jorezidentët në kredi për bizneset.

\*\*Në të dhënat e kredisë për muajin qershor 2012 është bërë riklasifikim i kredisë brenda grupeve "Biznese" dhe "Individe".

Source: Bank of Albania.

1) Data on loans do not include accrued interests.

\*In the data of loans for March 2012 has been a reclassification from loans given to nonresidents to loans given to businesses.

\*\*Loans data for June 2012 have been reclassified within groups "Business" and "Households".

1-11 KREDIA SIPAS QËLLIMIT TË PËRDORIMIT DHE  
MONEDHËS PËR INDIVIDËT<sup>1</sup>  
NË MILIONË LEKË, FUND PERIUDHE

HOUSEHOLD LOANS BY PURPOSE AND CURRENCY<sup>1</sup> 1-11  
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 /Non durable goods	Mallra të qëndrueshëm/ Durable goods	Pasuri të paluajtshme/ Real estate	Ushtrim aktiviteti/ Business activity
	1	2	3	4	5	6	7
2009/12	139,779.6	56,239.5	3,859.5	14,338.2	5,228.1	25,591.3	7,222.4
2010/12	142,176.0	59,411.9	4,468.4	14,403.5	5,434.0	27,782.7	7,323.3
2011/12	141,618.3	61,524.9	5,271.1	16,128.1	5,489.7	30,285.5	4,350.5
2012/01	141,265.3	61,544.9	5,259.1	16,074.3	5,413.3	30,435.8	4,362.3
02	141,728.2	61,565.4	5,210.5	15,957.0	5,400.1	30,676.6	4,321.3
03	142,004.9	61,743.7	5,355.0	15,785.0	5,415.9	30,891.9	4,295.9
04	141,702.4	61,681.3	5,297.8	15,606.2	5,409.9	31,110.8	4,256.6
05	141,183.2	62,010.9	5,419.6	15,507.8	5,472.0	31,411.8	4,199.7
06*	140,850.8	62,580.7	5,500.1	15,430.8	5,486.1	31,837.2	4,326.6
07	141,013.4	63,051.8	5,644.5	15,596.4	5,455.7	32,048.2	4,307.0
08	140,829.6	63,151.3	5,620.6	15,652.0	5,434.7	32,171.3	4,272.7
09	142,010.4	63,389.1	5,601.8	15,670.8	5,410.8	32,456.2	4,249.5
10	141,732.3	63,573.0	5,711.8	15,605.6	5,365.6	32,707.3	4,182.8
11	142,358.9	63,587.6	5,676.9	15,520.0	5,427.8	32,817.8	4,145.2
12	142,270.8	63,553.9	5,617.3	15,501.0	5,442.2	33,014.8	3,978.5
	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	
2009/12	2,330.8	243.0	40.1	104.5	1,846.1	97.1	
2010/12	2,254.3	236.8	20.6	135.1	1,756.7	105.1	
2011/12	2,253.4	251.0	35.5	93.3	1,606.5	267.2	
2012/01	2,165.0	210.1	42.2	78.4	1,573.8	260.6	
02	2,118.6	226.6	39.1	76.7	1,521.3	255.0	
03	2,074.8	227.9	40.2	87.3	1,502.6	216.8	
04	2,076.4	240.3	45.0	83.2	1,489.8	218.0	
05	2,075.2	184.0	48.4	84.2	1,526.9	231.7	
06	2,026.9	192.6	50.3	80.6	1,476.7	226.7	
07	2,066.3	192.0	40.1	72.7	1,529.8	231.7	
08	2,031.9	231.5	44.6	58.6	1,472.3	224.9	
09	1,938.7	214.0	36.2	49.1	1,417.9	221.6	
10	1,924.9	218.6	48.4	46.3	1,390.0	221.6	
11	1,875.5	164.2	51.1	45.7	1,393.7	220.8	
12	1,900.9	223.0	62.6	44.9	1,354.1	216.3	
	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 / In other currencies
	14	15	16	17	18	19	20
2009/12	80,748.3	2,029.4	1,666.4	2,899.4	70,031.3	4,121.9	461.0
2010/12	80,001.6	1,559.4	1,732.9	2,415.5	70,107.7	4,186.0	508.3
2011/12	77,355.1	1,624.0	1,687.8	2,912.2	68,167.1	2,964.0	484.9
2012/01	77,070.4	1,727.2	1,675.9	2,862.9	67,847.2	2,957.3	485.0
02	77,559.3	1,754.4	1,710.0	2,877.1	68,238.1	2,979.7	484.8
03	77,703.8	1,783.8	1,744.0	3,134.2	68,085.9	2,955.9	482.6
04	77,468.4	1,782.3	1,903.8	2,999.1	67,830.8	2,952.3	476.5
05	76,627.6	1,792.5	1,892.9	3,082.5	66,969.3	2,890.4	469.5
06	75,778.3	1,891.3	1,929.4	2,965.1	66,331.2	2,661.3	464.9
07	75,438.7	1,917.7	1,887.8	3,117.1	66,008.5	2,507.6	456.6
08	75,193.0	1,719.9	1,767.6	3,083.8	66,120.1	2,501.6	453.4
09	76,228.2	2,129.2	1,780.2	3,271.2	66,561.6	2,485.9	454.4
10	75,741.9	2,201.7	1,759.1	3,128.2	66,150.5	2,502.4	492.5
11	76,405.4	2,723.3	1,771.5	3,209.3	66,065.7	2,635.7	490.5
12	76,371.6	2,759.2	1,761.0	3,194.8	66,055.3	2,601.3	444.4

Burimi: Banka e Shqipërisë.

1) Të dhënat e kredisë nuk përfshijnë interesat e përllogaritur.

\*Në të dhënat e kredisë për muajin qershor 2012 është bërë riklasifikim i kredisë brenda grupeve "Biznese" dhe "Individe".

Source: Bank of Albania.

1) Data on loans do not include accrued interests.

\*Loans data for June 2012 have been reclassified within groups "Business" and "Households".

## 1-12 KREDIA SIPAS RRETHIT\*

Në milionë lekë, fund periudhe

## LOANS BY DISTRICT\* 1-12

In millions ALL, end of period

	Totali i kredisë/ Total loans (2+3+4+5+6+7+8+9+10)									
	1	2	3	4	5	6	7	8	9	10
	Tiranë/ Tirana	Durrës/ Durrës	Elbasan/ Elbasan	Shkodër/ Shkodra	Korçë/ Korça	Vlorë/ Vloja	Fier/ Fier	Lezhë/ Lezha	Të tjera/ Other	
2009/IV	430,993.8	296,368.6	33,631.9	13,740.3	8,421.8	15,726.9	12,859.3	9,363.0	29,886.2	
2010/IV	472,564.0	330,634.1	37,138.3	12,921.5	8,083.6	16,490.2	14,187.2	8,909.6	32,175.2	
2011/IV	531,044.0	374,940.9	41,383.8	15,266.5	8,649.4	16,477.1	15,779.5	10,257.8	35,160.0	
2012/I	538,710.5	383,738.6	40,801.6	15,279.7	8,680.3	16,607.8	15,424.7	10,323.8	34,802.5	
II	540,907.8	387,458.9	41,273.3	14,693.4	8,425.2	16,341.3	15,292.2	10,522.3	33,800.9	
III	545,265.5	391,195.8	40,854.7	15,594.7	8,466.6	16,343.9	14,588.4	10,567.4	34,467.7	
IV	543,969.9	390,253.4	41,266.8	15,272.7	8,496.4	16,190.1	13,810.2	10,611.4	34,934.7	

Burimi: Banka e Shqipërisë

\* Të dhënat e kredisë nuk përfshijnë interesat e përlogaritur.

Source: Bank of Albania.  
\* Data on loans do not include accrued interests.

## 2. NORMAT E INTERESIT TË INSTRUMENTEVE TË POLITIKËS MONETARE

## INTEREST RATES OF MONETARY POLICY INSTRUMENTS 2.

### 2-1 NORMAT E INTERESIT TË BANKËS SË SHQIPËRISË \*

### BANK OF ALBANIA INTEREST RATES\* 2-1

In percentage

	Depozita njëditore/ Overnight deposit		Marrëveshje riblejete njëjtore/ Weekly repurchase agreement		Kredia njëditore/ Overnight credit		Kredia për mbështetje me likuiditet/ Liquidity supporting loan <sup>1)</sup>	
	Vlera/ Level	Ndryshimi/ Change	Vlera/ Level	Ndryshimi/ Change	Vlera/ Level	Ndryshimi/ Change	Vlera/ Level	Ndryshimi/ Change
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
24/06	2.75	-0.25	5.75	-0.25	8.25	-0.25	11.75	-0.25
28/07	2.50	-0.25	5.50	-0.25	8.00	-0.25	11.50	-0.25
04/11	2.25	-0.25	5.25	-0.25	7.75	-0.25	11.25	-0.25
2005 31/03	2.00	-0.25	5.00	-0.25	7.50	-0.25	11.00	-0.25
27/07	3.25	1.25	5.00	—	6.75	-0.75	11.00	—
2006 12/07	3.50	0.25	5.25	0.25	7.00	0.25	11.25	0.25
30/11	3.75	0.25	5.50	0.25	7.25	0.25	11.50	0.25
2007 28/06	4.00	0.25	5.75	0.25	7.50	0.25	11.75	0.25
27/09	4.25	0.25	6.00	0.25	7.75	0.25	12.00	0.25
30/11	4.50	0.25	6.25	0.25	8.00	0.25	12.25	0.25
2008 24/12	4.50	—	6.25	—	7.00	-1.00	12.25	—
2009 28/01	4.50	—	6.25	—	7.00	—	12.25	—
29/01	4.00	-0.50	5.75	-0.50	6.50	-0.50	11.75	-0.50
28/10	3.50	-0.50	5.25	-0.50	6.00	-0.50	11.25	-0.50
2010 29/07	3.25	-0.25	5.00	-0.25	5.75	-0.25	11.00	-0.25
2011 03/01	3.25	—	5.00	—	6.75	1.00	11.00	—
24/03	3.50	0.25	5.25	0.25	7.00	0.25	11.25	0.25
30/09	3.25	-0.25	5.00	-0.25	6.75	-0.25	11.00	-0.25
01/12	3.00	-0.25	4.75	-0.25	6.50	-0.25	10.75	-0.25
2012 26/01	2.75	-0.25	4.50	-0.25	6.25	-0.25	10.50	-0.25
29/03	2.50	-0.25	4.25	-0.25	6.00	-0.25	10.25	-0.25
10/05	2.50	—	4.25	—	6.00	—	8.25	-0.20
25/07	2.25	-0.25	4.00	-0.25	5.75	-0.25	8.00	-0.25

Burimi: Banka e Shqipërisë

\*Tabela paraqet ndryshimin e normave bazë të interesit sipas vendimit të politikës monetare.

1) Me hyrjen në fuqi të vendimit nr. 16 datë 13.03.2012, për miratimin e rregulloreve "Për kredinë për mbështetje me likuiditet", instrumenti "Kredia Lombard" do të pasohet nga "Kredia për mbështetje me likuiditet".

\*Table present the change of key interest rates according to the monetary policy decisions for interest rates.  
1) Upon the entry into force of Decision No. 16, dated 13 March 2012, on the approval of the Regulation "On the liquidity supporting loan", the instrument of "Lombard Loan" will be followed by the "Liquidity supporting loan".



## 3. TREGJET FINANCIARE

## FINANCIAL MARKETS 3.

## 3-1 NORMAT E INTERESIT PËR DEPOZITAT E REJA SIPAS MONEDHËS\*

## INTEREST RATES ON NEW DEPOSITS BY CURRENCY\* 3-1

Në përqindje

In percentage

	Llogari rrjedhjësë/ Current accounts	1 mujore/ 1 months	3 mujore/ 3 months	Në lekë/ In ALL	6 mujore/ 6 months	12 mujore/ 12 months	24 mujore/ 24 months
2009	0.28	4.56	5.05	5.74	6.78	7.23	7.23
2010	0.30	4.55	4.64	5.38	6.40	7.04	7.04
2011	0.22	4.39	4.22	4.87	5.87	6.59	6.59
2012/01	0.05	3.99	4.16	4.76	5.80	6.46	6.46
02	0.05	3.80	3.98	4.61	5.62	6.63	6.63
03	0.05	3.74	3.84	4.59	5.68	6.67	6.67
04	0.05	3.34	3.90	4.54	5.57	6.61	6.61
05	0.05	3.60	3.85	4.63	5.70	6.64	6.64
06	0.05	3.31	3.79	4.38	5.50	6.52	6.52
07	0.05	3.30	3.82	4.34	5.33	6.68	6.68
08	0.04	4.33	3.66	4.40	5.06	6.17	6.17
09	0.05	3.51	3.79	4.40	5.19	6.50	6.50
10	0.05	3.43	3.74	4.47	5.24	6.24	6.24
11	0.05	3.55	3.54	4.39	5.25	6.42	6.42
12	0.05	3.06	3.78	4.30	5.17	6.64	6.64
Në dollarë amerikanë/ In USD							
2009	0.08	1.17	1.60	1.77	2.38	2.32	2.32
2010	0.09	1.15	1.19	1.39	2.04	2.34	2.34
2011	0.09	0.84	1.07	1.59	2.14	1.96	1.96
2012/01	0.04	1.13	1.16	1.67	2.47	2.29	2.29
02	0.03	1.10	1.18	1.75	2.60	2.46	2.46
03	0.04	0.93	1.69	1.68	2.45	2.20	2.20
04	0.03	0.99	1.38	1.88	2.31	2.66	2.66
05	0.03	1.10	1.35	2.00	2.49	2.71	2.71
06	0.03	0.74	1.73	1.83	2.52	2.64	2.64
07	0.03	0.92	1.30	2.08	2.43	2.75	2.75
08	0.03	0.88	1.71	1.85	2.53	3.00	3.00
09	0.04	1.02	1.54	1.82	2.34	2.43	2.43
10	0.03	0.84	1.37	1.69	2.59	3.19	3.19
11	0.04	0.76	0.99	1.79	3.33	2.11	2.11
12	0.03	1.00	1.54	1.58	2.16	2.03	2.03
Në Euro/ In EUR							
2009	0.14	2.09	3.48	3.96	4.23	4.91	4.91
2010	0.15	1.87	2.52	3.00	3.57	4.22	4.22
2011	0.11	2.04	2.09	2.45	3.11	3.85	3.85
2012/01	0.02	1.71	2.13	2.41	3.30	3.72	3.72
02	0.03	1.76	2.11	2.49	3.14	4.59	4.59
03	0.03	1.94	2.12	2.56	3.29	3.64	3.64
04	0.04	1.83	2.09	2.51	3.25	3.91	3.91
05	0.03	2.12	2.16	2.80	3.31	3.62	3.62
06	0.03	2.02	2.08	2.55	3.24	3.75	3.75
07	0.04	1.99	2.00	2.47	3.16	3.65	3.65
08	0.03	2.07	1.99	2.37	2.91	3.60	3.60
09	0.04	1.79	1.93	2.38	2.96	3.62	3.62
10	0.03	1.58	1.92	2.00	3.00	3.53	3.53
11	0.04	1.52	1.70	2.28	2.93	3.58	3.58
12	0.04	1.38	1.98	2.09	2.85	3.47	3.47

Burimi: Banka e Shqipërisë

\*Normat vjetore përfaqësojnë normat mesatare të ponderuara vjetore, ndërsa normat mujore përfaqësojnë normat mesatare të ponderuara mujore.

\*Yearly data presents the annual weighted average rate, while the monthly data presents the monthly weighted average rate. Source: Bank of Albania.

### 3-2 NORMAT E INTERESIT PËR KREDITË E REJA SIPAS MONEDHËS\* Në përqindje

### INTEREST RATES ON NEW LOANS BY CURRENCY\* 3-2 In percentage

	Deri në 6 muaj/ Up to 6 months	6 muaj - 1 vit/ 6 months - 1 year	Në lekë/ In ALL	3 - 5 vjet/ 3 - 5 years	Mbi 5 vjet/ Over 5 years
2009	12.54	12.46	15.75	15.11	14.06
2010	13.17	11.29	15.68	14.16	12.05
2011	12.28	11.17	13.43	12.79	10.73
2012/01	11.14	10.72	13.25	13.91	10.55
02	9.91	11.53	14.12	13.54	10.34
03	12.68	11.87	14.21	12.68	10.27
04	11.33	10.52	14.71	13.71	10.16
05	11.28	11.45	14.48	10.45	10.72
06	10.78	11.10	14.86	12.61	10.44
07	11.78	10.91	13.96	13.69	10.65
08	10.70	10.16	13.29	13.25	10.93
09	9.98	10.96	14.95	13.49	10.25
10	9.44	8.07	14.30	13.61	10.01
11	11.22	9.22	15.74	13.00	9.56
12	10.34	10.58	15.43	11.66	9.61
	Në dollarë amerikanë / In USD				
2009	7.32	7.22	7.15	7.15	6.96
2010	7.44	6.68	6.72	7.06	8.01
2011	8.85	6.57	7.15	4.52	6.91
2012/01	9.24	7.59	6.99	6.46	5.24
02	8.07	6.69	7.00	7.00	—
03	4.31	7.92	6.70	7.32	10.00
04	5.90	5.86	7.65	7.00	6.90
05	6.74	6.72	6.24	6.34	4.84
06	6.66	6.26	7.06	7.00	7.56
07	7.07	6.69	7.27	6.78	4.30
08	6.34	5.95	6.18	—	—
09	6.86	6.86	8.03	7.95	—
10	7.77	8.28	5.08	—	—
11	7.50	6.69	6.06	—	2.76
12	8.87	6.80	4.90	8.72	—
	Në Euro/ In EUR				
2009	8.32	7.64	8.19	8.07	7.60
2010	7.20	7.14	8.02	7.87	7.41
2011	7.51	7.18	7.76	7.45	7.56
2012/01	7.47	6.85	7.32	8.01	7.85
02	5.84	7.47	7.25	7.70	6.87
03	7.26	7.56	7.38	8.10	7.59
04	6.61	7.48	6.64	7.98	7.61
05	7.18	7.33	7.48	8.27	7.65
06	7.45	7.18	7.72	8.07	6.45
07	6.96	5.18	7.82	7.52	7.29
08	6.55	6.87	8.39	8.01	7.74
09	7.24	7.04	7.98	7.85	6.90
10	7.94	7.06	8.08	7.34	7.53
11	7.11	7.40	6.88	7.60	7.17
12	7.11	6.69	7.29	8.56	6.91

Burimi: Banka e Shqipërisë.

\*Normat vjetore përfaqësojnë normat mesatare të ponderuara vjetore, ndërsa normat mujore përfaqësojnë normat mesatare të ponderuara mujore.

\*Yearly data presents the annual weighted average rate, while the monthly data presents the monthly weighted average rate. Source: Bank of Albania.

3-3 NORMAT E INTERESIT PËR BONOT E  
THESARIT SIPAS AFATIT\*  
NË PËRQINDJE

YIELDS OF TREASURY BILLS BY MATURITY  
BREAKDOWN\* 3-3  
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
2008/12	6.27	7.45	8.56
2009/09	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
2011/01	—	6.32	6.83
02	5.21	6.38	6.95
03	5.35	6.72	7.27
04	—	6.84	7.41
05	5.47	6.82	7.36
06	5.65	6.80	7.54
07	—	6.82	7.69
08	5.61	6.78	7.68
09	5.62	6.77	7.68
10	—	6.49	7.50
11	5.49	6.44	7.40
12	5.31	6.23	6.95
2012/01	—	6.23	7.07
02	5.08	6.10	7.11
03	5.29	6.20	7.33
04	—	6.20	7.35
05	5.30	6.20	7.36
06	5.26	6.25	7.37
07	—	6.24	7.34
08	5.15	6.23	7.19
09	5.08	6.17	6.93
10	—	6.13	6.78
11	5.03	6.06	6.46
12	5.03	5.65	6.37

Burimi: Banka e Shqipërisë

\* Përfaqësojnë normat mesatare të ponderuara të periudhës.

Source: Bank of Albania.

\* Weighted average interest rates.

## 4. KURSI I KEMBIMIT

## EXCHANGE RATE 4.

4-1 KURSI I KËMBIMIT TË LEKUT KUNDREJT MONEDHAVE KRYESORE  
Lekë për njësi të monedhës së huajEXCHANGE RATE 4-1  
ALL per unit of foreign currencies

Monedhat kryesore/ Main foreign currencies	Mesatarja e periudhës/ Average of period						Fundi i periudhës/ End of period					
	1	2	3	4	5	6	Dollari amerikan/ US Dollar (USD)	Monedha evropiane/ European currency (EUR)	Pound-i britanik/ British pound sterling (GBP)	Franga zvicere/ Swiss franc (CHF)	Jeni Japonez/ Japanese yen (per 100 JPY)	Dollari Kanadez/ Canadian dollar (CAD)
2010	103.94	137.79	160.53	99.87	118.66	100.94	104.00	138.77	161.46	110.98	127.90	104.29
2011	100.90	140.33	161.72	113.98	126.68	102.04	107.54	138.93	165.92	114.46	138.80	105.36
2012	108.18	139.04	171.43	115.39	135.74	108.27	105.85	139.59	171.18	115.65	122.93	106.37
2012 / 01	107.10	138.32	166.15	114.27	139.21	105.78	105.30	138.93	166.03	115.27	137.89	105.44
02	105.32	139.35	166.43	115.51	134.31	105.63	104.12	140.08	166.04	116.37	129.36	105.20
03	105.97	140.03	167.73	116.14	128.71	106.64	105.20	140.38	168.46	116.59	128.16	105.66
04	106.35	139.98	170.19	116.43	130.79	107.07	106.04	140.33	172.57	116.85	132.28	108.01
05	108.96	139.44	173.31	116.05	136.70	107.91	111.92	139.09	173.63	115.76	141.95	109.06
06	110.48	138.51	171.72	115.33	139.50	107.51	109.86	138.17	171.33	115.08	138.47	107.14
07	111.77	137.46	174.21	114.47	141.58	110.23	111.95	137.31	175.63	114.33	143.08	111.83
08	110.79	137.35	174.01	114.43	140.87	111.58	110.09	138.24	174.19	115.24	140.19	111.08
09	108.10	138.89	174.11	114.95	138.29	110.48	108.34	140.19	175.64	116.04	139.52	110.72
10	107.78	139.72	173.32	115.55	136.67	109.34	107.62	139.81	173.42	115.88	134.85	107.99
11	109.01	139.71	173.95	115.94	134.81	109.33	107.58	139.82	172.46	116.10	130.24	108.33
12	106.57	139.72	172.04	115.62	127.42	107.68	105.85	139.59	171.18	115.65	122.93	106.37

Burimi: Banka e Shqipërisë.

Source: Bank of Albania.

## 5. STATISTIKAT E SEKTORIT TË JASHTËM

## 5-1 BILANCI I PAGESAVE

Në milionë euro

## EXTERNAL SECTOR STATISTICS 5.

## BALANCE OF PAYMENTS 5-1

In millions EUR

	Llogaria korente/ Current account (2+5+6+7+8+9+10)	Bilanci tregtar/ mallrat / Trade balance (3+4)	Eksporti mallrave (fob) / Export of goods (fob)		Importi i mallrave (fob)/ Import of goods (fob)		Shërbimet/ Services		Të ardhurat/ Income		Transferëta private/ Private transfers	Transferëta shtetërore/ Official transfers
			3	4	Kredit/ Credit	Debit/ Debit	Kredit/ Credit	Debit/ Debit				
	I	2					5	6	7	8	9	10
2009	-1,329.8	-2,303.7	750.7	-3,054.4	1,771.4	-1,597.5	269.4	-407.3	910.8	27.1		
2010	-1,018.6	-2,082.7	1,171.5	-3,254.2	1,750.7	-1,518.9	286.3	-376.4	877.1	45.3		
2011	-1,122.1	-2,241.6	1,405.5	-3,647.1	1,747.4	-1,612.8	269.6	-222.0	916.4	20.9		
2011 / IV	-352.1	-658.6	360.0	-1,018.6	428.5	-387.3	67.5	-53.0	244.0	6.8		
2012 / I	-253.1	-465.3	325.8	-791.2	293.8	-285.4	59.7	-61.6	202.0	3.7		
II	-219.9	-475.5	394.2	-869.7	381.1	-354.9	60.9	-71.1	236.4	3.3		
III	-198.1	-540.5	402.5	-943.0	578.1	-445.4	74.9	-54.1	185.1	3.9		
	Llogaria kapitale / Capital account	Llogaria financiale/ Financial account (13+ 14+ 15+ 16)	Investimet e huaja direkte (neto)/ Foreign direct investment, net	Investime portofoli (neto)/ Portfolio investment, net	Kapitale të tjera* (neto)/ Other capital, net*	Përdorim kredish & huash nga FMN/ Use of fund credit and loans	Gabime dhe harresa/ Net errors and omissions	Bilanci i përgjithshëm/ Overall balance (1 +11 +12 +17)	Rezerva/ Reserve assets	Ndryshimi total në rezerva/ Total change in reserves assets	Nga të cilat: Rezervat/ Of which: Revaluation	
	11	12	13	14	15	16	17	18	19	20	21	
2009	84.9	937.3	688.7	12.7	243.3	-7.4	278.5	-29.2	29.2	-31.5	-2.3	
2010	85.5	786.6	788.5	232.1	-224.9	-9.2	325.4	179.0	-179.0	254.6	75.7	
2011	84.9	842.2	716.8	-49.0	183.0	-8.7	166.4	-28.6	28.6	8.0	36.6	
2011 / IV	27.8	249.3	270.0	25.7	-45.9	-0.5	68.8	-6.2	6.2	18.2	24.5	
2012 / I	12.9	245.4	199.3	-46.7	92.8	-	-2.0	3.2	-3.2	-21.0	-24.3	
II	43.0	129.2	178.3	23.1	-63.5	-8.7	55.2	7.5	-7.5	48.4	41.0	
III	9.8	167.0	163.9	-11.5	18.4	-3.9	111.0	89.7	-89.7	88.8	-0.9	

Burimi: Banka e Shqipërisë.

\* Nuk përfshihen përdorime huash dhe kredish nga FMN.

Source: Bank of Albania.  
\* Excluding Use of Fund Credit and Loans.

EXPORT BY COUNTRIES 5-2  
In millions EUR5-2 EKSPORTI I MALLRAVE SIPAS PARTNERËVE  
Në milionë euro

	Totali / Total (2+11+18+26)	Vendet e BE-së - 15 e 1: Total / European Union - 15 member countries (3+4+ 5+6+7+8+9+10)					Angli/ United Kingdom	Austri/ Austria	Francë/ France	Greqi/ Greece	Gjermani/ Germany	Itali/ Italy	Spanjë/ Spain	Të tjera/ Others	Vendet e BE-së-anëtarë të rinj 2/ European Union - new membership countries (11+12 +13+14+15+16+17)					Bullgari/ Bulgaria	Hungari/ Hungary	Poloni/ Poland	Rumani/ Romania	Slloveni/ Slovenia	Të tjera/ Others																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										

Burimi: Banka e Shqipërisë.

5-3 IMPORTI I MALLRAVE SIPAS PARTNERËVE  
Në milionë euroIMPORT BY COUNTRIES 5-3  
In million EUR

	Total / Total (2+11+18+26)	Vendet e BE-së - 15 e 1: Total / European Union - 15 member countries (2+4+5+6+7+8+9+10)	Angli/ United Kingdom	Austri/ Austria	Francë/ France	Greqi/ Greece	Germani/ Germany	Itali/ Italy	Spanjë/ Spain	Të tjera/ Others	Vendet e BE-së - anëtarë të rinj 2/ European Union - new membership countries (11+12+13+14+15+16+17)	Bullgari/ Bulgaria	Hungari/ Hungary	Poloni/ Poland	Rumani/ Romania	Slloveni/ Slovenia	Të tjera/ Others
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	15	16	17
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
2011	3,905.3	2,223.7	43.1	70.9	93.1	411.8	222.7	1,200.7	82.1	99.4	274.6	49.3	36.5	47.0	39.9	29.7	72.2
2012 / 01	267.8	134.8	3.5	3.2	2.3	33.1	17.0	65.6	4.1	6.2	17.7	2.4	1.6	3.4	2.2	1.9	6.1
02	266.4	153.6	2.8	3.6	6.3	29.8	15.2	87.5	3.1	5.2	17.8	4.2	0.6	4.6	3.4	2.1	3.0
03	317.3	177.8	4.8	4.0	8.5	36.9	20.0	94.8	2.7	6.0	23.9	5.0	2.4	3.9	4.7	3.2	4.7
04	283.4	148.9	2.0	3.9	4.9	28.7	17.6	83.3	3.2	5.2	21.5	4.1	2.8	4.1	4.5	2.4	3.6
05	317.9	174.6	3.3	2.9	2.9	30.0	20.7	101.5	8.1	5.3	19.2	3.2	2.3	4.5	3.5	1.8	4.0
06	332.3	195.5	5.4	3.7	3.0	29.6	19.9	113.8	12.5	7.6	17.7	3.3	2.3	3.7	3.9	1.6	2.8
07	344.7	200.8	3.4	3.2	7.1	31.5	21.1	115.0	10.7	8.9	19.2	3.7	2.5	4.6	3.1	2.6	2.7
08	330.0	170.6	2.5	4.4	4.0	26.4	22.7	95.7	8.3	6.5	24.4	5.1	5.8	4.0	4.5	1.8	3.1
09	334.6	174.0	2.2	6.6	2.9	29.3	18.3	103.6	6.9	4.3	24.4	4.4	2.4	3.6	3.9	1.4	8.7
10	331.6	191.9	2.2	3.4	1.7	30.3	20.2	122.7	4.7	6.7	21.9	4.7	2.0	4.7	2.9	2.2	5.3
11	322.4	182.5	2.8	6.5	7.4	26.0	17.1	110.1	5.6	7.0	18.7	3.8	2.0	2.9	2.4	2.6	4.9
12	334.3	187.4	3.2	3.9	8.1	27.3	18.2	113.6	4.4	8.7	23.2	5.2	2.5	4.5	3.5	2.4	5.0

	Vendet e Ballkanit/ Balkan Countries (19+20+21+22+23+24+25)	Bosnjë Hercegovinë/ Bosnia and Herzegovina	Kosovë/ Kosovo	Kroaci/ Croatia	Mal i Zi/ Montenegro	FYROM / Macedonia / FYROM	Serbi/ Serbia	Turqi/ Turkey	Vendet të tjera / Other countries (26+27+28+29+30+31+32+33)	Brazili/ Brazil	Kinë/ China	Rusi/ Russia	SHBA/ USA	Ukrainë/ Ukraine	Zvicër/ Switzerland	Të tjera/ Others
2009	423.5	7.8	22.6	32.2	5.9	59.8	86.6	208.6	737.4	35.0	235.9	87.0	46.3	53.4	73.5	206.4
2010	512.8	27.6	27.9	68.3	8.0	55.9	128.8	196.3	711.5	30.9	216.2	80.8	53.0	33.1	54.7	242.7
2011	557.4	38.7	36.8	52.0	10.2	63.5	140.5	215.6	844.7	31.4	247.8	77.6	53.5	47.4	100.8	309.0
2012 / 01	55.8	1.7	1.9	2.8	0.3	3.6	31.3	14.2	59.5	4.8	15.8	3.6	6.1	3.2	4.3	21.8
02	33.2	0.8	1.4	2.8	0.2	3.3	11.3	13.4	61.8	3.7	17.8	1.0	2.6	0.3	11.9	24.5
03	48.2	2.8	2.5	9.0	0.4	4.1	8.4	20.9	67.5	4.9	18.1	3.8	3.4	3.1	17.1	17.1
04	38.4	1.6	2.7	3.4	0.3	3.9	10.0	16.5	74.6	1.9	15.5	11.3	4.2	2.5	20.1	19.1
05	47.9	3.4	3.5	3.1	0.5	4.8	10.4	22.2	76.2	1.3	24.6	5.5	3.7	5.7	12.4	23.1
06	42.1	3.0	2.9	3.8	0.8	6.4	9.9	15.2	77.1	1.8	22.1	10.4	5.8	3.1	12.1	21.7
07	43.3	3.6	4.0	3.1	0.8	6.4	9.5	16.0	81.3	2.1	19.0	6.4	15.7	1.6	11.1	25.5
08	54.6	2.7	3.0	9.8	0.9	6.3	13.1	18.9	80.5	2.3	23.2	9.8	5.7	4.2	6.9	28.2
09	51.9	2.4	3.5	2.8	0.9	7.2	16.6	18.4	84.2	2.8	17.1	16.7	16.7	3.4	5.3	22.2
10	42.7	1.7	3.6	3.2	0.7	5.4	7.8	20.3	75.1	2.6	21.5	11.2	5.4	6.2	4.3	24.1
11	50.1	1.8	3.7	2.4	0.7	4.4	18.8	18.4	71.1	2.8	21.3	10.7	7.2	4.3	2.3	22.5
12	57.5	1.1	3.2	4.0	1.2	4.3	20.0	23.7	66.2	3.3	24.3	5.3	5.7	3.6	2.6	21.2

Burimi: Banka e Shqipërisë.

Source: Bank of Albania.



## 5-4 EKSPORTI I MALLRAVE SIPAS SITC

Në milionë euro

## EXPORT BY COMMODITY GROUPS 5-4

In millions Eur

	Totali/ 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	Yrindyma bimore dhe shazore/ Animal & vegetable oils & fats	Produkte kimike/ Chemicals	Mallra të përpunuara/ Manufactures	Makinëri dhe pajisje / Machinery and equipment	Mallra të tjerë të përpunuara / Miscellaneous manufactures	Mallra të pakësifikuara diku tjetër/ Other & unclassified
2009	750.7	36.0	3.4	81.2	90.8	0.3	12.6	136.6	34.8	10	11
2010	1,171.5	42.4	4.5	135.6	210.9	0.8	11.2	288.0	49.2	428.8	-
2011	1,405.5	48.0	4.1	147.7	297.6	1.7	18.8	354.1	56.4	477.1	-
2012/01	97.3	4.0	0.3	8.2	22.3	0.1	0.8	19.3	5.4	36.9	-
02	108.9	4.0	0.3	5.5	34.1	0.2	0.9	19.4	5.1	39.4	-
03	119.6	4.6	0.3	11.8	27.7	0.1	1.2	25.5	5.6	42.8	-
04	128.2	3.2	0.7	12.9	40.3	0.1	1.2	28.5	3.8	37.5	-
05	138.7	6.6	1.0	18.8	31.2	0.0	1.4	35.0	4.4	40.3	-
06	127.3	6.5	0.5	12.1	26.2	0.1	1.0	37.1	4.1	39.6	-
07	142.1	4.6	0.6	15.1	32.8	0.2	1.1	35.5	4.5	47.7	-
08	124.5	3.0	-	20.0	44.0	-	1.0	24.0	3.0	29.0	-
09	135.9	4.0	0.3	16.3	37.6	0.5	1.2	29.4	4.6	41.9	-
10	135.9	6.2	0.2	16.2	35.8	0.1	1.3	32.0	4.9	39.1	-
11	139.0	6.5	0.4	17.1	35.2	0.4	1.1	32.3	5.5	40.4	-
12	128.2	5.0	1.1	11.4	39.7	0.1	1.0	28.4	3.8	37.9	-

Burimi: Banka e Shqipërisë.

Source: Bank of Albania.

## 5-5 IMPORTI I MALLRAVE SIPAS SITC\*

Në milionë euro

## IMPORT BY COMMODITY GROUPS\* 5-5

In millions Eur

	Totali/ 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	Yrindyma bimore dhe shazore / Animal & vegetable oils & fats	Produkte kimike/ Chemicals	Mallra të përpunuara / Manufactures	Makinëri dhe pajisje / Machinery and equipment	Mallra të tjerë të përpunuara / Miscellaneous manufactures	Mallra të pakësifikuara diku tjetër/ Other & unclassified
2009	3,248.8	395.1	123.8	95.7	382.6	39.2	362.5	811.9	741.9	10	11
2010	3,474.1	441.7	143.3	63.3	479.2	41.2	387.3	913.5	673.5	296.0	-
2011	3,905.3	473.7	127.9	55.9	683.4	49.3	412.1	968.8	784.5	331.0	-
2012/01	267.8	34.5	7.6	2.9	67.1	4.7	26.7	50.8	51.3	349.6	0.2
02	266.4	35.2	12.2	2.5	57.6	2.6	29.1	52.6	50.2	22.1	0.0
03	317.3	43.5	10.1	4.4	63.5	3.5	33.4	71.9	60.2	24.4	0.0
04	283.4	41.3	6.9	4.7	56.7	3.1	34.4	58.7	51.7	26.7	0.1
05	317.9	35.5	10.3	5.3	57.8	5.0	35.7	74.2	61.7	25.8	0.0
06	332.3	42.3	12.6	5.2	60.2	5.2	40.2	72.7	62.1	32.4	0.0
07	344.7	41.2	15.8	4.7	58.3	2.9	48.8	77.9	66.0	31.8	0.1
08	330.0	40.7	14.1	4.4	73.6	5.7	33.9	70.2	62.9	29.0	0.1
09	334.6	41.6	10.9	3.6	67.3	3.8	44.9	81.5	51.6	24.5	0.1
10	331.6	40.6	11.1	4.2	59.6	6.1	40.9	79.8	58.2	29.3	0.1
11	322.4	35.1	8.1	3.6	68.6	3.3	39.2	73.4	60.6	31.2	0.0
12	334.4	41.0	11.7	3.0	65.4	3.7	40.8	73.6	64.5	30.4	0.0

Burimi: Banka e Shqipërisë.

\*Importet janë në vlerën c.i.f.

Source: Bank of Albania.

\*Imports are valued in c.i.f.

5-6 POZICIONI I INVESTIMEVE NDËRKOMBËTARE  
Në milionë euro

INTERNATIONAL INVESTMENT POSITION 5-6

	Pozicioni i investimeve ndërkombëtare/ International investment position (2-16)	Mjetet/ Assets (3+ 8+ 9+ 10+ 15)																Mjetet e rezervës/ Reserve assets									
		Investime direkte jashtë/ Direct investment abroad (4+5)				Kapitoli i vet dhe fitimi i rinvestuar/ Equity capital and reinvested earnings		Kapitale të tjera/ Other capital		Investime portofoli/ Portfolio investment (7+8)		Leira me vlerë të kapitalit/ Equity securities		Leira me vlerë të borxhit/ Debt securities		Derivativa financiare/ Financial derivatives		Investime të tjera/ Other investments (11+ 12+ 13+ 14)		Kredi tregtare/ Trade credits		Hua/ Loans		Monedha dhe depozita/ Currency and deposits		Mjetet të tjera/ Other assets	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15											
2006	-528.7	2,329.8	28.7	28.7	-	85.8	0.0	85.8	-	847.1	-	43.9	734.0	69.2	1,368.2												
2007	-1,410.4	2,426.4	50.7	50.7	-	61.2	0.0	61.2	-	854.8	-	26.5	754.8	73.5	1,459.8												
2008	-2,327.9	2,526.6	104.7	102.9	1.8	109.8	0.7	109.1	-	636.7	-	33.7	533.8	69.2	1,675.4												
2009	-2,793.2	2,443.0	115.7	112.2	3.5	103.5	0.3	103.2	-	577.7	-	108.6	403.7	65.4	1,646.2												
2010	-3,001.5	2,973.4	115.2	109.6	5.6	181.9	0.4	181.5	-	771.6	-	150.8	543.6	77.2	1,904.8												
	Detyrimet/ Liabilities (17+ 20+ 23+ 24)	Kapitoli i vet dhe fitimi i rinvestuar/ Equity capital and reinvested earnings				Kapitole të tjera/ Other capital		Investime portofoli/ Portfolio investment (21+ 22)		Leira me vlerë të kapitalit/ Equity securities		Derivativa financiare/ Financial derivatives		Investime të tjera/ Other investments (25+ 26+ 27+ 28)		Kredi tregtare/ Trade credits		Hua/ Loans		Monedha dhe depozita/ Currency and deposits		Detyrime të tjera/ Other liabilities					
		16	17	18	19	20	21	22	23	24	25	26	27	28													
2006	2,858.5	1,048.5	976.6	71.9	69.4	27.0	42.4	27.0	42.4	1,740.7	72.2	1,472.4	92.9	103.1													
2007	3,836.8	1,815.1	1,626.2	188.9	107.7	58.0	49.7	58.0	49.7	1,914.1	88.1	1,625.8	166.6	33.5													
2008	4,854.5	2,039.9	1,812.1	227.7	143.7	70.8	72.8	70.8	72.8	2,671.0	101.4	2,376.2	161.8	31.6													
2009	5,236.2	2,233.4	2,147.6	85.8	140.5	67.4	73.1	67.4	73.1	2,862.3	96.0	2,517.0	177.3	72.0													
2010	5,974.9	2,639.9	2,549.5	90.3	456.0	71.7	384.3	71.7	384.3	2,879.1	108.6	2,425.2	277.7	67.7													

Burimi: Banka e Shqipërisë.

5-7 BORXHI I JASHTËM BRUTO  
Në milionë euroGROSS EXTERNAL DEBT 5-7  
In millions Eur

	Borxhi i jashtëm bruto/ Gross external debt (2+3 +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					
			Afatshkurtër/ Short-term	Afatgjatë/ Long-term	Afatshkurtër/ Short-term	Afatgjatë/ Long-term	Afatshkurtër/ Short-term	Afatgjatë/ Long-term						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	3,567.5	1,645.4	—	1,645.4	109.0	—	109.0	479.4	372.1	107.3	701.7	100.6	601.1	632.1
2010	3,919.1	1,930.3	—	1,930.3	105.9	—	105.9	461.3	293.0	168.3	765.9	118.2	647.7	655.7
2011	4,599.5	2,115.5	—	2,115.5	99.3	—	99.3	711.3	546.4	164.9	920.8	130.5	790.4	752.6
2011/IV	4,599.5	2,115.5	—	2,115.5	99.3	—	99.3	711.3	546.4	164.9	920.8	130.5	790.4	752.6
2012/I	4,699.8	2,141.3	—	2,141.3	93.7	—	93.7	773.4	616.0	157.4	932.0	110.9	821.1	759.4
II	4,859.9	2,230.9	—	2,230.9	96.4	—	96.4	811.7	665.6	146.1	946.2	115.4	830.8	774.7
III	5,044.6	2,263.6	—	2,263.6	91.8	—	91.8	946.6	800.0	146.7	964.6	126.1	838.5	778.0

Burimi: Banka e Shqipërisë.

Source: Bank of Albania.

## 6. FINANCAT E QEVERISË

## GOVERNMENT FINANCE 6.

6-1 TË ARDHURAT E BUXHETIT TË QEVERISË<sup>1</sup>GOVERNMENT BUDGET REVENUE<sup>1</sup> 6-1  
(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 nga tatimet dhe doganat / Revenue from tax offices and customs	Të ardhura nga fondet speciale/ Social inst. Contributions	Të ardhura jo tatimore/ Non tax revenue
	1	2	3	4	5	6
2009	298,981	4,430	270,830	208,870	12,149	49,812
2010	324,721	4,605	288,564	223,019	11,898	53,647
2011	330,475	3,811	303,933	235,509	11,792	56,632
2012/01	25,731	345	23,079	16,655	813	5,611
02	49,277	425	44,955	33,453	1,584	9,918
03	78,348	656	72,219	54,367	2,837	15,015
04	106,314	747	97,509	71,989	5,077	20,443
05	133,162	1,356	121,425	91,005	5,762	24,658
06	161,574	1,552	146,112	110,856	6,429	28,827
07	190,241	1,936	173,059	131,393	7,469	34,197
08	218,862	2,043	200,496	153,839	8,139	38,518
09	245,163	2,392	225,183	173,694	8,770	42,719
10	273,242	2,658	251,018	193,142	9,581	48,295
11	301,551	4,805	274,966	212,152	10,103	52,711

Burimi: Ministria e Financave sipas publikimit "Statistikat fiskale të qeverisë".

Të dhënat për 2012 sipas publikimit "Treguesit fiskalë sipas buxhetit të konsoliduar 2012", 05.02.2013.

1) 2012 Të dhëna paraprake.

Source: Ministry of Finance, according to "Fiscal Statistics of Government" publication.

2012 Data refer to "Fiscal indicators regarding consolidated budget 2012" publication, on 05.02.2013.

1) 2012 Preliminary data.

6-2 SHPENZIMET E BUXHETIT TË QEVERISË<sup>1</sup>GOVERNMENT BUDGET EXPENDITURE<sup>1</sup> 6-2  
Progressive data, in millions ALL, end of period

	Totali i shpenzimeve/ Total expenditure (2+10+11)	Shpenzimet korentë/ 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 korentë të tjera/ Other current expenditure	Shpenzime kapitale/ Capital expenditure	Shpenzime të tjera/ Other expenditure
	1	2	3	4	5	6	7	8	9	10	11
2009	379,863	283,897	62,359	36,301	32,058	2,004	96,725	33,582	20,868	95,881	85
2010	362,752	300,878	65,762	41,604	34,318	3,535	106,207	30,764	18,688	67,492	-5,618
2011	376,352	305,673	67,446	41,121	32,995	3,301	113,946	28,119	18,745	70,679	-
2012/01	24,018	22,354	5,637	2,571	2,583	86	8,288	1,362	1,927	1,664	-
02	49,492	47,492	11,099	6,556	7,271	233	17,523	3,238	3,572	6,843	-
03	87,919	73,592	16,661	9,345	9,816	297	27,062	5,281	5,130	14,327	-
04	117,911	100,071	22,365	11,483	12,901	405	36,868	8,102	7,947	17,840	-
05	151,047	127,548	28,133	16,302	15,739	503	46,461	10,948	9,462	23,499	-
06	182,707	153,773	33,768	19,977	18,523	783	56,494	13,084	11,144	28,934	-
07	211,129	179,256	39,607	22,793	21,310	906	66,644	15,277	12,719	31,873	-
08	242,577	206,565	45,211	26,920	23,429	1,476	78,108	17,271	14,150	36,012	-
09	271,185	230,435	50,753	29,027	25,680	1,614	88,090	19,389	15,882	40,750	-
10	298,970	254,231	56,470	31,029	27,725	1,677	98,200	21,800	17,330	44,739	-
11	336,821	283,703	62,458	38,145	30,327	1,766	108,011	24,639	18,357	53,118	-

Burimi: Ministria e Financave sipas publikimit "Statistikat fiskale të qeverisë".

Të dhënat për 2012 sipas publikimit "Treguesit fiskalë sipas buxhetit të konsoliduar 2012", 05.02.2013.

1) 2012 Të dhëna paraprake.

Source: Ministry of Finance, according to "Fiscal Statistics of Government" publication.

2012 Data refer to "Fiscal indicators regarding consolidated budget 2012" publication, on 05.02.2013.

1) 2012 Preliminary data.

6-3 FINANCIMI I DEFICITIT BUXHETOR<sup>1</sup>

Të dhëna progresive, në milionë lekë, fundi i periudhës

FISCAL DEFICIT AND ITS FINANCING<sup>1</sup>  
Progressive data, in millions ALL, end of period

	Deficit/ 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 huaj / Foreign financing (8+9)	Hua afatgjatë (marrje) / Long term loan (drawings)	Ndryshimi i gjendjes së arkës / Change of statement accounts	Ripagësim / Repayments
	1	2	3	4	5	6	7	8	9	10
2009	-80,883	80,883	70,701	25,138	43,339	2,224	10,182	15,375	567	-5,760
2010	-38,031	38,031	27,819	411	25,948	1,460	10,212	18,429	-1,705	-6,512
2011	-45,877	45,877	26,119	438	28,175	-2,494	19,758	25,229	2,142	-7,613
2012 / I	1,713	-1,713	-2,223	330	-2,256	-4,809	510	547	326	-363
02	-7,058	7,058	5,110	373	5,068	-331	1,948	3,515	-829	-738
03	-9,571	9,571	5,837	578	8,273	-3,014	3,734	6,324	-1,468	-1,122
04	-11,597	11,597	8,352	592	12,043	-4,283	3,245	8,452	-2,451	-2,756
05	-17,885	17,885	12,086	607	13,604	-2,125	5,799	11,700	-2,221	-3,680
06	-21,133	21,133	12,810	652	14,663	-2,505	8,323	16,097	-2,948	-4,826
07	-20,888	20,888	12,019	702	15,045	-3,728	8,869	16,775	-2,748	-5,158
08	-23,715	23,715	12,281	735	18,454	-6,908	11,434	19,139	-2,012	-5,693
09	-26,022	26,022	12,599	782	18,057	-6,240	13,423	21,097	-1,396	-6,278
10	-25,728	25,728	12,584	853	17,512	-5,781	13,144	23,145	-1,607	-8,394
11	-35,270	35,270	19,058	888	18,603	-433	16,212	27,560	-1,867	-9,481

Burimi: Ministria e Financave sipas publikimit "Statistikat fiskale të qeverisë".

Të dhënat për 2012 sipas publikimit "Treguesit fiskalë sipas buxhetit të konsoliduar 2012", 05.02.2013.

1) 2012 Të dhëna paraprake.

Source: Ministry of Finance, according to "Fiscal Statistics of Government" publication.  
2012 Data refer to "Fiscal indicators regarding consolidated budget 2011" publication, on 05.02.2013.  
1) 2012 Preliminary data.

## 6-4 STOKU I BORXHIT TË BRENDSHËM SIPAS INSTRUMENTEVE

Në milionë lekë, fund periudhe, të dhëna progresive

DOMESTIC DEBT STOCK BY INSTRUMENTS 6-4  
In millions ALL, end of period, progressive data

	Soku i borxhit të brendshëm / Domestic debt stock (2+3+4+5+6+7+8)	Bono Thesari / Treasury bills	Obligacione dy vjeçare / 2 years bonds	Obligacione tre vjeçare / 3 years bonds	Obligacione pesë vjeçare / 5 years bonds	Obligacione shtatë vjeçare / 7 years bonds	Rivlerësimi i valutës / Foreign exchange res. evaluation	Të tjera / Other <sup>1</sup>
	1	2	3	4	5	6	7	8
2009	415,028	237,469	65,247	15,600	60,315	12,000	18,870	5,527
2010	407,372	231,436	70,957	15,613	71,815	12,000	-	5,551
2011	438,582	241,385	75,141	19,387	82,012	12,000	-	8,657
2011 / IV	438,582	241,385	75,141	19,387	82,012	12,000	-	8,657
2012 / I	446,886	250,781	70,396	20,514	84,480	12,000	-	8,715
II	453,175	251,097	72,896	20,743	85,312	14,500	-	8,627
III	456,696	246,953	75,316	22,175	86,562	16,982	-	8,708

Burimi: Ministria e Financave sipas publikimeve "Statistikat fiskale të qeverisë" dhe "Treguesit e borxhit".

1) Përshini "Kredit direktë" dhe "Borxhi i garantuar".

Pardhësimi i fundit në 12.11.2012.

Source: Ministry of Finance, according to the publications "Fiscal Statistics of Government" and "Debt Indicators".  
1) Comprises "Direct credit" and "Publicly guaranteed debt".  
Latest update on 12.11.2012.

## 7. SEKTORI REAL

## REAL SECTOR 7.

## 7-1 PRODIMI I BRENDSHËM BRUTO SIPAS AKTIVITETIT EKONOMIK\*

## GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITIES\* 7-1

1996 – 2010, me çmime korrente, në milionë lekë

1996-2010 at current prices, in millions ALL

	Prodhimi i brendshëm bruto (sipas aktivitetit ekonomik)/ Gross domestic product (by economic activity) (2+8-9)	Vlera e shitur bruto, me çmimet bazë/ Gross value added at basic prices (3+4 + 5+ 6 -7)	Bujëqësia, gjethëria dhe pyet/ Agriculture, hunting and forestry	Industri/ Industry	Ndërtim/ Construction	Shërbime/ Services	(-) Shërbime ndërmjetseve financiare të maturora indirekt/ (-) Financial intermediation services indirectly measured	Taksa mbi produktet/ Tax on products	(-) Subvencionet mbi produktet/ (-) Subsidies on products	Rritja reale vjetore e PBB me çmime konstante krahasuar me vitet e mëparshëm/ Annual real growth of GDP at constant prices compared to previous year (%)
	1	2	3	4	5	6	7	8	9	10
				Në milionë lekë/ In million ALL						(%)
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	9.1
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	-10.8
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	9.0
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	13.5
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	6.7
2001	583,368.6	523,612.8	128,039.3	39,448.8	56,450.2	317,569.8	17,895.3	71,165.8	7,410.0	7.9
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	4.2
2003	694,097.2	612,397.9	149,012.9	54,927.4	87,046.7	342,259.9	20,849.0	86,714.3	5,015.0	5.8
2004	751,021.6	660,904.6	151,562.1	68,028.9	94,431.9	365,610.7	18,729.0	94,951.0	4,834.0	5.7
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	5.7
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	5.4
2007	967,670.4	833,959.9	165,747.9	81,692.9	129,585.4	495,614.7	38,681.0	136,789.2	3,078.8	5.9
2008	1,089,293.1	932,925.0	182,118.2	95,229.5	145,450.6	551,029.0	40,902.2	158,712.1	2,344.0	7.5
2009	1,148,082.1	985,175.0	192,263.0	103,945.9	146,043.6	586,266.5	43,343.9	164,717.4	1,810.3	3.3
2010 <sup>1)</sup>	1,222,462.1	1,047,720.3	211,346.1	128,504.0	119,973.1	634,812.1	46,914.9	176,520.2	1,778.4	3.8

Burimi: INSTAT.

1) Të dhënat e vitit 2010 janë jo përfundimtare.

\* Të dhënat e vitit 2010 sipas tabelave në faqen e web-it të INSTAT në datën 12.11.2012.

Temat/ Llogaritë Kombëtare/ Shifrat:

-Tregues kryesorë makroekonomikë

-Prodimi i brendshëm bruto sipas aktivitetit ekonomik (me çmime korrente).

Source: INSTAT.

1) 2010 Semi final data.

\* Data as of INSTAT web page tables on 12.11.2012.

Themes/ National account/ Figures:

-Main macroeconomic indicators

-Gross domestic product by economic activities (at current prices).

## 7-2 PRODIMI I BRENDSHËM BRUTO SIPAS METODËS SË SHPENZIMEVE

## GROSS DOMESTIC PRODUCT BY EXPENDITURE APPROACH 7-2

1996-2008 me çmime korrente, në milionë lekë

	Prodimi i brendshëm Bruto/ Gross domestic product (2+8+11)		Kërkesa e brendshme/ Domestic absorption (3+7)		Konsumi final / Final consumption (4+5+6)		Konsumi final i administratës publike/ Final consumption of general government		Konsumi i institucioneve jo-fitimprurëse/ Consumption of NPISHs		Formimi bruto i kapitalit fikse/ Gross fixed capital formation		Eksporti neto/ Net export (9-10)		Eksportet e mallrave e shërbimeve/ Exports of goods and services (I.o.b)		Importet e mallrave e shërbimeve/ Imports of goods and services (I.o.b)		Ndryshimet e gjendjeve statistikore/ Change in inventories & statistical discrepancy	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1996	346,403	442,922	369,642	337,561	31,852	229	73,279	-72,151	38,782	110,934					38,782	110,934			-24,367	
1997	346,198	443,090	372,151	336,678	35,167	306	70,939	-84,626	33,739	118,365					33,739	118,365			-12,267	
1998	409,209	505,182	419,152	376,824	41,987	340	86,030	-97,362	44,376	141,738					44,376	141,738			1,389	
1999	471,578	545,403	437,004	389,573	47,023	408	108,399	-77,321	74,588	151,910					74,588	151,910			3,497	
2000	523,043	615,863	449,879	399,935	49,454	490	165,984	-105,583	93,453	199,036					93,453	199,036			12,764	
2001	583,369	695,596	471,816	410,448	60,667	700	223,780	-119,983	107,524	227,507					107,524	227,507			7,755	
2002	622,711	771,573	535,551	465,180	69,572	800	236,021	-154,037	122,044	276,081					122,044	276,081			5,175	
2003	694,098	878,374	597,453	520,954	75,585	914	280,921	-171,642	141,290	312,931					141,290	312,931			-12,635	
2004	751,022	947,566	668,187	584,659	82,484	1,044	279,378	-168,169	165,097	333,265					165,097	333,265			-28,376	
2005	814,797	1,025,525	724,171	634,471	88,508	1,192	301,354	-200,824	185,970	386,794					185,970	386,794			-9,904	
2006	882,209	1,114,987	771,105	680,323	89,411	1,371	343,882	-208,067	219,974	428,040					219,974	428,040			-24,712	
2007	967,670	1,248,995	874,937	775,081	98,352	1,504	374,058	-258,520	272,164	530,683					272,164	530,683			-22,805	
2008 <sup>1)</sup>	1,089,293	1,389,625	974,504	861,890	110,922	1,691	415,121	-290,065	319,931	609,997					319,931	609,997			-10,266	

Burimi: INSTAT.

1) Të dhënat e vitit 2008 janë jo përfundimtare.

Source: INSTAT.

1) 2008 Semi final data.

7-3 INDEKSI I ÇMIMEVE TË PRODHIMIT DHE INDEKSI I KUSHTIMIT NË NDËRTIM  
INDEXESPRODUCER PRICE INDEX AND CONSTRUCTION COST INDEX 7-3  
INDEX

	ICP Indeksi Total1 / PPI Total Index 1 2005=100		Indekset e çmimeve të prodhimit duke përfshirur ndërtimin/ Producer price index, excluding construction		Indeksi i kushtimit në ndërtim2 / Construction cost index2 / 2011 = 100	
			Industria nxjerrëse/ Mining and quarrying industry	Industria përpunuese/ Manufacturing industry	Prodhimi, shpërndarja e energjisë elektrike, e gazit dhe e ujit/ Electricity, gas and water supply	
			2	3	4	5
2009	109.2	124.3		114.1	92.1	99.3
2010	109.5	133.8		118.2	76.8	99.7
2011	112.4	139.7		122.3	77.0	100.1
2011 / IV	113.0	138.5		123.7	77.0	100.5
2012 / I	114.7	140.9		125.9	77.1	100.3
II	114.1	141.6		124.8	77.1	100.7
III	112.8	138.6		123.1	77.3	101.1
Ndryshimet në % të indeksit të çmimeve të prodhimit dhe të indeksit të kushtimit në ndërtim						
Në përqindje			Ndryshimi vjetor i indeksit të çmimeve të prodhimit duke përfshirur ndërtimin/ Annual change of producer price index, excluding construction		Ndryshimi i indeksit të kushtimit në ndërtim4/ Quarterly change of construction cost index 4 / 2011 = 100	
	ICP Indeksi Total3 / PPI Total Index 3 2005=100		Industria nxjerrëse/ Mining and quarrying industry	Industria përpunuese/ Manufacturing industry	Prodhimi, shpërndarja e energjisë elektrike, e gazit dhe e ujit/ Electricity, gas and water supply	
	1	2		3	4	5
2009	0.4	2.6		0.2	0.6	0.0
2010	0.2	7.7		3.6	-16.5	0.3
2011	2.6	4.1		3.5	0.1	0.5
2011 / IV	2.1	2.1		3.3	-	0.3
2012 / I	2.5	0.7		3.8	0.2	-0.2
II	1.5	0.8		2.0	0.1	0.4
III	0.5	-1.1		0.9	0.4	0.4

Burimi: INSTAT.

1) Të dhënat vjetore të ICP përfaqësojnë indeksin mesatar vjetor.

2) Duke filluar nga T1 2011, INSTAT-i llogarit IKN me shportën e re të materialeve dhe shpenzimeve dhe me periudhë bazë T1 2011=100.

3) Ndryshimi për të dhënat vjetore përfaqëson ndryshimin e çmimit të indekseve mesatare vjetore të vitit korrent me vitin e mëparshëm, ndërsa ndryshimi vjetor për të dhënat tremujore të indeksit mat ndryshimin e çmimit të tremujorit korrent me tremujorin e njëjtit të vitit të mëparshëm.

4) Ndryshimi tremujor mat ndryshimin e indeksit të çmimeve të tremujorit korrent me tremujorin e mëparshëm.

Source: INSTAT.

1) PPI annual data represent yearly average indexes.

2) Starting from Q1 2011, INSTAT calculates CCI referring to the new basket of materials and expenditures, with base period Q1 2011=100.

3) Annual data change in % represents price changes of annual average indexes of the current year with the previous one, while the annual change for quarterly data measures the price changes of the current quarter with the same quarter of the previous year.

4) Quarterly change measures the price changes of the current quarter with the previous one.

## 7-4 INDEKSI I ÇMIMEVE TË KONSUMIT

## CONSUMER PRICE INDEX 7-4

	ICK 1 Totali dhjetor 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 dhe energji/ Rent, water, fuel and power	Mobilim, pajisje shtëpie dhe mirëmbajtje e shtëpisë/ Furniture household and maintenance	Shëndeti/ Medical care	Transport/ Transport	Komunikimi/ Communication	Argëtim dhe kulturë/ Recreation and culture	Shërbimi edukativ/ Education service	Hotele, kafene dhe restorante/ Hotels coffee-house and restaurants	Mallat dhe shërbime të ndryshme/ Goods and various services	
2009	103.42	105.87	104.17	94.57	105.13	100.48	104.09	102.51	80.80	110.75	102.64	102.95	101.24	13
2010	107.11	111.37	109.89	93.16	108.93	100.97	111.26	107.29	81.11	110.92	105.70	104.31	102.90	102.90
2011	110.78	116.25	122.84	91.37	111.94	101.87	119.90	113.66	81.30	112.09	105.83	103.64	103.23	103.23
2012/01	112.18	118.53	124.14	90.68	112.35	102.68	121.86	116.85	81.23	112.89	106.99	106.88	102.87	102.87
02	113.66	121.13	124.39	90.23	112.88	102.69	122.26	117.80	81.23	112.95	107.01	106.90	107.01	107.01
03	114.07	121.73	124.61	90.16	113.12	102.79	122.29	119.23	81.21	113.49	107.03	107.08	109.42	109.42
04	114.01	121.20	124.61	90.07	113.59	102.93	123.48	119.24	81.20	114.00	107.03	107.05	109.57	109.57
05	113.15	119.04	124.41	89.92	113.54	103.38	123.55	118.49	81.20	113.95	107.02	107.45	109.47	109.47
06	112.20	116.84	124.32	89.60	113.41	103.47	123.51	117.42	81.20	113.99	106.96	107.46	109.64	109.64
07	112.00	116.40	124.36	88.92	113.31	103.46	123.52	118.08	81.20	113.57	106.96	107.30	109.72	109.72
08	112.42	117.36	124.44	88.20	113.38	103.50	123.56	118.82	81.20	114.08	106.96	107.29	109.77	109.77
09	112.66	118.00	126.41	88.40	112.22	103.46	123.59	119.56	81.24	114.62	106.92	107.49	110.22	110.22
10	112.89	118.26	128.29	88.84	112.25	103.56	123.70	119.48	81.04	114.54	108.92	107.72	110.21	110.21
11	113.10	118.20	128.49	88.78	112.62	103.61	123.82	119.23	81.05	114.68	108.95	108.20	113.33	113.33
12	114.10	121.08	128.90	88.64	112.64	103.88	123.56	119.32	82.30	114.88	108.96	108.80	108.58	108.58
Ndryshimet vjetore të indeksit të çmimeve të konsumit sipas grupeve kryesore 2/ (në %) / Year on year consumer price index, main groups (in %)														
	ICK 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 dhe energji/ Rent, water, fuel and power	Mobilim, pajisje shtëpie dhe mirëmbajtje e shtëpisë/ Furniture household and maintenance	Shëndeti/ Medical care	Transport/ Transport	Komunikimi/ Communication	Argëtim dhe kulturë/ Recreation and culture	Shërbimi edukativ/ Education service	Hotele, kafene dhe restorante/ Hotels coffee-house and restaurants	Mallat dhe shërbime të ndryshme/ Goods and various services	Inflacioni vjetor <sup>3</sup> / Annual average inflation <sup>3</sup>
2009	3.73	6.78	4.10	-1.07	0.86	0.72	8.56	4.27	0.35	1.02	4.73	1.32	0.20	2.28
2010	3.37	4.55	6.46	-2.30	4.73	0.25	6.55	3.29	0.63	0.11	-0.49	1.38	1.78	3.56
2011	1.68	1.22	9.46	-2.35	1.30	1.25	4.08	5.81	-0.36	1.19	1.53	1.55	-0.42	3.45
2012/01	1.55	1.44	3.45	-2.17	1.23	1.41	4.21	5.43	-0.27	1.54	1.47	1.49	-0.56	3.31
02	0.58	-1.19	1.45	-2.30	1.25	1.21	3.21	5.67	-0.19	1.16	1.50	1.38	5.82	2.99
03	1.04	0.02	1.54	-2.08	0.83	1.17	2.79	5.34	-0.15	1.33	1.49	1.60	5.92	2.71
04	1.59	1.08	1.47	-1.91	1.35	1.26	3.68	4.62	-0.15	1.92	1.47	1.54	6.05	2.50
05	1.94	1.94	1.24	-2.04	1.34	1.61	3.48	4.14	-0.13	1.78	1.45	1.94	5.87	2.31
06	2.17	2.72	1.10	-2.28	1.28	1.57	3.16	3.23	-0.11	2.10	1.39	1.89	6.02	2.17
07	2.73	4.07	1.18	-2.70	1.29	1.48	3.17	4.15	-0.11	1.69	1.39	1.78	5.95	2.09
08	2.84	4.18	1.06	-2.28	1.37	1.48	3.19	4.43	-0.08	2.21	1.39	1.87	5.86	2.07
09	2.63	4.18	2.63	-2.14	0.08	1.31	1.71	4.63	-0.02	1.64	1.46	2.03	5.96	2.06
10	2.40	3.39	4.17	-1.97	0.02	1.36	1.58	4.15	-0.27	1.38	1.92	1.67	7.69	2.01
11	2.54	3.40	4.03	-2.10	0.37	1.31	1.67	3.38	-0.26	1.51	1.88	1.67	10.62	1.98
12	2.43	3.56	3.82	-2.30	0.32	1.47	1.53	3.41	1.32	1.86	1.90	1.99	5.73	2.04

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.

2) Të dhënat vjetore matin varacionin 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.

3) Eshitë mesatarja aritmetike e thjeshtë e inflacioneve vjetore të dymbëdhjetë muajve të fundit (logaritme e B.S.H.).

Source: INSTAT

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.

2) Yearly data measure the variation of December index of year n with December index of year n-1 while, monthly data measure yearly index changes in percentage.

3) Simple arithmetic average of annual inflation of latest twelve months (calculation of BoA).



# 7-5 PUNËSIMI, PAPUNËSIA DHE PAGAT<sup>1</sup> Në mijë, ose në rast të kundërt, sikurse përcaktohet

## EMPLOYMENT, UNEMPLOYMENT AND WAGES<sup>1</sup> 7-5 In thousands, unless otherwise indicated

	Forca e punës/ Labor force (2+6)	Të punësuar, prej të cilëve / Total employment, of which (3+4+5)	Në sektorin shtetëror/ In public sector	Në sektorin privat jo-bujqësor/ In non agricultural private sector	Në sektorin privat bujqësor/ In agricultural private sector	Të papunë të regjistruar / Registered unemployment	Pagat (në Lekë) / Wages (in ALL)	
	1	2	3	4	5	6	Paga mesatare mujore në sektorin shtetëror/ Average monthly wage in public sector	Paga minimale e miratuar/ Approved minimum monthly wage
2009	1,041	899	166	237	496	142	40,874	18,000
2010	1,059	917	166	244	507	143	43,625	19,000
2011	1,070	928	165	256	507	142	46,665	20,000
2011 / IV	1,075	932	165	261	507	143	48,000	20,000
2012 / I	1,077	933	165	262	507	143	48,800	20,000
II	1,076	933	165	262	507	143	48,800	20,000
III	1,064	922	164	273	485	142	51,270	21,000

Burimi: INSTAT.

1) Të dhënat vjetore janë administrative sipas informacionit të publikuar në faqen e web-it të INSTAT: Tema/ Tregu i Punës/ Shifrat  
-Tema/ Pagat dhe të ardhurat/ Shifrat.

Të dhënat vjetore mbi punësimin dhe papunësinë janë mesatare vjetore.

Të dhënat tremujore janë sipas publikimit në faqen e web-it të INSTAT: Tema/ Tregu i Punës, tabela "Forcat e Punës". Përditësimi i fundit në 13.12.2012.

1)

Yearly data are administrative and according to the information on INSTAT web page: Themes/ Labour Market/ Figures -Themes/ Earnings and Wages/ Figures.

Quarterly data are according to INSTAT web page publication: Themes/ Labour Market, table "Labour Force". Latest update on 13.12.2012.

Source: INSTAT

